Brand credibility and marketplace globalization: The role of perceived brand globalness and localness

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Abstract
Consumers in Western markets are increasingly critical towards globalization and re-embrace local values. Companies thus must decide whether to continue to pursue global branding strategies and/or rejuvenate local branding strategies. To explore the implications of market globalization for consumer preferences, we use signaling theory to investigate the role of perceived brand globalness (PBG) and brand localness (PBL) as signals of brand credibility, related downstream effects and boundary conditions, across two countries with differing levels of globalization. In globalized markets, PBG is a weaker signal of brand credibility than PBL, whereas in globalizing markets, the two signals are of equal importance.

INTRODUCTION

Globalization – the increasing interdependence of countries through flows of people, information, ideas, capital, and goods (Clark, 2000; Dreher, 2006; Norris, 2000) – has fundamentally shaped the world's economic, social, and political landscapes. After decades of steadily accelerating globalization, it appears to have slowed or even halted in many Western countries (Gygli, Haelg, Potrafke, & Sturm, 2019; Hu & Spence, 2017; Steenkamp, 2019b; Witt, 2019). In these *globalized* markets, consumers adopt an increasingly critical attitude towards globalization, as evidenced by the United Kingdom's (Br)exit from the European Union, U.S. protectionist policies under the Trump Administration, and the growing support for political parties that promote ethnocentrism in Europe (e.g., Austria, France, Germany, Italy, and the Netherlands) (Cleveland & Bartsch, 2019; Ghemawat, 2017; Gürhan-Canli, Sarıal-Abi, & Hayran, 2018; Steenkamp, 2019a, b). In contrast, many countries in Asia, the Middle East, and South America continue to experience substantial growth in terms of globalization and profound transformations of their consumer markets (Cavusgil & Cavusgil, 2012; Cavusgil, Deligonul, Kardes, &

Cavusgil, 2018; Potrafke, 2015; Sheth, 2011). In these *globalizing* markets, consumers tend to hold more favorable attitudes towards globalization and its economic, social, and political ramifications (Steenkamp, 2019b; YouGov, 2016).

From a supply-side perspective, these developments are unlikely to lead to meaningful reconfigurations of international firm structures, manufacturing activities, and sourcing strategies for reasons of economic efficiency (Samiee, 2019). However, from a demand-side perspective, globalization headwinds potentially affect the appeal of globally and locally positioned brands (Gürhan-Canli et al., 2018; Steenkamp, 2019a, b). As symbols of global consumer culture, globally positioned brands may be coming under increasing pressure (Alden, Steenkamp, & Batra, 1999; Steenkamp, 2019a), while the prospects of locally positioned brands, targeting local consumer cultures (Steenkamp, 2019b; Ger, 1999), may be improving. Marketers thus must decide whether and in which circumstances they should continue to position their brands as global and/or tailor their brands to local consumer cultures in globalized markets. In a related question, we need to consider whether these brand positioning strategies remain effective in globalizing markets.

Global and local brand-positioning strategies manifest in consumers' perceptions; *perceived brand globalness* (PBG) refers to consumers' beliefs that a "brand is marketed in multiple countries and is generally recognized as global in these countries" (Steenkamp, Batra, & Alden, 2003: 54), whereas *perceived brand localness* (PBL) refers to consumers' perceptions that "a brand symbolizes the values, needs, and aspirations of the members of the local country" (Özsomer, 2012: 73). According to *signaling theory*, PBG and PBL are positive signals that contribute to *brand credibility*, that is, the ability and willingness of brands to deliver on their promises (e.g., Erdem & Swait, 1998, 2004; Özsomer & Altaras, 2008). Brand credibility is pivotal to marketing theory and practice, because it is the main driver of consumer-based brand equity (Erdem & Swait, 1998), which not only determines consumers' willingness to pay but also affects future profits and long-term cash flows (e.g., Datta, Ailawadi, & van Heerde, 2017; Keller, 1993; Srivastava & Shocker, 1991).

Accordingly, we investigate the relative effectiveness of PBG and PBL in shaping brand credibility perceptions between a globalized and globalizing market (Germany and South Korea). We compare

the signaling functions of PBG and PBL in these two countries, finding that though PBG is a much weaker signal of brand credibility than PBL in the globalized German market, it is equivalent in strength to PBL in the globalizing Korean market. We also use signaling theory to conduct an empirical investigation of the multiple downstream effects of brand credibility, including its impact on price premiums through perceived quality and anticipated regret. To contextualize these findings, we show that the relative effectiveness of both PBG and PBL is contingent on brand origin (domestic or foreign) and on a brand category's social signaling value and cultural grounding. Our observations differ from those of prior research on consumers' responses to PBG and PBL (Table 1).

We add to the global/local branding literature (Chabowski, Samiee, & Hult, 2013; Özsomer, Batra, Chattopadhyay, & ter Hofstede, 2012), complement current research on high-level economic policies and global executive strategies (e.g., Rodrik, 2018; Witt, 2019), and contribute in several ways to an emerging stream of literature that adopts a consumer perspective to investigate the "implications of potentially stalled globalization on the appeal of […] global [and local] brands" (Steenkamp, 2019b: 532).

First, we extend knowledge about the roles of PBG and PBL in building brand credibility. We seek to validate and extend the work of Özsomer and Altaras (2008), who theoretically propose that brand credibility acts as a central mediator of the effects of global brand positioning strategies on brand evaluation, consideration, and choice (Erdem & Swait, 2004; Erdem, Swait, & Valenzuela, 2006). However, these relationships have not been tested empirically. To date, research has mostly focused on the study of direct relationships of PBG and PBL with brand-related evaluations and intentions. Furthermore, existing research lacks insights into the relationship between PBL – an increasingly relevant construct in light of current developments (Steenkamp, 2019a) – and brand credibility. By establishing the links of both PBG and PBL to brand credibility and empirically verifying their nomological relationships to relevant downstream constructs, we demonstrate the added value of global and local brand positioning strategies for both theory and practice.

Second, we provide new insights with regard to variations in the relationships among PBG, PBL, brand credibility, and related downstream effects between a globalized and a globalizing market.

Table 1 Overview of key empirical studies in global/local branding research

Study setting	Study	IV	MED, DV, MOD	Key findings	Concluding remark(s)
Single-country studies					
Developed market	Davvetas, Sichtmann, & Diamantopoulos, 2015	PBG	MED: Brand attitude DV: Purchase intention, willingness to pay MOD: Consumer ethnocentrism, cosmopolitanism, global/local identity	Consumers not only report higher purchase intentions for global brands but also exhibit a higher willingness to pay (due to favorable brand attitudes).	Consumers respond **favorably** to (perceived) brand globalness and localness.
	Halkias, Davvetas, & Diamantopoulos, 2016	PBG PBL	MED: Brand attitude DV: Purchase intention MOD: –	Positive direct effects of PBG and PBL on brand attitudes (which positively affect purchase intentions). Country stereotypes (do not) interact with PBG (PBL) in determining brand attitude, such that the effect of PBG is stronger for brands from countries that are perceived as "warm."	
Emerging market	Swoboda, Pennemann, & Taube, 2012	PBG PBL	MED: Functional value, psychological value DV: Retail patronage MOD: Retailer origin, consumer identity	Positive indirect effects of PBG and PBL on retail patronage through functional value and psychological value.	Consumers respond **favorably** to (perceived) brand globalness and localness.
	Xie, Batra, & Peng, 2015	PBG PBL	MED: Brand identity expressiveness, brand quality, brand prestige, brand trust, brand affect DV: Purchase intention MOD: –	Positive direct effects of PBG and PBL on brand evaluations (brand identity expressiveness, brand prestige, brand quality),[a] which jointly increase brand trust and brand affect and, ultimately lead to favorable behavioral intentions (i.e., purchase intentions).	
Multicountry studies					
	Steenkamp, Batra, & Alden, 2003	PBG PBL	MED: Perceived quality, perceived prestige DV: Purchase intentions MOD: Consumer ethnocentrism	Positive indirect effects of PBG and PBL on purchase likelihood through perceived quality and perceived prestige,[a] (no) direct effect of PBL (PBG) on purchase likelihood. Results are consistent across markets (United States, South Korea).	Consumers respond **favorably** to (perceived) brand globalness and localness.
	Özsomer, 2012	PBG PBL	MED: Perceived quality, perceived prestige DV: Purchase intention MOD: –	Positive direct effects of PBG and PBL on perceived quality[b] and perceived prestige, both determining global brand purchase likelihood. Negative effect of PBG on PBL in developed markets (Singapore, Denmark); positive effect in an emerging market (Turkey).	
Economic development/ culture	Sichtmann & Diamantopoulos, 2013	PBG	MED: Perceived quality DV: Purchase intention MOD: –	Positive direct effect of PBG on perceived quality of the parent brand in both markets (Austria, Bulgaria), which increases consumers' purchase intentions for the extension.	Limited **non-hypothesized** evidence for between-market differences in consumer responses to (perceived) brand globalness and localness.
	Swoboda & Hirschmann, 2016	PBG	MED: Functional value, psychological value DV: Consumer loyalty MOD: MNC origin, consumer ethnocentrism	Positive indirect effects of PBG on consumer loyalty through functional value and psychological value (no direct effect) across markets (United States, Japan, India).	
	Sichtmann, Davvetas, & Diamantopoulos, 2019	PBG PBL	MED: Consumer–brand identification DV: Purchase intention MOD: Brand origin	Positive indirect effects of PBG and PBL on purchase intentions through consumer–brand identification. Effects are stronger in an emerging market (Bulgaria) than a developed market (Austria). Effects of brand origin differ between countries.	
Market globalization	**This study**	PBG PBL	MED: Brand credibility, perceived quality, anticipated regret DV: Price premium, purchase intention, word-of-mouth intention MOD: Brand origin, social signaling value, cultural grounding	*Extends literature by demonstrating that PBG is a weaker signal of brand credibility than PBL in globalized markets, whereas both are equally important signals in globalizing markets. The signaling function of PBG and PBL is contingent on a brand's origin, category's social signaling value, and cultural grounding. The observed market differences have consequences for downstream effects of brand credibility implied by signaling theory (perceived quality, anticipated regret, price premium).*	Consumers respond **favorably** to (perceived) brand localness. Evidence for **between-market differences** in consumer responses to (perceived) brand globalness.

This table includes only studies that explicitly measure and model perceived brand globalness (PBG) and/or perceived brand localness (PBL). IV = independent variable(s), MED = mediating variable(s), DV = dependent variable(s), MOD = moderating variable(s).
[a] PBL is not significantly related to brand quality.
[b] PBL is not significantly related to brand quality in the developing market.

Although few studies compare markets according to cultural or economic differences (e.g., Özsomer, 2012; Sichtmann, Davvetas, & Diamantopoulos, 2019), none has been specifically designed to assess expected (i.e., hypothesized) between-market differences in the signaling functions of PBG and PBL. By considering differences in the extent of market globalization at comparable levels of economic development, we offer a contingency perspective on the signaling function of PBG and PBL. This timely and important contribution in the face of increasing globalization headwinds helps marketers (re-)position their brands to respond appropriately to these changes (Steenkamp, 2019b).

Third, we provide theoretical and managerial insights by proposing and testing several boundary conditions for the relationships of interest. At the brand level, noting that consumers' increasingly critical stance towards globalization promotes an ethnocentric viewpoint that disfavors foreignness (Riefler, 2012; Steenkamp, 2019b), we investigate the moderating role of brand origin. Furthermore, because the conditions for successful branding vary across product categories (Fischer, Völckner, & Sattler, 2010), we investigate the moderating role of a category's social signaling value and cultural grounding, both of which determine the perceived superiority of global brands over local brands, or vice versa (Davvetas & Diamantopoulos, 2016; Özsomer, 2012). This enables us to provide nuanced managerial guidance related to the positioning of brands in globalized and globalizing markets.

MARKETPLACE GLOBALIZATION

Globalization has had a profound impact on both consumers and companies. Following World War II, numerous countries embraced the expansion, concentration, and acceleration of international relations, supported by new international institutions such as the United Nations, the World Bank, and later, the World Trade Organization (Habich & Nowotny, 2017; Hu & Spence, 2017; Petricevic & Teece, 2019). Although globalization steadily increased after World War II, it accelerated dramatically in the 1990s, following the end of the Cold War and the advent of the Internet (Habich & Nowotny, 2017; Hu & Spence, 2017). This unfolding *hyperglobalization* (Potrafke, 2015) – characterized by a rapid increase of international trade and investment (Subramanian & Kessler, 2013) – facilitated the rise of MNCs, some of which "have

grown to be larger and more powerful than most countries" (Habich & Nowotny, 2017: 8). By the end of the 20th century, the effects of globalization on markets had increasingly differentiated, such that consumers around the world experienced its consequences in different forms and to different degrees (Arnett, 2002; Chase-Dunn, Kawano, & Brewer, 2000; Holton, 2000; Verbeke, Coeurderoy, & Matt, 2018).

Today, countries exhibit differing levels of economic, social, and political globalization (e.g., Canada is more globalized than China, and China is more globalized than Cameroon), along with different growth rates (e.g., China continues to globalize, whereas Canada's rate of globalization is stagnating). A country's (absolute) level of globalization and its growth rate jointly determine its position on a globalization trajectory, such that we can classify countries into globalized markets (e.g., Canada) and globalizing markets (e.g., China). Although a country's position on its globalization trajectory can be determined according to objective indicators (Dreher, 2006) of economic (e.g., international trade), social (e.g., dissemination of global media), or political (e.g., presence of international NGOs) globalization, individual perceptions and beliefs about globalization may differ. Thus, a distinction can be drawn between *realized globalization* and *perceived globalization*. The former informs the latter; individual perceptions likely conform with reality in the long run. However, perceived globalization may vary within countries, because individual members experience globalization differently (Alden, Steenkamp, & Batra, 2006; Arnett, 2002). For example, a Chinese consumer living in Shanghai may overestimate the degree of globalization of China as a whole, whereas a Canadian consumer living in Winnipeg may underestimate the degree of globalization of Canada as a whole.

In the past, Western industrial nations (e.g., Europe, North America) have been the prime beneficiaries of globalization, experiencing an accumulation of wealth that has helped their consumer markets thrive (Ritzer, 2007). However, in the new millennium, Western consumers appear increasingly wary of the negative side effects of marketplace globalization that put a strain on many societies. They voice fears that "unfair competition from foreigner destroys jobs at home," "migration … threatens culture and national identity," MNCs "use foreign boltholes to dodge taxes, while small companies have a hard time surviving," or "'the

rich' … are getting richer in the process" (Habich & Nowotny, 2017: 12). Reflecting these views, globalization has come under pressure in many Western countries, manifested in a "popular backlash against free-trade and unrestricted cross-border movements of capital" (Hu & Spence, 2017: 1). In fact, globalized markets have experienced a renaissance of protectionist policies, increased nationalistic tendencies, and a reorientation toward traditional national values (Ghemawat, 2017; Hu & Spence, 2017; OECD, 2017; The Economist, 2016a; Verbeke, Coeurderoy, & Matt, 2018).

