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The compensatory influences of country stereotypes and the global/local nature of brands: An extended framework

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ABSTRACT

International marketing literature indicates that both the global and/or local nature of a brand and the image of the brand's origin influence consumer attitudes. However, only limited research has examined these influences in combination. This paper contributes to this research direction by investigating the *independent* as well as the *interactive* effects of globalness/localness perceptions and country stereotypes. Results from two studies conducted in different countries and across multiple product categories suggest that stereotypical country judgments may substitute or complement brand globalness and localness perceptions. These results are obtained after controlling for the effects of important brand-, product-, and consumer-specific characteristics, representing a stricter nomological network in relation to extant studies. The findings partially confirm the existence of a compensatory mechanism between *(a)* brand globalness and country warmth, and *(b)* brand localness and country competence, leading to new implications regarding brand positioning strategies under different conditions.

1. Introduction

In today's globalized marketplace, brands with a market presence that spans across multiple cultures and borders are widely available in most product categories next to local players. Regardless of the number of countries a brand is actually present in, consumers' *perceptions* of the brand's degree of globalness and localness create brand value in different ways and, ultimately, impact consumer attitudes and behavior (Özsomer, 2012; Steenkamp, Batra, & Alden, 2003; Swoboda, Pennemann, & Taube, 2012). There are indeed several studies investigating the effects of perceived brand globalness (PBG) and perceived brand localness (PBL), particularly in the context of consumer culture positioning (e.g., Mandler, Bartsch, & Han, 2020; Sichtmann, Davvetas, & Diamantopoulos, 2019; Zhang & Khare, 2009). In addition, the perceived image of the brand's country of origin (COO) also exerts an important influence on brand preferences (Herz & Diamantopoulos, 2013). Along these lines, there is currently a growing body of research capturing country perceptions based on the warmth and competence dimensions of the Stereotype Content Model (SCM) (Halkias & Diamantopoulos, 2020).

Although researchers have worked extensively within each of the areas described above, there is surprisingly little research bringing these fundamental research streams together and juxtaposing COO effects with PBG/PBL influences. While some studies show that the COO is an important determinant of brand evaluations (Sichtmann & Diamantopoulos, 2013; Wilcox, 2015), others suggest that the COO effect has lost its importance due to multinational production activities and the use of different global/local branding strategies followed by marketers (Samiee, 2010; Usunier, 2006). Recent studies have provided some preliminary insights regarding the simultaneous effects of brand globalness/localness and COO stereotypes (e.g., Halkias, Davvetas, & Diamantopoulos, 2016). However, the empirical focus of these studies has been on the unique, *independent* contribution of these predictors, while potential *interactive* effects have only been approached in an exploratory fashion. The present paper contributes to this direction by providing a theory-driven investigation of the interplay between brand- and country-related factors that may reveal novel insights and challenge the way we think about brand globalness/localness and COO influences. Not examining such interactive relationships inevitably paints only a partial picture of the actual relevance of these factors and does not allow managers to optimize their marketing strategies by substituting or complementing weak or unfavorably perceived brand aspects.

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Our findings contribute to the international marketing literature in several ways. First, we provide additional evidence about the applicability of the SCM in capturing COO effects but, most importantly, we respond to recent calls emphasizing the need to investigate the interactive influences of COO perceptions with other extrinsic brand cues (Halkias et al., 2016; Wilcox, 2015). To the best of our knowledge, this is the first empirical study that formally hypothesizes and tests for interactive influences between COO stereotypes and PBG/PBL. In doing so, we shed light on how the COO stereotype dimensions of competence and warmth may complement or substitute the global and local nature of brands, and propose a novel underlying compensatory mechanism. Second, extending recent empirical studies, we take into account several important factors pertaining to the brand (*brand familiarity*), the product category (*hedonic/utilitarian motivation*), and consumers' individual characteristics (*ethnocentrism*). Thus, in contrast to extant research (Halkias et al., 2016), our empirical set-up utilizes a more comprehensive nomological network that tests the hypothesized relationships above and beyond the influence of important confounding factors. Finally, we examine the potential effects in two different county contexts, namely Austria and the US, enhancing the external validity and allowing us to assess the predictive strength of our model both within and across countries. Overall, our findings contribute to theory and practice by offering novel insights about the compensatory function between brand-related and country-related factors, implying that potentially negative connotations of the former (e.g., high PBG) can be offset by positively perceived judgments of the latter (e.g., COO warmth).

2. Conceptual model and hypotheses

2.1. Theoretical background

Consumer Culture Positioning theory has repeatedly identified PBG and PBL as important factors influencing consumers' responses to products and brands (e.g., Steenkamp et al., 2003). Brand globalness/localness effects are grounded in signaling theory (Davvetas & Diamantopoulos, 2016; Zhang & Khare, 2009), suggesting that each of these two notions functions as an inferential proxy that activates discrete and meaningful product qualities in consumers' minds. For instance, research evidence indicates that brand globalness is primarily associated with increased functionality and performance (Steenkamp et al., 2003), whereas perceptions of brand localness mainly trigger beliefs of authenticity and originality (Nijssen & Douglas, 2011).

Stereotype theory has been employed by researchers to investigate COO influences (e.g., Maheswaran, 1994; Samiee, 1994). Particularly, in an attempt to overcome the problems generated by the fragmented theoretical approaches and the lack of common conceptual guidance in studying COO effects, scholars are increasingly employing the SCM to understand and predict relevant influences (Diamantopoulos, Florack, Halkias, & Palcu, 2017; Roth & Diamantopoulos, 2009). The SCM was originally introduced by Fiske, Cuddy, Glick and Xu (2002), Fiske, Xu, Cuddy and Glick (1999) to capture social stereotypes in general and is a model that is strongly embedded in social cognition theory (Cuddy, Fiske, & Glick, 2008; Fiske, 2015). As such, it offers a valid approach to operationalize country stereotypes, which is anchored on a strong theoretical tradition (Cuddy et al., 2009). As Fiske (2015, p. 45) recently concluded, "the Stereotype Content Model (SCM) patterns generalize across time (20th century), culture (every populated continent), level of analysis (targets from individuals to subtypes to groups to nations), and measures (from neural to self-report to societal indicators)". Likewise, Kervyn, Yzerbyt, Demoulin, and Judd (2008, p. 1176–1177) emphasize that "within a given population, there is wide agreement on how social groups in general and nations in particular are perceived" and that "this consensus holds for the evaluations on the two fundamental dimensions". Finally, Cuddy et al. (2008, p. 64) state that "although often under the guise of different labels […], the warmth and competence dimensions also describe national stereotypes".

