Author Accepted Manuscript

The Global/Local Product Attribute: Decomposition, Trivialization and Price Tradeoffs in Emerging and Developed Markets

SCHOLARONE™
Manuscripts

The Global/Local Product Attribute:

Decomposition, Trivialization and Price Tradeoffs in Emerging and Developed Markets

Vasileios Davvetas (corresponding author)

Marketing Division

Leeds University Business School

Moorland Road, LS6 1AN, Leeds, United Kingdom

tel: +44 (0) 11334 30610

e-mail: v.davvetas@leeds.ac.uk

Christina Sichtmann

Bern University of Applied Sciences

Brueckenstrasse 73

CH-3005 Bern

e-mail: christina.sichtmann@bfh.ch

Charalampos (Babis) Saridakis

Marketing Division

Leeds University Business School

Moorland Road, LS6 1AN, Leeds, United Kingdom

tel: +44 (0) 11334 31710

e-mail: B.Saridakis@leeds.ac.uk

Adamantios Diamantopoulos

Department of Marketing and International Business

Faculty of Business, Economics and Statistics, University of Vienna

Oskar-Morgenstern-Platz 1, 1090 Vienna, Austria

tel: +43 (1) 4277 38031, fax: + 43 (1) 4277 838031

e-mail: adamantios.diamantopoulos@univie.ac.at

November 2022

The Global/Local Product Attribute:

Decomposition, Trivialization and Price Tradeoffs in Emerging and Developed Markets

ABSTRACT

Accelerating anti-globalization challenges previously undisputed assumptions about the importance of a product's globalness/localness in purchase decisions. Putting these assumptions to test, we conceptualize globalness/localness as a distinct product attribute and decompose its utility into weight and preference components. Subsequently, we offer an equity-theory-based prediction of the attribute's declining relevance and quantify its tradeoffs with other attributes by calculating global/local price premiums. Conjoint experiments in two countries (Austria-India) reveal that (1) emerging (developed) market consumers exhibit relative preference for global (local) products, (2) emerging market consumers perceive higher preference inequity between global and local products than developed market consumers, and (3) the corresponding inequity triggers consumers' *cognitive inequity regulation* (manifested through attribute trivialization in developed markets) and *behavioral inequity regulation* (manifested through asymmetrical willingness to pay for global/local products across developed/emerging markets). We also find that attribute trivialization and price premium tolerance are moderated by consumers' spatial identities and price segment. The findings contribute to the theoretical debate on the relevance of product globalness/localness in de-globalizing times and inform competitive strategy, segmentation-targeting-positioning, and international pricing decisions.

Keywords: global/local products, attribute tradeoffs, conjoint analysis, emerging/developed markets

Marketplace globalization created a new competitive arena for global and local products. This competition attracted substantial interest among international business researchers (Chabowski, Samiee, and Hult 2013; Liu et al. 2020). Early investigations of the phenomenon revealed a favorable position for global products which, beyond supply-side advantages, enjoyed strong consumer preference and ability to charge higher prices through their association with quality, prestige, and the allure of a global consumer culture (Batra et al. 2000; Holt, Quelch, and Taylor 2004; Steenkamp, Batra, and Alden 2003). However, an increasing number of studies have since reported a resurgence of local products (Özsomer 2012; Steenkamp and de Jong 2010; Xie, Batra, and Peng 2015). Recently, the decrease in global trade figures, the rejection of global integration initiatives (e.g., Trans-Pacific Trade Agreement), rising anti-global sentiment, shifts in the global sociopolitical landscape (e.g., Brexit, Eurozone crisis, US-China trade war), appearance of re-shoring activities and the COVID19 pandemic – all regarded as signs of globalization's fragility – question the inevitability of globalization, advance debates around the phenomenon of "deglobalization" and initiate discussions about the future of the competition between global and local products (Cleveland and McCutcheon 2022; Delios, Perchthold, and Capri 2021; Witt 2019).

These ongoing discussions are far from reaching consensus. On the one hand, some globalization scholars argue that stalling globalization is not an existential threat to global brands, predictions about the end of globalization are premature, and global products will continue to dominate international markets and legitimize their price premiums through strategic adaptations (Samiee 2019; Steenkamp 2019a; 2019b). On the other hand, evidence from emerging markets – a key battleground for global brands – suggests that localization tendencies and the emergence of strong local players reduce the perceptual and high-end price advantages global products once enjoyed (Santos and Williamson 2015; Sichtmann, Davvetas, and Diamantopoulos 2019). Recent research suggests that, while in globalizing

developed markets brand globalness continues to build brand credibility, in heavily globalized developed markets, localness represents a stronger credibility signal for consumers (Mandler, Bartsch, and Han 2020). Additionally, there is palpable growth in alienated consumers who stand indifferent toward a product's global or local character, appear withdrawn from both globally- and locally-induced consumption (Steenkamp and de Jong 2010), and are thus less willing to tolerate the price premiums global brands used to command. In sum, looking at extant literature, one cannot reach definitive conclusions regarding whether, to what extent, for whom, at what cost, and under which conditions a product's globalness/localness still matters for consumers.

Against this background, this article empirically investigates the following research questions: (1) Is the global/local product attribute still relevant for consumers or has it trivialized to the benefit of other attributes? (2) If it remains relevant, what are the price tradeoffs consumers are willing to make to acquire global or local products? (3) How do the corresponding price premiums global and local products are able to charge vary across countries, consumers, and market segments?

To answer these questions, the role a product's global or local nature plays must be approached in a more complex way than previously assumed. Prior research has mostly conceptualized a product's globalness and localness as cues operating through a halo effect (Dimofte, Johnasson, and Ronkainen 2008), that is, by favorably biasing other product attributes such as quality or prestige (Özsomer 2012; Steenkamp, Batra, and Alden 2003). According to this perspective, consumers carry positive and negative beliefs about globalness and localness that determine whether their product choices will lean toward the global or the local side (Dimofte, Johansson, and Ronkainen 2008). Despite its conceptual appeal, this approach makes two questionable assumptions: First, that all consumers ascribe equal *weight* (i.e., importance) to the globalness/localness of a product when making purchase decisions; a

contentious assumption in light of evidence suggesting that many consumers simply do not care about the globalness *or* localness of the products they purchase, or perceive global and local products as equally attractive and directly substitutable alternatives (Steenkamp and de Jong 2010). Second, that *preferences* for either global or local products are uniform across market segments and price points, implying that such preferences will always translate into actual purchase for both low-priced and premium-price product segments. These assumptions have hindered the study of a product's globalness/localness in conjunction with − and more importantly in direct juxtaposition to − *other* product attributes and especially price. Consequently, knowledge about the attribute tradeoffs consumers (are willing to) make when they purchase (and – most importantly – *in order to* purchase) global/local products remains limited, despite the fact that, in real life purchase decisions, consumers assess multiple attributes, engage in complex multi-attribute tradeoffs, and sacrifice some attributes to acquire others (Bettman, Capon, and Lutz 1975).

To address these issues, we (1) employ the neglected conceptualization of globalness/localness as a *distinct product attribute* (Dimofte, Johansson, and Ronkainen 2008), (2) use a conjoint approach to decompose the attribute's utility into a *weight/importance* component (i.e., how much does the global/local attribute matter to the consumer relative to other product attributes?) and a *preference* component (i.e., does the consumer prefer a product more when it is designated as local or global?), and (3) draw from *equity theory* (Adams 1965) to develop theoretical predictions regarding how consumers react to perceived inequity between global and local products in their country markets through cognitive and behavioral inequity adjustments. To this end, we conduct two conjoint studies, one in a mature (Austria) and one in an emerging (India) market using a total sample of 668 consumers. The results of a random parameters ordered probit model demonstrate (1) evidence of trivialization of the global/local attribute in developed, but not in emerging

markets, (2) preference for local products in developed markets which is, however, weaker than the preference for global products in emerging markets, and (3) significant moderation of consumers' inequity regulation strategies by country market (emerging vs. developed), consumer identity (global vs. local), and price segment (upper vs. lower).

Our findings contribute to the ongoing theoretical debate on the relevance of product globalness/localness in an era of deglobalization and employ a neglected theoretical lens to explain how consumers across markets adjust their attribute weights and willingness to pay to restore equity between global and local products. Furthermore, our findings assist managers in quantifying consumers' reliance on a product's global/local nature in contrast to other attributes through the calculation of willingness to pay estimates for global/local products across categories and countries. Our findings also offer insights regarding whether, when and how to incorporate the global/local attribute in international segmentation, targeting, positioning pricing, and competitive strategy decisions.

CONCEPTUAL DEVELOPMENT AND RESEARCH HYPOTHESES

Global and Local Products

Global products refer to products that are tailored for international markets and are branded for and distributed across multiple countries around the world, while local products refer to products which are marketed specifically toward the consumer's home market (Strizhakova, Coulter, and Price 2008). Following Steenkamp and de Jong (2010), we use the term "product" to describe every entity subject to consumption such as tangible products, services, and brands. Although branded products represent only a subset of what the generic terms global and local products capture, our definitions parallel those that branding literature has proposed for global/local brands. Global products include brands "that have global

awareness, availability, acceptance and desirability, and are often found under the same name with consistent positioning, image, personality, look, and feel in major markets enabled by standardized and centrally coordinated marketing strategies and programs" (Özsomer et al. 2012, p. 2). Similarly, local products account for brands "only available in a specific geographical region" (Dimofte, Johansson, and Ronkainen 2008, p. 118) or as products "associated with the local culture and symbolic of the local country" (Xie, Batra, and Peng 2015, p. 53). Although examples of hybrid, "glocal" brands that combine global and local elements in terms of both their supply-side strategies (e.g., local sourcing or manufacturing) and their intended demand-side positioning (e.g., country-specific product editions) do exist (Schmidt-Devlin, Özsomer, and Newmeyer 2022), consumers (a) generally "recognize [a global brand] when they see it" (Steenkamp 2019b, p. 553), (b) classify individual products under the global or the local category (Davvetas and Halkias 2019), and (c) respond to them on the basis of their categorization to the respective product collective (Kolbl et al. 2020). Given our research focus on globalness/localness as a *general* attribute factored in consumer decision making rather than a perception tied to a particular brand (i.e., perceived brand globalness; Steenkamp, Batra, and Alden 2003), we focus on global or local products as generic product classes. We also intentionally distance our definitions from the country-of-origin tradition because of its inability to account for products whose origins cannot be accurately recognized by consumers due to the proliferation of outsourced operations, multi-country sourcing/manufacturing, and blurred or intentionally concealed origins (Samiee 2011).

Product Globalness/Localness: Halo or Attribute?

Dimofte, Johansson, and Ronkainen (2008) propose two alternative theoretical approaches regarding how consumers respond to global/local products. Drawing on psychological theories of impression formation (Nisbett and Wilson 1977), the first approach suggests that a

product's global designation operates as a halo which leads to a positive biasing of product attributes. Most relevant research has embraced this approach and revealed the effects of a product's globalness through investigating its associations with attributes such as quality, prestige (Davvetas, Diamantopoulos, and Liu 2020; Özsomer 2012; Steenkamp, Batra, and Alden 2003), value perceptions (Swoboda, Pennemann, and Taube 2012) and identity expression (Strizhakova and Coulter 2015; Xie, Batra, and Peng 2015). The second approach draws from multi-attribute attitude models (Bettman, Capon, and Lutz 1975) and conceptualizes globalness/localness as a distinct product attribute to which consumers assign discrete weight. Under this approach, consumers exhibit preference for specific products because of the globalness/localness of these products *per se*, that is, over and above any associations of increased quality or prestige (Steenkamp 2014). Preference for globalness reflects willingness to participate in the myth associated with global consumption while preference for localness reflects support for a local cause, expression of one's anti-globalization attitude, or belonging in a particular identity group (Holt, Quelch, and Taylor 2004; Steenkamp and de Jong 2010).

These alternative conceptualizations represent complementary theoretical accounts of how consumers process information about a product's globalness or localness. While the halo conceptualization answers *why* consumers prefer global/local products, the distinct attribute conceptualization aims to discover the *extent* of this preference and the *tradeoffs* a consumer would be willing to make to acquire their preferred product option. Although much is known about the reasons why consumers prefer global/local products, little is known about if (and how much) these reasons still matter when other attributes (e.g., price) force consumers to contrast globalness/localness against other desirable attribute levels (e.g., low cost).

Globalness/Localness as a Product Attribute: Decomposing Weight and Preference

The term "attribute" refers to any feature consumers find relevant when forming attitudes about products; for instance, in the category of soft drinks, typical attributes include "sweetness", "calories", "carbonation" and "price" (Srinivasan 1979). Product attributes typically have several levels, that is, different values which create differentiation among options offered in the marketplace. As demand for different attribute levels is heterogenous (e.g., some consumers might prefer sweeter soft drinks than others), managers differentiate their products based on the levels of these attributes that matter more for consumers to maximize product demand. Research on multi-attribute attitude models (Bettman, Capon, and Lutz 1975) suggests that, when making purchase decisions, consumers assess the desirability of the different attribute levels of the offered alternatives and engage in attribute tradeoffs. For instance, consumers may forego a product with a desirable level in one attribute (e.g., low price) to buy a product with a more desirable level in another (e.g., high horsepower).

If conceptualized as a distinct product attribute with discrete levels (global/local), a product's globalness/localness carries utility that can be decomposed into two components: attribute weight/importance and attribute level evaluation/preference. The latter component describes how *desirable* the consumer perceives each attribute level to be (i.e., whether the consumer prefers global or local products) while the former refers to *how much* does this attribute matter to the consumer regardless of how s/he evaluates the specific level of the attribute. The greater the difference in preference between attribute levels, the higher the weight the consumer puts on this attribute and, thus, the higher the tradeoff s/he is expected to make to acquire a product with the preferred attribute level.

Theorizing about these two components based on extant literature leads to inconclusive predictions. Regarding attribute preference, both global and local products are associated with positive and negative consumer beliefs. Globally branded products are associated with higher perceptions of quality, status, and prestige (Özsomer 2012; Steenkamp, Batra, and

Alden 2003), increased brand credibility and decreased purchase risk (Davvetas and

Diamantopoulos 2018; Mandler, Bartsch, and Han 2020), higher functional and

psychological value (Swoboda, Pennemann, and Traube 2012), and enhanced ability to

express consumers' identity (Xie, Batra, and Peng 2015). However, they are also viewed as

hated symbols of globalization and accused of promoting cultural uniformity, harming local

economies, and lacking authenticity (Heinberg, Ozkaya, and Taube 2016; Steenkamp and de

Jong 2010). In contrast, local products are usually perceived as products tailored to local

tastes and needs (Özsomer 2012), cultural representatives of local communities, nostalgic

tokens of past consumption experiences (Heinberg, Ozkaya, and Taube 2016) and protectors

of local economies from globalization pressures (Steenkamp and de Jong 2010). However,

they are also regarded as low-quality products, lacking modernity and aspiration (Dimofte,

Johansson, and Ronkainen 2008) and lagging behind in terms of technological edge,

innovation, and symbolism (Balabanis and Diamantopoulos 2016).

Turning to attribute weight, no universal predictions can be made either. Attribute

weights depend on the purchase context, the product category, or the consumer (Batra,

Homer, and Kahle 2001). For example, when consumers make purchase decisions in visible

contexts, they weigh more heavily attributes that allow identity construction and signaling

(Bearden and Etzel 1982). Regarding the product category, consumers rely more on

functional product attributes when they evaluate products from utilitarian categories and

more on sensory attributes when they evaluate products from hedonic categories (Batra and

Ahtola 1991), explaining why consumers pay differential attention to product globalness in

hedonic vs. functional categories (Davvetas and Diamantopoulos 2016). Similar conditioning

of attribute weights happens across consumer traits such as consumer expertise, which

increases reliance on intrinsic vs. extrinsic product cues, such as globalness (Rao and Monroe

1988). Finally, research has revealed the existence of alienated consumer segments who

exhibit negative attitudes towards both global and local products simultaneously (Steenkamp and de Jong 2010). Considering such contingencies, one cannot predict a fixed weight that all consumers assign to a product's globalness/localness.

Equity Theory: Explaining Variability in Global/local Attribute Weight and Preference

Equity theory explains how individuals form equity judgments and respond to perceived inequity in social exchange situations (Adams 1965). According to the theory, when engaged in some sort of exchange (e.g., product purchase), individuals (e.g., A and B) assess the fairness of the exchange by comparing the output-input ratios ($\frac{O_A}{I_A}$, $\frac{O_B}{I_B}$) of the parties involved in the transaction (where O_A, O_B represent the outputs for the two parties and I_A, I_B represent their corresponding inputs). Individuals perceive inequity in the exchange when either of the two parties enjoys a bigger output-input ratio ($\frac{O_A}{I_A} > \frac{O_B}{I_B}$ or $\frac{O_A}{I_A} < \frac{O_B}{I_B}$). Otherwise, the deal is perceived to be equitable ($\frac{O_A}{I_A} = \frac{O_B}{I_B}$). According to the principle of distributive justice (Homans 1961), because inequity is an undesirable state, individuals are motivated to adjust their behavior in ways that restore the balance between the two parties to an equity equilibrium. This can be achieved by altering one's inputs to the exchange, altering one's outputs, changing the level of comparison, or leaving the exchange without committing to a deal (Huppertz, Arenson, and Evans 1978).