Concurrently, many countries in Asia, the Middle East, and South America continue to experience substantial growth in terms of globalization, with rapidly evolving consumer markets (Cavusgil & Cavusgil, 2012; Cavusgil et al., 2018; Sheth, 2011; Strizhakova, Coulter, & Price, 2012). These globalizing markets are characterized by largely positive public opinions about globalization and its effects, in the form of economic growth, decreased poverty, and enhanced human development (Bergh & Nilsson, 2014; Potrafke, 2015). For example, data from YouGov (2016) show that respondents' agreement with the statement that globalization is a "force for good" is higher in markets that still experience growth in this process, such as India (83%), Thailand (76%), Vietnam (91%), or the Philippines (85%), compared with globalized markets such as the United States (40%), United Kingdom (48%), Germany (60%), Norway (49%), Sweden (63%), or Denmark (68%).

Despite the growing attention paid to these developments in the international marketing literature (e.g., Gürhan-Canli et al., 2018; Samiee, 2019; Steenkamp, 2019a, b), empirical insights into the implications of marketplace globalization for the appeal of globally and locally positioned brands are scarce. Although global branding research has amassed solid empirical evidence for the potential advantages of brand globalness/localness perceptions, few studies include settings other than major developed Western markets (e.g., Özsomer, 2012; Swoboda, Pennemann, & Taube, 2012; Xie, Batra, & Peng, 2015). Moreover, they tend to apply classifications according to economic or cultural indicators (e.g., developed versus emerging economies) that do not account for between-country differences in marketplace globalization (although vast differences exist among economically developed countries, such as Germany versus South Korea; Dreher, 2006; Gygli et al., 2019).[1] To address this important gap and inform current international marketing strategy, we propose a conceptual model to describe how brand globalness and localness help build credible brands in globalized and globalizing market settings (Figure 1).

CONCEPTUAL MODEL

Brands as Market Signals: Signaling Theory and Brand Credibility
To understand the formation of brand credibility and its role in consumers' decision-making regarding global and local brands, we adopt a signaling
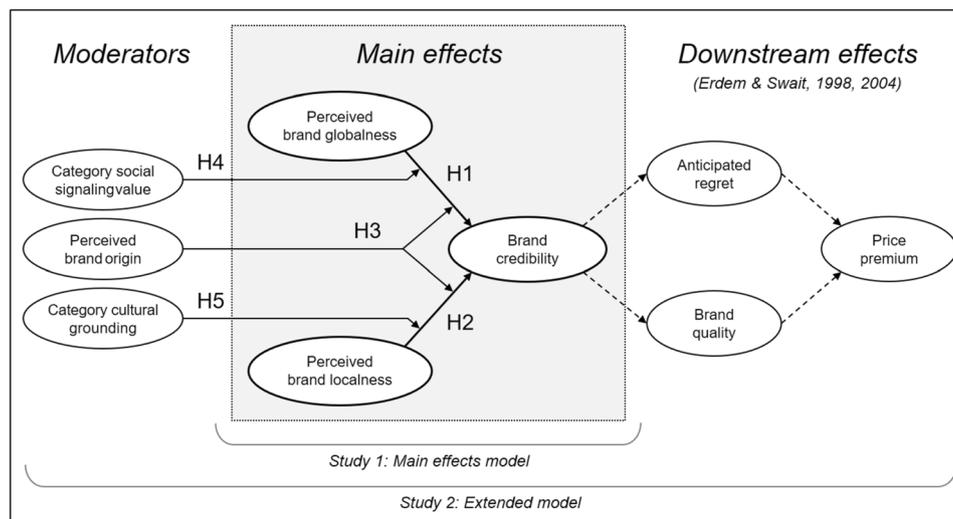

Figure 1 Conceptual model.

theory perspective (Erdem & Swait, 1998). Rooted in information economics, signaling theory explicitly considers the imperfect and asymmetrical information structure in marketplaces that creates consumer uncertainty about market offerings (Erdem & Swait, 1998). It asserts that firms can manipulate attributes or activities to convey or signal indirect information about product characteristics (Erdem & Swait, 2004; Spence, 1974). For example, high prices may signal high quality, due to increased production costs (Spence, 1974; Tirole, 1990); high advertising spending may demonstrate a firm's commitment to a brand (Kihlstrom & Riordan, 1984); and warranties can signal a firm's confidence in the quality of its products (Boulding & Kirmani, 1993).

Extant literature highlights the importance of brands as signals in modern markets (e.g., Erdem & Swait, 1998, 2004; Erdem et al., 2006). In general, brands reveal product positions (Erdem & Swait, 2004; Wernerfelt, 1988) and shape "how consumers learn, encode and evaluate brand information" (Erdem, Swait, & Louviere, 2002: 1) through their physical, functional, or symbolic attributes. Researchers emphasize the role of brand credibility, defined as "the believability of the product information contained in a brand" (Erdem & Swait, 2004: 192), which consists of two main components: a brand's perceived *expertise* and its *trustworthiness* to deliver on its promises. Brand credibility precedes consumers' brand evaluations and intentions. If a brand is perceived as credible, it serves as a reliable signal of product positioning that improves consumers' brand evaluations, consideration, and choice (Erdem & Swait, 1998, 2004; Erdem et al., 2006). Specifically, brand credibility increases perceptions of quality and decreases perceptions of risk and information costs, which jointly increase consumers' expected utility (Erdem & Swait, 1998). "This chain of relations… drives consumer-based brand equity" (Erdem & Swait, 1998: 131).

Against the backdrop of market globalization, PBG and PBL are two key brand attributes that potentially signal brand credibility (Özsomer, 2012; Özsomer & Altaras, 2008). That is, PBG can serve as a positive signal of a brand's worldwide success (suggesting high levels of expertise; Steenkamp et al., 2003) and its suitability for self-definition (nurturing its trustworthiness; Strizhakova, Coulter, & Price, 2011; Xi et al., 2015), even as PBL can signal a deeper understanding of and concern for the unique needs and wants of local markets (suggesting high levels of expertise and trustworthiness; Ger, 1999; Özsomer,

2012). These brand perceptions are not opposite ends of a continuum; rather, they represent distinct features that can coexist, indicating viable brand positioning options for MNCs to respond to diverse markets that include both pro- and anti-global consumer segments (Özsomer, 2012; Riefler, 2012; Winit, Gregory, Cleveland, & Verlegh, 2014).

Accordingly, and consistent with the premises of signaling theory, we anticipate that PBG and PBL serve as relevant antecedent of brand credibility, which in turn is a key driver of various downstream effects, including increased *brand quality*, decreased *anticipated regret of purchase* (combined measure of risk perceptions and information costs), and increased (perceived) *price premium* (measure of expected utility) (Figure 1).

Perceived Brand Globalness and Localness as Signals of Brand Credibility

Perceived brand globalness
First conceptualized by Steenkamp et al. (2003: 54), PBG is defined as consumers' belief that a "brand is marketed in multiple countries and is generally recognized as global in these countries." Consumers may form such beliefs through media exposure, word-of-mouth, or travel experiences (Steenkamp et al., 2003). Consumers associate PBG with functional and psychological benefits; it consistently leads to favorable brand evaluation and purchase intentions (e.g., Davvetas, Sichtmann, & Diamantopoulos, 2015; Swoboda et al., 2012; see also Web Appendix A for an overview of global/local branding literature). Most prior research investigates direct relationships between PBG and brand-related outcomes; however, Özsomer and Altaras (2008) theorize that these relationships are mediated through brand credibility, because brand credibility precedes brand evaluations, consideration, and choice (Erdem & Swait, 2004; Erdem et al., 2006).

We expect PBG to relate positively to brand credibility, because it operates as a strong signal of expertise and trustworthiness. If consumers perceive that a brand is available worldwide, they attribute higher levels of quality to the brand, with the sense that it has gained outstanding expertise by manufacturing and distributing its products on a global scale (Özsomer, 2012; Steenkamp et al., 2003). Furthermore, the symbolic value of global brands (Holt, Quelch, & Taylor, 2004; Sichtmann et al., 2019; Strizhakova, Coulter, & Price, 2008) can help consumers construct, reinforce, and express their self-concepts (Strizhakova et al., 2011), which

increases their trust in brands (Xie et al., 2015). These favorable associations contribute to consumers' beliefs that a brand can deliver on its claims – that is, its brand credibility:

Hypothesis 1: PBG relates positively to consumer perceptions of brand credibility.

We expect this relationship to vary according to whether a market is globalized or globalizing. Growing criticism of globalization in globalized markets may impair the ability of PBG to signal brand credibility, relative to the situation in globalizing markets. Global brands are often viewed as symbols or representatives of globalization and global consumer cultures (e.g., Akaka & Alden, 2010; Holt et al., 2004; Steenkamp, 2019a). Therefore, we expect PBG to become less effective as a credibility signal as consumers adopt increasingly critical attitudes towards globalization. In contrast, in globalizing markets, in which consumers hold more favorable views of globalization and continue to embrace the allure of global consumer cultures (Strizhakova & Coulter, 2015; Strizhakova et al., 2008; YouGov, 2016; Zhou & Belk, 2004), we expect PBG to be a stronger signal of brand credibility.

Hypothesis 1a: The positive relationship between PBG and consumer perceptions of brand credibility is stronger in globalizing markets than in globalized markets.

Perceived brand localness
The second brand attribute that may signal brand credibility is PBL, defined as the "degree to which a brand symbolizes the values, needs, and aspirations of the members of the local country" (Özsomer, 2012: 73). The more a brand succeeds in being recognized as "a local player" or "a symbol or icon of local culture" (Swoboda et al., 2012: 72), the more likely it can benefit from favorable associations such as trustworthiness, uniqueness, (cultural) originality, authenticity, local pride, and a close connection to culture and heritage (Ger, 1999; Özsomer, 2012; Schuiling & Kapferer, 2004). Locally perceived brands not only reflect but also shape the characters of local markets (Dimofte, Johansson, & Ronkainen, 2008; Özsomer, 2012).

Companies can consciously promote PBL to signal their responsiveness to specific market environments, which often vary according to important, culturally shaped elements such as communication styles, accepted pricing modes, or common distribution channels (Alden et al., 1999;

Hultman, Robson, & Katsikeas, 2009; Merz, He, & Alden, 2008). Such adaptations to local market conditions require detailed knowledge (i.e., expertise) about the particularities of a specific local consumer culture, including but not limited to, consumers' unique needs and wants (Özsomer, 2012; Steenkamp & de Jong, 2010).

Extant research affirms PBL is also consistently linked to positive brand-related evaluations and intentions (see Web Appendix A). In line with signaling theory, we propose that brand credibility mediates the relationship between PBL and brand evaluations. For consumers, we propose that PBL increases a brand's credibility by signaling its ability (i.e., expertise) and willingness (i.e., trustworthiness) to deliver what it promises, resulting in enhanced perceptions of brand credibility in the local market context (Erdem & Swait, 1998).

Hypothesis 2: PBL relates positively to consumer perceptions of brand credibility.

We expect this relationship to vary according to whether a market is globalized or globalizing. As consumers in globalized markets eschew globalization, they seek refuge in their home cultures (Cleveland & Bartsch, 2019; Steenkamp, 2019a), which then extends to their consumption habits. They link local brands to their respective local consumer cultures (Ger, 1999; Özsomer, 2012; Steenkamp, 2019a). Because PBL reflects this link, we expect it to be an effective signal of brand credibility for consumers who embrace their local consumer cultures. In contrast, in globalizing markets, contemporary consumer culture is dominated by the presumed allure of globalization and the enjoyment of foreign cultural influx as the result of ongoing globalization, such that consumers embrace greater access to global consumer cultures. In this context, the appeal of global brands may overshadow the signaling capabilities of PBL. Consumer preferences for global brands in globalizing markets suggest PBL is a less effective signal of brand credibility, relative to globalized markets.

Hypothesis 2a: The positive relationship between PBL and consumer perceptions of brand credibility is stronger in globalized markets than in globalizing markets.

Moderating Role of Brand Origin
Prior literature shows that consumer responses to perceptions of globalness and localness also may

depend on brand origin (Riefler, 2012; Westjohn, Magnusson, & Zhou, 2015; Winit et al., 2014), defined as "the country a brand is associated with or the headquarters of where the brand's owner is perceived to be located, regardless of where it is manufactured"(Samiee, Shimp, & Sharma, 2005: 382). We expect the signaling function of PBG and PBL to depend on a brand's domestic or foreign brand origin, because consumers implicitly categorize brands on the basis of their (perceived) origin, which can affect their brand-related responses (Balabanis & Diamantopoulos, 2011; Herz & Diamantopoulos, 2013; Verlegh & Steenkamp, 1999). Typically, consumers favor domestic over foreign brands; that is, they show *home-country bias* (Balabanis & Diamantopoulos, 2004; Verlegh, 2007). The extent of this bias toward domestic brands/ products is determined by various individual-level factors, such as economic/moral concerns (i.e., consumer ethnocentrism), identity reinforcement and expression (i.e., national identification), and feelings of animosity towards foreign countries (for historical reasons; i.e., consumer animosity) (Balabanis & Diamantopoulos, 2004; Verlegh, 2007; Verlegh & Steenkamp, 1999). Prior research suggests that the home-country bias holds in various settings (Papadopoulos, Heslop, & Bamossy, 1990; Verlegh & Steenkamp, 1999; Verlegh, 2007) and applies to both non-global and global brands (Riefler, 2012).

Because domestic brands often share long histories with their home-country markets and enjoy high levels of trust (Schuiling & Kapferer, 2004), we propose they appear as authentic agents or even icons of local culture (Özsomer, 2012; Steenkamp et al., 2003). In turn, we expect domestic brands to capitalize more easily on PBL than foreign brands, to signal their brand credibility.

Hypothesis 3a: The positive relationship between PBL and consumer perceptions of brand credibility is stronger for domestic brands than foreign brands.

However, with regard to the signaling function of PBG for brand credibility, we expect to find differences between foreign and domestic brands according to the market's level of globalization. In globalized markets, foreign brands tend to symbolize intrusion into the local market or even cultural imperialism (Holt et al., 2004; Torelli & Cheng, 2011). Because these markets are exhibiting growing globalization fatigue, the foreignness of a brand

may suppress the presumed positive signaling effect of PBG. In contrast, consumers in globalizing markets perceive foreign brands more favorably (Batra, Ramaswamy, Alden, Steenkamp, & Ramachander, 2000), because they are still experiencing the benefits of ongoing market globalization (e.g., increased availability of foreign consumption alternatives, opportunity to participate in a global consumer culture, exposure to cultural diversity, travel opportunities). Accordingly, a globally positioned brand of foreign origin should be a stronger signal of brand credibility in such markets.

