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**“Should Have I Bought the Other One?”**

**Experiencing Regret in Global versus Local Brand Purchase Decisions**

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## **“Should Have I Bought the Other One?”**

### **Experiencing Regret in Global versus Local Brand Purchase Decisions**

#### **Abstract**

Addressing the unexplored post-purchase dynamics of global/local brand choices, this research investigates the experience of regret in global versus local brand purchases. Drawing on regret theory, four complementary studies demonstrate that the global/local availability of both chosen and forgone brands influence consumer responses to regrettable purchases with the direction and magnitude of this influence depending on consumer's product category schema and global identity. Study 1 shows that regretful decisions to forgo global for local brands elicit stronger regret, lower satisfaction, and higher brand switching than regretful purchases of global (over local) brands for consumers with a global brand superiority schema for the category; the inverse holds for consumers with a local brand superiority schema. Studies 2 and 3 replicate the effect and show that it is mediated by perceived decision justifiability and moderated by global identity. Study 4 further validates the observed effect using a real brand choice task in a category with a local brand dominated schema. The findings reveal the post-purchase consequences of global/local brand choices and provide concrete advice for global/local branding strategies.

*Keywords:* global/local brands, regret, post-purchase behavior, justifiability, global identity

Consumers make decisions about which brands to choose and which brands to forgo every day. In a globalized marketplace, these decisions increasingly involve choices between global and local brands (Özsomer 2012). This direct competition has generated noticeable interest toward the factors shaping these decisions. Relevant research has now established the drivers of global brand choices (e.g. quality, prestige, status signaling, etc. – Dimofte, Johansson, and Ronkainen 2008; Steenkamp, Batra, and Alden 2003), the motives behind local brand purchases (e.g. local adaptability, symbolism, community support – Schuiling and Kapferer 2004) as well the conditions governing whether consumer preferences will lean toward the global or the local brand side (e.g. product category – Davvetas and Diamantopoulos 2016).

Despite this knowledge, extant research in the field suffers from three important gaps that limit our theoretical understanding of consumer choices between global and local brands and hinder the development of strategies to manage global vs. local brand competition. First, despite the well-documented role of emotions in purchase decisions (Bagozzi, Gopinath, and Nyer 1999) and recent calls to address the affective processes underlying global/local brand consumption (Gürhan-Canli, Sarial-Abi, and Hayran 2018), international branding research has exclusively investigated consumers' *cognitive* responses to global/local brands (e.g. brand evaluations, attitudes, intentions) while largely neglecting (1) how global/local brand choices affect consumers' emotional states, and (2) whether a brand's global/local nature carries emotion-regulation capabilities. In response to this, our research examines the affective consequences of consumers' decisions to choose global over local brands (or to forgo global for local ones) and focuses on how the global/local nature of chosen and forgone brands impact the "prototypical decision-related emotion" of regret (Breugelmans et al. 2014, p. 1037). We explicitly focus on *regret* (i.e. the "negative cognitively based emotion that we experience when realizing or imagining that our present situation would have been better had we decided differently" – Zeelenberg 1999, p. 94) as a key affective response of consumers'

brand choices because regret (1) represents the most frequent and intensively-felt emotion people experience about their decisions (Zeelenberg and Pieters 2007), (2) weighs heavily in future behavior because of consumers' propensity to avoid losses more strongly than seeking gains (Kahneman and Tversky 1984), and (3) drives dissatisfaction and harmful behavior toward the brand (e.g. brand switching, lower likelihood of repurchase, product returns, etc. – Zeelenberg and Pieters 2007). Identifying how regret is elicited and regulated as function of the perceived globalness of chosen and rejected brands can generate unknown insights on how such perceptions influence negative psychological states induced by purchase decisions.

Second, prior research has focused exclusively on the *pre-purchase* factors motivating global or local brand choices and has overlooked whether/how such choices differ in terms of post-choice evaluations, decision appraisals, satisfaction assessments, and choice reversals. However, such post-choice judgments are inevitably updated *after* consumers' actual experience with the brand and constitute better predictors of future brand-relevant behavior than pre-purchase expectations (Hoch and Deighton 1989). By investigating how regret is experienced in global vs. local brand choices, we reveal insights on the effects of perceived brand globalness/localness on regret and a set of critical post-purchase outcomes such as satisfaction, repurchase intent and willingness to engage in post-choice brand reversals.

Finally, extant research has approached choices between global and local brands “in vitro” by assuming that the selection and post-choice evaluation of global/local brands is invariant of the global or local nature of *other* brands in consumers' consideration sets which could have been chosen but were eventually rejected. Such an assumption implies that the choice of global (over local) or local (over global) brands will trigger similar post-purchase responses. This, however, directly contradicts well-established decision theories holding that responses to decision outcomes depend strongly on the specific alternatives comprising the choice set, the relative comparisons between chosen and forgone options, and the possibility

of experiencing negative emotional consequences for rejecting the optimal alternative among available options (Bell, 1982; Loomes and Sugden, 1982). Considering the contrast between chosen and foregone alternatives in competing choices of global vs. local brands, we attempt to inform global/local brand strategies of the dynamics that are at play in (the ever more frequent) cases of choices from consideration sets including both global and local options.

Drawing from regret theory, we argue that the regret experienced after the realization of a suboptimal purchase is a direct function of the perceived global/local availability of chosen and forgone brands involved in the purchase and varies strongly across product categories and consumers with different levels of global identity. Across four complementary studies, we find that regret for a bad purchase looms stronger if the purchase entailed choosing a local (and rejecting a global) brand in categories where purchasing global brand is the schematic norm while the opposite effect is observed in categories for which local brands are more prominent in the consumer's category schema. These differences in regret (1) influence post-choice satisfaction, willingness to repurchase the brand or switch to a foregone option, (2) are explained by the difference in the justification potential of foregoing global for local brands versus choosing global over local brands, and (3) are regulated by consumer's global identity.

From a theoretical perspective, our research represents the first effort to (1) extend the interplay between global and local brands in the post-purchase field, (2) test the ability of global and local brands to regulate consumers' decision-induced emotions and psychological states, and (3) identify how, when, and why affective responses to purchases depend on the consideration set composition in terms of global and local brands. From a managerial view, the findings offer direct advice on how to strategically position global (local) brands against their local (global) counterparts to protect them from the threat of regret and provide ideas for segmentation, targeting, positioning and promotion strategies in markets where global and local brands compete side by side and post-purchase comparisons among them are frequent.

## CONCEPTUAL BACKGROUND AND RESEARCH HYPOTHESES

### **Global versus Local Brands and the Effects of Perceived Brand Availability**

Consumers perceive brands as global or local on the basis of beliefs they hold about these brands' worldwide or regional availability, acceptance, and desirability (Steenkamp, Batra, and Alden 2003). Consumers perceive a brand as global to the extent that they associate it with worldwide market distribution, global presence, and international demand while they perceive a brand as local to the extent that they associate it with awareness and availability restricted to a well-defined geographical area, region or country (Dimofte, Johansson, and Ronkainen 2008). Although, beyond regional availability, local brands are often also associated with national origin, domestic production, or local symbolism (Halkias, Davvetas, and Diamantopoulos 2016; Swoboda, Pennemann, and Taube 2012), in this research, we follow the original conceptualization proposed by Steenkamp, Batra and Alden (2003) and define global and local brands in terms of perceived availability, awareness and demand.

This aspect of global/local brand distinction explains significant variance in consumers' responses to brands. Brands perceived as globally available are associated with increased quality, prestige, modernity, aspiration, as well as functional and psychological value (Özsomer 2012; Swoboda, Pennemann, and Taube 2012). Consumers use knowledge about a brand's international reach as a proxy for brand strength which enhances brand quality assessments, charges the brand with increased credibility, and downplays the perceived risk of performance failure (Dimofte, Johansson, and Ronkainen, 2008; Özsomer and Altaras 2008). On the other hand, consumers view local brands as more authentic and original than their global counterparts, appreciate those brands' local culture representation and take pride in their success (Özsomer 2012). Brand localness has also been found to trigger quality and prestige inferences, and building local iconic value represents an effective strategy against global brands (Steenkamp, Batra, and Alden 2003).

## **Regret theory and Post-choice Valuation**

How consumers evaluate their choices following a purchase is a critical stage of consumer decision making, which usually involves different evaluative criteria, comparison standards, and cognitive processes than the formation of pre-purchase judgments (Gardial et al. 1994). Post-choice evaluation traditionally draws from normative decision theories (e.g. expected utility theory) which assume that an alternative is evaluated solely based on the assets that it yields (e.g. Edwards 1954). In line with this paradigm, post-choice valuation is typically captured by measures of (dis)satisfaction operationalized through the difference between expected and actual performance of the chosen option (Tsiros 1998).

Complementing such theories, regret theory explicitly includes the “lost utility” of the forgone option(s) in the evaluation of decisions (Bell 1982; Loomes and Sugden 1982) and postulates that the post-purchase evaluation of any alternative is not only a function of its comparison with some internal expectation level but also a function of its relative comparison with the forgone alternative(s) (Boles and Messick 1995). Validating this premise, decision researchers have established that (1) information about forgone alternatives significantly impacts the post-choice evaluation of chosen alternatives (Inman, Dyer, and Jia 1997), (2) when expectations about chosen alternatives are disconfirmed, expectations about non-chosen alternatives influence post-choice satisfaction (Taylor 1997), and (3) emotional responses to decision outcomes depend on the utility, expectedness, and counterfactual construction of unobtained outcomes (Mellers et al. 1997). Overall, beyond satisfaction, post-purchase evaluation has a regret component which decreases satisfaction in the presence of superior forgone options which could have been (but were not eventually) chosen (Tsiros 1998).

The regret experienced following unfavorable comparisons among alternatives is strongly affected by the decision processes leading to the selection of suboptimal alternatives (Connolly and Zeelenberg 2002). Specifically, the regret consumers feel for a comparatively



inferior decision outcome is stronger if they chose alternatives whose selection can be justified with difficulty or followed careless decision-making strategies (Lee and Cotte 2009; Reb 2008). As a result, decisions which generate equally bad outcomes might elicit different levels of regret to the degree that they are associated with decision processes of varying self-blame. Because such decisions are particularly unpleasant for the decision maker, consumers anticipate (and actively avoid) the possibility of experiencing regret when making decisions (Simonson 1992), regulate regret when they experience it (Zeelenberg and Pieters 2007), and use it as a learning opportunity to improve future decisions (Inman 2007).