Although original applications of equity theory involved comparisons between two parties, the same principles apply when individuals compare two or more referents with which they are in a potential exchange relationship. Applying this principle, we argue that consumers evaluate global and local products as alternative referent groups with different ability to offer outputs in response to consumers' inputs. The outputs (i.e., utility) can be expressed as a difference between the benefits they receive from purchasing a global or local

product (e.g., perceived quality) and the downsides associated with the product's ownership

(e.g., unfavorable identity), while the inputs represent the financial resources they must

sacrifice to acquire these products (i.e., price). Essentially, when comparing global and local

products, consumers engage in mental calculations and comparisons of the following ratios:

$$\frac{Benefits_{global} - Costs_{global}}{Price_{global}} \text{ and } \frac{Benefits_{local} - Costs_{local}}{Price_{local}}$$

If consumers assess the two ratios as being equal, they are expected to be indifferent

between global and local products and subsequently minimize the importance (weight) of the

global/local attribute in their choice (thus, turning to other attributes instead). If, on the other

hand, the ratios are unequal, consumers seek to restore the inequity. Equity theory identifies

two ways through which people restore inequity: either by altering one side's perceived

outputs (referred to as *cognitive inequity regulation*) or by altering the level of inputs they are

willing to offer to acquire the corresponding output (referred to as *behavioral inequity*

regulation). In the former case, given the psychological nature of many benefits and costs

associated with the purchase of global/local products, alterations are subject to perceptual

mechanisms and achieved through cognitive distortions (Huppertz, Arenson, and Evans

1978). In the latter case, consumers restore inequity by adjusting their willingness to pay for

global/local products and develop price tolerance zones within which the two ratios are

rendered equal. In sum, equity theory predicts that consumers should adjust either the weight

they place on the global/local attribute, or their willingness to pay for global/local products,

or both, as means to restore perceived inequity between global and local product offerings.

Market Development as a Determinant of Global vs. Local Product Inequity

Prior research has established that consumers in emerging markets respond differently to

global and local products than consumers in developed markets (Guo 2013; Sharma 2011).

This differentiation is grounded on three arguments. The first argument suggests that as a

country's economic development rises, domestic firms develop products which match the quality of global brands (Guo 2013; Moon et al. 2016). As national economies develop, local firms internationalize by developing products that compete effectively in the global marketplace through matching the offerings of their global counterparts. This leads developed market consumers to eschew global products and turn to local products which – apart from similar performance – are also better tailored to local tastes (Özsomer 2012). In contrast, emerging market consumers opt for global products to fill the void of local market alternatives and access quality offerings that domestic firms cannot offer (Batra et al., 2000). Xenocentric tendencies in certain emerging markets further exacerbate the situation for local products which find themselves unable to break through the inferiority beliefs of local consumers (Balabanis and Diamantopoulos 2016).

The second argument revolves around consumer attitudes toward globalization. Consumers display increasingly negative attitudes toward globalization (Hu and Spence 2017; OECD 2017). National identities have reemerged as the primary triggers of consumers' purchase decisions. As globally branded products represent symbols of a flat world, they often constitute targets of nationalistic consumer tendencies. Such tendencies are not uniformly distributed across emerging and developed countries, because of the imbalance of the globalization-driven benefits and costs that emerging and developed markets experience (Stiglitz 2003). Global attitudes surveys find that while 55% of consumers in developed countries view globalization as a force for good, the respective figure for emerging countries is around 75% (YouGov 2016). Developed markets have traditionally been more engaged in the global economic and cultural arena and thus, beyond the positive influences of globalization, have also been exposed to the downsides of cultural and consumption homogenization brought about by the proliferation of global products (Steenkamp and de Jong 2010). Recent political developments (e.g., Brexit, EU anti-immigration forces) reflect a

rise in Western populism which is strongly linked with anti-global attitudes; populist publics

see globalization in general (and by extension global products) as a more negative influence

on the national economy than non-populist cohorts (YouGov 2019). In contrast, emerging

markets such as China and India have started to reap the benefits of globalization as a result

of opening their economies and dominating important industries (e.g., China's efforts to

overtake the mobile technology industry).

Finally, due to the scarcity of specific well-known global products in emerging markets

in the past and/or the increased cost of acquiring them, emerging market consumers still

associate global products with increased status in collective memory and exhibit preference

for them for identity-signaling reasons (Laforet and Chen 2012; Wong and Ahuvia 1998).

The opposite trend is observed in developed markets. Global products no longer have the

allure they once did, while phenomena like "buy local" campaigns, global brand boycotts,

anti-corporatist attitudes and emphasis on sustainable development that favors local supply

chains (Thompson and Arsel 2004) have limited the potential of global products to assume

the role of consumers' identity tokens. Corroborating this trend, studies show that many

developed market firms are pushed by consumers to return operations to their home-countries

(Grappi, Romani, and Bagozzi 2015; 2018).

Thus, in terms of equity ratios, the benefit-cost output (i.e., the numerator of the equity

ratios) should favor global (local) products in emerging (developed) markets.

H1: Emerging market consumers exhibit preference for the global attribute level, while

developed market consumers exhibit preference for the local attribute level.

Cognitive Inequity Regulation: Global/Local Attribute Weight Inflation

Whether emerging or developed market consumers prefer global or local products, however,

says little about the second component of global/local attribute utility, that is, the attribute

weight. Approached as the difference between the strength of preference between the two attribute levels, the global/local attribute weight captures *how much* the global or local designation of a product matters to a consumer and thus how easily it can be substituted by favorable levels of other attributes (e.g., low price). In this sense, a consumer with a high global/local attribute weight exhibits significant preference for one of the attribute levels over the other (be it the global or local one), while a consumer with a low attribute weight exhibits a small difference in preference (in extreme cases, even being indifferent about the attribute altogether). We expect that developed market consumers exhibit lower global/local attribute weights than emerging market ones (i.e., they care less about products being global or local).

Preference for global and local products is predominantly formed through two functions: the quality-signaling function and the identity-signaling function (Strizhakova, Coulter, and Price 2011; Zhou, Yang, and Hui 2010). The stronger these functions are, the more important is the global/local distinction in consumer decisions. However, substantial differences exist in the strength of these two functions between emerging and developed markets. According to signaling theory, product attributes provide economic information signals to consumers and help them form product quality judgments (Erdem and Swait 1998). Product globalness acts as one of those signals, but not with the same intensity across markets. In markets which are undergoing deep, globalization-induced changes (e.g., emerging markets), brand globalness has been found to operate as a stronger brand credibility signal than in already heavily globalized countries (Mandler, Bartsch, and Han 2020). Additionally, a country's economic development minimizes the importance of the global/local quality-function both for consumers oriented to local consumption and for consumers exhibiting strong global connectedness (Strizhakova and Coulter 2015).

We expect a similar pattern regarding the identity-signaling function. Post-materialism theory (Inglehart 1971) suggests that consumers of Western, post-industrial societies which

became affluent after the 2nd World War have progressively displayed a significant value shift away from material values (e.g., security, subsidence, shelter) and desire to achieve material goals (e.g., status consumption) toward non-material values (e.g., environmentalism, protection of human rights) and needs (e.g., self-actualization). In contrast, emerging market societies which have not experienced the affluence encountered in the post-materialist West, tend to be more appreciative of material values and more motivated by the achievement of material goals (Belk 1999; Sharma 2011). In emerging markets, material possessions are more likely to be treated as "identity currency" and effective communicators of consumers' identities (Strizhakova, Coulter, and Price 2011). The presence of stronger materialistic goals in emerging markets inflates the importance consumers place on product attributes allowing the projection of a materialistic identity to their peers.

As both quality and identity functions are stronger in emerging than developed markets, emerging market consumers perceive higher differences in utility between global and local products. In equity theory terms, this implies that the global-local output comparisons are more unjust in emerging than developed markets, triggering the need for inequity regulation. As one of the mechanisms through which consumers restore inequity is by adjusting their attribute weights to inflate the importance of the attribute for which the output comparison is unjust (cognitive inequity regulation), we hypothesize that:

H2: Consumers from emerging markets place more importance on the global/local product attribute than consumers from developed markets.

Consumer Identity as a Moderator of Cognitive Inequity Regulation

Equity theory suggests that inequity regulation strategies must be identity-consistent: when consumers adjust their behavior in order to reinstate equity, they are more resistant to cognitive alternations (e.g., attribute weight adjustments) that threaten their identity (Adams

1965). In the context of global/local product comparisons, a consumer's global or local identity should thus be highly relevant in the process of cognitive equity adjustments.

A global identity refers to a consumer's identification with people around the world while a local identity refers to a consumer's identification with his/her local community (Zhang and Khare 2009). Consumers with strong global identities typically exhibit feelings of belongingness to the global community, perceive more similarities than differences in people around the world, follow a more international lifestyle and prefer global products. In contrast, consumers with a pronounced local identity are strongly attached to their local community, respect local traditions and customs, follow a locally-tied way of life and appreciate local product offerings (Zhang and Khare 2009).

As previously discussed in the context of H1, in emerging markets, consumers prefer global (compared to local) products while in developed markets consumers prefer local (compared to global) products (ceteris paribus). Thus, in an emerging market, a consumer with a pronounced global identity exhibits product preference that aligns with the general preference of their social (national) group, while a consumer with a pronounced local identity will deviate from it. Similarly, in a developed market where local product preference is more normatively desirable, locally identified consumers exhibit norm-consistent product preferences while globally identified consumers exhibit norm-deviating purchase behavior.

Conflicts between social-identity and self-identity trigger categorization threats (i.e., fears of not legitimately belonging to the social group) or prototypically threats (i.e., fears of marginalization due to divergence from group norms) (Branscombe et al. 1999). As identity threats represent negative states that individuals try to minimize, cognitive inequity regulation must also be self-protecting from an identity perspective. Thus, consumers should regulate global/local product inequity by increasing the importance of the global/local attribute only when this is not self-identity threatening (i.e., when social and individual identities are

congruent). Conversely, consumers are likely to avoid inflating the global/local attribute when their attribute level preference conflicts with the preference dictated by their social identity. We thus expect that:

H3a: In emerging markets, consumers with a strong (vs. weak) global identity place more weight on the global/local attribute.

H3b: In developed markets, consumers with a strong (vs. weak) local identity place more weight on the global/local attribute.

Behavioral Inequity Regulation: Prime Premium Tolerance Adjustment

Beyond cognitive inequity regulation through global/local attribute weight adjustments, an alternative way to restore global/local product inequity is the behavioral adjustment of the *input* of the equity ratios (i.e., their reservation prices for global/local products). These adjustments are reflected in the tradeoffs consumers make between the global/local attribute and price, ultimately determining consumers' willingness to pay for global/local products.[i]

Unlike cognitive inequity adjustment which focuses only on the importance of the attribute, behavioral inequity regulation through acceptable price premium adjustments consists of two elements: first, the *direction* of the premium (i.e., will consumers pay more for global or local products?) and, second, the *size* of the premium (i.e., regardless of whether the consumer would pay more for global or local products, how big can this premium be?). The direction of the premium is a function of the relative preference for global or local products. As H1 predicts, in emerging markets, consumers should be willing to pay premiums for global products while in developed markets consumers should be willing to pay premiums for local ones. However, the size of the premium is not a function of nominal preference for an attribute level, but a function of the discrepancy between the perceived output of global and local products. According to equity theory, severe output inequity should trigger larger

behavioral regulation (i.e., the higher the perceived difference in benefits and costs between global and local products, the higher the price adjustment needed to make the two equity ratios similar). As output differences are more pronounced in emerging markets, the respective premiums consumers would accept for global products should be larger than the corresponding premiums of developed market consumers.[ii] We thus hypothesize that:

H4: The price premiums emerging market consumers are willing to pay for global products are larger than the price premiums developed market consumers are willing to pay for local products.

Price Segment as a Moderator of Behavioral Inequity Regulation

Inequity regulation is subject to constraints. Unlike cognitive adjustments of attribute weights which are less affected by objective restrictions, behavioral adjustments related to price acceptability are constrained by consumers' disposable income. Competition within product categories is usually structured around consumers' price elasticities, leading to low, medium or high price segments (Gupta and Chintagunta 1994). Cost leaders typically dominate lower market segments and often position their offerings around lower prices while differentiators dominate upper market segments and position themselves around superior quality matched with premium pricing. Although higher price premiums are generally observed in upper market segments, products positioned in lower market segments can also differ in terms of the prices they charge within their (micro)segment.

Emerging market consumers generally face greater resource constraints than consumers in developed markets. This translates to a comparatively limited ability to afford the price premiums commanded by either global or local players in upper market segments. As a result, such consumers will more likely turn to lower market segments and try to have access to desirable global products that are, however, still affordable to them. These products, often

referred to as "value brands" (e.g., affordable fast fashion retailers, low-cost flanker brands, global discount retailers) are global products whose competitive advantage relies on attractive price-quality combinations achieved through economies of scale due to international production and global value chain synergies (Steenkamp 2014). Such products represent attractive options for emerging market consumers because they combine affordability with the ability to signal participation in the global consumer culture (Strizhakova, Coulter, and Price 2008) and are thus better poised to command price premiums. In contrast, consumers in developed markets have, on average, higher purchasing power and, thus, products in the premium price segments (e.g., products with expensively sourced local ingredients) fall within their price tolerance zones. Given the increased preference of developed market consumers for local offerings, local products positioned as premium in these upper market segments are in the advantageous position to charge higher prices. In essence, although changes in *willingness* to pay can be used by consumers as means to restore inequity ratios, differences in *ability* to pay should make reservation price increases more observable in the lower price end of the market in emerging countries and in the higher price end of the market in developed countries. We thus expect that:

H5a: Emerging market consumers are more willing to pay price premiums to acquire global brands in low-price (compared to high-price) market segments.

H5b: Developed market consumers are more willing to pay price premiums to acquire local brands in high-price (compared to low-price) market segments.

METHODOLOGY

To test our hypotheses, we used full profile conjoint analysis, which is close to a real purchase situation where a buyer has to trade-off between different levels of product

attributes (Green and Srinivasan 1978). More specifically, respondents ranked several product profiles representing different combinations of product attributes.

Selection of Research Settings

Emerging markets are economies that typically experience rapid economic development and annual GDP growth, while their economic institutions concurrently undergo adaptation to free-market ideologies. In contrast, developed markets are typically highly industrialized economies, with high per capita incomes, built-out infrastructures, and large service sectors (Arnold and Quelch 1998; Hoskisson et al. 2000). Following previous studies that draw conclusions about emerging and developed markets based on samples from two prototypical countries (e.g., Chacar and Vissa 2005; Heinberg et al. 2020), we collected data from a developed economy (Austria) and an emerging economy (India), two countries that fall on opposite extremes in terms of the development of their institutional environment.

India and Austria are significantly heterogeneous in terms of institutional-type characteristics (e.g., political institutions, legal institutions, product and factor market institutions). At the same time, the two countries are homogeneous when respectively compared to other established emerging (e.g., Brazil, South Africa, Philippines) and developed (e.g., USA, UK, Japan) economies (as evidenced by relevant group means). Thus, the chosen countries can be reasonably used as representative-prototypical cases of emerging and developed economies, since they capture different levels of market development, while their institutional characteristics do not deviate from realized group norms. Further details on country selection are provided in the Web Appendix (Figure W1).

India has been widely used as a prototypical emerging market country in prior research conducted in the areas of international marketing (e.g., Guo, 2013), strategic management (e.g., Chacar and Vissa, 2005; Khanna and Rivkin, 2001), international business (e.g., Elango

and Pattnaik, 2007; Sharma, 2011), and finance (Khanna and Palepu, 2000), among others. Similarly, Austria, which offers a contrasting setting to India, has also been used in prior empirical research as a prototypical developed country in the areas of international marketing (e.g., Davvetas and Halkias, 2019; Halkias, Davvetas, and Diamantopoulos, 2016; Makri, Papadas, and Schlegelmilch, 2019), business and management (Kolbl, Arslanagic-Kalajdzic, and Diamantopoulos, 2019), and finance (e.g., Paramati, Alam, and Apergis, 2017). Austria was also chosen because it (1) has been widely used in global branding research (e.g., Davvetas and Diamantopoulos, 2016; Sichtmann and Diamantopoulos, 2013) and shares a similar demographic composition with other countries that are typically used in this research stream (e.g., Denmark, the Netherlands); (2) has a good balance between imported and domestic goods; (3) offers a variety of local and global brands in most product categories; and (4) holds the seventh place on the 2021 KOF Index of Globalization (ETH, 2021).

