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Consumer-based brand equity and status-seeking motivation for a global versus local brand

The purpose of this research is to explore how a successful global and a local brand may compete side by side in an existing market place based on consumer based brand equity and consumers status seeking motivation for consuming a global versus local brand. The data was collected from students in a large Western Australian university. The results show that a global brand is generally preferred in over a local brand. However, a significant interaction emerged between the type of brand and high versus low status seeking motivation consumers. Between high and low status seeking groups, a global brand is strongly favoured in terms of awareness, perceived quality and overall brand equity by the former while a local brand seems to enjoy loyalty and overall brand equity amongst the later. Further, a local brand is clearly preferred in terms of consumer based brand equity over the global brand by Australians whereas the global brand remains a clear favourite with non Australians.

Keywords Consumer based brand equity, Status seeking motivation, global and local brands

Introduction

In the face of rapid globalization, both global and local brands often thrive in the current marketplace. Current theories suggest that while globalization is a successful strategy for many big companies; at the same time local companies may also achieve competitive success based on a deeper understanding of the local consumers (Ger, 1999, 70). Several key reasons support why companies pursue a global strategy in branding. Manufacturers often pursue global branding strategies for its inherent benefits like economies of scale and scope in R & D, manufacturing and marketing (Yip, 1995). Further, global brands are strategically appealing to a growing segment of consumers around the world with similar tastes and preferences (Hassan and Katsanis, 1994). From a consumer's perspective global brands can be preferred by consumers in order to indicate their membership with certain groups e.g., global cosmopolitanism (Alden, Steenkamp and Batra, 1999).

However, there are situations under which consumer may prefer a local brand over a global brand. For example, consumer ethnocentrism may moderate the role of enhanced appeal of global brands in the market place (Steenkamp, Batra and Alden, 2003). Further from a consumer's perspective a local brand may be preferred when consumers may identify with people in one's own community e.g., local traditions and customs, uniqueness of local community etc., (Zhang and Khare, 2009). Current research evidence also points that consumers prefer brands with strong local connections (Zambuni, 1993).

Current literature defines global brands as those that are found in multiple countries with generally similar and coordinated marketing strategies (Steenkamp et. al,

2003). Local brands on the other hand, are mainly available in the local market and associate with and symbolize the local country or culture (Batra, Ramaswamy, Alden, Steenkamp and Ramachander, 2000). Since current research indicates that both global and local brands may be preferred by consumers albeit under different situations, we investigate this issue further to understand conditions under which a consumer is psychologically disposed to favour a global or a local brand. In terms of research contribution, we extend current work (Wang, Wei and Wu, 2008) who compare global versus local brand equity but mainly in the context of corporate ability association and product market outcomes. In contrast, we take a different approach by pursuing the global versus local brand equity issue with greater depth by primarily studying the impact of status consumption as moderating variable. Further, given that a local brand may have stronger local consumer connection, we pursue this issue by studying the moderating impact of consumer ethnicity on consumer based brand equity for global versus local brand. In addition, we also follow recommendation from current researchers for developing better understanding of brand equity in international market (Pappu, Quester and Cooksey, 2007) as well as apply various scales e.g. multidimensional consumer based brand equity (Yoo and Donthu, 2001) and status consumption (Eastman, Goldsmith and Flynn, 1999) in a different product and cultural context. Finally, Yoo and Donthu (2001) leave a theoretical gap regarding the nature of causal relationship between brand awareness, perceived quality and brand loyalty which we address in the current work.

In the current work, the concepts of multidimensional consumer based brand equity (Aaker, 1991; Keller, 1993), defined mainly as a set of assets, namely brand

association, brand awareness, brand loyalty, perceived quality that add value to a product or service is used to study consumer attitudes towards global versus local brands. Further, we also explore the possibility that whether status seeking consumption (Eastman, Goldsmith and Flynn, 1999), defined as motivation to consume product for status symbol influences consumer based brand equity for global versus local brands. The main premise of our research is driven by the fact that appeal of global brands arise from sources like higher perceived quality, higher prestige and psychological benefits (Steenkamp et al., 2003). As a result, we would expect that consumer attitude towards various dimensions of consumer based brand equity to differ between a global and a local brand. Further, since current research supports the notion that a global brand can be used as a means of conspicuous consumption e.g. to signal status (Friedman, 1990), we would expect that the measure of consumer brand equity will be further dependent on consumer's motivation to use brand as a status symbol. Finally, based on a local brand's strong local consumer connection, consumer ethnicity may also moderate the relationship between consumer based brand equity of a global versus local brand.