### **Regret Regulation in Global versus Local Brand Purchases**

Drawing from the above findings, we argue that the intensity of regret experienced after a suboptimal purchase is dependent on the brand set from which the brand choice was made. Specifically, we expect that the regret experienced following an unfavorable comparison of a chosen with a forgone brand is different when the chosen brand is local (and the forgone is global) than when the chosen brand is global (and the forgone is local). We further expect that the direction of this difference depends ultimately on the product category involved.

Recent research has established that consumer preference for global/local brands varies significantly across product categories (Davvetas and Diamantopoulos 2016). When consumers make purchase decisions between global and local brands, they rely on their product category schemata, that is, their cognitive structures organizing information about brands, products, and attributes of the product category (Fiske 1982). When a product category schema is dominated by global (local) brands, consumers perceive global (local) brands as more justifiable, normatively expected, and superior product options and are ultimately more likely to purchase them (Davvetas and Diamantopoulos 2016).

We argue that the contrast in globalness between chosen and forgone brands can regulate post-purchase regret when it is in consonance with the prescriptions of the product category schema. We ground this prediction on regret regulation theory which posits that when consumers experience regret, they follow one or more coping strategies to restrict it (Yi and Baumgartner 2004; Zeelenberg and Pieters 2007). These strategies can be generally classified under three variants: strategies that focus on undoing, defending or denying responsibility for the regretful decision (decision-focused); strategies that focus on switching to a non-chosen alternative or positively reappraising the qualities of the chosen option (alternative-focused); and strategies aimed at improving the negative psychological state induced by the regretful experience (feeling-focused) (Zeelenberg and Pieters 2007).

From a *decision-focused* regret regulation perspective, forgoing local brands in favor of global ones in a product category where consumers perceive global brands to be generally superior is a decision that is associated with lower personal responsibility for a bad outcome, which is a primary determinant of regret (Zeelenberg and Pieters 2007). If such a decision is realized as suboptimal, the globalness of the chosen brand operates as a credible argument to defend the bad choice by transferring (or at least partitioning) the responsibility for the choice from the consumer to “many others” who also buy global brands in the category. The inverse reasoning applies in categories dominated by local brands. In such categories, it is the localness of a brand what will trigger the notion of “responsibility sharing” and attenuate self-blame and self-attributions for forgoing a better global option.

In line with an *alternative-focused* regret regulation perspective, consumers regret more purchasing (forgoing) alternatives which are unconventional (conventional). Choosing unconventional alternatives is a decision which contradicts the status quo, violates norms and expectations, and generates counterfactual thoughts about alternative courses of action that could have been followed to avoid a bad outcome with higher ease and frequency; thus such

decisions make the mental representation of regret more salient (Tsiros and Mittal 2000). Norm theory predicts that engaging in actions which disregard the norm leads to emotional amplification, that is, it exacerbates the emotional experience induced by such actions (Kahneman and Miller 1986). Accordingly, decisions perceived as violating conventional norms have been found to generate higher levels of regret (Reb and Connolly 2010), while regret anticipation prior to the choice has been associated with increased market shares for conventional versus unconventional product choices (Simonson 1992).

The conventionality of brand choices is strongly tied to the product category schema; brands which share attributes of the product category schema are perceived as more normal and socially expected choices whereas brands that cannot be assimilated in the category schema are perceived as unconventional (Meyers-Levy and Tybout 1989). In our context, when perceptions of global brand superiority pertain to the product category, choosing global over local brands is a decision that adheres to the norm, does not violate the status quo, and is easily defensible to the consumer's self and his/her reference group (Davvetas and Diamantopoulos 2016). Thus, we expect that, even when unfavorable feedback about the presence of a superior local option becomes available, a global brand purchase is still easier to defend, elicits fewer feelings of self-blame, is less associated with negative self-attributions and is thus regretted with less intensity. Conversely, we expect this effect to be reversed when local brand superiority perceptions dominate the product category schema. For these product categories, forgoing local brands deviates from the expected purchase behavior in the product category and is, hence, regretted with higher intensity.

Finally, from a *feeling-focused* regret regulation perspective, the experience of a regrettable purchase is expected to put the consumer into a state of cognitive dissonance which s/he is motivated to eliminate in order to restore cognitive consistency (Festinger 1957). A common dissonance reduction strategy consumers employ to minimize this

psychological discomfort is the cognitive improvement of the selected alternative's attractiveness or the cognitive deterioration of the forgone alternative's attractiveness. This can be achieved by adding new information or by focusing on existing cognitions that facilitate the closing of the attractiveness gap between the selected (inferior) and the rejected (superior) alternative (Gilovich and Medvec 1995). In other words, consumers often reinterpret their choices by searching for and concentrating on the "silver linings" of their decisions in their attempt to repair their psychological well-being (Yi and Baumgartner 2004; Zeelenberg and Pieters 2007).

Both brand globalness and localness can assist dissonance reduction in regretful purchases. For instance, even in the presence of a superior forgone option, a global brand can still remain attractive following a purchase because of its status and prestige while a local brand choice can still be appreciated on moral or ethical grounds (e.g. support for the local underdog or the national economy). However, these regret regulating associations will be more easily accessible and effective in reducing dissonance when the brand choice matches the category schema expectations. This match facilitates the closing of the attractiveness gap between the chosen and forgone alternatives and provides a "psychological cushion" to the regret-induced drops in consumers' psychological well-being.

Thus, on the basis of all three types of regret regulation, we hypothesize:

**H<sub>1</sub>:** Consumers regret purchase choices of global over local (versus local over global) with different intensity depending on their product category schema: Regretful decisions to forgo global in favor of local brands elicit higher (lower) levels of regret than decisions to choose global and forgo local brands when the consumer's product category schema is dominated by global (local) brands.

The regret associated with forgoing global for local (or local for global) brands is expected to drive several post-purchase responses. First, regret is expected to decrease post-purchase satisfaction. Prior research has established that regretful consumers are less satisfied with their product choices (even in cases where the chosen option surpassed their expectations) (Tsiros and Mittal 2000). Beyond satisfaction, regretful consumers also exhibit lower willingness to repurchase the brands that exposed them to regret, are less likely to spread positive word of mouth for their chosen brand, and more likely to switch to forgone options in future purchases (Zeelenberg and Pieters 2004). Thus:

**H<sub>2</sub>:** In categories of global brand superiority, choosing local over global (vs. global over local) brands is associated with (a) lower post-choice satisfaction, (b) lower repurchase intentions for the chosen brand, and (c) higher willingness to switch to forgone brands, mediated via higher post-choice regret. Inversely, in categories of local brand superiority, choosing local over global (vs. global over local) brands is associated with (a) higher post-choice satisfaction, (b) higher repurchase intentions for the chosen brand, and (c) lower willingness to switch to forgone brands, mediated via lower post-choice regret.

### **The Mediating Role of Perceived Decision Justifiability**

We propose that the category-dependent differences in regret expected between suboptimal decisions to buy local (and forgo global) instead of buying global (and forgoing local) brands can be explained by their differences in terms of justification potential. Decision research has shown that consumers' ability to justify the selection of particular alternatives drives their preference toward these alternatives (Shafir, Simonson, and Tversky 1993). Especially in decision making under uncertainty, consumers are more likely to opt for alternatives whose purchase is supported by good reasons (Simonson 1989).

Beyond the importance of justification for supporting one's decisions, the role of decision justifiability is central to how consumers deal with the experience of regret and how satisfied they are with their product choices post-purchase (Heitmann, Lehmann, and Herrmann 2007). Decision justification theory posits that the justifiability of a decision operates as a regret inhibitor by making people experience more regret when their "bad" decisions are difficult to justify and less regret when credible justifications for such decisions can be identified (Connolly and Zeelenberg 2002; Inman and Zeelenberg 2002). In this context, prior research has shown that justifiability plays a so-called "broad mediating role" which accounts for all underlying mechanisms driving regret and its regulation (Reb and Connolly 2010, p. 1405). Perceived decision justifiability (1) explains why choices of safe over risky alternatives or the selection of options supported by defensible purchase arguments are regretted with lower intensity (Connolly and Reb 2012), (2) accounts for why fewer counterfactual comparisons with actual or mentally constructed forgone alternatives are generated following the selection of normatively conventional alternatives (Reb and Connolly 2010), and (3) plays a key role in consumers' dissonance reduction strategies by providing the cognitive elements consumer are in search of when they need to restore the cognitive disequilibrium generated by a regretful decision (Gilovich and Medvec 1995).

In the context of global vs. local brand choice, the product category schema has been found to determine how justifiable global or local brand choices are (Davvetas and Diamantopoulos 2016). Thus, we expect that in categories of global (local) brand superiority, forgoing global for local brands is less (more) justifiable than buying global over local brands, and ultimately more (less) regretful.

**H<sub>3</sub>:** Perceived decision justifiability mediates the effect of purchase decision (buy global over local vs. forgoing global for local) on regret.

## **The Regulating Role of Consumer's Global Identity**

While we expect that whether consumers will experience more regret for global or local brand choices depends on the product category (see H<sub>1</sub>), we expect that the regret *intensity* associated with a suboptimal global/local brand choice (even within the same category) will be determined by the consumer's global identity.

Global identity denotes a consumer's identity which "stems from the awareness of their relation to the global culture" (Arnett 2002, p.777). Individuals increasingly develop a global identity component which manifests itself in beliefs about the benefits of globalization, views highlighting similarities and deemphasizing differences among people around the world as well as increased interest for global events (Tu, Khare and Zhang 2012). Consumers with pronounced global identities tend to display stronger global consumption orientation (Tu, Khare, and Zhang 2012), enhanced attitude toward global products (Guo 2013), and higher likelihood of global brand ownership (Bartsch et al. 2016). Although global identity generally represents an enduring trait chronically embedded in consumers' identity structure, it can also be contextually primed to induce preference for global products (Zhang and Khare 2009).

