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THE EFFECTS OF PERCEIVED BRAND GLOBALNESS AND LOCAL ICONNESS ON BRAND PRESTIGE AND PERCEIVED QUALITY: THE ROLE OF CONSUMERS' CULTURAL IDENTITY

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Abstract:

This article reports the results of an investigation of the moderating role of consumers' global identity and local identity on the relationship between perceived brand globalness, local iconness, perceived quality, and brand prestige. The study was conducted on passengers of global and local companies operating in the airline industry in Turkey. The results of multi-group analyses indicated that the effect of perceived brand globalness on brand prestige and perceived quality is stronger for consumers with high global identity than consumers with low global identity. Besides, the effect of local iconness on brand prestige and perceived quality is stronger for consumers with high local identity than consumers with low local identity. Therefore, consumers' cultural identity could be introduced as consumer characteristics to be considered in global segmenting and positioning decisions.

Keywords: Perceived brand globalness, local iconness, perceived quality, brand prestige, global identity, local identity

1. Introduction

In today's competitive global marketplace, local companies and global companies are challenging competitors. In some markets, local companies are successfully competing against global ones (Tu et al., 2012). Turkish aviation market can be a specific example for that. Turkish aviation market has been growing as a direct result of the increasing infrastructure and fleet investments which led to more affordable ticket prices and increased connectivity. The average market growth rate was 14 % for the last decade. Various airline companies which can be categorized as local or domestic and global or foreign operate in the market. There are ten local companies in the market by 2014, e.g. Turkish Airlines, Onur Air, Pegasus, Sun Express. Also, various foreign companies have flights to or from Turkey such as Air Berlin, Lufthansa, Sun Express Deutschland, Condor etc. Local companies consist of 60 % of the total international flights. Turkish Airlines is the market leader with approximately 65 % market share of international flights, followed by Pegasus with a share of 15 %. These market shares provide evidence that local brands succeed in competing against global brands.

This success may be related with the fact that local brands build strong associations with local culture and local identity (Xie et al., 2015). These associations lead to perceptions of pride of representing the local market and identification with local community (Özsomer, 2012). Hence, some local brands are perceived as local icons. Local iconness which is defined as “the degree to which a brand symbolizes the values, needs, and aspirations of the members of the local country” (Özsomer, 2012, p. 73) positively affects consumers’ perceptions of brand prestige and quality (Sichtmann and Diamantopoulos, 2013, Steenkamp et al., 2003). Accordingly, local brands can benefit from local iconness when competing against global brands (Özsomer, 2012). On the contrary, it is well established in the literature that consumers, especially in developing countries, mostly prefer global brands (Ger et al., 1993). This is because consumers perceive global brands as higher quality products (Steenkamp et al., 2003) and believe that consumption of global products display wealth, status (Batra et al., 2000, Marcoux et al., 1997, Ger et al., 1993) and give the feeling of belonging to the global consumer community (Özsomer, 2012, Dogerlioglu-Demir and Tansuhaj, 2011, Roy and Chau, 2011). Therefore, perceived brand globalness which is defined as the extent to which the brand is perceived as marketed not locally but also in multiple countries and is recognized as global (Özsomer and Altaras, 2008, Steenkamp et al., 2003) act as signals of prestige and higher quality (Xie et al., 2015, Özsomer, 2012).

If both perceived brand globalness and local iconness have positive signaling effects then it is important to know which is more beneficial for companies operating in highly volatile global markets. To understand these signaling effects better, consumer characteristics which are related with consumer perceptions should also be considered. In accordance with social identity theory, the literature suggests that consumers’ cultural identity is an important predictor of consumers’ local or global brand perceptions and preference (Zhang and Khare, 2009, Tu et al., 2012, Nacar and Uray, 2015, Zeugner-Roth et al., 2015). Consumers having local (global) identity are more likely to have positive attitudes towards local (global) brands and more likely to purchase local (global) brands (Nacar and Uray, 2015). This is because products that express consumer’s desired identity are more appealing (Kleine et al., 1993). Through consuming a local brand, consumers will express their belonging to local community. In contrast, through consuming global brands consumers express their desired identities such as being cosmopolitan, sophisticated, and modern (Özsomer and Altaras, 2008, Xie et al., 2015, Strizhakova et al., 2011). Therefore, perceived brand globalness and local iconness may help customers’ expression of their identity (Xie et al., 2015).