Theoretical background and hypotheses development

Consumer based brand equity

Brand equity as defined by Keller (1993) occurs when a brand is well known and has some favourable and unique association in mind of consumers. Current marketing literature defines brand equity based on different concepts e.g., brand knowledge such as brand awareness or brand association (Keller, 1993), proprietary brand assets like

perceived quality, brand awareness, brand loyalty, brand association (Aaker, 1991), attitudinal dispositions (Rangaswamy et al., 1993), incremental utility (Kamakura and Russell, 1993) etc. However despite different forms and definitions of brand equity, Keller (1993) and Aaker (1991; 1996) argues that collectively brand equity comprises of different dimensions which underlies the incremental value that a brand provides for its consumers. Extant research, e.g. Keller (2001) proposes customer based brand equity (henceforth referred as CBBE model) which argues that building strong brand equity is a graduated process and happens stepwise which can be likened to a branding ladder. In this ladder, final outcome depends on achieving the previous stage successfully which comprises of brand identity to brand meaning, responses and finally brand relationships. Six brand building blocks- salience, performance, imagery, judgment, feelings and resonance underlies these steps. In a likewise fashion, Aaker (1991; 1996) proposed that brand equity comprises of four dimensions namely brand loyalty, brand awareness, perceived quality and brand associations which was also originally supported by Keller (1993). A comparison between Aaker (1996) and Keller (2001) model would reveal that there are certain communalities between the two, although Keller's (2001) CBBE model is more comprehensive. For example, at the top, both model stresses loyalty although Keller (2001) conceptualizes loyalty to include cognitive, behavioural and sense of community components while Aaker's (1996) loyalty misses this sense of community dimension. Similarly, brand identity from Keller (2001) comprises of recognition and awareness which is also captured to a certain extent by Aaker's (1996) brand awareness dimension. Further Keller's (2001) brand meaning dimension is based on functional, performance related and imagery associations on minds of customers while Aaker (1996)

conceptualizes it in terms of perceived value, personality and organization that manufactures the brand. Finally, while Keller (2001) argues that brand response comprises of thoughts and feelings about the brand, Aaker (1996) considers this dimension based on perceived quality and leadership of the brand. Based on the above perspective, we perceive brand equity to be mainly based on cognitive, emotional and behavioral disposition of a consumer towards a brand.

Yoo and Donthu (2001), in an effort to find a parsimonious measure for customer based brand equity, further developed a multidimensional measure mainly based on Aaker (1991; 1996) and Keller's (1993) early conceptualization of brand equity. Following a consumer based notion of brand equity, Yoo and Donthu (2001) defines brand equity as a multidimensional construct comprising of brand loyalty, brand awareness/association and perceived quality. In their research, brand loyalty is conceptualized as the tendency to be loyal to a focal brand and demonstrated by the intention to buy the brand as a primary choice as against Aaker (1991, p.39) who conceptualize it as "the attachment that a customer has to a brand". Brand awareness is defined based on Aaker's (1991) conceptualization of "the ability for a buyer to recognize or recall that a brand is member of a certain product category". Brand association is defined as "anything linked in memory to a brand (Aaker, 1991) and finally perceived quality is based on consumer's subjective evaluation of product quality (Zeithaml, 1988).

Based on the above definition of multidimensional brand equity construct, Yoo and Donthu (2001) developed a ten item scale which was validated for its psychometric properties. Taking an etic approach the scale was further validated across different

cultures e.g. Korean, Americans etc. Further, the scale was tested on three different product categories in which subjects were required to evaluate 12 different brands in these categories. Overall, the scale was found to be reliable, parsimonious and generalizable across different cultures and product categories. In the process of scale development, Yoo and Donthu (2001) also simultaneously developed a four item unidimensional measure of overall brand equity which was used to determine convergent validity with the multidimensional brand equity scale. For the current work, we have used these scales to distinguish between a global and a local brand in the market. We find this operationalization particularly useful for several reasons. Firstly, we believe that except for subtle differences in conceptualization, the multidimensional customer based brand equity is based on Aaker (1991; 1996) and Keller's (1993) conceptualization of consumer based brand equity. However, we prefer this model since it is a parsimonious measure of consumer based brand equity with sound psychometric properties. Such an approach has even been advocated by Aaker (1996) to measure brand health across different products and markets. There is also a need to apply the scale across different product category and culture (Yoo and Donthu, 2001). We also feel that for certain dimension of consumer based brand equity, e.g. brand loyalty, Yoo and Donthu's (2001) operationalization e.g. "brand loyalty" as an intention to buy rather than attachment (e.g. Aaker, 1991) is more suitable for our research based on student sample. We therefore argue that this multidimensional consumer based brand equity scale can be used to measure differential brand equity for a global versus a local brand based on the way the scale has been conceptualized and validated. We turn to existing theory in the literature to substantiate our argument.