We expect that the effects of global consumer identity transcend to the post-purchase domain and impact the emotional regulation of consumers' global vs. local brand decisions. Believing in the convergence of consumer needs, globally identified consumers are expected to perceive the purchase of global products as a decision with higher social normality than the purchase of local products. As a result, after regretting a brand purchase, globally identified consumers should generate fewer counterfactuals (i.e. "what if I bought the other option") if the forgone option was a local than when it was a global brand. Similarly, global identity is expected to inflate the symbolic value consumers attribute to global brand possession and the use of global brands for participation in the global community and express global citizenship (Strizhakova and Coulter 2015; Xie, Batra, and Peng 2015). Such symbolic value should not

diminish by the realization of a superior forgone option but rather operate as a resort for dissonance reduction and regret regulation. Recent research suggests that consumers tend to regret less purchases of brands strongly embedded in their identity (Davvetas and Diamantopoulos 2017); thus the choice of global (over local) brands should be regretted with lower intensity for consumers who have an identity inspired by global brand possession.

From a motivational perspective, regret is a goal-dependent emotion, that is, it functions in a way that is consistent with the achievement of particular goals and drives behavior toward these goals (Seta and Seta 2013). Given that global identity fuels consumers' motivation to experience the global consumer culture through the consumption of global brands (Strizhakova and Coulter 2015), it is expected that, as the consumer's global identity strengthens, forgoing global brands should accentuate the inconsistency between the decision and the end goal and thus amplify regret. In this case, forgoing global for local brands is expected to be a less justifiable decision which will eventually yield more regret following purchase disconfirmation and unfavorable chosen-forgone brand comparisons.

**H4:** Global identity moderates the effect of purchase decision on justifiability and regret. For consumers with strong (versus weak) global identities, forgoing global for local brands is less justifiable (and thus more regretful) than choosing global over local brands.

Figure 1 summarizes the research hypotheses and links them to the studies testing them.

Insert Figure 1 about here

## **STUDY 1**

Study 1 focuses on the role of product category as the key determinant of regret regulation in suboptimal purchases of global over local (or local over global) brands (H<sub>1</sub>).



## Method

Data were collected through an online survey completed by 98 participants of an online consumer panel ( $M_{\text{age}} = 49.3$ ,  $SD_{\text{age}} = 15.6$ ; 45.9% female) provided by a professional market research agency in exchange for panel account points. Respondents were citizens of a central European country (the country is not currently disclosed to avoid author identification but resembles similar economically developed countries used in relevant research where both global and local brands are readily available). Participants were told that they would see two new brands of digital cameras and they would have to make a choice between them.

Cameras were selected as the focal product category for several reasons. First, cameras are high involvement, high-cost products for which a “bad” purchase decision has a non-negligible financial and social impact which are prerequisites for regret elicitation (Zeelenberg 1999). Second, similar technical products, like laptops or DVD players have been extensively used in past regret studies (e.g. Simonson 1992; Tsiros and Mittal 2000) as well as in prior global branding studies (e.g. Gammoh, Koh, and Okoroafo 2011). Third, this product category does not carry strong national associations with the study country to generate product ethnicity confounds (Usunier and Cestre 2007). Fourth, across a set of independent pre-tests conducted for the selection of the product category using the GBSC scale (Davvetas and Diamantopoulos 2016; 1: local camera superiority – 7: global camera superiority), we found that digital cameras are a product category that local country consumers perceive (on average) as a category of global brand superiority (means ranging between 4.40 and 4.83). However, there is a reasonable number of consumers (roughly 20% of the sample) who perceive local cameras as superior to global ones thus allowing testing the moderating role of the product category schema within the same product category.

The stimuli (see Web Appendix) included a picture of the two cameras followed by a description of key product attributes which were identical for both brands (descriptions and

pictures were counterbalanced). We included price in the list of attributes to rule out price inferences and reservation price confounds due to brand globalness/localness (Davvetas, Sichtmann, and Diamantopoulos 2015). The only difference between brands was their brand globalness, manipulated with verbal claims of worldwide/regional availability in accordance with the conceptual definitions of global/local brands employed in this study and in line with prior relevant research (Davvetas, Sichtmann, and Diamantopoulos 2015) (manipulation for global: “Available worldwide”; manipulation for local: “Available only in [local country]”).

Upon exposure to the stimuli, respondents filled items of perceived brand globalness (Steenkamp, Batra, and Alden 2003), domestic brand origin (“the brand comes from [local country]”, “the country of origin of this brand is [local country]”, “The brand is produced in [local country]”), and indicated which of the two brands they would buy if they had to make a choice. Following their choice, participants received information that, according to a product test of the two new brands performed by experts, the brand they chose was judged as average and received a score of 58%, while the brand they forwent was judged as very good and received a score of 95%. Subsequently, respondents filled measures of regret, satisfaction and repurchase intentions, as well as product category questions (including perceived global vs. local brand superiority in the category (GBSC), and demographics (Table 1). Common method bias checks and convergent/discriminant validity assessment were conducted and established sound measurement for all constructs across studies. Finally, respondents were asked whether they could guess the purpose of the study (no one could).

Insert Table 1 about here

## **Analysis and Results**

*Manipulation checks.* The perceived brand globalness manipulation was successful. The brand manipulated as global scored significantly higher on the perceived brand globalness

scale than the brand manipulated as local ( $M_{\text{global}} = 5.69$ ,  $SD_{\text{global}} = 1.41$ ,  $M_{\text{local}} = 2.88$ ,  $SD_{\text{local}} = 1.59$ ,  $t = 10.940$ ,  $p < .001$ ). Similarly, respondents reported experiencing moderate levels of regret for their decision ( $M = 3.72$ ,  $SD = 1.85$ ), in support of the regret manipulation.

*Moderation analysis.* 54 of the 98 respondents (55.1%) chose the global over the local brand (GL) while 44 of the 98 (44.9%) chose the local over the global brand (LG). We conducted a moderated regression analysis on regret with the purchase decision dummy (LG = 1, GL = 0), the GBSC scale, and the purchase $\times$ GBSC interaction as predictors. We also included measures of perceived domestic origin of both the global and the local brand as controls to rule out potential origin confounds in the manipulation of globalness/localness. The purchase $\times$ GBSC interaction was found to be positive and significant ( $\beta_{\text{interaction}} = .679$ ,  $t = 2.428$ ,  $p < .05$ ). In order to probe the interaction and test the hypothesized effect reversal, we conducted floodlight analysis (Spiller et al. 2013) by calculating Johnson-Neyman points, that is, values in the moderator (i.e. GBSC) that determine the zones of values within which the effect of purchase decision on regret reverses from significantly positive to significantly negative. The results provide support to H<sub>1</sub>. For consumers perceiving the category of cameras as a category in which global brands are generally superior to their local counterparts (i.e. at  $\text{GBSC} \geq 5.86$  on a 7-point scale), forgoing the global for the local brand (compared to choosing the global over the local brand) increases regret significantly (the 90% bootstrapping CIs for the effect include only positive values). For values around the GBSC midpoint (i.e.  $3.32 \leq \text{GBSC} \leq 5.86$ ) where global and local brands are perceived as roughly equally good in the category, the effect of brand choice on regret is not significant. However, for consumers who perceive local brands as generally superior to global brands in the category (i.e. at  $\text{GBSC} \leq 3.32$ ), the effect is reversed such that forgoing global for local brands is regretted with less intensity than forgoing local for global brands (see Figure 2).

Insert Figure 2 about here

## **Discussion**

Study 1 demonstrates that choices of global over local (or local over global) are associated with different levels of regret when unfavorable post-purchase feedback about the choice becomes available. However, which of the two choices will generate more regret depends strongly on the consumer's schema about the product category. In product categories perceived as dominated by global brands, forgoing global for local brands is a decision that violates norms and expectations imposed by the product category schema and is, thus, regretted with higher intensity when realized as suboptimal. On the contrary, when local brands are perceived as superior in the category, choosing them reverses the effect and makes consumers regulate their regretful purchases more effectively. Importantly, the pivotal role of product category holds even after controlling for perceptions of brand origin, indicating that it is availability rather than domestic or foreign origin that drives the effect.

Having shown that both global and local brand choices can assist regret regulation following negative purchase feedback when they are in line with consumer's category schema, we next investigate how the effect functions in a category with a global brand superiority schema (Studies 2 and 3) and one with a local brand superiority schema (Study 4).

## **STUDY 2**

Study 2 also uses digital cameras as stimuli (global brand superiority category) and tests how forgoing global for local (vs. choosing global over local) brands influences regret ( $H_1$ ), post-choice satisfaction and repurchase/switching intentions ( $H_2$ ). It also provides a first test of the regulating role of global consumer identity ( $H_4$ ).

## **Method**

Data were collected from 122 consumers (52.5% female;  $M_{\text{age}} = 42.7$ ,  $SD_{\text{age}} = 15.2$ ) in the same country as in Study 1. Participants were recruited by trained research assistants in shopping malls, universities, cafés, following a quota sampling rule in terms of gender and age which ensured a sample distribution roughly equivalent to that of the respective country population (see Web Appendix for details).

Participants were randomly assigned to one of four versions of a camera purchase scenario. Scenarios are an established method to elicit regret in relevant research (e.g. Tsiros and Mittal 2000; Inman and Zeelenberg 2002) because they effectively allow the provision of decision outcome feedback (i.e. information regarding the comparison between chosen and forgone alternatives). The four scenario versions were identical and varied only with regards to the global or local availability of chosen and forgone brands (i.e. chosen global – forgone local (GL), chosen local – forgone global (LG), chosen global – forgone global (GG), chosen local – forgone local (LL)). Although our hypotheses correspond to conditions where choosing the local brand entails rejecting the global one and vice versa (i.e. LG and GL) we included two control conditions of similar chosen-forgone availability (i.e. GG and LL).

Before reading the scenario, participants were told that there are no right or wrong answers and that they could read the scenario and answer the questions at their own pace. However, after reading the scenario and answering the questions, they could not turn back. The scenario was split in a pre-feedback and a post-feedback part. At first, participants were asked to imagine that they plan to purchase a camera for an upcoming holiday trip. Then they were told that, after extensive search, they narrowed their choice down to two models, the *PhotoClipper* and the *ScreenShooter*, for which a detailed description of attributes (optical zoom, resolution, etc.) was given in a form of a table comparison like in a typical consumer brochure (see Web Appendix). The two brands were identical in terms of product attributes apart from global/local brand availability which was manipulated similar to Study 1.

We counterbalanced the fictitious brand names and the global/local manipulations so that both brand names fell under both designation conditions. To ensure that the fictitious brand names had no impact on pre-feedback evaluations, we performed paired-samples t-tests to compare brand attractiveness in the conditions where their global/local designations were the same and only the brand name differed (e.g. *PhotoClipper* global vs. *ScreenShooter* global). We found no significant differences suggesting that brand names did not affect pre-purchase brand evaluations ( $M_{\text{difference}} = -.139$ ,  $t = -1.126$ , ns). After the pre-feedback part, respondents completed measures of perceived brand globalness and other brand-related items.