Hypothesis 3b: The positive relationship between PBG and consumer perceptions of brand credibility is stronger for foreign brands in globalizing markets than in globalized markets.

Moderating Role of Product Category Characteristics
Beyond brand origin, we contextualize the proposed main relationships with product category characteristics, because generally "[t]he conditions for successful brand building are not equally favorable across categories" (Fischer et al., 2010: 823). We consider a category's social signaling value and cultural grounding to be relevant contextual factors, because global/local branding literature suggests these elements determine the perceived superiority of global over local brands or vice versa (Davvetas & Diamantopoulos, 2016; Özsomer, 2012). Distinguishing product categories along these dimensions expands our ability to generalize the findings to other product categories that exhibit varying levels of the attributes.

Category social signaling value
The social signaling value of a category refers to the capability of certain products to signal a person's social status (Batra et al., 2000). Consumers may use brands to construct, reinforce, and communicate their self-concept by purchasing certain products (Arnould & Thompson, 2005; Belk, 1988; Strizhakova & Coulter, 2013) and "use brands as a status symbol or as a means to signal group membership" (Fischer et al., 2010: 826). The motivation to engage in social signaling is deeply rooted in human psychology and can be explained by self-congruity theory (Sirgy, 1982) and self-enhancement theory (Shrauger, 1975). As a consequence, social signaling and the associated desire for status symbols are socio-psychological phenomena that occur around the globe.[2]

Because brand globalness commonly is associated with highly regarded values such as prestige, sophistication, and modernity (Holt et al., 2004; Steenkamp et al., 2003), it is particularly well suited for signaling a person's actual or aspired social status (Strizhakova & Coulter, 2015; Xie et al., 2015). However, certain products are more or less capable of conveying a person's social status: Expensive goods that are publicly consumed (e.g., cars, clothing) tend to have more social signaling value than inexpensive goods that are privately consumed (e.g., sweets, household products). Davvetas and Diamantopoulos (2016) provide initial empirical evidence that global brands are preferable in product categories that offer high social signaling value. Accordingly, we expect globalness perceptions to be particularly conducive to a brand's credibility in such product categories.

Hypothesis 4: The positive relationship between PBG and brand credibility is stronger (weaker) for product categories with high (low) social signaling value.

Category cultural grounding
A category's cultural grounding refers to the extent to which the product category is shaped by local preferences, customs, and traditions (Özsomer, 2012). Some products, such as high-tech electronics (e.g., computers, phones, televisions, cameras), meet universal needs and "require little adaptation across national markets" (Jain, 1989: 74). Other product categories, such as food and drink categories, are strongly shaped by unique cultural preferences (Davvetas & Diamantopoulos, 2016; Özsomer, 2012), such that they tend to require more understanding and adaptation to local market needs. Brand localness signals better knowledge of the particularities of a local market, so it can elevate trust and reliability (Holt et al., 2004; Schuiling & Kapferer, 2004). Accordingly, we expect the effectiveness of PBL as a signal of brand credibility to be greater in culturally grounded product categories (cf. non-grounded categories).

Hypothesis 5: The positive relationship between PBL and brand credibility is stronger (weaker) for product categories with high (low) cultural grounding.

OVERVIEW OF EMPIRICAL STUDIES
To test our conceptual model, we adopt a survey-based research design involving two empirical studies, conducted in Germany and South Korea (i.e., four samples in total). In Study 1, we investigate the main effects (Hypotheses 1 and 2) and their contextualization by brand origin (Hypothesis 3). In Study 2, we replicate and extend the scope of our investigation by exploring additional boundary conditions (Hypotheses 4 and 5) and the relevant downstream effects of brand credibility (increased brand quality, decreased anticipated regret of purchase, increased price premium), as implied by signaling theory (Erdem & Swait, 1998). The studies are comparable in their study design (e.g., survey sequence, brand stimuli, measurement instruments) but employ different samples to ensure the ecological validity of our findings (Bello, Leung, Radebaugh, Tung, & van Witteloostuijn, 2009).

We purposively selected Germany and South Korea as the settings for our research, because they represent two markets with different globalization trajectories. We identified these countries based on an analysis of the realized globalization trajectories during the period of 1990 (marking the advent of hyperglobalization) to 2017 (latest available data) using the KOF Globalization Index (Dreher, 2006; Gygli et al., 2019).[3] According to this index, Germany has a high level of globalization and experienced only moderate growth since 1990 (KOF index$_{2017}$ = 88.7; KOF index$_{1990}$ = 72.1; $\Delta_\%$ = 23.0), therefore representing a globalized market. Relative to Germany, South Korea has a lower level of globalization and grew more rapidly in terms of globalization during the same period (KOF index$_{2017}$ = 79.3; KOF index$_{1990}$ = 49.8; $\Delta_\%$ = 59.2), therefore representing a globalizing market. Both countries are classified as economically developed (i.e., high-income, advanced economies; International Monetary Fund, 2018; World Bank, 2018) and are home to internationally operating companies in a range of business-to-business and business-to-consumer industries. Importantly, both countries feature competition among strong local and (homegrown) global brands.[4] Although Germany and South Korea differ in terms of individualism/collectivism, prior research suggest that such differences do not affect the relevance of brands (Fischer, Völckner, & Sattler, 2010). This makes Germany and South Korea suitable candidates to test our propositions.

To ensure that our results are both internally and externally valid, we selected particular samples, following the sampling guidelines suggested by Reynolds, Simintiras, and Diamantopoulos (2003). In Study 1, we draw on homogeneous student samples, with 336 German (M_{Age} = 24.0 years, SD_{Age} = 3.1; 58.6% females) and 372 South Korean (M_{Age} = 23.4 years, SD_{Age} = 2.8; 39.5% females) respondents, to maximize internal validity. The homogeneity of these samples minimizes the potential effects of extraneous variables on the results, so they provide a strong test of the theorized relationships (Calder, Phillips, & Tybout, 1981). Furthermore, young adults (i.e., students) are "at the forefront of globalization" (Strizhakova, Coulter, & Price, 2012: 43) and constitute a key consumer segment for many MNCs. In Study 2, we test the extended model using two heterogeneous consumer samples, consisting of 335 German (M_{Age} = 40.7 years, SD_{Age} = 12.4; %$_{female}$ = 54.0) and 356 South Korean (M_{Age} = 40.6 years, SD_{Age} = 11.8; %$_{female}$ = 52.5) respondents, to replicate and extend the results from Study 1 (Bello et al., 2009). These heterogeneous samples maximize external validity, allowing more valid inferences relative to the broader populations of German and South Korean consumers (Bello et al., 2009; Heiman, 1998). We provide key characteristics of all four samples in Web Appendix B.

STUDY 1: MAIN EFFECTS

Research Design

Brand stimuli
To establish the main effects – that is, the positive signaling function of PBG and PBL for brand credibility – we surveyed respondents about their individual perceptions of 15 mass market brands from three product categories: automobiles, fast food restaurants, and sweets. We selected these categories according to multiple criteria. The general requirement for any product category to be considered was (1) competition among brands with varying degrees of globalness/localness and (2) consumers' sufficient familiarity with the brands in a given product category. Following past global branding studies (e.g., Davvetas & Diamantopoulos, 2016; Özsomer, 2012; Steenkamp et al., 2003), we selected these specific product categories with the purpose of ensuring sufficient variance in the contextual factors, category social signaling value and category cultural grounding, as well as their presence along the nondurable–durable and price continuums.

For each category, we selected a set of five brands that varied significantly in their degree of PBG and PBL and their brand origin (i.e., domestic or foreign), to ensure sufficient variance across the exogenous variables. To the extent possible (i.e., brand availability in both markets), we used the same brand stimuli across countries to reduce brand-specific effects. For example, Hyundai and Volkswagen were foreign (domestic) and domestic (foreign) brand stimuli in Germany (South Korea). Other brand stimuli included McDonald's as a global counterpart of Nordsee in Germany and Lotteria in South Korea, as well as M&M's as a global counterpart of Ritter Sport in Germany and Choco Pie in South Korea. All the brand stimuli and their key characteristics are listed in Web Appendix C.

Each respondent, randomly assigned to one of the three product categories, rated two random brands from that product category. With this design, we generated 1178 valid observations (N_{GER} = 558; N_{KOR} = 620), pertaining to all 15 brand stimuli. We started by measuring each respondent's interest in the given product category ("In general, I have a strong interest in this product category," adopted from Beatty & Talpade, 1994).[5] In the next section, respondents rated the two brands in a randomized sequence to counterbalance any potential anchoring effects. They rated all brands according to their brand credibility (four items, e.g., "This brand delivers what it promises," Erdem & Swait, 1998; used in Erdem et al., 2002), perceived brand globalness (three items, e.g., "I don't/do think consumers overseas buy this brand," Steenkamp et al., 2003), perceived brand localness (four items, e.g., "This brand is strongly associated with German/Korean culture," Torelli & Ahluwalia, 2012), perceived brand origin ("I consider this brand to be a domestic/foreign brand," Batra et al., 2000), and brand familiarity ("This brand is very unfamiliar/familiar to me," Steenkamp et al., 2003). Following prior literature (e.g., Steenkamp et al., 2003; Swoboda et al., 2012), we accounted for potential differences in respondents' preferences for domestic over foreign brands by asking each respondent to indicate his or her level of consumer ethnocentrism (four items, e.g., "A real German/Korean should always buy German/Korean-made products," Shimp & Sharma, 1987; used in Steenkamp et al., 2003) and basic socio-demographic

information (age, gender, level of education). Table 2 summarizes the measurement scales, including their satisfactory psychometric properties. All items were translated into German and Korean by bilingual speakers with a translation–back-translation procedure (Behling & Law, 2000).

Finally, we applied several procedural remedies to account for common method variance (CMV), such as the measurement of dependent and independent variables in separate sections of the questionnaire (with dependent variables preceding independent variables), the use of varying scale formats, and presentations of the items in randomized order (Chang, van Witteloostuijn, & Eden, 2010; Podsakoff, MacKenzie, Lee, & Podsakoff, 2003).

Analytical Procedure

We analyzed the data using Mplus 7.40 (Muthén & Muthén, 1998–2015). First, we validated the measurement model with multigroup confirmatory factor analysis (MG-CFA), including tests of measurement invariance between countries. Second, we estimated the relationships of interest using multigroup structural equation modeling (MG-SEM) in a stepwise manner. For all latent model estimations, we used the robust maximum likelihood estimator (MLR), which corrects for potential biases in the standard errors induced by non-normality (Muthén & Muthén, 1998–2015). Accordingly, we estimated a two-group model of the hypothesized main effects (Hypotheses 1 and 2), and then, to investigate the moderating role of brand origin (Hypothesis 3), we split each country sample into two subsamples according to the brand's (individually perceived) domestic or foreign origin (at the midpoint; values below/above/equal the midpoint = domestic/foreign/excluded; we assessed the extent of brand origin misperception by calculating an average correct identification rate [CIR] of 85.5% across groups) and estimated a corresponding four-group model. In both models, we controlled for potential differences in consumers' level of ethnocentrism, brand familiarity, and category interest.

In the following sections, we report standardized coefficients as measures of effect size (fulfilling all three *desiderata* proposed by Preacher & Kelley, 2011, i.e., scale interpretability, availability of confidence intervals, and independence of sample size), alongside corresponding p values and 95% confidence intervals (Meyer, van Witteloostuijn, & Beugelsdijk, 2017). We assess the magnitude of the relationships of interest in reference to effect size

classifications for correlational data (i.e., 0.10 = small, 0.20 = medium, 0.30 = large; Gignac & Szodorai, 2016; Hemphill, 2003).

Results

Measurement model

To validate the measurement model, we estimated a series of two-group models (Germany, South Korea). The initial assessment of each construct's factor loadings led to the exclusion of two items with insufficient loadings (i.e., PBL and consumer ethnocentrism). After this exclusion, as shown in Table 2, all standardized loadings exceeded the common threshold of 0.70, the average variance extracted (AVE) ranged from 0.52 to 0.84, the composite reliabilities spanned from 0.76 to 0.94, and the Cronbach's alphas ranged from 0.75 to 0.94.[6] We checked for discriminant validity by comparing each construct's AVE to its squared correlations with all other constructs (Fornell & Larcker, 1981). The mean values, standard deviations, and correlations are reported in Table 3.

To establish measurement invariance across countries, we followed Steenkamp and Baumgartner's (1998) sequential testing procedure for cross-national consumer research. The initial model with free factor loadings and item intercepts (i.e., configural invariance) exhibited good fit ($\chi^2(96) = 260.76$, root-mean-square error of approximation [RMSEA] = 0.05, confirmatory fit index [CFI] = 0.98, Tucker-Lewis index [TLI] = 0.97, standardized root-mean-square residual [SRMR] = 0.04). Next, we constrained the factor loadings to be equal across groups (metric invariance; $\chi^2(104) = 301.54$, RMSEA = 0.06, CFI = 0.97, TLI = 0.96, SRMR = 0.04), followed by another nested model with constraints on both factor loadings and item intercepts (scalar invariance; $\chi^2(112) = 352.77$, RMSEA = 0.06, CFI = 0.96, TLI = 0.96, SRMR = 0.04). Because χ^2 (difference) tests "are sensitive to sample size and to violation of the normality assumption" (Chen, 2007: 465), we assessed the extent of measurement invariance based on commonly used model fit indices. Following recommendations by Chen (2007) and Cheung and Rensvold (2002), we considered changes in CFI, RMSEA, or SRMR of less than 0.01, 0.015, or 0.030, respectively, to be indications of measurement invariance (e.g., Swoboda, Puchert, & Morschett, 2016). A comparison of the nested models according to these indices suggests strong measurement

Table 2 Operationalization of focal constructs (Study 1)

Constructs and measurement items	Germany (N = 558)				South Korea (N = 620)			
	λ	CR	AVE	CA	λ	CR	AVE	CA
Perceived brand globalness (Steenkamp, Batra, & Alden, 2003; *7-point bipolar scale*)								
(1)To me, this is a local/global brand.	0.74	0.84	0.64	0.84	0.74	0.87	0.69	0.86
(2)I don't/do think consumers overseas buy this brand.	0.88				0.87			
(3)Products of this brand are available only in Germany/Korea/all over the world.	0.78				0.86			
Perceived brand localness (Torelli & Ahluwalia, 2012; *7-point Likert scale*)								
(1)This brand is strongly associated with German/Korean culture.	0.86	0.93	0.81	0.93	0.84	0.94	0.84	0.94
(2)This brand is an icon of German/Korean culture.	0.96				0.93			
(3)This brand embodies German/Korean values.	0.88				0.93			
Brand credibility (Erdem, Swait, & Louviere, 2002; *7-point Likert scale*)								
(1)This brand delivers what it promises.	0.87	0.89	0.72	0.89	0.86	0.92	0.79	0.92
(2)This brand's product claims are believable.	0.90				0.95			
(3)This brand has a name you can trust.	0.80				0.85			
Consumer ethnocentrism (Steenkamp, Batra, & Alden, 2003; *7-point bipolar scale*)								
(1)Germans/Koreans should not buy foreign products, because this hurts German/Korean business and causes unemployment.	0.74	0.76	0.52	0.74	0.90	0.84	0.64	0.83
(2)A real German/Korean should always buy German/Korean-made products.	0.86				0.71			
(3)It is not right to purchase foreign products.	0.52				0.78			
Brand familiarity (Steenkamp, Batra, & Alden, 2003; *7-point bipolar scale*)								
(1)This brand is very unfamiliar/familiar to me.	1.00	n.a.	n.a.	n.a.	1.00	n.a.	n.a.	n.a.
Category interest (Beatty & Talpade, 1994; *7-point Likert scale*)								
(1)In general, I have a strong interest in this product category.	1.00	n.a.	n.a.	n.a.	1.00	n.a.	n.a.	n.a.