Consumer based brand equity and global versus local brands

For our current research we define global and local brands based on consumer perceptions. A brand is deemed to be global if consumers believe that the brand is marketed in multiple countries and is generally recognized as global in these countries (Steenkamp et al., 2003). Such a perception may be in turn formed through media exposure, word of mouth or through the brand's marketing communication. Alden et al. (1999) argue that global brands generally use a brand positioning strategy based on consumer culture. In the emergence of global consumer culture, a brand that is positioned to global consumers may have more power and value associated with the brand (Shocker, Srivastava and Ruekert, 1994). According to the Steenkamp and his colleagues (2003), global brands are positioned with a strategy that enables them to achieve an enhanced global image. This kind of positioning is achieved through central components of a cultural symbol like language, aesthetic styles and story themes. For example, a global brand may use advertisements that may differ in terms of content from that of a local brand e.g., a local brand advertisement may use words and images that may identify with local culture. A global positioning may further encapsulate difference in aesthetics e.g. logos, languages and spokesperson used etc., all of which might emphasize a more global versus a local theme (Chevy trucks being positioned as an American way of life).

Current research also suggests that a global brand may be favoured over a local brand in terms of purchase likelihood. A global brand is perceived to be of higher quality since consumers may attribute higher quality to the brand because such quality is likely to be thought of as critical to global acceptance (Pappu et al., 2007). Global brand name may also serve as a key indicator of quality (Rao and Monroe, 1989). Global brands may

also be preferred since it may communicate added value by way of membership to global consumer community (McCracken, 1986). Finally global brands may be preferred because of associations of higher prestige (Kapferer, 1997). However, the preference towards global brand may be moderated by factors like consumer ethnocentrism wherein local consumers may take pride in their countries brands, symbols and culture (Steenkamp et al., 2003).

Thus, based on the arguments regarding global versus local brands, we would expect that multidimensional consumer brand equity scale should be able to distinguish between a global and a local brand in terms of cognitive, emotional and behavioral dimensions. Since, different components of brand equity should contribute to incremental value of a brand (Yoo and Donthu, 2001), we would also expect further that the multidimensional measure of brand equity should also be able to differentiate consumer's attitude towards a global versus a local brand. In particular we propose:

- H1*: The consumer based brand equity of a brand varies significantly according to the global versus local status of a brand.
- H1a*: Brand awareness of a brand varies significantly according to the global versus local status of a brand.
- H1b*: Perceived quality of a brand varies significantly according to the global versus local status of a brand.
- H1c*: Brand loyalty of a brand varies significantly according to the global versus local status of a brand.
- H1d*: Overall Brand equity of a brand varies significantly according to the global versus local status of a brand.

We now turn to the argument as to why status seeking motive may moderate the effect of consumer based brand equity between global versus local brand.

Status seeking consumption and global versus local brands

According to the research of Eastman, Goldsmith, and Flynn (1999), status consumption defined as

“The motivational process by which individual strive to improve their social standing through the conspicuous consumption of consumer products that confer and symbolize status both for the individual and surrounding significant others.”

Scitovsky (1976) classified goods and services into two categories, which were necessities and luxuries. Necessities means the goods or services for which consumer's demand either does not rise with their income or rises in lesser proportion than income (Scitovsky, 1976) . Consumer tends to buy necessities product to satisfy their biological needs. For example, consumer buys clothes in order to keep warm or to protect their body. Luxury product, on the other hand, is all goods or service for which demand rises either in proportion with income or in greater proportion than income. As consumer has more disposable income, they may want to buy products such as high end fashion clothing. The desire of status motivates consumer to seek purchasing or consuming goods and service for status (Eastman, Goldsmith and Flynn, 1999). Eastman, Goldsmith, and Flynn (1999) developed a simple and inexpensive scale to measure status seeking consumption and established good psychometric properties for the scale. Given that global brands can be a strong signal to indicate prestige, people with different status seeking motivation may show differential preferences towards a global versus local brand. We now argue why this is the case.

Global brands are associated with higher prestige and are the most admired brands (Kochan, 1996). Some authors argue that global brands tend to be relatively scarce and

higher priced compared with local brands (Bearden and Etzel, 1982) which leads to its higher prestige. Present research also endorses this fact regarding how scarcity can lead to higher prestige and influence consumption decision (Phau and Prendergast, 2000). Batra and his colleagues (2000) support the notion that global brands are typically more scarce and expensive in comparison to local brands except for certain exceptions e.g., Coca-cola. Current evidence also points out that brands with a global image may derive additional power since consumers may purchase such brands to enhance self-worth and status (Friedman, 1990). Thus from a consumer's motivation perspective, a global brand may thus improve his social standing by indicating belongingness to certain social classes e.g. cosmopolitan, modern, pecuniary emulation etc. (Hannerz, 1990; Veblen, 1899) . This may in turn motivate the consumption of a global brand in comparison to a local brand among high status seeking consumers. Thus, it seems from the current literature that consumer based brand equity may be dependent both on the global versus local status of the brand as well as on status seeking motivation of the consumers. In particular, we propose

H2: The consumer based brand equity of a brand interacts significantly with the status consumption motive for global versus local brands.