In the second part of the scenario, participants were told that they eventually chose one of the two brands and that another friend who was also joining the trip and was also considering buying a camera, purchased the brand they did *not* choose and forwent the brand they chose. Next, participants received outcome feedback by being told that, after the trip, they compared the photos of both cameras and realized that the ones taken with the forgone camera were better. Subsequently, participants were asked to complete a questionnaire with measures of regret, satisfaction, and (re)purchase/switching intentions as well as manipulation check items, consumer characteristics (e.g. global identity), and demographics (Table 1). Also, the scenarios were perceived as believable by consumers as indicated by average scores in a relevant check item (see Web Appendix).

## **Analysis and Results**

*Manipulation checks.* We tested the global-local manipulation for both brands using the perceived brand globalness scale. Paired sample t-tests indicate that for the conditions where the chosen and forgone brands differ in brand globalness, the relevant means are significantly different in the manipulated direction (LG:  $M_{\text{chosen}} = 2.53$ ,  $SD_{\text{chosen}} = 1.46$  vs.  $M_{\text{forgone}} = 6.17$ ,  $SD_{\text{forgone}} = .93$ ,  $t = -10.997$ ,  $p < .001$ ; GL:  $M_{\text{chosen}} = 5.58$ ,  $SD_{\text{chosen}} = 1.56$  vs.  $M_{\text{forgone}} = 2.63$ ,

$SD_{\text{forgone}} = 1.54, t = 5.885, p < .001$ ). For the control conditions, means are not significantly different, as expected (GG:  $M_{\text{chosen}} = 4.19, SD_{\text{chosen}} = 1.85$  vs.  $M_{\text{forgone}} = 4.49, SD_{\text{forgone}} = 1.80, t = -1.386, \text{ns}$ ; LL:  $M_{\text{chosen}} = 3.40, SD_{\text{chosen}} = 1.23$  vs.  $M_{\text{forgone}} = 3.48, SD_{\text{forgone}} = 1.26, t = -.439, \text{ns}$ ). Thus, the brand globalness manipulation was successful.

To assess whether the unfavorable outcome feedback elicited regret, we estimated the mean regret reported by respondents across conditions which was found to be significantly higher than the scale midpoint ( $M = 5.13, SD = 1.36, t = 9.117, p < .001$ ). In further support of the regret manipulation, we conducted a paired samples t-test to compare participants' responses across two items "How do you judge the performance of the [*chosen brand*]?" and "How do you judge the performance of the [*forgone brand*]?" Across conditions, participants perceived the forgone brand to perform better than the chosen brand in line with what the scenario suggested ( $M_{\text{chosen}} = 3.02$  vs.  $M_{\text{forgone}} = 5.34, t = -2.498, p < .001$ ).

*Experimental analysis.* A planned contrast between the regret experienced in the "choose local – forgo global" condition (LG) and the "choose global – forgo local" condition (GL) indicates that, after receiving feedback on the superiority of the forgone brand, respondents who forwent global for local brands reported higher levels of experienced regret than respondents who forwent local for global brands ( $M_{\text{LG}} = 5.62, SD_{\text{LG}} = 1.25$  vs.  $M_{\text{GL}} = 4.91, SD_{\text{GL}} = 1.45, t = 2.001, p < .05, \text{Cohen's } d = .524$ ). Thus, given the global nature of the investigated category,  $H_1$  is supported.

Beyond a significant difference in regret with those who chose global over local brands, respondents who forwent global for local brands were also found to experience more regret than respondents in the two control conditions (LG vs. LL:  $M_{\text{difference}} = .67, t = 2.131, p < .05$ ; LG vs. GG:  $M_{\text{difference}} = .58, t = 1.647, p < .10$ ). However, this was not the case for the "choose global – forgo local" condition which was found to be regretted with the same intensity as the control conditions (GL vs. LL:  $M_{\text{difference}} = -.12, t = -.319, \text{ns}$ ; GL vs. GG:

$M_{\text{difference}} = -.04, t = -.105, ns$ ). This finding indicates that regret amplification occurs *only* when choosing local brands is accompanied by forgoing global ones and does not emerge when local brand choice coincides with local brand rejection or when global brand rejection coincides with global brand choice. Thus, the effect is contrasting in nature and emerges in choices where choosing the local brand implies forgoing the global and vice versa.

Beyond regret, the two conditions differ significantly with regards to other important post-purchase responses. Compared to respondents who chose global over local cameras, respondents who forwent global for local cameras reported lower post-choice satisfaction scores ( $M_{\text{LG}} = 2.10, SD_{\text{LG}} = .96$  vs.  $M_{\text{GL}} = 3.08, SD_{\text{GL}} = 1.15, t = -3.160, p < .01, d = .925$ ), lower intention to repurchase the chosen brand ( $M_{\text{LG}} = 1.80, SD_{\text{LG}} = 1.20$  vs.  $M_{\text{GL}} = 2.63, SD_{\text{GL}} = 1.51, t = -2.306, p < .05, d = .609$ ) as well as higher intention to switch to the forgone brand in the future ( $M_{\text{LG}} = 5.17, SD_{\text{LG}} = 1.23$  vs.  $M_{\text{GL}} = 4.31, SD_{\text{GL}} = 1.83, t = 2.161, p < .05, d = .552$ ). Mediation analysis using bootstrapping (5000 resamples) indicates that these differences in post-purchase responses are mediated by regret (as indicated by the 95% confidence intervals not including 0) (Table 2). Finally, we also tested differences in regret and post-purchase responses between LG and GL conditions using non-parametric Mann-Whitney tests to account for small cell sizes; the results do not change. Thus,  $H_2$  is supported.

Insert Table 2 about here

*Moderation Analysis.* A moderated regression analysis on regret with the purchase decision (LG vs. GL), global identity (GI), and their interaction as predictors was conducted to test the moderating role of global identity. To account for the potential role of local identity, we included it as control. In support of  $H_4$ , the interaction term is significant and positive ( $\beta_{\text{LG vs. GL} \times \text{GI}} = .526, t = 1.750, p < .05$ ). To illustrate the moderating effect, we probed the interaction at one standard deviation above and one standard deviation below the mean GI value. The conditional effects indicate that forgoing global for local brands in the



category of cameras is regretted more than forgoing local for global brands and that the magnitude of this difference is amplified as global identity increases from mean ( $GI_{\text{Mean}} = 5.33$ :  $\beta = .761$ ,  $t = 2.160$ ,  $p < .05$ , 95% CI ranging from .055 to 1.467) to high levels ( $GI_{\text{M+SD}} = 6.50$ :  $\beta = 1.379$ ,  $t = 2.780$ ,  $p < .01$ ; 95% CI ranging from .384 to 2.373). Conversely, for consumers with lower levels of global identity, the effect becomes insignificant ( $GI_{\text{M-SD}} = 4.15$ :  $\beta = .142$ ,  $t = .284$ , ns; 95% CI ranging from -.864 to 1.148). Floodlight analysis (Spiller et al. 2013) shows that the Johnson-Neyman point marking the change in statistical significance is  $GI = 5.04$ ; for  $GI$  values above this point the effect is positive and significant while for  $GI$  values below it the effect is not significant.

## **Discussion**

Study 2 shows that, in product categories of global brand superiority, forgoing global for local brands is a purchase decision which is regretted with greater intensity than choosing global over local brands in the presence of unfavorable outcome feedback about the superiority of the forgone alternative. As a result of this regret, consumers are less satisfied, more prone to switching, and less willing to repurchase their chosen brands when these brands are local and the forgone (overperforming) brands are global. This finding implies that post-purchase responses to regrettable purchases are dependent on the composition of the consideration set in terms of global and local brands, and in particular, on whether the consumer chose global over local or local over global brands. Thus, in categories where consumers perceive global brands as superior, a brand's perceived globalness holds regret-regulation capabilities and functions as (1) a 'regret amplifier' when global brands are suboptimally rejected over their local rivals, and (2) as a 'regret immunizer' when global brands are suboptimally chosen over their local rivals. Both of these functions intensify as the consumer's global identity becomes stronger.

### STUDY 3

Study 3 aims at replicating the effect of purchase decision on regret and post-purchase responses ( $H_1$  and  $H_2$ ) as well as the moderating role of global identity ( $H_4$ ). Additionally, it tests the proposed mediating mechanism (decision justifiability) underlying the effect ( $H_3$ ).

#### Method

Data collection and procedures were similar to these of Study 2. Data were collected from 113 consumers (52.2% female;  $M_{age} = 41.9$ ,  $SD_{age} = 14.5$ ) who were recruited by trained researchers in shopping malls, universities, cafés, etc. Participants were randomly assigned to one of two versions of the camera purchasing scenario presented in Study 2 (i.e. “choose global – forgo local” (GL) or “choose local – forgo global” (LG)). After reading the first part of the scenario, and prior to obtaining any information regarding which brand they chose or which brand is better, respondents were asked to fill some brand-related measures including perceived brand globalness for both brands as well as perceived decision justifiability of choosing the global over the local brand (Table 1). In the second part of the scenario, outcome feedback was provided (as in the previous studies) to elicit regret. Finally, respondents completed measures of satisfaction, regret, post-purchase intentions, global identity, manipulation check items and demographics.

#### Analysis and Results

*Manipulation checks.* Respondents exposed to the “choose global – forgo local” condition reported higher scores on the brand globalness scale for the chosen brand than for the forgone brand ( $M_{chosen} = 5.39$ ,  $SD_{chosen} = 1.61$  vs.  $M_{forgone} = 2.44$ ,  $SD_{forgone} = 1.56$ ,  $t = 8.650$ ,  $p < .001$ ). Conversely, respondents exposed to the “choose local – forgo global” condition reported

scores in the opposite direction ( $M_{\text{chosen}} = 2.49$ ,  $SD_{\text{chosen}} = 1.77$  vs.  $M_{\text{forgone}} = 5.82$ ,  $SD_{\text{forgone}} = 1.66$ ,  $t = -8.308$ ,  $p < .001$ ). Thus, the globalness manipulation was successful.

