Reihe Handel und Internationales Marketing /
Series Retailing and International Marketing

RESEARCH

Karin Pennemann

Retail Internationalization in Emerging Countries

The Positioning of Global Retail Brands in China

Springer Gabler

Reihe Handel und Internationales Marketing / Series Retailing and International Marketing

Edited by
Univ.-Prof. Dr. Prof. h.c. Bernhard Swoboda
Univ.-Prof. Dr. Thomas Foscht

The book series focuses on the fields of Retailing and International Marketing. These two areas represent the research fields of the editors—each of them as a single research area, but also in combination.

Both of these research areas are widely understood. Consequently, the series provides a platform for the publication of doctoral theses and habilitations, conference proceedings and edited books, as well as related methodological issues that encompass the focus of the series. The series is broad in the sense that it covers academic works in the area of consumer-oriented marketing as well as the area of market-oriented management.

In addition to academic works recommended by the editors, the book series also welcomes other academic contributions. These may be submitted to the editors and will be published in the book series after a positive assessment.

Karin Pennemann

Retail Internationalization in Emerging Countries

The Positioning of Global Retail Brands in China

Springer Gabler

Karin Pennemann
Universität Trier
Trier, Germany

Dissertation, Universität Trier, 2013

ISBN 978-3-8349-4491-7 ISBN 978-3-8349-4492-4 (eBook)
DOI 10.1007/978-3-8349-4492-4

The Deutsche Nationalbibliothek lists this publication in the Deutsche Nationalbibliografie; detailed bibliographic data are available in the Internet at http://dnb.d-nb.de.

Library of Congress Control Number: 2012955247

Springer Gabler

Printed on acid-free paper

Springer Gabler is a brand of Springer DE.
Springer DE is part of Springer Science+Business Media.
www.springer-gabler.de

Foreword

The dissertation of Dr. Karin Pennemann addresses a prevailing question. For two decades, retail firms have aggressively internationalized, first into developed and then into developing countries. Years after entering developing countries, international retailers can no longer rely on the weaknesses of local competitors because these domestic market firms have become more experienced and have internationalized themselves. Consequently, in countries such as China, retailers' global and local positioning as strong retail brands is of growing importance. Thus, detailed knowledge on how to create strong retail brands in these countries, how these strong brands drive customer purchase behavior and how reciprocal effects between strong brands on corporate and store (chain) level could be used is of paramount relevance for international retailers, especially in culturally distant countries. By addressing these three questions, the dissertation of Karin Pennemann includes three studies, which can be summarized as follows:

- *Building Retailer Brand Equity Based on Perceived Brand Globalness: The Role of Country of Origin*. This study examines the effect of perceived brand globalness (PBG) on retailer brand equity in China and proposes that PBG enhances brand equity by affecting consumers' perceived quality value and price value of the retailer, and that such effects are moderated by the actual foreign/domestic origin of the retailer. Based on a multilevel modeling approach, the findings indicate that quality and price values are the core mechanisms through which PBG affects brand equity. Moreover, the effect of PBG on brand equity and quality value is stronger for foreign retailers than for domestic retailers.

- *The Value Creation Process to Retail Patronage: Whether Retailers Benefit from Perceived Brand Globalness or Localness*. This study examines how foreign retailers can use their core advantage of a global retail brand and, more importantly, how consumer perceptions of global retail brands drive retail patronage. Analyzing 36 Western, Asian, and Chinese retailers, the results show that, due to retailers' origins, the routes of PBG and PBL enhance retail patronage differently by affecting consumers' functional and psychological values. Thus, the value creation process varies depending on retailers' origin. Consequently, retailers in China benefit from PBG depending on boundary conditions, such as retailer origin and consumer identity.

- *Analyzing the Reciprocity between Corporate and Store Images: The Moderating Roles of Evaluation Approaches and Corporate Brand Dominance*. This study examines the reciprocity of retailers' corporate image and store image, as well as the moderating roles of culture-specific and firm-specific factors. Based on an experimental design and data from two countries, it is shown that the two images are connected through feedback loops, whereupon the store image has a greater degree of influence on the corporate image than vice versa. Furthermore, it is shown that the reciprocity images provide greater benefits in predominantly holistic Asian countries than in analytic Western countries.

Dr. Karin Pennemann makes a significant contribution to retailing and international marketing research with her work. She advances knowledge on retail positioning in emerging countries and significantly disentangles the interrelation of corporate and retail branding. Her work impresses on the one hand by the extent of detail paid to the conceptualization and the methodology. Besides advanced methodology applied in a commendable manner, she also combined different types of methodology. On the other hand, she derives valuable insights for researchers as well as for retail managers.

I am very happy with this work in particular, which is the eighth dissertation at my chair for Marketing & Retailing at the University of Tier. I thank Dr. Karin Pennemann for more than three years working as a research associate at the Chair for Marketing & Retailing. Over this period she worked very hard and successfully faced all the challenges she encountered on the way, presenting this excellent piece of work at the end of it. I thank her very much for her commitment and regard her as a commendable and always kind-minded person. Dr. Karin Pennemann has my warmest and best wishes for her future carrier and life.

Trier, July 2012 Prof. Dr. Prof. h.c. Bernhard Swoboda

Acknowledgements

The present thesis was an adventurous project that filled my working hours for over three years and sometimes also my personal life. During this time, I exchanged my ideas and opinions with companions who accompanied me on several stages of my journey. Without having met these companions, I would have never reached the journey's destination.

First of all, I have to thank my supervisor, Professor Bernhard Swoboda (Trier University), who supported me financially in my participation in conferences by the American and European Marketing Associations, the European International Business Academy, the North America Association for Consumer Research, and several scientific workshops. He also supported my teaching and research engagement in China and my cooperation with international researchers from Texas, to Istanbul and Beijing.

Furthermore, I would like to thank Professor Thomas Foscht (Graz University) for reviewing my thesis and Professor Rolf Weiber (Trier University) for chairing the thesis defense.

In particular, I wish to thank Professor Markus Taube (University Duisburg-Essen), who offered me the opportunity to explore my research questions on Chinese data sets and therefore continue my 'China endeavor'. In particular, I appreciate his trust in my capabilities to execute these projects successfully.

I also thank Professor Zhiyong Yang (University of Texas at Arlington), Professor Zeynep Gürhan-Canli (Koç University, Istanbul), and Professor Claudiu Dimofte (San Diego State University) for the time and effort they spent with me on my research. In particular, I am much obliged that I was able to spend many hours with Zhiyong, who co-authored one of my manuscripts. I also thank Professor Zhiqiang Wang (Xiamen University) for the invitation to cooperate with and teach at Xiamen University.

In addition, I thank my colleagues Bettina Berg, Eileen Blanke, Stefan Elsner, Ursula Fassbender, Martin Heinberg, Dr. Martin Jager, Margot Löwenberg, Dr. Markus Meierer, Edith Olejnik, and Julia Weindel for their team spirit. I am deeply grateful to Bettina and Stefan who spent numerous hours thinking over and discussing my work and to Ursula for her emotional support and attachment. Also I would like to thank Carole Widmann for her efforts proofreading my manuscript.

During my work as research associate, I co-supervised many students writing their final thesis. I would like to thank them for their contribution in pre-studies and the inspiring discussions. My special thanks are dedicated to Lei Zhang, Haiming Yang, Kateryna Goltisyna, and Johana von Lengerke for their excellent work.

As this work also found its way into my personal life, I thank my family for giving me all their support on the long journey to finish this ambitious project. In particular, I am grateful to my spouse, who supports me all day long and was able to take my thoughts away from work. This work is dedicated to my dear family.

Trier, July 2012 Karin Pennemann

Table of Contents

List of Figures

List of Tables

List of Abbreviations

ACI .....antecedent corporate image
adj. .....adjusted
AIC .....Akaike information criterion
ASI .....antecedent store image
AVE .....average variance extracted
b .....unstandardized coefficient
BE .....retailer brand equity
beta/ß .....standardized coefficient
BIC .....Bayes information criterion
BRIC .....Brazil, Russia, India, China
CBD .....corporate brand dominance
cf .....correction factor
CFA .....confirmatory factor analysis
CFI .....comparative fit index
CI .....corporate image
CR .....composite reliability
df .....degree of freedoms
DV .....dependent variable
e.g. .....exempli gratia/for example
et al. .....et alia/and others
EUR .....Euro
EV .....emotional value
EVA .....evaluation approach
Evar .....error varriance
f^2 .....effect size
FAM .....familiarity
FIT .....fit
FMCG .....fast moving consumer good
GDP .....gross domestic product

H .....hypothesis
HK .....Hong Kong
i .....intercept
i.e. .....id est/that is
ICC .....intraclass correlation
ID .....identity
INV .....involvement
ItTC .....item-to-total correlation
M .....mean
MD .....median
MLM .....mean-adjusted maximum likelihood
n .....number of sample size
n.a. .....not available
NBA .....National Basketball Association
ns. .....not significant
p .....significance level
p. .....page
PBG .....perceived brand globalness
PBL .....perceived brand localness
PhD .....doctor philosophiae/doctor of philosophy
PPP .....purchasing power parity
PREVAL .....perceived value
PV .....price value
QV .....quality value
R^2 .....R-square
RBD .....retail brand dominance
RMB .....Renminbi
RMSEA .....root mean square error of approximation
RO .....retailer origin
RP .....retail patronage

s .....slope
SD .....standard deviation
SI .....store image
SRMR .....standardized root mean square residual
SV .....social value
Svar .....sample variance
t .....t-value
TLI .....Tucker-Lewis-index
UK .....United Kingdom
U.S. .....United States
USA .....United States of America
USD .....U.S. Dollar
vs .....versus
WTO .....World Trade Organization
χ^2 .....chi-square
% .....percent
λ .....standardized factor loadings

A. Introduction

1. Relevance and Focus

Retailers are internationalizing increasingly. With the process of retail internationalization gaining momentum since the 1990s, retailing is increasingly becoming a global industry. Indeed, many of the world's prominent retailers already derive a significant proportion of their sales from international operations (see Table A-1). This is the case for leading grocery retailers (e.g., Walmart, Carrefour, and Tesco) in the largest retail sector according to sales volumes, for leading fashion retailers (e.g., Inditex, H&M, and GAP) in the second largest retail sector, and also for service retailers (e.g., McDonald's, KFC, and Starbucks) (see e.g., Swoboda, Foscht and Pennemann 2009). However, such global retailers become involved more and more locally in emerging countries and their success depends on local positioning because retailing originally began as a local business (Treadgold 1988).

Grocery retailers	Net sales (in billion USD)		Number of countries	
	1992	2011	1992	2011
Walmart (USA)	45	431	2	28
Carrefour (France)	42	119	5	32
Tesco (UK)	13	93	1	13
Metro Group (Germany)	50	89[a]	10	33[a]
Costco (USA)	15	84	3	9
Schwarz Group (Germany)	7	80[a]	2	28[a]
Rewe Group (Germany)	23	71[a]	1	16[a]
Aldi (Germany)	20	68[a]	7	19
Seven&I (Japan)	n.a.	58[a]	n.a.	16
Auchan (France)	15	57[a]	2	12

Notes: [a] data from 2010, n.a. = not available.

EUR converted into USD at the exchange rate applying on December 31, 1992 and 2011.

Table A-1: Internationalization of largest grocery retailers

Source: Own research; 1992 (integrating IGD information on firms that later merged).

Retailers are moving increasingly into emerging countries. While early moves abroad largely involved developed economies, this pattern is changing in the new millennium as a growing number of international retailers shift their attention to developing economies, driven in these countries by such opportunities as high growth rates, growing middle-class, weakness of local retailers, and the more mature status of retailing in the developed economies (Goldman

K. Pennemann, *Retail Internationalization in Emerging Countries,* Reihe Handel und Internationales Marketing / Series Retailing and International Marketing,
DOI 10.1007/978-3-8349-4492-4_1, © Springer Fachmedien Wiesbaden 2013

2001). Such motivations are known as push factors related to the host country's market attractiveness (Kacker 1988; Treadgold 1988) and are supported by pull factors such as firm strategy and home country conditions (e.g., saturation, competition, demographic stagnation).[1] Indeed, emerging countries – especially the BRIC (Brazil, Russia, India, and China) countries – have been growing dynamically and are going to become the most important retail markets in the near future, as Table A-2 shows for the grocery retail sector. While in 2010, the USA, China, and Japan ranked among the top three grocery markets in terms of sales, in 2015 the BRIC countries are set to become the top five grocery markets.

2010 Rank	Country	Billion USD	2015 Rank	Country	Billion USD
1	USA	863	1	China	1,350
2	China	773	2	USA	1,092
3	Japan	352	3	India	554
4	India	343	4	Russia	510
5	Brazil	284	5	Brazil	427
6	France	269	6	Japan	368
7	Russia	251	7	France	312
8	UK	210	8	UK	251
9	Germany	210	9	Germany	227
10	Italy	168	10	Indonesia	220
	Total	3,723		Total	5,311

Note: EUR converted to USD at the exchange rate on December 31, 2011.

Table A-2: Forecast of largest grocery markets by 2015

Source: IGD 2011.

The BRIC countries have several characteristics in common. They are characterized by a large population, high fragmentation, high growth rates in their economic development, and rising retail sales. For example, Table A-3 illustrates that the annual GDP growth rates of the BRIC countries are above average, for example 10.4 percent in China and 8.8 percent in India, compared to the annual growth rate in Germany (3.7 percent), in France (1.5 percent), or in the USA (3.0 percent) (The World Bank 2012). Moreover, in 2015 the BRIC countries will contain more than 3 billion people, and their grocery market is

[1] These factors are similar to the differentiation of proactive motives, such as chances in foreign countries due to high growth rates and reactive motives or pressures such as saturated home markets (Alexander 1990). The main motivation to expand abroad does not come from reactive motives, but rather from proactive motives, which is consistent with the finding that a country's rising consumer purchasing power attracts new market entries by retailers (Godley and Fletcher 2000).

estimated at 2,841 billion USD. China will account for almost 50 percent of this volume and will therefore overtake the U.S. market by 2015, given its steady economic growth (IGD 2011) (see Table A-3).

Indicators	Brazil	Russia	India	China
Population (2010 in million)	194	141	1,170	1,338
GDP (2010 in billion USD)	2,087	1,479	1,727	5,926
GDP annual growth rate (2010 in percent)	7.5	4.0	8.8	10.4
GDP per person employed (2010, constant 1990 PPP in USD)	13,419	18,259	8,401	12,593
Disposal income spent on food (2010 in percent)	17	34	19	23
Retail sales, net (2010 in billion USD)	862	542	545	2,340

Table A-3: Socio-economic profile of BRIC countries - 2010

Source: The World Bank 2012.

Years after their entry, retailers' success in emerging countries depends more and more on their local position. The main motivation for retailers to enter developing countries is the consumers' increasing purchasing power in such countries (Godley and Fletcher 2000). For example, the purchasing power per capita in Brazil rose by more than 20 percent between 2009 and 2010 (Deloitte and Planet Retail 2010). It may not come as a surprise that retailers' success depends increasingly on their local position after market entry. For example, while the market attractiveness of China attracts foreign retailers due to the large population, the continuing high GDP growth rate, the rising spending power of consumers[1], de-regulation[2] of the retailing sector, and the low market concentration[3], Chinese retail firms grow faster in terms of sales than foreign retailers, although the total number of stores increases faster for foreign retailers in China than for local Chinese retailers (Deloitte 2011). Thus, the competition for international retailers is becoming increasingly fierce because of the rise of local companies, as indicated by Table A-4.

1 According to the Five-Year Plan of the Communist Party of China, the proposed consumer spending is estimated at above 7 percent per year (KPMG 2011).

2 Since 1992, selected foreign retailers have been allowed to cooperate with Chinese retailers in a joint venture in several economic zones. The Chinese government loosened the market restrictions step by step, and China's country risk is decreasing (A.T. Kearney 2009, 2011). In 2001, China became a WTO member and thus implemented a new policy from 2004 onwards that provides foreign retailers with more flexibility in choosing locations, holding shares, and running a flexible number of outlets.

3 The concentration rate of the Top 100 retailers is only 11 percent, whereas the biggest player in the Brazilian grocery sector, Pão de Açúcar, holds 35 percent (Deloitte 2011; Deloitte and Planet Retail 2010).

Thus, years after entering developing countries and adapting marketing offers based on local learning and knowledge of the local environment (an adaptation that even global firms make according to Jonsson and Foss 2011), foreign retailers can no longer rely on the weaknesses of emerging market firms (Goldman 2001) because these local competitors have become more experienced and even internationalized (Eren-Erdogmus et al. 2010). Consequently, years after market entry, foreign firms have acquired knowledge of local conditions, thus the global and local positioning options for foreign retailers towards domestic competitors are gaining more and more importance, and positioning of the retail brand has developed to become a strategic decision rather than being attached solely to the country-of-origin image of the retailer. One competitive advantage by which foreign retailers may differentiate themselves from domestic competitors is the perception of being a global retail brand, that is to say the extent to which a retailer is perceived as being a 'global' player in the minds of consumers (Steenkamp, Batra and Alden 2003). Thus, being perceived as a global retailer may be a core advantage to build strong retailer brand equity (Grewal and Levy 2009) and to drive consumers' retail patronage. However, consumers in these emerging countries may also perceive their domestic retailers as strong local retail brands, competing with the advantage of cultural resources (Ger 1999) and closeness to the customers' needs (Schuiling and Kapferer 2004). Being perceived as a local brand is, in the extreme, tantamount to being an icon of local culture, which may indicate a contradiction between global and local positioning options. These emerging market firms may try hard to achieve global positioning.

Rank	Retailer	Sector	Origin	Sales in billion USD (2009)	Growth (%)
1	Suning	Electronics	China	17.129	14.3
2	Gome	Electronics	China	15.635	2.1
3	Bailian	Grocery	China	14.334	3.8
4	Dashang	Grocery	China	10.326	12.8
5	China Resource Vanguard	Grocery	China	9.955	6.6
6	RT-Mart	Grocery	Taiwan	5.919	20.5
7	Carrefour	Grocery	France	5.367	8.2
8	Anhui Huishang	Grocery	China	5.033	13.5
9	Walmart	Grocery	USA	4.977	22.2
10	Wu-mart	Grocery	China	4.787	6.7

Note: RMB converted to USD at the exchange rate on December 31, 2009.

Table A-4: Leading retailers in China

Source: Miller 2011.

To illuminate some potential advantages of global retail brand positioning as against local positioning, the mechanism by which these perceived associations can drive customer traffic into the retailers' stores is of prime importance. In the retailing context, consumer behavior is driven by perceived psychological values (i.e., emotional and social values), and especially by functional values (i.e., price and quality value) (Mulhern 1997; Pan and Zinkhan 2006; Sweeney and Soutar 2001). Functional and psychological values are the main components explaining purchase behavior (Morris et al. 2002; Zajonc 1984) and they provide a deeper understanding of how different retailers attract customers to their stores by means of their global or local retail branding and whether specific consumer groups respond more favorably to a specific type of branding.

Although choosing the right branding strategy in the fast growing emerging countries is regarded as a key challenge, retailers need to manage many countries as some retailers earn more than 85 percent of their sales volume in foreign countries (e.g., Metro Cash & Carry) (Metro Group 2012). Paying attention to perceptual differences between consumers in Western and Eastern countries, retail managers may draw on different interactions between a retailer's corporate image and the images of the respective stores. Such perceptual differences are based on consumers' style of thinking, which is referred to either as holistic thinking with a focus on relationships or as being analytic with a focus on the object (Miyamoto, Nisbett and Masuda 2006; Nisbett et al. 2001).

Because retailing was originally considered local business (Treadgold 1988), it is unclear whether or not foreign retailers should position themselves as global retail brands. Thus, for foreign retailers it becomes increasingly important to answer the following key questions in order to compete successfully against increasingly powerful firms from the respective emerging market.

(1) Do international retailers draw directly from global retail brand positioning to build retailer brand equity and therefore move beyond the concept of the country-of-origin image?

(2) What is the underlying value creation process that translates a retailer's perceived brand globalness and perceived brand localness into patronage behavior in emerging countries?

(3) Is there any interaction between a retailer's global corporate image and the local store images which vary in strength depending on whether the retailer manages its stores in countries with analytic thinking (e.g., Western Europe) or with holistic thinking (e.g., Asia)?

These and further questions are of relevance for managers and especially for researchers because the research status on international retailers in emerging countries is sparse. The focus on China as an emerging country in this PhD thesis is guided by the importance of the fast growing retail market that will be the world's largest grocery retail market in the near future and then by the fact that most foreign retailers entered this market a decade ago and thus, their local adaptation efforts as well as competition with local retailers may provide a pattern on how other emerging retail markets may develop (e.g., most retailers entered India and Russia later than China).

2. Research Gaps and Questions

2.1. Introduction

There is a general lack of research concerning international retailers' positioning as a brand in emerging countries. Prior research on the role of global brands in emerging countries is sparse and indecisive. However, for the purposes of this introduction, the literature has been reviewed by focusing on two streams of research: first, on studies dealing with retail internationalization, and second, on studies concerning retail branding, especially perceived brand globalness.

While the latter area of research has mostly been conducted for manufacturing firms in the fast moving-consumer good (FMCG) and durable sectors, retail firms are barely noticed. The following literature review briefly highlights what recent studies have variously addressed in depth and concludes with the identification of general research objectives.

2.2. Literature Review

Studies on retail internationalization are dominated by the management perspective. As to the pressing managerial relevance on this issue, retail interna-

tionalization has become a fruitful, but challenging research field because the literature on management of manufacturing firms cannot simply be transferred from one firm to another due to the unique nature of retailing firms (Dawson 1994) (e.g., broad scope of marketing instruments, combination of tangible and intangible offers, and differences in investment and cash flow). Many studies examine how retail internationalization can be managed successfully, emphasizing the development of explanatory concepts for the internationalization of retail firms. The majority of these studies analyzes retail internationalization on a conceptual basis (e.g., Alexander and Myers 2000; Goldman 1981; Huang and Sternquist 2007; Kacker 1988) or on a case study basis (e.g., Bianchi and Ostale 2006; Burt and Sparks 2002; Doherty 2000; Jonsson and Foss 2011). There are only a few studies (e.g., Alexander, Rhodes and Myers 2007; Evans and Mavondo 2002; Evans, Mavondo and Bridson 2008; Gielens and Dekimpe 2007) based on a sufficiently large sample size and which can be considered as sound empirical research. The literature review by Swoboda, Zentes and Elsner (2009) provides a broad overview of retailers' core decisions in the internationalization process (see also Alexander et al. 2010), such as:

- Motives for going abroad,
- retailers' internationalization strategies (e.g., multinational, global),
- market selection,
- choice of market entry strategy,
- market operations,
- coordination and management, and finally
- performance and failure by retail firms.

Although it is common knowledge that retailing is a very customer-focused business, the customers' viewpoint on international retailers' positioning in developing countries and also in developed countries is largely neglected. Only a few studies address this customer-centric perspective: White and Absher (2007) explore customers' expectations of international retailers in Eastern Europe. McGoldrick and Ho (1992) investigate the positioning of international retailers in Hong Kong. Burt and Mavrommatis (2006) explore the transfer of a retailer's store image across countries, and Burt and Carralero-Encinas (2000) investigate how image-based competitive advantages can be transferred

across countries. Newman and Patel (2004) explain how retailers' brand image across countries is related to performance, and Denstadli, Lines and Grønhaug (2005) find evidence that first movers draw on positive image effects. Finally, Chaney and Gamble (2008) explore country-of-origin effects for retailers in China and show that the concept of country of origin also applies for retailers.

Although these studies focus on the consumer perspective and the challenges of transferring retail brand image across countries, the question of whether and how international retailers can benefit from global retail brand positioning is still unanswered and of great managerial relevance because, years after Western retailers entered emerging countries, the competitiveness of these emerging market retailers is growing. Complementing the management-driven perspective of retailer internationalization with a customer-driven perspective of the potential benefits and drawbacks of global or local retail brand positioning will illuminate the challenge of how international retailers can hold their ground against local competition. Retailers' success is defined by winning and keeping loyal customers across countries, therefore research on global branding from a customer perspective is a promising line of investigation.

Findings on global branding are based on the fast-moving consumer goods sector. Retailers as brands are gaining more and more importance (e.g., Ailawadi and Keller 2004; Burt and Davies 2010; Burt and Sparks 2002; Grewal, Levy and Lehmann 2004; Keller and Lehmann 2006) because retail branding creates a unique competitive advantage and may be seen as the key to winning and retaining loyal customers. The retailer as a brand is perceived as an image in the eye of consumers, which is defined as the perceptions a customer holds in memory (Keller 1993). This image creates unique differentiation and consumer identification (Martineau 1958), impacting the consumer's decision-making process (Grewal et al. 1998), store loyalty (Thompson and Chen 1998), or store performance (Hartman and Spiro 2005). Consequently, it is important for retailers to create their own retail brand equity (Ailawadi and Keller

2004; Arnett, Laverie and Meiers 2003; Pappu and Quester 2006) – defined as the image and the awareness of the retailer (Keller 1993).[1]

The extent to which a firm is viewed as a global player in the minds of target consumers is acknowledged as perceived brand globalness (PBG) (Steenkamp, Batra and Alden 2003). This consumer-centric perspective differs from two other perspectives provided in international branding literature:

- First, the prevalent management-driven perspective that originates from the marketing standardization discourse (e.g., Buzzell 1968; Levitt 1983; Yip 1995) and
- second, the more practically oriented perspective that defines global brands in geographical reach and sales volume (e.g., Interbrand 2011).

Both views agree on firm-related advantages (e.g., economies of scale and scope, reduced coordination costs) for a standardized approach (Aaker and Joachimsthaler 1999; Buzzell 1968; Jain 1989; Levitt 1983).

Switching to PBG in the consumer perspective, it becomes obvious that the retailer can benefit from market-based advantages, such as brand esteem and brand credibility (Johansson and Ronkainen 2005; Özsomer and Altaras 2008), prestige and quality advantages (Holt, Quelch and Taylor 2004; Steenkamp, Batra and Alden 2003), and enhanced purchase likelihood (Dimofte, Johansson and Bagozzi 2010; Steenkamp, Batra and Alden 2003), besides resourced-based advantages. PBG refers to the use of global symbols in marketing and the customers' awareness that a brand is located all over the world, thus differing from 'foreignness' (Zhou, Yang and Hui 2010), or 'non-localness' (Batra et al. 2000), which refer solely to the brand's foreign origin. There is a significant body of literature on the global positioning of brands (Alden, Steenkamp and Batra 2006, Steenkamp, Batra and Alden 2003;

[1] There are also practice oriented approaches to evaluate and measure brand equity or brand value. These approaches are not based solely on the customers' perception, like the concept of customer-based brand equity described by Keller (1993). These more financially oriented approaches calculate brand equity based on financial indicators (e.g., net operating profit after tax), the role of the brand (i.e., the degree to which the purchase decision is based on the brand), and the brand strength (i.e., the strength of the brand to predict and secure future financial performance) (Interbrand 2011). The most valuable retail brand is Walmart (37,277 million USD) followed by Tesco (21,834 million USD) and Carrefour (13,754 million USD) (Millward Brown Optimor 2012). The most valuable Chinese retail brand is the electronic retail chain Suning, with 2,415 million USD (Millward Brown Optimor 2012).

Steenkamp and de Jong 2010). Besides PBG, being perceived as a local brand may also lead to competitive advantages, especially within the retail business in which firms try to adapt locally (Jonsson and Foss 2011).

Perceived brand localness (PBL) conveys that a brand is seen as an icon of local culture (Steenkamp, Batra and Alden 2003). Studies show that firms draw successfully on local positioning of brands (Alden, Steenkamp and Batra 1999, 2006, Steenkamp, Batra and Alden 2003). PBG and PBL are not seen as opposing points on a continuum, they rather disclose a portfolio of positioning options for global, local or hybrid/glocal brands. Although there is a significant body of research on global, multinational and international investment (Alexander and Myers 2000; Treadgold 1988, 1991) in the management-driven literature, the consumer perception of firms that apply such strategies has long been neglected in investigations (Steenkamp, Batra and Alden 2003).

Bringing together the literature on retail branding and global brands to outline emerging issues and challenges in global retail branding, the following research streams are covered:

- The relationship between PBG and country of origin (Dimofte, Johansson and Ronkainen 2008) is a fruitful research area because, looking at the evolutionary development of PBG, foreignness (Zhou, Yang and Hui 2010) or non-localness (Batra et al. 2000) are often used synonymously for globalness, especially in the context of emerging countries. Since 'emerging giants' such as Thai Lotus, Indian Tata Group, and Chinese Li Ning started internationalization, they have been perceived as global brands, at least in their home markets. The changing marketplace of emerging countries may revise the assumption that only foreign brands are perceived as global. In summary, the relationship between PBG and country of origin needs further investigation to identify the mechanism by which retailers depending on their foreign or domestic country of origin can fully draw on global positioning to build strong retailer brand equity (Ailawadi and Keller 2004; Grewal and Levy 2007)
- Research on global and local positioning options (Alden, Steenkamp and Batra 1999, 2006, Steenkamp, Batra and Alden 2003) has posed questions on whether global or local positioning leads to retail patronage and drives

customer traffic into the store. Findings from research in developed countries in the FMCG and durable sectors suggest that quality, prestige, and global myth are mechanisms that drive consumers' purchase intention (Holt, Quelch and Taylor 2004; Steenkamp, Batra and Alden 2003). Moreover, some researchers suggest that PBG prompts psychological (e.g., affective) responses (Dimofte, Johansson and Bagozzi 2010; Dimofte, Johansson and Ronkainen 2008), while others show that functional or cognitive response is the main mechanism to explain purchase intention (Holt, Quelch and Taylor 2004; Steenkamp, Batra and Alden 2003). In summary, prior research paints a murky picture of whether and how global/local positioning of a retail brand may attract customers.

- A retailer's corporate image may be a function of the retailer's store image and vice versa. Thus, the understanding of interrelations and also reciprocal relations between retailers' corporate and store images is important when expanding abroad and transferring the established retail format to the culturally distant environment. Neither reciprocal relations (i.e., according to Martens and Haase 2006, the continuing cycle of successive effects up to the feedback loop is closed) in general, nor international retail brand management in particular have been analyzed intensively in previous studies. Authors disagree on the causality of whether the retailer's corporate image affects the store image (Chebat, Sirgy and St-James 2006; Helgesen, Ivar Havold and Nesset 2010) or whether the store image affects the retailer's corporate image. Keller and Lehmann (2006) already called for further research on this aspect. In summary, this reciprocal relationship needs further investigation, particularly in the context of consumers' culture-specific evaluation approach to provide recommendations on how a retailer should manage its retail brands internationally.

In summary, we conclude that PBG may support international retailers' success in emerging countries, but only being perceived as a global brand may not be sufficient within the retailing industry that was originally local and domestic in scope (Treadgold 1988). In response to the great customer heterogeneity (de Mooij and Hofstede 2002), many firms try to adapt to the unfamiliar local environment, especially when moving into culturally distant emerging countries that are home to billions of potential customers. Thus, whether being

perceived as a global or a local brand may lead to competitive advantages and how these competitive advantages can be managed considering different boundary conditions, such a country-of-origin effects and consumers' culture-specific evaluation approaches, are both questions that are currently underexplored.

2.3. General Research Objectives

Having highlighted the ongoing retail internationalization process into emerging, quite distant, but highly attractive countries and looked briefly at the related research streams which remain unanswered in the context of international retailers' positioning as a global or local retail brand in those emerging countries, three general objectives of the present thesis emerge.

The general objectives of this thesis encompass the investigation of how foreign, for example Western, retailers may benefit from being global in emerging countries or how their efforts to be positioned locally can drive consumers' perception and behavior. In response to retailers' increasing internationalization activities in emerging countries, insights are provided into the drivers of local success, helping retailers to tap the full potential of emerging markets, benefit from rising consumer spending, and gain competitive advantages against domestic, fast-growing competitors.

On the one hand, previous studies paint a rather unclear picture of how consumers from such emerging countries are attracted by the retailers' global or local retail brand positioning, and on the other hand, managerial relevance calls for clarification of this pressing issue because the internationalization process by retailers is a challenging, high-investment task, which seems to pay off reasonably well by successfully entering the BRIC countries. Moreover, while internationalization activities broaden the retailer's scope, new proposals are needed on successful international retail brand management. To illuminate these complex issues, three studies have been designed to answer three general research objectives.