MG-CFA model fit: χ^2 (160) = 374.96, RMSEA = 0.04, CFI = 0.98, TLI = 0.98, SRMR = 0.03; λ = standardized factor loading, CR = composite reliability, AVE = average variance extracted, CA = Cronbach's alpha, n.a. = not applicable.
The results correspond to the final specification, after excluding two items due to insufficient loadings (the content validity of the corresponding scales remained unaffected).

Table 3 Means, standard deviations, and correlations (Study 1)

Construct	M	SD	1	2	3	4	5	6
			4.71	3.64	4.44	1.85	5.86	3.64
			1.88	1.77	1.17	0.99	1.53	1.55
1. PBGlobalness	5.05	1.69	–	− 0.35	0.29	0.03	− 0.01	0.03
2. PBLocalness	2.96	1.81	− 0.21	–	0.08	0.04	0.28	0.04
3. BCredibility	4.61	1.22	0.07	0.36	–	0.04	0.14	0.09
4. CEthnocentrism	1.97	1.04	− 0.03	0.00	− 0.05	–	− 0.18	0.01
5. BFamiliarity	5.32	1.76	0.26	0.15	0.26	0.01	–	0.03
6. CInterest	4.24	1.70	0.10	0.11	0.10	− 0.07	0.01	–

M = mean, SD = standard deviation. All variables were measured on 7-point Likert or semantic differential scales. The upper triangle corresponds to the South Korean sample ($N = 620$); the lower triangle corresponds to the German sample ($N = 558$).

invariance (Web Appendix D), so we can compare the latent means across samples (Steenkamp & Baumgartner, 1998; Widaman & Reise, 1997).

Structural model

The results from the structural model are summarized in Tables 4, 5. Both the two-group model ($\chi^2(156) = 604.93$, RMSEA = 0.07, CFI = 0.95, TLI = 0.94, SRMR = 0.06) and the four-group model ($\chi^2(328) = 842.70$, RMSEA = 0.08, CFI = 0.93, TLI = 0.92, SRMR = 0.08) fit the data well (Hu & Bentler, 1999) and explain between 12% and 22% of the variance in brand credibility. To assess the robustness of our estimates and address potential multicollinearity concerns, we inspected the correlations among the predictors (Table 3) and ran additional estimations using PBG and PBL as single predictors. We observed no substantial changes in the estimates of interest.

With respect to the main relationships, our results show that both PBG and PBL positively affect brand credibility in Germany ($\beta_{PBG} = 0.10$, $p = 0.04$; $\beta_{PBL} = 0.37$, $p < 0.01$) and in South Korea ($\beta_{PBG} = 0.38$, $p < 0.01$; $\beta_{PBL} = 0.18$, $p < 0.01$). These small to large effect sizes provide initial evidence in support of Hypotheses 1 and 2. To test the statistical significance of the differences in the strength of these relationships, we compared the estimates (within and between markets) using Wald χ^2 tests (Wald, 1943). In the globalized market of Germany, the positive (small) effect of PBG on brand credibility is significantly weaker than the (large) effect of PBL (Wald $\chi^2(1) = 20.49$, $p < 0.01$). In the globalizing market of South Korea, the positive (large) effect of PBG on brand credibility is significantly stronger than the (small) effect of PBL (Wald $\chi^2(1) = 12.54$, $p < 0.01$). Comparing these relationships between markets, we find that the signaling function of PBG for brand credibility is substantially more pronounced in South Korea than in

Table 4 Results from the two-group model by country (Study 1).

2-group model: country	Germany		South Korea		
	b (SE)	p [CI]	b (SE)	p [CI]	p(W)
Main effects					
PBGlobalness → BCredibility	**0.10** (0.05)	0.04 [0.01, 0.19]	**0.38** (0.04)	< 0.01 [0.29, 0.46]	< 0.01
PBLocalness → BCredibility	**0.37** (0.04)	< 0.01 [0.29, 0.46]	**0.18** (0.05)	< 0.01 [0.09, 0.27]	< 0.01
Goodness-of-fit					
Adjusted R^2 (BCredibility)	0.17		0.15		
χ^2 (df)	604.93 (156)				
RMSEA/CFI/TLI/SRMR	0.07/0.95/0.94/0.06				
N	558		620		

The parameters in the first two columns of each country section are standardized coefficients, p(W) are p values of the Wald tests (indicating the statistical significance of the difference between the corresponding coefficients on the left-hand side).
Bold coefficients indicate statistical significance at the 5% level. In all models, we control for differences in consumer ethnocentrism, brand familiarity, and category interest.
χ^2 = Chi-squared; df = degrees of freedom; RMSEA = root-mean-square error of approximation; CFI = comparative fit index; TLI = Tucker-Lewis index; SRMR = standardized root-mean-square residual.

Table 5 Results from the two-group model by country × brand origin (Study 1)

4-group model: country × brand origin	Germany					South Korea				
	Domestic		Foreign		p(W)	Domestic		Foreign		p(W)
	b (SE)	p [CI]	b (SE)	p [CI]		b (SE)	p [CI]	b (SE)	p [CI]	
Main effects										
PBGlobalness → BCredibility	**0.20** (0.07)	< 0.01 [0.06, 0.34]	− 0.01 (0.09)	0.89 [− 0.18, 0.16]	0.24	**0.16** (0.06)	0.01 [0.04, 0.28]	**0.43** (0.08)	< 0.01 [0.28, 0.59]	< 0.01
PBLocalness → BCredibility	**0.35** (0.06)	< 0.01 [0.23, 0.47]	**0.21** (0.07)	< 0.01 [0.07, 0.35]	0.74	**0.24** (0.06)	< 0.01 [0.13, 0.36]	**0.25** (0.08)	< 0.01 [0.10, 0.41]	0.87
Goodness-of-fit										
Adjusted R^2 (BCredibility)	0.22		0.12			0.13		0.17		
χ^2 (df)	842.70 (328)									
RMSEA/CFI/TLI/SRMR	0.08/0.93/0.92/0.08									
N	286		233			334		267		

The parameters in the first two columns of each condition are standardized coefficients (including standard errors, p values, and the 95% confidence interval), and p(W) are p values of the Wald tests (indicating the statistical significance of the difference between the corresponding coefficients on the left-hand side).
Bold coefficients indicate statistical significance at the 5% level. In all models, we control for differences in consumer ethnocentrism, brand familiarity, and category interest.
χ^2 = Chi-squared; df = degrees of freedom; RMSEA = root-mean-square error of approximation; CFI = comparative fit index; TLI = Tucker-Lewis index; SRMR = standardized root-mean-square residual.

Germany (Wald $\chi^2(1) = 13.89$, $p < 0.01$), whereas the reverse is true for PBL (Wald $\chi^2(1) = 8.85$, $p < 0.01$). This initial evidence supports Hypotheses 1a and 2a.

To assess the moderating role of brand origin (Hypotheses 3), we divided each subsample according to the (perceived) domestic or foreign origin of a brand. The relationship between PBL and brand credibility appears unaffected by brand origin. The coefficients for domestic ($\beta_{GER \times DOM} = 0.35$, $p < 0.01$; $\beta_{KOR \times DOM} = 0.24$, $p < 0.01$) and foreign ($\beta_{GER \times FOR} = 0.21$, $p < 0.01$; $\beta_{KOR \times FOR} = 0.25$, $p < 0.01$) brands are positive and significant, corresponding to medium to large effect sizes. They do not significantly differ in magnitude (Wald$_{GER}$ $\chi^2(1) = 0.11$ $p = 0.74$; Wald$_{KOR}$ $\chi^2(1) = 0.03$, $p = 0.87$), in initial evidence contrary to Hypothesis 3a.

The relationship between PBG and brand credibility is significant for domestic brands in Germany ($\beta_{GER \times DOM} = 0.20$, $p < 0.01$) but is not significant for foreign brands ($\beta_{GER \times FOR} = -0.01$, $p = 0.89$). The significant coefficient in Germany corresponds to a medium effect size. Despite the difference in statistical significance, the formal Wald test (Wald $\chi^2(1) = 1.38$, $p = 0.24$) indicates that these two coefficients do not significantly differ at the 95% confidence level. In South Korea, the relationship is stronger for foreign brands than for domestic brands ($\beta_{KOR \times FOR} = 0.43$, $p < 0.01$; $\beta_{KOR \times DOM} = 0.16$, $p = 0.01$; Wald $\chi^2(1) = 10.96$, $p < 0.01$). The effect size is large for foreign brands but small for domestic brands, in initial support of Hypothesis 3b. Although the empirical evidence is not consistent, our results indicate that with regard to globalness effects, brand origin matters.[7]

STUDY 2: VALIDATION AND EXTENSION

Research Design
To validate and extend our findings, we conducted a second study featuring multiple extensions. First, to maximize the external validity of our results, we used heterogeneous consumer samples in Germany and South Korea (see Web Appendix B), recruited in collaboration with professional online panel providers. Second, unlike the case of PBG, existing literature provides alternative, overlapping operationalizations of PBL (e.g., "The brand is strongly associated with [country] culture," Torelli & Ahluwalia, 2012; "I do [not] associate this brand with things that are [country]," Steenkamp et al., 2003).

To increase confidence in the robustness of the estimated relationships, we purposely employed an alternative operationalization of PBL in Study 2 (i.e., Steenkamp et al., 2003). Third, we incorporated additional dependent variables (Figure 1) and empirically tested the hypothesized downstream effects of brand credibility, as implied by signaling theory (brand quality [+], anticipated regret of purchase [−], price premium [+]). Fourth, we expanded our initial set of 15 brands with one additional stimulus per category (Ford, Subway, and Oreo), to increase the number of brands originating from countries other than Germany or South Korea. Fifth, to account for potential differences in countries' attractiveness as a product origin (e.g., Germany as a more favorable origin for cars), we controlled for each country's (individually perceived) product image in all model estimations.

Beyond the *ex ante* measures we used in Study 1 to reduce CMV (Podsakoff et al., 2003), we also included a marker variable ("I go the gym regularly," 7-point Likert scale), which is theoretically unrelated to all other variables of interest and facilitates post hoc statistical tests. Specifically, we applied Lindell and Whitney's (2001) partial correlation procedure to examine whether statistically significant correlations remain significant after partialing out the marker variable. A comparison of the zero-order correlations with the partial correlations shows no substantial differences, suggesting CMV does not threaten the validity of our findings.

Survey sequence
As in Study 1, we assigned each respondent to rate two random brands in a single product category, yielding 1300 valid observations pertaining to 18 brands ($N_{GER} = 631$; $N_{KOR} = 669$). That is, we measured respondents' interest in the category ("In general, I have a strong interest in this product category," Beatty & Talpade, 1994) and asked them to rate it in terms of its social signaling value ("Which [category] you select tells/doesn't tell anything about a person," Laurent & Kapferer, 1985; used in Batra et al., 2000) and cultural grounding ("Traditions play an important role for products of this kind," newly developed item, based on Özsomer, 2012). Next, we presented the two brand stimuli in random order and asked each respondent to rate the brands using the constructs from Study 1 (perceived brand globalness/localness, brand credibility, and brand familiarity), as well as

additional constructs associated with the predicted downstream effects of brand credibility: brand quality (two items, e.g., "This brand is very low/high on overall quality," Steenkamp et al., 2003), anticipated purchase regret (three items, e.g., "Buying/using this brand could be a decision that I will later regret," Tsiros & Mittal, 2000; used in Suwelack, Hogreve, & Hoyer, 2011), and (perceived) price premium ("Compared to an average brand within the same product category … how much more or less are you willing to pay for this brand?" newly developed item, slider bar ranging from –100% to +100%). Finally, as controls in our estimations, we captured each brand's country product image (five items; e.g., "Generally, products made in [country] are carefully produced and have good workmanship," Wood & Darling, 1993; used in Demirbag, Sahadev, & Mellahi, 2010) to control for potential variations in country of origin perceptions among respondents and a set of relevant individual difference variables, including age and gender. We also measured consumer ethnocentrism using the four items used in Study 1 (Shimp & Sharma, 1987; used in Steenkamp et al., 2003), extended by one item from Verlegh (2007) in response to the insufficient loading of one item in Study 1. Table 6 provides an overview of all measurement scales and their psychometric properties.