In support of the regret manipulation, the mean score across conditions on the 0 (no regret) to 5 (high regret) scale indicates that respondents did indeed experience regret after receiving outcome feedback ( $M = 2.90$ ,  $SD = 1.73$ ), while they also judged the performance of the chosen brand as significantly worse than that of the forgone brand ( $M_{\text{chosen}} = 2.63$  vs.  $M_{\text{forgone}} = 5.79$ ,  $t = -14.766$ ,  $p < .001$ ) in line with the scenario information.

*Experimental analysis.* In support of H<sub>1</sub>, a planned contrast indicates that respondents exposed to the “choose local – forgo global” (LG) condition experienced significantly more regret than respondents in the “choose global – forgo local” (GL) condition ( $M_{\text{LG}} = 3.28$ ,  $SD_{\text{LG}} = 1.60$  vs.  $M_{\text{GL}} = 2.58$ ,  $SD_{\text{GL}} = 1.76$ ,  $t = 2.164$ ,  $p < .05$ ,  $d = .413$ ). These differences in regret are found to mediate differences in post-choice satisfaction ( $M_{\text{LG}} = 2.41$ ,  $SD_{\text{LG}} = 1.17$  vs.  $M_{\text{GL}} = 2.85$ ,  $SD_{\text{GL}} = 1.37$ ,  $t = -1.859$ ,  $p < .05$ ,  $d = .345$ ;  $\beta_{\text{mediation}} = -.308$ ,  $p < .05$ , 95% CI = [-.617, -.051]), intention to switch to the forgone brand ( $M_{\text{LG}} = 5.44$ ,  $SD_{\text{LG}} = 1.35$  vs.  $M_{\text{GL}} = 5.07$ ,  $SD_{\text{GL}} = 1.62$ ,  $t = 1.316$ ,  $p < .10$ ,  $d = .248$ ;  $\beta_{\text{mediation}} = .329$ ,  $p < .05$ , 95% CI = [+0.057, +.658]), and intention to repurchase the chosen brand ( $M_{\text{LG}} = 2.04$ ,  $SD_{\text{LG}} = 1.42$  vs.  $M_{\text{GL}} = 2.40$ ,  $SD_{\text{GL}} = 1.66$ ,  $t = -1.238$ ,  $ns$ ,  $d = .233$ ;  $\beta_{\text{mediation}} = -.278$ ,  $p < .05$ , 95% CI = [-.614, -.049]). Thus H<sub>2</sub> is supported.

*Mediation analysis.* A mediation analysis testing the mediating role of perceived decision justifiability was conducted using bootstrap estimation of confidence intervals for the indirect effect (PROCESS Model 4; Hayes 2013; 5000 resamples). The results indicate that the experimental condition (i.e. LG = 1, GL = 0) has a significant negative effect on perceived decision justifiability ( $\beta = -1.454$ ,  $t = -4.850$ ,  $p < .001$ ) indicating that forgoing global for local brands in the camera category is perceived as a less justifiable purchase decision than choosing local over global brands ( $M_{\text{LG}} = 3.17$ ,  $SD_{\text{LG}} = 1.51$  vs.  $M_{\text{GL}} = 4.62$ ,

$SD_{GL} = 1.65, t = -4.580, p < .001$ ). Subsequently, perceived decision justifiability has a negative effect on regret ( $\beta = -.225, t = -2.249, p < .05$ ). Overall, the mediating effect is significant ( $\beta = .327, t = 2.006, p < .05$ ) as also indicated by the 95% bootstrapping CI which includes only positive values (.061 to .712; Preacher and Kelley  $\kappa^2 = .088$ ). The direct effect beyond justifiability is not significant, indicating full mediation. We also ruled out two alternative mechanisms potentially underlying the effect, that is, perceived decision risk and relative option value. Although, choices of global over local cameras were perceived as less risky and more valuable than choices of local over global cameras, neither of these were found to mediate the effect of the purchase decision on regret in the presence of perceived decision justifiability which remained the only significant and full mediator of the effect (detailed mediation analysis results available upon request). Thus, H<sub>3</sub> is supported.

*Moderated mediation analysis.* A moderated mediation model (PROCESS Model 7; Hayes 2013; 5000 resamples) was estimated to test whether the moderating effect of global identity observed in Study 2 also replicates in this sample and, in particular, to see whether global identity influences the effect of our experimental condition on regret by moderating its effect on decision justifiability (controlling for local identity). The results support the moderating role of global identity. More specifically, the interaction between global identity and experimental condition (1 = LG, 0 = GL) on decision justifiability is negative and significant ( $\beta_{LG \text{ vs. } GL \times GI} = -.427, t = -1.875, p < .05$ ) indicating that, for consumers with high (vs. low) global identity, forgoing global for local cameras is a less justifiable decision than choosing global over local cameras. Because of the negative effect of justifiability on regret, global identity moderates the overall indirect effect of the experimental condition on regret through justifiability. After probing the interaction at one standard deviation above and below the mean global identity (see Table 3), the conditional indirect effects show that moving from mean ( $GI_{\text{Mean}} = 5.12: \beta_{\text{mediation}} = .290, 95\% \text{ CI ranging from } .056 \text{ to } .674$ ) to high levels of

global identity, the indirect effect gets stronger ( $GI_{M+SD} = 6.45$ :  $\beta_{\text{mediation}} = .409$ , 95% CI ranging from .072 to .891); conversely, moving from mean to low levels of global identity, the effect gets weaker ( $GI_{M-SD} = 3.79$ :  $\beta_{\text{mediation}} = .198$ , 95% CI ranging from -.003 to .535). Additionally, floodlight analysis indicates that for GI scores above 3.66 the indirect effect is positive and significant; for GI scores below 3.66 the indirect effect is rendered insignificant. Thus, H<sub>4</sub> is further supported.

Insert Table 3 about here

## **Discussion**

Study 3 replicates the effects found in our previous studies and provides additional evidence that forgoing global for local brands is a decision regretted more than choosing global over local brands in product categories with a global brand superiority schema. Going one step further, Study 3 demonstrates that the underlying mechanism explaining this effect is the decreased perceived justifiability consumers attribute to forgoing global for local brands which hinders regret regulation when the purchase is realized as suboptimal. This implies that, when conforming to the product category schema, global brands are perceived by consumers as giving them more defensible purchase arguments than their local counterparts and that these arguments appear particularly valuable when the brand is faced with unfavorable purchase comparisons with forgone brands. Importantly, the extent to which consumers translate global availability into defensible, regret-proof arguments was found to depend strongly on their global identity. This implies that global brands are more protected by unfavorable comparisons with superior local rivals when purchased by consumers with pronounced global identities. Such advantage appears to fade out for consumers with a weak global identity.

## STUDY 4

Building on previous studies which established the key role of the product category (Study 1) and the mediation and moderation in a global product category (Study 2 and 3), Study 4 aims at investigating the (reversed) effect of global vs. local brand choice on regret in a product category for which *local* brand superiority perceptions exist. Importantly, Study 4 differs from the previous ones in several ways. First, it uses the product category of bicycles that (1) is different from cameras to allow cross-category validation but without violating the prerequisites of a regretful purchase (high product cost, social visibility, functional and symbolic product nature, etc.), and (2) represents a category for which the local population holds generalized beliefs of local brand superiority and thus allows for a strong test of the effect of brand choice on regret in the reverse setting of Studies 2 and 3. In support of this, a pretest using an independent sample of the local population ( $n = 100$ ) indicates that consumers perceive the category of bicycles as a category where local brands outperform global brands ( $M_{\text{GBSC}} = 3.59$ ,  $SD_{\text{GBSC}} = 1.25$ ; significantly lower from the scale midpoint:  $t = -3.410$ ,  $p < .001$ ). Second, instead of using fictitious brand stimuli, Study 4 engages respondents in a real brand choice task which includes global and local brands with which they are highly familiar and which represent typical purchase choices in the product category. Third, it tests the effect in a larger and more realistic consideration set which includes three (instead of two) alternatives. Finally, it includes both domestic and foreign global brands as product options, thus allowing us to further rule out alternative explanations and test the robustness of the observed effects.

### Method

A sample of 203 participants drawn from an online consumer panel ( $M_{\text{age}} = 42.7$ ,  $SD_{\text{age}} = 12.4$ ; 48.3% female) read a scenario asking them to imagine that they are interested in buying

a new bicycle for multiple uses (commuting to work, excursions outside the city, etc.) and complete a survey (in exchange for panel points) regarding three new bicycle models offered by the three leading bicycle manufacturers available in the local country (not disclosed to avoid author identification). The three brands were selected based on pretests which showed that all three were familiar to the local consumers, enjoyed similar levels of prior attitude but also differed significantly with regard to brand globalness/localness perceptions and brand origin. One brand was perceived as globally available but domestic in origin, one as globally available but foreign in origin, and one as domestic and only available in the local county.

Respondents were exposed to a comparative table (as in typical consumer brochures) presenting pictures of the three models one next to the other followed by a short description of their key attributes as well as a few words about the brand (brand order was counterbalanced across participants). The attribute levels for all three models (including price) were the same; however, the brand descriptions were different to highlight the differences in brand availability (global vs. local) and origin (domestic vs. foreign). In line with Winit et al. (2014), we manipulated availability (global vs. local) by mentioning the number of countries and points of sale of the brand (global: “Available in more than 50 countries including USA, Australia, [local country], etc.; local: “Available in multiple points of sale in [local country]”) and (domestic vs. foreign) brand origin by mentioning the location of the company headquarters, the country where the company was founded, and the name/nationality of the founder (see Web Appendix). Subsequently, respondents were asked a set of questions about the three brands including measures of perceived brand globalness, origin, familiarity, etc. as well as which of the three brands they would choose if they had to buy one. Next, they were asked to justify their choices on a set of items. In the following section, participants were told that the three new bicycles have been tested under different conditions by a group of bicycle experts who rated the performance of the brand they chose

with a score of 52% and the performance of the two forgone brands with a score of 92% so as to induce regret. Following receipt of outcome feedback, respondents completed measures of satisfaction, repurchase and switching intentions, and demographics.