Pretests

Pretest 1. The aim of pretest 1 was to identify the appropriate product categories and relevant product attributes (and attribute levels) needed for the successful implementation of a conjoint design (Orme 2014). We aimed for product categories that vary in terms of product involvement and hedonism/utilitarianism to enhance generalizability. We also aimed for categories where the choice between global and local products is seen as realistic. Regarding attributes and their levels, conjoint analysis requires that stimuli include attributes that are substantial/important for consumers' purchase decisions, actionable (i.e., able to be put into practice) and independent (Orme 2014).

Based on prior studies (e.g., Özsomer 2012; Steenkamp, Batra, and Alden 2003), nine product categories were tested: tea, coffee, beer, yoghurt, toothpaste, laundry detergents, refrigerators, washing machines and TVs. Respondents (N=41; mean age 26.3 years; 51.2%

Author Accepted Manuscript

female; 51.2% employed) first indicated their involvement with the product category ("*I have a strong interest in [product category]*"; 7-point agreement Likert scale) based on Mittal (1989). Second, we asked respondents for their perception of the hedonic/utilitarian character of the product category ("*Please evaluate whether you perceive [product category] as rather utilitarian or hedonic*"; 7-point semantic differential scale with "utilitarian" and "hedonic" as anchors); the terms utilitarian and hedonic were explicitly defined in the questionnaire using the definitions of Dhar and Wertenbroch (2000). Finally, for each product category, we asked whether respondents perceived the relevant brands as rather local or global ("*If I think about brands in the [product category], then these brands are rather local/global*" – 7-point scale semantic differential with "local" and "global" as anchors).

To identify attributes that were relevant for respondents, we asked an open question: "*Imagine you want to buy [product category], what are important purchase decision criteria for you*?". Then we presented them with a list of decision criteria for each product category (e.g., flavor, dosage form, fair trade, packaging size, for coffee) that we had identified as relevant (from advertisements, product descriptions, online reviews, own experience) and asked respondents to select the three most relevant decision criteria from the list.

Based on the pretest results, six product categories were selected for the main study (tea, washing machines, refrigerators, laundry detergents, coffee, and beer (Austria) or TVs (India)).[iii] Regarding attribute choice, we selected four attributes for each product category, two of which were the same for all product categories: nature of the product (global or local) and price (with three attribute levels). Beyond price and nature of product, two additional product attributes were chosen according to respondents' most important purchase decision criteria (see Figure W2 – Web Appendix for attributes/attribute levels used per category).

Pretest Study 2. Our second pretest involved an extensive offline and online search of a range of local supermarkets, electrical good stores, and the Internet regarding price ranges of

the respective products in Austria in order to set realistic price levels in the conjoint design. We took the minimum and maximum price levels revealed by this search and selected a price in between to fully cover the price range in each product category.

Pretest Study 3. This study sought to identify relevant price levels in India as these were expected to differ from prices in Austria.[iv] More specifically, we did an extensive online search of shopping platforms and conducted an online survey (N=136) via MTurk to identify minimum and maximum prices of brands in the selected product categories. We excluded 43 respondents from the dataset because they filled out the questionnaire in less than four minutes, or indicated a postal code that did not match to India (so we could not ensure that this person does indeed live in India). We used the remaining 93 questionnaires (mean age: 30.3 years; 48.4% female; average monthly income 20,901.4 Rupees (SD = 33,092.3)) to merge the results of the online survey with the price levels that we found based on our online search and set the price levels in the Indian conjoint design.

Main Study – Research Design, Samples, Procedure and Measures

To reduce the number of comparisons for respondents, a balanced orthogonal design (Steckel, DeSarbo, and Mahajan 1991) was used to create the stimuli, resulting in nine product profiles per product category (see Figure W3 – Web Appendix for an example). More specifically, each attribute level was matched exactly once with every other level of the other attributes.

The final questionnaire had two parts. In the first part, respondents were randomly assigned to one of the six product categories and asked to rank the nine stimuli (i.e., product profiles) according to their preference. After completing the conjoint task, respondents saw three additional product profiles (not matching any of the nine profiles used in the conjoint task) as holdout stimuli and asked to select the one they preferred most. We asked this question in order to evaluate the goodness-of-fit of the conjoint analysis (Green and

Srinivasan 1990). The second part of the questionnaire contained questions relating to consumer's global/local identity (Zhang and Khare 2009) and demographic data.

We used MTurk to collect data from Indian consumers as MTurk workers have been identified as paying more attention to instructions (Hauser and Schwarz 2016); this was particularly important for our research design since conjoint analysis requires that respondents clearly distinguish between stimuli according to their preferences. We tried to address the disadvantages associated with the use of MTurk following the recommendations of Goodman and Paolacci (2017). All participants were paid a fair wage. They had to formally enroll in the study, thus they could not see the tasks before. Moreover, we only accepted participants with ratings superior to 95%. We expect that non-naiveté plays a minor role in our study due to the indirect conjoint measurement approach whereby respondents could not make assumptions about "appropriate" answering behavior.

A total of 439 respondents took part in the online survey. 77 respondents were excluded from the dataset based on the same reasons mentioned in connection with pretest 3 (too short time spent filling out the questionnaire, wrong postal code). The final sample thus contained 362 respondents (32.3% female; M_{age} = 30.1 years (SD_{age} = 8.0). 74.6% of respondents lived in an urban area. 82.0% were currently employed, 9.1% were students, and 1.5% were retired. 2.8% had an elementary education, 1.4% apprenticeship/technical school, 4.1% high school, and 89.8% university education. Our sample is a bit older[v], more male and more urban than the overall Indian population but comparable to other consumer research studies conducted in India (e.g., Javalgi and Grossman 2016). As expected, the Indian sample faced much higher resource constraints than their Austrian counterparts. In terms of income, 41.2% of Indian respondents had a monthly net income of less than 15,000 rupees (180 euros), 42% reported a monthly net income between 15,000 and 30,000 rupees, while 16.9% reported that they earn more than 30,000 rupees per month. Considering the scope of our study, our sample

demographics reflect the new middle class in India, which is the main target group in product categories where global and local products compete.

In Austria, data was collected through a professional market research agency via an online survey; 306 adult respondents took part in the survey (49.6% female; M_{age} = 41.2 years, SD_{age} = 12.9 years) and the sample was broadly representative of the national population (50.9% of the entire Austrian population are women and mean age is 42.4; Austrian Office for National Statistics 2018). In terms of income, 25.8% of Austrian respondents have a monthly net income of less than 1,000 euros, 57.8% reported a monthly net income between 1,000 and 2,500 euros, while 16.3% reported that they earn more than 2,500 euros per month. 8.1% of respondents had an elementary education, 64.8% apprenticeship/technical school, 15.5% high school, and 10.6% university education. 65.1% were currently employed, 7.4% were students, and 14.8% were retired.

Model Development

Our dependent variable is discrete and represents a preference ordering of alternative (nine in all) product profiles. The conventional Ordinary Least Squares (OLS) estimator treats the dependent variable as continuous, failing in this way to restrict any predictions within a predetermined interval (Judge et al.1985). Although this type of discrete data could be handled by an unordered multinomial model (Cameron and Trivedi 2005), such a model would fail to account for the ordinal nature of the variable. Ordered probit analysis is thus the econometrically preferred way to capture the ordinal ranking of our dependent variable (McKelvey and Zavoina 1975). We thus estimated the part-worth utilities of our conjoint experiment through ordered probit models in a NLOGIT6 environment.

The basic idea of the ordered model is that a latent continuous variable y_i^* affects the outcome of the observable variable y_i. Although the latent y_i^* is not observed, the ordinal

outcome y_i is observed and reflects the magnitude of the latent response. The procedure

followed to estimate the continuous (latent) dependent variable y_i^* which, in our case,

reflects the unobserved preferences for the alternative product profile descriptions, is

explained below. First, we estimate the following model:

$$y_i^* = \mathbf{x_i'}\boldsymbol{\beta} + \varepsilon_i \qquad [1]$$

where the vector $\mathbf{x_i}$ contains the values of the explanatory variables for observation i (i.e.,

dummy variables representing attribute levels) and ε_i is a normally distributed error term. The

sign of the parameters β can be interpreted as determining whether the latent variable y_i^*

increases with the regressor. The model also estimates the cut-off points m_j, which define the

range of values of y_i^* corresponding to a specific category of the observed ordinal variable,

y_i. These cut-offs subdivide the latent continuous variable y_i^* into m ordered and mutually

exclusive intervals, corresponding to the m ordered and mutually exclusive categories of y_i.

$$y_i = 1 \ if \ y_i^* < m_1$$

$$[2]$$

$$y_i = 2 \ if \ m_1 \leq y_i^* < m_2$$

$$y_i = 3 \ if \ m_2 \leq y_i^* < m_3 \ ...$$

$$y_i = 9 \ if \ y_i^* \geq m_8$$

where y_i represents the observed (ordinal) dependent variable.[vi] For instance, the probability

of a product profile to be ranked 3rd in order of preference, was defined as:

$$P(y_i = 3) \qquad [3]$$

$$= P(m_2 \leq y_i^* < m_3)$$

$$= P(m_2 \leq \mathbf{x_i'}\boldsymbol{\beta} + \varepsilon_i < m_3)$$

$$= P(m_2 - \mathbf{x_i'}\boldsymbol{\beta} \leq \varepsilon_i < m_3 - \mathbf{x_i'}\boldsymbol{\beta})$$

$$= \Phi(m_3 - \mathbf{x_i'}\boldsymbol{\beta}) - \Phi(m_2 - \mathbf{x_i'}\boldsymbol{\beta})$$

where Φ is the cumulative density function of ε_i. The parameters β and the m_j cut-off points were obtained using a modified maximum likelihood procedure (Cameron and Trivedi 2005).

Each respondent evaluated nine profile descriptions and ranked them in order of preference. Our two datasets were treated as balanced panels, in which we observe several panelists (N_{INDIA}=362; $N_{AUSTRIA}$=306) responding to the same number of stimuli (T=9) of the fractional factorial design. Since our dataset includes multiple observations for the same respondent (i.e., there are distinct groups of non-independent observations), we used an estimation procedure which accounts for this within-group dependence and individual heterogeneity. Specifically, individual attribute coefficients were estimated by the application of a Random Parameters (RP) model which allows variation in parameters across respondents and permits heterogeneity of individual preferences (Beck and Katz 2007; Western 1998). The random parameters can be considered outcomes of a common mean plus an error term representing a mean deviation for each individual n (Hsiao 1995). The following model was estimated:

$$y_t^{*\,(n)} = (\alpha + \delta^{(n)}) + \sum (\beta + \gamma^{(n)})\mathbf{x_i'} + \varepsilon_t^{(n)} \qquad [4]$$

where $y_t^{*\,(n)}$ is the continuous (latent) dependent variable reflecting the unobserved preference for product profile t by individual n, α is a common mean intercept, β is a common mean attribute-level coefficient, and $\delta^{(n)}$ and $\gamma^{(n)}$ are individual deviations from the mean intercept α and mean preference parameter β, respectively. Both $\delta^{(n)}$ and $\gamma^{(n)}$ are random variables. Thus, the RP model estimates a unique set of parameters (slope and intercept) for each individual n. Finally, $\varepsilon_t^{(n)}$ is the group-wise heteroscedastic error term, allowing a different variance for each individual, $var(\varepsilon_t^{(n)}) = \sigma_n^2$.

RESULTS

Estimated Part-Worth Utilities

We estimate our model separately for the Austrian and Indian sample, both at the aggregate (pooled) and product category level. Results are presented in Tables 1 and 2 and suggest that the parameters of interest are highly significant and intuitively signed (i.e., in the expected direction). Part-worth values are shown graphically in Figure 1.

INSERT TABLES 1 AND 2 ABOUT HERE

INSERT FIRGURE 1A AND 1B ABOUT HERE

The coefficient for product type (local vs. global) is positive and statistically significant ($\beta = 0.29$, $p = 0.00$) for the pooled Austrian sample, while its sign is negative and significant ($\beta = -0.33$, $p = 0.00$) for the Indian pooled sample (see Models 1 and 8 in Tables 1 and 2 respectively). We observe a similar pattern across all product categories in both markets, except for laundry detergent and coffee (Austrian sample) and tea (Indian sample), for which the estimated coefficients were again intuitively signed but non-significant. Marginal effects for all our ordered probit models were also estimated to infer the effect size of each variable on the probability of y_i taking each of the $m=9$ ordered and mutually exclusive discrete values. The estimated effects were intuitively sized and signed and are available upon request. Overall, our results provide strong evidence in support of H1 that emerging market consumers generally exhibit stronger preference for global (over local) products, while developed market consumers exhibit stronger preference for local (over global) products.

To assess the validity of the estimated individual part-worth values, we used holdout stimuli; the latter are rated by the subjects but not used to estimate part-worth values or build the preference model. Instead, they serve as a check on the validity of the model (Green and Srinivasan 1990). Accordingly, we used the estimated coefficients to calculate individual-level overall utilities per holdout stimulus and, in turn, relevant choice predictions and choice shares. Finally, predicted choice shares were compared to actual choice shares, based on the

individual-level choice data collected via holdout profiles. Overall, predicted and actual choice shares were highly consistent, with very minor discrepancies in size (ranging from 1.25% to 3.60%). Also, the validation analysis produced qualitatively similar conclusions across all holdout stimuli and within all product categories, suggesting that our model has very satisfactory predictive ability (Srinivasan and Park 1997).

Estimated Attribute Importance

The relative importance of each attribute was measured by the proportionate range between maximum and minimum level utilities within each attribute (Wind 1976) and computed in percentage terms to reflect weighted importance. Specifically, the following formula was used to estimate attribute importance (Gustafsson, Herrman, and Huber 2003):

$$w_r = \frac{\max(\beta_{rj}) - \min(\beta_{rk})}{\sum[\max(\beta_{rj}) - \min(\beta_{rk})]} \qquad [5]$$

where, w_r is the relative importance of attribute r, $\max(\beta_{rj})$ is the maximum estimated part-worth utility of level j in attribute r, and $\min(\beta_{rk})$ is the minimum estimated part-worth utility of level k in attribute r.

Attribute importances (weights) are presented in Table 3 and illustrated in Figure 2. Except for the tea category (for which relevant attribute level part-worth utilities were found statistically insignificant), the global/local product attribute is a significantly more important choice determinant for the Indian sample than for the Austrian one. For Austrian consumers, the global/local attribute is consistently the least important choice determinant across all product categories (fourth out of four attributes) while, for Indian consumers, the global/local attribute is the first or second most important attribute in most categories. Similarly, the relative importance of the global/local attribute is significantly higher for Indians than for Austrians for the pooled samples ($t(666) = -20.84$, $p=0.00$), as well as for the product categories of washing machines ($t(103) = -5.91$, $p=0.00$), laundry detergents ($t(109) = -13.28$,

p=0.00), refrigerators (t(111) = -20.05, p=0.00), and coffee (t(105) = -9.19, p=0.00). Only for tea was the observed difference not statistically significant (t(110) = 0.47, p=0.64). We also estimated effect sizes using the *Cohen's d* index. Following Cohen*'s* (1988) definition of effect sizes as small (d = 0.20), medium (d = 0.50), and large (d = 0.80), all our effect sizes are large (d index is much higher than 0.80), except for the tea category. Thus, our results strongly support H2 by showing that emerging market consumers place more importance on the global/local product attribute than developed market ones.

<div align="center">INSERT TABLE 3 ABOUT HERE</div>

<div align="center">INSERT FIGURES 2A AND 2B ABOUT HERE</div>

Global and Local Identity

To test H3, we estimated two regression models incorporating relevant interaction terms between country and global or local identity, respectively (see Table W4 – Web Appendix). We find a significant negative interaction (β = -0.03, p = 0.00) between country and global identity (reference category: India); the interaction between country and local identity was positive, as expected, but non-insignificant (β = 0.00, p = 0.41). As Figure 3 shows, the positive effect of global brand identity on the importance of the global/local product attribute found in India, is reversed in Austria. Although a strong local identity in Austria slightly increases the importance of the global/local attribute, the relevant effect is not statistically significant. Thus, our results support H3a but not H3b.

<div align="center">INSERT FIGURES 3A AND 1B ABOUT HERE</div>

Willingness to Pay for Global and Local Brands

Willingness to Pay (WTP) expresses the value a consumer puts on a good or service (Wertenbroch and Skiera 2002). The results of conjoint analysis have been widely used in the

literature to estimate WTP, and researchers typically assess consumers' WTP for certain

product configurations and/or attribute levels (Kohli and Mahajan 1991; Miller et al. 2011).