The present study blends Consumer Culture Positioning theory with research on the SCM in order to examine the effects of two brand-related (perceived globalness/localness) and two COO-related (perceived competence/warmth) factors on brand attitude. In what follows, the research hypotheses that lead to the study's conceptual model are developed.

2.2. Perceived brand globalness/localness and brand attitude

Brand globalness is commonly conceptualized and operationalized as consumers' subjective perceptions of a brand's worldwide availability, awareness, acceptance, and demand, regardless of the factual number of countries the brand is sold in and whether the brand is of domestic or of foreign origin (Steenkamp et al., 2003). PBG is therefore a function of a brand's positioning strategy. Besides offering the brand under the same name and with a consistent positioning, personality, look, and feel in its international markets, a firm can reinforce consumers' perceptions of brand globalness by embedding elements of global consumer culture in the brand's communications (Alden, Steenkamp, & Batra, 1999; Özsomer, Batra, Chattopadhyay, & ter Hofstede, 2012). More specifically, such global consumer culture positioning can be achieved by linking the brand to universal concepts and ideas, portraying values and norms that transcend geographical boundaries, and by appealing to the cosmopolitan allure of globalization (De Meulenaer, Dens, & De Pelsmacker, 2015). Brands that are perceived as global generally benefit from associations with quality, prestige, esteem, credibility, excitement, and modernity (Johansson & Ronkainen, 2005; Özsomer, 2012; Steenkamp et al., 2003; Swoboda et al., 2012). They also tend to be higher in aspirational value because their consumption signals a cosmopolitan identity and provides a sense of belonging to the global marketplace (Alden, Steenkamp, & Batra, 2006; Dimofte, Johansson, & Ronkainen, 2008; Strizhakova & Coulter, 2014; Xie, Batra, & Peng, 2015). Further, consumers are typically willing to pay higher prices for global than for local brands, regardless of the actual quality embedded in the brand (Davvetas, Sichtmann, & Diamantopoulos, 2015). Finally, recent empirical evidence suggests that products assigned to the superordinate mental category of "global brands" by consumers are perceived to possess superior capabilities, which in turn enhances brand passion, that is, arousal and emotional attraction toward the brand (Batra, Ahuvia, & Bagozzi, 2012; Davvetas & Halkias, 2019).

Brand localness, on the other hand, refers to the degree to which a brand is "being recognized as a local player and a symbol or icon of the local culture" (Swoboda et al., 2012, p. 72). Domestic as well as foreign brands can implement a local consumer culture positioning strategy by connecting the brand to local cultural practices and norms, by stressing the brand's contribution to the local economy and community, and by portraying the brand as a typical consumption choice of locals (Alden et al., 1999). Local brands are generally appreciated for adapting to local tastes and can better satisfy consumers' need for authenticity and originality (Nijssen & Douglas, 2011; Özsomer, 2012). They may also address consumers' desire to preserve the cultural distinctiveness of their local countries by resisting against the cultural homogenization brought about by the forces of globalization (Steenkamp & De Jong, 2010). Moreover, brands perceived as local are sometimes regarded as "defenders" of local economies by supporting local economic structures and decreasing local unemployment (Van Ittersum & Wong, 2010). Finally, local brands are considered to be well-intentioned and generate brand intimacy, referring to the feeling that the brand listens, comprehends and cares for the consumer (Davvetas & Halkias, 2019).

The two notions (i.e., brand globalness and localness) may well coexist, rather than being incompatible and mutually exclusive opposites. As stated by Halkias et al. (2016, p. 3623) "brands may carry both globalness and localness perceptions either by combining global availability with domestic origin […] or by somehow adapting to the local market despite being global". Both brand attributes appear to be

positively related to consumer responses, although for different reasons. Thus, two independent, additive effects are hypothesized.

***H1a*:** Brand globalness has a positive effect on purchase intentions through increased brand attitude.

***H1b*:** Brand localness has a positive effect on purchase intentions through increased brand attitude.

2.3. Country stereotypes and brand attitude

Consumers tend to base their judgments on stereotypes, which are oversimplified beliefs about a social group's characteristics that are largely shared within a specific population (Greenwald & Banaji, 1995). Research has shown that consumers' intuitively transfer their beliefs about country stereotypes to brands and products originating from these countries (Diamantopoulos et al., 2017) and that stereotypical beliefs are generally good predictors of affective and behavioral reactions (Cuddy et al., 2008). According to the SCM (Fiske et al., 1999, 2002), there are two fundamental orthogonal stereotypical dimensions, namely competence and warmth, on the basis of which individuals tend to organize their beliefs about every social group, including nations and countries (Cuddy et al., 2009; Kervyn et al., 2008). Competence corresponds to characteristics such as capability, efficiency, and intelligence. Warmth, on the other hand, captures notions of friendliness, kindness, and good-naturedness. The SCM is strongly embedded in social cognition theory (Cuddy et al., 2008; Fiske, 2015). Although different labels have been used in the literature to refer to the two dimensions, there appears to be a general consensus that competence and warmth can universally capture individuals' perceptions of various social targets and that these "Big Two" endure across stimuli, time, and place (Fiske, 2018; Halkias & Diamantopoulos, 2020).

In the context of international marketing, the applicability of the SCM to operationalize COO perceptions has been repeatedly acknowledged in both survey-based (Diamantopoulos et al., 2017; Halkias & Diamantopoulos, 2020; Maher & Carter, 2011) and experimental studies (Chen, Mathur, & Maheswaran, 2014; Magnusson, Westjohn, & Sirianni, 2019). The dimension of warmth has been argued to be less relevant than competence for purchase decisions, as the latter is highly diagnostic and readily associated with perceptions of manufacturing prowess and high performance (Chen et al., 2014; Halkias et al., 2016). Although recent research suggests that warmth can also be influential (Halkias & Diamantopoulos, 2020) and can even become central under certain decision-making circumstances, such as spontaneous product choices (Diamantopoulos et al., 2017), the normative recommendation seems to be that, in general, the direct impact of COO competence on consumers' product attitude formation is stronger than that of warmth (Maher & Carter, 2011). Therefore, while both dimensions may play a meaningful role, we expect that, other things being equal, competence-based positive effects on consumer responses will be more pronounced. The proposed relative dominance of COO competence over warmth is investigated in the following hypothesis.

***H2*:** The effect of COO competence on purchase intentions through brand attitude is stronger than that of COO warmth.

2.4. The interplay of brand globalness/localness and country stereotypes

Tentative exploratory evidence suggests that consumers' stereotypical beliefs about a brand's origin may interact with the subjective international presence of the brand in determining product evaluations and buying decisions (Halkias et al., 2016). These results hint at the possibility that COO stereotypes and brand globalness/localness perceptions might substitute or complement one another to some degree.