Accordingly, the signaling effects of perceived globalness and local iconness may vary based on consumers’ cultural identity. Consumers who have high local identity may evaluate local brands as more prestigious and higher quality. On the other hand, consumers who have high global identity may evaluate global brands as more prestigious and higher quality. Yet, we have not encountered any study focusing on that moderating role of identity. Besides, we have not encountered any study examining the roles of globalness or local iconness on prestige and quality for airline brands. However, it was suggested that understanding antecedents of brand prestige can provide a better understanding of airline passengers (Ahn et al., 2015). This may be especially valid for well-educated segment of passengers. This is because they are profitable consumers with high flight frequency and preference of

first-class (Teichert, Shehu, and von Wartburg, 2008). Hence brand prestige is an important factor influencing perceptions of first-class passengers (Ahn et al., 2015) and understanding well-educated passengers may be crucial for airline companies.

From these points, this study aims to examine the moderating role of consumers' global and local identity on the relationship between perceived brand globalness, local iconness, brand prestige, and perceived quality. The study was conducted on well-educated passengers of global and local companies operating in the airline industry in Turkey.

The rest of the paper is organized as follows. In the following section, we examine the literature on the relationship between perceived brand globalness, local iconness, brand prestige, and perceived quality and the role of consumers' identity on this relationship. Then, we provide the hypotheses and the research model. Afterwards, the methodology of the study is provided with the details of questionnaire and sample. Results are presented and discussed in the last section.

2. Literature

2.1. Perceived Brand Globalness, Local Iconness, Brand Prestige, and Perceived Quality

According to signaling theory, when consumers are not certain about a brand's attributes, brand positioning acts as information sources shaping consumers' perceptions (Özsomer, 2012). Positions indicating prestige and quality are becoming more important as brand signals due to their significant impact on purchase intention (Baek et al., 2010). Brand prestige is defined as a relatively high-status product positioning associated with a brand (Baek et al., 2010). A brand having higher quality, higher price, higher performance, and unique features can be perceived as a prestigious brand (Lichtenstein et al., 1993, Wiedmann et al., 2009, Truong et al., 2009). Prestigious brands are purchased infrequently and are associated with consumers' self-concept and social image. Accordingly, consumers prefer brands that have high prestige because of being a signal of social status, wealth or power (Hwang and Hyun, 2012). For instance, brand prestige increased well-being perceptions of first-class airline passengers (Ahn et al., 2015).

Global brands are supposed to have high brand prestige (Baek et al., 2010). They are generally relatively higher priced and scarce products than local ones (Steenkamp et al., 2003, Batra et al., 2000, Ger et al., 1993). Besides these, global brands are associated with positive attributes like recognition, achievement, social responsibility, uniformity, and unique image worldwide image (Özsomer and Altaras, 2008). These characteristics act as signals for higher prestige (Steenkamp et al., 2003, Braun and Wicklund, 1989, Özsomer and Altaras, 2008, Dogerlioglu-Demir and Tansuhaj, 2011). Hence, consumers mostly admire and prefer global brands (Steenkamp et al., 2003). In addition to higher prestige, global brands are also supposed to have higher perceived quality. Worldwide accessibility and recognition as well as standardization (Dimofte et al., 2008), leads to the expectation that global brands produce better quality (Sichtmann and Diamantopoulos, 2013). This is because quality is believed to be a critical factor in global acceptance of the brand (Kapferer, 1997). For that reason, the more the brand perceived as global the more consumers may have the perception of higher quality (Holt et al., 2004, Schuiling and Kapferer, 2004, Johansson and Ronkainen, 2005, Özsomer, 2012). In other

words, perceived brand globalness acts as a signal of higher quality. Regarding to these, being global is a brand attribute that creates superiority to the brand (Steenkamp et al., 2003) and is a source of competitive advantage (Davvetas et al., 2015). For instance, joining a global airline alliance enhances customer's perception of brand equity and brand preference (Wang, 2014).