ANALYTICAL PROCEDURE
Using our Study 1 procedure, we first validated the measurement model and established the equivalence of our measures across countries. Next, we estimated the extended model using MG-SEM in two steps. That is, we first estimated a two-group model (1 = Germany, 2 = South Korea) to validate the main effects from Study 1 and extend the scope of investigation by including relevant downstream effects. Then, to determine the moderating roles of brand origin, category social signaling value, and category cultural grounding, we estimated a series of four-group models based on dichotomous distinctions of (1) domestic versus foreign brands (midpoint split; identical to Study 1; average CIR across groups: 70.9%), (2) low versus high category social signaling value (country-specific median split at 4 in both countries), and (3) low versus high category cultural grounding (country-specific median split at 4 in both countries). In all models, we controlled for differences in variables that potentially affect consumers' brand responses: their age,

Table 6 Operationalization of focal constructs (Study 2)

Constructs and Measurement Items	Germany ($N = 631$)				South Korea ($N = 669$)			
	λ	CR	AVE	CA	λ	CR	AVE	CA
Perceived brand globalness (Steenkamp, Batra, & Alden, 2003; 7-point bipolar scale)								
(1)I don't/do think consumers overseas buy this brand.	0.94	0.90	0.91	0.90	0.82	0.74	0.59	0.74
(2)Products of this brand are available only in Germany/Korea/all over the world.	0.86				0.72			
Perceived brand localness (Steenkamp, Batra, & Alden, 2003; 7-point bipolar scale)								
(1)I (do not) associate this brand with things that are German/Korean.	0.83	0.91	0.77	0.91	0.93	0.97	0.91	0.96
(2)To me, this brand (does not) represent what Germany/Korea is all about.	0.92				0.98			
(3)To me, this brand is (not) a very good symbol of Germany/Korea.	0.88				0.96			
Brand credibility (Erdem, Swait, & Louviere, 2002; 7-point Likert scale)								
(1)This brand delivers what it promises.	0.93	0.96	0.89	0.96	0.89	0.96	0.88	0.95
(2)This brand's product claims are believable.	0.96				0.98			
(3)This brand has a name you can trust.	0.94				0.95			
Brand quality (Steenkamp, Batra, & Alden, 2003; 7-point bipolar scale)								
(1)This brand is very low/high on overall quality.	0.92	0.88	0.78	0.87	0.94	0.90	0.82	0.90
(2)This is a brand of inferior/superior quality.	0.85				0.87			
Anticipated regret of purchase (Suwelack, Hogreve, & Hoyer, 2011; 7-point Likert scale)								
(1)Buying/using this brand could be a decision that I will later regret.	0.97	0.98	0.94	0.98	0.92	0.97	0.91	0.97
(2)I might later feel regret buying/using this brand.	0.98				0.98			
(3)It is quite possible that I later regret the decision to buy/use this brand.	0.96				0.95			
Price premium (own item; slider bar ranging from − 100% to + 100%)								
(1)Compared to an average brand within the same product category… How much more or less are you willing to pay for this brand?	1.00	n.a.	n.a.	n.a.	1.00	n.a.	n.a.	n.a.
Consumer ethnocentrism (Steenkamp, Batra, & Alden, 2003; Verlegh, 2007; 7-point Likert scale)								
(1)German/Korean people should not buy foreign products, because this hurts German/Korean business and causes unemployment.	0.93	0.86	0.61	0.93	0.88	0.93	0.76	0.92
(2)It is not right to purchase foreign products, because this puts German/Korean people out of jobs.	0.91				0.91			
(3)A real German/Korean should always buy German/Korean products.	0.90				0.85			
(4)We should purchase products manufactured in Germany/Korea, instead of letting other countries get rich off us.	0.81				0.80			
Brand familiarity (Steenkamp, Batra, & Alden, 2003; 7-point bipolar scale)								
(1)This brand is very unfamiliar/familiar to me.	1.00	n.a.	n.a.	n.a.	1.00	n.a.	n.a.	n.a.
Category interest (Beatty and Talpade, 1994; 7-point Likert scale)								
(1)In general, I have a strong interest in this product category.	1.00	n.a.	n.a.	n.a.	1.00	n.a.	n.a.	n.a.
Category social signaling value (Batra et al., 2000; 7-point Likert scale)								
(1) Which [category] you select tells (doesn't tell) anything about a person.	1.00	n.a.	n.a.	n.a.	1.00	n.a.	n.a.	n.a.
Category cultural grounding (own item, based on Özsomer 2012; 7-point Likert scale)								
(1) Traditions play an important role for products of this kind.	1.00	n.a.	n.a.	n.a.	1.00	n.a.	n.a.	n.a.
Country product image (Demirbag, Sahadev, & Mellahi, 2010; 7-point Likert scale) Generally, products made in [country]…								
(1)are carefully produced and have good workmanship.	0.78	0.86	0.61	0.85	0.88	0.93	0.76	0.93
(2)show a great degree of technological advancement.	0.73				0.87			
(3)are usually quite reliable and seem to last the desirable length of time.	0.89				0.92			
(4)are usually a good value for money.	0.71				0.80			

MG-CFA model fit: χ^2 (364) = 1205.08, RMSEA = 0.06, CFI = 0.95, TLI = 0.94, SRMR = 0.05; λ = standardized factor loading, CR = composite reliability, AVE = average variance extracted, CA = Cronbach's alpha, n.a. = not applicable.
The results correspond to the final specification, after excluding three items due to insufficient loadings (the content validity of the corresponding scales remained unaffected).

gender, level of ethnocentrism, brand familiarity, category interest, and perceived country product image. We also allowed for direct effects of PBG and PBL on all outcome variables (i.e., control paths).

Results

Measurement model

The initial assessment of each construct's factor loadings led to the exclusion of three items with insufficient loadings (i.e., PBG, consumer ethnocentrism, country product image). After this exclusion, all remaining factor loadings, AVE, composite reliabilities, Cronbach's alpha, and correlations of with other focal constructs attest to the convergent and discriminant validity of the measures (Table 7).[8] To assess the equivalence of our measures across countries, we again ran a series of nested models, beginning with an unconstrained two-group model ($\chi^2(336) = 886.73$, RMSEA = 0.05, CFI = 0.97, TLI = 0.96, SRMR = 0.04). Next, we constrained the factor loadings to be equal across groups ($\chi^2(350) = 1003.78$, RMSEA = 0.05, CFI = 0.96, TLI = 0.96, SRMR = 0.05), followed by an even more constrained model with equal factor loadings and intercepts ($\chi^2(364) = 1205.08$, RMSEA = 0.06, CFI = 0.95, TLI = 0.94, SRMR = 0.05). Again, the marginal changes in CFI, RMSEA, and SRMR suggest strong measurement invariance (Chen, 2007; Cheung & Rensvold, 2002; Web Appendix D).

Structural model

The results of our model estimations are summarized in Tables 8, 9, 10, 11. All models fit the data well and explain between 26% and 47% of the variance in the price premium outcome variable. As in Study 1, we checked for potential multicollinearity by running additional estimations, which attested to the robustness of our estimates. With regard to the main relationships of PBG and PBL with brand credibility, the results validate our findings from Study 1, in support of Hypotheses 1 and 2 (Table 8, 9, 10, 11).[9]

In the globalized market of Germany, the positive (medium) effect of PBL on brand credibility ($\beta = 0.23$, $p < 0.01$) is significantly stronger than the effect of PBG, which is not significant ($\beta = 0.07$, $p = 0.10$; Wald $\chi^2(1) = 7.42$, $p = 0.01$).[10] In the globalizing market of South Korea, the positive (medium) effects of both PBG and PBL are statistically significant and comparable in magnitude ($\beta_{PBG} = 0.22$, $p < 0.01$; $\beta_{PBL} = 0.22$, $p < 0.01$; Wald

Table 7 Means, standard deviations, and correlations (Study 2)

Construct	M	SD	1	2	3	4	5	6	7	8	9	10	11	12
1. PBGlobalness	5.12	1.43	–	−0.35	−0.04	−0.01	0.03	0.01	−0.10	0.09	−0.03	0.05	0.08	−0.14
2. PBLocalness	3.80	2.02	−0.24	–	0.32	0.38	−0.13	0.21	0.12	0.20	0.12	0.09	0.14	0.36
3. BCredibility	4.40	1.36	0.30	0.29	–	0.64	−0.50	0.46	−0.01	0.28	0.24	−0.05	0.17	0.34
4. BQuality	4.66	1.39	0.35	0.22	0.73	–	−0.39	0.50	0.01	0.38	0.20	0.04	0.25	0.33
5. ARegret	2.98	1.40	−0.16	−0.10	−0.41	−0.37	–	−0.40	0.07	−0.15	−0.08	0.11	−0.04	−0.19
6. PPremium	1.55	17.63	0.19	0.24	0.60	0.52	−0.29	–	−0.08	0.22	0.02	0.06	0.11	0.17
7. CEthnocentrism	2.86	1.37	−0.07	0.09	0.06	0.03	0.04	0.06	–	−0.04	0.01	0.17	0.04	−0.02
8. BFamiliarity	5.14	1.73	0.06	0.35	0.34	0.44	−0.25	0.27	−0.10	–	0.16	0.02	0.06	0.18
9. CInterest	4.48	1.63	0.14	0.13	0.27	0.22	−0.11	0.09	−0.01	0.24	–	−0.02	0.39	0.12
10. CSSValue	3.92	1.67	0.02	0.04	0.00	0.00	0.05	0.01	0.03	−0.07	0.16	–	0.20	−0.02
11. CCGrounding	3.92	1.42	0.02	0.11	0.16	0.09	−0.02	0.16	0.35	0.06	0.30	0.04	–	0.06
12. CPImage	4.72	1.21	0.32	0.18	0.62	0.51	−0.22	0.38	0.01	0.22	0.19	−0.03	0.12	–

M = mean, SD = standard deviation. All variables were measured on 7-point Likert or semantic differential scales.
The upper triangle corresponds to the South Korean sample (N = 669); the lower triangle corresponds to the German sample (N = 631).

Table 8 Results from the two-group model by country (Study 2)

2-group model:country	Germany		South Korea		
	b (SE)	p [CI]	b (SE)	p [CI]	p(W)
Main effects					
PBGlobalness → BCredibility	0.07 (0.04)	0.10 [− 0.01, 0.16]	**0.22** (0.05)	< 0.01 [0.13, 0.31]	0.01
PBLocalness → BCredibility	**0.23** (0.05)	< 0.01 [0.12, 0.33]	**0.22** (0.04)	< 0.01 [0.14, 0.30]	0.25
Downstream effects					
BCredibility → BQuality	**0.56** (0.04)	< 0.01 [0.48, 0.64]	**0.60** (0.05)	< 0.01 [0.51, 0.70]	0.15
BCredibility → ARegret	− **0.42** (0.06)	< 0.01 [− 0.54, − 0.30]	− **0.32** (0.08)	< 0.01 [− 0.47, − 0.17]	0.10
BQuality → PPremium	**0.37** (0.07)	< 0.01 [0.22, 0.51]	**0.16** (0.08)	0.04 [0.01, 0.31]	0.15
ARegret → PPremium	− **0.18** (0.05)	< 0.01 [− 0.27, − 0.09]	− 0.05 (0.04)	0.28 [− 0.13, 0.04]	0.17
BCredibility → PPremium	**0.14** (0.06)	0.03 [0.02, 0.26]	**0.43** (0.07)	< 0.01 [0.29, 0.57]	< 0.01
Direct effects					
PBGlobalness → BQuality	**0.08** (0.04)	0.04 [0.00, 0.16]	**0.20** (0.05)	< 0.01 [0.11, 0.30]	
PBGlobalness → ARegret	0.03 (0.04)	0.50 [− 0.06, 0.12]	− 0.06 (0.06)	0.33 [− 0.18, 0.06]	
PBGlobalness → PPremium	0.04 (0.04)	0.42 [− 0.05, 0.12]	0.03 (0.06)	0.57 [− 0.08, 0.14]	
PBLocalness → BQuality	**0.20** (0.05)	< 0.01 [0.11, 0.29]	0.01 (0.04)	0.72 [− 0.06, 0.09]	
PBLocalness → ARegret	0.08 (0.05)	0.10 [− 0.02, 0.18]	0.02 (0.05)	0.67 [− 0.08, 0.12]	
PBLocalness → PPremium	0.04 (0.05)	0.40 [− 0.06, 0.14]	0.07 (0.04)	0.06 [0.00, 0.15]	
BQuality → ARegret	− **0.16** (0.07)	0.02 [− 0.29, − 0.03]	− 0.12 (0.08)	0.14 [− 0.27, 0.04]	
Indirect effects					
PBGlobalness → PPremium	**0.06** (0.03)	0.03 [0.01, 0.11]	**0.16** (0.03)	< 0.01 [0.10, 0.22]	
PBLocalness → PPremium	**0.16** (0.03)	< 0.01 [0.10, 0.23]	**0.12** (0.03)	< 0.01 [0.07, 0.17]	
Goodness-of-fit					
Adjusted R^2 (PPremium)	0.32		0.36		
χ^2 (df)	1782.25 (536)				
RMSEA/CFI/TLI/SRMR	0.06/0.94/0.93/0.07				
N	631		669		

The parameters in the first two columns of each country section are standardized coefficients (including standard errors, *p* values, and the 95% confidence interval), and *p*(W) are *p* values of the Wald tests (indicating the statistical significance of the difference between the corresponding coefficients on the left-hand side).
Bold coefficients indicate statistical significance at the 5% level. In all models, we control for differences in age, gender, consumer ethnocentrism, brand familiarity, category interest, and country product image.
χ^2 = Chi-squared; *df* = degrees of freedom; RMSEA = root-mean-square error of approximation; CFI = comparative fit index; TLI = Tucker-Lewis index; SRMR = standardized root-mean-square residual.

$\chi^2(1) = 3.61$, $p = 0.06$). The between-market comparison suggests that PBG exerts a stronger influence in South Korea than in Germany (Wald $\chi^2(1) = 6.98$, $p < 0.01$), whereas PBL is of similar importance in both countries (Wald $\chi^2(1) = 1.35$, $p = 0.25$). This finding supports Hypothesis 1a but not Hypothesis 2a.

Notably, the expected total indirect effects of PBG and PBL on the price premium are statistically significant in both countries (Germany: $\beta_{PBG} = 0.06$, $p = 0.03$; $\beta_{PBL} = 0.16$, $p < 0.01$; South Korea: $\beta_{PBG} = 0.16$, $p < 0.01$; $\beta_{PBL} = 0.12$, $p < 0.01$): Whereas PBG plays a greater role in South Korea than in Germany, PBL is of similar importance in both countries. However, in Germany, the effect of PBG on the price premium is mediated by brand quality instead of brand credibility.