Although we expect the overall effect of brand globalness on consumer responses to be positive (*H1a*), strong perceptions of a brand as being available and desired worldwide may still carry some negative connotations in addition to positive ones. For example, despite generally being associated with increased quality, highly globalized brands might also be viewed as too standardized, overly profit-seeking, aggressive, antagonistic, and as engaging in hegemonic or unfair market practices that threaten the local economy (Davvetas & Halkias, 2019). In this vein, some researchers, particularly advocates of the homogenization thesis, have been portraying global brands as "Trojan horses through which transnational corporations colonize local cultures" (Thompson & Arsel, 2004, p. 631). Empirical findings confirm that the effects associated with brand globalness are not exclusively positive and that, for example, strong perceptions of standardization across markets may offset the potential gains arising from other facets of brand globalness, because consumers may blame these brands for the ongoing cultural homogenization and associate them with a lack of authenticity (Mandler, 2019). Furthermore, global brands are generally judged as less well-intentioned than local brands, which ultimately influences both positive *and* negative consumer affect (Davvetas & Halkias, 2019). Thus, a brand communication strategy relying heavily and exclusively on cues that signal a global consumer culture positioning to the market may be a double-edged sword.

The SCM dimension of warmth captures the extent to which a country is believed to have positive intentions towards others, which is best described by the attributes *friendly*, *kind*, *likeable*, and *nice* (Halkias & Diamantopoulos, 2020). Individuals perceiving countries to be warm automatically transfer such perceptions to brands and products originating from these countries (Herz & Diamantopoulos, 2013), resulting in biased consumer expectations and behavioral responses (Chattalas, 2015). When an origin country is perceived as warm and well-intentioned, consumers are more likely to trust its products to be harmless and therefore more likely to buy them (Xu, Leung, & Yan, 2013). As Fiske, Cuddy, Glick, and Xu (2002) point out, warmth but not competent out-groups often receive sympathy. Consequently, when a COO is characterized by judgments of warmth, consumers may selectively seek and process information in a way that lessens the impact of the negative perceptions associated with the brand's attributes. Recent empirical findings support that perceived COO warmth influences attitudes toward products directly as well as indirectly by diminishing non-desirable attributions (Barbarossa, De Pelsmacker, & Moons, 2018).

Taken together, we posit that global brands originating from countries perceived as very warm can generally benefit from this ascribed COO stereotype. Importantly, strong associations of warmth with a brand's COO may be able to alleviate or counterbalance potentially negative connotations of the brand's globalness, such as "overstandardization" and a lack of adaptation to the local market. In other words, we expect that increased levels of COO warmth can compensate for the unfavorable aspects of brand globalness and put it into a more positive light, thereby reinforcing the overall effect of brand globalness on consumers' attitudes. Furthermore, when the favorable attributes of a global brand (e.g., high quality, prestigious, successful) are already signalled by the brand's high degree of perceived globalness, consumers may be implicitly driven to identify further cues for forming their attitude towards the brand. High warmth of a brand's COO offers a basis for doing so, because it signals to consumers that the brand may not be overly antagonistic despite being global.

This compensatory mechanism is not expected for brands from highly competent countries, as globalness and competence converge with regard to their signaling value and can be seen as interchangeable in consumers' mind (Davvetas & Halkias, 2019). While both attributes are positively valued *independently* and are expected to have unique additive effects on consumer responses, they both essentially convey "high performance" and "superior quality". Thus, as one increases, the incremental contribution of the other is attenuated and *vice versa*. Consequently, the interactive effects between PBG and COO competence, although plausible, should be less instrumental in the formation of consumers' preferences.

H3: Brand globalness positively interacts with COO warmth in determining brand attitude.

Focusing on brand *localness* and COO stereotypes, a different scenario is anticipated. Given that judgments of competence are highly diagnostic of a country's ability to manufacture products of superior quality (Maher & Carter, 2011), a brand's symbolic association with the local culture may be of subordinate importance in determining product evaluations if the brand originates from a country stereotyped as competent. For instance, companies with very strong "Made in…" labels (e.g., Germany and the US) and/or companies that operate in product categories characterized by high product ethnicity (e.g., Swiss watches and Scotch whisky), often clearly capitalize on their COO's competence without making a particular investment on building "connectedness" with a given local market. Overall, we postulate that in the presence of high COO competence, PBL becomes less important in driving purchase decisions.

That said, we also expect that in the absence of COO competence, PBL becomes an important attribute in the decision-making process. While low COO competence might not provide credentials for superior performance, consumers are expected to appreciate the brand's efforts to form connections with the local market, preserve the local cultural distinctiveness, and battle the cultural homogenization imposed by the forces of globalization (Steenkamp & De Jong, 2010). At the same time, brands that are strongly connected to the local culture and embedded in local consumption habits are more likely to be treated as in-group members and, therefore, be implicitly given an alibi or be "excused" for their weaknesses (Brewer, 1999; Micevski, Halkias, & Herz, 2019). In short, we anticipate that PBL can compensate for a lack of COO competence, in the sense that the positive effect of brand localness on consumer attitude is accentuated (attenuated) as country competence decreases (increases).

We do not anticipate considerable interactive influences between brand localness and COO warmth, as their signaling values overlap considerably in terms of the notions they evoke. As with PBG and COO competence, PBL and COO warmth signal pretty much the same notion – although through different inferential paths. As Sichtmann et al. (2019, p. 600) note, "locally-embedded brands can also be encoded as symbols of the consumer's in-group and automatically perceived as kind and well-intentioned".

H4: Brand localness negatively interacts with COO competence in determining brand attitude.

2.5. Control variables

Extending prior research, the proposed hypotheses are tested across two countries in a conservative nomological network by controlling for the influence of three constructs that pertain to the brand's, the product category's, and the consumers' characteristics and have been shown to influence product preferences. First, based on previous research indicating that brand familiarity is a determinant of both brand attitude and purchase intentions (Laroche, Kim, & Zhou, 1996), we account for consumers' familiarity with the stimulus brands employed. Second, our model considers whether the corresponding product category predominantly satisfies hedonic or utilitarian consumer needs (Hirschman & Holbrook, 1982). In this context, there is evidence to suggest that perceived country competence has a stronger effect on the evaluation of utilitarian products, while perceived warmth is more influential for the evaluation of hedonic ones (Chattalas, Kramer, & Takada, 2008). Finally, we control for consumers' degree of ethnocentrism (Shimp & Sharma, 1987) to avoid potential confounding with brand globalness and localness influences, given that ethnocentric consumers tend to favor local identification and connectedness, as opposed to globalizing brand strategies (Cleveland, Laroche, & Papadopoulos, 2009; Siamagka & Balabanis, 2015). Overall, our model (Fig. 1) integrates brand- and country-specific predictors with brand-, product-, and consumer-specific covariates.