WTP for a certain attribute level over another is defined as the maximum monetary amount

the customer would pay for an attribute level change improvement. We used the following

formula to estimate Indian consumers' WTP for the change from a local to a global product

and Austrian consumers' WTP for the change from a global to a local product:

$$WTP_{jr\ over\ kr} = (\beta_{jr} - \beta_{kr})\big[(max_p - min_p)/\max(\beta_p) - \min(\beta_p)\big] \qquad [6]$$

where $WTP_{jr\ over\ kr}$ is the maximum amount of money the consumer is willing to pay for an

improvement from attribute level k to attribute level j of attribute r, β_{jr} is the estimated part-

worth utility of level j in attribute r, β_{kr} is the estimated part-worth utility of level k in

attribute r, max_p is the maximum level in the price attribute p, min_p is the minimum level in

the price attribute p, $\max(\beta_p)$ is the maximum estimated part-worth utility in the price

attribute p, and $\min(\beta_p)$ is the minimum estimated part-worth utility in the price attribute p.

We estimated WTP within product categories of each country separately as WTP is measured

in monetary terms. Results are presented in Table 4.

<div align="center">INSERT TABLE 4 ABOUT HERE</div>

Except for tea, the estimated price premiums[vii] for global over local products in the

Indian sample are significantly higher than the estimated price premiums for local over global

products in the Austrian sample. More specifically, Indian consumers are willing to pay twice

or three times as much for a global product over a local one with similar characteristics, while

Austrian consumers are willing to pay from 9% to 87% more (depending on the product

category) for a local product over a global one with similar characteristics. A t-test shows that

the observed price premium differences between the two countries are statistically significant

for the product categories of washing machines ($t(103) = -3.45$, $p=0.00$), laundry detergents

($t(109) = -6.06$, $p=0.00$), refrigerators ($t(111) = -8.46$, $p=0.00$), and coffee ($t(105) = -3.96$,

p=0.00). Only for tea, was the observed difference in the opposite direction than expected and statistically significant (t(110) = 4.11, p=0.00). This unexpected finding suggests that, within the tea product category, Indian consumers are willing to pay a price premium for a local over a global product which, at the same time, is lower than the price premium Austrian consumers are willing to pay. Effect sizes were again estimated using *Cohen's d* index and all were very large (d = 0.74 or higher). Overall, our results offer strong support to H4.

Interaction Effects between Price and Product Preference

To investigate how price levels interact with global/local product preferences – and therefore identify the specific price segments where consumers are more willing to pay price premiums for one type of product over the other – we conducted a 2-way factorial ANOVA. We find a significant interaction (p = 0.00) was found in both countries between price levels (1: low, 2: medium, 3: high) and global/local product preference (Table W5 – Web Appendix).

Consistent with H5a, Indian consumers have a stronger preference for global over local products and are more willing to pay higher price premiums in low-price market segments. In contrast, and in support of H5b, Austrian consumers have a much stronger preference for local over global products and are more willing to pay higher price premiums in high-price market segments (Figure 4). Taken together and drawing on Steenkamp's (2014) global brand typology, the findings suggest that developed market consumers prefer premium local brands, while emerging market consumers are more attracted to value global brands.

INSERT FIGURES 4A AND 4B ABOUT HERE

DISCUSSION AND IMPLICATIONS

The recent debate on the consequences of deglobalization has put many assumptions of international business research in question (Witt 2019). In the international marketing domain, one commonly held assumption has been the high importance consumers ascribe to a product's global or local character when making purchase decisions (Kashif and Udunuwara 2020; Liu et al. 2020). However, recent developments (e.g., stalling economic integration, reshoring practices, local brand revival) cast doubt on this assumption and inevitably question whether a product's globalness or localness still matters or whether it has gradually become a trivial attribute with minimal impact for consumers and disregarded by managers (Carpenter, Glazer, and Nakamoto 1994). Against this background, our research answers some pressing questions and offers guidance to global/local brand managers.

Is Product Globalness/Localness Still Relevant for Consumers?

Our study is among the first to provide empirical and quantifiable evidence of the trivialization of the globalness/localness attribute. Our findings reveal a contrasting image with both attribute relevance and trivialization co-occuring, yet in different markets. While in the investigated emerging market (India), whether a product was global or local was among the top two attributes considered by consumers and accounted for roughly 27% of consumers' purchase decision weight, in the developed market (Austria), consumers severely disregard this attribute in the presence of price and other attributes and ascribe only half the importance (i.e., 13%) emerging market consumers do. Apart from caring more about the global/local attribute, emerging market consumers also generally prefer global products, while developed market consumers show a stronger preference for local alternatives. Thus, despite being consistent with prior research showing that emerging markets are more promising competitive spaces for global brands (Guo 2013; Sharma 2011) and that localization trends are stronger in developed markets (Sichtmann, Davvetas, and

Diamantopoulos 2019), our findings show that the global/local attribute is at risk of losing relevance and that global brands face threats from their local rivals in developed markets.

What Explains the Relevance – Trivialization Contrast in Emerging – Developed Markets?

We offer a theoretical explanation of this contrast based on equity theory (Adams 1965). We posit that preferences for global and local products are shaped by consumers' responses to (in)equity ratios formed by the perceived benefits/costs associated with global/local product purchase and the corresponding inputs (i.e., the monetary resources required for product acquisition). Consumers compare these ratios and respond to inequity either by cognitively adjusting the importance they place to the global/local attribute or by behaviorally altering their reservation prices for global/local products. As differences between the relative utility of global vs. local products persist, inequity between global and local products is high and consumers are motivated to decrease it by increasing the importance of the attribute and/or increasing their price tolerance for the product type (global or local) experiencing higher "relative deprivation" in the comparison (Adams 1965, p. 268). If differences between the relative utility of global vs. local products are minor, equity exists, consumers decrease the importance of the global/local attribute and become less willing to pay substantial price premiums for either product type. These cognitive adjustments are more noticeable for consumers with location-based identities (global or local) that are congruent with generalized preferences in the country to minimize consumers' self- vs. social-identity conflicts.

This process effectively accounts for the differences between emerging and developed markets in terms of both attribute weight and price premium variance. Interestingly, it is also in line with how preference for global and local products has developed over time. In the early years of marketplace globalization, global brands represented distinctive products offering premium quality, symbolism, and participation in an enticing consumer culture (Batra et al. 2000; Holt, Quelch, and Taylor 2004), making the global/local attribute highly

relevant and allowing global brands to charge premiums that local brands could not

(Davvetas, Sichtmann, and Diamantopoulos 2015). Recently, local brands build on nostalgia,

symbolism, and premium local sourcing to upgrade their standing vis-à-vis their global rivals

(Sichtmann, Davvetas, and Diamantopoulos 2019), thus minimizing the importance of the

global/local attribute and suppressing the price premium discrepancies between global and

local brands in the market. Essentially, global/local attribute weights and reservation prices

act as equity restoration levers between global and local products in (what we speculate to be)

an ever-changing global-local cycle of consumer preference that varies across markets (see

Figure W6 – Web Appendix for an illustration of how these cycles could plausibly look).

Although we did not empirically test global-local preference trajectories over time, our study

offers a snapshot of how these restoration levers currently stand in two prototypical

developed and emerging markets and offers a direction that research in this area could follow.

Should Managers Keep Using the Global/Local Attribute in International Segmentation, Targeting and Positioning Strategies?

While practitioners can still segment international markets using the global/local attribute

(Steenkamp and ter Hofstede 2002), they should do so cautiously as the attribute's

importance varies by market type (emerging vs. developed) and consumers' location-based

identities. Economic development indicators must be combined with metrics of target

consumers' local/global identity to maximize predictions of how important acquiring a global

or a local product is in a particular country market. Consumers limit the importance they put

to acquiring an identity-consistent product (global or local) when their identity conflicts with

normative purchase behavior in their country. This implies a need for micro-segmentation

within developed and emerging markets and identification of consumer niches deviating from

country purchase norms that require special strategic adaptations.

Global brand managers in emerging markets should promote their brand's globalness using global consumer culture positioning strategies (Alden, Steenkamp, and Batra 1999) and charge price premiums over their local competitors when they are operating in lower price segments. In developed markets, the strategy should flip by downplaying brand globalness, localizing the brand through country adaptations and avoiding overcharging unless it can be explicitly justified based on other competitive advantages (e.g., superior quality). Local brands competing in emerging markets are viewed less favorably by consumers vis-à-vis their global counterparts, thus reliance on localness might be hurtful unless they belong to an ethnic industry and can capitalize on domestic origin (Usunier and Cestre 2007). Such brands should consider internationalizing and communicating their internationalization as a means of boosting their image domestically (Sichtmann, Davvetas, and Diamantopoulos 2019).

How Does Global/Local Attribute Trivialization Affect International Pricing Strategies?

Developed market consumers are willing to pay price premiums to acquire local products while emerging market consumers are willing to pay premiums to acquire global products. These premiums are substantially different in size. While in a developed market, consumers appear willing to pay an (average) premium roughly 30% above the average category price, the equivalent premium for emerging market consumers is, on average, more than 200%. That is, consumers in emerging markets are willing to pay two (or, in some cases, even three) times the average category price to acquire a global product (even after weighing other relevant attributes). This implies that global/local attribute elasticities are too high to be ignored in emerging markets. Although these point estimates should be viewed with caution (especially by well-known brands with established reservation prices), they are relevant for new brands for which consumers lack prior reference prices and are likely to develop them based on brand categorization to the global/local product class (Davvetas and Halkias 2019).

Importantly, it would be misleading to conclude that *all* global and local products have equal potential to charge price premiums since consumers' reservation prices are *not* uniformly distributed across price segments. Global products can charge the highest premiums in low-priced segments in emerging markets, while local products can effectively charge more in high-priced, premium segments in developed markets. Market price structure governs the ability of global and local products to charge premiums and prices increases might be ineffective if not targeted at the right market segment.

What Does the Global/Local Attribute Trivialization Mean for Competitive Strategy?

Our findings have implications for the ability of global and local products to pursue competitive strategies of cost leadership vs. differentiation. The favorable match between global products and low-priced emerging market segments and between local products and premium developed market segments suggests that strategic reconfigurations might be required for global multinationals and local SMEs. The long-standing advantages of big global brands as premium differentiators in many industries are increasingly threatened by local players (e.g., Lurkin Coffee in China) that reclaim their position and trim global brand price premiums and market shares (Santos and Williamson 2015). In parallel, many of the most successful global players nowadays comprise "global value brands" (Steenkamp 2014) – such as low-cost, fast fashion brands (H&M, Zara), FMCG cost leaders (Nescafé), supermarket chains (Costco, LIDL) and experience retailers (IKEA) – that do not compete in premium market segments and instead target value-sensitive consumers. Ceteris paribus, global value brands seem to be in better position to charge more than their local counterparts while local premium brands are better positioned to charge higher premiums than their global rivals. Local differentiators appear to take the reins from their global competitors in

developed markets while global cost leaders solidify the cost benefits brought about global

supply chain synergies by continuing to dominate local value brands in emerging markets.

An overview of key guidelines to managers based on our findings is shown in Figure 5.

INSERT FIGURE 5 ABOUT HERE

LIMITATIONS AND FUTURE RESEARCH

Our conjoint design was not tailored to break attribute utilities down to specific components

(e.g., functional value, symbolic benefits, ease of global product access due to digital

presence) and calculate their corresponding utility contributions. Although such effects have

been repeatedly established in prior research using the halo conceptualization (Kashif and

Udunuwara 2020; Liu et al. 2020), identifying benefit-cost configurations and calculating

exact price tradeoffs would be insightful. Our findings are also subject to typical limitations

of conjoint experiments including the use of hypothetical product profiles which may not

fully correspond to actual product configurations in the marketplace (Danaher 1997).

Although isolating the effect of the global/local product attribute would be impossible with

the use of real brand profiles due to pre-existing brand image confounds (Dimofte,

Johansson, and Ronkainen 2008), future research could employ longitudinal designs with

secondary data of global/local brand performance over time. This would independently

validate the proposed equity theory explanation of attribute weight and price premium

changes over time and reveal factors that extend/shrink the corresponding global-local cycles.

Our research design allowed for interdependence between the global/local attribute and

price, yet other potential interactions between attributes were not considered. Also, we

considered four product attributes, using a full-profile design. This design works very well

with six or fewer attributes (Green and Srinivasan 1990) but is restrictive for more complex

purchase decisions (e.g., car purchases) that involve more than four attributes and inter-attribute interactions. Future research could thus use incentive-aligned choice-based conjoint analysis (Ding, Grewal, and Liechty 2005) or adaptive conjoint analysis which allows inclusion of more product attributes (Green, Krieger, and Agarwal 1991).

Although we took great care to make the data collection in Austria and India as comparable as possible, common limitations of multi-country studies (such as the use of different languages and data collection methods) may apply in our study. It is also reasonable to expect some degree of heterogeneity within our chosen two countries attributed not only to cultural factors, but also to other sample representation biases. Although the novel analytical strategy employed in this study controls for this type of within-group heterogeneity by allowing individual-level preference estimation, there is always the risk of conclusion generalization. Future studies could provide a fuller picture of the proposed effects by observing whether a similar pattern of results occurs across a broader variety of product categories and/or a greater number of developed and emerging countries. Finally, while the emerging-developed divide offers conceptual parsimony and practical intuitiveness, it does not capture nuances pertaining to countries in the middle of the economic development continuum (e.g., Romania) and disregards how cultural dimensions interact with economic development in determining attribute utility. Replications in other countries are thus needed to reveal culture's role on the trivialization of the global/local product attribute.

REFERENCES

Adams, J. Stacy (1965), "Inequity in Social Exchange," *Advances in Experimental Social Psychology*, 2, 267–99.

Alden, Dana L., Jan-Benedict E.M. Steenkamp, and Rajeev Batra (1999), "Brand Positioning Through Advertising in Asia, North America, and Europe: The Role of Global Consumer Culture," *Journal of Marketing*, 63 (1), 75–87.

Arnold, David J. and John A. Quelch (1998), "New Strategies in Emerging Markets," *Sloan Management Review*, 40 (1), 7–20.

Austrian Office for National Statistics (2018), *Population by Age and Sex*. Vienna: Austrian Office for National Statistics. http://www.statistik.at/web_en/statistics/PeopleSociety/population/population_change_by_demographic_characteristics/population_by_age_and_sex/index.html.

Balabanis, George and Adamantios Diamantopoulos (2016), "Consumer Xenocentrism as Determinant of Foreign Product Preference: A System Justification Perspective," *Journal of International Marketing,* 24 (3), 58–77.

Batra, Rajeev and Olli T. Ahtola (1991), "Measuring the Hedonic and Utilitarian Sources of Consumer Attitudes," *Marketing Letters*, 2 (2), 159–70.

Batra, Rajeev, Pamela M. Homer, and Lynn R. Kahle (2001), "Values, Susceptibility to Normative Influence, and Attribute Importance Weights: A Nomological Analysis," *Journal of Consumer Psychology*, 11 (2), 115–28.

Batra, Rajeev, Venkatram Ramaswamy, Dana L. Alden, Jan-Benedict E.M. Steenkamp, and S. Ramachander (2000), "Effects of Brand Local and Nonlocal Origin on Consumer Attitudes in Developing Countries," *Journal of Consumer Psychology*, 9 (2), 83–95.

Bearden, William O. and Michael J. Etzel (1982), "Reference Group Influence on Product nd Brand Purchase Decisions," *Journal of Consumer Research,* 9 (2), 72–95.

Beck, Nathaniel and Jonathan N. Katz (2007), "Random Coefficient Models for Time-Series - Cross-Section Data: Monte Carlo Experiments," *Political Analysis*, 15 (2), 182–95.

Belk, Russell W. (1999), "Leaping Luxuries and Transitional Consumers," in *Marketing Issues in Transition Economies*, Rajeev Batra, ed. Boston, MA: Kluwer Academic Press, 41–54.

Bettman, James R., Noel Capon, and Richard J. Lutz (1975), "Cognitive Algebra in Multi-Attribute Attitude Models," *Journal of Marketing Research*, 12 (2), 151–64.

Branscombe, Nyla R., Naomi Ellemers, Russell Spears, and Bertjan Doosje (1999), "The Context and Content of Social Identity Threat," in *Social Identity: Context, Commitment, Content*, Naomi Ellemers, Russell Spears, and Bertjan Doosje, ed. Oxford, England: Blackwell Science, 35–58.

Cameron, A. Colin and Pravin K. Trivedi (2005), *Microeconometrics: Methods and Applications*. New York: Cambridge University Press.

Carpenter, Gregory S., Rashi Glazer, and Kent Nakamoto (1994), "Meaningful Brands from Meaningless Differentiation: The Dependence on Irrelevant Attributes," *Journal of Marketing Research*, 31 (3), 339–50.

Chabowski, Brian R., Saeed Samiee, and G. Tomas M. Hult (2013), "A Bibliometric Analysis of the Global Branding Literature and a Research Agenda," *Journal of International Business Studies*, 44 (6), 622–34.

Chacar, Aaya and Balagopal Vissa (2005), "Are Emerging Economies Less Efficient? Performance Persistence and the Impact of Business Group Affiliation," *Strategic Management Journal*, 26 (10), 933–46.

Cohen, Jacob (1988), *Statistical Power Analysis for the Behavioral Sciences*, 2nd ed. Hillsdale, NJ: Lawrence Earlbaum Associates.