With respect to the downstream effects of brand credibility, the results support our expectations, as derived from signaling theory. Specifically, we observe large positive effects of brand credibility on brand quality (BQ; $\beta_{GER} = 0.56$, $p < 0.01$; $\beta_{KOR} = 0.60$, $p < 0.01$) and large negative effects on anticipated regret (AR; $\beta_{GER} = − 0.42$, $p < 0.01$; $\beta_{KOR} = − 0.32$, $p < 0.01$), which ultimately increase the brand's price premium (PP; BQ → PP: $\beta_{GER} = 0.37$, $p < 0.01$; $\beta_{KOR} = 0.16$, $p = 0.04$; AR → PP: $\beta_{GER} = − 0.18$, $p < 0.01$; $\beta_{KOR} = − 0.05$, $p = 0.28$). Although the magnitudes of these downstream effects appear similar across countries (see the p(W) values in Tables 8, 9, 10, 11), it is noteworthy that in South Korea, the relationship between anticipated regret and the price premium is statistically non-significant, and the direct effect of brand credibility on the price premium is significantly stronger than that in Germany ($\beta_{KOR} = 0.43$,

Table 9 Results from the four-group model by country × brand origin (Study 2)

4-group model: country × brand origin	Germany					South Korea				
	Domestic		Foreign		p(W)	Domestic		Foreign		p(W)
	b (SE)	p [CI]	b (SE)	p [CI]		b (SE)	p [CI]	b (SE)	p [CI]	
Main effects										
PBGlobalness → BCredibility	**0.23** (0.07)	< 0.01 [0.08, 0.37]	− 0.07 (0.06)	0.25 [− 0.20, 0.05]	< 0.01	**0.24** (0.08)	< 0.01 [0.08, 0.40]	**0.19** (0.06)	< 0.01 [0.07, 0.32]	0.76
PBLocalness → BCredibility	**0.26** (0.07)	< 0.01 [0.12, 0.39]	**0.32** (0.08)	< 0.01 [0.16, 0.48]	0.54	**0.25** (0.06)	< 0.01 [0.13, 0.36]	0.07 (0.05)	0.18 [− 0.03, 0.17]	< 0.01
Downstream effects										
BCredibility → BQuality	**0.71** (0.05)	< 0.01 [0.61, 0.82]	**0.43** (0.06)	< 0.01 [0.31, 0.55]	< 0.01	**0.57** (0.07)	< 0.01 [0.43, 0.71]	**0.65** (0.06)	< 0.01 [0.53, 0.77]	0.16
BCredibility → ARegret	− 0.19 (0.12)	0.12 [− 0.44, 0.05]	**− 0.48** (0.08)	< 0.01 [− 0.64, − 0.31]	0.11	**− 0.27** (0.11)	0.01 [− 0.48, − 0.06]	**− 0.40** (0.12)	< 0.01 [− 0.63, − 0.17]	0.33
BQuality → PPremium	**0.32** (0.15)	0.03 [0.03, 0.62]	**0.33** (0.10)	< 0.01 [0.14, 0.52]	0.81	0.04 (0.11)	0.70 [− 0.17, 0.26]	**0.37** (0.14)	< 0.01 [0.10, 0.64]	0.09
ARegret → PPremium	**− 0.19** (0.07)	< 0.01 [− 0.33, − 0.06]	**− 0.27** (0.07)	< 0.01 [− 0.40, − 0.14]	0.28	− 0.01 (0.06)	0.81 [− 0.13, 0.10]	− 0.04 (0.07)	0.56 [− 0.18, 0.10]	0.78
BCredibility → PPremium	0.12 (0.15)	0.42 [− 0.17, 0.41]	0.12 (0.07)	0.09 [− 0.02, 0.26]	0.99	**0.48** (0.10)	< 0.01 [0.28, 0.68]	**0.30** (0.12)	0.01 [0.06, 0.53]	0.23
Direct effects										
PBGlobalness → BQuality	0.04 (0.07)	0.59 [− 0.10, 0.17]	0.08 (0.05)	0.16 [− 0.03, 0.18]		**0.23** (0.09)	0.01 [0.05, 0.41]	**0.15** (0.06)	0.01 [0.03, 0.26]	
PBGlobalness → ARegret	− 0.03 (0.09)	0.69 [− 0.20, 0.13]	0.03 (0.06)	0.61 [− 0.09, 0.15]		− 0.17 (0.10)	0.08 [− 0.37, 0.02]	0.00 (0.08)	0.98 [− 0.16, 0.16]	
PBGlobalness → PPremium	0.03 (0.07)	0.61 [0.00, 0.00]	0.06 (0.06)	0.35 [− 0.06, 0.18]		0.12 (0.09)	0.18 [− 0.06, 0.30]	0.00 (0.08)	0.99 [− 0.15, 0.15]	
PBLocalness → BQuality	0.09 (0.07)	0.17 [− 0.04, 0.23]	**0.21** (0.08)	< 0.01 [0.06, 0.36]		0.01 (0.06)	0.89 [− 0.11, 0.13]	− 0.06 (0.05)	0.24 [− 0.15, 0.04]	
PBLocalness → ARegret	0.01 (0.08)	0.93 [− 0.14, 0.16]	0.11 (0.08)	0.17 [− 0.05, 0.26]		− 0.12 (0.07)	0.09 [− 0.25, 0.02]	0.05 (0.06)	0.45 [− 0.15, 0.04]	
PBLocalness → PPremium	0.07 (0.07)	0.31 [0.00, 0.00]	0.02 (0.08)	0.79 [− 0.14, 0.18]		**0.17** (0.06)	< 0.01 [0.05, 0.29]	0.08 (0.05)	0.14 [− 0.07, 0.16]	
BQuality → ARegret	**− 0.25** (0.13)	0.05 [− 0.50, 0.01]	**− 0.23** (0.09)	0.01 [− 0.41, − 0.05]		− 0.01 (0.12)	0.94 [− 0.25, 0.23]	− 0.19 (0.12)	0.10 [− 0.42, 0.04]	
Indirect effects										
PBGlobalness → PPremium	**0.12** (0.04)	< 0.01 [0.03, 0.20]	− 0.01 (0.04)	0.83 [− 0.09, 0.07]		**0.13** (0.05)	< 0.01 [0.04, 0.23]	**0.16** (0.05)	< 0.01 [0.07, 0.25]	
PBLocalness → PPremium	**0.14** (0.05)	< 0.01 [0.05, 0.23]	**0.19** (0.05)	< 0.01 [0.09, 0.29]		**0.13** (0.03)	< 0.01 [0.06, 0.19]	0.02 (0.03)	0.63 [− 0.05, 0.08]	
Goodness-of-fit										
Adjusted R^2 (PPremium)	0.29		0.35			0.41		0.33		
χ^2 (df)	2531.98 (1100)									
RMSEA/CFI/TLI/SRMR	0.08/0.92/0.97/0.07									
N	269		278			291		315		

The parameters in the first two columns of each condition are standardized coefficients (including standard errors, p values, and the 95% confidence interval), and p(W) are p values of the Wald tests (indicating the statistical significance of the difference between the corresponding coefficients on the left-hand side).

Bold coefficients indicate statistical significance at the 5% level. In all models, we control for differences in age, gender, consumer ethnocentrism, brand familiarity, category interest, and country product image.

χ^2 = Chi-squared; df = degrees of freedom; RMSEA = root-mean-square error of approximation; CFI = comparative fit index; TLI = Tucker-Lewis index; SRMR = standardized root-mean-square residual.

Table 10 Results from the four-group model by country × category social signaling value (Study 2)

4-group model: country × social signaling value	Germany					South Korea				
	Low		High			Low		High		
	b (SE)	p [CI]	b (SE)	p [CI]	p(W)	b (SE)	p [CI]	b (SE)	p [CI]	p(W)
Main effects										
PBGlobalness → BCredibility	0.02 (0.07)	0.77 [−0.12, 0.17]	**0.20** (0.06)	<0.01 [0.08, 0.32]	0.04	**0.32** (0.07)	<0.01 [0.18, 0.47]	**0.34** (0.07)	<0.01 [0.19, 0.48]	0.80
PBLocalness → BCredibility	**0.28** (0.08)	<0.01 [0.12, 0.44]	**0.22** (0.07)	<0.01 [0.07, 0.36]	0.52	**0.29** (0.07)	<0.01 [0.16, 0.42]	**0.21** (0.07)	<0.01 [0.07, 0.34]	0.51
Downstream effects										
BCredibility → BQuality	**0.78** (0.05)	<0.01 [0.68, 0.89]	**0.43** (0.07)	<0.01 [0.30, 0.56]	<0.01	**0.58** (0.09)	<0.01 [0.41, 0.76]	**0.64** (0.07)	<0.01 [0.50, 0.77]	0.97
BCredibility → ARegret	**−0.39** (0.16)	0.01 [−0.69, −0.08]	**−0.38** (0.08)	<0.01 [−0.54, −0.23]	0.96	**−0.28** (0.12)	0.02 [−0.51, −0.04]	**−0.46** (0.13)	<0.01 [−0.72, −0.20]	0.42
BQuality → PPremium	**0.46** (0.16)	<0.01 [0.15, 0.78]	**0.41** (0.10)	<0.01 [0.22, 0.59]	0.76	0.08 (0.12)	0.53 [−0.16, 0.32]	0.19 (0.14)	0.15 [−0.07, 0.46]	0.53
ARegret → PPremium	−0.12 (0.08)	0.12 [−0.28, 0.03]	**−0.25** (0.07)	<0.01 [−0.39, −0.10]	0.37	−0.10 (0.07)	0.16 [−0.25, 0.04]	0.04 (0.07)	0.58 [−0.10, 0.17]	0.16
BCredibility → PPremium	0.04 (0.16)	0.79 [−0.27, 0.35]	0.13 (0.07)	0.08 [−0.01, 0.27]	0.66	**0.39** (0.12)	<0.01 [0.16, 0.61]	**0.48** (0.13)	<0.01 [0.23, 0.73]	0.77
Direct effects										
PBGlobalness → BQuality	0.03 (0.07)	0.67 [−0.11, 0.18]	0.09 (0.05)	0.07 [−0.01, 0.19]		**0.19** (0.09)	0.03 [0.01, 0.36]	**0.16** (0.08)	0.04 [0.01, 0.31]	
PBGlobalness → ARegret	−0.05 (0.08)	0.54 [−0.19, 0.10]	−0.01 (0.07)	0.91 [−0.15, 0.13]		−0.13 (0.09)	0.13 [−0.31, 0.04]	0.11 (0.10)	0.26 [−0.08, 0.30]	
PBGlobalness → PPremium	0.06 (0.08)	0.45 [−0.09, 0.21]	−0.03 (0.06)	0.62 [−0.15, 0.09]		0.01 (0.09)	0.94 [−0.17, 0.18]	0.07 (0.10)	0.48 [−0.13, 0.27]	
PBLocalness → BQuality	−0.04 (0.09)	0.67 [−0.21, 0.14]	**0.32** (0.06)	<0.01 [0.20, 0.44]		0.01 (0.07)	0.84 [−0.12, 0.15]	−0.06 (0.06)	0.32 [−0.18, 0.06]	
PBLocalness → ARegret	0.07 (0.09)	0.39 [−0.09, 0.24]	0.00 (0.07)	0.97 [−0.14, 0.15]		−0.11 (0.08)	0.16 [−0.27, 0.04]	**0.21** (0.07)	<0.01 [0.08, 0.35]	
PBLocalness → PPremium	0.00 (0.08)	0.99 [−0.15, 0.15]	−0.01 (0.07)	0.95 [−0.14, 0.14]		0.07 (0.07)	0.34 [−0.07, 0.21]	0.09 (0.06)	0.10 [−0.02, 0.20]	
BQuality → ARegret	−0.23 (0.15)	0.14 [−0.52, 0.07]	**−0.19** (0.09)	0.03 [−0.37, −0.02]		−0.03 (0.11)	0.79 [−0.23, 0.18]	−0.16 (0.15)	0.29 [−0.45, 0.13]	
Indirect effects										
PBGlobalness → PPremium	0.03 (0.05)	0.56 [−0.07, 0.14]	**0.13** (0.04)	<0.01 [0.04, 0.21]		**0.18** (0.05)	<0.01 [0.09, 0.27]	**0.23** (0.06)	<0.01 [0.12, 0.34]	
PBLocalness → PPremium	0.10 (0.06)	0.11 [−0.02, 0.23]	**0.23** (0.05)	<0.01 [0.13, 0.33]		**0.15** (0.04)	<0.01 [0.07, 0.22]	**0.12** (0.05)	0.01 [0.03, 0.20]	
Goodness-of-fit										
Adjusted R² (PPremium)	0.31		0.36			0.32		0.42		
χ² (df)	2428.98 (1100)									
RMSEA/CFI/TLI/SRMR	0.07/0.92/0.91/0.08									
N	208		295			246		244		

The parameters in the first two columns of each condition are standardized coefficients (including standard errors, *p* values, and the 95% confidence interval), and *p*(W) are *p* values of the Wald tests (indicating the statistical significance of the difference between the corresponding coefficients on the left-hand side).

Bold coefficients indicate statistical significance at the 5% level. In all models, we control for differences in age, gender, consumer ethnocentrism, brand familiarity, category interest, and country product image.

χ^2 = Chi-squared; *df* = degrees of freedom; RMSEA = root-mean-square error of approximation; CFI = comparative fit index; TLI = Tucker-Lewis index; SRMR = standardized root-mean-square residual.

Table 11 Results from the four-group model by country × category cultural grounding (Study 2)