3. Methodology

3.1. Samples and procedure

We collected data from 249 respondents in Austria (58.6% female, $M_{AGE} = 28.1$, $SD = 9.2$) and 158 respondents in the US (46.8% female, $M_{AGE} = 28.5$, $SD = 6.6$) through online questionnaires. We used a

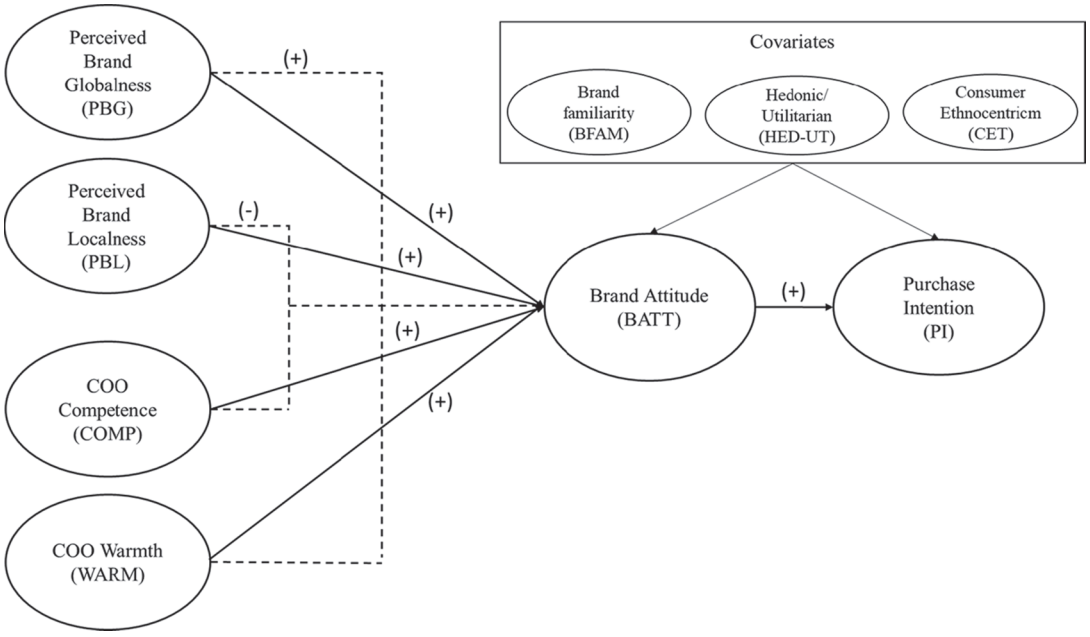

Fig. 1. Conceptual model, *Note:* Dashed lines represent hypothesized interactions between constructs.

convenience sample of the general population in Austria (undergraduate students helped with the data collection in exchange for course credit), while the US sample consisted of MBA students at a large midwestern university. In both the Austrian and the US samples, a vast majority of the respondents had been living in that country since birth (87.6% and 81.6%, respectively). In a between-subjects study, the participants were randomly assigned to one of six conditions which corresponded to a different brand/COO/category. To avoid stimulus specificity and enhance generalizability, our selection of brands included both low and high involvement products from different categories and accounted for diverse brand origins from three continents (*Adidas/Germany/sportswear, Burberry/England/clothing, Colgate/US/toothpaste, Evian/France/water, Huawei/China/smartphones, IKEA/Sweden/furniture*). Unstructured pilot interviews with consumers from different age groups conducted before the actual data collection reflected that the chosen target brands were suitable. This was later confirmed by respondents' adequately high level of familiarity with the brands (Austria: $M_{BFAM} = 5.13$, $SD = 1.92$; US: $M_{BFAM} = 5.47$, $SD = 1.99$).

Consumers completed the questionnaire by answering four groups of questions, plus providing demographic data. First, respondents were asked to rate the brand that they were randomly assigned to in terms of brand familiarity, brand attitude, purchase intentions, and brand globalness and localness. In the next part, respondents were asked to rate the extent to which the focal product category satisfies their utilitarian and/or hedonic needs. Then, respondents answered questions assessing their consumer ethnocentrism tendencies. Finally, respondents indicated their stereotypical associations with the focal brand's COO based on the warmth and competence dimensions of the SCM. We deliberately measured the main dependent variables (i.e., brand attitude and purchase intentions) at the very beginning of the questionnaire to avoid potential priming effects. Also, to avoid complications due to COO misidentification and limited brand origin recognition accuracy (Mandler, Won, & Kim, 2017), respondents did not have to infer, but were explicitly primed with the origin of the stimulus brands.

3.2. Measures

Brand familiarity was assessed on a seven-point *unfamiliar/familiar* scale. We used three-item scales to measure brand globalness (Steenkamp et al., 2003), brand localness (Swoboda et al., 2012), brand attitude (Gürhan-Canli & Maheswaran, 1998), and purchase intentions (Putrevu & Lord, 1994). To capture COO stereotypes, we used a mutually exclusive allocation task where respondents were asked to assign eight attributes to either the target country (i.e., the stimulus brand's origin) or a reference country with a presumably different stereotype content (e.g., Germany/Spain), based on how most people in the local society see these countries. Consistent with relevant studies using the SCM (e.g., Chattalas & Takada, 2013; Diamantopoulos et al., 2017; Halkias et al., 2016; Maher & Carter, 2011), we used the attributes *capable*, *efficient*, *intelligent*, and *competent* to capture the competence dimension and *friendly*, *good-natured*, *kind*, and *warm* for the warmth dimension. We aggregated attribute allocations for each dimension, resulting in an index of competence and warmth ranging from 0 (no attribute allocated) to 4 (all attributes allocated). To measure whether a brand's product category predominantly satisfied hedonic or utilitarian needs, we used two five-item semantic differential scales developed by Voss, Spangenberg and Grohmann (2003). Both the HED ($\alpha_{AT} = 0.88$; $\alpha_{US} = 0.87$) and UT ($\alpha_{AT} = 0.91$; $\alpha_{US} = 0.91$) scales proved to be highly reliable. We combined their scores by subtracting the UT from the HED score to arrive at a relative HED–UT index, where positive (negative) values indicate that the product predominantly satisfies hedonic (utilitarian) needs. Consumer ethnocentrism was assessed with a five-item scale adapted from Shimp and Sharma (1987).