H2a: Brand awareness of a brand interacts significantly with the status consumption motive for global versus local brands.

H2b: Perceived quality of a brand interacts significantly with the status consumption motive for global versus local brands.

H2c: Brand loyalty of a brand interacts significantly with the status consumption motive for global versus local brands.

H2d: Overall brand equity of a brand interacts significantly with the status consumption motive for global versus local brands.

Although, the above body of literature broadly suggests that a global brand may be preferred over a local brand in terms of consumption decision, this may be further

moderated by consumer ethnocentrism. Past research has found that many consumers may prefer brands with strong local connections (Zambuni, 1993) and may exhibit bias towards home grown products (Shimp and Sharma, 1987). For the current research, we try to explore this based on consumer ethnicity in order to study the strong cultural connections that a local brand may enjoy. Since we have not included any direct measure of consumer ethnocentrism (CET) to tap this construct and only used consumer ethnicity as a proxy, we are not forwarding any particular hypotheses in this regards. However, based on extant research, we expect that consumer based brand equity will also be moderated by the phenomenon of consumer ethnocentrism wherein consumers may prefer the local brand over the global one in terms of various dimensions of consumer based brand equity. For the current work we explore whether similar phenomenon occurs based on ethnicity of consumers evaluating a global versus local brand.

A conceptual framework representing multidimensional consumer based brand equity, status of the brand e.g. global versus local and status seeking consumption behaviour is proposed in figure 1.

Insert Figure 1 about here

Research Method

We employed a survey design for the current research. Two hundred respondents from a large Western Australian university took part in the survey. 63% of the respondents were in the age group of 19 and 24 while 27% were in the category of 25 to 30 years. In terms

of gender, the sample consisted of 134 males (67%) and 66 females (34%). Based on respondents' self declared ethnicity, e.g. whether the person is an Australian or not, we found that 35% of the sample belonged to the former category. The survey was divided into two parts. In the first part, participants replied questions with regards to consumer based brand equity for both the global and local brand. In the second part, they replied questions with respect to the status seeking consumption scale and other demographic measures including self declared ethnicity.

We followed the approach of Steenkamp et al. (2003) to operationalize global versus local brand. We measured consumers' perception of a global brand based on whether they believe it to be marketed in multiple countries and generally considered as global in these countries. Local brands on the other hand are perceived to be available in the local market. Based on this operationalization, we conducted a small pretest using samples from same student pool (n = 30) that we used for the main study to measure perceived globalness or localness of the brand using Perceived Brand Globalness Scale (Steenkamp et al., 2003) as our measure. We chose two brands namely Toyota and Holden as candidates for our global versus local brands. Both these brands are well known in the Australian market. Results from our pretest strongly support the notion that Toyota is perceived to be more global (M's of 3.71 vs. 2.78, $F(1, 29) = 19.6, p < 0.001$) while Holden is more local (M's of 2.32 vs. 3.50, $F(1, 29) = 73.65, p < 0.001$). Thus our operationalization of global versus local brands seems to be successful.

For our measurement of other constructs, we used the following scales. We used Steenkamp et al (2003) Perceived brand globalness three item scale for the above pre test. To measure, consumer based brand equity, we used Yoo and Donthu's (2001) ten item

scale. The first three items measure brand loyalty, while the next two measures perceived quality. “Awareness” and “association” is measured by four items. Yoo and Donthu (2001) had also used another four items to measure “overall brand equity” which we also included in our study. Finally, in order to measure “status seeking consumption” was measured by five item scale developed by Eastman, Goldsmith, and Flynn (1999).

Analysis and results

Reliability analysis

Both the consumer based brand equity scale and status seeking consumption scale showed good reliability. For example, the loyalty dimension of consumer based brand equity had a cronbach alpha = 0.89, while perceived quality and awareness and association had cronbach alpha’s of 0.67 and 0.78 respectively. The reliability for status consumption scale was found to be 0.73. Perceived brand globalness scale showed a reliability of 0.69. In sum, the scales used for the research showed good reliability.

Test of hypotheses

We subjected the data to a two way mixed ANOVA with types of brand (Toyota versus Holden) as the within subject independent variable while treating Status Consumption Scale (High versus Low decided by a median split) as the between subject independent variable. Respondents’ measures on the three dimensions of brand equity as well as the measure of overall brand equity were treated as the dependent variables.

We report the results as under.