4-group model: country × cultural grounding	Germany					South Korea				
	Low		High		p(W)	Low		High		p(W)
	b (SE)	p [CI]	b (SE)	p [CI]		b (SE)	p [CI]	b (SE)	p [CI]	
Main effects										
PBGlobalness → BCredibility	0.06 (0.07)	0.38 [−0.07, 0.20]	0.13 (0.07)	0.08 [−0.02, 0.27]	0.42	**0.22** (0.09)	0.01 [0.05, 0.39]	**0.27** (0.08)	<0.01 [0.11, 0.42]	0.40
PBLocalness → BCredibility	**0.19** (0.08)	0.02 [0.03, 0.35]	**0.23** (0.09)	0.01 [0.06, 0.40]	0.93	0.06 (0.08)	0.47 [−0.09, 0.20]	**0.28** (0.06)	<0.01 [0.16, 0.41]	0.02
Downstream effects										
BCredibility → BQuality	**0.63** (0.06)	<0.01 [0.51, 0.75]	**0.50** (0.06)	<0.01 [0.38, 0.62]	0.10	**0.65** (0.07)	<0.01 [0.52, 0.79]	**0.49** (0.10)	<0.01 [0.29, 0.69]	0.25
BCredibility → ARegret	**−0.35** (0.11)	<0.01 [−0.55, −0.14]	**−0.41** (0.10)	<0.01 [−0.59, −0.22]	0.65	−0.24 (0.16)	0.14 [−0.55, 0.08]	**−0.39** (0.12)	<0.01 [−0.62, −0.16]	0.41
BQuality → PPremium	**0.32** (0.11)	<0.01 [0.10, 0.53]	**0.37** (0.10)	<0.01 [0.15, 0.58]	0.86	0.10 (0.16)	0.53 [−0.21, 0.41]	**0.24** (0.12)	0.04 [0.01, 0.48]	0.58
ARegret → PPremium	**−0.21** (0.07)	<0.01 [−0.35, −0.06]	**−0.19** (0.07)	0.01 [−0.33, −0.04]	0.66	−0.13 (0.07)	0.07 [−0.27, 0.01]	0.06 (0.06)	0.39 [−0.07, 0.19]	0.05
BCredibility → PPremium	0.13 (0.11)	0.23 [−0.08, 0.33]	**0.18** (0.09)	0.04 [0.01, 0.36]	0.78	**0.43** (0.15)	<0.01 [0.14, 0.71]	**0.52** (0.12)	<0.01 [0.29, 0.75]	0.91
Direct effects										
PBGlobalness → BQuality	−0.01 (0.06)	0.86 [−0.13, 0.11]	0.11 (0.07)	0.13 [−0.03, 0.25]		**0.22** (0.08)	<0.01 [0.07, 0.36]	**0.18** (0.09)	0.05 [0.00, 0.35]	
PBGlobalness → ARegret	0.01 (0.06)	0.88 [−0.11, 0.13]	0.12 (0.07)	0.11 [−0.03, 0.26]		−0.10 (0.11)	0.38 [−0.31, 0.12]	−0.07 (0.12)	0.55 [−0.31, 0.16]	
PBGlobalness → PPremium	0.02 (0.07)	0.75 [−0.11, 0.15]	**0.13** (0.7)	0.05 [0.00, 0.26]		0.02 (0.09)	0.78 [−0.15, 0.20]	−0.05 (0.09)	0.61 [−0.23, 0.14]	
PBLocalness → BQuality	0.15 (0.07)	0.07 [−0.01, 0.30]	**0.19** (0.07)	<0.01 [0.05, 0.33]		−0.02 (0.06)	0.80 [−0.14, 0.11]	0.00 (0.07)	0.98 [−0.13, 0.14]	
PBLocalness → ARegret	0.11 (0.08)	0.15 [−0.04, 0.27]	**0.16** (0.08)	0.05 [0.00, 0.31]		−0.07 (0.08)	0.38 [−0.23, 0.09]	0.03 (0.09)	0.71 [−0.14, 0.21]	
PBLocalness → PPremium	0.00 (0.08)	0.99 [−0.15, 0.15]	0.07 (0.08)	0.37 [−0.08, 0.22]		0.01 (0.07)	0.90 [−0.12, 0.14]	0.06 (0.07)	0.33 [−0.06, 0.19]	
BQuality → ARegret	**−0.23** (0.11)	0.03 [−0.43, −0.02]	−0.19 (0.12)	0.13 [−0.43, 0.06]		−0.27 (0.20)	0.17 [−0.65, 0.12]	−0.10 (0.11)	0.35 [−0.31, 0.11]	
Indirect effects										
PBGlobalness → PPremium	0.02 (0.04)	0.59 [−0.05, 0.09]	0.08 (0.05)	0.10 [−0.02, 0.18]		**0.16** (0.06)	<0.01 [0.05, 0.28]	**0.20** (0.06)	<0.01 [0.08, 0.32]	
PBLocalness → PPremium	**0.11** (0.05)	0.04 [0.01, 0.21]	**0.15** (0.05)	<0.01 [0.06, 0.25]		0.04 (0.04)	0.41 [−0.05, 0.12]	**0.17** (0.05)	<0.01 [0.08, 0.27]	
Goodness-of-fit										
Adjusted R² (PPremium)	0.26		0.36			0.31		0.47		
χ² (df)	2302.96 (1100)									
RMSEA/CFI/TLI/SRMR	0.07/0.92/0.91/0.08									
N	261		237			221		223		

The parameters in the first two columns of each condition are standardized coefficients (including standard errors, p values, and the 95% confidence interval), and p(W) are p values of the Wald tests (indicating the statistical significance of the difference between the corresponding coefficients on the left-hand side).

Bold coefficients indicate statistical significance at the 5% level. In all models, we control for differences in age, gender, consumer ethnocentrism, brand familiarity, category interest, and country product image.

χ^2 = Chi-squared; df = degrees of freedom; RMSEA = root-mean-square error of approximation; CFI = comparative fit index; TLI = Tucker-Lewis index; SRMR = standardized root-mean-square residual.

$p < 0.01$; $\beta_{GER} = 0.14$, $p = 0.03$; Wald $\chi^2(1) = 13.21$, $p < 0.01$). On average, the downstream effects are of moderate size and reflect the idea that brand credibility increases consumers' utility through increased quality perceptions on the one hand and lowered risk perceptions on the other.

To contextualize these relationships and formally test Hypotheses 3 to 5, we estimated three additional four-group models (using midpoint and median splits); Tables 8, 9, 10, 11 summarize[s] the results in Panels A (Germany) and B (South Korea). With regard to the moderating role of brand origin, we find an effect pattern similar to that identified in Study 1. The positive effect of PBL on brand credibility does not vary with the brand's origin in Germany ($\beta_{DOM} = 0.26$, $p < 0.01$; $\beta_{FOR} = 0.32$, $p < 0.01$; Wald $\chi^2(1) = 0.37$, $p = 0.54$), but it is stronger for domestic brands than for foreign brands in South Korea ($\beta_{DOM} = 0.25$, $p < 0.01$; $\beta_{FOR} = 0.07$, $p = 0.18$; Wald $\chi^2(1) = 7.26$, $p < 0.01$), in support of Hypothesis 3a in the South Korean context but not in the German context. In the globalized market of Germany, PBG positively affects brand credibility only in the case of domestic brand origin ($\beta_{DOM} = 0.23$, $p < 0.01$; $\beta_{FOR.} = -0.07$, $p = 0.25$; Wald $\chi^2(1) = 10.58$, $p < 0.01$). In the globalizing market of South Korea, this relationship is significantly positive, irrespective of a brand's origin ($\beta_{DOM} = 0.24$, $p < 0.01$; $\beta_{FOR.} = 0.19$, $p < 0.01$; Wald $\chi^2(1) = 0.10$, $p = 0.76$).

A comparison of these small to medium effect sizes for foreign brands between globalized and globalizing markets reveals a significant difference: As hypothesized, the relationship between PBG and brand credibility is weaker in Germany, compared with South Korea (Wald $\chi^2(1) = 8.95$, $p < 0.01$), in support of Hypothesis 3b. The same effect pattern applies to the total indirect effects of PBG and PBL on the price premium. Overall, these findings corroborate our previous finding that though brand origin is a relevant moderator, its effects are not as consistent as prior literature suggests (e.g., Riefler, 2012; Winit et al., 2014).

With respect to category social signaling value (Hypothesis 4), the results reveal that in Germany, PBG signals brand credibility only if category social signaling value is high ($\beta_{LOW} = 0.02$, $p = 0.77$; $\beta_{HIGH} = 0.20$, $p < 0.01$; Wald $\chi^2(1) = 4.29$, $p = 0.04$). The estimate in this condition corresponds to a medium effect size. However, we find no significant differences across conditions in South Korea ($\beta_{LOW} = 0.32$, $p < 0.01$; $\beta_{HIGH} = 0.34$, $p < 0.01$; Wald $\chi^2(1) = 0.07$, $p = 0.80$); both effects

are large. The same effect pattern applies to the corresponding indirect effects of PBG on price premium. Thus, Hypothesis 4 is supported only in globalized markets.

Finally, with regard to the moderating role of category cultural grounding (Hypothesis 5), we find no significant differences between conditions in Germany ($\beta_{LOW} = 0.19$, $p = 0.02$; $\beta_{HIGH} = 0.23$, $p = 0.01$; Wald $\chi^2(1) = 0.01$, $p = 0.93$); the relationship between PBL and brand credibility is positive and moderate in size in both. In South Korea however, PBL signals brand credibility only if a category is perceived as high in cultural grounding ($\beta_{LOW} = 0.06$, $p = 0.47$; $\beta_{HIGH} = 0.28$, $p < 0.01$; Wald $\chi^2(1) = 5.71$, $p = 0.02$). This significant positive effect is moderate in magnitude. Again, this effect pattern applies to the total indirect effects of PBL on price premium. Therefore, we find support for Hypothesis 5 only in globalizing markets.

Additional Analysis

To test the robustness of our findings, we estimated several additional models. First, we employed a random 60/40 percent split of our data from Study 2 and re-estimated the model using these split samples. The results did not change substantially: PBG was a weaker signal of brand credibility than PBL in globalized markets, whereas both played an equally important role in globalizing markets (see Web Appendix E). Second, we cross-validated the positive downstream effects of brand credibility by estimating two additional models in which we replaced the price premium with purchase intentions (e.g., "I will consider this brand for my next purchase," 7-point Likert scale; Putrevu & Lord, 1994) and word-of-mouth (WOM) intentions ("I will recommend that others buy/use this brand," 7-point Likert scale; Cheema & Kaikati, 2010). We obtained the same pattern of (non-)significant total indirect effects of PBG and PBL on both alternative dependent variables (see Web Appendixes F–M), with the exception of an additional significant (indirect) relationship between PBL and purchase and WOM intentions in product categories with a low signaling value in Germany. These additional robustness checks enhance confidence in the validity of our findings.

DISCUSSION AND IMPLICATIONS

This study investigates the relative effectiveness of perceived brand globalness and localness as signals of brand credibility in globalized and globalizing

markets, against a backdrop of globalization headwinds in many Western countries. By addressing this timely issue, we generate novel consumer behavior insights to inform current international marketing strategy. With a basis in signaling theory, we conceptualize and empirically test a model in which brand credibility mediates the effects of PBG and PBL on price premiums through perceived quality and anticipated regret. To provide effective managerial guidance, we also contextualize these relationships in terms of brand origin and product category characteristics.

The results of two empirical studies in two countries show that, in the globalized market Germany, PBG is a much weaker signal of brand credibility than PBL, but in the globalizing market South Korea, PBG and PBL are equally important. Distinction by brand origin further reveals that in the globalized market, only domestic brands benefit from globalness perceptions, whereas in the globalizing market, both domestic and foreign brands benefit from such perceptions. In the globalizing market, only domestic brands benefit from localness perceptions; in the globalized market, both domestic and foreign brands benefit from such perceptions. In addition, a category's social signaling value strengthens the effectiveness of brand globalness as a signal of brand credibility in the globalized market but not in the globalizing market. A category's cultural grounding strengthens the effectiveness of brand localness in the globalizing market setting, whereas it does not in the globalized market. Accordingly, our study provides robust empirical evidence that the effectiveness of brand globalness and localness as signals of brand credibility differs between a globalized and globalizing market and is further contingent on brand origin and product category characteristics.

Implications for Theory
From a theoretical perspective, our study contributes to global/local branding literature in two ways (Chabowski et al., 2013; Özsomer et al., 2012). It validates the work of Özsomer and Altaras (2008), who theoretically propose that brand credibility acts as a central mediator of the effects of global brand positioning strategies on consumers' brand-related responses. It also extends theory of the underlying nomological network by including perceived brand localness as a related brand attribute that signals brand credibility, thereby complementing the set of existing response variables and demonstrating a novel and meaningful mechanism

for explaining consumers' responses to global and local brand positioning strategies. The study also tests several downstream effects of brand credibility, as implied by signaling theory (Erdem & Swait, 1998), and contextualizes these effects by proposing theoretically derived boundary conditions of managerial relevance. By demonstrating the focal role of brand credibility in the nomological network surrounding global and local brands, we suggest that consumers' responses to global and local brand positioning strategies are more complex than prior research suggests.

Our study also adds to an emerging stream of literature that pertains to the implications of the potential stalling of globalization for international business practices (e.g., Petricevic & Teece, 2019; Rodrik, 2018; Steenkamp, 2019b; Verbeke et al., 2018; Witt, 2019). Our study is the first to empirically investigate the consequences of these developments for brand positioning strategies from the consumer perspective. By explicitly hypothesizing differences between markets with different globalization trajectories, we complement prior research that offers only implicit (non-hypothesized) comparisons of markets according to cultural or economic differences.

Our findings suggest that though the positive effect of brand globalness diminishes in globalized markets, localness perceptions remain an important driver of consumers' beliefs that a brand is able and willing to deliver what it promises. Consumers' increasingly critical attitudes towards globalization in globalized markets (i.e., North America and Europe) seem to explain these findings. Following the 2008 financial crisis, consumers grew more skeptical of market globalization, and formerly converging consumer markets experienced a shift toward more traditional values that favored localness in consumption choices (Ghemawat, 2017; Hu & Spence, 2017; Steenkamp, 2019a; *The Economist*, 2016b). As a consequence, brand globalness has come to symbolize globalization's (experienced or imagined) downsides, such as market inequalities, cultural homogenization, and lost cultural identity (Beverland & Farrelly, 2010; Holton, 2000; Ritzer, 2007).

Similarly, foreign brands tend to symbolize intrusion into the local culture (e.g., Holt et al., 2004; Torelli & Cheng, 2011). This signaling aspect suppresses the positive signaling effects of foreign global brands and leaves them more susceptible to skepticism. Domestic brands, however, continue to benefit from a reputation for success, such that

consumers in globalized markets interpret the worldwide success of "their" brands more positively (Winit et al., 2014). Furthermore, the varying strength of the relationship between brand globalness and brand credibility, depending on a category's social signaling value, attests to the need to account for it in global brand studies (Davvetas & Diamantopoulos, 2016). We find that brand globalness enhances brand credibility only in product categories of high social signaling value. Therefore, differences in categories' social signaling value should be considered when designing studies (i.e., category selection), analyzing data (e.g., implementing statistical controls), and interpreting the presence or absence of effects associated with (perceived) brand globalness.

In contrast, we find that consumers in globalizing markets tend to be less critical of globalization; they continue to rely on globalness as a signal of superior quality and prestige (Steenkamp et al., 2003). In these markets, the potential negative consequences of globalization, though dominant in contemporary media in globalized markets, may be less prominent, with consumers continuing to regard globalness as a desirable brand attribute. Consumers in globalizing markets enjoy the quantity and quality of market offerings, economic growth, social welfare, and quality of life that result from continuing globalization (Hu & Spence, 2017; Potrafke, 2015; Steenkamp & de Jong, 2010). Therefore, they may be less susceptible to attributions of the negative consequences of globalization. For them, brand globalness continues to signal brand credibility, regardless of brand origin, whereas brand localness signals brand credibility only for domestic brands. Overall, consumers in globalizing markets may not value the localization efforts of foreign brands. Moreover, the varying strength of the relationship between brand localness and brand credibility, depending on the extent of a category's cultural grounding, suggests that researchers should account for it in global/local brand studies (Özsomer, 2012); brand localness enhances brand credibility only in product categories of high cultural grounding. Because the extent of a category's cultural grounding may explain the presence or absence of effects associated with perceived brand localness, it should be considered during the design, analysis, and interpretation phases of studies.

The same effect patterns apply to the total indirect effects of PBG and PBL on price premiums. These total indirect effects show that PBG is a weaker signal of brand credibility than PBL, whereas both play an equally important role in globalizing markets. Interestingly, in Germany, the indirect effect of PBG on price premium is fully mediated by brand quality rather than brand credibility, which suggests that consumers in globalized markets do not deem global brands credible, even though they acknowledge the brands' superior quality (Steenkamp et al., 2003). In Korea, the indirect effect of PBG on price premium is fully mediated by brand credibility and brand quality, but not by anticipated regret; though consumers in this globalizing market seem to view global brands as credible and high in quality, they do not regard them as tools for reducing their purchase risk.