We conducted a confirmatory factor analysis using LISREL 10 to determine the psychometric properties of all multi-item measures. The measurement model's fit was satisfactory both in Austria ($\chi^2 = 239.649$, df = 109, RMSEA = 0.069, GFI = 0.899, CFI = 0.955, SRMR = 0.053) and in the US ($\chi^2 = 174.886$, df = 109, RMSEA = 0.062, GFI = 0.885, CFI = 0.966, SRMR = 0.049). Factor loadings, t-values, Cronbach's alpha (α), composite reliability (CR), and average variance extracted (AVE) all indicated a high level of reliability and convergent validity for the multi-item measures (see Table 1). We checked for discriminant validity by ensuring that the square root of each latent variable's AVE is higher than its correlation with the other latent variables in the model (see Table 2).

3.3. Common method variance (CMV)

Following methodological recommendations (Chang, van Witteloostuijn, & Eden, 2010; Podsakoff, MacKenzie, Lee, & Podsakoff, 2003), participants were assured of the anonymity and confidentiality of their responses, informed that there are no right or wrong answers, and asked to answer as honestly as possible. Furthermore, response formats were varied by using both Likert and semantic differential scales, the predictor and outcome variables were placed in separate sections of the questionnaire, the item order of multi-item constructs was randomized, and the order of SCM attributes was counterbalanced to mitigate carryover effects. In addition to the aforementioned *ex-ante* procedural steps, we performed two different *ex-post* statistical controls, i.e., a Harman's single-factor test and an assessment of partial correlations.

More specifically, we conducted Harman's single factor test using both the traditional exploratory (EFA) and the more recent confirmatory factor analysis (CFA) approach. The unrotated factor solution of an EFA including all items measuring the constructs shown in Fig. 1 not only yielded multiple factors, but it also revealed that one general factor would only account for 20.8% and 22.8% of the variance in Austria and the US, respectively. For the CFA method, we modeled all manifest variables as indicators of a single factor. The model fit turned out to be poor both in Austria ($\chi^2 = 3947.12$, df = 405, RMSEA = 0.187, GFI = 0.374, CFI = 0.261, SRMR = 0.222) and the US ($\chi^2 = 2838.86$, df = 405, RMSEA = 0.195, GFI = 0.406, CFI = 0.270, SRMR = 0.192). Taken together, these findings suggest that CMV is not the major source of variation in the observed items. To further assess CMV influences, we also examined the partial correlations in the model. In line with Lindell and Whitney (2001), and because our questionnaire did not include a predefined marker variable, we used the second-smallest positive correlation between all indicators ($r_{AT} = 0.004$; $r_{US} = 0.005$) as a conservative estimate of CMV. We then computed the adjusted zero-order correlations between the variables by partialling out the CMV proxy from the uncorrected correlations. The differences between the original and CMV-adjusted correlations were negligible, while no significant correlation changed to non-significant. This also corroborates that our results are not materially influenced by CMV.

4. Results

4.1. Structural model

We used structural equation modelling to test *H1a*, *H1b*, and *H2*. Consistent with prior studies (e.g., Steenkamp et al., 2003) as well as the methodology literature (Anderson & Gerbing, 1988), we operationalized multi-item constructs through single composite indicators which we computed by averaging the individual scale items with equal weighting. Following Bandalos (2002), we set these composite indicators' coefficients to 1 and their error variances to $(1 - \alpha) \times \sigma^2$, (where α is the composite reliability and σ^2 the variance of the composite) to arrive at more accurate structural estimates.

The model obtained good fit both in Austria ($\chi^2 = 8.334$, df = 4, p = .080, RMSEA = 0.066, GFI = 0.992, CFI = 0.991, SRMR = 0.017) and the US ($\chi^2 = 7.513$, df = 4, p = .111, RMSEA = 0.075, GFI = 0.989, CFI = 0.989, SRMR = 0.017). In both countries, brand globalness and localness each had a positive effect on brand attitude, which in turn had

Table 1
Psychometric properties of multi-item constructs.

Constructs and items	Austria ($N = 249$)			US ($N = 158$)		
Brand attitude (BATT)	$\alpha = 0.903$	CR = 0.90	AVE = 0.76	$\alpha = 0.889$	CR = 0.89	AVE = 0.73
My opinion about this brand is negative/positive.		0.887*			0.809*	
This is a bad/good brand.		0.814*			0.846*	
I don't/do like this brand.		0.908*			0.911*	
Purchase intentions (PI)	$\alpha = 0.915$	CR = 0.92	AVE = 0.79	$\alpha = 0.906$	CR = 0.91	AVE = 0.77
It is very likely I will buy this brand in the future.		0.927*			0.944*	
I will buy this brand the next time I need a product from this category.		0.817*			0.790*	
I will definitely try this brand.		0.912*			0.897*	
Perceived brand globalness (PBG)	$\alpha = 0.825$	CR = 0.83	AVE = 0.62	$\alpha = 0.756$	CR = 0.76	AVE = 0.51
To me, this brand is local/global.		0.838*			0.672*	
I don't/do think consumers around the world buy this brand.		0.777*			0.778*	
This brand is sold only in [country]/all over the world.		0.739*			0.683*	
Perceived brand localness (PBL)	$\alpha = 0.886$	CR = 0.90	AVE = 0.75	$\alpha = 0.929$	CR = 0.93	AVE = 0.82
I associate this brand with [country].		0.758*			0.887*	
This brand is part of the [country] culture.		0.894*			0.928*	
To me, this brand is a very good symbol of [country].		0.943*			0.898*	
Consumer ethnocentrism (CET)	$\alpha = 0.888$	CR = 0.89	AVE = 0.62	$\alpha = 0.924$	CR = 0.92	AVE = 0.71
[Country] people should not buy foreign products, this hurts domestic business and causes unemployment.		0.816*			0.860*	
It is not right to purchase foreign products, because this puts [country] people out of jobs.		0.841*			0.916*	
A real [country] citizen should always buy domestic products.		0.787*			0.899*	
I always prefer domestic products over foreign ones.		0.680*			0.726*	
We should purchase products manufactured in [country], instead of letting other countries get rich off us.		0.801*			0.800*	

Note: All items were measured on seven-point scales. Column entries are standardized factor loadings. COO warmth, COO competence as well as hedonic/utilitarian motives were operationalized with single indices, while brand familiarity was measured with a single-item scale.
* $p < .001$.

Table 2
Discriminant validity assessment.