Brand Loyalty

Results of a two way mixed ANOVA showed that brand loyalty had a significant effect ($F(1,198)= 9.08, p<0.05$). Toyota had a significantly higher brand loyalty in comparison to Holden ($M= 2.53$ versus $2.24, p<0.05$). More importantly we found the two way interaction between brand loyalty and status consumption was significant ($F(1,198)=4.579, p<0.05$). Interestingly, Holden had significantly higher brand loyalty amongst the low status seeking consumers in comparison to high status seeking consumers ($M= 2.4$ versus $2.1, p<0.05$). Brand loyalty for Toyota on the other hand did not differ significantly amongst low and high status seeking consumers. A paired sample t test also found Toyota to have higher brand loyalty in comparison to Holden in the high status seeking group ($M = 2.57$ versus $2.1; t(103) = 3.76, p< 0.05$). No such significant differences were observed in the low status seeking group.

Perceived Quality

Results of mixed ANOVA showed that both perceived quality and the interaction between perceived quality and status consumption were significant ($F(1,198) = 14.6$ and 5.2 respectively, both $p<0.05$). Toyota had significantly higher perceived quality in comparison to Holden ($M = 3.2$ versus $2.9, p<0.05$). Amongst low versus high status seeking consumers, Toyota was perceived to be of higher quality among the later group in comparison to the former ($M=3.00$ versus $3.42, p<0.05$). Perceived quality for Holden on the other hand did not vary significantly amongst the two groups. Once again, Toyota in comparison to Holden had higher perceptions of quality in the high status seeking

group ($M = 3.42$ versus 2.91 ; $t(103) = 4.34$, $p < 0.05$) whereas no such differences were found in the low status seeking group.

Brand awareness

Results of mixed ANOVA again showed a main effect for brand awareness ($F(1,198) = 3.77$, $p < 0.06$). Toyota once again had significantly higher brand awareness in comparison to Holden ($M = 3.56$ versus 3.42 , $p < 0.05$). The two way interaction between brand awareness and status seeking motive was once again significant ($F(1,198) = 19.3$, $p < 0.05$). This interaction was explained by the fact that Toyota's brand awareness was significantly higher amongst high status seeking consumers in comparison to their low status seeking counterparts ($M = 3.81$ versus 3.31 , $p < 0.05$). Holden's brand awareness on the other hand did not vary significantly between high and low status seeking groups. Toyota also had higher brand awareness in comparison to Holden amongst high status seeking group ($M = 3.81$ versus 3.38 ; $t(103) = 4.75$, $p < 0.05$) but no such significant differences emerged between the brands in the low status seeking group.

Overall brand equity

Results of mixed ANOVA showed that overall brand equity had a significant main effect ($F(1,198) = 7.12$, $p < 0.05$) as well as an interaction effect with status seeking motive ($F(1,198) = 13.95$, $p < 0.05$). Toyota had significantly higher overall brand equity in comparison to Holden ($M = 2.80$ versus 2.50 , $p < 0.05$). High status seeking consumers perceived Toyota to possess significantly higher overall brand equity in comparison to low status seeking group ($M = 2.93$ versus 2.65 , $p < 0.05$). Interestingly the reverse was

found true for Holden. It was the low status seeking group who perceived Holden to have higher brand equity in comparison to high status seeking counterpart ($M= 2.73$ versus 2.42 , $p<0.05$). Between high and low status seeking groups, over all brand equity of Toyota was significantly higher in comparison to Holden in the former ($M = 2.93$ versus 2.42 ; $t(103) = 4.47$, $p< 0.05$) but no such group differences occurred in the later. All the above means are presented in Tables 1 and 2.

Insert Table 1 and 2 about here

Regression analysis

In order to understand the nature of causal relationship between the various dimensions of consumer based brand equity we followed Yoo and Donthu's (2001) suggestion. The researchers made some possible suggestion regarding a causal order between brand awareness and association, perceived quality and brand loyalty which they didn't test in their study. According to Yoo and Donthu (2001), brand awareness and association precede perceived quality which precedes brand loyalty. This in turn suggests a full mediation type relationship in which perceived quality acts as the mediator between brand loyalty and brand awareness. In the current work we test this relationship for both our global and local brand. The results of two separate regressions for Toyota showed that brand awareness has an effect on both brand loyalty ($b = 0.25$; $t(198) = 3.67$, $p < 0.01$) and perceived quality ($b = 0.57$; $t(198) = 9.86$, $p < 0.01$). However, when both

brand awareness and perceived quality were included in the model as predictors of brand loyalty, we observed only the effect of perceived quality ($b = 0.32$; $t(197) = 3.95$, $p < 0.01$) and the effect of brand awareness on brand loyalty became non significant ($b = 0.07$; $t(197) = 0.85$, $p > 0.3$). Similarly, for Holden we found that that brand awareness had an effect on both brand loyalty ($b = 0.20$; $t(198) = 2.89$, $p < 0.01$) and perceived quality ($b = 0.57$; $t(198) = 9.64$, $p < 0.01$). However again when both brand awareness and perceived quality were included in the model as predictors of brand loyalty, we observed only the effect of perceived quality ($b = 0.4$; $t(197) = 4.98$, $p < 0.01$) and the effect of brand awareness on brand loyalty became non significant ($b = -0.02$; $t(197) = -0.23$, $p > 0.7$). The conditions necessary for mediation were thus satisfied (Baron and Kenny 1986). The above results show that true to the predictions of Yoo and Donthu (2001), the effect of brand awareness on brand loyalty is mediated by perceived quality. The conceptual model for this mediation analysis is included in Figure 2.

