4.1 The Conceptual Model

A theoretical model of global brand purchase likelihood in the presence of a local brand is developed by taking into consideration constructs from three theories of consumer behavior namely, Consumer Culture Theory, Signaling Theory and Associative Network Memory Model. Perceived Brand Authenticity (PBA) and Perceived Brand Globalness (PBG) are borrowed from Consumer Culture Theory. Perceived Brand Credibility (PBC) is obtained from Signaling Theory and Brand Associations viz. Perceived Brand Quality (PBQ), Perceived Brand Prestige (PBP) and Perceived Brand Relative Price (PBRP) are derived from Associative Network Memory Model.

According to Ozsomer (2012), perceived brand globalness might influence local iconness, whereas Holt (2003) and Ger (1999) suggest that iconness of a brand can also get influenced by the perceived authenticity of a brand. Hence perceived brand globalness and perceived brand authenticity are conceptualized as drivers of local iconness. According to Consumer Culture Theory, consumers would perceive authentic brands as credible cultural resources which would be used by them to enact their desired identities (Arnould & Thompson, 2005). Local iconness is therefore expected to influence perceptions of brand credibility. Further, Signaling Theory suggests that perceptions of credibility influence brand associations (Erdem & Swait, 1998). Thus brand credibility is expected to influence brand associations viz. perceived brand quality, perceived brand prestige and perceived brand relative price.
According to Associative Network Memory Model, strong, favorable and unique brand associations would drive the brand equity. In terms of cross effects, Ozsomer (2012), posits that superior associations of local brand might influence the purchase of global brands. These cross effects are hence incorporated in the theoretical model.

The conceptual model is illustrated in Figure 1.
Figure 1: A Model of the Interplay between Global and Local Brands
4.2 Hypotheses Development

According to Grayson & Martinec (2004), authenticity perceptions get incorporated into market offerings when they appear factual and reflect time and space links to the history or a particular location. Ozsomer (2012) notes that these acquired perceptions of authenticity are relevant for building iconic value for the brands. As observed by Holt (2003), firms emphasizing their authenticity were often rewarded with iconic status in their respective cultures. Ger (1999), suggests that local brands can better make use of local resources to deliver unique benefits with reference to their local culture. This strategy might assist them to out-localize the global brands from their local markets. Similarly global brands such as Coca-Cola, Harley Davidson etc. have demonstrated their iconic value by portraying authenticity in their marketing programs over the years (Holt, 2003). This leads us to hypothesize that the relationship between brand authenticity and iconness will be positive for both global and local set of brands.

\textbf{H1(a)} Perceived brand authenticity of a global brand positively influences local iconness of global brand.

\textbf{H1(b)} Perceived brand authenticity of a local brand positively influences local iconness of local brand.

Ozsomer (2012), proposed that perception of local brand being available in foreign markets strengthens the image of the local brand among the consumers belonging to emerging markets. The local brand being seen as doing well abroad adds to the pride and respect among the consumers in emerging markets. While the perception of brand being available in foreign markets connotes unfavorable response among consumers of developed countries as they fear loss of commitment in home markets. In contrast, emerging markets consumers strive for
resemblance to the members of developed countries. Hence it is expected that brands perceived as global from foreign markets are also expected to have favorable association among consumers of emerging markets contributing to building its iconic value.

**H2(a)**  *Perceived brand globalness of the global brand positively affects local iconness of the global brand.*

**H2(b)**  *Perceived brand globalness of the local brand positively affects local iconness of the local brand.*

Signaling theory, based on information economics, posits that when imperfect and asymmetric information characterizes a market, firms may use signals to convey information about their characteristics (Erdem & Swait, 1998). Considering iconic brands represent originality and uniqueness both with reference to their home and away markets (Holt, 2003), they come to represent distinct product positions. Further, brands, considered as icons of their culture signal credibility because of their unique perceptions built through authenticity. According to Arnould & Thompson (2005), consumers would perceive authentic brands as credible cultural resources that will help them realize their distinctive and authentic selves in everyday life. With asymmetric and imperfect information local iconness would signal credibility perceptions owing to its local/global cultural capital, symbolism and heritage (Ozsomer, 2012). This helps to hypothesize a positive relation between brand iconness and brand credibility.