Austria/United States											
Construct	**Mean**	**SD**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
BATT	4.88/5.31	1.38/ 1.24	**0.87/0.85**								
PI	3.82/4.72	1.87/ 1.82	0.74**/ 0.68**	**0.89/0.88**							
PBG	5.67/5.82	1.58/ 1.26	–0.06/ 0.37**	0.04/0.36**	**0.79/0.71**						
PBL	1.91/3.48	1.39/ 1.93	0.25**/ 0.36**	0.19**/ 0.42**	–0.56**/ 0.14	**0.87/0.91**					
COMP	2.93/3.36	1.45/ 1.07	0.20**/ 0.27**	0.22**/0.14	0.14*/0.20*	–0.05/0.09	**N/A**				
WARM	1.47/1.75	1.40/ 1.78	0.09/0.24**	0.05/0.15	–0.30**/ –0.01	0.19**/ 0.30**	–0.08/ –0.01	**N/A**			
BFAM	5.13/5.47	1.92/ 1.99	0.48**/ 0.54**	0.52**/ 0.58**	–0.12/ 0.36**	0.23**/ 0.38**	0.11/–0.05	0.11/0.26**	**N/A**		
HED–UT	–1.33/ –0.98	1.42/ 1.55	0.20**/ –0.23**	0.08/ –0.19**	–0.12/0.04	0.13*/ –0.26**	0.11/0.10	–0.13*/ –0.38**	0.01/ –0.30**	**N/A**	
CET	3.11/3.04	1.42/ 1.49	–0.06/0.03	–0.06/–0.02	–0.03/0.01	0.11/–0.03	–0.17**/ 0.05	–0.00/ 0.21**	–0.01/ –0.09	0.03/ 0.12	**0.79/ 0.84**

Note: Bold numbers on the diagonal show the square root of the AVE for latent constructs. Numbers on the off-diagonal represent correlations between constructs.
* $p < .05$.
** $p < .01$.

a strong positive effect on purchase intentions, resulting in significant indirect effects of brand globalness and localness on purchase intentions. This provides support for *H1a* and *H1b*. Regarding the effects of country stereotypes, we found that competence had a positive influence on brand attitude and by extension, on purchase intentions in both countries. In contrast, the effect of country warmth perceptions was generally weaker and non-significant, providing support for *H2*. This underscores the relative dominance of country competence over warmth in shaping consumer responses. Finally, among the three control variables in our model, we found that (1) brand familiarity was a significant determinant of both brand attitude and purchase intentions in Austria and the US; (2) the HED–UT index (indicating whether a product predominantly satisfies hedonic or utilitarian needs) significantly influenced brand attitude, but not purchase intentions in Austria, but had no significant effects in the US; and (3) consumer ethnocentrism did not have a significant effect on brand attitude and purchase intentions in any of the countries. We report all direct and indirect path estimates in Table 3.

In a next step, we conducted a formal test of relative magnitude differences for the significant predictors by comparing the fit of the freely-estimated base model with models incorporating equality constraints between predictors. The results are reported in Table 4. Given that all of the χ^2 differences turned out to be non-significant at the 0.05 level, we concluded that these predictors have relatively similar effects on brand attitude and purchase intentions. That said, we observed that

Table 3
Estimation results.

Path	Austria ($N = 249$)	United States ($N = 158$)
Direct effects		
PBG → BATT	0.226*	0.211*
PBL → BATT	0.288**	0.162*
COMP → BATT	0.128*	0.248***
WARM → BATT	0.093	0.046
BATT → PI	0.750***	0.617***
Indirect effects		
PBG → BATT → PI	0.170*	0.130*
PBL → BATT → PI	0.216**	0.100*
COMP → BATT → PI	0.096*	0.153***
WARM → BATT → PI	0.070	0.029
Controls		
BFAM → BATT	0.436***	0.392***
BFAM → PI	0.164**	0.258**
HED–UT → BATT	0.196**	–0.102
HED–UT → PI	–0.076	0.032
CET → BATT	–0.078	0.059
CET → PI	–0.008	–0.024

Note: Values represent standardized coefficients.
*** $p < .001$.
** $p < .01$.
* $p < .05$.

Table 4
Tests of relative magnitude of predictors.

Equality constraint	Austria ($N = 249$)	United States ($N = 158$)
PBG = COMP	$\Delta\chi^2 = 0.705$, df = 1, p = .40	$\Delta\chi^2 = 0.117$, df = 1, p = .73
PBG = PBL	$\Delta\chi^2 = 1.452$, df = 1, p = .23	$\Delta\chi^2 = 1.324$, df = 1, p = .25
PBL = COMP	$\Delta\chi^2 = 2.654$, df = 1, p = .10	$\Delta\chi^2 = 3.256$, df = 1, p = .07
PBG = PBL = COMP	$\Delta\chi^2 = 3.277$, df = 2, p = .19	$\Delta\chi^2 = 4.354$, df = 2, p = .11

Note: $\Delta\chi^2$ refers to the change in model fit between the base model and the model with the respective equality constraint. Only equality constraints between significant predictors were tested.

at the 0.10 level of significance, COO competence appears to have a stronger effect than brand localness in the US.

4.2. Interaction effects

To test for the presence of interaction effects, we examined all possible interactions between brand-related (i.e., brand globalness and localness) and country-related (i.e., competence and warmth) factors using SPSS PROCESS (Hayes, 2013). All independent variables and covariates were standardized before running the regression analyses. For brand globalness, our findings did not show any significant interactions with the two country stereotype dimensions in Austria ($\beta_{PBG\times WARM} = -0.029$, p = .70; $\beta_{PBG\times COMP} = .065$, p = .36). However, a different picture emerges in the US, where we found a significantly positive interaction between brand globalness and COO warmth ($\beta_{PBG\times WARM} = 0.158$, $p < .05$), indicating that the positive influence of brand globalness on brand attitude is reinforced at higher levels of COO warmth (see Fig. 2). Therefore, *H3* can be considered as partially supported. We probed the interaction effect at all discrete values of the warmth index and found that for moderate and strong warmth judgments (i.e., for WARM index values between 2 and 4), the positive effect of brand globalness on brand attitude was significant, but not for low levels of country warmth (i.e., for WARM index values of 0 and 1). Against our expectations, we also found a significant interaction between brand globalness and COO competence in the US ($\beta_{PBG\times COMP} = .216$, $p < .01$), despite the supposedly converging signaling value of these two concepts.

With regard to brand localness, our findings showed no significant interaction with competence in Austria ($\beta_{PBL\times COMP} = -0.090$, p = .21),

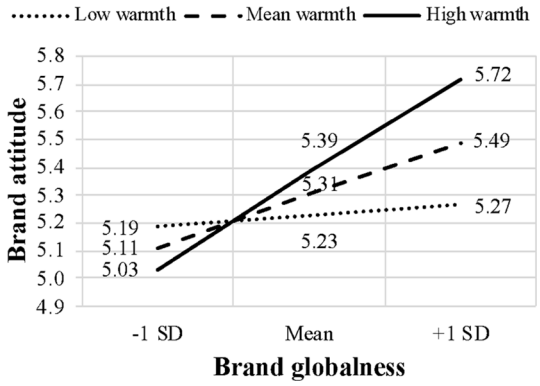

Fig. 2. Interaction between brand globalness and country warmth (US).

but we found evidence for the anticipated interaction effect in the US ($\beta_{PBL\times COMP} = -0.163$, $p < .05$), providing partial support for *H4*. In particular, the positive effect of brand localness increases as judgments of COO competence decrease (see Fig. 3). This interaction is statistically significant for COMP index values between 0 and 3, but becomes non-significant at the maximum level. Finally, in line with our expectations, the influence of brand localness does not significantly change at different levels of COO warmth in Austria ($\beta_{PBL\times WARM} = 0.099$, p = .18) and the US ($\beta_{PBL\times WARM} = 0.075$, p = .39).