Insert Figure 2 about here

Moderating effect of ethnicity

We subjected the data to a two way mixed ANOVA but this time we used subjects ethnicity (Australian versus non Australian) as the between subject independent variable. We used the same dimensions of brand equity along with measure of overall brand equity as the dependent measures.

Results of our analysis showed that the main effect for brand loyalty ($F(1,198)=5.49, p<0.05$), perceived quality ($F(1,198)=9.44, p<0.02$) were significant supporting our earlier results. However interestingly the two way interaction between brand loyalty and ethnicity was significant ($F(1,198)=4.2, p<0.05$). Australians depicted higher brand loyalty towards Holden in comparison to non Australians ($M=2.53$ versus $2.09, p<0.05$). The two way interactions were further significant between perceived quality and ethnicity ($F(1,198)=4.77, p<0.05$), brand awareness and ethnicity ($F(1,198)=11.78, p<0.05$), and between overall brand equity and ethnicity ($F(1,198)=7.71, p<0.05$). The above interactions were explained as following. Firstly, Australians as compared to non Australians perceived Holden to be of higher quality ($M=3.21$ versus $2.72, p<0.05$). Secondly, Australians seem to be highly aware of Holden in comparison to people of non Australian background ($M=3.73$ versus $3.26, p<0.05$). Finally, Australians also seemed to prefer Holden in terms of overall brand equity in comparison to non Australians ($M=2.88$ versus $2.40, p<0.05$). We also made some comparison within the two groups e.g. Australian versus non Australian. We found that brand loyalty ($M=2.51$ versus $2.09; t(129)=3.89, p<0.05$); perceived quality ($M=3.19$ versus $2.72; t(129)=4.52, p<0.05$); brand awareness ($M=3.57$ versus $3.26; t(129)=3.67, p<0.05$) and overall brand equity ($M=2.79$ versus $2.40; t(129)=3.89, p<0.05$) to be significantly higher for Toyota in comparison to Holden for non Australians. No such significant differences between the brands were found for Australians. The means are presented in Table 3.

Insert Table 3 about here

Overall Discussion

In our current research we tried to investigate that how a strong global and local brand compete side by side in the market place. We tried to test this by selecting Toyota and Holden in the Australian market. Our results show that a global brand like Toyota is favoured over Holden in terms of brand loyalty, perceived quality, awareness as well as overall brand equity. This strongly supports the various advantages that arise from pursuing a global branding strategy (Steenkamp et. al, 2003). However, our research also discovers some interesting insights by including status consumption as the moderator. The results from our work show that while brand loyalty for Toyota does not differ by status seeking motivation, Holden was favoured strongly in terms of loyalty by low status seeking consumers. In terms of perceived quality, Toyota was again favoured by high status seeking consumers while in case of Holden no significant difference was observed between groups. High status seeking consumers were found to be more aware of Toyota in comparison to low status seeking group while no significant differences was observed between groups for Holden. Thus it seems that different mechanisms are at work for low versus high status consumption consumers. High status seeking consumers are probably more aware of a global brand like Toyota, appreciate its higher quality and perceive it to possess high overall brand equity. They are also motivated to consume the brand to signal their status seeking motivation in the market place. However, a strong local brand like Holden also seems to enjoy certain advantages in terms of strong brand loyalty and overall brand equity especially amongst the low status seeking group.

More interesting facts were revealed upon a comparison between both global versus local brands across ethnicity dimension. Holden was again clearly favoured in terms of loyalty, perceived quality, brand awareness and overall brand equity by Australians in comparison to non Australian thereby supporting its very strong local positioning. No such differences were observed for Toyota between these two groups. However, amongst non Australians, a global brand like Toyota clearly remained a favourite option. Finally, our work shows that brand awareness leads to brand loyalty but this effect is fully mediated by perceived quality. We found this relationship to hold true for both Toyota and Holden. We thus confirmed Yoo and Donthu's (2001) hypotheses in this regards.