- The first objective is to explore the role of retailers' perceived brand globalness and of retailers' country of origin in building retailer brand equity, and to identify potential leverage effects between PBG and country of origin in building retailer brand equity.

- The second objective is to explore the success of global and local retail brand positioning options by identifying the underlying value creation process and its boundary conditions to retain loyal customers.
- The third objective is to explore whether branding effects within retailers' brand hierarchy differ across countries and, particularly, based on consumers' cultural thinking approach.

These three general objectives are addressed and evaluated in Chapter E on the basis of three studies. Each general objective is, therefore, explored in depth in one study by answering specific research questions. A short overview of the motivation, research questions, conceptual framework, empirical analysis, and contribution of each study is provided in the following.

3. Structure of and Contributions by the Studies

3.1. Building Retailer Brand Equity

As mentioned, the general objective of Study 1 is to explore the role of retailers' PBG and retailers' country of origin in building retailer brand equity and to identify potential leverage effects between PBG and country of origin to build retailer brand equity in an emerging country, such as China. In detail, Study 1 analyzes the impact of PBG on retailer brand equity through consumers' perceived quality value and price value. Furthermore, the study examine how the retailer's foreign or domestic origin moderates the link between retailer's PBG and brand equity. From a theoretical perspective, the accessibility of PBG and the diagnosticity of quality value and price value information are analyzed in the context of a specific country of origin to explain how retailers create strong brand equity. From a managerial perspective, this research advances our understanding of the role of global retail brands in the recent expansion of retailers into emerging markets and recommends specific strategic implications for foreign retailers to expand their market share over domestic competitors.

The motivation for this specific view is threefold. First, in order to expand their business to an emerging market, Western retailers must reconsider major retailing-specific differentiation criteria (e.g., price and quality) to distinguish themselves from domestic competitors and attract customers from the top to

the bottom of the pyramid (Pan and Zinkhan 2006). Second, while consumers watch for cues to access new and existing retail brands in this intangible and turbulent changing business domain, a core differentiation criterion may arise from positioning as a global retail brand (Alden, Steenkamp and Batra 1999, 2006; Strizhakova, Coulter and Price 2011). Third, the mechanism of how PBG is translated into retailer brand equity is uncertain and parallels the internationalization of originally local retailers because PBG is not interchangeable with foreignness or non-localness (Batra et al. 2000; Zhou, Yang and Hui 2010), and because emerging giants have already grown internationally (Kumar 2009) and have raised the question of whether such retailers can also benefit from PBG, even though their country of origin is an emerging country.

In detail, the following research questions are examined:

- Does retailers' PBG affect retailer brand equity directly or indirectly through the underlying mechanism of consumers' perceived quality value and price value?
- How does retailers' foreign or domestic origin influence the relationship between PBG and brand equity?

The conceptual framework of Study 1 is twofold. First, the study examines the key underlying mechanism through which PBG affects retailer brand equity. The mechanism is defined by consumers' perceived quality value and price value. The rationale is that PBG is not automatically translated into brand equity, as found in previous studies (e.g., Johansson and Ronkainen 2005; Schuiling and Kapferer 2004), but it is proposed that for PBG to become an asset for a retailer, the PBG needs to provide superior quality value and price value. The proposition is consistent with prior research findings that quality and price are the two most important attributes that drive consumer traffic to retailer's stores (Pan and Zinkhan 2006; Sweeney and Soutar 2001). Second, the retailer's country of origin is assumed to play a moderating role on the link between PBG and brand equity because emerging giants have already left their footprints in global markets, unlike in the past when all global brands originated only from developed, Western countries Thus, these emerging market firms may be perceived as global brands in their home markets (Zhou, Yang and

Hui 2010). How PBG and country of origin interact to create brand equity is still an under-explored issue in our field.

The analysis is based on consumer data from China (n = 990), nested in 30 foreign and domestic retailers across three retail industries. To analyze the hierarchical data, this study applies a two-level analysis to disentangle the variance of brand equity into individual-level (within-brand) and brand-level (between-brand) components. This approach also allows an investigation of potential cross-level effects in the data, that is to say, how brand characteristics may affect the strength of the relationships found at the individual level.

The results of this study contribute in several aspects to the current knowledge. First, these findings advance the understanding of the role of PBG in the recent expansion of retailers into emerging markets, especially their direct effects on retailer brand equity compared to the indirect effects through quality and price values on retailer brand equity. Second, as previous research fails to differentiate between PBG and foreignness, which became particularly important in the light of rising emerging giants, the leveraging effect of a retailer's foreign or domestic origin is promising. Third, this study makes a significant methodological contribution, using a multilevel approach to disentangle the variance of brand equity into individual-level (within-brand) and brand-level (between-brand) components. This is important because the value of a brand is highly individualized and perceived idiosyncratically by the customer (Rust, Lemon and Zeithaml 2004).

3.2. Driving Retail Patronage through the Global Value Creation Process

The general objective of Study 2 is to explore the success of global and local retail brand positioning options by identifying the underlying value creation process and its boundary conditions to retain loyal customers. In detail, this study examines whether and through which functional and psychological values PBG and PBL enhance retail patronage. Furthermore, the study explores how boundary conditions, such as retailer origin and consumers' global and local identity interact with these value mechanisms. From a theoretical perspective, the accessibility-diagnosticity theory explains that accessible information about a retail brand's global or local appearance is not diagnostic to influence customer behavior. However, by considering the functional and psy-

chological values, PBG and PBL become diagnostic information to create retail patronage. The diagnosticity of information is also affected by retailer-specific and consumer-specific boundary conditions. From a managerial perspective, years after international retailers entered emerging countries, managers of these retailers may learn whether domestic competitors in the target country tend to position themselves towards localness or globalness and which positioning is most beneficial for them.

The motivation for this specific view is threefold. First, years after entering developing countries and adapting marketing offers based on local learning and knowledge about the local environment, foreign retailers can no longer rely on the weaknesses of local competitors because these local competitors have become more experienced and even internationalized. Although there is a significant body of literature on global and local positioning of brands (Alden, Steenkamp and Batra 1999, 2006; Dimofte, Johansson and Ronkainen 2008; Holt, Quelch and Taylor 2004; Steenkamp, Batra and Alden 2003), the question whether consumers are in favor of global or local retail brands is underexposed, as is the underlying value creation process. Some researchers suggest that PBG prompts psychological (i.e., affective) responses (Dimofte, Johansson and Bagozzi 2010; Dimofte, Johansson and Ronkainen 2008), whereas others show that functional or cognitive response is the main mechanism behind purchase intention (Holt, Quelch and Taylor 2004; Steenkamp, Batra and Alden 2003). However, it is still unknown whether this can be applied generally to experienced international retail firms in dynamic emerging countries. Second, to better understand the underlying mechanism of how PBG and PBL create retail patronage, 'firm-specific' (i.e., factors that are specific to the firm) and consumer-specific boundary conditions are taken into account to clarify previous inconsistent results. Third, previous research shows that internationalizing retailers have shifted their attention to developing countries, where retailers pursued different forms of adapted format transfer strategies in order to succeed locally. However, little is known about how such retailers can use their core advantage of a global retail brand and, more importantly, how consumer perceptions of such global retail brands drive retail patronage.

In detail, the following research questions are examined:

– What is the underlying mechanism of how retailers translate PBG and PBL into retail patronage?

Assuming that retailer-specific and consumer-specific factors may change the route to success, this study considers two further questions:

– How does the origin of the retailer (i.e., foreign or domestic) change the total effect of PBG and PBL and the value mechanism that translates PBG and PBL into retail patronage?
– How does the identity of consumers (i.e., global or local) interact with PBG and PBL?

The conceptual framework of Study 2 is twofold. First, the key underlying mechanism through which PBG and PBL affect retail patronage is examined, (i.e., functional and psychological values). The rationale is that PBG and PBL as accessible pieces of "ready-to-use" information become diagnostic and thus useful for driving retail patronage through the two value domains in retailing: functional values (i.e., price and quality values) and psychological values (i.e., emotional and social values) (Sweeney and Soutar 2001). Second, the boundary conditions of the underlying mechanism are retailer-specific and consumer-specific and affect the diagnosticity of PBG and PBL. Firm-specific factors, such as the country of origin of the retailer, are related to PBG (Alden, Steenkamp and Batra 1999) in an evolutionary context, but compromise uncovered relations that have been pointed out for further research (Dimofte, Johansson and Ronkainen 2008). Consumer-specific factors, such as belief in global citizenship or global and local identity are important factors to explore the effects of PBG and PBL (Strizhakova, Coulter and Price 2011; Zhang and Khare 2009).

To illuminate this issue, this analysis draws on data from China involving 1,188 consumer interviews on 36 Western, Asian, and Chinese retailers in 3 industries.

The results of this study contribute in several ways to the current knowledge. First, these findings advance our knowledge of international marketing literature, especially in the young research field of retail internationalization. From a theoretical viewpoint, Study 2 tries to clarify some ambiguities in the literature by treating PBG and PBL as independent predictors that explain retail patron-

age through functional and psychological values. The results will explain the major underlying mechanism on which retailers should build to fully exploit PBG in an emerging country context, into which international retailers have moved increasingly. By treating PBG and PBL separately, the study also contributes to the latest findings that globalness and localness are not necessarily in conflict with one another (Alden, Steenkamp and Batra 2006; Steenkamp and de Jong 2010) and thus, the study may be particularly meaningful to locally adapted retailers. Second, retailer-specific and consumer-specific factors are considered to explore the boundary conditions of how the link between PBG/PBL and retail patronage may vary. Third, years after international retailers entered emerging countries, managers of these retailers may learn which positioning is most beneficial for them to achieve a competitive advantage over such emerging giants.

3.3. Reciprocal Effects within a Retailer's Brand Hierarchy across Countries

The general objective of Study 3 is to explore whether reciprocal branding effects within retailers' brand hierarchy (i.e., between corporate and store images) differ across countries and, particularly, based on consumers' cultural thinking approach. In detail, the study analyzes whether the corporate image and the store image are connected through feedback loops, and whether the store image has a greater degree of influence on the corporate image than vice versa. Furthermore, the variation in the reciprocal effects of the corporate and store images is explained by consumers' culture-specific evaluation approaches (i.e., holistic for consumers from Asian countries and analytic for consumers from Western countries) and the corporate brand dominance (i.e., the perceived applied branding strategy, e.g., monolithic or standalone branding). From a theoretical perspective, reciprocity follows the accessibility mechanism through which customers easily retrieve related associations. To anticipate the boundary conditions of the reciprocity of images, we consider culture-specific and firm-specific variables because both influence accessibility and therefore the ease of retrieving information. From a managerial perspective, this research is of interest to managers because they attempt to influence consumer behavior through actions undertaken at both the corporate and store levels. Thus, managers should understand how these levels interact. Specifically, this study advances a globally relevant understanding of how culture-specific

styles of thinking affect perceptions of reciprocal images, which enhance a retailer's capability to manage both levels efficiently in accordance with the increasing internationalization into culturally distant countries.

The motivation for this specific view is threefold: First, the aggressive internationalization and diversification of retailers has been accompanied by a dearth of research on the advantages of establishing relations within a retailer's brand hierarchy (i.e., corporate image and store images) across countries. Thereby, a retailer's corporate image may be a function of the retailer's store image and vice versa, and therefore the interrelations or the reciprocity between the two are important, but have not been explored empirically. Many studies explore so-called top-down (Helgesen, Ivar Havold and Nesset 2010) or bottom-up effects (Grewal et al. 1998) separately rather than modeling the effects as feedback loops. Second, perception differences across countries or culture-specific styles of thinking may cause different strengths of interaction within a brand hierarchy, but studies on international retail brand management are few and far between. Third, firm-specific factors, such as the branding strategy or the corporate brand dominance, may affect the interaction within a brand hierarchy (Berens, van Riel and van Bruggen 2005).

In detail, the following research questions are examined:

- How are corporate image and retail store image reciprocally related (i.e., are the effects of corporate image or those of store image more significant)?

Expecting strong moderating effects to exist with regard to the contexts of global and diversified retailers, we explore the following questions:

- Does the evaluation approach moderate the reciprocity between these two images?
- Does corporate brand dominance or the perceived corporate branding strategy moderate the reciprocal relationship between corporate and store images?

The conceptual framework of Study 3 is twofold. First, the reciprocity between the retailer's corporate and store images is assumed. Reciprocity (i.e., the effect of store image on corporate image and the resulting feedback effect of corporate image on store image) follows the accessibility mechanism (Feld-

man and Lynch 1988), through which customers can easily retrieve related associations. Second, boundary conditions (i.e., culture-specific and firm-specific variables) of the reciprocity of images are explored because these variables influence accessibility and, therefore, the ease of retrieving information. However, the culture-specific and firm-specific determinants of accessibility may not provide sufficient criteria for explaining information retrieval. Thus, as an additional criterion, diagnosticity (Feldman and Lynch 1988), which stimulates the retrieval of information from a certain image level, is determined by the fit between corporate image and store image.

The analysis is based on two experiments. In a first experiment, a 3 (message) x 2 (evaluation approach) x 2 (branding strategy) design is applied by using the answers from 600 respondents from two countries (a Western country with an analytical style of thinking and an Asian country with a holistic style of thinking) to evaluate a retailer that operates with two retail brands in both countries. In a second experiment, results are validated and extended by using a 2 (message) x 2 (evaluation approach) x 3 (branding strategy) design, while considering a fictitious corporate brand.

The results of this study contribute in several aspects to the current knowledge. First, the findings advance the field of retailing research, especially the understanding of the effects of reciprocal images within an international context. The study contributes to the knowledge of the reciprocity between international retailers' corporate and store images by elucidating how customers draw inferences from these two image levels. Using the accessibility-diagnosticity theory (Feldman and Lynch 1988), it is demonstrated how reciprocal effects vary according to a consumer-specific criterion (i.e., the evaluation approach) and according to a firm-specific criterion (i.e., corporate brand dominance). Second, from a methodological perspective, Study 3 contributes to the literature by employing a non-recursive structural equation model based on an experimental design that accounts for feedback loops to test simultaneously reciprocal effects (Martens and Haase 2006). This methodological approach correctly disentangles the reciprocity in terms of the initial effects and the feedback effects. Third, this study is of interest to managers because they attempt to influence consumer behavior through actions undertaken at both the corporate and at store levels. Specifically, the findings contribute to a globally relevant understanding of

how culture-specific styles of thinking affect perceptions of reciprocal images, which enhance a retailer's capability to manage both levels efficiently in accordance with increasing internationalization into culturally distant countries.

4. Further Remarks

The three studies in an emerging country context explore the aforementioned research issues of international retail branding. In the following, each study is organized as follows:

- Introduction,
- theory and conceptual framework
- hypothesis development,
- empirical study, including sample design, measurement, method, and results,
- discussion and conclusions, and finally
- limitations and directions for further research.

This structure is given, independent of whether the research question is explored within a descriptive research design (i.e., Study 1 and Study 2) or a causal research design (i.e., Study 3).

The structure is also independent of the methods applied, which are multigroup structural equation modelling in Study 1, multilevel modelling in Study 2, and non-recursive structural equation modelling in Study 3. Although all studies focus on international retailers in emerging countries, the particular research questions require an individual methodological approach using different data sets. However, all research questions are explored on the basis of one theoretical approach: The accessibility-diagnosticity theory introduced by Feldman and Lynch (1988) explains which information consumers rely on while making evaluations and under what conditions they do so, thus it serves as theoretical foundation for all three studies. The theory consists of two mechanisms: accessibility and diagnosticity. Information is accessible when the consumer can retrieve this information from memory, and this accessibility varies in addition due to the accessibility of alternative inputs. Feldman and Lynch (1988) argue that the cognitive processes used by diverse respondents

to answer a question can differ in the extreme, depending on whether a previous question or task has been answered before. Diagnosticity refers to the usefulness of the information retrieved in making a certain evaluation about the target (Schwarz et al. 1991) and to the "degree to which the use of each type of information allows consumers to accomplish their objectives in the particular decision task at hand" (Lynch, Marmorstein and Weigold 1988, p. 171). A strong similarity or a greater extent of shared associations between two objects enhances the diagnosticity of information on one object to evaluate the other object (Ahluwalia and Gürhan-Canli 2000; Skowronski and Carlston 1987). Thus, the likelihood of using information (i.e., the perception of a retailer's globalness) for an actual evaluation (i.e., retailer brand equity) is described as being a function of accessibility and diagnosticity of input in memory (Lynch, Marmorstein and Weigold 1988).

After exploring the specific research questions in the three studies, Chapter E summarizes the implications of all these studies in response to the general research questions. In addition, further research issues of all three studies are outlined.

B. Study 1: Building Retailer Brand Equity Based on Perceived Brand Globalness: The Role of Country of Origin

1. Introduction

Retailing was originally regarded as a local business with a national scope (Gielens and Dekimpe 2007; Treadgold 1988). However recently dynamically internationalizing retailers like Walmart, Zara, and Starbucks shift their attention to emerging, psychic distant markets, driven by opportunities in these countries, such as high growth rates, growing middle-class, and low concentration rates (Goldman 2001). To expand their business to an emerging market, retailers must reconsider major differentiation criteria (e.g., price and quality) to distinguish themselves from domestic competitors in often restricted and diverse markets to attract customers from the top to the bottom of the pyramid (Pan and Zinkhan 2006). Additionally, domestic firms are under pressure and are being taken over by foreign investors. For example, the U.S. giant Yum! took over the Chinese service retail brand Little Sheep.

Emerging countries are becoming a turbulent marketplace for retailers and consumers. For example, Tesco rebranded its acquisitions in China, Walmart entered Africa, and Carrefour introduced a global rebranding strategy. Consumers watch for cues to access new and existing retail brands in this intangible and turbulent changing business domain. The core differentiation criterion may arise from positioning as a global retail brand (Alden, Steenkamp and Batra 1999, 2006; Strizhakova, Coulter and Price 2011). Globalness is perceived in the mind of consumers and is called perceived brand globalness (PBG; Steenkamp, Batra and Alden 2003); PBG acts as a general impression that provides access to quality and price value so that consumers may evaluate retail brands in the intangible domain without necessarily having prior personal experience. Thus far, PBG has been researched mostly in the fast-moving consumer goods sectors in highly developed countries (Dimofte, Johansson and Ronkainen 2008; Steenkamp, Batra and Alden 2003), whereas the effect on retailer brand equity in emerging countries remains unclear. Previous re-

K. Pennemann, *Retail Internationalization in Emerging Countries,* Reihe Handel und Internationales Marketing / Series Retailing and International Marketing,
DOI 10.1007/978-3-8349-4492-4_2, © Springer Fachmedien Wiesbaden 2013

search shows that brands that are perceived as global are more likely to be chosen based on the criteria of quality, prestige, safe choices, credibility, and responsibility (Dimofte, Johansson and Ronkainen 2008; Özsomer and Altaras 2008; Steenkamp, Batra and Alden 2003). The mechanism of how PBG is translated into retail brand equity is uncertain and parallels the internationalization of originally local retailers. According to Steenkamp, Batra and Alden (2003), globalness and localness are perceived as opposite points on a continuum. In contrast to the perceived success of global positioning, Schuiling and Kapferer (2004) find higher awareness and stronger image ratings for local brands than for global brands. Cui and Liu (2001) even conclude that local brands in emerging countries will outperform global competitors. Whether global or local positioning leads to success or not remains unclear (Alden, Steenkamp and Batra 1999, 2006), especially in the context of retail internationalization. Moreover, PBG and a brand's country of origin are distinct concepts but are often used interchangeably (Batra et al. 2000; Zhou, Yang and Hui 2010). Some emerging giants (e.g., Chinese Li Ning, Malaysian Parkson, Thai Lotus) have already grown internationally and have raised the question of whether such retailers can also benefit from PBG, even though their country of origin is an emerging country. In general, the research on country of origin in retailing is underexplored (Baldauf et al. 2009; Chaney and Gamble 2008), and we know little about how domestic giants in developing countries benefit from PBG, compared with foreign competitors.

The purpose of this research is twofold. First, we examine the key underlying mechanism through which PBG affects retailer brand equity, i.e., the consumers' perceived quality value and price value. Our rationale is that PBG is not automatically translated into brand equity, as found in previous studies (e.g., Schuiling and Kapferer 2004). We propose that for PBG to become an asset for a retailer, the PBG needs to provide superior quality value and price value. Our proposition is consistent with prior research findings that quality and price are the two most important attributes that drive consumer traffic to retailer stores (Pan and Zinkhan 2006; Sweeney and Soutar 2001). Second, we also investigate the moderating role of a retailer's country of origin on the effect of PBG on brand equity. Currently, emerging giants have already established their footprints in global markets, which is different from the past when all

global brands only originated from developed countries. These firms are also perceived as global brands in their home markets (Zhou, Yang and Hui 2010). How PBG and country of origin intervene to create brand equity is still an underexplored issue in our field.

This research contributes to the literature in several important ways. From a theoretical perspective, this study addresses an important issue that remains underexplored within retailer internationalization: Should retailers introduce a global brand into an originally local business in which the customers' heterogeneity and cultural needs force retailers to adapt their marketing instruments (Burt, Johansson and Thelander 2011; Wigley and Chiang 2009)? What is the underlying mechanism of how a retailer in an emerging market translates its globalness into retailer equity? Answering this question is important to resolve conflicting findings in the literature regarding whether global or local brands are more successful (Cui and Liu 2001; Dimofte, Johansson and Ronkainen 2008; Schuiling and Kapferer 2004; Steenkamp, Batra and Alden 2003). Focusing on the Chinese retail market, our field study clearly shows that perceived quality value and price value are the critical mechanisms underlying the effect of PBG on brand equity. In addition, the retailers' country of origin provides boundary conditions for such effects. These findings advance our understanding of retail internationalization, which is dominated by a management perspective (Gielens and Dekimpe 2001, 2007; Goldman 2001) but rarely researched from the consumers' point of view (Chaney and Gamble 2008; Hu and Jasper 2007; de Mooij and Hofstede 2002). In particular, the question of how retailers may benefit from their country of origin is seldom analyzed (Baldauf et al. 2009; Chaney and Gamble 2008). In addition, this study is of interest for retail managers who have recently entered emerging markets. In contrast to the spreading of investments over various retailer attributes, a specific investment in the global appearance of the retailer may promise leveraging effects for retailer brand equity.

Furthermore, we intend to contribute to the literature methodologically with a multilevel approach to address the effects of PBG on brand equity. Previous research in this area has mainly asked each consumer to assess multiple brands and has examined the effects of PBG with aggregate measures of brand evaluations, attitudes, or purchase intentions across all participants. The

main problem with the aggregation is that all within-individual information is lost, and the statistical analysis loses power (Judge, Scott and Ilies 2006). Moreover, the value of a brand is highly individualized (Rust, Lemon and Zeithaml 2004). Assigning an aggregated value across consumers obscures the fact that brand value or equity is idiosyncratically perceived by the customer and is thus hardly a useful marketing management tool (Rust, Lemon and Zeithaml 2004). In response to this important limitation, we incorporate two levels of investigation in this study by disentangling the variance of brand equity into individual-level (within-brand) and brand-level (between-brand) components. The individual-level variance is explained by the heterogeneity among consumers, whereas the brand-level variability is explained by the differences across different brands. This approach also allows us to investigate potential cross-level effects in our data, that is, how brand characteristics may affect the strength of the relationships found at the individual level.

This study is organized as follows: Following a literature review, we develop a theoretical framework that takes individual- and brand-level variables into account, drawing upon the accessibility-diagnosticity theory (Feldman and Lynch 1988). Then, we apply a two-level analysis to consumer data from China (n = 990) nested in 30 foreign and domestic retailers across three industries. Finally, the results are discussed, followed by the conclusions and limitations.

2. Conceptual Foundation and Hypotheses

2.1. Individual Level: The Effect of PBG on Retailer Brand Equity

PBG refers to the extent to which a firm is viewed as a ‘global’ player in the minds of target consumers (Steenkamp, Batra and Alden 2003). PBG is primarily achieved through the use of global symbols (e.g., brand name, symbols, themes, brand logo, and spokesperson) in marketing communications. McDonald’s advertising campaign in China, for example, shows a young business executive purchasing breakfast from McDonald’s in a western-style suit, whereas its advertisement in India features a young ‘Baby Ronald’, which symbolizes a global icon of the restaurant chain.

Steenkamp, Batra and Alden (2003) were among the first to explore the positive effect of PBG in terms of quality and prestige on the likelihood of consumers' purchases. The study was conducted in the USA and Korea and indicates that prestige and quality are essential aspects across countries for consumers' demand for global brands. Holt, Quelch and Taylor (2004) identified quality, global myth, and social responsibility to be associated with global brands. Previous research shows mixed findings on the effect of PBG on brand equity. Some researchers suggest that quality plays an important role by influencing consumers' choices (Holt, Quelch and Taylor 2004; Steenkamp, Batra and Alden 2003), whereas others indicate that quality is an artifact of the use of actual brand names (Dimofte, Johansson and Ronkainen 2008). We argue that quality value is a critical mechanism; when PGB does not enhance the quality value in the minds of target consumers, the retailer cannot fully benefit from enhanced brand equity.

Further contradicting results emerge in the question of whether a global or local brand appearance is most beneficial (Alden, Steenkamp and Batra 2006; Steenkamp and de Jong 2010). Some studies show that compared with global brands, local brands better address the customers' needs and therefore score higher in awareness and trust (e.g., Schuiling and Kapferer 2004), whereas other studies have found that global brands are preferred based on brand trust and prestige (Johansson and Ronkainen 2005; Steenkamp, Batra and Alden 2003). Cui and Liu conclude that for emerging countries, global brands are "not sufficient to capture the opportunities" (Cui and Liu 2001, p. 99). These contradicting results indicate the value of exploring the effect of PBG on retailer brand equity.

The aforementioned findings are empirically based on the FMCG and durable sectors. Therefore, it is debatable whether such results can be generalized to service industries and especially to the retailing sector (Steenkamp, Batra and Alden 2003) in which, for example, price-oriented firms, e.g., Walmart and IKEA, build strong brands. In contrast to other business sectors, retailing was originally known as a local business, and because of the heterogeneity of customers' tastes and habits, even 'global replicators' are forced to adapt locally (Jonsson and Foss 2011). However, some retailers tend to ignore cultural differences when entering foreign markets (de Mooij and Hofstede 2002). This

behavior may relate to patterns of relatively dynamic international expansion and limited foreign knowledge, especially in emerging countries (Goldman 2001). Although PBG is useful for consumer durables (especially luxury items) among consumers in emerging markets (Zhou, Yang and Hui 2010), it is less clear how PBG can be used in the retailing industry.

2.1.1 Main effect

Building retailer brand equity leads to consumers being willing to pay (Bello and Holbrook 1995), more favorable responses to marketing instruments (e.g., quality and price), and increasing revenue and profitability (Ailawadi and Keller 2004), and such equity is used by retail managers as a performance indicator (Pappu and Quester 2006). When consumers perceive a retailer's name more positively, the retailer becomes more relevant to the consumers' choices. Thus, the retailers' brand equity consists of two components: the image as a set of associations in the consumers' minds and the consumers' awareness of the retailer, i.e., how easily the consumers remember the retailer (Keller 1993).

We expect that PBG is positively related to retailer brand equity. To understand the effects of PBG, we implement Feldman and Lynch's (1988) accessibility-diagnosticity theory, which identifies the information that consumers rely on in their evaluations and under what conditions they use this information. The accessibility-diagnosticity theory indicates the conditions in which retailers can benefit from PBG to build retailer brand equity, because we assume the PBG to be an accessible piece of information that becomes diagnostic for retailer brand equity through quality and price values.

The theory consists of two mechanisms: accessibility represents the ease of retrieving an input from memory, and diagnosticity refers to the usefulness of the retrieved information for evaluating a target (e.g., a retailer). The likelihood of using information for an actual evaluation of a target is described as a function of the accessibility and diagnosticity of the input in memory (Lynch, Marmorstein and Weigold 1988). In addition, a high degree of accessibility can serve as a proxy for diagnosticity (Menon and Raghubir 2003; Schwarz et al. 1991). Affective based information is highly accessible and leads to immediate responses (Verplanken, Hofstee and Janssen 1998).

We believe that the PBG itself is an accessible piece of 'ready-to-use' information that can be used to drive consumers' evaluations of retailer brand equity, especially in retailing as a dominantly intangible domain. In an emerging market such as China, the average consumer is fascinated with the things and places that are associated with global images (Zhou and Belk 2004). Acknowledging this interest, marketers and advertisers have directed a tremendous effort to associate their brands with desirable and shared global images through the use of global symbols (e.g., brand names, symbols, themes, brand logos, and spokespersons) in marketing communications (Alden, Steenkamp and Batra 1999). The use of such image-enhancing strategies recognizes global brands as a "passport to global citizenship" (Strizhakova, Coulter and Price 2008, 2011) that provides consumers with a symbolic language based on consuming and sharing these brands. The emotional and social power (Sweeney and Soutar 2001) of global brands to persuade consumers is especially strong in developing countries (Batra et al. 2000). Thus, the PBG should directly add to the value of brand equity because of PBG's high degree of accessibility. Previous studies support this idea with the "belongingness pathway" (Steenkamp, Batra and Alden 2003, p. 55), which represents the emotional effect of PBG on purchasing likelihood, and the self-identity signal (Strizhakova, Coulter and Price 2011), which indicates the belief and participation in global citizenship. We assume that based on the affective nature of PBG, this perception can directly enhance retailer brand equity.

From a theoretical perspective, PBG is a 'ready-to-use' piece of information that is emotionally charged (Dimofte, Johansson and Ronkainen 2008; Holt, Quelch and Taylor 2004). Emotions are generally easier to recall than cognitions (Verplanken, Hofstee and Janssen 1998) and can lead to a sufficiently high level of accessibility to override the diagnosticity threshold (Schwarz et al. 1991). Because of its affective aspect, PBG is highly accessible and can serve immediately as a diagnostic criterion for retailer equity. Thus, in the context of retailing in emerging countries, we propose the following:

H1: PBG affects retailer brand equity positively.

2.1.2 Mediating role of quality value and price value

We assume that the key mechanisms for enhancing retailer brand equity by PBG are quality value and price value. PBG may add value directly through an affective response; however, the role of functional values is more important for retailers in emerging countries (Holt 2002). PBG may become a diagnostic piece of information to build retailer brand equity through the perception of functional values (i.e., quality and price values). Although there are several marketing instruments for how a retailer's image is built (e.g., merchandise quality, location, price, atmosphere, service), a significant body of literature indicates that quality and price are the two most important determinants for retail patronage (Pan and Zinkhan 2006). Mulhern (1997) states that the preferred positioning dimensions for retailers across industries are price and quality. Quality value and price value are functional values and are known as the ratio of salient 'give' and 'get' components (Zeithaml 1988) that drives customers' behavior, especially within retailing (Sweeney and Soutar 2001). Even when shoppers are mostly unaware of the exact prices of items, they are aware of retailers' price positioning, which becomes a crucial element and is uniquely complex within retailing (Dickson and Sawyer 1990; Mulhern 1997). When retailers consider the repositioning of the store image, Mazursky and Jacoby (1986) suggest that they concentrate on core characteristics, such as price and merchandise information, whereas peripheral facets (e.g., service, policy) are less important and are even affected by the core characteristics. Previous reviews (e.g., Lindquist 1974/75; Pan and Zinkhan 2006) support the idea that price and quality are the most influential factors for consumers' retailer choices.

Consistent with our theory, our overarching hypothesis is that PBG affects retailer brand equity through the influences of quality and price values. Although PBG is an accessible piece of information that can help consumers to evaluate retailers, it may not be diagnostic in the retailing context unless it can influence consumers' perceptions of quality value and price value, which are the two most important attributes for retailing choices (Mulhern 1997; Pan and Zinkhan 2006). PBG comprises a signaling effect through functional aspects (i.e., quality value and price value). According to the accessibility-diagnosticity theory,

consumers need to link PBG with quality and price values to make PBG a diagnostic tool for influencing retailer brand equity.