5. Discussion

Among the many questions that globalization placed before researchers and managers to explore is the transformation of consumer attitudes in the face of evolving global and local consumption cultures and the forces through which preferences for global, local, and/or hybrid brands are formed (Cleveland & Bartsch, 2019; Steenkamp, 2019; Strizhakova & Coulter, 2019). In this context, it is crucial to understand how the associations consumers hold about the globalness and localness of brands as well as their COO images jointly impact their decision-making processes in the marketplace. Do brands' global/local natures and stereotypical COO associations accentuate or, on the contrary, attenuate each other? We address this question and extend previous research on the joint effects of international branding decisions and brand origin perceptions in a comprehensive empirical setting in Austria and the US. Several noteworthy implications emerge from our findings.

5.1. Theoretical implications

Our findings enrich the extant literature on the role of brand- and country-related factors in shaping consumer responses in several ways. Importantly, our work addresses research calls to examine the

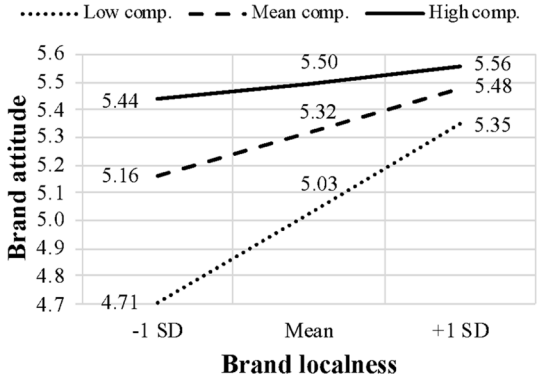

Fig. 3. Interaction between brand localness and country competence (US).

interaction between COO and other extrinsic brand cues (Wilcox, 2015).

The present study shows that global brands are significantly more well-received by consumers when the brand's origin country is stereotyped as friendly, good-natured, kind, and warm (in the US), which resonates with previous exploratory findings (Halkias et al., 2016). A possible explanation for this interaction lies in the ambivalent and multifaceted nature of brand globalness, which can carry both positive and negative connotations that stand in conflict with one another (Mandler, 2019). Strong associations of warmth with a brand's COO, however, may be able to override and counterbalance some of the negative aspects of globalness, resulting in positive overall effects on consumer brand attitude. Although the direct influence of country warmth on brand preference appeared to be negligible in both country samples of our study, the compensatory mechanism we just illustrated implies that warmth can nonetheless become central under certain brand-specific conditions. Our findings parallel those of other recent studies providing support for the relevance of the warmth dimension in consumer research (Davvetas & Halkias, 2019; Diamantopoulos et al., 2017; Halkias & Diamantopoulos, 2020) and contradict prior research that has downplayed it or cast doubt on its relevance (e.g., Chen et al., 2014). Our results from Austria, however, did not indicate any interaction between brand globalness and COO warmth. Given that Austria is a much smaller and almost 37 times less populated than the US, locally adapted domestic brands are not available in many product categories and Austrian consumers are used to buying global foreign brands. Because there is often no other option than buying global brands, Austrians might be more accepting and less "picky" when selecting among various global brands. In other words, because Austrian consumers are more used to buying global brands than Americans, the characteristics they associate with a specific brand's COO might be of lesser importance in forming their evaluations of that brand.

Second, localness appears to become an increasingly valued brand attribute the less a brand's COO is judged as competent (in the US). If a brand is from a very competent country (which is often intuitively associated with craftsmanship and quality), consumers are likely to be attracted to the brand irrespective of its positioning strategy. In contrast, if a brand's origin evokes weak or negative stereotypes, consumers might give the brand some credit for adapting to the local tastes and customs, and view it in a more positive light. To sum up our reasoning concerning the two proposed compensatory mechanisms, we argue that while the country-related factor *complements* the brand-related factor in case of the PBG × WARM interaction by attenuating its unfavorable facets, the brand-related factor *substitutes* the country-related factor (or the lack thereof) in case of the PBL × COMP interaction we just discussed. However, in Austria we found that the positive impact of brand localness is apparently not affected by country stereotypes. This suggests that, in some countries, brands can benefit from strong localness associations regardless of how competent or warm the brand's COO is viewed by consumers. A possible explanation for this finding can be drawn from social identity theory (Tajfel & Turner, 1979) and the notion of in-group favoritism (Fiske & Taylor, 1991). More specifically, research on the consequences of stereotyping suggests that individuals who belong to or are closer to one's in-group tend to be more favorably perceived in relation to other, more distant out-group individuals (Hilton & von Hippel, 1996). By the same token, if a brand manages to portray and convey local embeddedness more strongly than other brands through its positioning, it can be assumed that it will generally be well-received by members of the local society in its own right. This premise is likely to be particularly pronounced among ethnocentric consumer segments. The non-significant interaction effect in Austria (which, however, reflected the same directionality as in the US) might be attributed to cultural differences at a national level. In particular, Austria scores higher on Hofstede (1991) dimension of uncertainty avoidance ($UA_{AT} = 70$; $UA_{US} = 46$), which reflects the extent to which a society deals with situations that are ambiguous or unknown by developing behaviors that aim to avoid these. According to Hofstede (1991), in Austria, security is an important element in individual motivation and decisions are taken after careful analysis of all available information. When striving to minimize the anxiety and risk associated with a product choice, Austrians may think that purchasing products that are globally available and appreciated is generally a safe choice.

Third, against our expectations, we found a non-hypothesized positive interaction between brand globalness and COO competence in the US. We predicted that as brand globalness and COO competence simultaneously increase, their joint influence should weaken as they evoke similar associations ("high performance" and "superior quality"). For instance, if product quality is established on the basis of a highly competent COO, increased levels of PBG should only function as further vindicating what is already known, offering limited additional diagnostic value. The fact that this relationship came out to be significant in the US might be an indication that US consumers place particular emphasis on performance-related aspects. More research is required to empirically establish this proposition.