## **Analysis and Results**

*Manipulation checks.* In support of our manipulation, both the global foreign (GF) and the global domestic (GD) brands scored significantly higher than the local domestic (LD) brand on the 7-point perceived globalness scale ( $M_{GF} = 5.58$  vs.  $M_{GD} = 5.76$ ,  $M_{LD} = 4.02$ ;  $F(2, 201) = 88.59$ ,  $p < .001$ ). Accordingly, both the global domestic and the local domestic brand scored significantly higher than the global foreign brand on a 7-point perceived domestic origin scale ( $M_{GF} = 2.17$  vs.  $M_{GD} = 5.49$ ,  $M_{LD} = 6.24$ ;  $F(2, 201) = 301.70$ ,  $p < .001$ ). Thus, our globalness-origin manipulation was successful.

*Test of reversed effects.* Of the 203 respondents, 78 (38.4%) chose the local domestic brand, 101 (49.8%) chose the global domestic brand, and 24 (11.8%) chose the global foreign brand. To test our hypothesis, we recoded respondents' choices in a binary variable which takes the value of 1 if the consumer chose the local brand and forwent the global options and the value of 0 otherwise. Given the perceived superiority of local brands for the bicycle category in the study country, if  $H_1$  holds, those who chose the local brand should experience lower levels of regret than those who chose one of the global options.

In support of  $H_1$ , those who chose the local brand and forwent the global ones (LG) reported lower levels of regret than those who bought one of the two global brands and forwent the local brand (GL) ( $M_{LG} = 2.82$ ,  $SD_{LG} = 1.74$  vs.  $M_{GL} = 3.40$ ,  $SD_{GL} = 1.91$ ,  $t = -2.181$ ,  $p < .05$ ,  $d = .317$ ). Analysis of variance followed by post-hoc tests shows that participants who chose the local domestic brand reported significantly lower regret ( $M_{LD} = 2.82$ ) than both those that chose the global domestic brand ( $M_{GD} = 3.29$ ) and those that chose



the global foreign brand ( $M_{GF} = 3.85$ ) ( $F(2, 202) = 3.281, p < .05$ ). This shows that the effect is grounded in the differences in (global vs. local) availability rather than differences in (domestic vs. foreign) origin and holds even when global domestic brands are forgone. Also, the effect holds even after measures of brand quality (measured prior to exposure to negative outcome feedback) are included as covariates suggesting that regret regulation is not merely driven by differences in global vs. local brand perceived quality.

In support of H<sub>2</sub>, regret mediates the effect of local (over global) brand choice on post-choice satisfaction ( $\beta_{\text{mediation}} = .266, p < .05, 95\% \text{ CI} = [+0.034, +.521]$ ), repurchase intentions ( $\beta_{\text{mediation}} = .259, p < .05, 95\% \text{ CI} = [+0.039, +.517]$ ), and brand switching intentions ( $\beta_{\text{mediation}} = -.402, p < .05, 95\% \text{ CI} = [-.751, -.043]$ ).

*Mediation of the reverse effect.* Mediation analysis shows that, compared to those who chose a global bicycle brand, respondents who chose the local one perceived the choice of a global option in this category as unjustified and this decreased their experienced regret for their bad choice ( $\beta_{\text{mediation}} = -.160, t = -1.856, p < .05; 95\% \text{ CI} = [-.386, -.010]$ ). Decision justifiability fully mediates the effect (the direct effect is not significant). H<sub>3</sub> is supported.

## **Discussion**

Study 4 validates that regret regulation in choices between global and local brands depends on the product category, by showing that, unlike global brand dominated categories, when the consumer's product category schema suggests local brand superiority, regret regulation is easier for local compared to global brand purchases. The effect is explained by a flip in justification potential of global and local brand choices in these categories where buying a brand on the basis of its global nature is not a credible purchase justification and thus allows psychological room for regret to emanate. Importantly, Study 4 shows that regret regulation on the basis a brand's global/local nature can be observed not only in experimental contexts

but also in more ecologically valid choice settings involving a consideration set including more than two alternatives and well-established real brands which may be associated with either domestic or foreign firm ownership.

## **GENERAL DISCUSSION**

International branding research has provided rich findings on the processes leading to global or local brand choices (e.g. Özsomer 2012; Strizhakova and Coulter 2015) but has so far neglected the post-purchase consequences of these choices. In response to this void, the present research contributes by extending the study of the competition between global and local brands in the post-purchase stages of consumer decision making and investigating the impact of these choices on critical post-purchase brand responses.

### **Theoretical Contribution**

The first theoretical contribution of our research to international branding literature is that a brand's perceived globalness/localness represent *enduring* brand attributes whose relevance transcends from the pre-purchase to the post-purchase stage. This relevance is manifested in consumers' reliance on global/local brand availability to build purchase justifications and set standards for purchase evaluation which ultimately shape post-choice judgments, satisfaction assessments, and future behavioral intentions. Thus, our findings corroborate prior studies supporting the beneficial role of perceived brand globalness and localness (e.g. Xie, Batra, and Peng 2015; Swoboda, Pennemann, and Taube 2012) but also extend their findings by establishing this role even under conditions which would undermine its relevance, such as the presence of more diagnostic intrinsic information acquired after actual product use (Tse and Gorn 1993) or the disconfirmation of pre-purchase expectations through the presence of a superior competitor. This contribution is also relevant for consumer regret theory because it

demonstrates that (1) the attributes of chosen and forgone brands can regulate the extent of the regret consumers experience after unfavorable comparisons with superior competitors, (2) this regulatory capacity is enjoyed only by brand attributes able to charge purchase decisions with increased justification potential, and (3) varying the importance of and/or shifting consumers' attention to such attributes can prove an effective regret regulation strategy.

Responding to calls for investigating the affective footprint global and local brands have on consumers (Gürhan-Canli, Sarial-Abi, and Hayran 2018), our second contribution to international branding literature is establishing that emotional responses to purchase decisions are regulated by the global/local nature of chosen and foregone brands. Our studies provide evidence that brand globalness and localness can influence consumers' purchase-related emotions and help the consumer deal more effectively with the discomforting psychological state aroused by comparisons with unchosen product options. Thus, brand globalness and localness do not only represent drivers of consumers' cognitive responses to brands (Dimofte, Johansson and Ronkainen 2008) but also emotional regulators by operating either as regret catalysts or regret immunizers when global/local brand choices go awry.

Importantly, our studies also identify the boundaries of the emotion regulation capabilities of brand globalness and localness and highlight the role of consumer's global identity and cognitive schema about the product category in moderating these capabilities. Prior research has shown that global identity and a global category schema promote global (over local) brand purchases (Davvetas and Diamantopoulos 2016; Zhang and Khare 2009). Our findings contribute by showing that consumers' extant expectations about global and local brands in the category as well as their identity make them less prone to negative feedback about brand choices when these conform to this schema and reinforce this identity. Thus, product category schemata and global consumer identities are not only important for building brand preference but also for protecting it. This finding represents an additional

contribution to regret theory by evidencing that (1) schema-incongruent decisions are regretted with lower intensity than schema-congruent ones and (2) decisions justified on the basis of one's identity are regretted less strongly (Davvetas and Diamantopoulos 2017).

Finally, our research represents the first effort to use a largely unexploited decision theory lens to explain consumer choices between global and local brands. By using such a lens, our research contributes by showing that consumer responses to their brand choices are strongly dependent on the composition of the consideration set from which the choice was made in terms of global and local brands. Despite the increased number of purchase decisions which involve consumer choice between global and local brands (Özsomer 2012), only a few studies have tried to address the dynamics of this competition by identifying, for instance, the consumer drivers of the relative preference for global versus local brands (Strizhakova and Coulter 2015) or the impact of relative price differences between global and local brand options on purchase intentions (Winit et al. 2014). Building on this premise of relativity, the final contribution of our findings is establishing that there is reference dependence in the post-purchase evaluation of brand choices suggesting that global/local brand purchases are valued differently depending on the perceived globalness/localness of brands rejected or forgone. This reference framing is key in understanding consumers' post-purchase responses following negative purchase disconfirmation where dissonance reduction is activated.

### **Managerial Implications**

Our research findings generate a set of valuable implications for global/local brand managers in relation to competitive strategies, selection of positioning bases, market segmentation and targeting, as well as brand communications. Our results suggest that such strategies should be contingent on (1) the perceived global or local availability of the brand, and (2) the schema the consumers have about the product category (Figure 3).

Insert Figure 3 about here

Starting with *competitive strategy*, our results suggest that the brand options included (but non-chosen) in the brand's typical consideration set critically affect post-purchase brand-related behavior. In particular, consumers regret more leaving behind (better) global than local brands and are more satisfied with their (bad) purchases if these involve the choice of global brands in categories of global brand superiority. This implies that the presence of a superior global rival is more dangerous than a presence of a local equivalent in these categories. The opposite holds in categories of local brand superiority where global brands are more strongly threatened by their local rivals instead. In light of this, brand managers should carefully consider which of their brand competitors to confront directly and which to avoid by ensuring their brand's inclusion in consideration sets that are less threatening in case of unfavorable brand comparisons. In light of the need to match the brand image with the category schema, global brands appear capable to confront both global and local rivals in categories where global products enjoy a generic perceptual advantage while local brands are better poised to confront both global and local players in categories of extensive local brand consumption. For brands that compete in categories not matching their global/local nature, confronting brands of similar nature (global vs. global or local vs. local) would limit the unfavorable effects of a contrast with a competitor whose purchase is more justified because of its conformity with the category schema. Thus, avoiding eye-to-eye competition with established players is advisable *unless* brand performance is objectively superior (and can be clearly communicated as such).

With regard to *positioning strategies*, global brands should strengthen their global image when competing in categories that match this image and try to link their globalness with purchase justifications and regret aversion inferences (e.g. "You can't regret buying the global one", "buying the global makes sense", "if it's global, it must be good"). Local brands

can follow similar strategies in categories where local brand purchase represents the norm. When the brand image and the category schema deviate, both global and local brands should either consider alternative positioning strategies (e.g. position around functional attributes, price, etc.) or stress other aspects of their brand value which can help regret regulation and post-purchase rationalizations even in the presence of a superior competitor. For instance, global brands could position around a favorable country of origin to promote experiential foreign consumption while local brands could position as defenders of the local economy or disadvantaged local underdogs, marginalized by big corporations and in need of consumer support to restore marketplace fairness (Paharia, Avery, and Keinan 2014).