The international prevalence of global brands may provide consumers with an indication of quality; thus, such prevalence reduces the perceived brands' risk because the brands are accepted among a large consumer group. Previous studies document a strong relationship between global brands and quality (Dimofte, Johansson and Ronkainen 2008; Holt, Quelch and Taylor 2004; Steenkamp, Batra and Alden 2003; Strizhakova, Coulter and Price 2008, 2011). However, the examples of Walmart, IKEA, Zara and H&M indicate that price is a core competition criterion of such international retailers.

A high performance in quality does not necessarily indicate 'value for money,' and a high performance in price does not necessarily indicate low quality. Price value refers to how satisfactory the retailer's offer is to the consumer (Sweeney and Soutar 2001). PBG may add value for the customer by allowing the customer to appreciate the global appearance of the brand. Thus, the 'get' components increase and prevail over the 'give' components. In our context, global retailers compete with an attractive price positioning (Goldman 2001). Moreover, consumers may perceive a balance between price and quality based on the perceived amenities of the global image (Sweeney and Soutar 2001).

Therefore, unless PBG can enhance the consumers' perceived quality and price values, it cannot be fully translated into brand equity in the retailing context. Quality and price values are the two key intrinsic cues that facilitate the diagnostic capacity of PBG in retailing. Consumers in emerging countries may not have much personal experience with global retail brands. Thus, PBG becomes an important cue for quality and price value judgments.

H2a: PBG affects retailer brand equity positively by influencing quality value.

H2b: PBG affects retailer brand equity positively by influencing price value.

PBG becomes diagnostic for building retailer brand equity directly based on emotional responses (Steenkamp, Batra and Alden 2003; Strizhakova, Coulter

and Price 2008, 2011) or indirectly through functional values (i.e., quality value and price value). Consumers in emerging markets focus more on functional attributes, such as quality and price, than on affective values (Holt 2002). Therefore, we assume that PBG operates dominantly indirectly through quality value and price value.

H3: Relative to its direct effect on retailer brand equity, PBG has a stronger indirect impact on brand equity through quality value and price value.

2.2. Brand Level: Moderating Role of Retailer Origin

In addition to the individual-level predictors, characteristics at the brand level also affect retailer brand equity. Our focus at the brand level is retailer origin, that is, whether the retailers' country of origin is foreign or domestic. Especially in the context of emerging countries, foreign versus domestic brand origin is significant for the consumers' evaluation (Batra et al. 2000; Han 1989; Zhou, Yang and Hui 2010). Although consumers may differentiate among different countries of origin (Pappu and Quester 2006; Roth and Diamantopoulos 2009), under certain conditions, consumers are not able to correctly identify the country of origin (Balabanis and Diamantopoulos 2008; Samiee, Shimp and Sharma 2005; Zhou, Yang and Hui 2010) or even do not differentiate among different countries of origin (Ofir and Lehmann 1986). Whether the retailer origin is foreign or domestic is determined by the location of the retailer's headquarters (Johansson, Douglas and Nonaka 1985). Previous research divides the country-of-origin effect into cognitive, affective and normative aspects (Obermiller and Spangenberg 1989; Verlegh and Steenkamp 1999) that may provide implications for our individual-level effects. The cognitive aspect is regarded as an extrinsic cue that signals quality (Bilkey and Nes 1982; Han 1989; Olson and Jacoby 1972). Consumers from emerging countries evaluate products from more developed countries (Western countries) that have higher quality than domestic products (Batra et al. 2000; Bilkey and Nes 1982; Wang and Lamb 1983). The affective country-of-origin aspect represents symbolic and affective benefits for foreign brands (Batra et al. 2000; Zhou and Hui 2003), whereas the normative country-of-origin aspects represent personal and social norms and refer to ethnocentrism and animosity (Klein, Ettenson and Morris 1998; Shimp and Sharma 1987) as reasons for consumers to pre-

fer domestic brands. With regard to whether such findings may apply to our research context, we find little research that explores country-of-origin effects in retailing (for exceptions, see Baldauf et al. 2009; Chaney and Gamble 2008). However, extrinsic cues, such as a retailer's country of origin, may be important for retailer choice. Offers in service or in retailing are intangible and difficult to access prior to consumption (Shostack 1977), which drives perceived risk and uncertainty (Parasuraman, Zeithaml and Berry 1985).

2.2.1 Main effect

We refer to the normative aspect of country of origin (Obermiller and Spangenberg 1989; Verlegh and Steenkamp 1999) to hypothesize the main effect, and we refer to the cognitive and affective aspects of country of origin to hypothesize the effects of the cross-level interactions on retailer brand equity. We assume that retailer origin has a direct impact on retailer brand equity, that is, that consumers evaluate domestic retailers as having higher brand equity than foreign retailers after the effect of PBG has been controlled. We speculate that normative aspects (Verlegh and Steenkamp 1999) (i.e., ethnocentric feelings, patriotism) determine the direct effect of retailer origin on brand equity by controlling for the cross-level effects. Previous studies have shown that consumers prefer domestic over foreign brands based on ethnocentric feelings (Sharma, Shimp and Shin 1995; Shimp and Sharma 1987) or animosity (Klein, Ettenson and Morris 1998). From a theoretical point of view, such normative aspects are strongly related to a 'we-group' feeling (Balabanis et al. 2001) that directly activates consumers to favor their own domestic brands. Such normative aspects may serve as a diagnostic criterion in an immediate affective response to evaluate retailer brand equity.

H4: After controlling for the presence of PBG, domestic retailers score higher than foreign retailers in retailer brand equity.

2.2.2 Cross-level effects

The cross-level effects reflect the interactions between retailer origin (a brand-level indicator) and the individual-level slopes. The cross-level effects indicate how retailer origin sets a boundary condition for the effects of PBG at the individual level. When evaluating the relationship between PBG and quality value,

we suggest that although consumers in emerging countries are likely to associate PBG with quality value for both foreign and domestic brands, the effect should be stronger for the foreign brands. According to Feldman and Lynch (1988), a piece of information is more diagnostic when it is congruent with the schematic memory. Thus, in our research context, PBG is more diagnostic in the context of foreign brands because it is congruent with foreign rather than domestic origin. This finding is especially true for consumers in developing countries such as China.

The country of origin and PBG are related (Dimofte, Johansson and Ronkainen 2008) but distinct concepts that have been used interchangeably in the context of emerging countries by necessarily regarding foreign brands as global brands and domestic brands as local brands (Batra et al. 2000; Cui and Liu 2001). After developing countries opened their economies to foreign firms, the global brands were predominantly foreign. However, domestic firms in emerging countries have recently engaged in internationalization (Bonaglia, Goldstein and Mathews 2007) and have adopted the appearance of 'global' brands (mostly imitating international brand appeals and symbols) (Zhou, Yang and Hui 2010; Zhou and Belk 2004). Nevertheless, consumers in emerging countries have experienced the link between foreign origin and global appearance for a long time. Thus, the link may resist as an established schema in consumers' mind and helps foreign origin and PBG to be more congruent and thus more diagnostic. We assume that PBG operates more through quality value for foreign than for domestic retailers. Our assumption is supported by the cognitive aspect of country of origin that represents a quality signal for foreign origin (Han 1989; Verlegh and Steenkamp 1999), especially in the context of emerging countries (Batra et al. 2000).

H5a: The effect of PBG on quality value will be stronger for foreign than for domestic retailers.

We further expect the retailer origin to moderate the effect of PBG on price value so that the effect is stronger for domestic retailers. Our proposition is still grounded on the diagnosticity of PBG in the context of price value. In this case, similarly to PBG, price value is also less congruent with foreign than with domestic brands, especially in emerging countries. Modern retailing in its pre-

sent form emerged within the last two decades when the first foreign retailers entered China in 1992. In contrast to domestic retailers, most foreign retailers are not positioned on price but rather on the quality of service and merchandise as well as on the broad assortment, especially in emerging countries (Chaney and Gamble 2008). In contrast, domestic retailers are much more familiar with the local market structures (e.g., no psychic distance, extensive networks) (Evans and Bridson 2005) and may also be more flexible in their pricing strategies (Schuiling and Kapferer 2004). As a result, foreign brand preferences are mainly derived from quality associations (Batra et al. 2000; Zhou, Yang and Hui 2010), whereas domestic brands may especially profit from their strong relationships with customers, flexibility in responding to local needs, and desirable prices (Schuiling and Kapferer 2004). Domestic retailers are perceived by customers as offering more value for the money, which is especially true within the context of emerging countries (Kinra 2006).

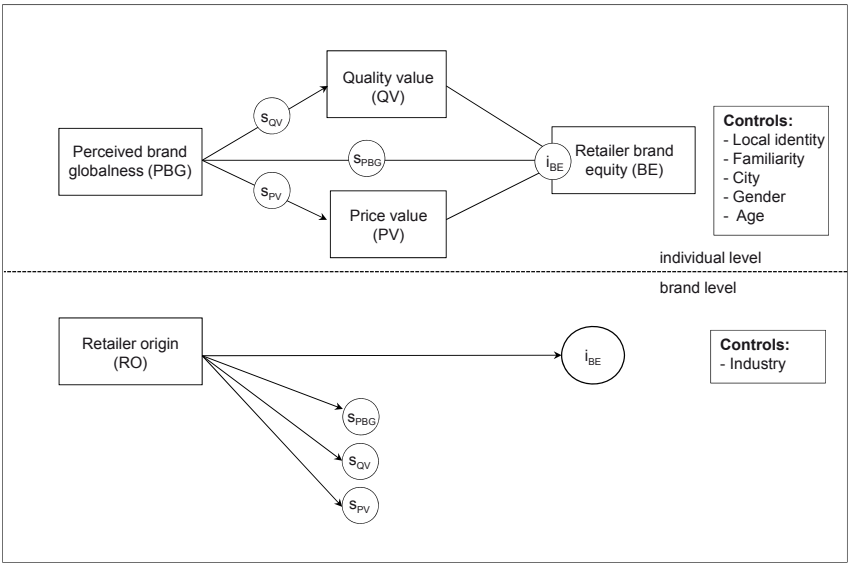
H5b: The effect of PBG on price value is stronger for domestic than for foreign retailers.

Considering the effect of PBG on brand equity, we expect that the effect is stronger for foreign than for domestic retailers. As stated, PBG is more congruent with foreign than with domestic origin and therefore becomes more diagnostic in evaluating brand equity. Our assumption refers to the affective aspect of the country of origin, according to which less affluent consumers in emerging countries receive affective and symbolic benefits when evaluating a foreign brand (Batra et al. 2000; Verlegh and Steenkamp 1999). Foreign retail brands are ambassadors and symbols of global consumer culture, especially when such brands enter a formerly restricted market, such as China, Russia, and India. Although some domestic brands approach a foreign or even a global brand appearance (e.g., the use of English brand names or foreign celebrities, such as basketball star Kevin Garnett for the Chinese fashion retailer Anta), consumers may take time to adjust to the incongruity between the ‘domestic brand’ and the ‘global image’. Domestic retailers were originally not attached to a global aura; therefore, such incongruity can mitigate the effect of PBG on the achievement of the desired brand equity. Although some domestic retailers (e.g., Anta with the celebrity endorsement) have started to shift their

images toward a global consumer culture positioning (Alden, Steenkamp and Batra 1999), this strategy may require time to achieve its goal.

H6: The effect of PBG on retailer brand equity will be stronger for foreign than for domestic retailers.

Figure B-1 summarizes our two-level conceptual framework.



Notes: PBG = perceived brand globalness, QV = quality value, PV = price value, BE = retailer brand equity, RO = retailer origin, s= random slopes, i = random intercept.

Figure B-1: Conceptual model
Source: Own creation.

3. Method

We chose China as the context for this research. The choice was guided by theoretical reasons (i.e., consumer diversity and a high penetration rate by foreign retail brands) and managerial relevance (China as an emerging country and volume market). Currently, China is the second largest retail market with dynamic development. In 2015, all of the BRIC countries will rank among the

top five in the world in terms of grocery sales volume, with China ranked first and doubling its volume to 1,350 billion USD (IGD 2011; Whiteaker 2011).

3.1. Retail Brand Selection Procedure

Before the data collection, we identified through desktop research more than 120 foreign and domestic retail brands among the largest industries in the Chinese market: grocery, apparel, electronics, furnishing, and service retailing. We selected three industries, namely grocery retailing, fashion retailing, and service retailing, because these industries cover typically standardized (e.g., fashion retailing) and typically nonstandardized (e.g., grocery retailing) industries and in addition we identified in these industries a sufficient number of foreign and domestic retailers that were active with outlets in five major cities.

Industry	Foreign country of origin	Domestic country of origin
Grocery retailing	- Auchan (France) - Carrefour (France) - Metro (Germany) - Walmart (USA)	- Century Mart (China) - Hualian (China) - Quik (China) - RT-Mart (China) - Taiping (China) - Wangfujing (China)
Fashion retailing	- Adidas (Germany) - H&M (Sweden) - Nike (USA) - Zara (Spain)	- Anta (China) - Bossini (China) - Giordano (China) - Li-Ning (China) - Septwolve (China) - Youngor (China)
Service retailing	- KFC (USA) - McDonald's (USA) - Pizza Hut (USA) - Starbucks (USA)	- Da Niang Dumpling (China) - Discos (China) - Little Sheep (China) - Jiu Jiu Ya (China) - Master Kong (China) - South Beauty (China)

Table B-1: Selected retail brands

Source: Own creation.

In two focus group interviews with 12 Chinese students from these cities, we selected retailers that are known and other retailers, mostly Chinese, which we did not identify in advance. Most retailers were present and familiar to consumers in Beijing, Shanghai, and Chengdu, which determined our final city selection. We finalized our retailer selection with an online panel of 23 middle-aged respondents living in Beijing, Shanghai, or Chengdu, to explore which retailers from the list are known. We selected 10 retailers per industry that were as equal as possible within each industry (e.g., no luxury brands, prefer-

ably equal formats) to reduce the effects of exogenous variables. In each industry, the retailers were divided according to a foreign and domestic country of origin to implement the 'retailer origin' effect in our study. The foreign retailers originated from the USA and Europe but not from Japan, for example, to preserve a homogenous selection and to eliminate potential feelings of animosity (Klein, Ettenson and Morris 1998). The familiarity of the selected retailers was again validated by three pretest interviews in every city. Table B-1 shows the retailers finally selected for our study according to industry and retailer origin.

3.2. Sample Characteristics

The sample includes 990 valid responses from consumers of three first- and second-tier cities in China and represents urban populations. The sample was randomly selected from the data provided by the Chinese registration office. This data list was restricted to urban populations between the ages of 18 and 45 years of Beijing, Shanghai and Chengdu to cover the retail brand affine population (Steenkamp, Batra and Alden 2003). The sample is representative of the age and sex of the Chinese population within the selected age range (see Table B-2).

	Chinese Sample			**Chinese Population**			
	Gender (n, %)		Total	Gender (%)		Total	Total diff-
Age groups	Male	Female	(n, %)	Male	Female	(%)	erence (%)
Age 18 to 25	(99) 10.0	(120) 12.1	(219) 22.1	13.5	13.2	26.7	-4.6
Age 26 to 35	(158) 15.9	(167) 16.9	(325) 32.8	15.1	15.4	30.5	+2.3
Age 36 to 45	(177) 17.8	(269) 27.2	(446) 45.0	21.3	21.5	42.8	+2.2
Total	(434) 43.8	(556) 56.2	(990) 100.0	49.9	50.1	100.0	

Table B-2: Sample distribution

Source: Own creation.

We provided the list of selected households to trained interviewers of a Chinese research agency, who visited these households to conduct the personal interviews. We trained the interviewers personally in each city and observed their performance in pretest interviews. There were 990 respondents interviewed across 30 retail brands (i.e., 33 respondents per brand and 11 respondents per city for each of the 30 brands), based on a structured questionnaire. The respondents were only interviewed with respect to one brand; thus, superficial variances within the sample were not created by questioning re-

spondents across different brands. Thus, we believe that our data represent the immediate opinion of respondents without extreme reference points. The interviewees first answered questions regarding their age and sex, and they rated their retail brand familiarity for each brand. Only respondents, who strongly agreed, agreed, or agreed somewhat regarding brand familiarity (e.g., "I am very familiar with [retailer]") on a 7-point Likert scale were included in this study.

3.3. Measurement

We drew scales from previous studies using a seven-point Likert-type scale, as Table B-3 shows. The dependent variable, retailer brand equity, was measured using four items according to Keller's (1993) conceptualization of consumer-based brand equity. The mediating variables, the price and quality values, were drawn from the PREVAL functional value framework of Sweeney and Soutar (2001), and the independent variable PBG was adapted from Steenkamp, Batra and Alden (2003) using three items. At the brand level, the actual retailer origin was a binary variable (0 = domestic and 1 = foreign) and was approximately consistent with the consumers' perceived origin. If the retailer was foreign, the origin was salient and correctly identified by 94.0 percent of the subjects. If the retailer was domestic, the origin was correctly identified by 93.4 percent of the subjects.

The constructs and items passed psychometric tests for reliability (Churchill 1979) and validity (Fornell and Larcker 1981), as shown in Table B-3 and Table B-4. Convergent validity was determined by significant t-values of the factor loadings (Anderson and Gerbing 1988). The factor loadings ranged between .872 and .674 for all main constructs. The covariate local identity (Zhang and Khare 2009) scored below this range but was kept as a measurement because of its short testing period. Cronbach's alpha ranged between .893 until .801. Table B-4 shows the correlation matrix and the AVEs, which indicate the discriminant validity and the nomological validity of the measures (Fornell and Larcker 1981). In addition to these psychometric tests, we selected and adapted our measurement to ensure face validity. To ensure semantic equivalence, we applied the translation-back-translation method (Hult et al. 2008). A bilingual Chinese market researcher translated the scales into Chinese, and a bilingual Chinese graduate student translated them back into Eng-

lish. Based on these results, the Chinese version was corrected until the back translation matched the original English version.

Construct and item wording	Item	λ	ItTC	CA	SVar	EVar
Perceived brand globalness (adapted from Steenkamp, Alden and Batra 2003)						
To me, this is a global retail brand.	PBG_1	.848	.778	.885	1.49	.171
I do think consumers overseas visit this retail brand.	PBG_2	.852	.786			
This retail brand is located all over the world.	PBG_3	.847	.766			
Quality value (Sweeney and Soutar 2001)						
[Retailer] offers consistent quality.	QV_1	.699	.576	.801	.456	.091
[Retailer] offers high-quality goods.	QV_2	.696	.620			
[Retailer] offers an acceptable standard of quality.	QV_3	.724	.652			
[Retailer] is characterized by high overall quality.	QV_4	.719	.616			
Price value (Sweeney and Soutar 2001)						
[Retailer] is reasonably priced.	PV_1	.762	.877	.893	.810	.087
[Retailer] offers good deals for the price.	PV_2	.830	.864			
[Retailer] offers high value for money.	PV_3	.872	.848			
[Retailer] does have fair and competitive prices.	PV_4	.824	.858			
Retailer brand equity (adapted from Keller 1993; Verhoef, Langerak and Donkers 2007)						
[Retailer] is a well-known brand.	BE_1	.674	.602	.812	.706	.133
[Retailer] is a strong brand.	BE_2	.723	.664			
[Retailer] is favorable to me.	BE_3	.781	.668			
[Retailer] is a unique brand.	BE_4	.722	.604			
Local identity (adapted from Zhang and Khare 2009)						
I believe I mostly belong to my local community.	ID_1	.725	.329	.495	.829	.419
I strongly identify as a local citizen.	ID_2	.454	.329			
Familiarity (adapted from Steenkamp, Alden and Batra 2003)						
I am very knowledgeable about [Retailer].	FAM_1	-	-	-	-	-

Notes: Goodness of fit statistics for CFA: CFI = .935; TLI=.922; SRMR=.076; $\chi^2(126) = 671.93$; ItTC= item-to-total correlation; CA = Cronbach's alpha (≥ 0.7); λ = standardized factor loadings (CFA); SVar = sample variance; EVar = error variance.

Table B-3: Measurement

Source: Own creation.

		1	2	3	4	5	6	7	8	9	10	11
1	PBG	**.721**	*.174*	*.053*	*.190*	*.006*	*.069*	*.000*	*.000*	*.001*	*.002*	*.176*
2	QV	.417 ***	**.504**	*.362*	*.486*	*.052*	*.075*	*.017*	*.001*	*.001*	*.000*	*.022*
3	PV	.230 ***	.602 ***	**.677**	*.229*	*.020*	*.027*	*.001*	*.000*	*.001*	*.023*	*.000*
4	Brand equity	.436 ***	.697 ***	.479 ***	**.527**	*.030*	*.147*	*.024*	*.002*	*.000*	*.002*	*.037*
5	Local ID	.078 *	.228 ***	.142 ***	.174 ***	**.326**	*.013*	*.088*	*.000*	*.010*	*.002*	*.000*
6	Familiarity	.262 ***	.274 ***	.165 ***	.383 ***	.113 ***	-	*.017*	*.001*	*.003*	*.023*	*.024*
7	City	-.020 ns	.131 ***	-.037 ns	.154 ***	.296 ***	.132 ***	-	*.017*	*.008*	*.000*	*.001*
8	Gender	.017 ns	-.032 ns	-.007 ns	-.047 ns	.010 ns	-.034 ns	.132 ***	-	*.006*	*.002*	*.001*
9	Age	.026 ns	.034 ns	.026 ns	.018 ns	.100 **	-.052 ns	.089 *	.080 *	-	*.002*	*.002*
10	Industry	-.039 ns	.018 ns	.150 ***	.039 ns	-.040 ns	-.152 ***	.000 ns	.045 ns	.056 ns	-	*.000*
11	RO	.419 ***	.147 ***	.004 ns	.193 ***	.016 ns	.156 ***	.032 ns	.024 ns	.046 ns	.005 ns	-
	Mean	5.15	5.98	5.62	5.80	5.55	4.98	-	-	-	-	-
	SD	1.22	.68	.90	.87	.91	1.64	-	-	-	-	-

Notes: QV = quality value; PV = price value; ID = identity; RO = retailer origin.

† p < .10; * p < .05; ** p < .01; *** p < .001; ns = not significant.

AVEs are on the diagonal; squared correlations are above the diagonal; correlations are below the diagonal.

Pearson correlation for metric variables; eta for dichotomy and metric variables; contingency coefficient for dichotomy variables.

Table B-4: Correlation matrix and deskriptive statistics

Source: Own creation.

Because our measurement model showed a satisfactory fit (CFI = .935; TLI = .922; SRMR = .076; $\chi^2(126) = 671.93$), we modeled each latent variable measured by a single indicator with fixed error variances to reduce the model's complexity (Bandalos 2002). Single indicators were calculated as summated indices. The error variances of these calculations (see Table B-3) were fixed to an appropriate level of reliability and sample variance, as suggested by Bollen (1989) (see equation 1). The error variance of the measurement of retailer brand equity and PBG on the second level was fixed to zero.

*(1 - reliability)*sample variance* *(1)*

To control for the effects of exogenous variables, we accounted for covariates. At the individual level, we controlled for local identity, brand familiarity, gender, city, and age. The consumer's local identity affects the evaluation of global and local brands and is a more recent construct than ethnocentrism, which has been found to affect the domestic country bias (Balabanis and Diamantopoulos 2004). A local consumer identifies "with people in one's local community" (Zhang and Khare 2009, p. 534), which may stimulate a local consumption orientation (Alden, Steenkamp and Batra 2006). Identity-accessibility effects can occur during a brand evaluation process. Consumers prefer identity-consistent information; therefore, global brands are preferred more by global-identity than by local-identity consumers (Zhang and Khare 2009). Brand familiarity may induce liking (Zajonc 2001). The city data provide information about the respondents' residence and differentiate between first-tier cities, such as Beijing and Shanghai (coded as 1), and second-tier cities, such as Chengdu (coded as 0). Gender was coded as a binary variable (0 = female and 1 = male), and age was coded as a categorical variable (1 = the age class of 18-25 years, 2 = the age class of 26-35 years, and 3 = the age class of 36-45 years). At the brand level, we controlled for industry. Dummy variables were used to differentiate the three industries (e.g., the grocery sector was coded as 1 and the retail service and fashion sectors were coded as 0).

3.4. Model Specification

Because of the nested structure of the data, the proposed multilevel model was estimated using the Mplus software. Specifically, for each of the 30 brands, 33 respondents were nested. Using the hierarchical modeling tech-

nique, we accounted for the nested data structure and therefore ensured an unbiased estimation of standard errors (Raudenbush and Bryk 2002). The individual level (level one) captures individual differences (n = 990) in retailer brand equity predicted by the perceived brand globalness, quality value, and price value. The level-one model is specified as follows:

$$BE_{ij} = \beta_{0j} + [(\beta_{2j}*PBG_{ij})] + [(\beta_{3j}*PBG_{ij})*(\beta_{4j}*QV_{ij})] + [(\beta_{5j}*PBG_{ij})*(\beta_{6j}*PV_{ij})] + \beta_{Controls}*FControls_{ij} + r_{ij,} \quad (2)$$

where

i	*= individual,*
j	*= brand,*
$ß_{0j}$	*= intercepts that vary across brands,*
$ß_{2j}$, $ß_{3j}$, $ß_{5j}$	*= random slopes,*
$ß_{4j}$, $ß_{6j}$	*= fixed slopes,*
$ß_{Controls}$	*= beta of control variables,*
$FControls_{ij}$	*= controls on level 1, e.g., local identity, familiarity, gender, and city,*
r_{ij}	*= error term,*
BE	*= retailer brand equity,*
PBG	*= perceived brand globalness,*
QV	*= quality value,*
PV	*= price value.*

The brand-level (level 2) model captures differences between brands (n = 30) and predicts random slopes and intercepts on level one with the level-two variable retailer origin (domestic = 0, foreign = 1). The level-two models are as follows:

$$\beta_{0j} = Y_{00} + (Y_{01}*RO_j) + u_{0j} \quad (3a)$$

$$\beta_{2j} = Y_{20} + (Y_{21}*RO_j) + u_{2j} \quad (3b)$$

$$\beta_{3j} = Y_{30} + (Y_{31}*RO_j) + u_{3j} \quad (3c)$$

$$\beta_{5j} = Y_{50} + (Y_{51}*RO_j) + u_{5j,} \quad (3d)$$

where

RO = *retailer origin,*
j = *brand,*
Y = *variance and covariance,*
u = *errors.*

These equations (3a–d) are substituted into equation (2), as the following equation (4) shows:

$$BE_{ij} = \{Y_{00} + (Y_{01}*RO_j)\} + \{Y_{20}*PBG_{ij} + [Y_{21}*RO_j*PBG_{ij}]\} + \{[Y_{30}*PBG_{ij} + (Y_{31}*RO_j)*PBG_{ij})]*(\beta_{4j}*QV_{ij})\} + \{[Y_{50}*PBG_{ij} + (Y_{51}*RO_j*PBG_{ij})]*(\beta_{6j}*PV_{ij})\} + Y_{Controls}*FControls_{ij} + error. \quad (4)$$

All individual-level variables are group-mean centered for numerical stability and specification (Raudenbush and Bryk 2002).

4. Results

The multilevel approach accounts for two sources of variance. To estimate our proposed model, we followed Raudenbush and Bryk (2002) to apply a step-wise procedure. Step one defines the null model, which has no predictors to partition the variance of the dependent variable into individual and brand-level variance. The results showed that the majority of variance occurred at the individual level. Additionally, 7.3 percent ($p < .001$) of the total variance can be attributed to the brand level.

In step two, we defined the one-way random effect model, which first includes only control variables (i.e., the baseline model) and then all individual-level predictors and the dependent variables (i.e., the full individual model); the model also allows a random intercept on the brand level, which is a random intercept model with a fixed slope. The residual variance of the dependent variable on the individual level for the full individual model is .151 and is therefore lower than that of the null model (.634) or the baseline model (.397). We concluded that the dependent variable can be explained by individual perceptions of PBG, quality value, and price value. The R-squared of retailer brand equity shows that 66.4 percent of differences in the dependent variable on level one

can be explained by the predictors of the individual level. Nevertheless, the variance of retailer brand equity on the between level is 2.5 percent.

In step three, we examined whether slopes vary across brands. Therefore, we modeled the slopes on the individual level without using them as predictors on the brand level. The variances of the slopes vary significantly ($p < .05$) across brands. In step four, we followed Luke (2005) and specified an intercept and the slopes as the outcome model. We added to the full individual model the brand-level control variables and then added the brand-level predictor variables. The full model includes the random intercept and random slopes that vary upon retailer origin, and this model is preferred because it achieves the lowest residual variance and a lower Akaike information criterion (AIC) and Bayes information criterion (BIC) (Browne and Cudeck 1989) than the respective baseline model. The results of the stepwise multilevel analysis are summarized in Table B-5.

At the individual level, we investigated the predictors of retailer brand equity while controlling for local identity ($b = -.037$, $p > .10$), familiarity ($b = .101$, $p < .001$), gender ($b = -.012$, $p > .10$), city ($b = .151$, $p < .01$), and age ($b = .017$, $p < .017$). H1 posits a positive relationship between PBG and retailer brand equity. Consistent with H1, brand equity was found to be significantly associated with PBG ($b = .071$, $p < .01$). H2a and H2b specify that PBG affects the brand equity through the influences of quality value and price value, respectively. Accessing the individual-level predictors of retailer brand equity, we found support for the impact of PBG on quality value ($b = .275$, $p < .001$) and on price value ($b = .223$, $p < .001$) as well as the indirect effects of PBG on retailer brand equity by the mechanisms of quality value ($b = .200$, $t = 8.34$, $p < .001$) and price value ($b = .026$, $t = 2.28$, $p < .05$). Therefore, H2a and H2b are supported by our data.

In H3, we proposed that the indirect effect of PBG on brand equity through functional values, such as quality value and price value, is stronger than the direct impact that is based on affect. To examine the important role of including the quality and price values as the core mechanisms underlying the PBG effects, we compared the proposed model to a direct-effect model (with only PBG as the predictor; quality value and price value were omitted as mediators)

Paths		Null model	One-way random effect model				Intercept and slopes as outcome model				Hypotheses
Individual level			Baseline		Full individual		Baseline		Full model		
			b	p	b	p	b	p	b	p	
Local identity (control)	→ BE		.179	**	-.042	ns	-.040	ns	-.037	ns	
Familiarity (control)	→ BE		.183	***	.097	***	.100	***	.101	***	
Gender (control)	→ BE		-.033	ns	-.005	ns	-.009	ns	-.012	ns	
City (control)	→ BE		.125	†	.167	**	.162	**	.151	**	
Age (control)	→ BE		.014	ns	.014	ns	.018	ns	.017	ns	
PBG	→ BE				.071	**	.069	***	.048	*	H1
PBG	→ QV				.275	***	.251	***	.217	***	
PBG	→ PV				.223	***	.181	***	.223	***	
QV	→ BE				.727	***	.732	***	.779	***	
PV	→ BE				.119	**	.122	**	.127	**	
Indirect effect	PBG → QV → BE				.200	***					H2a
Indirect effect	PBG → PV → BE				.026	*					H2b
Total indirect	PBG → QV/PV → BE				.226	***					
Total direct	PBG → BE				.071	**					
Difference	Indirect - direct effect				.155	***					H3
Brand level											
Industry (control)	→ Intercept BE						.106	ns	.118	†	
Retailer origin	→ Intercept BE								-.008	ns	H4
Retailer origin	→ Slope QV								.093	*	H5a
Retailer origin	→ Slope PV								-.130	*	H5b
Retailer origin	→ Slope PBG								.077	*	H6
R-square BE (individual level)			.219		.664						
Residual variance (individual level)		.634	.397		.151		.082		.148		
Residual variance (brand level)		.073	.044		.025		.020		.019		
AIC		2413.13	4881.35		11690.80		12028.88		11980.28		
BIC (adjusted)		2418.30	4898.58		11728.70		12077.12		12031.96		

Notes: QV = quality value; PV = price value; BE = retailer brand equity.

† p < .10; *p < .05: **p < .01; ***p < .001; ns = not significant.

ICC of DV ranges between .111 and .039; variances for slope PBG = .004*; variances for slope QV = .007*; variances for slope PV = .015*.