Cleveland, Mark and Georgia McCutcheon (2022), "'Antiglobalscapes': A Cross-National Investigation of the Nature and Precursors of Consumers' Apprehensions Towards Globalization," *Journal of Business Research*, 138 (January), 170–84.

Danaher, Peter J. (1997), "Using Conjoint Analysis to Determine the Relative Importance of Service Attributes Measured in Customer Satisfaction Surveys," *Journal of Retailing*, 73 (2), 235–60.

Davvetas, Vasileios and Georgios Halkias (2019), "Global and Local Brand Stereotypes: Formation, Content Transfer, and Impact," *International Marketing Review,* 36 (5), 675–701.

Davvetas, Vasileios and Adamantios Diamantopoulos (2016), "How Product Category Shapes Preferences Toward Global and Local Brands: A Schema Theory Perspective," *Journal of International Marketing*, 24 (4), 61–81.

Davvetas, Vasileios and Adamantios Diamantopoulos (2018), "Should have I Bought the other One? Experiencing Regret in Global versus Local Brand Purchase Decisions," *Journal of International Marketing*, 26 (2), 1–21.

Davvetas, Vasileios, Adamantios Diamantopoulos, and Lucy Liu (2020), "Lit up or dimmed down? Why, when, and how regret anticipation affects consumers' use of the global brand halo," *Journal of International Marketing*, 28 (3), 40-63.

Davvetas, Vasileios, Christina Sichtmann, and Adamantios Diamantopoulos (2015), "The Impact of Perceived Brand Globalness on Consumers' Willingness to Pay," *International Journal of Research in Marketing*, 32 (4), 431–34.

Delios, Andrew, Gordon Perchthold, and Alex Capri (2021), "Cohesion, COVID-19 and Contemporary Challenges to Globalization," *Journal of World Business,* 56 (3), 101197.

Dhar, Ravi and Klaus Wertenbroch (2000), "Consumer Choice Between Hedonic and Utilitarian Goods," *Journal of Marketing Research*, 37 (1), 60–71.

Diamantopoulos, Adamantios, Vasileios Davvetas, Fabian Bartsch, Timo Mandler, Maja Arslanagic-Kalajdzic, and Martin Eisend (2019), "On the Interplay Between Consumer Dispositions and Perceived Brand Globalness: Alternative Theoretical Perspectives and Empirical Assessment," *Journal of International Marketing*, 27 (3), 39–57.

Dimofte, Claudiu V., Johny K. Johansson, and Ilkka A. Ronkainen (2008), "Cognitive and Affective Reactions of U.S. Consumers to Global Brands," *Journal of International Marketing*, 16 (4), 113–35.

Ding, Min, Rajdeep Grewal, and John Liechty (2005), "Incentive-Aligned Conjoint Analysis," *Journal of Marketing Research*, 42 (1), 67–82.

Elango, B. and Chinmay Pattnaik (2007), "Building Capabilities for International Operations through Networks: A Study of Indian Firms," *Journal of International Business Studies*, 38 (4) , 541 –55

Erdem, Tülin and Joffre Swait (1998), "Brand Equity as a Signaling Phenomenon," *Journal of Consumer Psychology*, 7 (2), 131–57.

ETH Zürich KOF (2021). KOF Globalization Index. https://www.kof.ethz.ch/en/forecasts-and-indicators/indicators/kof-globalisation-index.html, Accessed date: 20 June 2022.

Goodman, Joseph K., and Gabriele Paolacci. "Crowdsourcing consumer research*." Journal of Consumer Research*, 44 (1), 196-210.

Author Accepted Manuscript

Grappi, Silvia, Simona Romani, and Richard P. Bagozzi (2015), "Consumer Stakeholder Responses to Reshoring Strategies," *Journal of the Academy of Marketing Science*, 43 (4), 453–71.

Grappi, Silvia, Simona Romani, and Richard P. Bagozzi (2018), "Reshoring from a Demand-Side Perspective: Consumer Reshoring Sentiment and its Market Effects," *Journal of World Business*, 53 (2), 194–208.

Green, Paul E., Abba M. Krieger, and Manoj K. Agarwal (1991), "Adaptive Conjoint Analysis: Some Caveats and Suggestions," *Journal of Marketing Research*, 28 (2), 215–22.

Green, Paul E. and V. Srinivasan (1978), "Conjoint Analysis in Consumer Research: Issues and Outlook," *Journal of Consumer Research*, 5 (2), 103–23.

Green, Paul E. and V. Srinivasan (1990), "Conjoint Analysis in Marketing: New Developments with Implications for Research and Practice," *Journal of Marketing*, 54 (4), 3–19.

Guo, Xiaoling (2013), "Living in a Global World: Influence of Consumer Global Orientation on Attitudes toward Global Brands from Developed versus Emerging Countries," *Journal of International Marketing*, 21 (1), 1–22.

Gupta, Sachin and Pradeep K. Chintagunta (1994), "On Using Demographic Variables to Determine Segment Membership in Logit Mixture Models," *Journal of Marketing Research*, 31 (1), 128–36.

Gustafsson, Anders, Andreas Herrmann, and Frank Huber (2003), *Conjoint Measurement: Methods and Applications*, 3rd ed. New York: Springer.

Halkias, G., Davvetas, V., & Diamantopoulos, A. (2016). The interplay between country stereotypes and perceived brand globalness/localness as drivers of brand preference. *Journal of Business Research*, *69*(9), 3621-3628.

Hauser, David J. and Norbert Schwarz (2016), "Attentive Turkers: MTurk Participants Perform Better on Online Attention Checks than do Subject Pool Participants," *Behavior Research Methods*, 48 (1), 400–07.

Heinberg, Martin, Constantine S. Katsikeas, H. Erkan Ozkaya, and Markus Taube (2020), "How Nostalgic Brand Positioning Shapes Brand Equity: Differences between Emerging and Developed Markets," *Journal of the Academy of Marketing Science*, 48 (5), 869–90.

Heinberg, Martin, H. Erkan Ozkaya, and Markus Taube (2016), "A Brand Built on Sand: Is Acquiring a Local Brand in an Emerging Market an Ill-Advised Strategy for Foreign Companies?," *Journal of the Academy of Marketing Science*, 44 (5), 586–607.

Holt, Douglas B., John A. Quelch, and Earl L. Taylor (2004), "How Global Brands Compete," *Harvard Business Review*, 82 (September), 68–75.

Homans, George C. (1961). *Social Behavior: Its Elementary Forms*. New York: Harcourt Brace.

Hoskisson, Robert E., Lorraine Eden, Chung Ming Lau, & Mike Wright (2000), "Strategy in Emerging Economies," *Academy of Management Journal*, 43 (3), 249–67.

Hsiao, Cheng (1995), *Analysis of panel data*. Cambridge, UK: University Press.

Hu, Fred and Michael Spence (2017), "Why Globalization Stalled: And How to Restart It," *Foreign Affairs*, *96*, 54.

Huppertz, John W., Sidney J. Arenson, and Richard H. Evans (1978), "An Application of Equity Theory to Buyer-Seller Exchange Situations," *Journal of Marketing Research*, 15 (2), 250–60.

Inglehart, Ronald (1971), "The Silent Revolution in Europe: Intergenerational Change in Post-Industrial Societies," *American Political Science Review*, 65(4), 991-1017.

Javalgi, Rajshekhar G. and David A. Grossman (2016), "Aspirations and Entrepreneurial Motivations of Middle-Class Consumers in Emerging Markets: The Case of India," *International Business Review*, 25 (3), 657–67.

Judge, George C., W.E. Griffiths, R. Carter Hill, Helmut Lutkepol, and Tsoung-Chao Lee (1985), *Theory and Practice of Econometrics*. New York: Wiley.

Kashif, Muhammad and Maduka Udunuwara (2020), "Twenty Years of Research in Brand Globalness/Localness: A Systematic Literature Review and Future Research Agenda," *Journal of International Consumer Marketing*, 33 (2), 1–16.

Khanna, Tarun and Jan W. Rivkin (2001), "Estimating the Performance of Business Groups in Emerging Markets," *Strategic Management Journal*, 22 (1) , 45 –74.

Khanna, Tarun and Krishna Palepu (2000), "Is Group Affiliation Profitable in Emerging Markets? An Analysis of Diversified Indian Business Groups," *Journal of Finance*, 55 (2) , 867 –891.

Kohli, Rajeev and Vijay Mahajan (1991), "A Reservation-Price Model for Optimal Pricing of Multiattribute Products in Conjoint Analysis," *Journal of Marketing Research,* 28 (3), 347–54.

Kolbl, Živa, Adamantios Diamantopoulos, Maja Arslanagic-Kalajdzic, and Vesna Zabkar (2020), "Do Brand Warmth and Brand Competence Add Value to Consumers? A Stereotyping Perspective," *Journal of Business Research*, 118 (September), 346–62.

Kolbl, Ž., Arslanagic-Kalajdzic, M., & Diamantopoulos, A. (2019). Stereotyping global brands: is warmth more important than competence?. *Journal of Business Research*, *104*, 614-621.

Laforet, Sylvie and Junsong Chen (2012), "Chinese and British Consumers' Evaluation of Chinese and International Brands and Factors Affecting their Choice," *Journal of World Business,* 47 (1), 54–63.

Liu, Hao, Klaus Schoefer, Fernando Fastoso, and Efstathia Tzemou (2020), "Perceived Brand Globalness/Localness: A Systematic Review of the Literature and Directions for Further Research," *Journal of International Marketing*, 29 (1), 77–94.

Makri, K., Papadas, K.-K. and Schlegelmilch, B.B. (2019), "Global-local consumer identities as drivers of global digital brand usage", *International Marketing Review*, Vol. 36 No. 5, pp. 702-725.

Mandler, Timo, Fabian Bartsch, and C. Min Han (2020), "Brand Credibility and Marketplace Globalization: The Role of Perceived Brand Globalness and Localness," *Journal of International Business Studies*, 52 (8), 1559–90.

McKelvey, Richard D. and William Zavoina (1975), "A Statistical Model for the Analysis of Ordinal Level Dependent Variables," *Journal of Mathematical Sociology*, 4 (1), 103–20.

Miller, Klaus M., Reto Hofstetter, Harley Krohmer, and Z. John Zhang (2011), "How Should Consumers' Willingness to Pay be Measured? An Empirical Comparison of State-of-the-Art Approaches," *Journal of Marketing Research*, 48 (1), 172–84.

Mittal, Banwari (1989), "Measuring Purchase-Decision Involvement," *Psychology & Marketing*, 6 (2), 147–62.

Moon, Sangkil, Arul Mishra, Himanshu Mishra, and Moon Young Kang (2016), "Cultural and Economic Impacts on Global Cultural Products: Evidence from US Movies," *Journal of International Marketing*, 24 (3), 78–97.

Nisbett, Richard E. and Timothy D. Wilson (1977), "The Halo Effect: Evidence for Unconscious Alteration of Judgments," *Journal of Personality and Social Psychology*, 35 (4), 250–56.

OECD (2017), "Towards a Better Globalization: How Germany can Respond to the Critics, First Quarter 2017," (accessed February 28, 2022),

https://www.oecd.org/germany/Towards-a-better-globalisation-how-Germany-can-respond-to-the-critics.pdf

Orme, Bryan K. (2014), *Getting Started with Conjoint Analysis. Strategies for Product Design and Pricing Research*. Manhattan Beach: Research Publishers.

Özsomer, Ayşegül (2012), "The Interplay between Global and Local Brands: A Closer Look at Perceived Brand Globalness and Local Iconness," *Journal of International Marketing,* 20 (2), 72–95.

Özsomer, Ayşegül, Rajeev Batra, Amitava Chattopadhyay, and Frenkel ter Hofstede (2012), "A Global Brand Management Roadmap," *International Journal of Research in Marketing*, 29 (1), 1–4.

Paramati, Sudharshan Reddy , Md Samsul Alam , and Nicholas Apergis (2017) , "The Role of Stock Markets on Environmental Degradation: A Comparative Study of Developed and Emerging Market Economies Across the Globe," *Emerging Markets Review* , 35 (June) , 19 – 30.

Rao, Akshay R. and Kent B. Monroe (1988), "The Moderating Effect of Prior Knowledge on Cue Utilization in Product Evaluations," *Journal of Consumer Research*, 15 (2), 253–64.

Samiee, Saeed (2019), "Reflections on Global Brands, Global Consumer Culture and Globalization," *International Marketing Review,* 36 (4), 536–44.

Santos, José F.P. and Peter J. Williamson (2015), "The New Mission for Multinationals," *MIT Sloan Management Review*, 56 (4), 45–54.

Schmidt-Devlin, Ellen, Ayşegül Özsomer, and Casey E. Newmeyer. "How to Go GloCal: Omni-Brand Orientation Framework." *Journal of International Marketing* (2022): 1069031X211070607.

Sharma, Piyush (2011), "Country of Origin Effects in Developed and Emerging Markets: Exploring the Contrasting Roles of Materialism and Value Consciousness," *Journal of International Business Studies*, 42 (2), 285–306.

Sichtmann, Christina and Adamantios Diamantopoulos (2013) , "The Impact of Perceived Brand Globalness, Brand Origin Image, and Brand Origin–Extension Fit on Brand Extension Success," *Journal of the Academy of Marketing Science*, 41 (5) , 567 –85.

Sichtmann, Christina, Vasileios Davvetas, and Adamantios Diamantopoulos (2019), "The Relational Value of Perceived Brand Globalness and Localness," *Journal of Business Research*, 104 (November), 597–613.

Srinivasan, V. and Chan Su Park (1997), "Surprising Robustness of the Self-Explicated Approach to Customer Preference Structure Measurement," *Journal of Marketing Research*, 34 (2), 286–91.

Steckel, Joel H., Wayne S. DeSarbo, and Vijay Mahajan (1991), "On the Creation of Acceptable Conjoint Analysis Experimental Designs," *Decision Sciences*, 22 (2), 435–42.

Steenkamp, Jan-Benedict E.M. (2014), "How Global Brands Create Firm Value: The 4V Model," *International Marketing Review*, 31 (1), 5–29.

Steenkamp, Jan-Benedict E.M. (2019a.), "The Uncertain Future of Globalization: Implications for Global Consumer Culture and Global Brands," *International Marketing Review*, 36 (4), 524–35.

Steenkamp, Jan-Benedict E.M. (2019b), "Reflection on Defining Global Brands, Fragmentation and Segmentation, and the Emergence of Richer Brandscapes," *International Marketing Review*, 36 (4), 553–55.

Steenkamp, Jan-Benedict E.M. and Martijn G. de Jong (2010), "A Global Investigation into the Constellation of Consumer Attitudes toward Global and Local Products," *Journal of Marketing*, 74 (November), 18–40.

Steenkamp, Jan-Benedict E.M. and Frenkel ter Hofstede (2002), "International Market Segmentation: Issues and Perspectives," *International Journal of Research in Marketing*, 19 (3), 185–213.

Steenkamp, Jan-Benedict E.M., Rajeev Batra, and Dana L. Alden (2003), "How Perceived Brand Globalness Creates Brand Value," *Journal of International Business Studies*, 34 (1), 53–65.

Stiglitz, Joseph (2003), *Globalization and Its Discontents*. New York, NY: W. W. Norton.

Strizhakova, Yuliya and Robin A. Coulter (2015), "Drivers of Local Relative to Global Brand Purchases: A Contingency Approach," *Journal of International Marketing*, 23 (1), 1–22.

Strizhakova, Yuliya, Robin A. Coulter, and Linda L. Price (2008), "Branded Products as a Passport to Global Citizenship: Perspectives from Developed and Developing Countries," *Journal of International Marketing*, 16 (4), 57–85.

Strizhakova, Yuliya, Robin A. Coulter, and Linda L. Price (2011), "Branding in a Global Marketplace: The Mediating Effects of Quality and Self-Identity Brand Signals," *International Journal of Research in Marketing*, 28 (4), 342–51.

Swoboda, Bernhard, Karin Pennemann, and Markus Taube (2012), "The Effects of Perceived Brand Globalness and Perceived Brand Localness in China: Empirical Evidence on Western, Asian, and Domestic Retailers," *Journal of International Marketing*, 20 (4), 72–95.

Thompson, Craig J. and Zeynep Arsel (2004), "The Starbucks Brandscape and Consumers' (Anticorporate) Experiences of Glocalization," *Journal of Consumer Research*, 31 (3), 631–42.

Usunier, Jean-Claude and Ghislaine Cestre (2007), "Product Ethnicity: Revisiting the Match between Products and Countries," *Journal of International Marketing,* 15 (3), 32–72.

Wertenbroch, Klaus and Bernd Skiera (2002), "Measuring Consumers' Willingness to Pay at the Point of Purchase," *Journal of Marketing Research*, 39 (2), 228–41.

Western, Bruce (1998), "Causal Heterogeneity in Comparative Research: A Bayesian Hierarchical Modelling Approach," *American Journal of Political Science*, 42 (4), 1233–59.