From a *segmentation/targeting perspective*, targeting the mass market appears more feasible for brands that can be easily assimilated in schematic perceptions consumers hold about global or local brand superiority in the specific category. For brands that do not conform to such perceptions, targeting hard brand loyalists or niches would represent more viable targeting options. Regardless of the product category, though, the higher a consumer segment scores on global identity, the more (less) attractive it becomes for global (local) brands, and thus the more (less) appropriate for targeting. Importantly, targeting these segments does not only increase the likelihood that the brand will enter consumers' consideration sets but also the likelihood of being repurchased even under the pressure of superior rivals, thus allowing the development of a loyal segment that is less susceptible to competition.

Finally, regarding *communication strategies*, brands perceived as superior to their main competitors should encourage the diffusion of word of mouth highlighting the superiority of their brand relative to that of their major competitors (in order to elicit regret and prompt brand switching). Additionally, comparative advertising could be considered as an effective tool to target consumers of inferior competitors, provide consumers with regret-generating

feedback for the superiority of the promoted brand, and thus gain market share from beatable rivals. For brands struggling with negative post-choice comparisons with competitors, engaging in post-purchase marketing communications such as brochures, direct mail etc. can be an effective way to mitigate negative consequences generated by dissonance such as costly product returns, enforcement of price warranties, refunds, and brand switching. However, global and local brands should tailor such communications to their globalness/localness and the categories in which they operate. Such tailoring should be particularly considered in markets where consumers actively compare product options and engage in feedback seeking for their product choices.

### **Limitations and Future Research**

Our studies have certain limitations that point to future research directions. First, our studies followed an experimental approach whereby regret was manipulated through post-choice feedback about the presence of a superior forgone option. Future research could investigate whether global/local brand choices are regretted with different intensity under alternative conditions/types of purchase regret (e.g. the presence of a cheaper forgone brand). Similarly, our conceptualization (and subsequent manipulation) of brand globalness focused on global/local brand availability. Alternative manipulations of brand globalness/localness (e.g. globally-standardized vs. locally-adapted brands) could provide additional insights on which aspects of a brand's global or local nature carry stronger regret regulation capability. Along these lines, firm ownership and brand origin influences (e.g. whether the brand belongs to a local or a multinational firm, has strong domestic/foreign character or enjoys a favorable country image) which were not the focus of the present investigation could reveal interesting boundary conditions for the documented effects. Finally, replication of our studies in other countries is also desirable for external validity and generalizability purposes.

Second, our research focused on competing choices between two brands (apart from Study 4 where three brands were considered). However, consumers' consideration sets often include more options (Tsiros 1998). Investigating regret in larger brand choice sets would generate more nuanced insights on whether consumers use other global (local) brands as reference points for comparisons with their chosen global (local) brands or whether reference point selection is invariant of brand globalness/localness. Such an investigation would shed further light on the structure of the competition between local and global brands and provide strategic advice on where a brand's competitive attention should focus depending on consideration set size and its global/local composition.

Third, our studies were exclusively concerned with how global and local brand choices impact experienced regret. However, consumers often *anticipate* the possibility of feeling regret for their decisions in the future and adjust their purchase behavior in order to mitigate it (Simonson 1992; Zeelenberg 1999; Zeelenberg and Pieters 2007). Future research should thus investigate whether regret anticipation promotes global or local brand choices as well as whether global/local brand purchases are associated with different levels of anticipated regret.

Finally, our investigation focused on the regret experienced and regulated immediately after purchase. However, consumers update their expectations about global and local brand performance following regretful purchases of individual brands. Longitudinal studies are thus needed to investigate how the experience of regret impacts relative global-local performance expectations in the long run and reveal how the experience of regret shifts norms, purchase justifications, evaluative standards, and regret anticipation over time and across purchase contexts (e.g. product categories, countries, etc.). Such investigations should provide insights on how consumers develop and change beliefs about global and local brands and explain preference shifts between global and local consumption over time.



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Table 1: Construct measurement

**Regret (Tsiros and Mittal 2000; Lee and Cotte 2009)**

**Cronbach's alpha range across studies: .76 - .96**

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I regret for choosing [chosen brand].  
 I am sorry for choosing [chosen brand].  
 I should have chosen [forgone brand].  
 If I turned back time I would choose [forgone brand].  
 I now realize how much better my other choices were.

**Post-choice satisfaction (Tsiros and Mittal 2000)**

**Cronbach's alpha range across studies: .79 - .94**

---

I am happy with [chosen brand].  
 I am satisfied with [chosen brand].  
 [Chosen brand] met my expectations.

**Chosen brand repurchase intentions (Putrevu and Lord 1994)**

**Cronbach's alpha range across studies: .83 - .96**

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It is very likely that I will repurchase [chosen brand] in the future.  
 I will purchase [chosen brand] next time I need such a product.

**Forgone brand switching intentions (Putrevu and Lord 1994)**

**Cronbach's alpha range across studies: .70 - .95**

---

It is very likely that I will buy [forgone brand] in the future.  
 I will purchase [forgone brand] next time I need such a product.

**Decision justifiability (Connolly and Reb 2012)**

**Cronbach's alpha range across studies: .95 - .96**

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It is more reasonable to buy [forgone brand]/ [chosen brand].  
 It is more justifiable to buy [forgone brand]/ [chosen brand].  
 It makes more sense to buy [forgone brand]/ [chosen brand].  
 It is more rational to buy [forgone brand]/ [chosen brand].

**Global consumer identity (Tu, Zhang, and Khare 2012)**

**Cronbach's alpha range across studies: .78 - .82**

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My heart mostly belongs to the whole world.  
 I believe people should be made more aware of how connected we are to the rest of the world.  
 I identify myself as a global citizen.  
 I care about knowing global events.

**Global brand superiority in the category (Davvetas and Diamantopoulos 2016)**

**Cronbach's alpha: .93**

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When it comes to cameras, local brands are better than global/global brands are better than local.  
 A local camera is better than a global camera. /A global camera is better than a local camera.  
 In this product category, I usually prefer local brands / I usually prefer global brands.

Notes: 1. Items were measured on 7-point scales.

2. In Study 3, the second regret item is dropped due to bad psychometric properties; results do not change.

Table 2: Means across experimental conditions and indirect effects (Study 2)

Experimental Condition	N	Regret	Post-choice Satisfaction	Chosen brand repurchase intentions	Switch to forgone brand intentions
Choose global - forgo global (GG)	31	5.04 (1.49)	2.72 (1.42)	2.19 (1.37)	4.29 (1.70)
Choose local - forgo local (LL)	30	4.95 (1.17)	2.77 (1.23)	2.20 (1.51)	4.98 (1.36)
Choose local - forgo global (LG)	30	5.62 (1.25)	2.10 (.96)	1.80 (1.20)	5.17 (1.23)
Choose global - forgo local (GL)	31	4.91 (1.45)	3.08 (1.15)	2.63 (1.51)	4.31 (1.83)
H <sub>1</sub> : LG vs. GL (planned contrast)		$t = 2.001$ $p < .05$ $d = .524$	$t = -3.160$ $p < .01$ $d = .925$	$t = -2.306$ $p < .05$ $d = .609$	$t = 2.161$ $p < .05$ $d = .552$
H <sub>2</sub> : Mediation via regret (LG vs. GL → Regret → DV)		Normal theory tests (indirect effect)	$\beta = -.279$ $t = -1.776$ $p < .05$	$\beta = -.337$ $t = -1.748$ $p < .05$	$\beta = .405$ $t = 1.780$ $p < .05$
		95% Bootstrapping confidence intervals (indirect effect)	[-.739, -.019]	[-.992, -.024]	[+.031, +1.023]
		Preacher and Kelley $\kappa^2$ (indirect effect size)	.130	.126	.137
		Direct effect	$\beta = -.701$ $t = -2.809$ $p < .01$	$\beta = -.501$ $t = -1.544$ $ns$	$\beta = .348$ $t = .975$ $ns$
		Model R <sup>2</sup>	.389	.298	.304
		Mediation type	Partial	Full	Full
		Result	H <sub>2a</sub> supported	H <sub>2b</sub> supported	H <sub>2c</sub> supported

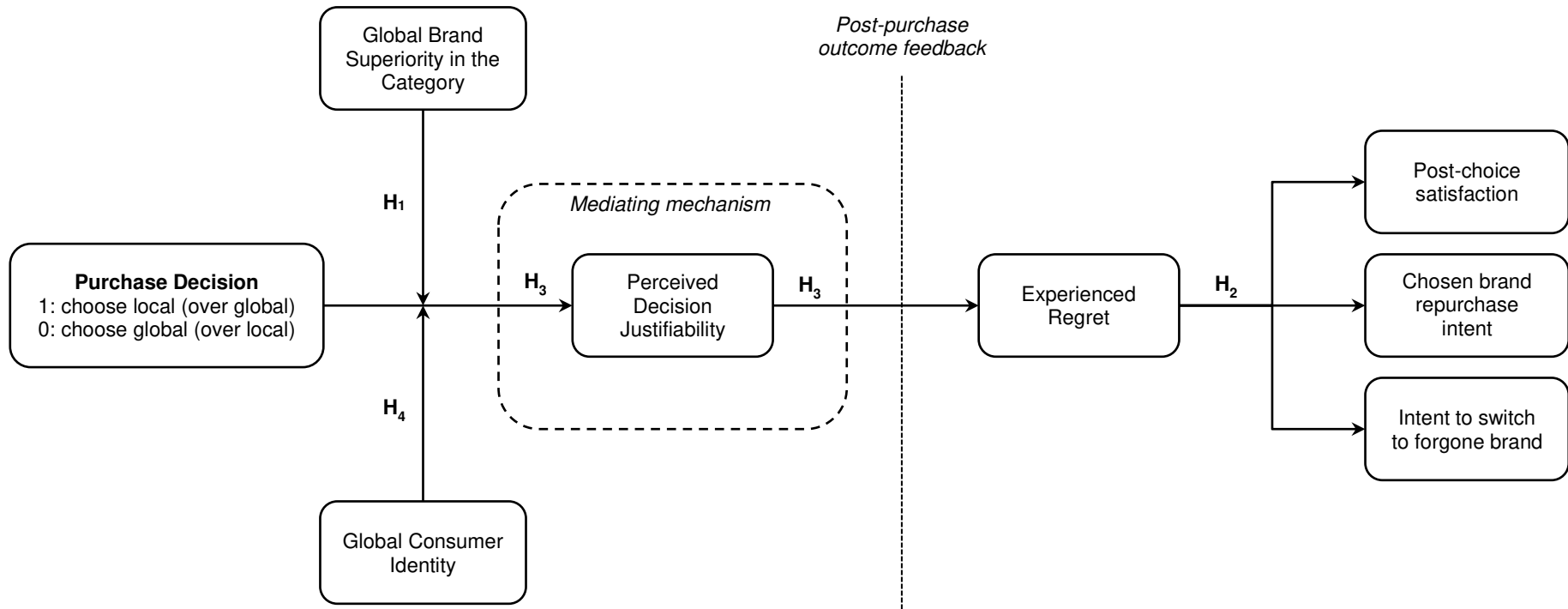
Note: Standard deviations in parentheses; one-tailed tests for hypothesized effects;  $d$  refers to *Cohen's d* effect size measure; regret measured on 7-point scale