Table B-5: Results of the multilevel modeling

Source: Own creation.

in terms of R-squared adjusted, using Cohen's (1988) formula for calculating the effect size (f^2) (the degree to which the phenomenon is present in the population):

$$f^2 = (R^2_{included} - R^2_{excluded})/(1 - R^2_{included}) \quad (5)$$

The results showed that dropping the quality and price values from the model significantly reduced the variance explained in the brand equity to 36.1 percent (f^2 = .555). In addition, the direct-effect model without the quality and price values had significantly lower predictive validity compared than the proposed model, as shown by the substantial effect sizes (Cohen 1988).[1] A further analysis of the total effects, indirect effects, and direct effects of the PBG on brand equity showed that 76.1 percent of the PBG's total effect on the retailer brand flows through the mediators, with an indirect effect (b = .226, p < .001) that was a significantly larger than the direct effect (b = .071, p < .01). A formal mediation test, following Baron and Kenny's (1986) procedures, further showed that the effect of PBG on brand equity was partially mediated by quality value and price value. Taken together, these results substantiate H3.

On the brand level, we investigated the retailer origin as a brand-level predictor. H4 specifies that a domestic retailer has a more positively evaluated brand equity based on the normative aspect of the country of origin. We did not find any significant direct effect of retailer origin on brand equity (b = -.008, p > .10); therefore, H4 cannot be supported. H5a states that the effect of PBG on quality value is stronger for foreign brands than for domestic brands. There is a significant interaction between retailer origin at the brand level and the PBG-quality link at the individual level (b = .093, p < .05), which supports H5a. H5b specifies that the effect of PBG on price value is stronger for domestic brands, and we find support for this effect as hypothesized (b = -.130, p < .05). In H6, we predicted that the effect of PBG on retailer equity would be stronger for foreign than for domestic brands. Consistent with H6, the retailer origin at the brand level exerted a significant impact on the PBG-equity link at the individual level (b = .077, p < .05).

On the individual level, the controls familiarity (b = .101, p < .001) and city (b = .151, p < .01) contributed to retailer brand equity. The consumers in first-tier cities

[1] The effect sizes of .02, .15, and .35 are considered to be small, medium, and large, respectively.

evaluated retailers more positively in brand equity than did consumers from second-tier cities. On the second level, the industry contributed marginally to the dependent variable (b = .118, p < .10) such that the brand equity of the more local adapted grocery retailers was evaluated more positively on brand equity. The industries fashion and service retailing do not have a significant contribution to the dependent variable; thus we do not document these results.

5. General Discussion

The competition between global and local firms is becoming increasingly intense. However, the literature is indeterminate regarding the effect of PBG on brand equity. Some studies have found that global brand positioning drives customers' choices, especially through quality (Holt, Quelch and Taylor 2004; Steenkamp, Batra and Alden 2003), whereas other studies have shown the opposite effect (e.g., Cui and Liu 2001; Schuiling and Kapferer 2004). Such contradicting results also appear in the emerging markets (Alden, Steenkamp and Batra 1999). These puzzling findings urge retailing researchers to provide more evidence on whether firms should employ globalization or localization approaches in emerging countries. With the application of the current findings on PBG to the retail domain, which was outlined as a predominantly local business, we contribute to the field of retailer internationalization, in which the consumers' perspective has been rarely examined. Although past research highlighted the role of country of origin on the consumers' brand evaluation, more research is needed to understand the distinctive effects of PBG and the actual foreign versus domestic origins.

Our first research question examined the key underlying mechanism through which PBG affects retail brand equity (i.e., the consumers' perceived quality and price values). Our conceptual framework suggests that PBG is 'ready-to-use' information that consumers can use to assess price value and quality value, which are the two core mechanisms through which PBG affects retailer choices. The magnitude of the mediating roles of price and quality values in this process suggests that PBG becomes accessible and diagnostic for brand equity if the quality and price values are evaluated favorably. The direct effect

of PBG on retailer brand equity implies that PBG achieves the diagnostic threshold by its affective nature.

Our second research question explored the role of retailer origin as a boundary condition for how PBG contributes to brand equity. The retailer's country-of-origin information comes into play at the brand level, which can be viewed as a diagnosticity multiplier that facilitates the activation of the learned schemas in consumers' minds. Hence, we observe a stronger PBG-quality link for foreign retailers and a stronger PBG-price link for domestic retailers. Because the retailer brand equity depends more on quality value than on price value, the foreign retailers may leverage the concept of PBG more than domestic competitors in emerging countries.

5.1. Theoretical Implications

Drawing on the accessibility-diagnosticity framework (Feldman and Lynch 1988), our research represents the first attempt to clarify the necessary conditions for PBG to affect retailer brand equity, thereby providing a plausible explanation for the mixed findings in the previous studies. In our framework, the likelihood of using information for an actual evaluation is described as a function of the accessibility of the input in memory and the diagnostic capacity of the input for the present evaluation task (Feldman and Lynch 1988). As Steenkamp, Batra and Alden (2003) outline, consumers may not be familiar with the strategy of a firm (e.g., global, multinational, or local), but they are guided by their belief about the extent to which the brand is perceived as global or local. This general belief is 'ready-to-use' information and therefore highly accessible. However, an accessible piece of information is not necessarily diagnostic; the diagnostic capacity depends on the relevance of the information to the judgment task.

Our research suggests that PBG becomes essentially diagnostic if it can enhance functional values, such as the perceived quality and price values. PBG can also directly contribute to retailer brand equity to a minor degree based on the consumers' emotions. This importance of functional values in retailing is consistent with many studies indicating that quality and price values are the core facets for retailer choices (Lindquist 1974/75; Mulhern 1997; Pan and Zinkhan 2006). This finding underlines the importance of functional values by evaluating

retailing offers, especially in an emerging country where consumers focus more on functional attributes (Holt 2002). PBG provides access to these intangible cues and becomes a diagnostic evaluation through the evaluation of the quality and price attributes. This finding is especially important in emerging countries because these consumers are sensitive to cues that empower them to evaluate retail brands without having personal experience. The indirect effect mediated by the price-quality mechanism contributes more to retailer brand equity and is crucial for the utilization of PBG. In addition, the direct effect of PBG on retailer brand equity indicates an affective contribution that cannot be explained by functional values (Sweeney and Soutar 2001). This finding may refer to the participation in global consumer culture, that is the transport of global consumer culture via global brands to less affluent consumers (McCracken 1986; Strizhakova, Coulter and Price 2011).

Our findings further suggest that compared with price value, quality value is a more important attribute that transfers PBG effects to retailer brand equity. An often misleading view is that in emerging markets, the single most important attribute is price (e.g., Cui and Liu 2001). Our findings suggest that price is not the key 'transmission belt' for PBG effects on building retail brand equity, although it is still important. The indirect effect of PBG on retailer brand equity mediated by price value is small (b = .026, p < .05) in the present study; the main contribution of PBG to retailer brand equity occurs through quality value (b = .200, p < .001). In addition to the consumer perceptions at the individual level, brand-level information can be viewed as a boundary condition for the individual-level effects of PBG. In this study, we find that retailers' country of origin is a diagnosticity multiplier such that PBG operates directly and indirectly through quality value for foreign retailers, whereas domestic retailers compete more successfully than foreign competitors through the PBG-price value link. The affective aspect of retailers' foreign country of origin (e.g., prestige, identification) (Verlegh and Steenkamp 1999) is congruent with global images and therefore may enhance the link between PBG and brand equity. Compared with foreign retailers, domestic retailers benefit from a higher price value from PBG.

The random intercept shows that a domestic or foreign origin will not directly lead to retailer brand equity. This finding may be surprising because previous

research shows that consumers disapprove of foreign brands because of normative aspects, such as ethnocentric tendencies or identification reasons (Shimp and Sharma 1987; Verlegh 2007). Hence, retailer origin contributes to brand equity indirectly, and not directly, through PBG. We view the absence of this effect as an indicator that the situation may have changed in emerging countries, and in the top three retail sectors, emerging giants struggle to revise existing schemas in the consumers' minds. Currently, aspects of globalness play a vital role in such schemas, which may provide a new perspective for understanding consumers' perceptions and behavior toward the retail brands' country of origin. Thus, depending on the retailers' origins, PBG as an individual-level variable becomes more congruent with remaining schemas for functional values. In addition, ethnocentric feelings against foreign retailers may be attenuated compared with ethnocentric feelings against foreign products. Retailers employ staff from the local area and may provide goods and services from the local area; thus, a foreign retailer may not evoke ethnocentric feelings even when the retailer manages a global brand.

Another important finding is that the brand-level factor explains 7.3 percent of the variance in retailer brand equity, whereas the individual level explains a majority of the variance (63.4 percent). This finding suggests that PBG provides important implications for retailing management and develops its impact under a specific retailer origin, whereas the actual origin does not lead directly to retailer brand equity. This finding confirms the importance of the country of origin and extends our knowledge of how international retailers, especially in emerging countries, can leverage their origin. When country of origin is set as a boundary condition, PBG can unlock the full potential of country-of-origin effects, especially via functional values.

5.2. Managerial Implications

Our findings suggest that even in the retailing industry, which was originally a local business in which consumers' tastes and habits varied across countries, managers should play the global card when entering a developing country and aiming to build strong retailer brand equity. Thus, international retailers, such as Walmart, Carrefour or Tesco, should notice that their global brand appearance can be translated into brand equity, directly and especially indirectly through quality value. The global brand appearance also enhances brand eq-

uity through price value; however, domestic retailers in emerging countries can benefit more from this link.

For domestic retailers, the findings support the idea that some emerging giants in China, such as the fashion retailers Li Ning and Bossini, are perceived as global brands in their home country. For example, Li Ning has already established its international presence and reputation and offers Chinese consumers high value for money by highlighting their strong brand within their global positioning strategy. PBG is also a desirable option for these domestic firms and can help them to counter current quality concerns that are often associated with domestic brands.

5.2.1 International retail brand management

In international expansion activities, retailers often choose among wholly foreign-owned subsidiaries, franchises, joint ventures or acquisitions (Huang and Sternquist 2007). In emerging countries joint ventures and acquisitions are the preferred market entry strategy because firms are often confronted with political and legal restrictions (e.g., until 2004, joint venture was the only possible entry mode in China) or cultural distance (Tse, Pan and Au 1997). We consider this decision from a consumer's perspective and advise taking over and rebranding acquired businesses in emerging countries. This strategy is supported by the positive and direct effect of PBG on retailer brand equity and by the stronger PBG-quality link for foreign retailers. Carrefour is a recent example of the rebranding of many local acquisitions, and Tesco rebranded its acquisitions in Mexico and China. Tesco uses its global brand with the Tesco label, uses Chinese and English in its stores in China, and offers different price ranges for store brands that offer value for money in all segments. Our results support such a strategy for focusing on customer values (e.g., quality value), which can be enhanced by PBG. Compared with domestic retailers, foreign retailers have a competitive advantage based on functional quality aspects and affective aspects.

In addition, the translation of a foreign retailer's name can affect the awareness component of retailer brand equity. According to Zhang and Schmitt (2001), foreign firms choose among three translation approaches: phonetic, semantic and phonosemantic. The phonetic translation preserves the original

name (e.g., mai dang lao for McDonald's), whereas the semantic translation focuses on the meaning of the brand name. Combining these approaches, the phonosemantic translation preserves sound, brand associations and meaning (e.g., bao ma for BMW means 'precious horse'). Our findings suggest that a phonosemantic translation may be evaluated as superior for Chinese name because such a brand name can enhance the quality and price values and therefore make PBG more diagnostic. The examples of McDonald's and Starbucks (phonetic translation) or even H&M or Zara (no translation) may show that brand name equity could not yet be fully exploited by foreign retailers.

5.2.2 Strategies for domestic firms

When foreign investment in emerging countries is introduced, the competition for domestic firms becomes fierce, and a new differentiation criterion emerges. Our results indicate that domestic retailers have a competitive disadvantage compared with foreign retailers. Domestic retail brands can rely less on PBG itself and its quality-value link to create retailer brand equity but can benefit more from the price-value link. The PBG of domestic retailers is perceived by consumers when the retail brand is visible and strong in the emerging market and abroad. The Chinese fashion retailer Li Ning is a domestic but global brand that has already entered the U.S. market and runs a research and design center to be on the forefront of design development. This fashion retailer represents a global but domestic brand that combines global appeal and Chinese pride. Such a brand may especially target consumer segments that can be characterized by a hybrid consumption orientation (Alden, Steenkamp and Batra 2006) or even a hybrid identity that combines local and global identities (Arnett 2002). In the long term, domestic brands may easily combine a local and global consumer culture positioning strategy (Alden, Steenkamp and Batra 1999; Steenkamp and de Jong 2010) and address such hybrid consumers in particular. Such emerging giants may override the advantage that foreign retailers may have via a higher relevance of quality value as the main underlying mechanism driven by PBG. Image dimensions, in which domestic retailers must catch up, are quality and safety concerns, which gain increasing importance in emerging countries, especially in China. To upgrade aspects of value in the eyes of consumers, the strengthening of the PBG may be helpful. However, currently, most domestic retailers in emerging countries still compete

in the price value domain, and it may take time for less affluent consumers to revise the stereotypical low quality image of domestic offers.

6. Limitations and Further Research

Finally, we offer concluding remarks concerning our limitations and suggest avenues for further research. Our sample was drawn from brand affine, middle-aged consumers in three cities in China and only represents the urban population. Further research should focus, for example, on rural areas and disparities within emerging countries because the city chosen for investigation contributes to the dependent variable. In particular, investigating the interaction of the consumers' environment (e.g., city, level of economic development) with the consumers' identities might be fruitful. Furthermore, this study is a first attempt to look on PBG effects in emerging countries and results should be replicated for the other BRIC countries, especially because we are aware of cultural effects (Steenkamp and de Jong 2010).

The measurement of the dependent variable can be improved with an association technique. Moreover, differences in factor constitutions between the individual and the brand levels should be investigated. We assume that globalness dimensions may affect the brand equity dimensions differently, which may allow a more precise deduction of managerial implications. We also see the revision of how PBG can be measured as a potential research field. A recent suggestion for developed countries was made by Dimofte, Johansson and Bagozzi (2010) and provides research possibilities between cultures because we know that the global consumption orientation depends on culture (Steenkamp and de Jong 2010). In addition, the perceptual construct should be combined with a multilevel approach that uses objective data measuring the globalness dimension to access the difference between being global and being perceived as global.

In addition to objective brand level data, we suggest focusing on additional consumer data, such as consumers' identities, which can be global, local (Zhang and Khare 2009) or even hybrid (Alden, Steenkamp and Batra 2006; Arnett 2002) and can affect the salience of PBG. Furthermore, being cosmo-

politan (Cleveland, Laroche and Papadopoulos 2009) or the attitude toward global/local brands (Steenkamp and de Jong 2010) could be included in a further study. To enhance our understanding of how different aspects of country of origin influence the effect of PBG, further research should measure the cognitive, affective and normative aspects of country of origin (Roth and Diamantopoulos 2009).

C. Study 2: The Value Creation Process to Retail Patronage: Whether Retailers Benefit from Perceived Brand Globalness or Localness[1]

1. Introduction

For over two decades, retail firms have aggressively internationalized, first into developed countries and then into developing countries, driven by opportunities, such as high growth rates, a growing middle-class, or the weakness of local retailers (Alexander, Rhodes and Myers 2007; Goldman 2001; Swoboda, Zentes and Elsner 2009). However, years after entering developing countries and adapting marketing offers based on local learning and knowledge about the local environment (an adaptation that even global firms make according to Jonsson and Foss 2011), foreign retailers can no longer rely on the weaknesses of local competitors because these local competitors have become more experienced and even internationalized. Consequently, years after entries in countries such as China or Brazil, the global and local positioning options of foreign retailers against local competitors gain increasing importance. However, one advantage that foreign retailers may have over local retailers is the perception of being a global retail brand, i.e., the extent to which consumers perceive a retailer as a global player. However, these consumers may also perceive their domestic retailers as strong local retail brand, i.e., a symbol of local culture based on cultural resources (Ger 1999). To analyze how PBG and PBL (Steenkamp, Batra and Alden 2003) determine retailer success, this study focuses on the evoked functional values (i.e., price and quality values) and psychological values (i.e., emotional and social values) (Sweeney and Soutar 2001) through which retail patronage can be enhanced. Thus, this study addresses the lack of knowledge of the general mechanism of how PBG and PBL are translated into retail patronage and specific boundary conditions that may change the mechanism for foreign and domestic retailers.

[1] This study is an ealier version of the manuscript titled “The Effects of Perceived Brand Globalness and Perceived Brand Localness in China: Empirical Evidence on Western, Asian, and Domestic Retailers” which is conditionally accepted for publication by the Journal of International Marketing.

K. Pennemann, *Retail Internationalization in Emerging Countries,* Reihe Handel und Internationales Marketing / Series Retailing and International Marketing,
DOI 10.1007/978-3-8349-4492-4_3, © Springer Fachmedien Wiesbaden 2013

PBG and PBL refer to the use of global symbols in marketing and the customers' awareness that a brand is located throughout the world and thus differ from foreignness (Zhou, Yang and Hui 2010) or non-localness (Batra et al. 2000). There is a significant body of literature on the global positioning (Dimofte, Johansson and Ronkainen 2008; Holt, Quelch and Taylor 2004; Steenkamp, Batra and Alden 2003) and local positioning (Alden, Steenkamp and Batra 1999, 2006, Steenkamp, Batra and Alden 2003) of brands. However, whether consumers are in favor of global or local retail brands and, moreover, the value mechanism of how the global or local positioning of retail brands can be translated into customer behavior is underexposed. Findings from research in developed countries in the FMCG and durable sectors suggest that quality, prestige, and global myth are mechanisms that drive consumers' purchase intention (Holt, Quelch and Taylor 2004; Steenkamp, Batra and Alden 2003). Some researchers suggest that PBG prompts psychological (e.g., affective) responses (Dimofte, Johansson and Bagozzi 2010; Dimofte, Johansson and Ronkainen 2008), whereas others show that functional or cognitive response is the main mechanism behind purchase intention (Holt, Quelch and Taylor 2004; Steenkamp, Batra and Alden 2003). However, its generalizability for experienced international retail firms in dynamic emerging countries is still unknown; thus, two research gaps emerge.

The first area that lacks information is whether the perception of being global or local is more advantageous and how PBG and PBL lead to success, that is how firms cultivate loyal customers through successful branding effects. This point is particularly important for store retailers in emerging countries because those retailers are often the most internationalized and almost all retailers adapt their formats to a varying extent based on host country and internal conditions (Gielens and Dekimpe 2007; Goldman 2001). While even former global replicators (e.g., McDonald's, IKEA, The Body Shop) increasingly adapt their marketing offers and became glocal (Jonsson and Foss 2011), most grocery retailers (e.g., Walmart, Carrefour, Tesco) traditionally adapt more completely but both groups may still be perceived as global retail brands because of their strong internationalization record. Second, the question of how retailers cultivate loyal customers using a successful global or local retail branding is complex because studies disagree on whether PBG operates mainly through cog-

nitive or affective responses (Dimofte, Johansson and Ronkainen 2008; Holt, Quelch and Taylor 2004; Steenkamp, Batra and Alden 2003). However, retail brands may stimulate consumers in a functional or psychological way, and thus functional and psychological values may act as a mechanism (Martineau 1958; Sweeney and Soutar 2001) to translate PBG and PBL into retail patronage. To build awareness that these paths to success are paramount for retailers, various scenarios are imaginable. For example, PBG may influence retail patronage through functional value, whereas PBL may influence retail patronage through psychological value. Another possibility is that PBL and PBG may influence retail patronage but to different extents. Thus, identifying the respective paths to success in emerging countries is valuable, where success is understood as cultivating customers' patronage (Pan and Zinkhan 2006).

Another research gap emerges out of the contrary findings concerning the boundary conditions of the respective routes, which may be first retailer-specific and second consumer-specific. First, PBG is not interchangeable with foreignness (Alden, Steenkamp and Batra 1999; Zhou, Yang and Hui 2010) because PBG refers not to the simple information of whether the firm originates outside the home country. Because of an increasing growth of emerging giants, including retailers such as Li Ning (China), Parkson (Malaysia), and X5 (Russia) (Kumar 2009), globalness is also distinct from foreignness in emerging countries. Consequently, consumers in emerging countries may perceive their domestic retail brands as more global than foreign ones because of the pioneering role that they play in going abroad within the context of the emerging country. Thus, it is very important to differentiate between the country of origin and PBG as well as PBL. Intuitively, consumers from emerging countries may perceive a foreign retailer origin and PBG as more congruent; they also may perceive a domestic origin and PBL as more congruent. However, the origin of a retailer, e.g., Western or Asian, may differently influence the PBG effects on patronage in an emerging country, and the path to success may vary between retailers with different origins. Second, consumer-specific factors, such as cosmopolitanism or belief in global citizenship, are important in exploring the effects of PBG and PBL (Strizhakova, Coulter and Price 2011). For store retailers, it is important to know which consumer segments are attracted by the retail brand. In particular, they should know whether and to what

extent different consumer groups drive the success mechanisms of PBG and PBL to address such consumers. Zhang and Khare (2009) discover that consumers can be distinguished by their global or local identity. When choosing among retail brands, a consumer's global identity may cultivate a preference for retail brands perceived as global.

In summary, the aim of this study is to analyze the following research question: What is the underlying mechanism of how retailers translate PBG and PBL into retail patronage? Assuming that retailer-specific and consumer-specific factors may change the route to success, this study obtains two further questions: How does the origin of the retailer (i.e., foreign or domestic) change the total effect of PBG and PBL and the value mechanism that translate PBG and PBL into retail patronage? How does the identity of consumers (i.e., global or local) interact with PBG and PBL?

By responding to these questions, this study contributes to the international marketing literature, especially to the young research field of retail internationalization. From a theoretical viewpoint, we try to clarify some ambiguities in the literature by treating PBG and PBL as independent predictors that explain retail patronage through functional and psychological values. Our results will explain the major underlying mechanism on which retailers should build to fully exploit PBG in an emerging country context, which international retailers increasingly have moved into. By treating PBG and PBL separately, our study also contributes to the latest findings that regard globalness and localness as not in conflict with one another (Alden, Steenkamp and Batra 2006; Steenkamp and de Jong 2010) and thus, our study may be particularly meaningful to locally adapted retailers. Furthermore, we consider retailer-specific and consumer-specific factors to explore the boundary conditions of how the link between PBG/PBL and retail patronage may vary. Years after international retailers entered emerging countries, managers of these retailers may learn whether consumers translate retailers' global brand appearance or local positioning more strongly into retail patronage. Furthermore, mangers learn whether domestic competitors in the target country tend to position themselves towards localness or globalness and which positioning is most beneficial for them.

The remainder of the study is structured as follows: We derive our hypotheses and test them on consumer data from China across 36 foreign (Western and Asian) and domestic (Mainland China) retailers. After presenting the results, the implications and avenues for further research are discussed.

2. Conceptual Foundation and Hypotheses Development

Prior research on consumer perceptions of how global or local a brand appears is sparse and differentiates from the management-driven globalness debate, such as the marketing standardization discourse (e.g., Buzzell 1968; Levitt 1983). Focusing on the consumer perspective, studies on global brands show that a firm can benefit from brand esteem, brand credibility (Johansson and Ronkainen 2005; Özsomer and Altaras 2008), prestige and quality advantages (Holt, Quelch and Taylor 2004; Steenkamp, Batra and Alden 2003), and even enhanced purchase likelihood (Dimofte, Johansson and Bagozzi 2010; Steenkamp, Batra and Alden 2003). PBG is primarily achieved through the use of global symbols (i.e., brand name, symbols, themes, brand logo, and spokesperson) in marketing communications and the consumers' belief that the brand is present in multiple countries. Therefore, PBG refers to the extent to which a firm is viewed as a global player in the minds of target consumers (Steenkamp, Batra and Alden 2003).

Being perceived as local brand or PBL may also lead to competitive advantages with regards to cultural resources, wherein the brand is understood as being an icon of local culture. Thus, PBG and PBL are not seen as opposite points on a continuum (Steenkamp, Batra and Alden 2003) but rather disclose a portfolio of positioning options of global, local or even hybrid/glocal brands (Steenkamp and de Jong 2010). The competitive advantages of local brands are unique perceived value, local positioning, and cultural resources. The local identity and local culture is a resource given to local firms that can be translated into a competitive advantage, especially when targeting niche markets (Ger 1999). Moreover, local brands benefit from a higher level of awareness, image, value of money; a better response to local needs; and more flexible pricing compared with global brands, as demonstrated by a cross-country study in the FMCG sector (Schuiling and Kapferer 2004).

Concluding the findings, global positioning options are successful because of enhanced brand esteem, credibility, prestige, quality, purchase likelihood (Dimofte, Johansson and Bagozzi 2010; Holt, Quelch and Taylor 2004; Johansson and Ronkainen 2005; Özsomer and Altaras 2008; Steenkamp, Batra and Alden 2003), while local positioning options are successful because of their superior levels of awareness, image, value of money, unique perceived value, and cultural resources (Alden, Steenkamp and Batra 1999; Ger 1999; Schuiling and Kapferer 2004). Findings indicate that the response to global brands is based most strongly on affect (i.e., psychological value) (Dimofte, Johansson and Ronkainen 2008), whereas other authors show that quality and thus functional response is the main mechanism of global brand choice (Holt, Quelch and Taylor 2004; Steenkamp, Batra and Alden 2003). Moreover, the findings of Steenkamp, Batra and Alden (2003) show that PBG cannot be translated through prestige, but rather by quality, into purchase likelihood. These contradictory results create a murky understanding of how PBG operates through functional and affective/psychological values to enhance retail patronage.

2.1. Main Effects: Indirect Effects of PBG and PBL

To understand how PBG and PBL affect retail patronage and, moreover, how this mechanism is affected by boundary conditions, we implement Feldman and Lynch's (1988) accessibility-diagnosticity framework. This theory provides guidance without mixing several theoretical frameworks (i.e., consumer culture theory, signaling theory, associative network memory model) as suggested by Özsomer and Altaras (2008). Instead, the theory suggests that the probability of using PBG and PBL associations as information to evaluate consumers' intended retail patronage is a function of the accessibility and the diagnosticity of PBG and PBL associations. Thus, the theory is based on two mechanisms: the accessibility defines how easy consumers retrieve a piece of information from memory (Menon and Raghubir 2003), and the diagnosticity refers to the relevance of information for an upcoming evaluation (Schwarz et al. 1991).

We expect that PBG and PBL operate through functional and psychological values and positively affect retail patronage, i.e., the intended store choice and the intended visitation frequency, and are very useful in retail managers' task of identifying consumers' likelihood to patronize their establishment (Pan and

Zinkhan 2006). From a theoretical perspective, PBG and PBL are accessible 'ready-to-use' information that guides consumers in their intended retail patronage. The accessibility may be particularly applicable for less affluent consumers from emerging countries because branding has a rather short history in these contexts and firms are investing millions to build strong brands. Retailing as a service domain is dominantly intangible. To evaluate intangible retail offers, customers tend to rely on accessible cues. Of course, consumers are not aware of whether a retailer applies a standardized or adapted format, but a consumer from an emerging country may perceive Walmart or McDonald's as being a global retail brand. Although particularly affluent consumers admire the global aura (Zhou and Belk 2004), retailers must understand the underlying mechanism to translate this admiration into patronage. Especially in developing countries, global positioning may satisfy consumers' desire to be part of the global community (Alden, Steenkamp and Batra 2006; Batra et al. 2000; McCracken 1986).

Although the PBG and PBL information is accessible, these concepts may not be relevant for a given evaluation or intention. This comment refers to the second component of the accessibility-diagnosticity theory, the diagnosticity of information, because only accessible pieces of information relevant to the target evaluation are considered (Feldman and Lynch 1988). We assume that PBG and PBL are accessible but not naturally diagnostic pieces of information to develop an intention of purchasing at a retailer's store. The intention development may need an underlying mechanism that includes functional and psychological values, which are the two basic value domains in retailing (Sweeney and Soutar 2001) and are linked to the store's attributes (Lindquist 1974/75). Thus, PBG and PBL as accessible pieces of "ready-to-use" information become diagnostic and thus useful for driving retail patronage through the two value domains in retailing: functional values (i.e., price and quality values) and psychological values (i.e., emotional and social values) (Sweeney and Soutar 2001).

In the retailing context, Sweeney and Soutar (2001) show that consumer behavior is driven by perceived values as the ratio of salient "give" and "get" components (Zeithaml 1988). Functional and psychological attributes are identified as driving forces of store personality (Martineau 1958) that contribute to a

store's image (Lindquist 1974/75). Among different value frameworks, functional and psychological values appear to be most universal (Babin, Darden and Griffin 1994; Shet 1983) because consumers are both rational and emotional (Hirschman 1984; Zajonc and Markus 1982), which are the main components explaining purchase behavior (Morris et al. 2002; Zajonc 1984). Thus, customers at a Starbucks do not only enjoy coffee, they are also immersed in the 'Starbucks experience' (Michelli 2007) that keeps customers coming back. To understand the effect of PBG, we define functional and psychological values as the underlying mechanisms translating PBG into retail patronage because global brands are associated with both functional (i.e., quality) and psychological value (i.e., prestige, identification, social upgrading, and emotional experience) (Alden, Steenkamp and Batra 1999; Dimofte, Johansson and Ronkainen 2008; Holt, Quelch and Taylor 2004; Steenkamp, Batra and Alden 2003). Thus, from a theoretical perspective, PBG acts as an impetus, especially in the intangible service domain, where consumers rely on such brand-specific information to evaluate core values, which are diagnostic information leading to retail patronage. We conclude the following:

H1a: PBG positively affects retail patronage through functional values.

H1b: PBG positively affects retail patronage through psychological values.

Local retail brands take advantage of their local cultural meaning, their closeness to the customers and their needs, their flexible pricing strategy and their value for money (Schuiling and Kapferer 2004), and therefore respond to both functional and psychological consumer needs. In the consumer's mind, such advantages may lead to an assortment of products that are adapted to consumers' local needs and hence represent a functional value. PBL may also offer psychological benefits to consumers by providing cultural meaning of and identification with their home culture. Such emotional and social values are communicated through the retail brand after an enrichment with cultural meanings (Ger 1999; McCracken 1986). Thus, PBL is an accessible piece of information that can assist consumers by making their store choice through functional and psychological values. Therefore, we hypothesize the following:

H2a: PBL positively affects retail patronage through functional values.

H2b: PBL positively affects retail patronage through psychological values.

2.2. Moderating Role of Retailer Origin

Retailer-specific characteristics, such as the retailer's foreign or domestic country of origin, may interact with PBG and PBL and thus affect retail patronage. In emerging countries, a retailer's country of origin can be classified as either foreign or domestic (Batra et al. 2000; Han 1989; Zhou, Yang and Hui 2010). Retailer origin serves as an extrinsic cue (Bilkey and Nes 1982) to help consumers evaluate retailers in the context of their respective economic stereotype (Wang and Lamb 1983). Previous research shows how the brand origin affects functional and psychological values: product brand origin is not only associated with quality (Bilkey and Nes 1982; Han 1989) but also with social status and prestige (Batra et al. 2000). This finding is especially true for consumers in emerging countries when accessing product brands from developed countries. Furthermore, consumers who may suffer on a lack of personal experience with a retail brand, on which they can rely when evaluating retailers and their intangible offers (Shostack 1977) may use country-of-origin information for retailer evaluation. In addition, the perceived risk and uncertainty (Parasuraman, Zeithaml and Berry 1985) of intangible offers may induce consumers to perceive the retailer's origin as a diagnostic piece of information when choosing their preferred retailer. There is a dearth of research on how country-of-origin information affects consumers' evaluation of international retailers. However, a few studies in the service and retailing sector indicate that the country-of-origin effect also applies to the service (Javalgi, Cutler and Winans 2001; de Ruyter, van Birgelen and Wetzels 1998) and retailing domains (Baldauf et al. 2009; Chaney and Gamble 2008).

2.2.1 Indirect effects: differences between foreign and domestic retailers

We expect that PBG and PBL indirectly affect retail patronage differently depending on the retailer's foreign or domestic origin. Theoretically, consumers retrieve globalness and localness associations from memory, and these associations may provide a diagnostic criterion for retail patronage when functional

and psychological values are linked to PBG and PBL. These associations become even more diagnostic based on country-of-origin information. Whereas a foreign origin may serve as a diagnosticity multiplier for PBG, a domestic origin may serve as a diagnosticity multiplier for PBL.