**H3(a)**  *Local iconness of a global brand positively influences the perceived brand credibility of a global brand*
**H3(b)** Local iconness of a local brand positively influences the perceived brand credibility of a local brand

Brand credibility effect on perceived quality has been found to be robust across product categories that vary in attribute uncertainty, information acquisition cost and perceived risk of consumption (Erdem & Swait, 2004). From the prior findings it is expected that credible brands build superior quality perceptions by creating favorable brand perceptions. Further, brands with high authenticity perceptions are found to be purchased by consumers because of their status enhancing functions (Holt, 2002). Hence, the extent to which brands are credible in terms of their authenticity might enhance the consumer expectations of social approval and identifiability with status enhancing effects of the brand (Ozsomer & Altaras, 2008). Lastly, Erdem, Swait & Valenzuela (2006), found that respondents attributed higher relative price for brands considered more credible by them. Thus, it is expected that perceptions of brand credibility linked with iconic value of the brand might influence consumers to perceive price premiums.

**H4(a)** Perceived brand credibility of a global brand positively effects brand associations of i) perceived brand quality, ii) perceived brand prestige and iii) perceived brand relative price of a global brand.

**H4(b)** Perceived brand credibility of a local brand positively effects brand associations of i) perceived brand quality, ii) perceived brand prestige and iii) perceived brand relative price of a local brand.

Local iconness of a brand significantly affects the credibility perceptions and purchase intentions of a brand owing to their superior knowledge of local culture (Ozsomer & Altaras, 2008; Steenkamp, Batra & Alden, 2003). Further Ozsomer & Altaras (2008), conceptualized that
brand credibility might influence purchase intentions through brand associations. Therefore brand credibility is hypothesized to play a mediating role between brand iconness and brand associations. 

**H5(a)** Perceived brand credibility mediates the relationship between local iconness and brand associations of i) perceived brand quality, ii) perceived brand prestige and iii) perceived brand relative price for a global brand.

**H5(b)** Perceived brand credibility mediates the relationship between local iconness and brand associations of i) perceived brand quality, ii) perceived brand prestige and iii) perceived brand relative price for a local brand.

Associative network model posits brands in a category are related to one another, irrespective of whether they are considered as global or local. This is because they satisfy the same common basic need and there cognitive schemas share an evaluative domain (Fiske & Pavelchak, 1986). This implies retrieving associations related to local brand would also facilitate retrieval of associations with respect to global brand in the same product category (Myers-Levy & Tybout, 1989). Further, considering the literature on competitive positioning (Carpenter & Nakamoto, 1989), perceptions of brands are affected by the perceptions of their competitors, and therefore global and local brand associations would be correlated. Thus, superior associations of a local brand would exert an opposite effect on purchase likelihood of the global brand. These cross effects are hence hypothesized for examining the effects of superior local brand associations on global brand purchase likelihood.

**H6(a)** Perceived brand quality of a local brand is negatively correlated with the purchase likelihood of the global brand.
**H6(b)** Perceived brand prestige of a local brand is negatively correlated with the purchase likelihood of the global brand.

**H6(c)** Perceived brand higher relative price of a local brand is negatively correlated with the purchase likelihood of the global brand.

According to Riefler (2012), consumer cosmopolitanism is one personality variable which influences the consumer evaluation of brands coming from foreign markets. Cosmopolitan consumers look for authentic experiences and hence would search for originality and diversity in the product offerings. Since authenticity is proposed as one of the drivers for iconic brands, it would be worthwhile to investigate the possible moderating role consumer cosmopolitanism influencing the relationship between perceived brand authenticity and local iconness.

**H7(a)** Consumer Cosmopolitanism moderates the relationship between perceived brand authenticity and local iconness for a global brand.

**H7(b)** Consumer Cosmopolitanism moderates the relationship between perceived brand authenticity and local iconness for a local brand.

The relationship between global and local brands is moderated by the product category (Steenkamp, Batra & Alden, 2003; Ozsomer, 2012). Global brands connote status, modernity, cosmopolitanism, sophistication and technology, whereas local brands are associated with local cultural values. Hence, local symbolism would be easy to establish and might be more valued for product categories having high cultural embeddedness like food and drinks. Local brands benefit from their superior understanding of local culture to effectively cater to the needs and desires of local consumers. This builds superior quality perceptions for culturally embedded product categories like food and drinks, for which the offering is in line with the local expectations and
standards of quality. Literature on standardization also provides evidence for low occurrence of standard marketing programs for food categories as compared to non-food categories (Ozsomer, Bodur & Cavusgil., 1991). Therefore the type of product category is hypothesized to moderate the relationship between brand iconness and perceived brand quality for both global and local brands.

**H8(a)** The effect of global brand’s local iconness on perceived brand quality is higher in food categories than non-food categories

**H8(b)** The effect of local brand’s iconness on perceived brand quality is higher in food categories than non-food categories