Theoretical and managerial implication

The current work has important implications for theory. The results contribute to the theory of global versus local branding by helping academicians to understand how consumers' choice process may be motivated by psychological factors like status seeking consumption. Further, the current research contributes to the understanding of the customer centric approach to creating added values to a brand which makes the brand valuable to the target consumers (Wang et al., 2008). Moreover, our findings also confirm current notion that globalization might not always be an appropriate strategy given the presence of strong local iconic brands. Global practice of standardizing marketing mix elements should be treated with caution and should not be applied to all segments blatantly. Our research shows that there are clearly certain segments who perceive more value from the local brand. Finally, our mediation analysis shows how brand awareness may impact brand loyalty through perceived quality.

Our work has interesting practical implications in terms of segmentation, positioning and communication strategies. Apparently a global brand seems to be favoured over local brand in terms of several dimensions of brand equity. However, a different story unfolds when consumer motivation and ethnicity comes into play. Such meaning is important for global versus local branding strategies in the market place. Our results show that while a global brand like Toyota is favoured amongst high status seeking consumers, low status seeking consumers remain loyal to a local brand like Holden. This is not surprising since local brands have been long known to seriously challenge global brands at least in the Australian context. For example, extant research (Patterson, Scott and Uncles, 2010) discovers how strong local coffee culture threatened the expansion of Starbucks in the Australian market. Managers pursuing global branding strategy are hence better off by researching the local consumers and competition before they implement their business model. Before blatantly adopting a risky global strategy, managers should also understand the familiar maxim in international marketing e.g. “think global but act local”.

Further, based on our current findings regarding high and low status seeking consumers, different segmentation and positioning strategies may be devised. For example, Toyota brand managers may focus on communication and positioning strategies highlighting global status, quality especially aimed to high status seeking group. Holden on the other hand may ensure satisfaction and loyalty amongst low status seeking groups by being closely associated with the Australian culture. Further, Holden may also like to improve its perceptions of quality and increase brand awareness amongst low status seeking consumers who seems to be the natural segment for this brand. Toyota on the

other hand may devise strategies to improve its brand loyalty amongst high status seeking group. Further, Toyota brand managers may work on strong differentiation strategies between their brand and a strong local brand like Holden especially targeted at Australian consumers. Holden, on the other hand, apart from being popular as a local brand may devise strategies to at least match Toyota on some of the dimensions in order to attract non Australian consumers.

Limitations and future research

Our work is not without its limitations. In our current work we found that despite Toyota's certain advantage amongst high status seeking group and non Australians, Holden seems to be favoured in terms of loyalty and overall brand equity amongst low status seeking people. This phenomenon needs a deeper understanding given that current research in the Australian market place demonstrates that strong local brands may even force a global brand to partially retreat from certain local markets(Patterson, Scott and Uncles, 2010).The nature of our study fails to understand the causality for such reasons.. One interesting way to extend this work is to experimentally manipulate different dimensions of consumer based brand equity amongst high versus low status seeking consumers. This will help us to understand the dimensions that are important for these different groups of people. Secondly, our current research is based in the Australian market and with a single product category which might limit its generalizability. Further studies may explore this phenomenon with different product categories in different countries. For example, how do the competitive dynamics between a global and local brand work out in a developed versus a developing country for different product

categories? A further limitation for our study is the usage of student sample. The product category and the brand names that were chosen are highly familiar with Australian students given that it is generally a part of the local culture to own a car and drive for work and pleasure. This in turn allays some of the concerns in this regards. However, future work may like to extend the scope of the theory by drawing a random sample from the population in order to enhance external validity. Thirdly, our operationalization of ethnicity is based on respondent's self declaration of citizenship which might bias the results. Such method may not be suitable and hence future studies may look at more robust ways of operationalizing this variable e.g. those who are born and raised in Australia versus those who have lived in the country for less than a year. Finally, in terms of consumer based brand equity, we have used Yoo and Donthu's (2001) multi dimensional brand equity scale which is parsimonious and largely based on Aaker's (1991; 1996) conceptualization of brand equity. A different pattern of result may possibly emerge in case Keller's (2001), CBBE model is used which seems to have considered the brand equity issue with a greater depth. In any case, it would be interesting to see whether the pattern of results obtained from the current study would converge with any such future efforts using CBBE model.

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Table1: Consumer based brand equity means for global versus local brand

	Toyota		Holden	
Brand Loyalty	2.53 ^a	(1.02)	2.24 ^b	(0.99)
Perceived quality	3.22 ^a	(0.89)	2.90 ^b	(1.02)
Brand awareness	3.56 ^a	(0.75)	3.42 ^b	(0.85)
Overall brand equity	2.80 ^a	(0.85)	2.57 ^b	(0.84)

Table 2: Consumer based brand equity differences between high and low status seeking consumers for global versus local brand

Status consumption	Brand Loyalty		Perceived quality		Brand awareness		Overall brand equity	
	Toyota	Holden	Toyota	Holden	Toyota	Holden	Toyota	Holden
High	2.57	2.1	3.42	2.91	3.81	3.38	2.93	2.42
	(1.07)	(0.94)	(0.79)	(1.06)	(0.69)	(0.86)	(0.89)	(0.78)
Low	2.48	2.40	3.00	2.88	3.31	3.47	2.65	2.73
	(0.98)	(1.02)	(0.94)	(0.99)	(0.74)	(0.85)	(0.78)	(0.87)

Figs in bracket indicate SD.