The concept of PBG originated in a construct called 'foreignness' (Batra et al. 2000). At the time of the introduction of the foreignness concept, emerging countries had just opened their economies to foreign firms (e.g., China). Today, a foreign origin does not necessarily mean being perceived as global. Moreover, domestic firms in emerging countries have recently begun to internationalize (Bonaglia, Goldstein and Mathews 2007). However, a retailer's foreign origin and PBG may interact because less affluent consumers may need more time to revise long-established schemas.

The value creation process of PBL may be more relevant for domestic retailers than for foreign retailers. Domestic firms have the natural advantage of knowing consumers' needs in their home market and representing the home country's culture (Ger 1999). Schuiling and Kapferer (2004) find empirical support that domestic firms may profit by their knowledge of customer needs and their resultant potentially strong ties with customers. Their domestic origin may foster local responsiveness, which is an important strategic resource in retailing (Alexander et al. 2010; Ger 1999). We conclude the following:

H3a: The total effect of PBG on retail patronage is higher for foreign retailers than for domestic retailers.

H3b: The total effect of PBL on retail patronage is higher for domestic retailers than for foreign retailers.

2.2.2 Value mechanism: differences between foreign and domestic retailers

We assume that the value creation process, which is captured by functional and psychological values, depends on retailer origin. According to the accessibility-diagnosticity theory, country-of-origin information can stimulate and enhance the salience of the functional and psychological evaluation routes, which affect retail patronage beginning from PBG and PBL.

We speculate that for foreign retailers, PBL and especially PBG operate via functional and psychological values equally. Consumers in emerging countries associate a foreign origin with quality and prestige, which represent functional and psychological values (Batra et al. 2000). Thus, when evaluating a foreign retailer, both value mechanisms may become activated and more salient in consumers' mind. More precisely, PBG leads to prestige (Steenkamp, Batra and Alden 2003), identification (Strizhakova, Coulter and Price 2011) and quality associations (Holt, Quelch and Taylor 2004), which are all especially coherent with a foreign country of origin, especially in the perception of less affluent consumers in a developing country context (Alden, Steenkamp and Batra 1999; Batra et al. 2000; Zhou, Yang and Hui 2010).

We assume that both PBL and PBG operate dominantly through psychological value for domestic retailers. Our assumption is based on a significant body of literature that documents advantages for domestic offers based on a domestic country bias (Balabanis and Diamantopoulos 2004; Verlegh 2007) that originates from ethnocentric tendencies (Shimp and Sharma 1987; Zhou and Hui 2003), animosity (Klein, Ettenson and Morris 1998), and national identification (Verlegh 2007). The association between PBL and psychological value is particularly coherent with consumers' associations with a domestic country of origin. A domestic retailer may be more familiar with local customer needs in their home market because retailers primarily target these home market customers before going international (Treadgold 1988). Furthermore, the unique cultural value of a local retail brand becomes salient to the consumer when categorizing this retail brand as domestic. Research on national identification and ethnocentric feelings highlights the importance of emotional and social values, which become obvious evaluation routes for domestic brands (Shimp and Sharma 1987; Verlegh 2007). Therefore, we hypothesize the following:

H4: The value mechanism explains retail patronage and varies by retailer's country of origin:

(a) When the retailer is foreign, PBG and PBL contribute to retail patronage via functional and psychological values equally.

(b) When the retailer is domestic, PBG and PBL contribute more to retail patronage via psychological values than via functional values.

2.3. Moderating Role of Consumer Identity

We expect that consumer-level factors (i.e., consumer identity) affect the value creation process leading to retail patronage. Zhang and Khare (2009) examine how consumers' global and local identities affect the evaluation of global and local brands. Global consumers "identify with people around the world", whereas local consumers identify "with people in one's local community" (Zhang and Khare 2009, p. 524). Identity-accessibility effects can occur during a brand evaluation process. Consumers prefer identity-consistent information; therefore, global brands are more preferred by global identity consumers than by local identity consumers (Zhang and Khare 2009). Even global and local identities are not mutually exclusive; consumers tend toward global or local identity (Arnett 2002), which means that this identity is more accessible and stimulates the processing of identity-consistent information (Brewer 1991). Alden, Steenkamp and Batra (2006) introduce the global consumption orientation, which identifies segments along a local, hybrid (or glocal) and global continuum. Hybrid identity consumers are characterized by combining global and local identities. These hybrid consumers are less receptive to global or local cues than global (local) identities are to global (local) cues because such cues are less accessible to them (Arnett 2002). In accordance with the accessibility-diagnosticity theory, global identity consumers perceive PBG as highly accessible and diagnostic for retail patronage. For a consumer with a local identity, PBL becomes salient and may lead to retail patronage because of the matching perception and identity. For hybrid identity consumers, neither PBG nor PBL accomplish the level of diagnosticity because hybrid identities are less receptive toward global or local cues.

H5a: The total effect of PBG on retail patronage is stronger for global identity consumers than for local and hybrid identity consumers.

H5b: The total effect of PBL on retail patronage is stronger for local identity consumers than for global and hybrid identity consumers.

Figure C-1 summarizes the conceptual model.

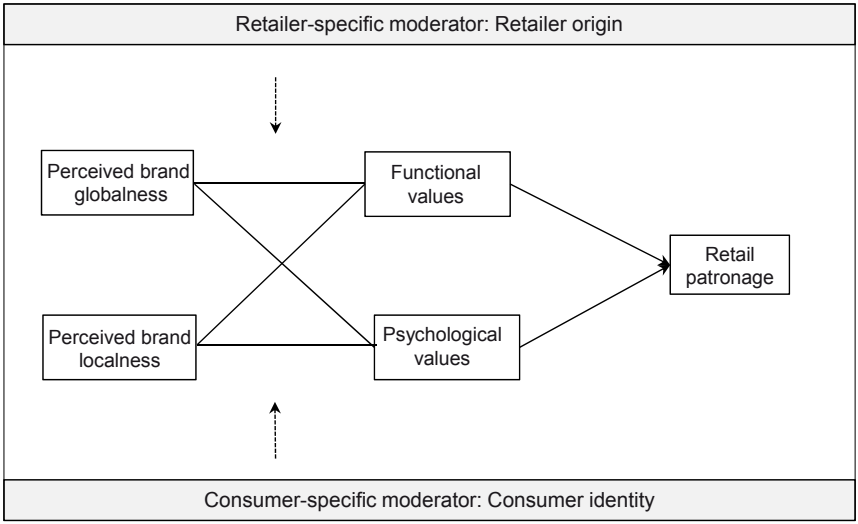


Figure C-1: Conceptual model

Source: Own creation.

3. Empirical Study

We choose China to represent our emerging country context for theoretical and practical reasons. First, most international retailers have entered China in the 1990s, in contrast to other emerging or high-volume BRIC (Brazil, Russia, India, and China) countries, and have thus accumulated country-specific knowledge based on local learning and adaptation to the local environment (Goldman 2001; Jonsson and Foss 2011). Second, China is characterized by high penetration rates of foreign retailers in different retail sectors in addition to strong domestic retailers, which other emerging countries have yet to achieve. Finally, China is the largest retail market for fashion and the second largest market for groceries (A.T. Kearney 2011).

3.1. Sample Design

The retailer selection procedure and the consumer sample characteristics are presented in the following text. First, domestic and foreign retail brands present in different retail sectors and cities were selected; second, the consumer sample was developed.

Using desktop research and various electronic and personnel sources, we first identified over 120 foreign and domestic retail brands among the largest retail industries: grocery, fashion, electronics, furnishing, and service retailing. In a second step, we choose three retail industries, grocery retailing, fashion retailing, and service retailing because only these industries had more than 10 foreign retailers – U.S., European, and Asian – active in five pre-selected major cities. In addition, these industries represent typically standardized (e.g., fashion) and adapted (e.g., grocery) retail sectors. In a third step, we conducted two focus group interviews with Chinese students from these major cities, determining whether the students were familiar with the selected retailers and whether we overlooked other retailers. The students also recalled several Chinese retailers that we had not previously identified. The results of the focus group interviews indicate that a sufficient number of foreign and domestic retailers are familiar to consumers in Beijing, Shanghai, and Chengdu. We validated our retailer sample by conducting an online panel with 23 middle-aged (18 to 35 years) respondents from the three selected cities. In a fourth step, we selected 12 retailers per industry, which were as similar as possible within each sector (in terms of formats) to eliminate potential exogenous effects. These retailers were categorized as Western, Asian (but foreign) and Mainland Chinese (domestic) retailers to explain additional variance because of differentiating Western and foreign Asian origins (Batra et al. 2000; Guzmán and Paswan 2009; Klein, Ettenson and Morris 1998). In the Asian group, we grouped retailers from neighboring countries, such as South Korea or Japan, and from neighboring regions, such as Hong Kong and Taiwan, because most Asian foreign retailers (e.g., Pacific, Discos, and Bossini) and most Western foreign retailers (e.g., Carrefour, McDonald's, and Adidas) entered China before Hong Kong became Chinese in 1997. In addition, Taiwan and Hong Kong are seen as regions that differ economically and culturally from Mainland China (Amine, Chao and Arnold 2005; Cheung and Chow 1999). In a final step,

the familiarity of the selected retailers was validated by three pretest interviews in every city without further adaptation of the selection. Table C-1 shows the retailers that were ultimately selected for the study according to industry and retailer origin.

	Country of origin		
Industry	**West**	**Asia**	**China**
Grocery retailing	- Auchan (France) - Carrefour (France) - Metro (Germany) - Walmart (USA)	- Lotus (Thailand) - Parkson (Malaysia) - RT-Mart (Taiwan) - Taiping (Taiwan)	- Century Mart (Mainland) - Hualian (Mainland) - Quik (China Mainland) - Wangfujing (Mainland)
Fashion retailing	- Adidas (Germany) - H&M (Sweden) - Nike (USA) - Zara (Spain)	- Bossini (HK) - E-Land (South Korea) - Giordano (HK) - Mizuno (Japan)	- Anta (Mainland) - Li-Ning (Mainland) - Stepwolve (Mainland) - Youngor (Mainland)
Service retailing	- KFC (USA) - McDonald's (USA) - Pizza Hut (USA) - Starbucks (USA)	- Aijsen Rahmen (Japan) - Discos (Taiwan) - Master Kong (Taiwan) - UBC Coffee (HK)	- Da Niang Dumpling (Mainland) - Jiu Jiu Ya (Mainland) - Little Sheep (Mainland) - South Beauty (Mainland)

Table C-1: Selected retail brands

Source: Own creation.

We collected responses toward each retailer from consumers in three cities, with 1,188 valid questionnaires comprising the complete sample. To develop the sample, we randomly selected households from the inhabitants list for the three cities provided by the Chinese registration office. This list was restricted to the urban population between 18 and 45 years of age to include the retail brand affine population (Steenkamp, Batra and Alden 2003). The selection procedure first identified districts in each city, then blocks, and finally a street from which households are chosen through a specific counting procedure. We provided a list of the selected households to trained interviewers from a Chinese research agency, who visited these households to conduct the interviews. We trained the interviewers over one day in each city based on a structured questionnaire. In sum, the sample represents the Chinese population according to age and sex (see Table C-2). Every consumer was only interviewed about one retailer with which the consumer was familiar (i.e., 33 respondents per retailer and 11 respondents per city for each of the 36 retailers). Before answering the focal questions, interviewees provide information about their age, sex, and familiarity with each retailer in a pre-selected industry. Re-

tailers that were rated as “strongly agree”, “agree”, or “agree somewhat” on a 7-point Likert scale of retail brand familiarity (e.g., “I am very familiar with [retailer]”) were included in the pool from which one retailer was randomly chosen for the respondent with respect to the quota system.

	Sample			Chinese population			
	Gender (n, %)		Total	Gender (%)		Total	Total difference (%)
Age groups	Male	Female	(n, %)	Male	Female	(%)	
Age 18 to 25	(123) 10.4	(150) 12.6	(273) 23.0	13.5	13.2	26.7	-3.7
Age 26 to 35	(189) 15.9	(217) 18.3	(406) 34.2	15.1	15.4	30.5	+3.7
Age 36 to 45	(197) 16.6	(312) 26.2	(509) 42.8	21.3	21.5	42.8	0
Total	(509) 42.9	(679) 57.1	(1,188) 100.0	49.9	50.1	100.0	

Table C-2: Sample distributions

Source: Own creation.

3.2. Measurement

All measurements in our study are based on previous studies (see Table C-3) and were made using seven-point Likert-type scales (from 1 = strongly disagree to 7 = strongly agree). One author conducted personal interviews with middle-age respondents to identify any comprehension problems. The dependent variable, retail patronage, was measured using four items adapted from Pan and Zinkhan (2006). The mediating variables, functional value and psychological value were conceptualized and measured using eight items adapted from the PERVAL (perceived value) scale of Sweeney and Soutar (2001). Functional value is conceptualized by quality value and price value using four items, whereas psychological value is conceptualized by emotional value and social value using four items. The independent variables, PBG and PBL, were measured with three items each. These items, derived from (Steenkamp, Batra and Alden 2003), were reworded from a semantic differential to a Likert scale because of assumed non-linear coherences and empirical evidence that globalness and localness are not necessarily conflictive aspects but rather an established positioning strategy (Steenkamp and de Jong 2010). As previously mentioned, the retail-specific variable, retailer origin, was grouped into Western, Asian, and Mainland Chinese retailers, with Western and Asian retailers representing foreign retailers in the framing of the hypotheses.

Construct and item wording	Item	λ	ItTC	CA	CR
Retail patronage (adapted from Pan and Zinkhan 2006)					
[Retailer] I like to visit anytime.	RP_1	.772	.706	.867	.869
[Retailer] I will visit on my next shopping trip.	RP_2	.833	.773		
[Retailer] I will visit frequently in the next months.	RP_3	.767	.696		
[Retailer] I will visit more than I will go to its competitors in the future.	RP_4	.792	.705		
Functional value					
Quality value (adapted from Sweeney and Soutar 2001)					
[Retailer] offers consistent quality.	QV_1	.763	.537	.699	.700
[Retailer] offers high-quality goods.	QV_2	.705	.537		
Price value (adapted from Sweeney and Soutar 2001)					
[Retailer] is reasonably priced.	PV_1	.755	.619	.764	.769
[Retailer] offers good deals for the price.	PV_2	.849	.619		
Functional value (second-order factor) (adapted from Sweeney and Soutar 2001)					
Quality value (first-order factor)	QV	.878	-	-	-
Price value (first-order factor)	PV	.791	-	-	-
Psychological value					
Emotional value (adapted from Sweeney and Soutar 2001)					
Visiting [retailer] is something that I would enjoy.	EV_1	.754	.656	.809	.812
Visiting [retailer] is exciting.	EV_2	.632	.541		
Social value (adapted from Sweeney and Soutar 2001)					
Visiting [retailer] would help me to feel acceptable.	SV_1	.754	.685	.809	.812
Visiting [retailer] would improve the way I am perceived.	SV_2	.737	.633		
Perceived brand globalness (adapted from Steenkamp, Batra and Alden 2003)					
To me, this is a global retail brand.	PBG_1	.846	.771	.880	.880
I do think consumers overseas visit this retail brand.	PBG_2	.844	.777		
This retail brand is located all over the world.	PBG_3	.838	.755		
Perceived brand localness (adapted from Steenkamp, Batra and Alden 2003)					
I associate this retail brand with things that are "Chinese".	PBL_1	.779	.722	.875	.876
To me, this retail brand represents what "China" is about.	PBL_2	.863	.778		
To me, this retail brand is a very good symbol of "China".	PBL_3	.868	.777		
Consumer identity (adapted from Zhang and Khare 2009)					
Local identity					
I believe I mostly belong to my local community.	ID_1	.543	.494	.753	.749
I like to know about people in my local community.	ID_2	.441	.374		
I respect my local traditions.	ID_3	.713	.538		
I can more easily find like-minded people within my community than outside.	ID_4	.446	.441		
Parents should pass on local customs to children.	ID_5	.728	.440		
I like to know local news more than world news.	ID_6	.460	.445		
I strongly identify as local citizen.	ID_7	.475	.548		
Global identity					
I believe I mostly belong to the whole world.	ID_8	.699	.689	.816	.844
I strongly identify that I am a global citizen.	ID_9	.985	.689		
I like to know about people in other parts of the world.*	ID_10	-	-		

Notes: goodness of fit statistics for CFA: CFI = .933; TLI = .922; RMSEA = .048; SRMR = .048; $\chi^2(301) = 1113.762$.

λ = standardized factor loadings (CFA); ItTC = item-to-total correlation; CA = Cronbach's alpha (≥ 0.7); CR = composite reliability; * we deleted this item due to reliability reasons.

Table C-3: Measurement

Source: Own creation.

The consumer-specific variable, consumer identity, was measured based on the consumer identity scale of Zhang and Khare (2009) and was used to group respondents into global, hybrid, and local identity consumers using the median split technique for two composed indices (global and local consumer identity). A global consumer identity is assigned to respondents who score above the median on the index global consumer identity (MD_{global} > 4.0) and below the median on the local consumer identity scale (MD_{local} < 5.71). A local consumer identity is assigned to respondents who score above the median on the local consumer identity scale (MD_{local} > 5.71) and below the median of the global consumer identity scale (MD_{global} < 4.0). A hybrid consumer identity is assigned to consumers who ranked above the median on both scales (see Table C-4).

	Index			Consumer identity		
	Global	Local		Global	Hybrid	Local
Median	4.00	5.71	Mean global identity index	4.64	5.14	2.70
SD	1.37	.67	Mean local identity index	4.92	6.11	6.02

Notes: Consumer identity groups are built based on median split: low local identity (a1) = 1.00 to 5.57, high local identity (a2) = 5.71 to 7.00, low global identity (b1) = 1.00 to 3.50, high global identity (b2) = 4.0 to 7.00.

Global consumer identity (a1 + b2); hybrid consumer identity (a2 + b2); local consumer identity (a2 + b1); low interest consumers (a1+b1) are not explored in this study.

Table C-4: Median split of identity groups

Source: Own creation.

To control for the effects of exogenous variables, we took covariates into account. We control for retail brand familiarity because it may enhance liking (Zajonc 2001), and thus retail patronage, using a single-item measure adapted from Steenkamp, Batra and Alden (2003). Age was modeled as a categorical covariate and sex as a dichotomy covariate. Because consumers are nested in cities and retailers are nested in industries, we aim to control for hierarchical effects by including three dummy variables for all cities and three dummy variables for all industries in the equation (Vermeulen and Barkema 2001). Because of the considerable number of models, only significant controls will be reported later in this work.

3.3. Method

Our study utilized a three-pronged methodological approach. First, the measurements were tested for reliability, validity, and possible biases. Second, the

requirements for multilevel modeling were checked. Third, the hypotheses were tested.

We checked whether the factor functional value is best represented by a second-order or a first-order factor. We used a chi-squared difference test to compare the first-order solution with the second-order solution and obtained empirical evidence that the second-order factor solution best fits the data ($\Delta\chi^2(1) = 125.53$, $p < .001$) (Satorra and Bentler 2010). With respect to the second-order factor of psychological value, confirmatory factor analysis (CFA) indicates a negative residual variance for the first-order factor social value, which may indicate a linear dependency between the two first-order factors or a correlation equal to one (Bagozzi and Yi 1988) and thus a lack of discriminant validity. In response to this finding, we modeled psychological value as a first-order latent construct, including two items of emotional value and two items of social value, and achieved empirical support that the second-order solution does not significantly better fit the data than the first-order solution does ($\Delta\chi^2(1) = 3.26$, $p > .05$). Therefore, we modeled psychological value as a first-order factor.

Exploring the reliability of these measurements, we notice that the factor loadings ranged between .633 and .868 for all main constructs (see Table C-3). The covariate local identity scored below this range but was retained due to its short testing period as measurement and high construct reliability (CA > .70). Cronbach's alpha coefficients ranged between .699 and .880 for all constructs and reached the recommended threshold of .70 (Nunnally 1978) and .60 (Bagozzi and Yi 1988). Face validity was assessed using pre-tests. For construct validity, all of the CFA factor loadings were above .50 (Hair et al. 2010), and the average variance extracted (AVE) values with a threshold of .50 provided support for convergent validity (Bagozzi and Yi 1988).

Table C-5 shows the correlation matrix and the AVEs, which indicate the discriminant validity and the nomological validity of the measures (Fornell and Larcker 1981). The functional and psychological value variables did not pass the Fornell-Larcker criterion because the squared correlation of the psychological value exceeds the AVE of the functional value. Therefore, we tested the discriminant validity of the functional and psychological value constructs by

setting their covariance to one. The fit of the constrained model was significantly worse compared with that of the unconstrained model. In detail, we found a significant difference in the chi-squared value ($\Delta\chi^2(3) = 240.54$, $p < .001$), which showed discriminant validity between functional and psychological values.

Finally, the fit values for the confirmatory model are satisfactory (Browne and Cudeck 1989; Hu and Bentler 1999) (CFI = .932; TLI = .920; RMSEA = .046; SRMR = .046; χ^2 (347) = 1231.89). The probability of a non-response bias was only controlled by the sample selection procedure. We can assume that common method bias is reduced to the best of our ability due to appropriate questionnaire design a priori and Harman's single factor test ex-post (Podsakoff et al. 2003).

Because the data may have a hierarchical structure (each of the 33 respondents is nested in 36 brands), we calculated the intra-class correlations of the dependent variable (i.e., the ratio of the group-level variance to the total variance). The result indicates that 3.7 percent of the variance is caused by the group level; this value is far below 10 percent, which is already considered low (Hox 2010). We conclude that individual-level perceptions are marginal affected by retail brand characteristics and that a hierarchical modeling technique is not required to ensure an unbiased estimation of standard errors (Raudenbush and Bryk 2002).

Before we run two multi-group analyses to implement retailer origin and consumer identity as moderators, we explore whether the factor loadings of the measurement are invariant among the considered groups. We followed the stepwise procedure of Steenkamp and Baumgartner (1998) and compared the unconstrained measurement model with the constrained measurement model that included equal factor loadings among the different groups. Full metric invariance could be confirmed following the criterion of Cheung and Rensvold (2002) because the CFI difference was below .01 between the unconstrained and constrained models. Following Steenkamp and Baumgartner (1998), we calculated a chi-squared difference test (see Table C-6) and found no significant difference in the model fit between the unconstrained and constrained models for the groups that vary on retailer origin ($\Delta\chi^2$ (40) = 49.589, $p > .05$)

		1	2	3	4	5	6	7	8
1	PBG	**.710**	*.036*	*.261*	*.301*	*.211*	*.003*	*.005*	*.222*
2	PBL	-.190 ***	**.701**	*.037*	*.015*	*.009*	*.040*	*.000*	*.304*
3	Functional value	.511 ***	.192 ***	**.698**	*.719*	*.605*	*.024*	*.027*	*.004*
4	Psychological value	.556 ***	.124 ***	.848 ***	**.520**	*.517*	*.050*	*.046*	*.018*
5	Retail patronage	.459 ***	.095 **	.778 ***	.719 ***	**.626**	*.044*	*.027*	*.015*
6	Local identity	.057 ns	.200 ***	.155 ***	.224 ***	.209 ***	**.309**	*.099*	*.000*
7	Global identity	.076 *	.026 ns	.163 ***	.214 ***	.164 ***	.316 ***	**.729**	*.000*
8	Retailer origin	.471 ***	-.552 ***	.066 ns	.134 **	.122 **	.027 ns	-.007 ns	-
	Mean	5.15	4.85	5.81	5.56	5.40	5.56	3.85	-
	SD	1.18	1.40	.71	.83	.94	.65	1.37	-

Note: * p < .05; ** p < .01; *** p < .001; ns = not significant.

AVEs are on the diagonal; squared correlations are above the diagonal; correlations are below the diagonal.

An additional test indicates discriminant validity by fixing the covariance of functional and psychological values to 1: $\Delta\chi^2$ (3) 240.54, p > .05.

For continuous variables, a Pearson product moment correlation is calculated; for one dichotomous and one continuous variable, a biserial correlation is calculated.

Table C-5: Descriptive statistics and correlation matrix

Source: Own creation.

and for the groups that vary on consumer identity ($\Delta\chi^2$ (24) = 24.99, $p > .05$). The global fit measures for the calculated multiple group structural equation models, which consider the moderating effects of retailer origin (CFI = .926; TLI = .917; RMSEA = .047; SRMR = .057; χ^2 (1081) = 2019.738) and consumer identity (CFI = .954; TLI = .946; RMSEA = .054; SRMR = .052; χ^2 (386) = 679.892), are both satisfactory.

Model	χ^2 (df)	cf	χ^2-Difference (p-value)	CFI (ΔCFI)	TLI (ΔTLI)	RMSEA (ΔRMSEA)	SRMR
Invariance test among Western, Asian and Chinese retailer origins							
Model 1: Configural invariance	1970.149 (1041)	1.112	-	.927 (-)	.914 (-)	.047 (-)	.055 (-)
Model 2: Metric invariance	2019.738 (1081)	1.112	49.589 (.140)	.926 (-.001)	.917 (.003)	.047 (.000)	.057 (.000)
Invariance test among global, local and hybrid consumer identities							
Model 1: Configural invariance	657.927 (362)	1.122	-	.954 (-)	.942 (-)	.056 (-)	.049 (-)
Model 2: Metric invariance	679.892 (386)	1.121	24.992 (.400)	.954 (.000)	.946 (-.004)	.054 (.002)	.052 (-.003)

Table C-6: Measurement invariance

Source: Own creation.

We then applied the translation-back-translation technique and therefore ensured semantic equivalence (Hult et al. 2008). A bilingual market-researcher translated the scales into Chinese, and then a bilingual graduate student translated the scales back into English. We compared the two versions and corrected the Chinese version until the back-translated English version matched the original English version. To test the hypotheses, we use the Mplus software and the MLM (Mean-Adjusted Maximum Likelihood) estimator, which provide a robust chi-squared test and handle potential threats of non-normality within the data structure (Asparouhov 2005). We first estimate the general model by conducting mediation analysis according to the suggested procedure by Baron and Kenny (1986). Next, we calculate the two multi-group models.

3.4. Results

3.4.1 Mediation test and main effects

We first evaluated the full mediation of the general model. The effect size (f^2 = .334) indicates a large effect and was calculated by including the mediating variables in the model compared with a direct effect model. The effect size is calculated by comparing the R-square values of the proposed model and the direct effect model (Cohen 1988). Thus, the full model explains additional variance in the dependent variable. Furthermore, we add to the proposed model the direct paths between independent and dependent variables to conduct a rival model and found these effects to be non-significant (see Table C-7). In addition, we compared the unconstrained model with the constrained model (i.e., the direct effect of PBG to retail patronage is set to zero) using a Wald Test on significant differences. The result shows that the constrained model is not significantly worse ($\Delta\chi^2$ = 3.675 (2), p >.05) than the unconstrained model; therefore, our full mediation model is empirically supported.

The results show that PBG positively affects retail patronage through functional (b = .246, p <.001) and psychological values (b = .202, p < .001). Therefore, the data support H1a and H1b and the total effect of PBG on retail patronage is highly significant (b = .448, p < .001). The total effect of PBL on retail patronage is also significant (b = .184, p < .001) and includes the indirect effects through the functional (b = .109, p < .001) and psychological values (b = .074, p < .001). Therefore, the data support H2a and H2b.

Two controls are significant and therefore presented: retail brand familiarity (b = .035, p < .01) and the dummy city, Shanghai (b = .175, p < .001). Consumers who are more familiar with a retailer and consumers in Shanghai show a higher retail patronage. Our retail context does not support differentiations between first-tier cities (Shanghai, Beijing) and second-tier cities (Chengdu) (Chaney and Gamble 2008), but the data show differences in retail patronage between Shanghai and the other cities.

	Total Sample			**Rival Model (Direct paths)**	
Direct paths	beta	b	p	b	p
PBG➔ Functional value	.653	.327	***	.335	***
PBG➔ Psychological value	.676	.546	***	.548	***

PBL➔ Functional value	.319	.145	***	.153	***
PBL➔ Psychological value	.273	.201	***	.204	***
Functional value➔ Patronage	.457	.754	***	.805	***
Psychological value➔ Patronage	.362	.370	***	.403	***
City dummy	.093	.175	***	.172	***
Familiarity	.062	.035	**	.036	*
PBG➔ Patronage (d_1)				-.078	ns
PBL➔ Patronage (d_2)				-.053	ns
Indirect effects					
PBG➔ Functional value ➔ Patronage (H1a)	.299	.246	***		
PBG➔ Psychological value ➔ Patronage (H1b)	.244	.202	***		
PBL➔ Functional value ➔ Patronage (H2a)	.146	.109	***		
PBL➔ Psychological value ➔ Patronage (H2b)	.099	.074	***		
Total effects					
PBG➔ Patronage	.543	.448	***		
PBL➔ Patronage	.245	.184	***		

Note: b = unstandardized estimates; beta = standardized estimates; p = p-value; patronage = retail patronage.

* p < .05; ** p < .01; *** p < .001; ns = not significant.

Model fit: CFI = .915; TLI = .896; RMSEA = .063; SRMR = .075; $\chi^2(186) = 1068.286$; scaling correction factor MLM = 1.120.

Rival model fit: CFI = .915; TLI = .895; RMSEA = .063; SRMR = .074; $\chi^2(156) = 1062.817$; scaling correction factor MLM = 1.111.

Rival model with direct paths: Wald Test of parameter constraints d_1 and d_2 = 3.675 (2), p >.05.

Table C-7: Path coefficients – general model

Source: Own creation.

3.4.2 Role of retailer origin

In H3a, we proposed that the retailer origin influences the link between PBG and retail patronage (see Table C-8). We found that foreign retailers, specifically Western (b = .687, p < .001) and Asian retailers (b = .608, p < .001), can benefit significantly more ($\Delta b_{\text{West vs China}}$ = .389, p < .001; $\Delta b_{\text{Asia vs China}}$ = .310, p < .001) from their PBG than domestic Chinese retailers can (b = .298, p < .001). In H3b, we proposed that the total effect of PBL on retail patronage is stronger for domestic retailers than for foreign retailers. Our data support the theories that PBL contributes to retail patronage and that the effect is stronger for domestic retailers than for Western ($\Delta b_{\text{West vs China}}$ = -.288, p < .001) or Asian retailers ($\Delta b_{\text{Asia vs China}}$ = -.217, p < .001). We furthermore stated that the value mechanism, leading to retail patronage, differs based on whether the retailer

origin is foreign or domestic. As supposed in H4a, Western retailers benefit equally from functional and psychological values in the PBG-retail patronage link ($\Delta b_{\text{functional value - psychological value}} = .104$, $p > .05$). This assumption does not hold for Asian retailers, which predominantly benefit by the functional value mechanism, as indicated by the significant difference between the indirect effects ($\Delta b_{\text{functional value - psychological value}} = .402$, $p < .01$). Therefore, H4a is only supported for Western retailers. As assumed in H4b, we found that the domestic retailers benefit predominantly through their psychological value mechanism, which is indicated by the significant difference between the indirect effects ($\Delta b_{\text{functional value - psychological value}} = -.124$, $p < .05$). Only the city dummy variable, Shanghai, significantly contributes to retail patronage.

3.4.3 Role of consumer identity

In H5a, we proposed that the total effect of PBG varies by consumer identity (see Table C-9). Our data show that PBG contributes more strongly to a higher retail patronage for global identity consumers than for local identity consumers ($\Delta b_{\text{global vs local}} = .193$, $p < .05$) or hybrid identity consumers ($\Delta b_{\text{global vs hybrid}} = .180$, $p < .05$). Consequently, our hypothesis is supported. However, testing H5b, we found no variation in the contribution of PBL to retail patronage between local identity consumers as well as global identity consumers ($\Delta b_{\text{global vs local}} = -.077$, $p > .05$) or hybrid identity consumers ($\Delta b_{\text{hybrid - local}} = -.016$, $p > .05$). Therefore, H5b is not supported by our data. The two controls, brand familiarity and the city dummy Shanghai, are at least partly significant.