Fourth, by juxtaposing brand and country perceptions in a structural model, we further add to the ongoing debate in the literature about the relative importance of these predictors in generating positive consumer responses (Samiee, 2011; Usunier & Cestre, 2008). Our findings from Austria and the US confirm that the perceived competence (but not warmth) of a brand's COO exerts a significant influence on brand attitude and purchase intentions, even after the positive effect of brand globalness/localness is explicitly accounted for. Formal tests to assess whether brand globalness/localness or country competence perceptions do play a more essential role showed that the difference in their magnitudes is statistically non-significant at the 0.05 level (i.e., their effects are not different), although COO competence appears to have a stronger effect than brand localness in the US at the 0.10 level. This suggests that future research efforts ought to focus more on empirically investigating the relative predictive strength of each factor and try to identify the conditions under which potential differences are manifested.

Finally, by accounting for the influence of brand familiarity, hedonic/utilitarian product characteristics, and consumer ethnocentrism (i.e., relevant brand-, product-, and consumer-specific confounding factors) to assess the effects of COO stereotypes and brand globalness/localness on consumers' brand preferences, we developed a substantially more robust framework than previous research (Halkias et al., 2016). Since we tested the proposed relationships within a stricter and more conservative nomological network, we were able to show the effects of brand globalness/localness and COO stereotypes on consumer reactions above and beyond the influence of key covariates we extracted from the literature.

5.2. Managerial implications

The path estimates for our model and the formal tests of magnitude differences revealed that brand globalness and localness perceptions both have similar positive effects on brand attitude and purchase intentions. Based on this alone, one might be tempted to simply conclude that positioning a brand in a way that will lead to either strong perceptions of globalness or localness (or even both simultaneously) are equally effective strategies for practitioners to generate brand value. However, our subsequent examination of interaction effects between these brand-related factors and the country stereotype dimensions enable us to derive more differentiated and specific managerial implications from our study.

Importantly, considering that the positive effect of brand localness on brand attitude is stable (irrespective of how competent and warm a brand's COO is perceived as) in Austria and reinforced at lower levels of perceived COO competence in the US, adopting a local consumer culture positioning strategy might be particularly beneficial for brands originating from countries that evoke weak or unfavorable stereotypes. In such cases, the positive signaling value of the brand's localness cue is expected to override possible negative COO effects (in case of strong

unfavorable stereotypes) or to counterbalance the lack of positive COO effects (in case of non-salient stereotypes) and fill this void. The negative interaction we found for brand localness and country competence (in the US) implies that brands from low-competence countries cannot afford to make no true efforts in connecting with the local society. After all, managers cannot change the overall image of a country, but can very well build on a different positioning strategy that fosters perceptions of brand localness. Although it might arguably be easier for domestic brands than for foreign brands to achieve local consumer culture positioning, managers of the latter can still pursue an appropriate strategy by establishing a connection between their brand and local cultural heritage, by highlighting their positive impact on the local economy, by supporting locally relevant causes, and by collaborating with other brands which are perceived as local champions (Alden et al., 1999). Such branding strategies might also emphasize the stereotypical perceptions of *brand* warmth (as opposed to *country* warmth), which has been to shown to positively affect brand passion and intimacy (Davvetas & Halkias, 2019).

Brands that originate from a country typically evoking positive stereotypical beliefs have the option of placing more emphasis on their geographical origin than on globalness/localness cues in their brand communications, in order to build on that favorable country image. This is likely to work particularly well when the COO has a special reputation for the brand's product category, because this allows managers to take advantage of positive product ethnicity effects (Usunier & Cestre, 2007). However, given that we found COO competence to be a significant predictor of brand evaluations in Austria and the US whereas the positive effect of warmth is non-significant in both countries, it appears that solely building on a favorable country image is a more promising strategy for brands whose COO is perceived as predominantly competent and that do not have a clear and distinct positioning as global or local. Brands that are strongly perceived as global and whose origin country is stereotyped as warm, on the other hand, should emphasize their ethnicity and capitalize on their country image in addition to maintaining their global consumer culture positioning strategy. This recommendation can be derived from our finding that the positive effect of brand globalness on brand attitude is reinforced at higher levels of perceived COO warmth (in the US), pointing into the direction that the signaling value of the warmth dimension may be able to compensate for some negative facets or connotations or brand globalness.

6. Limitations and future research

Reflecting on the studies reported in the present paper, we identify a number of areas for future improvement. Although we took a first step in establishing the cross-country robustness of our model by obtaining a comparably good fit in two countries, we acknowledge that our findings cannot be conclusive. First, while our operationalization of country stereotypes conforms with previous work (Halkias et al., 2016) and facilitates the comparison of results, it does not allow us to perform formal cross-country measurement invariance testing. Thus, when collecting data in multiple countries, future studies should consistently employ the warmth and competence scales recently proposed by Halkias and Diamantopoulos (2020). This will allow researchers to apply Steenkamp and Maydeu-Olivares (2021) novel procedure for establishing cross-national measurement invariance while also controlling for potential common method bias. Explicitly focusing on countries with diverse cultures and/or different level of economic development (e.g., emerging vs. developed) can also shed light on how the socio-cultural context affects the relationships investigated in our model.

Second, we acknowledge that the respondents in both our samples were slightly younger and more educated than the general population in the respective countries. Although we thereby address a concern raised by Liu, Schoefer, Fastoso, and Tzemou (2021), who found that only 11% of studies on brand globalness/localness "involve young consumers (i.e., university students) as the research sample" and recommend that "further research needs to involve young consumers" (p. 3), this also entails that our findings cannot be extrapolated to the entire population. In general, less educated as well as older consumers tend to be more ethnocentric (see Shankarmahesh, 2006), which is likely to result in less favorable attitudes towards foreign brands. Future researchers might consider using a quota sampling method based on the approximate population distribution of age, education, and gender.

Finally, we found significant interaction effects in the US, but not in Austria. The fact that some of our findings paralleled our theoretical reasoning while others were contradictory underscores that the relationships among the focal constructs in our model may be more complex. Therefore, the analysis of effect magnitudes and interactions between brand and country perceptions remains a promising avenue for further research. Researchers are encouraged to continue exploring the COO-related conditions under which localness perceptions of a brand are more/less effective than globalness perceptions in building brand equity, while taking into account cultural and economic differences in consumers' home countries. Future research might also consider the role played by *brand* warmth and competence, as there is recent evidence suggesting that brand stereotypes and COO stereotypes are conceptually distinct, have unique influences on consumer responses, and are influenced by perceptions of brand globalness and localness (Davvetas & Halkias, 2019; Kolbl, Arslanagic-Kalajdzic, & Diamantopoulos, 2019).

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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