Local brands can also signal high prestige and high quality. Local brands are developed for and tailored to the unique needs and desires of local markets (Özsomer, 2012 p.73). Some of these local brands are associated with symbols of the local culture and country. This leads to the perception of being a local icon. Local brands that are perceived as local icons can benefit from their closer connection to national identity and local culture, deeper understanding of local needs and greater flexibility in adapting to local needs (Xie et al., 2015, Özsomer, 2012). These brands reflect set of meanings owned by a given culture and differentiate it from others (Keillor and Tomas M. Hult, 1999). Therefore, an alternative strategy to gain brand prestige is to become a local icon (Steenkamp et al., 2003). In terms of quality, local icon brands can be perceived as having better quality, for the reason that they have better assessments of local needs, wants and tastes.

Above mentioned theoretical assumptions have been empirically indicated in some previous studies (Steenkamp et al., 2003, Akram et al., 2011, Sichtmann and Diamantopoulos, 2013, Davvetas et al., 2015). The study (Steenkamp et al., 2003) on consumers from Korea and the U.S.A. revealed that perceived brand globalness significantly positively influences brand prestige and perceived quality. The study also showed that brand's local icon value had a positive impact on brand prestige. Another study (Akram et al., 2011) conducted on consumers in Pakistan indicated that perceived brand globalness positively impacts brand prestige for various product categories namely soft drinks, milk, tea, drinking water, cooking oil, and shampoo. The study (Özsomer, 2012) on consumers from Turkey, Singapore, and Denmark revealed that perceived brand globalness has significant positive effect on perceived quality. Also, local iconness is positively and significantly related to brand prestige for local brands in food categories. The study (Davvetas et al., 2015) on Austrian consumers indicated that consumers prefer global brands because of their quality and are more likely to pay more for them because of their prestige.

2.2. Consumers' Cultural Identity

According to social identity theory, a person perceives or locates herself as a member of a group and defines who she is or her identity (Ashforth and Mael, 1989). These groups can be various such as organizational membership, profession, gender, age, and country citizenship. People express their desired identities through the products they buy, attitudes and preferences they hold (Berger and Heath, 2007). Accordingly, consumption of specific products or brands helps to build and show up consumers' desired identities (Kleine et al., 1993, Ahuvia, 2005). In other words, consumption reflects consumers' identity.

Consumers' cultural identity is defined as the coexistence of a broad range of beliefs and behaviors embedded to varying degrees in local and global discourses (Strizhakova, Coulter, & Price, 2008 p. 70). Hence, consumers have global and local identities (Strizhakova et al., 2008, Arnett, 2002). Consumers who have high local identity feel that they belong to their local community, show respect to local traditions and communities, and are interested in local events (Tu et al., 2012). Accordingly, high local identity indicates consumers' positive feeling of affiliation with their own

nation (Zeugner-Roth et al., 2015). Consumers who have high global identity feel they belong to the global community, believe in the benefits of globalization, focusing on the harmonies among people around the world events (Tu et al., 2012).

Consumers' local–global identity affects their attitudes and preferences towards global/local products. Brands' local and global associations consistent with consumers' local or global identity lead to more favorable attitudes toward the brands (Tu et al., 2012). Global brands symbolize values of global consumer culture such as cosmopolitan, sophisticated, and modern. Consequently, they are regarded as a signal of being a global consumer or an identity of global citizenship (Özsomer and Altaras, 2008, Xie et al., 2015, Strizhakova et al., 2011, Strizhakova et al., 2008). Therefore, a brand that is perceived as global will appeal more to consumers having a global identity. This is mainly because of the signaling value of prestige and quality related with global brands (Guo, 2013). On the contrary, a brand that is seen as local icon will appeal more to consumers having local identity (Zhang and Khare, 2009). Brands that are local icons reflect associations with local community and its culture (Özsomer, 2012). Thus, local iconness of a brand can be a way of expressing identification with consumer's local community. Accordingly, consumers having local identity have more favorable judgments for local products.

For example, the study (Verlegh, 2007) on Dutch and US consumers revealed that local identity positively influences product judgments for a variety of product categories. Zhang and Khare (2009) showed that consumers having global (local) identity evaluated global (local) products to be more attractive than local (global) products. The study (Westjohn et al., 2012) on US consumers revealed that there is a significant positive relationship between global identity and attitude toward global consumer culture positioning. Also, the study showed a significant positive effect of local identity on local consumer culture positioning. In another study (Guo, 2013) conducted on Chinese consumers findings indicated that global identity positively influence global brand attitudes. The study (Zeugner-Roth et al., 2015) on Austrian and Slovenian consumers showed that consumers having local identity have more favorable judgments for local products and are more willing to buy local products. Xie et al. (2015) revealed that Chinese consumers consume globally and locally positioned brands to demonstrate their desired cultural identity.