Wind, Yoram (1976), "Preference for Relevant Others and Individual Choice Models," *Journal of Consumer Research*, 3 (1), 50–57.

Winit, Warant, Gary Gregory, Mark Cleveland, and Peeter Verlegh (2014), "Global vs Local Brands: How Home Country Bias and Price Differences Impact Brand Evaluations," *International Marketing Review*, 31 (2), 102–128.

Witt, Michael A. (2019), "De-Globalization: Theories, Predictions, and Opportunities for International Business Research," *Journal of International Business Studies*, 50 (7), 1–25.

Wong, Nancy Y. and Aaron C. Ahuvia (1998), "Personal Taste and Family Face: Luxury Consumption in Confucian and Western Societies," *Psychology & Marketing*, 15 (5), 423–441.

Xie, Yi, Rajeev Batra, and Siqing Peng (2015), "An Extended Model of Preference-Formation between Global and Local Brands: The Roles of Identity Expressiveness, Trust and Affect," *Journal of International Marketing*, 23 (1), 50–71.

YouGov (2016), "YouGov Survey Results, October 2016," (accessed February 28, 2022), https://d25d2506sfb94s.cloudfront.net/cumulus_uploads/document/emt4t4eijk/Internatio nal%20Toplines_W.pdf

YouGov (2019), "YouGov Survey Results, May 2019," (accessed February 28, 2022), https://yougov.co.uk/topics/international/articles-reports/2019/05/01/about-yougov-cambridge-globalism-project

Zhang, Yinlong and Adwait Khare (2009), "The Impact of Accessible Identities on the Evaluation of Global versus Local Products," *Journal of Consumer Research*, 36 (3), 524–37.

Zhou, Lianxi, Zhiyong Yang, and Michael K. Hui (2010), "Non-Local or Local Brands? A Multi-Level Investigation into Confidence in Brand Origin Identification and Its Strategic Implications," *Journal of the Academy of Marketing Science*, 38 (2), 202–18.

ENDONOTES

[i] Prior research examining price-globalness/localness tradeoffs is extremely limited. Winit et al. (2014) report price ranges within which switching from foreign- to domestic-owned global brands is more likely as well how such ranges change as a function of consumer ethnocentrism and product category. Related findings are provided by Davvetas, Sichtmann, and Diamantopoulos (2015) who report that, ceteris paribus, consumers are willing to pay more for brands they perceive as globally available, with the corresponding price premiums varying by product category but not by consumer characteristics. Although these studies imply some interesting price-globalness/localness tradeoffs, they rely on psychometric measurement or experimental manipulation of product globalness/localness and do not explicitly account for variation in other (i.e., non-price) product attributes.

[ii] These comparisons do not refer to *absolute* (or nominal) level comparisons, as the latter are directly affected by other factors including differences in currency exchange rates, disposable income disparities, discrepancies in stages of the economic cycle, etc. Instead, they refer to *percentile* (relative) comparisons with reference to average market prices that capture the baseline prices observed in the market.

[iii] The detailed results of all three pre-tests are available, upon request, from the authors. Beer was substituted with TVs in India because the Indian population is not particularly familiar with this product category. Due to these two categories being non-consistent across the two country samples, all analyses reported in the manuscript were repeated after their exclusion for robustness purposes. The results remain qualitatively similar and are available upon request from the authors.

[iv] OECD price level indices (the ratio of purchasing power parities to market exchange rates) indicate that with an index of 29, price levels in India are much lower than in Austria where the corresponding index is 101. The OECD average is indexed at 100 (https://data.oecd.org/price/price-level-indices.htm).

[v] Which is probably because over a third of Indian's population is younger than 18 (http://censusindia.gov.in), an age group that was not part of our sampling frame in the first place.

[vi] To facilitate interpretation of the estimated coefficients, our ordinal dependent variable was recoded so that higher values (rank scores) represent higher preference.

vii WTP estimates are not directly comparable across countries, because they are estimated in monetary terms. Therefore, for comparability purposes, price premiums as a percentage of the average price within each product category were also estimated.

The Global/Local Product Attribute:

Decomposition, Trivialization and Price Tradeoffs in Emerging and Developed Markets

FIGURES AND TABLES

Figure 1A. Part-worth utilities for the Austrian sample: Global/Local attribute
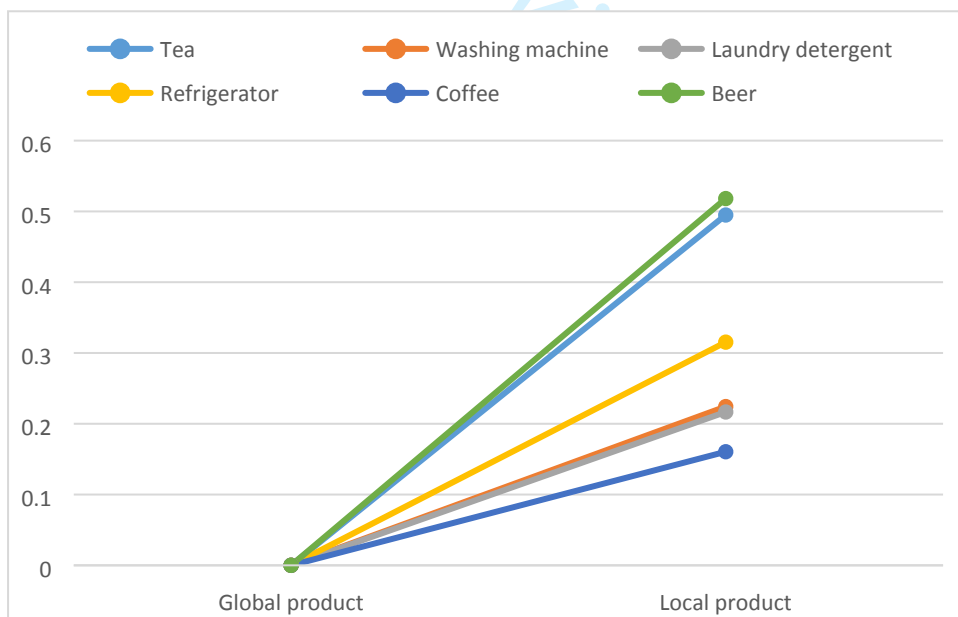
Figure 1B. Part-worth utilities for the Indian sample: Global/Local attribute
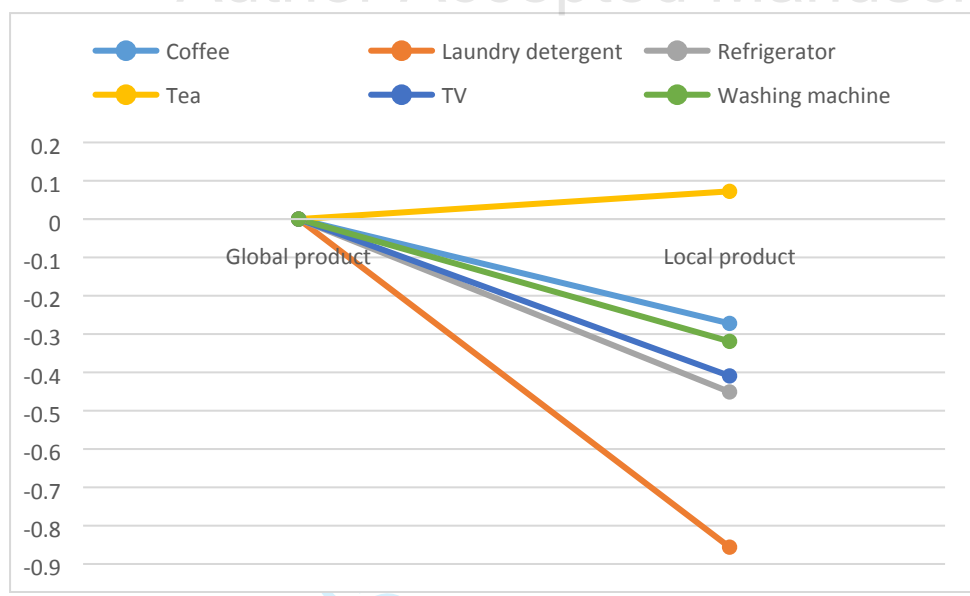
Figure 2A. Relative attribute importance for the Austrian sample
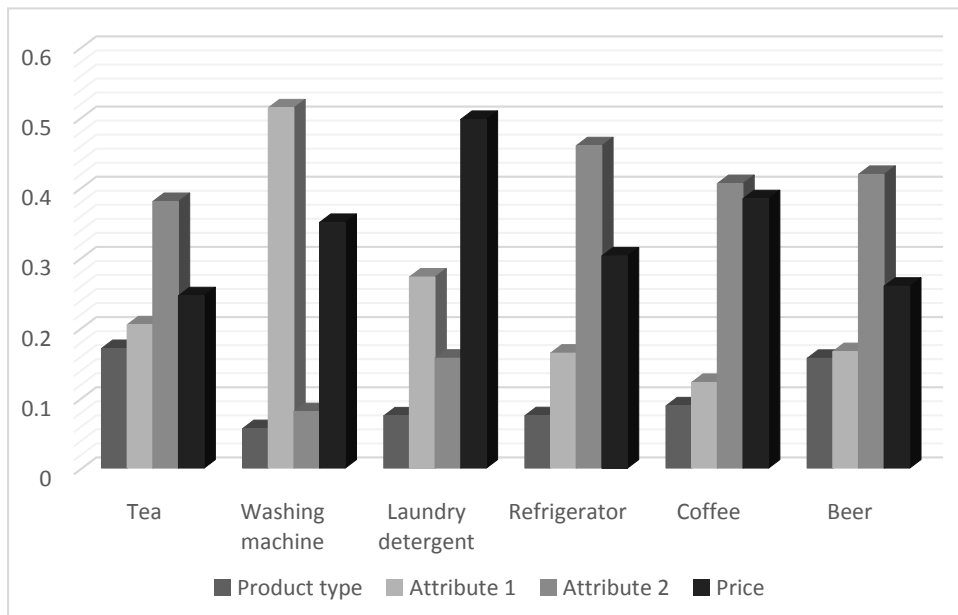
Figure 2B. Relative attribute importance for the Indian sample
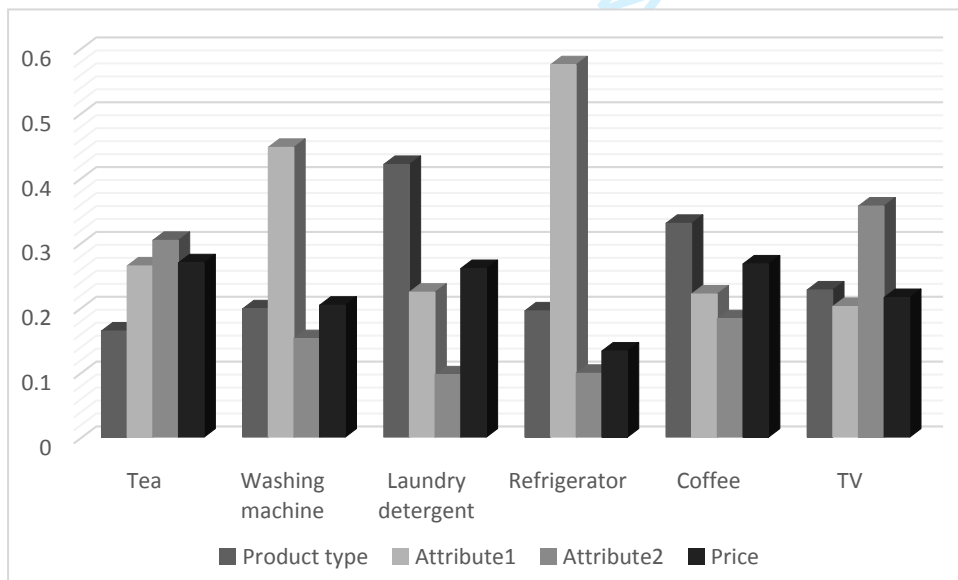
Figure 3A. Interaction between country and global identity
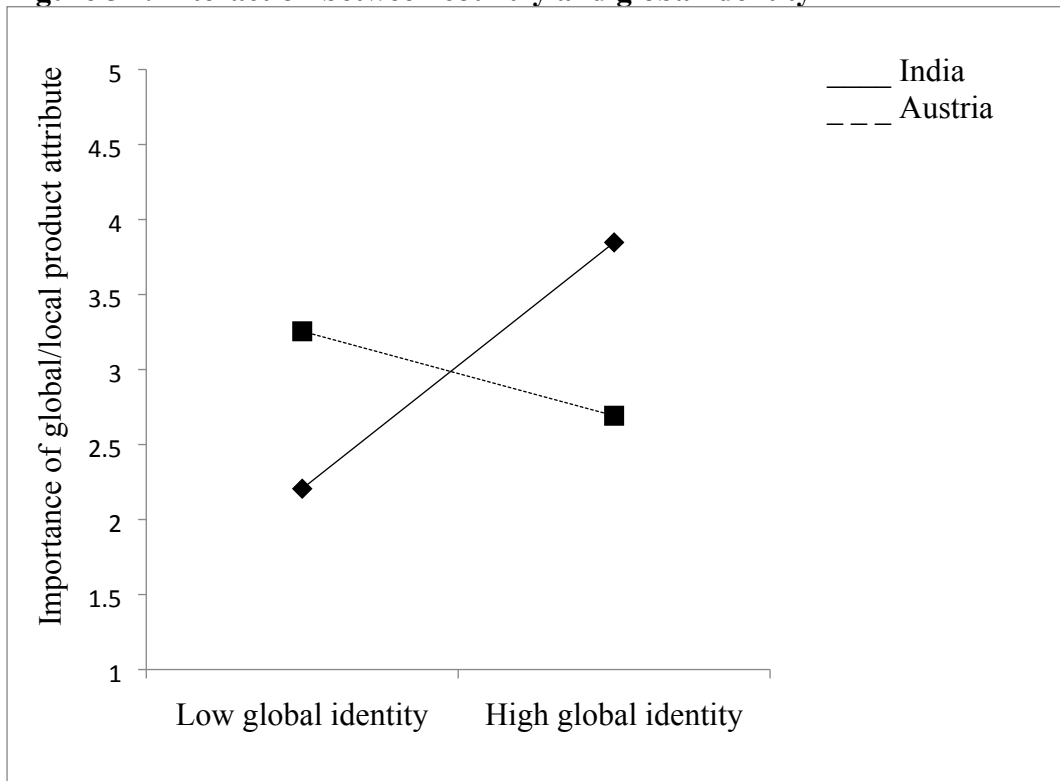
Figure 3B. Interaction between country and local identity
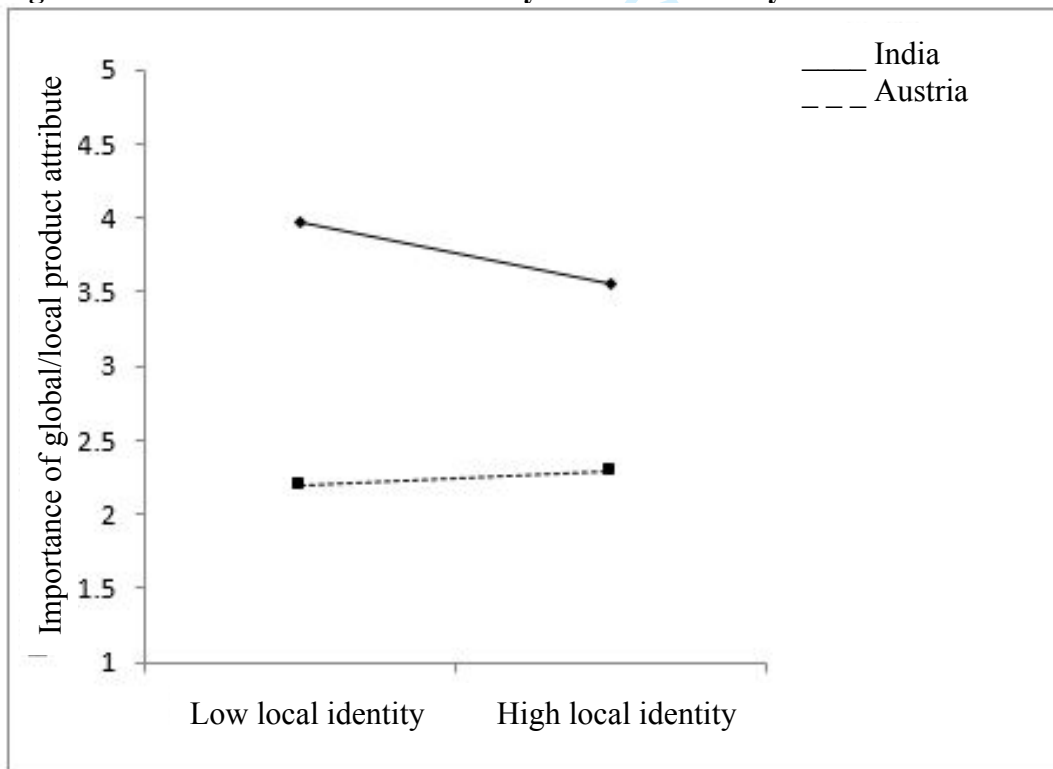
Figure 4A. Interaction between price level and product type (India)