	Multi-group model									Difference test of total effects between countries					
	West			Asia			China			West vs Asia		West vs China		Asia vs China	
Direct Paths	beta	b	p	beta	b	p	beta	b	p	b	p	b	P	b	p
PBG➔ Functional value	.638	.455	***	.724	.543	***	.561	.226	***						
PBG➔ Psychological value	.751	.912	***	.752	.818	***	.513	.331	***						
PBL➔ Functional value	.154	.055	**	.250	.143	***	.412	.279	***						
PBL➔ Psychological value	.149	.091	**	.178	.148	***	.372	.403	***						
Functional value➔ Patronage	.492	.856	***	.568	.844	***	.330	.539	***						
Psychological value➔ Patronage	.321	.327	***	.179	.183	**	.523	.534	***						
City dummy	.092	.156	*	.099	.196	*	.084	.161	*						
Indirect effects															
PBG➔ Functional value ➔ Patronage (H1a)	.314	.389	***	.412	.458	***	.185	.122	***						
PBG➔ Psychological value ➔ Patronage (H1a)	.241	.298	***	.134	.149	**	.268	.176	***						
PBL➔ Functional value ➔ Patronage (H1b)	.076	.047	*	.142	.121	**	.136	.150	***						
PBL➔ Psychological value ➔ Patronage (H1b)	.048	.030	**	.032	.027	*	.195	.215	***						
Total effects															
PBG➔ Patronage (H3a)	.555	.687	***	.546	.608	***	.453	.298	***	.080	ns	.389	***	.310	***
PBL➔ Patronage (H3b)	.124	.077	**	.174	.148	***	.330	.365	***	-.071	ns	-.288	***	-.217	***

										Difference test of value effects within countries					
										West		Asia		China	
										b	p	b	p	b	p
Via functional value (H4a)	-	.437	***	-	.579	***	-	.272	***	.104	ns	.402	**		
Via psychological value (H4b)	-	.328	***	-	.179	**	-	.391	***					-.124	*

Notes: beta = standardized estimates; b = unstandardized estimates; p = p-value; patronage = retail patronage.

* p < .05; ** p < .01; *** p < .001; ns = not significant.

Multi-group model – metric invariance: CFI = .917; TLI = .902; RMSEA = .060; SRMR = .074; $\chi^2(580) = 1402.448$; scaling correction factor MLM = 1.088.

Estimates of direct paths of PBG/PBL on retail patronage are not significant on a 95% level.

Table C-8: Path coefficients – retailer origin

Source: Own creation.

	Multi-group model											
	Global			Hybrid			Local			Difference test of total effects between identities		
										Global vs local	Global vs hybrid	Hybrid vs local
Direct paths	beta	b	p	beta	b	p	beta	b	p	b p	b P	b p
PBG➔ Functional value	.829	.563***		.693	.280***		.626	.262***				
PBG➔ Psychological value	.842	.730***		.643	.455***		.377	.489***				
PBL➔ Functional value	.297	.155***		.279	.112***		.661	.168***				
PBL➔ Psychological value	.186	.124*		.262	.186***		.329	.260***				
Functional value➔ Patronage	.463	.647***		.323	.542***		.505	.775***				
Psychological value➔ Patronage	.218	.239**		.467	.453***		.338	.293***				
City dummy	.170	.310**		.047	.077^{ns}		.191	.315***				
Familarity	.129	.079*		.086	.047*		-.066	-.032^{ns}				
Indirect effects												
PBG➔ Functional value ➔ Patronage	.384	.364***		.224	.153***		.316	.203***				
PBG➔ Psychological value ➔ Patronage	.184	.174**		.300	.206***		.223	.143***				
PBL➔ Functional value ➔ Patronage	.137	.100**		.089	.061***		.190	.130***				
PBL➔ Psychological value ➔ Patronage	.041	.030*		.122	.084***		.111	.076***				
Total effects												
PBG➔ Patronage (H5a)	.567	.539***		.524	.359***		.539	.343***		.193*	.180*	.013^{ns}
PBL➔ Patronage (H5b)	.174	.130***		.212	.145***		.301	.206***		-.077^{ns}	-.016^{ns}	-.061^{ns}

Notes: beta = standardized estimates; b = unstandardized estimates; p = p-value; patronage = retail patronage.

* p < .05; ** p < .01; *** p < .001; ^{ns} = not significant.

Multi-group model – metric invariance: CFI = .898; TLI = .880; RMSEA = .070; SRMR = .083; $\chi^2(580) = 1320.738$; scaling correction factor MLM = 1.063.

Estimates of direct paths of PBG/PBL on retail patronage are not significant on a 95% level.

Table C-9: Path coefficients – consumer identity

Source: Own creation.

4. Discussion and Conclusions

This study examines whether and through which functional and psychological values PBG and PBL enhance retail patronage and how boundary conditions (retailer origin and consumer identity) interact with these value mechanisms. This under-researched area is especially relevant for those retailers that have shifted their attention to promising developing countries, such as Brazil, China, and Russia, and face challenges concerning their global and local positioning against increasingly strong domestic retailers years after their entry. This topic is also relevant because past research, conducted mainly for FMCGs, is inconclusive regarding whether global or local brand positioning is more favorable (Cui and Liu 2001; Holt, Quelch and Taylor 2004; Johansson and Ronkainen 2005; Schuiling and Kapferer 2004; Steenkamp, Batra and Alden 2003) and regarding which routes are ideal for international retailers to attract customer groups. Therefore, our study was guided by the attempt to define the key mechanism and boundary conditions of how PBG and PBL lead to retail patronage in emerging countries.

With respect to the accessibility-diagnosticity framework (Feldman and Lynch 1988), we found that although a retail brand is perceived as being either global or local, retail patronage is only enhanced via consumers' functional and psychological values and patronage behavior in an emerging country is driven by PBL and especially PBG. Furthermore, foreign retailers (Western and Asian) benefit more from PBG than do domestic retailers, whereas domestic retailers benefit more from PBL; however, the value creation process differs by retailer origin. Finally, consumers that are globally oriented in their identity respond to PBG more positively than locally oriented consumers. These observations allow three major theoretical implications and suggestions for managers.

4.1. Theoretical Implications

With respect to our first research question, on the underlying mechanism of how PBG and PBL drive customers' retail patronage, the results show that the total effect of PBG on retail patronage is stronger than that of PBL (Δb = .265, p < .001). We will now discuss two conclusions in greater depth.

First, this study proposes a conceptualization of the mechanism of how accessible information about the perceived global and local positioning of a retail

brand becomes salient in the consumer's mind, evoking retail patronage. Although consumers hold a vague belief about a retailer's strategy, they are able to judge whether the retail brand is global or local based on the retailer's offers and communication. Such accessible information does not directly lead to a response. As the accessibility-diagnosticity theory (Feldman and Lynch 1988) suggests, such cues are translated into action when consumers perceive this information as diagnostic as well. Both functional price and quality values and psychological emotional and social values are key underlying mechanisms to translate retail brand perception into behavior. This finding sheds light into previous inconsistent findings on the dominance of affective response on global brands (Dimofte, Johansson and Ronkainen 2008) in contrast to the lack of behavioral relevance of affective response and instead of the dominance of quality and thus functional response on global brands (Steenkamp, Batra and Alden 2003). Consequently, the results show that retail patronage can be enhanced by PBG and PBL when both value routes, functional and psychological, are activated. Consistently with common retail research knowledge, functional values dominate (Pan and Zinkhan 2006), but psychological values are also relevant for winning loyal customers in emerging countries.

Second, although retailers adapt to customers' needs to various extents (de Mooij and Hofstede 2002), the results show that retail patronage is dominantly driven by PBG in emerging countries. However, by treating PBG and PBL separately, our study shows that these options are not conflicting (Alden, Steenkamp and Batra 2006; Steenkamp and de Jong 2010). This finding is particularly important for international retailers because they generally tend to adapt their formats more strongly when entering emerging countries compared with developed countries (Goldman 2001; Treadgold 1988). These retailers even increase this behavior years after entry, as seen in the example of global format replicators (e.g., McDonald's, IKEA, or The Body Shop), which increasingly localize their offers based on local learning (Jonsson and Foss 2011). While strong global retail brands are of paramount advantage for retailers in emerging countries today, a 'glocal approach' may be a future option for an industry originally known as local business. Consequently, the need to rethink global and local positioning across countries and especially for specific volume

markets holds for most retailers. The very limited number of purely global retail format replicators that cater global segments also plays a role in this need (Goldman 2001).

To understand the mixed findings on global versus local brand preferences (Cui and Liu 2001; Schuiling and Kapferer 2004; Steenkamp, Batra and Alden 2003), we explore retailer origin as retailer-specific boundary condition and consumer identity as consumer-specific boundary condition of how PBG and PBL create retail patronage. In response to the second research question, how the origin of the retailer (foreign or domestic) interacts with PBG and PBL, we discuss two major conclusions.

First, and according to the accessibility-diagnosticity theory (Feldman and Lynch 1988), retailer origin is understood as diagnosticity multiplier; thus, foreign (Western and Asian) retailers benefit more from PBG than domestic retailers do. Consequently, country of origin information interacts with retail brand positioning perceptions, even years after entry into an emerging country and even in the highly adapted grocery retail sector (Burt and Sparks 2002; Goldman 2001). Consequently, these findings shed light into the formerly murky relationship between globalness and country of origin (Alden, Steenkamp and Batra 1999; Dimofte, Johansson and Ronkainen 2008) and show that foreign retailers (either Western or Asian) benefit more from PBG than do domestic retailers. Furthermore, the results show that Asian retailers cannot utilize their 'natural' advantage of PBL over retailers from Western countries do (Δb = -.071, p > .05), who may be less familiar with the local market.

Second, concerning the mechanism of how PBG and PBL affect retail patronage, our study shows that the retail brand positioning of domestic retailers is only to a minor extend translated through the functional value mechanism, which is paramount for driving customers traffic into the store (Mulhern 1997; Pan and Zinkhan 2006). This finding may refer to the aforementioned statement that foreign retailers move into developing countries because of the weak local competition (Goldman 2001). Furthermore, Asian foreign retailers convince consumers dominantly through the functional value mechanism (Δb = .402, p < .01), whereas Western retailers convince consumers through

functional and psychological value routes equally (Δb = -.104, p > .05). Thus, Asian retailers fail to gain consumers' emotional commitment and may thus fail to translate their closer cultural proximity to China. This difference may also be based on ethnocentric tendencies and animosity feelings, which stimulate a domestic country bias (Balabanis and Diamantopoulos 2004; Verlegh 2007). In turn, Western retailers attract local consumers by psychological values as well, which may be related to the aforementioned adaptation efforts of Western retailers in emerging countries (Goldman 2001; Jonsson and Foss 2011). Thus, future research comparing foreign Asian and Western retailers as well as different Western retailers is necessary. In summary, our findings clarify previous indecisive results about the underlying mechanism that translates a potential admiration of global retail brands into purchase behavior.

With respect to our third research question regarding the extent to which the identity of consumers (i.e., global, hybrid, or local) interacts with PBG and PBL, we find that consumer identity is a significant boundary condition of how retail patronage varies on PBG and PBL. PBG effects are strongest for global identity consumers, a finding that is consistent with the accessibility-diagnosticity theory because PBG becomes highly accessible and diagnostic for those consumers and therefore promotes retail patronage. However, such a brand-identity fit could not be found between local identity consumers and the PBL effect on retail patronage, which may put previous findings on local identity consumers into question (Zhang and Khare 2009). Nevertheless, especially in emerging countries, many local, neighborhood and wet-market retailers exist in addition to nation-wide chains and may attract local identity consumers in a specific way. Thus, the result concerning local identity consumers may be related to our specific retail context.

4.2. Managerial Implications

This study provides managerial implications by highlighting the different routes through which functional and psychological values of PBG and PBL enhance retail patronage, especially for the boundary condition of retailer origin. Country executives of international retailers in emerging countries may learn how consumers translate a retailer's brand position into retail patronage or whether the achieved position appeals to functional or psychological values years after entry. Furthermore, those managers and in turn, the managers of domestic

retailers may notice whether competitors' positioning over localness or globalness is more beneficial.

While managers of international retailers increasingly believe that a format adaptation and a flexible format replication (Jonsson and Foss 2011) is fundamental to succeed in emerging countries in practice, recent market exits (e.g., Best Buy from China, Carrefour from Malaysia, Walmart from South Korea) indicate that this adaptation is not always successful or not successfully executed in the eyes of consumers. Our findings lead to a differentiated perspective that has been overlooked by some retailers. On the one hand, global retail brands convince consumers more strongly if the retailer is foreign and if the target segment is receptive to global culture, but foreign retail brands are far behind domestic competitors in winning customers by being perceived as local brands. This finding depends on the origin of the retailer and may also depend on the chosen international strategy, such as a global, multinational, or glocal strategy (Bartlett and Ghoshal 1989; Prahalad and Doz 1987). However, Western retailers (in contrast to Asian retailers) have achieved that their PBG and PBL drive retail patronage through quality/price values and emotional/social values (i.e., consumers in a McDonald's restaurant enjoy socializing, or consumers browse in a Zara store for the latest fashion trends). Thus, Western retailers can benefit from broader opportunities, whereas Asian retailers should notice that their retail brands attract consumers predominantly through an attractive quality-price relationship and do not benefit from their cultural proximity to get consumers emotionally involved. This issue is a major competitive disadvantage.

Domestic retailers as emerging giants should notice that they attract customers by local brand appearance and surprisingly equally strong by global brand appearance (Δb = -.067, p > .05). This global brand appearance may become more relevant in the future perspective in emerging countries because retailers such as Li Ning, Little Sheep, and Parkson expand abroad and communicate by portraying foreign celebrities or using foreign-sounding brand names (Kinra 2006; Zhou and Belk 2004). These domestic retailers attract consumers by their local and global brand appearances and therefore combine these options according to a hybrid/glocal strategy (Alden, Steenkamp and Batra 2006; Steenkamp and de Jong 2010). Even more importantly, managers of domestic

retailers should notice that they attract consumers predominantly through psychological values and only slightly through functional values (Δb = -.124, p < .05) and thus have disadvantages in these factors, which are paramount in retail competition, especially in Western markets (Pan and Zinkhan 2006).

5. Limitations and Further Research

To better understand the effects of a retail brand's globalness and localness on consumer behavior, additional research is necessary because the present study is not without limitations.

Although we paid special attention to the data collection, we cannot guarantee the generalizability of the results. As we collected data in one country, in three cities, for only three retail sectors, without control of possible store location differences of the investigated retailers, and focusing on brand affine consumer groups only, this study is somewhat limited in scope. Broadening the database would mitigate these limitations and allow further conclusions. For example, although China is the biggest emerging country in terms of retail sales, future studies should target additional emerging countries because the economic development is one key variable in the country-of-origin effect (Bilkey and Nes 1982). Concerning our conceptualizations, a more detailed investigation with respect to the country-of-origin image (Pappu and Quester 2006) or cultural country image (Lim and O'Cass 2001) may extend the results significantly, as well as a more detailed investigation of different psychological and functional values, as the latter is especially important to drive customer traffic into the store (Pan and Zinkhan 2006). Finally, cultural variations in the perception of global and local consumption attitudes (Steenkamp and de Jong 2010) and in consumers' response to country-of-origin effects (Gürhan-Canli and Maheswaran 2000) suggest extending this research field cross-culturally.

Concerning the explored variation of how PBG impacts consumer behavior, further studies should investigate these variations and the underlying reasons why Asian retailers fail to convince Chinese consumers through an emotional route. Recently, Strizhakova, Coulter and Price (2008); Strizhakova, Coulter and Price (2011) explore the role of global citizenship; it is unclear whether

Asian retailers fail to offer Chinese consumers an identity match, so that only the quality halo is successful (Han 1989), or even fail to provide the necessary requirement to be successful in the market. Finally, our work indicates an increase in the scale of internationalizing retail brands out of emerging countries, so called emerging giants. Their development may revise established stereotypes, providing a fruitful area on how such emerging giants will appear in mature markets and how they will deal with potential country images.

D. Study 3: Analyzing the Reciprocity between Corporate and Store Images: The Moderating Roles of Evaluation Approaches and Corporate Brand Dominance

1. Introduction

A retailer's corporate image and store image, i.e., the perceptions a customer holds about the retail firm or retail store (Keller 1993), are known to be drivers of a consumer's choice of store and a retailer's performance (Ailawadi and Keller 2004; Corstjens and Lal 2000; Grewal, Levy and Lehmann 2004; Martenson 2007). However, a retailer's corporate image may be a function of the retailer's store image and vice versa. Therefore, the interrelations between the two are important. This study addresses the lack of empirical findings on this reciprocity that is the effect of corporate image on store image and the resulting feedback effect of store image on corporate image (this cycle continues until the feedback loop is closed) (Martens and Haase 2006). This relationship is crucial because the two images are managed at different organizational levels (i.e., the corporate and store levels), although both levels aim to attract customers.

More importantly, because of their diversification and internationalization, leading retailers have grown to become complex organizations that manage multiple retail brands and are forced "to carefully design and implement a brand architecture strategy to maximize retailer brand equity and sales" (Ailawadi and Keller 2004, p. 338). For example, the retail giant Carrefour has become a multi-format retailer that includes different brands, chains and formats (e.g., Carrefour hypermarkets, Ed supermarkets and Shopi convenience stores). Carrefour has recently endorsed select retail brands (e.g., Carrefour City, Carrefour Express and Carrefour Contact) under its corporate banner and has started to implement this strategy consecutively in over 40 countries. Thus, it is of particular importance for global retailers to know whether the reciprocity between their corporate and store images benefits them internationally. While considering this type of global-retailer perspective, this study addresses the reciprocal relationship between corporate and store images by focusing on

K. Pennemann, *Retail Internationalization in Emerging Countries,* Reihe Handel und Internationales Marketing / Series Retailing and International Marketing,
DOI 10.1007/978-3-8349-4492-4_4, © Springer Fachmedien Wiesbaden 2013

consumers' analytic and holistic styles of thinking (i.e., their evaluation approaches) to determine the differences in consumers' culturally inherent perceptions across countries.

Neither the reciprocal relations between a retailer's corporate and store images nor the international retail brand management of retailers has been intensively analyzed in previous studies. Thus, two research gaps exist.

'Reciprocal relations' are explored by Kwon and Lennon (2009) for multichannel retailing, but their analysis does not adhere to our understanding of a feedback loop. Moreover, many studies explore so-called top-down or bottom-up effects separately rather than as feedback loops. Prior research on top-down effects mostly considers the corporate level first and analyzes its spillover effects to the lower levels of the brand hierarchy, such as stores (Chebat, Sirgy and St-James 2006; Helgesen, Ivar Havold and Nesset 2010), service brands or national brands (private labels) (Berens, van Riel and van Bruggen 2005; Martenson 2007). Few studies discuss the bottom-up direction (for calls on this research direction, see, e.g., Keller and Lehmann 2006). More significant is the lack of empirical research considering how the images at the corporate and store levels interact reciprocally. However, the relationship between corporate image and store image might be dominated by multi-sensual store experiences or by the perception of the corporate communication. Both scenarios are relevant for retailers and should be analyzed in detail in terms of the accessibility-diagnosticity theory (Feldman and Lynch 1988).

There is a dearth of research focused on international retail brand management (two studies that consider expectations from a consumer's perspective are Chaney and Gamble 2008 and de Mooij and Hofstede 2002). However, increasing retailer diversification and internationalization in particular have caused the management strategies of brand architectures to become more ambiguous and have thus increased the difficulty of benefiting from the implementation of different strategies across countries. First, the differences in consumer behavior across countries are crucial because, for example, culture-specific styles of thinking affect consumers' evaluation of brand extension (Monga and Roedder John 2007). Thus, typical holistic thinkers, who constitute the majority in Asian countries and evaluate an object based on the con-

text and relationships, perceive top-down and bottom-up effects differently from analytic thinkers, who constitute the majority of the population in Western countries (Nisbett et al. 2001). The differences in culturally inherent perspectives are relevant because retail internationalization has recently involved expansion into developing, culturally distant countries (Goldman 2001). Second, firm-specific factors, such as the branding strategy or the corporate brand dominance, can strengthen the top-down effect via their interactions with the corporate image (Berens, van Riel and van Bruggen 2005).

In summary, the aim of this study is to analyze the following research question: How are corporate image and retail store image reciprocally related, that is, are the effects of corporate image or store image more significant? Expecting strong moderating effects to exist with regard to the contexts of global and diversified retailers, we explore the following questions: Does the evaluation approach moderate the reciprocity between these two images? Does corporate brand dominance or the perceived corporate branding strategy moderate the reciprocal relationship between corporate and store images?

In response to these questions, this study contributes to the field of retailing research, especially to our understanding of the effects of reciprocal images within an international context. We chose retailing as the context, but the results may also apply to international branding in general. From a theoretical perspective, we contribute to the knowledge of the reciprocity between international retailers' corporate and store images by elucidating how customers draw inferences from these two image levels. Using the accessibility-diagnosticity theory (Feldman and Lynch 1988), we demonstrate how reciprocal effects vary according to a consumer-specific criterion (i.e., the evaluation approach) and according to a firm-specific criterion (i.e., corporate brand dominance). From a methodological perspective, we contribute to the literature by employing a non-recursive structural equation model based on an experimental design that accounts for feedback loops to test simultaneously reciprocal effects (Martens and Haase 2006). This methodological approach correctly disentangles the reciprocity in terms of the initial effects and the feedback effects. Finally, this study is of interest to managers because they attempt to influence consumer behavior through actions undertaken at both the corporate and store levels. Thus, managers should understand how these levels interact. Specifically, we

contribute to a globally relevant understanding of how culture-specific styles of thinking affect perceptions of reciprocal images, which enhance a retailer's capability to manage both levels efficiently in accordance with the increasing internationalization into culturally distant countries.

The remainder of the article is structured as follows. We apply the accessibility-diagnosticity theory to deduce a set of hypotheses that are tested experimentally. In a first experiment, we apply a 3 (message) x 2 (evaluation approach) x 2 (branding strategy) design by using the answers from 600 respondents from two countries (a Western country with an analytical style of thinking and an Asian country with a holistic style of thinking) to evaluate a retailer that operates with two retail brands in both countries. In a second experiment, we validate and extend our results by using a 2 (message) x 2 (evaluation approach) x 3 (branding strategy) design while considering a fictitious corporate brand. We then present the results, which are followed by a discussion and suggestions for further research.

2. Theory and Conceptual Framework

To explore consumers' perceptions (e.g., images), we need to understand their preceding cognitive processes. The accessibility-diagnosticity theory introduced by Feldman and Lynch (1988) explains which information consumers rely on while making evaluations and under what conditions they do so. Therefore, this theory serves as the theoretical foundation of our study.

2.1. Accessibility-Diagnosticity Theory

The theory consists of two mechanisms: Accessibility represents the ease of retrieving an input from memory (Menon and Raghubir 2003), and diagnosticity refers to the usefulness of the retrieved information in making a certain evaluation about a target (Schwarz et al. 1991). The likelihood of using information for an actual evaluation is described as a function of the accessibility and diagnosticity of the information in the memory (Lynch, Marmorstein and Weigold 1988).

The first premise to making memory-based evaluations states that certain memories are accessible (Feldman and Lynch 1988). This assumption is true

if the consumer can retrieve this information from his or her memory. In addition, Feldman and Lynch (1988) argue that cognitive processes can differ greatly depending on a previous response or action that causes certain information to be more accessible and more diagnostic than other available information.

The second premise for making memory-based evaluations states that diagnostic memory is used for a task at hand. Diagnosticity refers to the "degree to which the use of each type of information allows consumers to accomplish their objectives in the particular decision task at hand" (Lynch, Marmorstein and Weigold 1988, p. 171). A high similarity or a greater degree of shared associations between two objects enhances the diagnosticity of information about one object to the evaluation of the other object (Ahluwalia and Gürhan-Canli 2000; Skowronski and Carlston 1987). If information is highly accessible, this high degree of accessibility serves as a proxy for diagnosticity (Menon and Raghubir 2003; Schwarz et al. 1991). That is, the consumer is a "cognitive miser" (Lynch, Marmorstein and Weigold 1988, p. 171) who will attempt to reduce search costs if accessibility on its own provides a sufficient amount of input for a decision.

2.2. Conceptual Framework

Our conceptual model (see Figure D-1) relies on both theoretical mechanisms (i.e., accessibility and diagnosticity). We assume that there is reciprocity between a retailer's corporate and store images that is determined by the perceptions that customers hold of the retail firm and the retail store based on their memory-based associations (Keller 1993), which are distinct from the reputation of the corporation and/or store (Walsh and Beatty 2007). Reciprocity (i.e., the effect of store image on corporate image and the resulting feedback effect of corporate image on store image) follows the accessibility mechanism through which customers easily retrieve related associations. The corporate image and store image are related across nodes in a consumer's memory, and image information (e.g., the image of a store) becomes accessible and salient for evaluating the target image (e.g., the corporate image).

To anticipate the boundary conditions of the reciprocity of images, we consider culture-specific and firm-specific variables because both influence accessibility and therefore the ease of retrieving information.

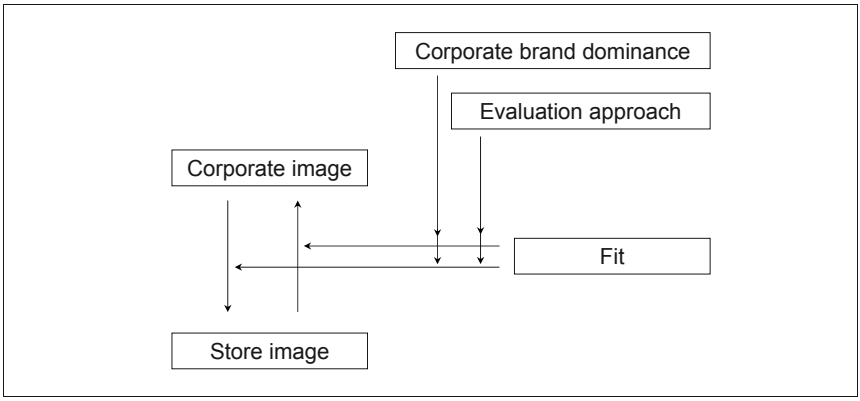


Figure D-1: Conceptual model
Source: Own creation.

The evaluation approach is a culturally inherent style of thinking (Nisbett et al. 2001). Holistic thinkers evaluate an object (e.g., a corporation) based on the relationships that exist between the object and the context, whereas analytic thinkers decontextualize the object and focus on the object itself. Therefore, an individual's evaluation approach affects the accessibility of his or her contextual information. If a holistic consumer evaluates, for example, a corporate image, he or she may consider the store as contextual information and rely on this information to evaluate the target image (e.g., the corporate image) based on his or her primed thinking even more than an analytic consumer.

In addition, the corporate branding strategy determines the accessibility of information. The perceived linguistic and visual dominance of the corporate brand in customer communication is defined as corporate brand dominance and depends on the corporate branding strategy (Berens, van Riel and van Bruggen 2005). A monolithic branding strategy implies high corporate brand dominance, whereas standalone branding (e.g., mono-brands) indicates low corporate brand dominance (Berens, van Riel and van Bruggen 2005; Olins 1989). In the monolithic case, the communication of the corporate brand domi-

nates the communication concerning of the store. Thus, customers may perceive a high level of corporate brand dominance and easily recall corporate information when evaluating the store image.

However, the culture-specific and firm-specific determinants of accessibility may not provide sufficient criteria for explaining information retrieval. Thus, as an additional criterion, diagnosticity, which stimulates the retrieval of information from a certain image level, is determined by the fit between the corporate image and the store image. The fit is defined as the number of shared associations between images (i.e., the fit characterizes the similarity between objects according to Park, Milberg and Lawson 1991). If a high level of similarity between images is assumed, a related image is a diagnostic piece of contextual information used to evaluate the target image (Ahluwalia and Gürhan-Canli 2000; Morrin 1999). Consequently, as Feldman and Lynch (1988) suggest, accessibility (in terms of the evaluation approach and corporate brand dominance) and diagnosticity (i.e., the fit) interact and may affect both the top-down and bottom-up effects on image perceptions.

In sum, the conceptual framework is explained by two underlying mechanisms: accessibility and diagnosticity. Accessibility varies depending on the following: the affective character of the image level from which information is retrieved, the moderating role of the consumer's evaluation approach, and the moderating role of corporate brand dominance. Diagnosticity varies depending on the level of fit between the cause and objective of the information transfer. Additionally, diagnosticity can be overridden by a high level of accessibility. In the following sections, each relationship is discussed from a theoretical perspective and supporting literature for the assumptions is provided.

3. Development of Hypotheses

3.1. Main Effects

3.1.1 Reciprocity of corporate image and store image

The accessibility-diagnosticity theory explains how customers easily retrieve related associations. Because memory is related across nodes and structured into categories (e.g., store and corporate), customers may draw inferences

from one category to evaluate a related category. This process is especially likely to occur if the information regarding the first category is highly accessible and more diagnostic than the other contextual information from which a consumer draws inferences about the target category. Because the corporate image and store image are related within the retailer's brand hierarchy, we assume that reciprocal effects exist between the corporate and store images.

The study of Kwon and Lennon (2009) is the only empirical study that provides support for 'reciprocal effects' in the context of multi-channel retailing by illustrating that consumers' online beliefs are influenced by an online channel and an offline channel. However, the understanding of reciprocity is conceptualized stepwise along the attitude chain instead of as a simultaneous reciprocal model. Thus, further empirical support for reciprocity may be provided by research on one-directional approaches. As mentioned previously, the top-down perspective (e.g., the influence of corporate image on store image) considers how customers draw inferences from a brand image anchored on the top of the brand hierarchy with regard to a brand image anchored on the bottom of the brand hierarchy and has been evaluated from various starting points, such as the influences of mall image on store image (Chebat, Sirgy and St-James 2006), chain image on store image (Helgesen, Ivar Havold and Nesset 2010), and corporate image on service products (Berens, van Riel and van Bruggen 2005). In contrast, the bottom-up perspective (i.e., the influence of store image on corporate image) has been explored by previous research examining the influence of private labels on store image (Grewal et al. 1998; Sayman, Hoch and Raju 2002; Steenkamp and Dekimpe 1997). Both perspectives indicate that corporate image affects subordinate images and vice versa. With regard to the brand extension literature on service lines, Lei, de Ruyter and Wetzels (2008) demonstrate that reciprocal effects exist between the parent and the extension while testing this relationship in two separate experiments.

In sum, despite the lack of empirical research on reciprocal relations, customers may derive inferences about a retailer's corporate image from their original perceptions of its store image. In turn, these inferences affect the customers' perceptions of the store image. Our assumption is supported by the accessibility-diagnosticity theory, which states that images are related and therefore

easy to access for the evaluation of the target image. Therefore, we conclude the following:

H1a: There is a reciprocal interaction between a retailer's corporate image and store image if the corporate image is the primary image accessed by the consumer.

H1b: There is a reciprocal interaction between a retailer's corporate image and store image if the store image is the primary image accessed by the consumer.

3.1.2 Higher valence of store image

The accessibility-diagnosticity theory proposes that highly accessible information will be considered first. Accordingly, Verplanken, Hofstee and Janssen (1998) find that individuals respond more rapidly to their feelings than to their thoughts. In our context, we attach higher accessibility to store images based on emotional immediacy (Zimmer and Golden 1988) and multi-sensual experiences (Ailawadi and Keller 2004). The high accessibility of a store image based on emotion can serve as a sufficient criterion for retrieving the information for a task at hand because the diagnosticity threshold is overridden (Schwarz et al. 1991).

From a retailer's perspective, stores are an important point of customer contact through which customers experience the store. A customer who visits a Starbucks not only purchases coffee but is also immersed within the Starbucks experience, which might successfully provide an emotional picture of Starbucks's corporate image. The store's layout, atmosphere and employee interactions provide affective and multi-sensual cues through which customers experience the store's image (Ailawadi and Keller 2004; Martineau 1958). When recalled from a customer's memory, this personal experience provides an emotionally constituted image. Moreover, Friestad and Thorson (1993) show that emotional information and events are more memorable than neutral ones.