The above mentioned studies indicated that cultural identity is an important predictor of consumers' responses to local and global products due to signaling value. Therefore, it may be assumed that the influence of perceived brand globalness and local iconness on brand prestige and perceived quality may vary depending on consumers' cultural identity. Specifically, consumers having high local identity may perceive local icon brands as more prestigious and higher quality whereas consumers having high global identity perceive global brands as more prestigious and higher quality. Then the following hypotheses are generated:

H1: The effect of perceived brand globalness on brand prestige is stronger for consumers with high global identity than consumers with low global identity.

H2: The effect of perceived brand globalness on perceived quality is stronger for consumers with high global identity than consumers with low global identity.

H3: The effect of local iconness on brand prestige is stronger for consumers with high local identity than consumers with low local identity.

H4: The effect of local iconness on perceived quality is stronger for consumers with high local identity than consumers with low local identity.

Based on the hypotheses the following model (Figure 1) will be tested in the present study.

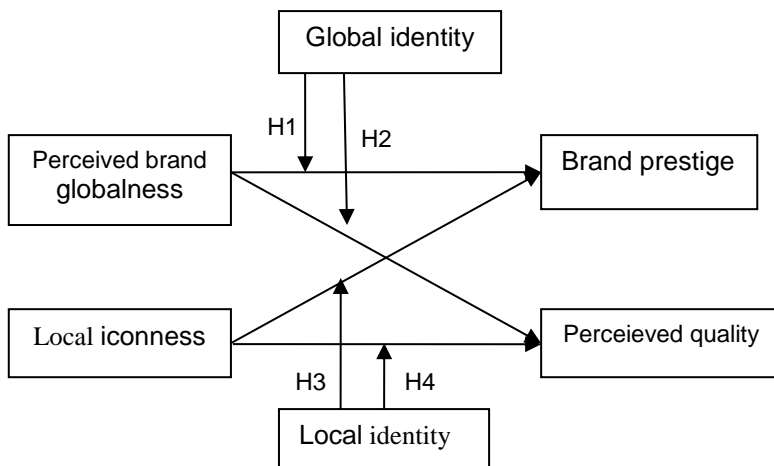


Figure 1. Conceptual Model

3. Method

3.1. Measurement

The data for this study was gathered through a self-administered questionnaire. Perceived brand globalness (PBG) and local iconness was measured by the scale developed by Steenkamp et al. (2003). The scale measures each construct with three items on seven-point semantic differential scale. Brand prestige was measured with a single item and perceived quality were measured with two items on seven-point semantic differential scale (Steenkamp et al., 2003). These scales were originally in English, so in order to ensure the items' conceptual equivalence; the scales were translated into Turkish and back translated by another researcher fluent in both languages. We measured cultural identity with the nine-item global-local identity scale (Der-Karabetian and Ruiz, 1997) which was translated and validated on Turkish consumers by (Nacar and Uray, 2015). In this part, a 5-point Likert scale was used '1' representing 'completely not agree' and '5' representing 'completely agree'.

Respondents rated four airline brands separately on the manifest items. Brands were rotated completely across participants. Each respondent evaluated two global and two local brands. Similar to previous studies (Steenkamp et al., 2003, Özsoy, 2012) we would like to increase variance on perceived brand globalness and local iconness. In order to reflect brands differing on globalness and local iconness we used the following brands in the study; Turkish Airlines (THY), Pegasus, Emirates, and Lufthansa. Although THY is a local company and uses country name as the brand name it implements its global existence and global cultural positioning. On the other hand, Pegasus which is a local brand uses a foreign brand name and its communication strategy doesn't focus on global or local positioning relative to THY. Market shares of foreign airline companies are almost equal in Turkish aviation market. Then to select global brands a qualitative study was conducted. The aim of the qualitative study was to determine the most known or familiar foreign brands in