Implications for Managers
This study provides insights into how marketers should (re-)position their brands in globalized and globalizing markets, while considering relevant brand- and category-related contingency factors (see Figure 2).

In globalized markets, marketers should be cautious about positioning their brands as global. Instead, they should focus on increasing their brands' localness by incorporating local elements in their positioning strategies. Marketers can demonstrate their brands' understanding of, and concern for, local consumer cultures through the use of local languages and symbols, selections of local spokespeople and story themes that reflect local lifestyles or topics of interest. That is, they can adopt local consumer-culture positioning strategies (Alden et al., 1999). For example, the global brand L'Oréal uses locally known celebrities as brand ambassadors in advertising and social media in different country markets (e.g., Lena Meyer-Landrut in Germany). Such a hybrid approach allows marketers to respond to local consumer cultures without compromising their brands' level of global awareness.

This recommendation especially applies to foreign brands; for domestic brands, marketing managers should consider a hybrid approach that emphasizes both multimarket reach and global symbolism to increase PBG. Importantly, only in product categories with high social signaling value (e.g., cars, clothing) can PGB function as a signal of brand credibility. In those categories, marketing managers should complement their brand positioning with global elements (e.g., Hugo Boss's use of cosmopolitan imagery and globally known actors).

		Type of market		
		Globalized market		**Globalizing market**
Overall recommendations		**Finding:** Brands benefit only from localness perceptions but not from globalness perceptions. **Recommendation:** Emphasize *local* elements in brand positioning.	≠	**Finding:** Brands benefit from both localness and globalness perceptions. **Recommendation:** Emphasize *local* and *global* elements in brand positioning.
Brand origin	*Domestic*	**Finding:** Brands benefit from both globalness and localness perceptions. **Recommendation:** Emphasize *local* and *global* elements in brand positioning.	=	**Finding:** Brands benefit from both globalness and localness perceptions. **Recommendation:** Emphasize *local* and *global* elements in brand positioning.
	Foreign	**Finding:** Brands benefit only from localness perceptions but not from globalness perceptions. **Recommendation:** Emphasize *local* elements in brand positioning.	≠	**Finding:** Brands benefit only from globalness perceptions but not from localness perceptions. **Recommendation:** Emphasize *global* elements in brand positioning.
Product category	*Category social signaling value* — High	**Finding:** Brands benefit from both localness and globalness perceptions. **Recommendation:** Emphasize *local* and *global* elements in brand positioning.	=	**Finding:** Brands benefit from both localness and globalness perceptions. **Recommendation:** Emphasize *local* and *global* elements in brand positioning.
	Category social signaling value — Low	**Finding:** Brands benefit only from localness perceptions but not from globalness perceptions. **Recommendation:** Emphasize *local* elements in brand positioning.	≠	**Finding:** Brands benefit from both localness and globalness perceptions. **Recommendation:** Emphasize *local* and *global* elements in brand positioning.
	Category cultural grounding — High	**Finding:** Brands benefit only from localness perceptions but not from globalness perceptions. **Recommendation:** Emphasize *local* elements in brand positioning.	≠	**Finding:** Brands benefit from both localness and globalness perceptions. **Recommendation:** Emphasize *local* and *global* elements in brand positioning.
	Category cultural grounding — Low	**Finding:** Brands benefit only from localness perceptions but not from globalness perceptions. **Recommendation:** Emphasize *local* elements in brand positioning.	≠	**Finding:** Brands benefit only from globalness perceptions but not from localness perceptions. **Recommendation:** Emphasize *global* elements in brand positioning.

Figure 2 Managerial recommendations.

In globalizing markets, brands generally benefit from close connections to local consumption cultures and the allure of brand globalness. However, there are differences depending on context; because PBL enhances brand credibility only for domestic brands, local consumer culture positioning strategies are not suitable for foreign brands. But given that PBG enhances brand credibility irrespective of brand origin, marketers should prioritize global consumer culture positioning strategies (Alden et al., 1999). They can employ verbal, visual, and thematic elements to promote perceptions of globalness, such as English-language advertising, globally known spokespeople, and story themes that are universally understood or revolve around values such as modernity or cosmopolitanism (Steenkamp, 2019a). Importantly, in product categories that are culturally non-grounded (e.g., high-tech), brand localness fails to signal credibility. When operating in such categories, marketing managers should rely on global brand positioning strategies (e.g., Huawei's "see the world" campaign).

It is noteworthy that insights into the effectiveness of different positioning elements in stimulating PBG or PBL are scarce. Regarding the relative importance of the drivers of PBG, De Meulenaer, Dens, and De Pelsmacker (2015) find that verbal elements – such as advertising copy (40%) and brand name (24%) – as well as spokespeople (29%) are more effective in eliciting globalness perceptions than visual elements such as brand logo (7%). Literature provides little guidance for the stimulation of PBL.

Although our results support the advantageousness of local brand positioning strategies from a demand-side perspective, marketers also must consider the supply-side implications of such strategies. Radical changes, such as the adaptation of local brand names, can entail substantial costs (e.g., multiplied brand investments) and risks (e.g., loss of cross-border brand recognition). These costs could outweigh the benefits gained from enhancing PBL. However, less radical adaptations, such as the use of localized ad copy or spokespeople, entail manageable and calculable risks, which could help realize the desired benefits.

Instead of repositioning existing brands, firms could acquire local brands. Many MNCs "have expanded internationally through acquisitions of local firms and brands" (Chabowski et al., 2013: 624); they now maintain diverse brand portfolios that consist of globally and locally positioned brands. In certain markets, MNCs may choose to offer global brands (e.g., Néstle's Nespresso around the globe), local brands (e.g., Coca-Cola's Kin Cider in South Korea), or both brands side-by-side (e.g., Unilever's Ben & Jerry's and Langnese in Germany). Because consumers in globalized markets value localness more than globalness, MNCs could opt for (1) incorporating local elements into existing global brands or (2) acquiring local brands. Because consumers in globalizing markets value both globalness and localness, MNCs could opt for (1) incorporating local elements into existing global brands or (2) offering both existing global brands and acquired local brands simultaneously. They should appraise these strategic options in light of brand origin, category social signaling value, and category cultural grounding.

In summary, our findings highlight the relative effectiveness of global and local brand positioning strategies for building and growing credible brands in contemporary marketplaces. They reveal that differences in market globalization must be considered carefully when evaluating strategic choices.

RESEARCH DIRECTIONS

Our findings suggest several promising avenues for further research. First, replications and extensions of the proposed conceptual model may yield additional, nuanced insights into these relationships. We observe an interesting variation: In the globalized market setting, brand quality fully mediates the relationship between brand globalness and price premium, but brand credibility does not. This finding suggests that for global brands, brand credibility and brand quality play different roles in globalized markets. To explain this finding, researchers could disentangle the individual roles of expertise and trustworthiness as components of brand credibility and antecedents of brand quality (Erdem & Swait, 2004). It is conceivable that when brand credibility is decomposed, PBG acts as a stronger signal of expertise (due to economies of scale) than trustworthiness (due to a closer connection to local consumer markets), whereas PBL is a stronger signal of trustworthiness than expertise. Researchers could also consider other antecedents of brand credibility; for example, consumer perceptions of a brand's consistency in its marketing mix elements (i.e., matching ads, prices, specials, and overall brand image; Erdem & Swait, 1998) might explain differences in brand credibility.

Second, this study provides initial evidence that market conditions related to globalization determine the effectiveness of global/local brand positioning strategies. Further research should substantiate these effects to shed light on the impact of individual facets of globalization (e.g., economic, social, political; Dreher, 2006). For example, in light of global populism, it would be interesting to study consumers' presumed renunciation of globalization as a driver of protectionist policies, which shape a country's political and economic globalization, and how this affects international business practices (Verbeke, Coeurderoy, & Matt, 2018). Moreover, our study relies on objective indicators of globalization. We encourage researchers to assess a country's degree of globalization as perceived by individuals and the extent to which these perceptions deviate from objective indicators. Although it is likely that subjective and objective measures of globalization converge in the long run, consumers' overestimations and/or underestimations could be more prevalent in globalizing markets than in globalized markets. The more rapid the globalization, the more difficult it may be for consumers to hold beliefs that accurately reflect quickly changing realities. The extent, antecedents, and consequences of such misperceptions could have important implications for within-market segmentation.

Third, this study focuses on contextual factors related to brand origin and the product category that can help marketers understand the conditions

in which their brand positioning strategies may be most effective. However, additional research is needed to explore consumer segment-specific effects within and between markets. Prior literature provides many potential consumer-related segmentation variables that could help clarify the relationship of brand globalness/localness perceptions and brand credibility in different market settings (for a review, see Bartsch, Riefler, & Diamantopoulos, 2016). For example, when consumers renounce globalization, they progressively turn toward their home-country cultures, which stimulates consumer nationalism or patriotism. As we noted, recent elections in major Western markets attest to this phenomenon (*Financial Times*, 2018; *The Economist*, 2016b). By investigating consumer nationalism or patriotism, researchers could provide additional (and timely) insights into growing anti-globalization movements and their consequences for business practices. Similarly, to further substantiate the role of brand origin in this context, researchers could incorporate additional explanatory variables for consumers' preferences of domestic over foreign products, such as consumer national identification (Verlegh, 2007) and consumer animosity (Klein, Ettenson, & Morris, 1998).

Fourth, in this study we employ a perceptual measure of domestic/foreign brand origin. However, like related research (e.g., Balabanis & Diamantopoulos, 2008; Samiee, Shimp, & Sharma, 2005), our additional analyses indicate that the perceived brand origin does not always correspond to the actual origin. Consumers' brand origin identification can take different forms (correct designation, incorrect and uniform/random designation, obliviousness; Samiee, Shimp, & Sharma, 2005) with varying consequences for brand evaluations and purchase intentions (for a review, see Mandler, Won, & Kim, 2017). Our dichotomous distinction of domestic and foreign brands conceals the *specific* countries with which respondents associated brands. In addition, the samples used in Study 1 differ in their gender distribution. Prior research suggests that males tend to exhibit higher levels of brand origin knowledge than females (Samiee, Shimp, & Sharma, 2005), which may contribute to consumer preferences for foreign brands in the male-dominated Korean sample. Accordingly, researchers should consider country-specific beliefs and attitudes, as well as demographics in assessing the impact of brand origin misperceptions on brand credibility.

Fifth, we offer evidence of the mutual role of globalness and localness perceptions in brand evaluations. This duality emphasizes the need to incorporate both PBG and PBL in global/local brand studies and points to the growing segment of consumers who value both global and local options for consumption (Steenkamp & de Jong, 2010). Relevant literature indicates that young consumers combine their global identities with unique elements of their local cultures, fostering a "glocal" mindset that helps them establish a stable identity in an increasingly complex world (Kjeldgaard & Askegaard, 2006; Strizhakova et al., 2012). To date, this phenomenon has remained largely unexplored, even though consumers' trade-offs between, and combinations of, global and local objects in their consumption choices constitute promising avenues for further research.

Sixth, we compare a globalized with a globalizing market, but other cross-national differences may offer alternative explanations for the identified relationships. Culture, for example, may play an important role; it is conceivable that South Korean consumers are more likely than German consumers to seek the status-enhancing properties of global brands, because power has greater importance as a cultural value in South Korea (Steenkamp & de Jong, 2010). Moreover, South Korea's market is more affluent than many other globalizing countries, and it is of considerable interest to investors and brand managers, due to its consumers' high disposable incomes and strong consumerism (*Financial Times*, 2017). Further comparisons of markets in earlier phases of globalization, which may have been limited in their ability to globalize due to geographic, political, or economic isolation (e.g., African countries), could provide insights into the market potential of these thus far neglected markets (Burgess & Steenkamp, 2006; Sheth, 2011). Such comparisons could prompt a better understanding of consumer preferences and the appropriateness of "conventional" brand positioning strategies for markets in earlier phases of globalization.

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NOTES

[1]Globalization differs from economic development in two ways: First, globalization has an *international* focus (e.g., flow of goods and services *between* countries), whereas (economic) development is *national* in scope (e.g., national production of goods and services). Second, globalization includes *social* and *political* facets. We thank an anonymous reviewer for suggesting this distinction.

[2]A large-scale (N = 11,539) cross-national study by Fischer, Völckner, and Sattler (2010) suggests that the social signaling function of brands is of comparable importance in individualistic cultures such as the United States and the United Kingdom, and collectivistic cultures such as Japan.

[3]We used this index because it is the most holistic, multi-dimensional measure of marketplace globalization to date. It comprises economic globalization (e.g., international trade, foreign direct investments, international debt), social globalization (e.g., share of foreign-born people, international exchange of scientific knowledge, dissemination of global media, international sports and cultural events), and political globalization (e.g., presence of foreign embassies and international NGOs, openness to international collaboration, and ratification of international [non-economic] treaties).

[4]A comparison of the ratios of a country's global brand equity (brands on Interbrand's 2018 Top 100 Global Brands) and its GDP shows that the success levels of German global brands (5.18%) and South Korean global brands (5.25%) are remarkably similar, accounting for the size of each economy.

[5]To circumvent typical problems associated with long questionnaires, such as "participant fatigue, boredom, and inattention" (Drolet & Morrison, 2001: 198), we opted for a single-item measurement for control variables that are concrete and limited in complexity (Fuchs & Diamantopoulos, 2009), i.e., category interest and brand familiarity.

[6]Despite its insufficient factor loading in Germany, we retained the third item of CET for local identification purposes. An additional robustness check showed that the exclusion of this item does not affect the model results.

[7]We estimated an additional model that excludes Volkswagen and Nordsee, which exhibit equally high levels of PBG and PBL, to rule out potential confounding effects of brand origin. It led to no substantial changes in the estimates. We thank an anonymous reviewer for this suggestion.

[8]The results of an additional robustness check showed that the inclusion of these items does not change any of the relationships of interest. We thank an anonymous reviewer for suggesting this.

[9]We observe a marginal difference in the significance levels associated with the coefficient for the relationship between PBG and brand credibility between the student and consumer samples (Study 1: $\beta = 0.10$, $p = 0.04$, 95% confidence interval [CI] = [0.01, 0.19]; Study 2: $\beta = 0.07$, $p = 0.10$, CI = [− 0.01, 0.16]).

[10]We assessed the possibility that the non-significant relationship is due to a ceiling effect, which would imply that (1) the distribution of brand credibility would be skewed and that (2) this skewness would result in a curvilinear effect pattern. Descriptive statistics show that the degree of skewness of brand credibility is low (mean = 4.52, SD = 1.42, skewness = − 0.44, s.e. = 0.10) and only 4.9% (2.4%) of all responses correspond to the highest (lowest) possible score. The coefficient of the added quadratic term is non-significant ($\beta = - 0.09$, $p = 0.10$), suggesting the absence of a ceiling effect.

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