In sum, we propose that store image is more accessible than corporate image. A person can easily retrieve an emotionally constituted store image from his or her memory if the diagnosticity threshold is overridden. Therefore, we assume the following:

H1c: Store image affects corporate image more strongly than corporate image affects store image.

3.2. Interaction Effects

To understand the reciprocity of corporate image and store image, we explore the boundary conditions framed by the accessibility-diagnosticity theory (i.e., accessibility and diagnosticity interact and affect the top-down and bottom-up effects of images). The evaluation approach and corporate brand dominance are accessibility transmitters, whereas the fit of images represents a diagnosticity transmitter.

3.2.1 Interaction of evaluation approach and fit

Information retrieval is a function of the accessibility and diagnosticity of information. The latter is determined by the fit of information (i.e., images). To evaluate the target object, holistic thinkers access more contextual information and perceive this information to be more related to the target image than analytic thinkers (Nisbett et al. 2001). Consequently, holistic-thinking consumers from Asian countries perceive a higher magnitude of fit, which affects the top-down and bottom-up effects of images on their perceptions.

Holistic thinkers easily access contextual information (e.g., if a store image is the subject of evaluation, the corporate image is a contextual piece of information) and perceive similar information (i.e., information characterized by a high fit) as more diagnostic in the evaluation process. Referring to the influence of the evaluation approach, Aaker (2000) concludes that the ease of information retrieval varies across cultures, and Monga and Roedder John (2007) find a relationship between holistic thinking and the perception of a higher degree of fit. With respect to the fit, Morrin (1999), Ahluwalia and Gürhan-Canli (2000) and Berens, van Riel and van Bruggen (2005) find empirical support for the argument that the fit of brand images serves as a diagnostic criterion that strengthens the spillover effects between two images. Lei, de Ruyter and Wetzels (2008) and Thamaraiselvan and Raja (2008) present similar findings in the context of brand extensions in the service sector and Gierl and Huettl (2011) and Kapoor and Heslop (2009) for different product categories. In our context, a high fit between a retailer's corporate and store images may also lead to top-down or bottom-up effects within the brand hierarchy.

In sum, in accordance with our theory, holistic thinkers easily access contextual information. Additionally, they perceive contextual and target information to be similar, which renders the contextual information salient to the evaluation of the target image. For this reason, we assume the following:

H2a: The moderating impact of fit on the effect of corporate image on store image is strengthened more by holistic thinking than by analytic thinking.

H2b: The moderating impact of fit on the effect of store image on corporate image is strengthened more by holistic thinking than by analytic thinking.

3.2.2 Interaction of corporate brand dominance and fit

Theoretically, corporate brand dominance determines the accessibility of corporate related information. If the communication of the corporate brand dominates the communication of the store, consumers can easily retrieve corporate information. Nevertheless, this contextual information (e.g., corporate image) becomes diagnostic for the evaluation of the target image (e.g., store image) if there is a high level of fit between the corporate and store images.

Consumers perceived degree of corporate brand dominance depends on the implemented branding strategy (Berens, van Riel and van Bruggen 2005; Rao, Agarwal and Dahlhoff 2004). For the present study, these findings may apply to the retail industry in that retailers may modify their strategies to embrace monolithic branding and brand their stores with the corporate name in response to increased internationalization (Perkins 2001). Devlin (2003) applies corporate branding strategies to the service industry. Berens, van Riel and van Bruggen (2005) find that in the service sector, there are positive interactions among corporate ability, fit, and corporate brand dominance. These interactions cause the corporate image to be more salient if consumers evaluate lower brand levels.

In sum, if the corporate brand is dominant and easy to access, consumers perceive a higher level of similarity between the corporate and store images and evaluate corporate information as being highly diagnostic when evaluating the store and vice versa. Therefore, we assume the following:

H3a: Corporate brand dominance strengthens the moderating impact of fit on the effect of corporate image on store image.

H3b: Corporate brand dominance strengthens the moderating impact of fit on the effect of store image on corporate image.

4. Experiment 1: Real Brands

4.1. Method

4.1.1 Study design and sample

We conducted a field experiment in China (holistic country) and Germany (analytic country) and collected data by distributing a questionnaire after the respondents had received the stimulus material. To test our hypotheses, we used a 3 (activation stimuli: corporate, store, and control messages) x 2 (evaluation approach: analytic and holistic) x 2 (branding strategy: high and low corporate brand dominance) between-subjects design. A total of 600 respondents (300 per country) participated in the study. We established 50 respondents per cell to achieve a reasonable power for testing our hypotheses. In total, 42 respondents could not correctly recall the name of the retailer mentioned in the stimulus material, and 25 respondents noticed the purpose of our study. We excluded these respondents to ensure that the included respondents read the cover story and were unaware of the study's objective. The resulting sample consisted of 533 valid questionnaires, as indicated in Table D-1. The respondents were randomly assigned to the stimuli.

We applied a quotient based on the distributions of the age and sex of the national population but only included the respondents between 18 and 45 years old to cover the members of the population who were conscious of retail brands. In China, the sample was randomly selected from the data provided by the Chinese registration office. Because the study was conducted in a first-tier city, the sample represents the urban population. We provided the list of selected households to trained interviewers, who visited these households to ex-

ecute the experimental study. The respondents listened to the cover story and then answered the questions in the questionnaire. In Germany, the trained interviewers surveyed the respondents in the city-center of a major German city. The interviewers approached every fifth person who passed by and asked him or her to participate in the study to avoid any socially motivated selection biases.

Gender (n, %)				**Message (n, %)**					
Age groups	Male	Female	**Country**	Corporate		Store		Control	
Age 18 to 25	88 (16.5)	81 (15.2)	CBD	High	Low	High	Low	High	Low
Age 26 to 35	83 (15.6)	102 (19.1)	China	46 (8.6)	46 (8.6)	50 (9.4)	47 (8.8)	46 (8.6)	48 (9.0)
Age 36 to 45	79 (14.8)	100 (18.8)	Germany	38 (7.1)	28 (5.3)	50 (9.4)	49 (9.2)	44 (8.3)	41 (7.7)
Total	250 (46.9)	283 (53.1)							
Note: CBD = corporate brand dominance.									

Table D-1: Sample and experimental design of Experiment 1

Source: Own creation.

4.1.2 Procedure and development of stimulus material

The questionnaire begins with a cover story that differs in terms of the activation stimuli and branding strategy. This story is followed by scale-based questions. We pre-tested the cover story using five respondents per cell and made minor adjustments regarding the wording of the cover story and questions. The interviewers first read the cover story before the respondents answered the questionnaire in a face-to-face interview. The cover stories were equally structured and included information about the corporate brand and the retail brand. For comparability reasons, the activation stimuli on the corporate level were theoretically developed according to the corporate quality orientation of Walsh, Beatty and Shiu (2009), whereas those on the store level were developed according to Sweeney and Sourtar's (2001) quality value. The underlying purpose of the activation stimuli was to set the starting point of the image evaluation process and thereby determines causality by accentuating the positive information on one brand level (i.e., either on the corporate or retail store level). The positive activation provides the respondents with accessible input into their memories that can be retrieved to answer the subsequent questions. In addition to the stimuli anchored on the corporate level and on the retail store

level, one group of respondents received a neutral message and was treated as a control group.

We examined the holistic and analytic thinking styles of consumers by conducting the study in an analytic thinking culture and in a rather holistic thinking culture (Nisbett et al. 2001). For the stimuli, we chose the corporate brand of one of the largest worldwide retailers. This company earns 65 percent of its sales in 40 countries. To introduce variation in corporate brand dominance, we had to select a retailer that applies a mixed branding strategy to manage its retail brands. One retail brand is managed according to a monolithic branding strategy, which applies the corporate name at the store level as well. Another retail brand is managed as a standalone brand, which indicates that the names of the corporate brand and the individual stores differ.

4.1.3 Measurement

With regard to the survey design, we first considered the general aspects of the questionnaire by using seven-point Likert-type scales ranging from strongly disagree to strongly agree. We also considered the hierarchy of effects and the visual design of the questionnaire. As Table D-2 indicates, we measured the image concept in accordance with Verhoef, Langerak and Donkers (2007). We measured the evaluation approach in accordance with Choi, Koo and Choi (2007); a high score on the scale indicates a holistic thinking style. All of the moderating factors are manipulated, measured and modeled. The measurement of corporate brand dominance was drawn from Berens, van Riel and van Bruggen (2005), and the measurement of the fit was drawn from Bhat and Reddy (2001). In addition, to examine whether our activation stimuli were successful and determined causality, we measured the antecedents of corporate image by following Walsh, Beatty and Shiu (2009) and the antecedents of store image by following Sweeney and Soutar (2001). These variables also provided information for the estimation of the non-recursive model because of the complexity associated with the estimation of reciprocal relationships (Berry 1984). Involvement and familiarity served as control variables because involvement and familiarity may affect the information transfer between images (Berens, van Riel and van Bruggen 2005).

Construct and item wording	Item	λ	ItTC	CA	CR	AVE
Corporate image (Verhoef, Langerak and Donkers 2007)						
[Corporate Brand] is a strong brand.	CI_1	.826	.752	.880	.839	.652
[Corporate Brand] is favorable to me.	CI_2	.741	.686			
[Corporate Brand] is a unique brand.	CI_3	.815	.750			
[Corporate Brand] has a positive image.	CI_4	.845	.780			
Store image (Verhoef, Langerak and Donkers 2007)						
[Retail Brand] is a strong brand.	SI_1	.804	.683	.857	.782	.602
[Retail Brand] is favorable to me.	SI_2	.715	.731			
[Retail Brand] is a unique brand.	SI_3	.793	.660			
[Retail Brand] has a positive image.	SI_4	788	.731			
Antecedent corporate image (Walsh, Beatty and Shiu 2009)						
[Corporate Brand] offers high-quality products and services.	ACI_1	.796	.687	.837	.777	.636
[Corporate Brand] is a strong, reliable company	ACI_2	.833	.737			
[Corporate Brand] offers innovative services.	ACI_3	.761	.665			
Antecedent store image (Sweeney and Soutar 2001)						
[Retail Brand] offers consistent quality.	ASI_1	.831	.786	.903	.804	.756
[Retail Brand] offers an acceptable standard of quality.	ASI_2	.887	.820			
[Retail Brand] offers well-made goods.	ASI_3	.889	.816			
Fit (Bhat and Reddy 2001)						
Do you think that [Retail Brand] fits the image of [Corporate Brand]?	FIT_1	.859	-	.772	.827	.773
Do you think that [Retail Brand] is a suitable store for [Corporate Brand] to operate?	FIT_2	.899	-			
Corporate brand dominance (Berens, van Riel and van Bruggen 2005)						
[Corporate Brand] is clearly visible.	CBD_1	.832	.773	.898	.880	.758
[Corporate Brand] stands significantly in the foreground of the retail brand [Retail Brand].	CBD_2	.946	.863			
[Corporate Brand] is significantly dominant compared to the retail brand [Retail Brand].	CBD_3	.829	.768			
Evaluation approach (Choi, Koo and Choi 2007)						
Everything is somehow related to each other.	EVA_1	.763	.642	.792	.756	.593
Everything in the world is intertwined in a causal relationship.	EVA_2	.893	.720			
Nothing is unrelated.	EVA_3	.632	.563			
Involvement (Beatty and Talpade 1994)						
Shopping/visiting [Retail Brand] is of great interest to me.	INV_1	-	-	-	-	-
Familiarity (Berens, van Riel and van Bruggen 2005)						
I am very familiar with [Corporate/Retail Brand]	FAM_1	-	-	-	-	-

Note: λ = standardized factor loadings; ItTC = item-to-total correlation; CA = Cronbach's alpha; CR = composite reliability; AVE = average variance extracted.

Goodness of fit statistics for CFA: CFI = .945; TLI = .946; RMSEA = .063; $\chi^2(188) = 599.022$.

Table D-2: Measurement of Experiment 1

Source: Own creation.

The constructs and items provide psychometric tests for reliability (Churchill 1979) and validity (Fornell and Larcker 1981) (see Table D-2 and Table D-3). Convergent validity is demonstrated by significant t-values of the factor loadings, which ranged from .632 to .946 for all of the constructs (Anderson and Gerbing 1988). Cronbach's alpha ranged from .792 to .903.

The correlation matrix and the average variance extracted indicate the degrees of discriminant validity and nomological validity of the measurement (Fornell and Larcker 1981). Inspecting the correlation matrix, we found support for nomological validity, whereas face validity was checked for in the pre-test.

To ensure semantic equivalence, we applied the translation/back-translation technique (Hult et al. 2008). Bilingual market researchers translated the scales into Chinese/German, and bilingual graduates back-translated the translated scales. Based on these results, the versions were corrected until the back-translation matched the original version.

In addition, we fixed the factor loadings among the three groups that received different activation stimuli to establish metric invariance (Hult et al. 2008), as indicated in Table D-4. Scalar invariance could be achieved by fixing the intercepts of the groups (Steenkamp and Baumgartner 1998). We performed a confirmatory factor analysis using the maximum likelihood estimator to assess the fit indices, which were satisfactory ($\chi^2(188) = 599.02$; RMSEA = .063; CFI = .945) (Bentler 1990).

		1	2	3	4	5	6	7	8	9	10
1	Corporate image	**.652**	*.426*	*.504*	*.289*	*.160*	*.009*	*.037*	*.193*	*.101*	*.072*
2	Store Image	.653***	**.602**	*.259*	*.483*	*.171*	*.004*	*.015*	*.297*	*.077*	*.145*
3	Antecedent of corporate image	.710***	.509***	**.636**	*.252*	*.166*	*.105*	*.043*	*.230*	*.055*	*.021*
4	Antecedent of store image	.538***	.695***	.502***	**.756**	*.169*	*.000*	*.005*	*.230*	*.045*	*.123*
5	Fit	.400***	.413***	.407***	.411***	**.773**	*.150*	*.017*	*.158*	*.048*	*.022*
6	Corporate brand dominance	.291***	.068$^{n.s}$	.324***	-.007$^{n.s.}$	.387***	**.758**	*.048*	*.042*	*.002*	*.024*
7	Evaluation approach	.163***	.121**	.207***	.071†	.131**	.218***	**.593**	*.035*	*.023*	*.042*
8	Involvement	.439***	.545***	.446***	.480***	.398***	.206***	.186***	-	*.055*	*.070*
9	Familiarity with corporate image	.317***	.277***	.234***	.211***	.218***	.046$^{n.s}$	-.153**	.235***	-	*.057*
10	Familiarity with store image	.262***	.381***	.145**	.350***	.147**	-.156**	-.204***	.264***	.712***	-
	Mean	4.52	4.64	4.62	4.74	4.61	4.24	5.07	4.15	3.89	3.96
	SD	.884	.882	.835	.910	.944	1.36	.961	1.23	1.44	1.55

Notes: † p<.10; * p<.05; ** p<.01; *** p<.001; ^{ns} = not significant.

AVEs are on the diagonal; squared correlations are above the diagonal; correlations are below the diagonal.

Table D-3: Correlation matrix, descriptive results and discriminant validity of Experiment 1

Source: Own creation.

Model	χ^2 (p-value)	χ^2-Difference (p-value)	CFI (ΔCFI)	TLI (ΔTLI)	RMSEA (ΔRMSEA)
Model 1: Configural invariance	1099.053 (.000)	-	.928 (-)	.904 (-)	.042 (-)
Model 2: Metric invariance	1124.719 (.000)	25.666 (.219)	.928 (.000)	.906 (-.002)	.041 (-.001)
Model 3: Scalar invariance	1169.399 (.000)	44.680 (.104)	.926 (.002)	.910 (-.004)	.040 (-.001)

Table D-4: Measurement invariance between the activation stimuli groups of Experiment 1

Source: Own creation.

4.1.4 Manipulation checks

We first compared the mean values of the antecedent of corporate image between the group that received the positive corporate activation and the control group ($M_{activation}$ = 4.75, $M_{control}$ = 4.44, $p < .001$). In addition, the difference between the values of the antecedent of store between the group that received the positive store activation and the control group was also significant ($M_{activation}$ = 4.83, $M_{control}$ = 4.58, $p < .001$), which indicates that the respondents used the manipulated brand image as the starting point for the evaluation process. With respect to the moderating effects, the respondents differ in their evaluation approaches ($M_{Germans}$ = 4.74, $M_{Chinese}$ = 5.38, $p < .01$), and the retail brands differ in their perceived degrees of corporate brand dominance ($M_{monolithic}$ = 4.74, $M_{standalone}$ = 3.77, $p < .01$).

4.1.5 Methodology

We estimated a multi-group non-recursive structural equation model to explicitly examine the feedback loops. We analyzed the group that received the activation stimuli on the corporate level to model the feedback loops starting at the corporate image. The same approach was applied to the group that received the activation stimuli on the store level. To estimate the model, we modeled the theoretically derived instrumental antecedents on the corporate and store levels to help identify the appropriate model (Berry 1984). These instrumental variables provide additional data points to help solve problems of underidentification. Finally, we inspected the significance of the feedback path in each group and then employed hierarchical regression analysis to account for the moderating effects. Here, the variables were built as summated and mean-centered indices (Marquardt 1980).

4.2. Results and Discussion

4.2.1 Main effects

The results of the non-recursive model (see Table D-5) provide support for H1a and H1b by demonstrating the reciprocity of the corporate and store images. The reciprocal relationship between these two images is significant and stable. The stability indices of both groups are less than one, which indicates that the system of linear equations associated with the model is stable and that the estimation process is successful (Bentler and Freeman 1983). In a chi-square difference test, we fixed the feedback paths of both groups (activation stimuli: corporate and store) to 0 ($\Delta\chi^2(2) = 13.15$, $p < .01$) and found that the feedback effects were sustainable, whereas the model fit became significantly worse.

		Activation stimuli: corporate (n = 158)		**Activation stimuli: store (n = 196)**		**χ^2–Difference test**
		beta/b	p-value	beta/b	p-value	
	CI ➔ SI (supported)	.205 (.184)	*	.209 (.277)	**	
	SI ➔ CI (supported)	.247 (.276)	**	.307 (.231)	***	
H1a/b	(supported)					$\Delta\chi^2(2) = 13.149$, p < .01
H1c	(supported)					$\Delta\chi^2(3) = 284.402$, p < .001
	Stability index	.051		.064		

Notes: CI = corporate image; SI = retail store image; unstandardized coefficient in brackets.
† p < .10; * p < .05; ** p < .01; *** p < .001; ^{ns} = not significant.
Metric invariance model: TLI = .893; CFI = .923; RMSEA = .050; χ^2 (151) = 396.922; χ^2/d.f.=2.629.

Table D-5: Results of the non-recursive structural equation model of Experiment 1
Source: Own creation.

H1c predicts that the bottom-up effect of store image on corporate image will be stronger than vice versa. In a chi-square difference test ($\Delta\chi^2$ (3) = 284.40, $p < .001$), we introduced a constraint that caused the estimates of the top-down and bottom-up paths of both groups to be equal. Consequently, the model fit was significantly worse and H1c was supported. Consumers are highly receptive to the store image, and retailers can use the store as a consumer contact point to leverage bottom-up effects, which transfer multi-sensual stimuli to the corporate level. Furthermore, our results demonstrate that the activation of a corporate image impacts the store image ($\beta = .205$, $p < .05$), which, in turn, affects the corporate image ($\beta = .247$, $p < .01$). Multiplying the top-down and

bottom-up effects, the total effect, according to the method of Sobel (1982), is b = .051, p < .10. Similarly, the activation of a subordinate store image affects the corporate image (β = .307, p < .01), which, in turn, affects the store image (β = .209, p < .01). Thus, the total effect is b = .064, p < .01.

4.2.2 Interaction effects

The results of the hierarchically moderated regression are displayed in Table D-6. A reciprocal relationship exists between corporate and store images, and this relationship is affected by the consumers' evaluation approach. As stated in H2a, holistic thinkers perceive fit to have a stronger effect than analytic thinkers do. In turn, this difference in perception strengthens the top-down effect (b = .162, p < .01). In addition, the bottom-up effect, described in H2b, was found to be significant (b = .243, p < .001). Our results indicate the importance of customers' analytic and holistic thinking styles and imply that the top-down and bottom-up effects within the brand hierarchy depend on the culturally inherent style of thinking. Executives should acknowledge that the spillover effects within the brand hierarchy may require less investment in the corporate brand or retail brand in Asian countries than in Western countries because of the holistic imprinting in Asian populations.

H3a and H3b assume that corporate brand dominance plays a moderating role. H3a was supported by the results, which indicate that high corporate brand dominance strengthens the positive moderating impact of the relationship fit on the top-down effect of corporate image on store image (b = .083, p < .10). Contrary to H3b, the effect of corporate brand dominance on the moderating impact of the relationship fit on the bottom-up effect of store image on corporate image was not significant (b = -.041, p > .10). To understand the rejection of H3b, we explore the two-way interaction of store image and fit. This interaction shows that the bottom-up effect is strengthened by a lower fit (b = -.094, p < .05). Moreover, we observe a negative interaction of corporate brand dominance and fit (b = -.090, p < .10). We conclude that customers derive inferences about a corporate image from the store image if the level of fit is low. If images do not fit together, they are not congruent and may capture a higher level of attention from an individual than consistent information would (Hastie and Kumar 1979). According to the theory of cognitive dissonance (Festinger 1957), highly incongruent information stimulates the rearrangement

Top-down effect: corporate image on store image		Main effects			Main effects and two-way interaction			Full model		
		b	p	t-value	b	p	t-value	b	p	t-value
	Constant	.074	†	1.674	.015	ns	.356	.049	ns	1.112
	Corporate image	.353	***	6.102	.388	***	7.026	.387	***	7.222
	Fit	.144	**	3.098	.139	**	3.100	.153	**	3.533
	EVA	.035	ns.	.786	.064	ns	1.512	-.015	ns	-.351
	CBD	-.051	ns.	-.965	-.123	*	-2.314	-.170	**	-3.202
	INV (control)	.085	†	1.802	.065	ns	1.462	.083	†	1.925
	Familiarity (control)	.038	ns.	.833	.050	ns	1.197	.043	ns	1.091
	CIxINV				.072	ns	1.478	.030	ns	.589
	CIxFit				.019	ns	.352	-.035	ns	-.634
	CIxEVA				-.197	***	-4.013	-.133	**	-2.642
	CIxCBD				.037	ns	.656	.009	ns	.167
	FitxEVA				.083	*	2.066	.040	ns	.976
	FitxCBD				.143	***	3.881	.104	*	2.535
H2a	CIxFitxEVA							.162	**	3.152
H3a	CIxFitxCBD							.083	†	1.676
	Adj. R-Square			.378			.510			.547
	Sig. F Change	16.898		.000	7.784		.000	6.911		.001

Note: activation stimuli: corporate message; dependent variable: store image.

Bottom-up effect: store image on corporate image		Main effects			Main effects and two-way interaction			Full model		
		b	p	t-value	b	p	t-value	b	p	t-value
	Constant	-.051	ns	-1.249	.007	ns	.149	-.014	ns	-.295
	Store Image	.585	***	10.688	.618	***	9.652	.584	***	9.264
	Fit	-.034	ns	-.646	-.007	ns	-.128	-.012	ns	-.222
	EVA	-.074	†	-1.688	.081	†	1.788	-.007	ns	-.146
	CBD	.287	***	6.129	.211	***	3.849	.227	***	4.084
	INV (control)	-.104	†	-1.956	-.106	*	-2.010	-.079	ns	-1.550
	Familiarity (control)	.150	**	3.373	.134	**	2.972	.134	**	3.041
	SIxINV				.000	ns	.012	-.016	ns	-.413
	SIxFit				-.094	*	-1.947	-.066	ns	-1.071
	SIxEVA				.000	ns	.004	.105	†	1.811
	SIxCBD				.142	**	2.667	.109	*	2.124
	FitxEVA				.017	ns	.272	-.005	ns	-.077
	FitxCBD				-.066	ns	-1.253	-.090	†	-1.655
H2b	SIxFitxEVA							.243	***	4.566
H3b	SIxFitxCBD							-.041	ns	-.664
	Adj. R-Square			.548			.559			.600
	Sig. F Change	40.270		.000	1.753		.111	10.437		.000

Notes: activation stimulus: store message; dependent variable: corporate image.

CI = corporate image; SI = store image; CBD = corporate brand dominance; EVA = evaluation approach; INV = involvement.

† p < .10; * p < .05; ** p < .01; *** p < .001; ns = not significant.

Table D-6: Results of hierarchical regression models of Experiment 1

Source: Own creation.

of our perceptions in accordance with this new incongruent information. Individuals might be affected by a greater awareness of an incongruent store image (low fit), which enhances the accessibility of information.

One limitation of this study is the choice of one global retailer and its two retail brands. Although we show that our findings can be generalized to the 'real-world condition,' our results question the internal validity of the study because we employed actual research objects and thus introduced respondents to divergent levels of pre-existing knowledge. Further research should establish internal validity by controlling for extraneous variables and generalize the results within a research design that uses fictitious brands as the research objectives.

5. Experiment 2: Fictitious Brands

To address the shortcomings of the first experiment, we conduct a second experiment to establish the internal and external validity of the interaction effects and to better understand the rejection of H3b, which states that there is a three-way interaction of store image, fit and corporate brand dominance. This attempt is guided by our finding that the processing of incongruent information (i.e., a low fit) may lead to increased attention and strengthen the bottom-up effect of store image on corporate image. To increase our understanding of bottom-up interactions, we provide further analysis in the following.

As mentioned previously, a standalone brand has a low level of corporate brand dominance and may have a high level of retail brand dominance (Rao, Agarwal and Dahlhoff 2004). The consideration of retail brand dominance (i.e., the visual and linguistic dominance of the retail brand or store according to Berens, van Riel and van Bruggen 2005) provides additional insight into the bottom-up effect. According to the accessibility-diagnosticity theory, high retail brand dominance enhances the accessibility of store information, which may then enhance the bottom-up effect of store image on corporate image. Furthermore, high retail brand dominance suggests that the store information is not only more accessible but is also highly diagnostic because of the affective nature of store image. Consequently, store information becomes diagnostic

and can override corporate brand dominance, although the degree of fit is not high in this case. For example, the Inditex Corporation manages Zara stores not under the corporate banner, moreover there is a low degree of corporate brand dominance and a low fit between the corporate and store images. Thus, consumers can easily access store information (e.g., the availability of the latest fashion) to evaluate the Inditex Corporation. Through the consumers' multisensual experiences, store information becomes salient and diagnostic and might override the effects of the corporate brand's dominance. The affective nature (Ailawadi and Keller 2004) and the dominance of the retail stores (e.g., Zara) increase the level of accessibility to such an extent that the diagnosticity threshold is overridden (Schwarz et al. 1991), regardless of the level of fit. Therefore, we assume the following:

H3c: Retail brand dominance strengthens the effect of store image on corporate image.

5.1. Method

5.1.1 Design and sample

We employed a 2 (activation stimuli: corporate and store messages) x 2 (evaluation approach: analytic and holistic) x 3 (branding strategy: high, medium, and low corporate brand dominance) between-subjects design (see Table D-7).

	Gender (n, %)			**Messages (n, %)**					
Age groups	Male	Female	**EVA**	Corporate			Store		
Age 18 to 25	150 (53.8)	117 (43.8)							
Age 26 to 35	6 (2.2)	6 (2.2)	**CBD**	high	middle	low	high	middle	low
Age 36 to 45	0 (0)	0 (0)	High	28 (9.9)	23 (9.2)	22 (7.4)	22 (7.8)	22 (7.8)	19 (8.1)
Total	156 (55.9)	123 (44.1)	Low	31 (11)	26 (8.2)	21 (7.8)	23 (9.2)	25 (8.9)	20 (7.1)

Notes: CBD = corporate brand dominance; EVA = evaluation approach.

Table D-7: Sample and experimental design of Experiment 2

Source: Own creation.

We avoided a cross-cultural design and collected data in one country to control for any extraneous variables. A total of 323 undergraduate students participated in the Experiment 2. The students received course credit for their partic-

ipation and were randomly assigned to the stimuli. We excluded the respondents who recognized the purpose of the study (n = 32) or who did not correctly recall the brand that was mentioned in the stimulus material (n = 9).

5.1.2 Procedure and development of stimuli

The material provided to the respondents includes a cover story and a questionnaire, which was completed after the cover story was read. In contrast to Experiment 1, we created a fictitious retailer to control for the respondents' pre-existing knowledge. The activation stimuli, which emphasize either the retailer's corporate level or store level as the starting point of the evaluation process, were developed according to the same procedure used in Experiment 1. A pretest identified the problems in the stimulus material, which we corrected by changing the wording.

The cover story includes a holistic or analytic priming to manipulate the respondents' evaluation approach. The analytic priming includes a story written from an 'I-perspective,' whereas the holistic priming includes a story written from a 'we-perspective'. The respondents had to mark all of the pronouns in the text. The stimulus was drawn from Kühnen, Hannover and Schubert (2001) to prime the respondents towards an independent (i.e., analytic) or an interdependent (i.e., holistic) style of thinking.

In addition, a second stimulus was included to prime the respondents' evaluation approaches. The respondents were asked for the differences or similarities between the city of New York and the USA. Recalling the similarities (differences) of the two objects primes the respondents to think holistically (analytically) and in a context-dependent (context-independent) manner (Nisbett et al. 2001; Trafimow, Triandis and Goto 1991).

The branding strategy follows a monolithic (i.e., high corporate brand dominance), an endorsed (i.e., medium corporate brand dominance), or a standalone (i.e., low corporate brand dominance) approach. We designed the stimuli of corporate brand dominance as dominance between the corporate and store logos that were perceived by the respondents while they read the cover story. A high level of corporate brand dominance is associated with the visual and linguistic dominance of the corporate name. In the medium and low

corporate brand dominance structures, the dominance of the corporate name was gradually extenuated. For the low corporate brand dominance condition, the store name is visually salient and differs linguistically from the corporate name. The chosen business of our fictitious retailer is toy and baby equipment, which is less familiar to the respondents and therefore enhances their receptiveness to information.

5.1.3 Measurement

With regard to the survey design, we applied the same procedures as in Experiment 1. While using seven-point Likert-type scales, we considered the hierarchy of effects and the visual design. We adopted the measurement system of Experiment 1 and additionally measured the retail brand dominance by asking for the dominance of the retail brand over the corporate brand with a scale that was adapted from Berens, van Riel and van Bruggen (2005).

The constructs and items provide psychometric tests for reliability (Churchill 1979) and validity (Fornell and Larcker 1981). Convergent validity is demonstrated by significant t-values and factor loadings (Anderson and Gerbing 1988), which ranged from .466 to .854 for all of the constructs. However, we excluded the item “This brand is favorable to me” from the corporate image and store image factor loadings because these loadings were critically low. The low factor loading was maybe caused by the short priming period for the fictitious brands. Cronbach’s alpha ranged from .691 to .856. As shown in Table D-8, the correlation matrix and the average variance extracted indicate the

		1	2	3	4	5	6
1	Corporate image	**.493**	*.492*	*.198*	*.110*	*.123*	*.072*
2	Store image	.702***	**.432**	*.196*	*.044*	*.112*	*.055*
3	Fit	.445***	.443***	**.565**	*.121*	*.112*	*.054*
4	Corporate brand dominance	.332***	.210***	.348***	**.576**	*.035*	*.004*
5	Evaluation approach	.352***	.335***	.334***	.186**	**.377**	*.021*
6	Retail brand dominance	.268***	.235***	.252***	.064^{ns}	.144^{ns}	**.617**
	Mean	4.32	4.20	4.46	3.79	4.57	4.37
	SD	1.16	1.16	1.34	1.33	1.09	1.35

Notes: † p < .10; * p < .05; ** p < .01; *** p < .001; ^{ns} = not significant.

AVEs are on the diagonal; squared correlations are above the diagonal; correlations are below the diagonal.

Table D-8: Correlation matrix discriminant validity and descriptive results of Experiment 2

Source: Own creation.

degree of discriminant validity and nomological validity (Fornell and Larcker 1981). Furthermore, we performed a confirmatory factor analysis and found that the comparative fit index was just below the threshold (χ^2 (136) = 376.808; RMSEA = .079; CFI = .888). Because we have a small sample size and a satisfactory chi-square for the given degrees of freedom and RMSEA, we do not treat this finding as a significant concern.