Table 3: Moderated mediation results and conditional indirect effects (Study 3)

<b>Study 3</b>					
<b>LG (vs. GL) → Decision Justifiability → Regret</b>					
Global Identity M ± 1SD	95% Lower Bootstrap CI	90% Lower Bootstrap CI	Mean Effect	90% Upper Bootstrap CI	95% Upper Bootstrap CI
3.79	-.003	+.015	+.170	+.482	+.535
5.12	+.056	+.088	+.290	+.588	+.674
6.45	+.072	+.117	+.409	+.783	+.891
Moderated Mediation Index			+.090 90% CI = [+0.012, +.231] 95% CI = [+0.003, +.275]		
Johnson-Neyman points			Global Identity < 3.66: Not significant indirect effect Global Identity > 3.66: Negative indirect effect		

Note: Johnson-Neyman points refer to the points in the moderator above/below which the significance of the indirect effect changes (Spiller et al. 2013).

Figure 1: Conceptual framework, research hypotheses, and overview of studies



**Test of hypotheses**

$H_1$ : Studies 1, 2, 3, 4

$H_2$ : Studies 2, 3, 4

$H_3$ : Studies 3, 4

$H_4$ : Studies 2, 3



Figure 2: Regret for choosing/forgoing global (vs. local) brands across GBSC levels

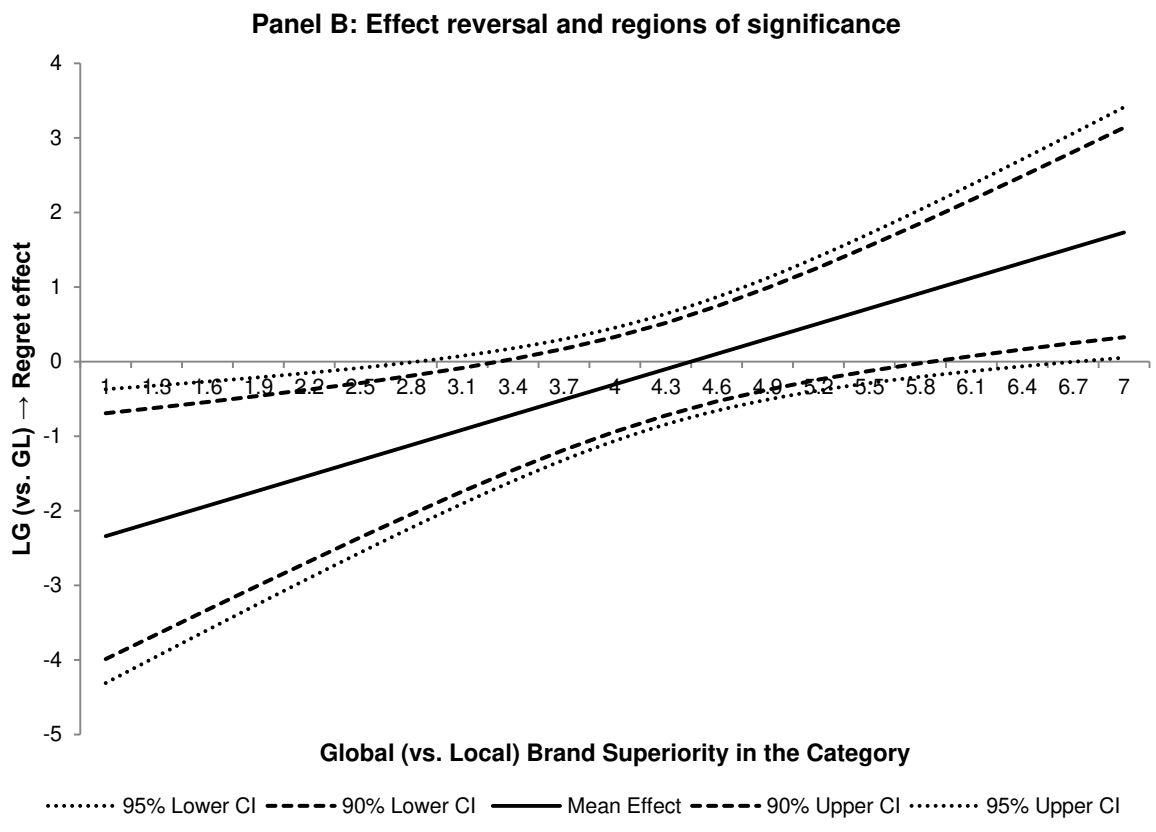
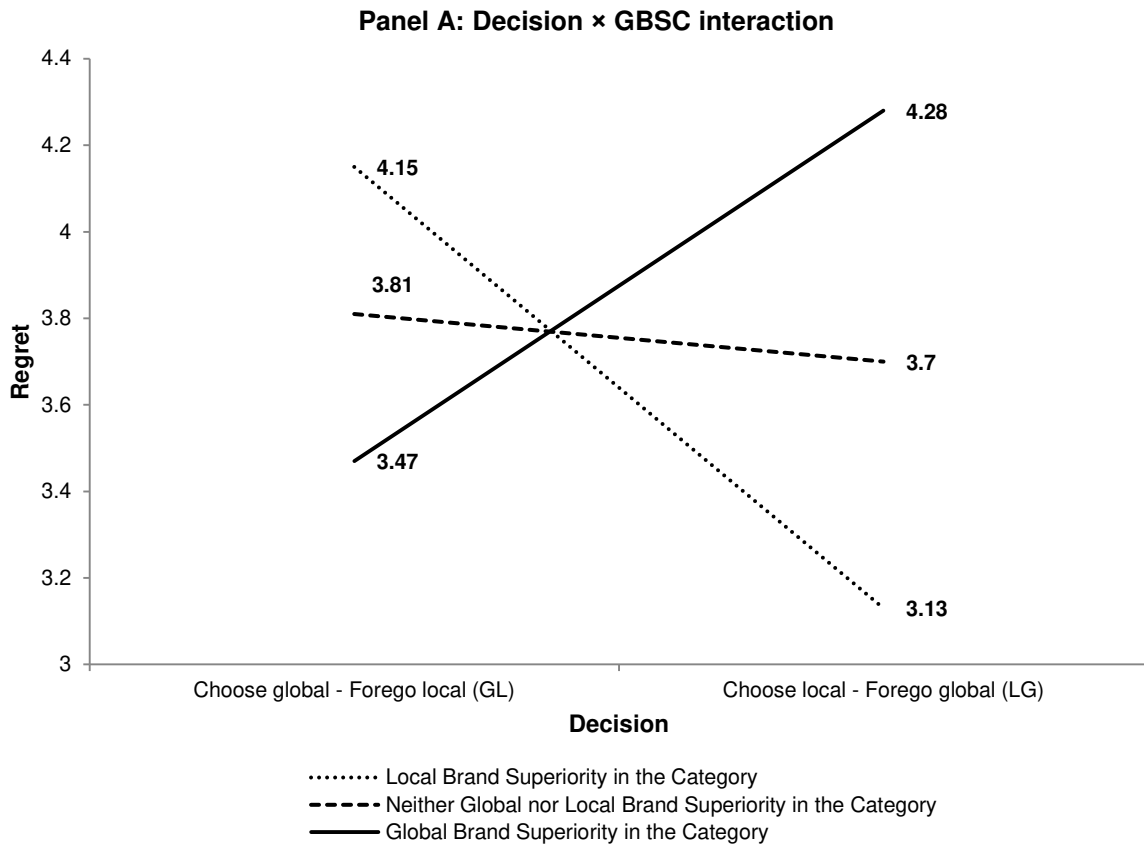


Figure 3: Managerial implications for global and local brands

		Perceived Brand Availability	
		Global	Local
Product Category Schema	Global Brand Superiority	<p><b>Competitive strategy:</b> Confront both global and local competitors</p> <p><b>Positioning strategy:</b> Build a global brand image and position the brand as a typical, justifiable choice in the product category</p> <p><b>Segmentation/Targeting strategy:</b> Target the mass market, consumers with strong global identity, and avoid local consumer niches</p> <p><b>Communication strategy:</b> Use comparative advertising against inferior local rivals, use global cues in post-purchase communications with consumers, stress worldwide availability and link it with purchase justification and regret-aversion</p>	<p><b>Competitive strategy:</b> Generally confront local competitors and avoid direct competition with strong global players</p> <p><b>Positioning strategy:</b> Avoid a local culture positioning strategy and invest in alternative sources of local brand value (e.g. underdog image, defend local economy, support of local causes)</p> <p><b>Segmentation/Targeting strategy:</b> Target local consumer niches, segments with weak global identity and hard brand loyalists</p> <p><b>Communication strategy:</b> Stress superior performance in advertisements and post-purchase communications</p>
	Local Brand Superiority	<p><b>Competitive strategy:</b> Generally confront global competitors and avoid direct competition with strong local players</p> <p><b>Positioning strategy:</b> Avoid a global culture positioning strategy and invest in alternative sources of global brand value (e.g. cultivate a cosmopolitan image or build on a positive foreign COO image)</p> <p><b>Segmentation/Targeting strategy</b> Target global consumer niches, segments with strong global identity and hard brand loyalists</p> <p><b>Communication strategy:</b> Stress superior performance in advertisements and post-purchase communications</p>	<p><b>Competitive strategy:</b> Confront both global and local competitors</p> <p><b>Positioning strategy:</b> Build a local brand image and position the brand as a typical, justifiable choice in the product category</p> <p><b>Segmentation/Targeting strategy:</b> Target the mass market, consumers with weak global identity, and avoid global consumer niches</p> <p><b>Communication strategy:</b> Use comparative advertising against inferior global rivals, use local cues in post-purchase communications with consumers, stress exclusive local presence and link it with purchase justification, and regret-aversion</p>