Table 3: Consumer based brand equity differences between Australian and non Australian consumers for global versus local brand

	Brand Loyalty		Perceived quality		Brand awareness		Overall brand equity	
	Toyota	Holden	Toyota	Holden	Toyota	Holden	Toyota	Holden
Australian	2.56	2.52	3.29	3.21	3.56	3.73	2.79	2.88
	(1.05)	(1.15)	(1.01)	(1.18)	(0.87)	(0.85)	(0.81)	(0.85)
Non Australian	2.51	2.09	3.19	2.72	3.57	3.26	2.79	2.40
	(1.01)	(0.85)	(0.82)	(0.89)	(0.69)	(0.81)	(0.87)	(0.79)

Figs in bracket indicate SD.

List of figures

Figure 1: Conceptual framework of global versus local brand and status seeking consumption on consumer based brand equity

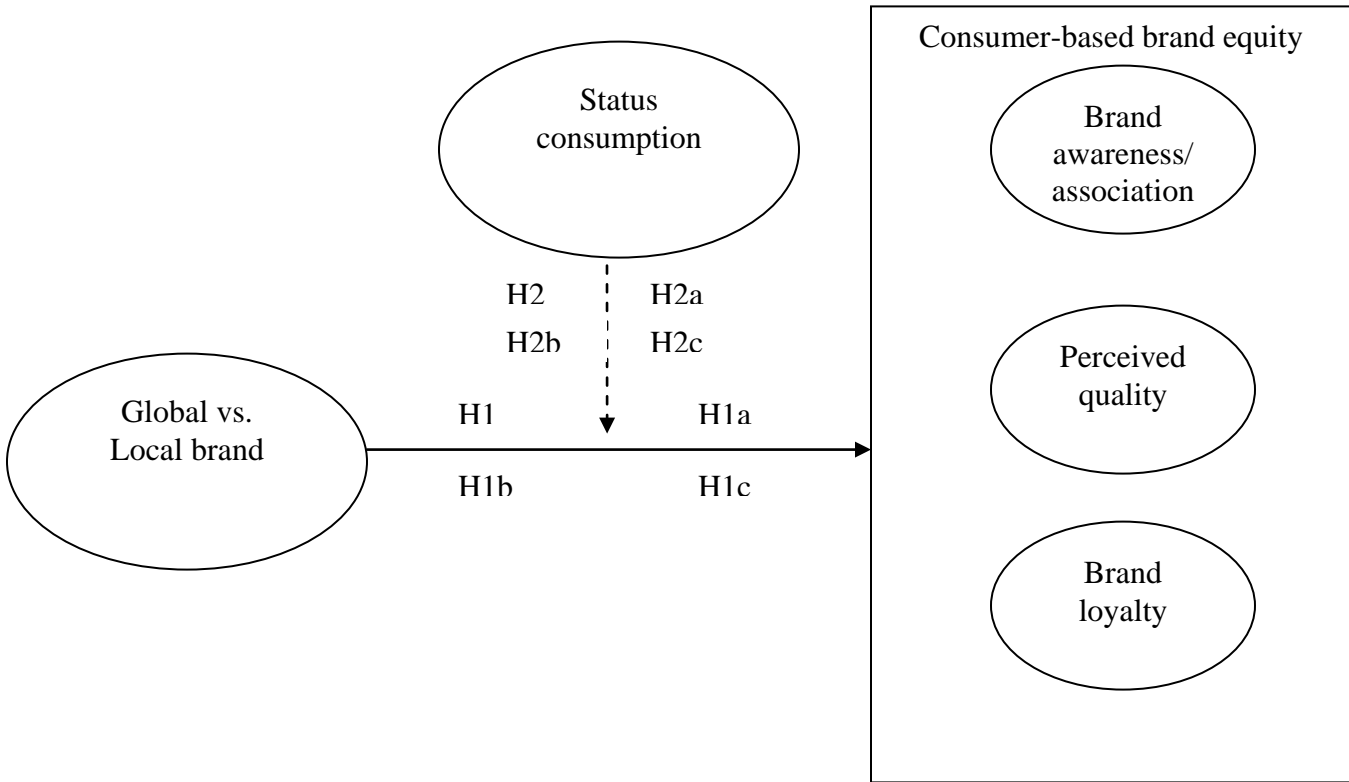


Figure 2: Mediation analysis for brand awareness, perceived quality and brand loyalty