Figure 4B. Interaction between price level and product type (Austria)

Figure 5. Overview of managerial implications

Product

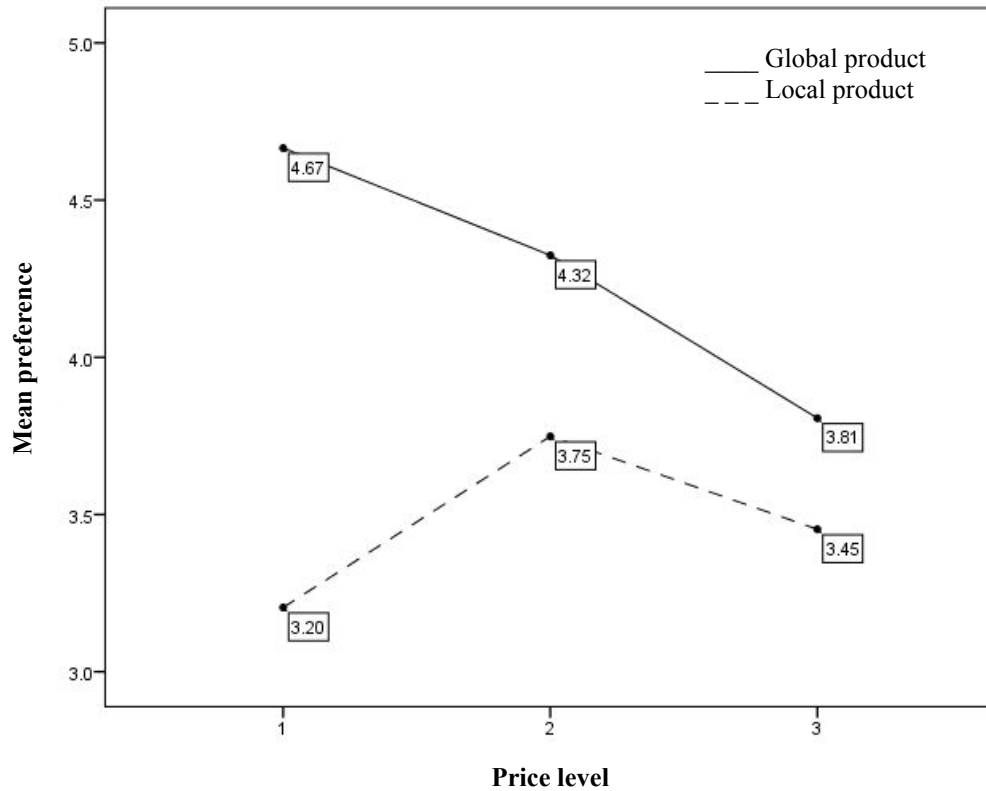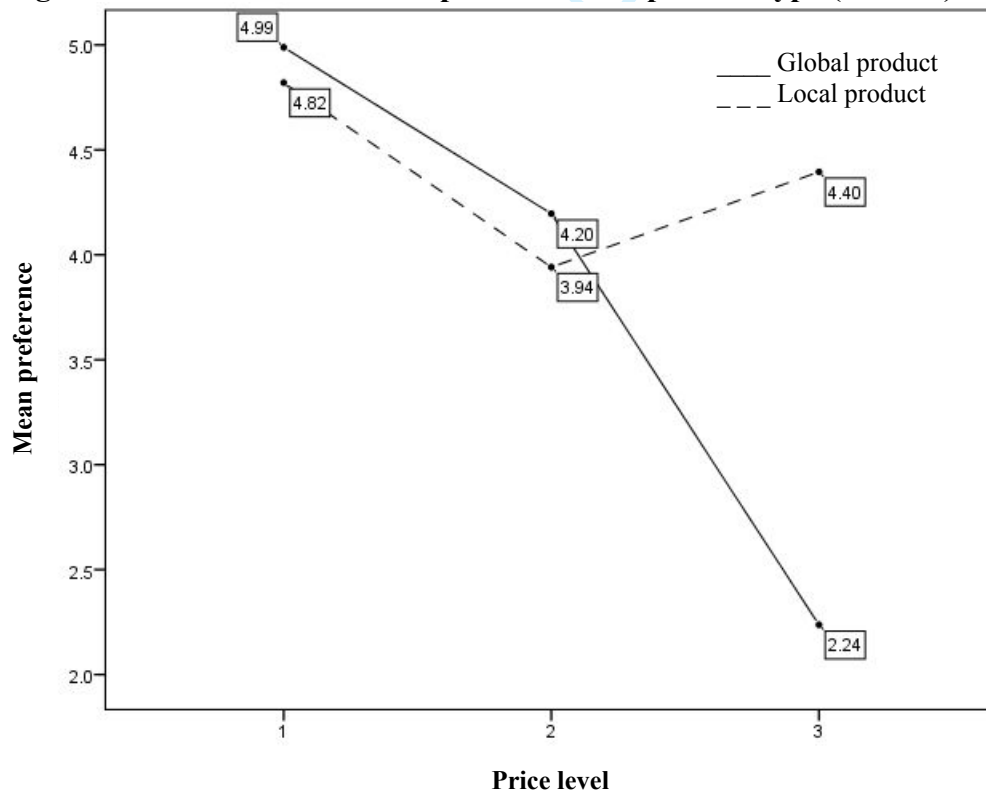|	Global	Local
Emerging	**Competitive strategy:** Cost leadership (develop global value brands) **Positioning strategy:** Highlight product globalness (e.g. GCCP strategies) **Segmentation/Targeting strategy:** Segment market based on the global/local attribute and global/local identity – Target mass market and globally identified consumers **Pricing strategy:** Premium pricing - charge price premiums above local competition especially if you position in the lower price market segments and cost niches	**Competitive strategy**: Cost leadership or differentiation unrelated to global/local nature **Positioning strategy:** Downplay product localness; position on functional attributes or price; consider internationalization **Segmentation/Targeting strategy:** Segment market based on other attributes or consumer bases – Target market segments sensitive to those attributes **Pricing strategy:** Market pricing – do not charge price premiums based on localness; keep prices close to local competitors unless another competitive advantage can be established or you are operating in an ethnic product category
Developed	**Competitive strategy:** Cost leadership or differentiation unrelated to global/local nature **Positioning strategy**: Downplay product globalness; position on functional attributes or price; consider local adaptations **Segmentation/Targeting strategy:** Segment market based on other attributes or consumer bases – Target market segments sensitive to those attributes **Pricing strategy:** Market pricing – do not charge price premiums based on globalness; keep prices close to global competitors unless another competitive advantage can be established, or you are operating in typically global product category	**Competitive strategy:** Differentiation leadership (develop local premium brands) **Positioning strategy:** Highlight product localness (e.g. LCCP strategies) **Segmentation/Targeting strategy:** Segment market based on the global/local attribute and global/local identity – Target mass market and locally identified consumers **Pricing strategy:** Premium pricing - charge price premiums above global competition especially if you position in the upper price market segments and differentiation niches

Market

Table 1. Estimates of the RP order probit model for the Austrian sample

Austria	Model 1 (Pooled data)	Model 2 (Tea)		Model 3 (Washing machine)		Model 4 (Laundry detergent)		Model 5 (Refrigerator)		Model 6 (Coffee)		Model 7 (Beer)
Constant	2.15 (0.14) [0.00]		2.06 (0.32) [0.00]		3.29 (0.32) [0.00]		2.09 (0.31) [0.00]		2.95 (0.45) [0.00]		1.73 (0.42) [0.00]	2.85 (0.30) [0.00]
Product type (Local)	0.29 (0.05) [0.00]		0.49 (0.14) [0.00]		0.23 (0.13) [0.08]		0.22 (0.14) [0.12]		0.32 (0.12) [0.01]		0.16 (0.15) [0.29]	0.52 (0.14) [0.00]
Medium price	-0.37 (0.07) [0.00]		-0.29 (0.18) [0.10]		-0.32 (0.17) [0.06]		-0.64 (0.23) [0.01]		-0.60 (0.15) [0.00]		-0.24 (0.16) [0.13]	-0.38 (0.17) [0.02]
High price	-0.93 (0.06) [0.00]		-0.69 (0.13) [0.00]		-1.41 (0.15) [0.00]		-1.44 (0.15) [0.00]		-1.28 (0.17) [0.00]		-0.69 (0.13) [0.00]	-0.87 (0.13) [0.00]
Attribute 1 (Level 2)	0.13 (0.05) [0.01]	Herbal flavor	0.49 (0.12) [0.00]	A+ energy	-0.87 (0.23) [0.00]	Color effect	0.70 (0.12) [0.00]	A+ energy	0.44 (0.17) [0.01]	Full-bodied	0.09 (0.15) [0.55]	Pils	-0.19 (0.18) [0.28]
Attribute 1 (Level 3)	-0.18 (0.04) [0.00]	Fruit flavor	0.15 (0.11) [0.20]	B energy	-1.98 (0.18) [0.00]	Mild effect	-0.03 (0.11) [0.76]	B energy	0.70 (0.16) [0.00]	Mild flavor	0.20 (0.13) [0.12]	Weizenbier	-0.55 (0.15) [0.00]
Attribute 2 (Level 2)	-0.43 (0.05) [0.00]	Loose dosage	-0.46 (0.11) [0.00]	6 Kg. loading	0.28 (0.19) [0.15]	Liquid	-0.40 (0.13) [0.00]	250 litres	-0.90 (0.20) [0.00]	Powder	-0.53 (0.14) [0.00]	Plastic bottle	-0.79 (0.17) [0.00]
Attribute 2 (Level 3)	-0.64 (0.05) [0.00]	Capsules dosage	-0.94 (0.14) [0.00]	8 Kg. loading	0.16 (0.14) [0.25]	Capsules	0.06 (0.16) [0.70]	400 litres	-1.97 (0.26) [0.00]	Capsules	0.11 (0.12) [0.36]	Can	-1.43 (0.20) [0.00]

Note: standard errors in parentheses. *p*-values in brackets. Reference attribute levels are Global for Product type, Low price for Price and Level 1 for Attributes 1 and 2, respectively.

Table 2. Estimates of the RP order probit model for the Indian sample

India	Model 8 (Pooled data)	Model 9 (Tea)		Model 10 (Washing machine)		Model 11 (Laundry detergent)		Model 12 (Refrigerator)		Model 13 (Coffee)		Model 14 (TV)	
Constant	1.66 (0.20) [0.00]		1.51 (0.51) [0.00]		2.10 (0.28) [0.00]		2.05 (0.29) [0.00]		2.38 (0.31) [0.00]		1.45 (0.45) [0.00]		1.50 (0.36) [0.00]
Product type (Local)	-0.33 (0.04) [0.00]		0.08 (0.08) [0.35]		-0.31 (0.09) [0.00]		-0.85 (0.11) [0.00]		-0.45 (0.12) [0.00]		-0.27 (0.09) [0.00]		-0.40 (0.09) [0.00]
Medium price	-0.03 (0.05) [0.63]		-0.24 (0.14) [0.08]		-0.04 (0.12) [0.77]		0.10 (0.13) [0.42]		-0.05 (0.15) [0.71]		0.05 (0.13) [0.71]		0.04 (0.13) [0.76]
High price	-0.20 (0.04) [0.00]		-0.32 (0.10) [0.00]		-0.37 (0.09) [0.00]		-0.07 (0.09) [0.43]		-0.29 (0.09) [0.00]		0.05 (0.09) [0.57]		-0.28 (0.09) [0.00]
Attribute 1 (Level 2)	-0.16 (0.05) [0.00]	Herbal flavor	0.37 (0.13) [0.00]	A+ energy	-0.48 (0.15) [0.00]	Color effect	-0.16 (0.12) [0.16]	A+ energy	-0.75 (0.19) [0.00]	Full-bodied	0.10 (0.11) [0.38]	Plasma	-0.20 (0.10) [0.05]
Attribute 1 (Level 3)	-0.42 (0.05) [0.00]	Fruit flavor	0.27 (0.11) [0.02]	B energy	-0.98 (0.13) [0.00]	Mild effect	-0.34 (0.12) [0.00]	B energy	-1.37 (0.18) [0.00]	Mild flavor	-0.09 (0.12) [0.45]	LCD	-0.35 (0.14) [0.01]
Attribute 2 (Level 2)	-0.05 (0.05) [0.26]	Loose dosage	-0.43 (0.13) [0.00]	6 Kg. loading	0.09 (0.12) [0.44]	Liquid	-0.17 (0.13) [0.17]	250 litres	0.06 (0.18) [0.72]	Powder	-0.14 (0.11) [0.21]	36 inch	0.22 (0.11) [0.05]
Attribute 2 (Level 3)	0.14 (0.05) [0.00]	Capsules dosage	-0.25 (0.14) [0.07]	8 Kg. loading	0.31 (0.13) [0.02]	Capsules	0.00 (0.14) [0.98]	400 litres	0.23 (0.13) [0.07]	Capsules	-0.04 (0.12) [0.72]	47 inch	0.62 (0.12) [0.00]

Note: standard errors in parentheses. *p*-values in brackets. Reference attribute levels are Global for Product type, Low price for Price and Level 1 for Attributes 1 and 2, respectively.

Author Accepted Manuscript

Table 3. Relative attribute importance

Pooled sample	Importance rank of product type	Product type	Price	Attribute 1	Attribute 2
Austria	4th	0.13	0.42	0.14	0.30
India	2nd	0.28 (1.75) [0.00]	0.19	0.37	0.17
Tea		*Product type*	*Price*	*Flavor*	*Dosage form*
Austria	4th	0.17	0.25	0.20	0.38
India	4th	0.16 (0.14) [0.63]	0.27	0.26	0.30
Washing machine		*Product type*	*Price*	*Energy efficiency*	*Loading capacity*
Austria	4th	0.06	0.35	0.51	0.08
India	3rd	0.20 (1.26) [0.00]	0.20	0.45	0.15
Laundry detergent		*Product type*	*Price*	*Effect*	*Dosage form*
Austria	4th	0.07	0.50	0.27	0.16
India	1st	0.42 (2.59) [0.00]	0.26	0.22	0.10
Refrigerator		*Product type*	*Price*	*Energy efficiency*	*Size*
Austria	4th	0.07	0.30	0.16	0.46
India	2nd	0.19 (3.82) [0.00]	0.13	0.57	0.10
Coffee		*Product type*	*Price*	*Flavor*	*Dosage form*
Austria	4th	0.09	0.38	0.12	0.41
India	1st	0.33 (1.89) [0.00]	0.27	0.22	0.18
Beer		*Product type*	*Price*	*Flavor*	*Dosage form*
Austria	4th	0.16	0.26	0.17	0.42
TV		*Product type*	*Price*	*Technology*	*Size*
India	2nd	0.23	0.22	0.20	0.36

Note: Cohen's d effect size in parenthesis. *p*-value of the observed product type importance difference between groups is provided in brackets.

Author Accepted Manuscript

Table 4. Willingness to pay and relevant price premiums per product category

Product category	WTP for local over global (global over local) in euros (in rupees)	Average price in euros (in rupees)	Price premium for local over global (global over local), as a percentage of average price
Tea			
Austria	1.24	2.75	0.45
India	(-33.99)	(155)	(-0.22)
			[0.00]
Cohen's d effect size			0.79
Washing machine			
Austria	138.16	575	0.24
India	(56,450.77)	(23,000)	(2.45)
			[0.00]
Cohen's d effect size			0.74
Laundry detergent			
Austria	0.91	9.95	0.09
India	(324.11)	(120)	(2.70)
			[0.00]
Cohen's d effect size			1.17
Refrigerator			
Austria	223.71	650	0.34
India	(69,492.17)	(25,250)	(2.75)
			[0.00]
Cohen's d effect size			1.63
Coffee			
Austria	0.52	2.10	0.25
India	(573.28)	(190)	(3.02)
			[0.00]
Cohen's d effect size			0.82
Beer			
Austria	1.30	1.49	0.87
TV			
India	(129,539.20)	(42,500)	(3.05)

Note: p-value of the observed price premium difference between groups is provided in brackets

57

"The Global/Local Product Attribute: Decomposition, Trivialization and Price Tradeoffs in Emerging and Developed Markets"

Vasileios Davvetas (corresponding author)

Marketing Division

Leeds University Business School

Moorland Road, LS6 1AN, Leeds, United Kingdom

tel: +44 (0) 11334 30610

e-mail: v.davvetas@leeds.ac.uk

Christina Sichtmann

Bern University of Applied Sciences

Brueckenstrasse 73

CH-3005 Bern

e-mail: christina.sichtmann@bfh.ch

Charalampos (Babis) Saridakis

Marketing Division

Leeds University Business School

Moorland Road, LS6 1AN, Leeds, United Kingdom

tel: +44 (0) 11334 31710

e-mail: B.Saridakis@leeds.ac.uk

Adamantios Diamantopoulos

Department of Marketing and International Business

Faculty of Business, Economics and Statistics, University of Vienna

Oskar-Morgenstern-Platz 1, 1090 Vienna, Austria

tel: +43 (1) 4277 38031, fax: + 43 (1) 4277 838031

e-mail: adamantios.diamantopoulos@univie.ac.at

Author Accepted Manuscript

WEB APPENDIX

Justification of country selection

India has two unique characteristics, giving it an edge over other emerging economies in the context of this particular study. First, with two-thirds of its 1.3 billion population in the working age group, India has a very strong demographic profile. Per capita GDP recently crossed $2,000, a level which is generally regarded as a threshold where consumption of discretionary items tends to accelerate (Khemka 2019). Because of its growing middle- and upper-income classes, large investors – representing both global and local brands – have been attracted to the Indian market (Khemka 2019). Second, India is a long-established and well-functioning democracy, an environment which facilitates domestic and foreign investments. It is also one of the world's fastest-growing major markets with an average gross domestic product (GDP) growth rate of more than 7% since 2010 (The Worldbank 2019b). Currently, it is the third-largest economy worldwide in terms of GDP (adjusting for purchasing power parity) and the largest emerging market after China (International Monetary Fund 2017). Imports of goods and services accounted for approximately 21.1% of the country's GDP in 2019, reflecting a growth of 47.5% compared to 2000 (The Worldbank 2019a). Ernst and Young (2013, p. 5) predict that "India will become the powerhouse of middle-class consumerism over the next two decades" even superseding China. Similarly, Cavusgil et al. (2018) note that due to the substantial growth of the Indian middleclass with a high disposable income, India offers vast opportunities for Western companies. Thus, the Indian context offers an attractive emerging market setting for investigating consumer preferences for global and local products. Indeed, India has been often used in previous studies as a prototypical emerging market country (e.g., Chacar and Vissa 2005; Elango and Pattnaik 2007; Guo 2013; Khanna and Palepu 2000; Khanna and Rivkin 2001; Sharma 2011).

Author Accepted Manuscript

Austria offers a contrasting setting to India and has been used in prior research as a

prototypical developed country (e.g., Paramati, Alam, and Apergis 2017; Sichtmann and

Diamantopoulos 2013). Being one of the fourteen richest countries in the world in terms of

GDP per capita, Austria's average GDP growth rate since 2010 is 1.42% placing it at the

bottom end of the scale of global GDP growth (The Worldbank 2019b). Some 52.2% of the

country's GDP is made up of import goods and services in 2019 (24.3% growth since 2000)

The Worldbank 2019a). Austria ranks among the top 10 most globalized countries in the

world according to the KOF index of globalization (Gygli et al. 2019), which considers

economic, social and political aspects of globalization. Austrian consumers can choose

between a wide variety of globally and locally branded products in most product categories

thus making Austria also an attractive developed market setting for purposes of the current

study.

An overview of country comparisons across relevant study criteria is provided in Table

W1 below.

Table W1. Country institutional differences between Austria, India and other illustrative emerging and developed economies

Institutional Element	Metric	Selected countries		Other emerging economies			Other developed economies		
		Austria	India	Brazil	Philippines	South Africa	USA	Japan	UK
Political institutions									
(i) Corruption in government	Perceived levels of public sector corruption (0-49: more corrupt, 50-100=less corrupt)[a]	77	41	35	34	44	69	73	77
	Emerging and developed economies mean scores				37.67			73	
(ii) Expropriation risks	Risk of outright confiscation or forced nationalization (1=low, 7=high)[b]	1	3	3	3	4	1	1	1
	Emerging and developed economies mean scores				3.33			1	
Legal institutions									
(iii) Rule of law	Assessment of the law and order tradition (ranging from 0 to 1, with 1 indicating the strongest adherence to the rule of law)[c]	0.82	0.51	0.52	0.47	0.59	0.72	0.78	0.79
	Emerging and developed economies mean scores				0.53			0.76	
(iv) Judicial efficiency	Efficiency and integrity of the legal environment (ranging from 0 to 100, with 100 indicating the strongest efficiency of the legal environment)[d]	81.8	44.4	49.7	37.1	59.7	75.1	73.8	93.0
	Emerging and developed economies mean scores				48.83			80.63	
Product and factor market institutions									
(i) Global competitiveness	The set of institutions, policies and factors that determine the level of productivity (ranging from 0 to 100, with higher values indicating stronger national competitiveness)[e]	76.3	62.0	59.5	62.1	60.8	85.6	82.5	82.0
	Emerging and developed economies mean scores				60.8			83.37	
(ii) Strength of international property rights	Extent to which the physical property rights and intellectual property rights are adequately protected in the country (higher values indicate stronger property rights regime)[f]	8.089	5.820	5.564	5.309	6.071	8.202	8.323	8.044
	Emerging and developed economies mean scores				5.648			8.190	
(iii) Innovation capability	The extent to which the environment encourages collaboration, creativity and the capacity to turn ideas into new goods and services (ranging from 0 to 100, with higher values indicating stronger innovation capability)[e]	74.3	53.8	47.8	37.2	44.3	86.5	79.3	79.2
	Emerging and developed economies mean scores				43.1			81.67	
(iv) Capital market development	Country credit rating (higher values indicate higher credit rating)[g]	96	57	42	61	48	98	77	92
	Emerging and developed economies mean scores				50.33			89	
(v) Labor freedom	The legal and regulatory framework of labor market, including regulations concerning minimum wages, laws inhibiting layoffs, severance requirements, and measurable regulatory restraints on hiring and hours worked (ranging from 0 to 100, with higher values indicating more labor freedom)[h]	68.3	41.2	49.5	57.4	58.8	87.9	78.7	73.1
	Emerging and developed economies mean scores				55.23			79.9	

Sources: [a] Transparecy International (2019); [b] Credendo Group (2019); [c] World Justice Project (2020); [d] The Heritage Foundation 2017; [e] World Economic Forum (2018); [f] Property Rights Alliance (2019); [g] Trading Economics (2020); [h] The Heritage Foundation (2020)

Figure W2. Product attributes and attribute levels

Product category	Product type	Attribute 1	Attribute 2	Price in €/Rupee
Tea package size: 20 cups of tea		**flavor**	**dosage form**	
	global	black	bags	1.99/60.00
	local	herbal	loose	2.75/155.00
		fruit	capsules	3.49/250.00
Coffee package size: 10 cups of coffee		**flavor**	**dosage form**	
	global	espresso	beans	1.00/60.00
	local	full-bodied	powder	2.10/190.00
		mild	capsules	3.20/320.00
Laundry detergent 32 washloads		**effect**	**dosage form**	
	global	white	powder	6.95/70.00
	local	color	liquid	9.95/120.00
		mild	capsules	12.95/170.00
Washing machine		**energy efficiency**	**loading capacity**	
	global	A+++	4 kg	250.00/8,000.00
	local	A+	6 kg	575.00/23,000.00
		B	8 kg	900.00/38,000.00
Refrigerator		**energy efficiency**	**size**	
	global	A+++	120 liters	200.00/8,500.00
	local	A+	250 liters	650.00/25,250.00
		B	400 liters	1100.00/42,000.00
TV (India)		**type** LED	**size**	
	global		23 inch	---/15,000.00
	local	Plasma	36 inch	---/42,500.00
		LCD	47 inch	---/70,000.00
Beer (Austria) 500 ml beer		**flavor**	**dosage form**	
	global	"Märzbier"	glass bottle	0.49/---
	local	"Pils"	plastic bottle	1.49/---
		"Weizenbier"	can	2.45/---

Figure W3. Example of the conjoint design plan (Austria) for the product category tea

	Product Type		Flavor			Dosage Form			Price in €		
	global	local	black	herbal	fruit	bags	loose	capsules	1.99	2.75	3.49
Product 1	x			x				x	x		
Product 2	x				x	x				x	
Product 3		x	x					x		x	
Product 4		x			x		x		x		
Product 5		x		x		x					x
Product 6	x				x			x			x
Product 7	x		x			x			x		
Product 8	x		x				x				x
Product 9	x			x			x			x	

Table W4. Interaction between country and global or local identity

Model for global identity		Model for local identity	
Constant	0.14	Constant	0.32
	(0.02)		(0.03)
	[0.00]		[0.00]
Country (Austria)	-0.01	Country (Austria)	-0.18
	(0.03)		(0.04)
	[0.84]		[0.00]
Effect size (Standardized coeff.)	-0.03	*Effect size (Standardized coeff.)*	-0.76
Global identity	0.02	Local identity	-0.01
	(0.00)		(0.00)
	[0.00]		[0.12]
Effect size (Standardized coeff.)	0.27	*Effect size (Standardized coeff.)*	-0.08
Country X Global identity	-0.03	Country X Local identity	0.00
	(0.01)		(0.01)
	[0.00]		[0.41]
Effect size (Standardized coeff.)	-0.55	*Effect size (Standardized coeff.)*	0.12

Note: standard errors in parentheses. *p*-values in brackets.

Dependent variable: Importance of global/local product attribute

Table W5. Factorial ANOVA results for price and product type

|	Source	Type III sum of squares	df	Mean square	F-statistic	p-value
Austria	Price	1,030.12	2	515.06	90.84	0.00
	Product type	204.76	1	204.76	36.11	0.00
	Price X Product type	764.73	2	382.36	67.44	0.00
India	Price	86.54	2	43.27	6.72	0.00
	Product type	459.85	1	459.85	71.43	0.00
	Price X Product type	165.75	2	82.87	12.87	0.00

Note: Product type code as global vs. local

Figure W6. Relationship between product type attribute importance and global/local preference
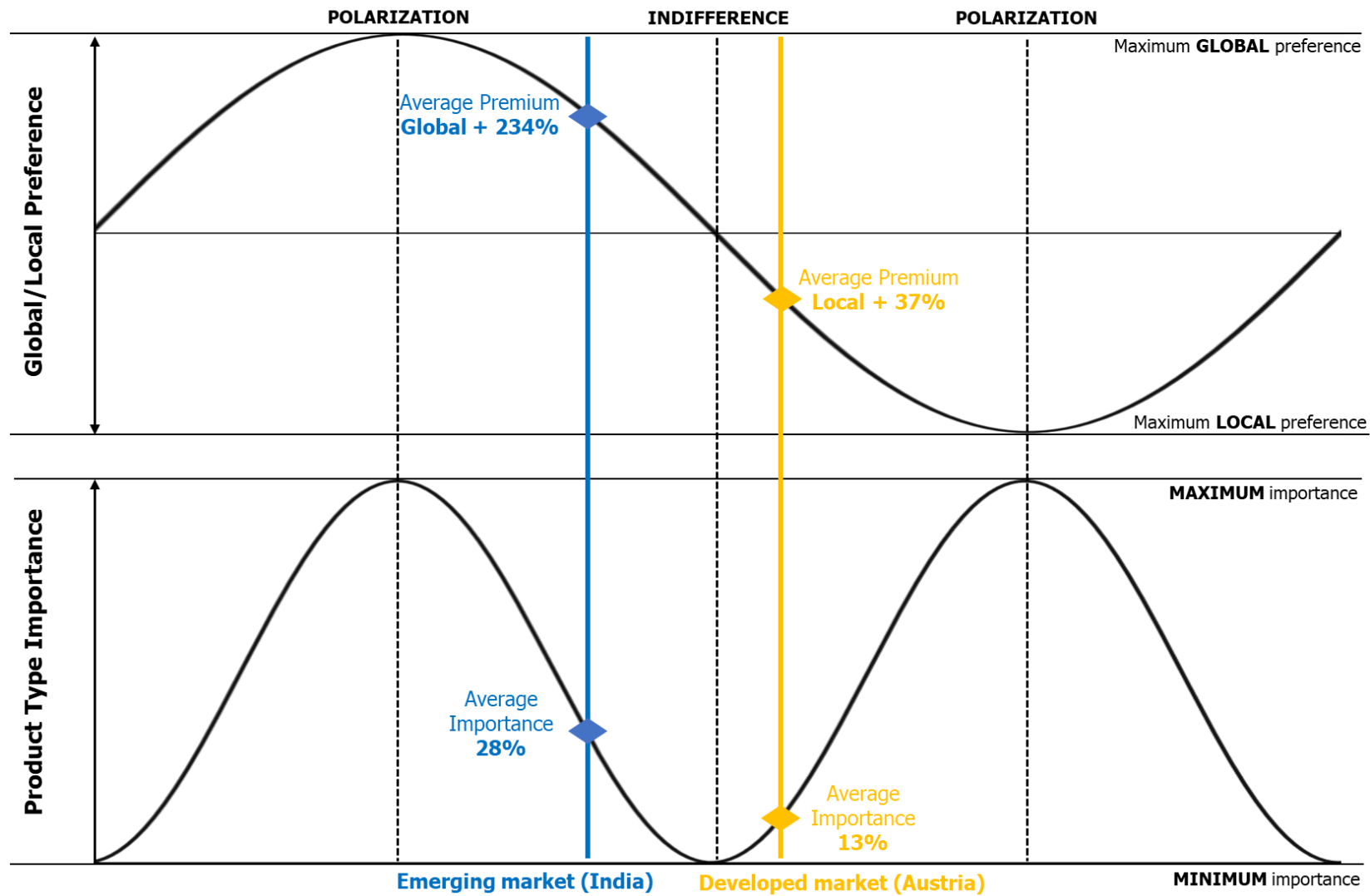
Note: Average estimates of premiums and importances shown on the graph correspond to figures presented in Tables 4 and 6.

Author Accepted Manuscript

REFERENCES

Cavusgil, S. Tamer, Seyda Deligonul, Ilke Kardes, and Erin Cavusgil (2018), "Middle-Class Consumers in Emerging Markets: Conceptualization, Propositions, and Implications for International Marketers," *Journal of International Marketing*, 26 (3), 94–108.

Chacar, Aaya and Balagopal Vissa (2005), "Are Emerging Economies Less Efficient? Performance Persistence and the Impact of Business Group Affiliation," *Strategic Management Journal*, 26 (10), 933–46.

Elango, B. and Chinmay Pattnaik (2007), "Building Capabilities for International Operations through Networks: A Study of Indian Firms," *Journal of International Business Studies*, 38 (4), 541–55.

Ernst and Young (2013), "Hitting the Sweet Spot: The Growth of the Middle Class in Emerging Markets, Ernst & Young Report" (accessed February 28, 2022), https://iems.skolkovo.ru/downloads/documents/SKOLKOVO_IEMS/Research_Reports/SKOLKOVO_IEMS_Research_2013-06-25_en.pdf.

Guo, Xiaoling (2013), "Living in a Global World: Influence of Consumer Global Orientation on Attitudes toward Global Brands from Developed versus Emerging Countries," *Journal of International Marketing*, 21 (1), 1–22.

Gygli, Savina, Florian Haelg, Niklas Potrafke, and Jan-Egbert Sturm (2019), "The KOF Globalisation Index – Revisited," *Review of International Organizations*, 14 (3), 543–74.

International Monetary Fund (2017), "IMF Annual Report 2017" (accessed February 28, 2022) https://www.imf.org/external/pubs/ft/ar/2017/eng/index.htm

Khanna, Tarun and Krishna Palepu (2000), "Is Group Affiliation Profitable in Emerging Markets? An Analysis of Diversified Indian Business Groups," *Journal of Finance*, 55 (2), 867–891.

Khanna, Tarun and Jan W. Rivkin (2001), "Estimating the Performance of Business Groups in Emerging Markets," *Strategic Management Journal,* 22 (1), 45–74.

Khemka, Prashant (2019), "How India Stands Out in Emerging Markets," Whatinvestment (December 5), (accessed February 28, 2022), https://www.whatinvestment.co.uk/how-india-stands-out-in-emerging-markets-2616944/

Paramati, Sudharshan Reddy, Md Samsul Alam, and Nicholas Apergis (2017), "The Role of Stock Markets on Environmental Degradation: A Comparative Study of Developed and Emerging Market Economies Across the Globe," *Emerging Markets Review*, 35 (June), 19–30.

Sharma, Piyush (2011), "Country of Origin Effects in Developed and Emerging Markets: Exploring the Contrasting Roles of Materialism and Value Consciousness," *Journal of International Business Studies*, 42 (2), 285–306.

Sichtmann, Christina and Adamantios Diamantopoulos (2013), "The Impact of Perceived Brand Globalness, Brand Origin Image, and Brand Origin–Extension Fit on Brand Extension Success," *Journal of the Academy of Marketing Science*, 41 (5), 567–85.

The Worldbank (2019a), "1960-2020 – Imports of Goods and Services (% of GDP)," (accessed February 28, 2022), https://data.worldbank.org/indicator/ne.imp.gnfs.zs

The Worldbank (2019b), "1961-2020 – GDP Growth (Annual %)," (accessed February 28, 2022), https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=IN