5.1.4 Manipulation checks

Because our research objects were fictitious and the respondents did not have any pre-existing knowledge concerning the fictitious brands, we do not have a control group that did not receive positive accentuating information. Furthermore, the manipulation of corporate brand dominance was successful (M_{high} = 4.23, M_{medium} = 3.79, M_{low} = 3.32; F(2, 277) = 15.49, p < .001). The ratings of corporate brand dominance were significantly higher when a monolithic strategy was provided to the respondents instead of a standalone strategy. With respect to their analytic and holistic priming, the respondents differ significantly in their evaluation approaches ($M_{analytic}$ = 3.93, $M_{holistic}$ = 5.19, p < .01).

5.2. Results and Discussion

The results of the hierarchically moderated regression for the top-down and bottom-up effects are displayed in Table D-9 and validate the results of Experiment 1. H2a postulates that holistic thinkers perceive fit to play a higher moderating role that strengthens the top-down effect of corporate image on store image (b = .085, p < .05). In addition, we confirm H2b by demonstrating that holistic thinkers perceive fit to have a stronger moderating effect on the bottom-up effect (b =.171, p < .01). If the degree of corporate brand dominance is high, a higher fit strengthens the top-down effect even more (b = .129, p < .001), as stated in H3a. As we found in Experiment 1, H3b is rejected because of the insignificant three-way interaction among the store image, fit and corporate brand dominance (b = .027, p > .10).

To understand this finding, we extend the model based on our assumption (H3c) that the customers who perceive a high degree of retail brand dominance perceive a stronger bottom-up effect than those who perceive a low degree of retail brand dominance. The results presented in Table D-9 also demonstrate the moderating effects of the bottom-up path when the degree of

retail brand dominance is considered. The results indicate a significant two-way-interaction between store image and retail brand dominance (b =.094, p < .10), as postulated in H3c.

In sum, the results of Experiment 1 are validated when a fictitious retailer is employed as a research object to control for several extraneous variables. In addition, we explored the reasons underlying the rejection of H3b and found a significant two-way interaction of store image and retail brand dominance. Under the condition of high retail brand dominance, the store image becomes

Top-down effect: corporate on store image		**Main effects**			**Main effects and two-way interaction**			**Full model**		
		b	p	t-value	b	p	t-value	b	p	t-value
	Constant	.004	ns	.079	-.006	ns	-.128	.014	ns	.310
	CI	.660	***	11.269	.721	***	12.273	.614	***	9.945
	Fit	.196	***	3.858	.172	**	3.431	.084	ns	1.622
	CBD	-.049	ns	-.991	-.027	ns	-.563	-027	ns	-.580
	EVA	.004	ns	.093	-.014	ns	-.296	-.037	ns	-.764
	CIxFit				.110	†	1.948	.136	*	2.521
	CIxEVA				-.102	†	-1.805	-.109	*	-2.045
	CIxCBD				-.138	**	-2.779	-.096	†	-1.946
	FitxEVA				.067	ns	1.330	.053	ns	1.098
	FitxCBD				.083	†	1.929	.053	ns	1.272
H2a	CIxFitxEVA							.085	*	2.348
H3a	CIxFitxCBD							.129	***	3.662
	Adj. R-Square			.616			.636			.672
	Sig. F Change	58.588		.000	3.435		.006	8.753		.000

Notes: activation stimulus: corporate message; dependent variable: store image.

Bottom-up effect: store on corporate image		**Main effects**			**Main effects and two-way interaction**			**Full model**		
		b	p	t-value	b	p	t-value	b	p	t-value
	Constant	.074	ns	1.420	.083	ns	1.403	.087	ns	1.383
	SI	.471	***	7.467	.437	***	6.651	.369	***	5.435
	Fit	.201	**	3.012	.176	*	2.407	.141	†	1.946
	CBD	.080	ns	1.351	.103	ns	1.644	.086	ns	1.257
	EVA	.029	ns	.468	.037	ns	.582	-.045	ns	-.661
	SIxFit				.043	ns	.612	.075	ns	1.015
	SIxEVA				-.044	ns	-.745	.001	ns	.008
	SIxCBD				-.101	ns	-1.556	-.142	*	-2.164
	FitxEVA				.032	ns	.461	-.047	ns	-.610
	FitxCBD				-.019	ns	-.323	.013	ns	.186
H2b	SIxFitxEVA							.171	**	2.778
H3b	SIxFitxCBD							.027	ns	.398
	Adj. R-Square			.499			.482			.515
	Sig. F Change	30.863		.000	.974		.437	4.967		.009

Notes: activation stimuli: store message; dependent variable: corporate image.

Bottom-up effect: store on corporate image (retail brand dominance)		Main effects			Main effects and two-way interaction			Full model		
		b	p	t-value	b	p	t-value	b	p	t-value
	Constant	.067	ns	1.306	.062	ns	1.087	.073	ns	1.313
	SI	.455	***	7.245	.419	***	6.320	.365	***	5.462
	Fit	.210	**	3.274	.211	**	3.192	.162	*	2.445
	EVA	.048	ns	.794	.068	ns	1.106	.001	ns	.020
	RBD	.065	ns	1.170	.066	ns	1.160	.072	ns	1.310
	SIxFit				-.012	ns	-.169	-.013	ns	-.185
	SIxEVA				-.058	ns	-1.009	-.009	ns	-.150
	FITxEVA				.034	ns	.518	-.038	ns	-.565
H3c	SIxRBD				.084	ns	1.474	.094	†	1.703
	SIxFITxEVA							.164	**	2.981
	Adj. R-Square			.488			.485			.516
	Sig. F Change	31.987		.000	1.753		.111	10.437		.003

Notes: activation stimulus: store message; dependent variable: corporate image.

CI = corporate image; SI = store image; EVA = evaluation approach; CBD = corporate brand dominance; RBD = retail brand dominance.

† p < .10; * p < .05; ** p < .01; *** p < .001; ns = not significant.

Table D-9: Results of hierarchical regression models of Experiment 2

Source: Own creation.

highly accessible and thus serves as a diagnostic criterion for the evaluation of the corporate image. As our results show, a high fit between images is not imperative for a stronger bottom-up effect. This finding complements those of previous studies, which have only focused on top-down effects, and indicates the essential impact of fit on these effects (Berens, van Riel and van Bruggen 2005). Our results show that regardless of the starting point of the evaluation process within the brand hierarchy (e.g., at the corporate image or store image), the customer's evaluation approach is an important culture-specific characteristic that has important implications for international retail brand management.

6. General Discussion

This article examines the reciprocity between a retailer's corporate image and store image as well as the moderating effects of the evaluation approach of consumers and the degree of corporate brand dominance on the reciprocal relations between these two images. This under-researched area is important

because retailers are increasingly understanding themselves as brands that need to be differentiated from their competitors and have their images managed at different organizational levels (i.e., the corporate and store levels), with the management of both levels aiming to attract consumers. Moreover, these findings are important because leading retailers' growth is based on diversification and internationalization. These retailers should know whether the reciprocity between their corporate and store images is more beneficial in certain countries or cultures. Experiment 1 finds strong evidence for a reciprocal relationship between the two image levels and highlights the stronger valence of store image in a customer's evaluation process. Furthermore, we find that the level of reciprocity is more strongly determined by the corporate image in holistic cultures and varies depending on the perceived branding strategy. Experiment 2 validates and complements Experiment 1 by exploring the bottom-up effect of store image on corporate image. This effect varies depending on the dominance of the retail brand. These observations have both theoretical and managerial implications.

6.1. Theoretical Implications

This study contributes to the literature by considering the reciprocity of corporate image and store image. Although the accessibility-diagnosticity theory (Feldman and Lynch 1988) provides a detailed understanding of the reciprocal effects between images, past research has scarcely examined the reciprocity of cognitions (here, images on different organizational levels). Given that corporate image is an accessible piece of information in an individual's memory, consumers use this information as the starting point to draw inferences about store image if the accessibility exceeds a specified threshold (Schwarz et al. 1991). In turn, these spillover effects will affect the corporate image. This process will continue through several cycles of a feedback loop before the effect attenuates. With respect to our first research question on the reciprocity and valence of corporate and store images, the results not only demonstrate reciprocity but also show that store image appears to have a greater effect on corporate image than vice versa. The store image is a multi-sensual and highly accessible tool because of the store's function as the contact point with customers (Ailawadi and Keller 2004) through which corporate values are communicated. This finding shows how the branded anchor points of a complex

retail firm's structure are interrelated in the customers' perceptions and therefore accentuates the need for a coordinated retail brand management process in which the store image or respectively the retail brand constitutes a powerful tool for branding a corporation.

To better understand the variation in the interaction between the two images, we explored the boundary conditions for this interaction by accounting for culture-specific factors (i.e., evaluation approaches) and firm-specific factors (i.e., branding strategies). From a theoretical point of view, these two contextual factors drive the accessibility of a given image level. With respect to our second research question concerning the role of cultural factors in this reciprocal relationship, the results show that the culturally inherent style of thinking (Nisbett et al. 2001) determines the accessibility of information. Holistic thinkers perceive the fit between two image levels to have a higher impact on the top-down and bottom-up interactions of the images. Thus, we extend the literature to an international and cross-cultural context by interpreting holistic thinking (Nisbett et al. 2001) in accordance with the theory of Feldman and Lynch (1988) as a multiplier of the salience of one image to the perception of the other. Concerning our third research question, we found support for the hypothesis that a high degree of corporate brand dominance strengthens the positive moderating impact of the fit between the two images on the top-down effect. If customers evaluate a store, they rely on salient corporate information. The degree of salience is affected by the firm's monolithic branding strategy or the corporate brand dominance. The salience decreases for a lower degree of corporate brand dominance or an applied standalone strategy. Consequently, the top-down effect decreases. In contrast, the bottom-up effect is not affected by the interaction between corporate brand dominance and the fit between images. This finding implies that the bottom-up effect does not depend on congruence (i.e., a high fit of images) or incongruence (i.e., a low fit of images). In addition, we found that retail brand dominance enhances information accessibility and overcomes the diagnosticity threshold.

This study also contributes to the methodology for considering the reciprocity between hierarchical levels. To determine the causality between image levels, we chose an experimental design (Russell et al. 1998) and applied a non-recursive (bidirectional) model to show the reciprocity of images. This method-

ological approach enhances the research on reciprocal effects, especially in marketing, where prior studies have explored reciprocal effects across separate consecutive experiments without simultaneously estimating effects (Lane and Jacobson 1997) or have ignored the effects of causality and a well-defined starting point for the evaluation process (Balachander and Ghose 2003). Using our experimental design and non-recursive modeling, which have rarely been applied (Martens and Haase 2006) to this field, we show how image associations cycle through several loops across different image levels and explicitly calculate the feedback paths (Martens and Haase 2006; Wong and Law 1999).

6.2. Managerial Implications

The results of our study offer practical implications for firms seeking the internationalization and diversification of their brands by changing their branding structures such that new retail brands might be managed under the corporate name. This structure needs to be managed in terms of its level of efficiency, which can be increased by acknowledging how customers draw inferences from corporate and store images under different cultural conditions (Western vs Eastern) and different branding strategies (monolithic vs standalone).

Managers should be aware that an investment in the corporate brand affects the retail brand, which, in turn, affects the corporate brand. According to our results, the bottom-up effect is greater than the top-down effect. Thus, an investment in the store level is highly attractive. However, because growth objectives motivate firms to manage different retail brands, an investment for each retail brand becomes efficient if the budget is shifted to the corporate banner. Doing so leads to the endorsement of a corporate branding strategy in which the corporate banner endorses the retail brands.

Because retailers have aggressively internationalized in the last two decades into Western markets first and culturally distant growth markets later (Goldman 2001), retail mangers should note and benefit from customers' culturally inherent thinking styles. In countries such as China, Thailand and Malaysia, retailers can benefit from the higher spillover effects between images, irrespective of where (i.e., the corporate or store level) they invest and which branding strategy is applied. The same image objectives may be realized for a lower budget in Asia. However, managers should be aware that higher levels of

transfer effects might also lead to negative consequences if bad news is communicated.

Carrefour manages its retail brand Carrefour hypermarket based on a monolithic or endorsed strategy and benefits from higher top-down effects within the brand hierarchy. However, Carrefour also manages its retail brands as standalone brands (e.g., Champion and Shopi). Internationally, Carrefour's portfolio has grown unclear, and the group has recently decided to restructure its portfolio. Our results show that if companies manage based on a standalone approach rather than a monolithic approach, the top-down effects decrease. We conclude that if Carrefour switches to a monolithic strategy, an investment in the corporate brand will help the company to leverage its retail brands under the Carrefour umbrella. Therefore, the branding strategy should rely on common values and proposals, which are expressed in the corporate banner. However, if the retail brand's positioning differs significantly from the corporate banner, this retail brand would be better managed as a standalone brand. This benefit may be realized by Carrefour's decision to spin off its retail brand Dia, which uses a hard-discount format.

6.3. Limitations and Directions for Further Research

Our study suffers from several limitations that may be addressed by further research. The results of Experiment 1 are limited by the focus on only one diversified retailer and its two retail brands. In Experiment 2, the results are limited by the convenience of the sample population and the short learning period. Future researchers can overcome these limitations by applying a modified experimental design (e.g., a laboratory design) instead of a field experiment. We did not control for the county-specific differences of the retailer in Experiment 1. Even if the retailer has been in business for 15 years in China, the retailer's position might differ from its position in Germany. Thus, these findings should be replicated with other brands and countries. Furthermore, the moderating effects (e.g., the different aspects of fit between hierarchical image levels and psychographic variables) should be identified in the experimental design, and differentiating among several aspects of images (e.g., the perceptions of corporate social responsibility on the corporate image level) might be fruitful. Finally, some studies criticize the examination of feedback loops within a cross-sectional design (Hunter and Gerbing 1982; Wong and Law 1999) and

suggest conducting longitudinal studies in which the interaction effects can be modeled using different time points. Hence, further research might investigate reciprocal effects by combining longitudinal and experimental cross-sectional surveys.

E. Final Remarks

1. Discussion and Conclusions

1.1. Core Results

Retailing was originally a local business; therefore retailers are torn between pushing their global retail brand and adopting it locally, especially Western retailers in emerging countries. For two decades, retail companies have internationalized dynamically (Swoboda, Zentes and Elsner 2009), with the current focus on emerging countries, driven by growth opportunities in these countries, such as high growth rates, growing middle-class, weakness of emerging market firms, and maturation of retailing in developed economies (Goldman 2001). However, years after entering emerging countries and adapting marketing offers based on local learning and knowledge of the local environment, international retailers have to emphasize their competitive advantage in order to stand out against the growing competition from emerging market firms. This challenge includes the balancing act between adopting the offer locally to respond to cultural heterogeneity and taking advantage at the same time of a global brand appearance. Findings from China, as an emerging country, that liberate market access to foreign entries may be considered ground-breaking for the challenges of retail internationalization in other emerging countries that are more restrictive in their market access or hold a higher country risk (e.g., India, Brazil, and Chile).

For example, while some international retailers (e.g., Walmart, Carrefour, Starbucks, and McDonald's) entered China more than 15 years ago, others (e.g., Best Buy, Home Depot, Zara, and H&M) only followed after the new millennium. Although the motivation to enter the emerging country China was largely driven by a rising affluent consumer society with attractive spending power, for some retailers expansion into such a turbulent and unknown environment failed (e.g., Home Depot, Best Buy, and Mattel). Particularly in retailing, success is achieved by economies of scale (Dawson 1994), thus moving into high-volume markets (e.g., China or India) is an attractive option, but needs to be decided carefully because the transfer of retailers' value chains

K. Pennemann, *Retail Internationalization in Emerging Countries,* Reihe Handel und Internationales Marketing / Series Retailing and International Marketing,
DOI 10.1007/978-3-8349-4492-4_5, © Springer Fachmedien Wiesbaden 2013

always requires substantial investments. Hence, unsuccessful internationalization can lead to a financial disaster. While retailing is a customer-focused business, international retailers need to focus more on understanding their customers and customers' value concept, influenced by their culture, to decide to what extent the retail brand concept needs to be adapted locally. Although the homogenization debate (Levitt 1983) invites retailers to simply replicate their format from North America or Europe to all over the world, ignoring customers' understanding of how value is created may lead to expensive divestments. For example, in the case of the electronic retail chain Best Buy, the head office decided to close the Chinese Best Buy stores and to operate through the acquired domestic chain 'Five Star' (Blackden 2012). This option to switch from a globally operating retail brand to a previously domestic retail brand to meet customers' local needs may not be the best route to retailing success, as results of the present thesis show.

This research emerges from a lack of knowledge on (1) whether foreign retailers should position themselves as global retail brands or adapt locally, (2) the underlying value creation process of global retail brands, and (3) the principles of managing retail brands across countries. This lack of knowledge parallels the pressing managerial relevance of gaining a market share in such emerging countries. Thus, the present research responds to the following key questions:

(1) Do international retailers draw directly from global retail brand positioning to build retailer brand equity and therefore move beyond the concept of the country-of-origin image?

(2) What is the underlying value creation process that translates a retailer's perceived brand globalness and perceived brand localness into patronage behavior in emerging countries?

(3) Is there any interaction between a retailer's global corporate image and the local store images which vary in strength depending on whether the retailer runs his stores in countries with analytic thinking (e.g., Western European countries) or countries with holistic thinking (e.g., Asian countries).

The core results of the studies conducted on each of these questions are interesting and can be described as follows.

By answering the first general research objectives, a sound basis is provided to develop theoretical and managerial arguments for this position. The findings of Study 1 focus on the first research objective and identify leverage effects between PBG and retailers' country of origin in building a strong retail brand. The results support the assumption that the perceived global position of the retail brand is paramount when attracting customers by means of a strong retail brand. Here, it is important to note that PBG operates predominantly through functional values (i.e., price and quality values). Without enhancing price and quality values, retailers cannot take full advantage of the perceived global position. While Western retailers draw more on the PBG-quality link, domestic retailers draw primarily on the PBG-price link. By doing so, the foreign or domestic country of origin will not lead directly to a strong retail brand. This knowledge advances the understanding of how retailers should manage their country image to position their retail brand in the global league. Western retailers cannot rely on their foreign country image to compete against domestic competitors that have become more powerful. Domestic competitors also draw on being perceived as global brands, at least for their home country consumers. However, the strong brand equity of domestic competitors is driven more by an attractive price value than by convincing customers with a quality promise.

By answering the second general research question, Study 2 explores the success of global and local retail brand positioning options by identifying the underlying value creation process and its boundary conditions to retain loyal customers. The results show advantages for global retail brand positioning over local retail brand positioning in general and highlight differences in how PBG and PBL create value for and help to retain customers. The route to retailer's success varies according to boundary conditions that are specific to the firm and those that are specific to the consumer: With respect to the firm-specific boundary condition, retailers from Western countries draw mainly on a perceived global positioning of their retail brand that operates through functional (i.e., price and quality values) as well as psychological values (i.e., emotional and social values) equally to strengthen retail patronage. Asian competitors draw to the same extent on PBG, but evoke only functional price and quality values in the consumers' minds and thus fail to stimulate emotional and so-

cial values. Moreover, Asian retailers are not perceived as local brands and therefore fail to draw on their cultural neighborhood position and familiarity with the Chinese market. Chinese retailers are perceived as being globally and locally positioned, which appears as hybrid positioning. They stimulate customers mainly through emotional and social values and have positioned their retail brand in a niche, indicating how global and local positioning options complement one another. With respect to the consumer-specific boundary condition, consumers with a global identity are more receptive towards a perceived global brand positioning and show higher retail patronage.

By answering the third general research question, Study 3 explores whether perceived branding effects within a retailer's brand hierarchy differ across countries and to what extent these perceptions are based particularly on consumers' cultural thinking. The results show differences in the perception of a retailer's brand hierarchy between consumers with analytic thinking, who are pre-dominantly from Western developed countries, and consumers with holistic thinking, who are predominantly from Asian emerging countries. In general, the corporate and the store images within a retailer's brand hierarchy are reciprocally related, thus strengthening of the corporate image will result in a positive spillover effect towards store images, which in turn strengthen the corporate image. This process may start at the corporate or store level in relation to the point where the firm invests. The results show that store images have a greater influence on corporate image than vice versa. More importantly, the interaction between corporate and store images varies depending on consumers' evaluation approach and retailer's branding strategy. When evaluating a store image, for example, customers from Asian countries, such as China, refer more strongly to the related corporate image than their Western counterparts do. This finding advances the understanding of how international retailers should manage their retail brands across countries. In addition, when a retailer applies a corporate branding approach (e.g., the Rewe stores are branded with the corporate banner Rewe), consumers transfer information more easily from the corporate image to the store image than vice versa.

In summary, the global positioning of a retail brand and the country-of-origin effect are distinct concepts that can leverage retailer brand equity. Retailers can position their brand as being global and local, which are distinct but not

contradictory options. Which positioning a retailer should choose depends on the retailer's country of origin and on the identities of the target customers. Thus, understanding customers pays off because the value creation process of how positioning drives customer traffic to the stores differs between Western, Asian, and Chinese retailers. Over time, domestic emerging giants become more powerful and more global in the eyes of home country consumers. After retailers move into emerging countries, they have to manage the retail brands across a broad scope. An adapted retail brand management approach for Asian and Western countries pays off because consumers' cultural thinking leads to differences in how branding within a retailer's hierarchy is perceived. The unique observations in the retailing context provide a concluding note on how international retailers should manage a global branding approach, paying special attention to the context of consumers in emerging countries who have been the target of recent internationalization activities. This allows major theoretical implications as well as managerial conclusions, and furthermore forms the basis for future avenues of further research that are explored and discussed in the following.

1.2. Theoretical Implications

These findings are explored through the lens of the accessibility-diagnosticity theory (Feldman and Lynch 1988), which allows the following theoretical implications.

According to theory, the likelihood of information being used for an actual evaluation is described as a function of the accessibility of the input in memory and the diagnostic capacity of the input for the present evaluation task (Feldman and Lynch 1988). In exploring the first research objective in Study 1, it becomes obvious that consumers may not be familiar with the strategy of a firm (e.g., global, multinational, or local), but they are guided by their belief of the extent to which the brand is perceived as global or local. This general belief is 'ready-to-use' information and therefore highly accessible. However, an accessible piece of information is not necessarily diagnostic; the diagnostic capacity depends on the relevance of the information to the judgment task. The findings suggest that PBG becomes essentially diagnostic if it can enhance functional values, such as the perceived quality and price values. Moreover, retailer origin is a diagnosticity multiplier such that PBG operates directly and indirectly

through quality value for foreign retailers, whereas domestic retailers compete more successfully than foreign retailers through the PBG-price value link. The results highlight that a foreign country of origin is not a diagnostic piece of information that contributes directly to strong retailer brand equity.

Translating accessible global and local retail brand perceptions into behavior, functional and psychological values are the key underlying and diagnostic mechanism, as Study 2 exemplifies by answering the second research objective. This finding sheds light on inconsistent results, which state on the one hand the dominance of affective response on global brands (Dimofte, Johansson and Ronkainen 2008), and on the other hand, the lack of behavioral relevance of affective response (Steenkamp, Batra and Alden 2003). Moreover, mixed findings on global versus local brand preferences (Cui and Liu 2001; Schuiling and Kapferer 2004; Steenkamp, Batra and Alden 2003) can be clarified by treating retailer origin as a retailer-specific boundary condition and consumer identity as a consumer-specific boundary condition of how PBG and PBL create retail patronage. Retailer origin is understood as a diagnosticity multiplier; thus, foreign (Western and Asian) retailers benefit more from PBG than domestic retailers. PBG becomes a highly accessible and diagnostic piece of information for global identity consumers. By perceiving a brand-identity match, the PBG information appears as a relevant purchasing criterion and therefore promotes retail patronage.

By responding to the third research objective in Study 3, the accessibility-diagnosticity theory also provides a detailed understanding of how branding effects differ across countries, and in detail about reciprocal effects between images within a retailer's brand hierarchy. Although important, past research has scarcely examined such reciprocal effects. Given that corporate image is an accessible piece of information in an individual's memory, consumers use this piece of information as a starting point to draw inferences about store image if the accessibility exceeds a specified threshold (Schwarz et al. 1991). In turn, these spillover effects will affect the corporate image. This process will continue through several cycles of a feedback loop before the effect attenuates. Thereby, store image is a multi-sensual and highly accessible image (Ailawadi and Keller 2004) through which corporate values are communicated, therefore store image appears to have a greater effect on corporate image

than vice versa. Moreover, consumers' evaluation approach and the retailer's branding strategy are two contextual factors that determine the accessibility of a given image. Holistic thinkers perceive the fit (i.e., the relevance) between two image levels (i.e., corporate and store) as having a higher impact on the top-down and bottom-up interactions of the images. Thus, the literature is extended to an international and cross-cultural context by interpreting holistic thinking (Nisbett et al. 2001), in accordance with the theory of Feldman and Lynch (1988), as a multiplier of the accessibility of one image to the perception of the other. The accessibility of information is also affected by the firm's applied branding strategy (i.e., monolithic or stand-alone), which results in perceived corporate brand dominance. High corporate brand dominance (i.e., monolithic branding) provides accessibility to corporate information that may serve as a reference point to evaluate the retailer's stores.

In summary, perceived global and local positioning options of retail brands are accessible pieces of information that become diagnostic through functional and psychological values to influence customers' patronage behavior. Retailer origin and consumers' identity are boundary conditions that enhance the diagnosticity of information to drive customers' traffic into the stores. The culture-specific evaluation approach determines, for example, how accessible the corporate information is for influencing the evaluation of the respective stores. The interrelations between corporate and store images are higher in Asian emerging countries than in developed Western countries, based on the respective cultural thinking approach that is favored by consumers from these regions.

1.3. Managerial Implications

Since retail internationalization is a pressing managerial topic, a consumer-specific view will provide major managerial implications.

The leverage effect of PBG and country of origin. Consumers' tastes and habits vary across countries and cultures and imply that adapting to the new and culturally distant environment may pave the way for retailers' success. Local adaptation parallels with local learning and experience (Jonsson and Foss 2011) and refers mostly to the 'external' attributes, such as prices and assortment and less to the 'internal' attributes, such as the technology and proce-

dures (Goldman 2001). While prices and assortments are adapted locally, the retail brand and its appeal benefit from global positioning rather than from local positioning. International retailers, such as Walmart, Carrefour or Tesco, should note that their global brand appearance can be translated into brand equity, especially through quality value. The global brand appearance also enhances brand equity through price value; however, domestic retailers in emerging countries can benefit more from this link. According to the aforementioned example of Best Buy's strategy to close the groups's own branded stores in support of the domestic acquisition, it is unclear whether a foreign firm can draw on such domestic brands to become a locally adapted brand. While acquisition is a frequently chosen growth strategy (Huang and Sternquist 2007), rebranding of the domestic stores under the established retail brand is implemented successfully by other Western retailers, such as Walmart, who acquired the Taiwanese grocery chain Trust-Mart in China and rebranded the stores under the Walmart banner. Walmart can draw especially on the leverage effect of its foreign origin that helps to translate the global brand position through quality values into a strong perception of the Walmart brand.

Value creation process specific to the firm. Walmart also exemplifies how global brand positioning may undergo a locally adapted and thus customer-specific value creation process. While 'every-day-low-prices' may work in the USA, Chinese consumers perceive a high quality value besides an attractive price value. Thus, the value creation process that translates global or local positioning into patronage depends on retailer-specific and consumer-specific factors. Western retailers (in contrast to Asian retailers) have succeeded in making their PBG and PBL drive retail patronage through quality/price values and emotional/social values. Thus, Western retailers can benefit from broader opportunities, whereas Asian retailers should note that their retail brands attract consumers predominantly through an attractive quality-price relationship and they do not benefit from their cultural proximity to involve consumers emotionally. This issue is a major competitive disadvantage for Asian retailers.

The challenging competition of domestic market firms. While global retail brands convince consumers more strongly if the retailer is foreign and if the target segment is receptive to global culture, foreign retail brands are far behind domestic competitors in winning customers by being perceived as local

brands. The rise of Chinese domestic firms was announced as having governmental priority in the 12th Five-Year Plan of the Chinese Communist Party. As an example, the domestic retailer Li Ning runs a research and design center in the USA to be in the forefront of design development and represents a global but domestic brand that combines global appeal and Chinese pride. Domestic retailers should note that they attract customers by local brand appearance and – surprisingly – equally strongly by global brand appearance. This global brand appearance may become more relevant in the future perspective in emerging countries because retailers such as Little Sheep and Parkson are expanding abroad and communicating by portraying foreign celebrities or using foreign-sounding brand names (Kinra 2006; Zhou and Belk 2004). These domestic retailers attract consumers with their local and global brand appearances and therefore combine these options according to a hybrid/glocal strategy (Alden, Steenkamp and Batra 2006; Steenkamp and de Jong 2010). Even more importantly, managers of domestic retailers should note that they attract customers predominantly through emotional and social values and only to a small extent through quality and price values, thus having disadvantages in these factors, which are paramount in retail competition, especially in Western markets (Pan and Zinkhan 2006).

Managing retail brands across countries. Finally, because retailers have internationalized aggressively in the past two decades into Western markets first and then into culturally distant growth markets (Goldman 2001), retail managers should note and benefit from customers' culturally inherent styles of thinking. In countries such as China, Thailand and Malaysia, retailers can benefit from higher spillover effects between images, irrespective of where (i.e., the corporate or store level) they invest and which branding strategy is applied. The same image objectives may be realized for a smaller budget in Asian than in Western countries. An example of a retailer that has changed its branding strategy is Carrefour, which manages its retail brand Carrefour hypermarket based on a monolithic or endorsed strategy and benefits from higher top-down effects within the brand hierarchy. However, Carrefour also manages its retail brands as standalone brands (e.g., Champion and Shopi). Internationally, Carrefour's portfolio has become unclear, and the group has recently decided to restructure its portfolio. If companies apply a standalone rather than a mono-

lithic approach, the top-down effects decrease. If Carrefour were to switch to a monolithic strategy, investment in the corporate brand would help the company to leverage its retail brands under the Carrefour umbrella. Therefore, the branding strategy should rely on common values and proposals, which are expressed in the corporate banner. However, if the retail brand's positioning differs significantly from the corporate banner, this retail brand would be better managed as a standalone brand. Carrefour's decision to spin off its hard-discount retail format Dia exemplifies this issue.

The conclusions for managers can be summarized in the following points:

- A global brand image does not arise solely from being from a foreign country, however, there is a leverage effect for foreign firms to draw on a global brand image.
- Investing in 'being perceived as a global player' does not ultimately pay off in terms of brand equity and even less in patronage behavior, but indirectly it does pay by learning about consumers' value creation process.
- Convincing customers starts with understanding the consumers' value creation process, which differs between Western, Asian, and Mainland Chinese retailers.
- The competitive advantage of Western retailers over Asian retailers is not the fact itself of being a global brand; it is driven rather by the finding that Western retailers involve consumers emotionally in their brand. The competitive advantage over Chinese retailers is based on quality advantages that are derived from a global image; thus Western retailers involve customers by functional as well as psychological values.
- The challenge for Western retailers is the growing power of emerging market firms; these firms draw increasingly on being perceived as global brands.
- By managing retail brands across the borders of Asian and Western countries, managers should use their advantage by applying regional branding strategies to benefit from culture-specific perception differences.

2. Further Research

While this thesis provides theoretical and managerial implications, it also provides avenues for further research. Although limitations and further research issues are discussed at the end of each study, general fields for further research emerge with regard to the data basis, methodology, and open issues on global retail brand positioning.

First, the data basis of the present thesis should be enhanced to draw a broader scope of implications. In particular, data from other emerging countries would allow the validation, generalization, and extension of results. Data from additional countries that differ on specific economic and cultural parameters would be worthwhile to explore such parameters as potential boundary conditions. As some studies criticize the examination of reciprocal relationships based on cross-sectional data (Hunter and Gerbing 1982; Wong and Law 1999), collecting longitudinal data on which the interaction effects can be modeled seems to be worthwhile and can show feedback loops across different time points. Hence, further research should investigate reciprocal effects by combining longitudinal and experimental cross-sectional surveys to advance our knowledge on how retail managers can benefit over time from feedback loops within the brand hierarchy.

Second, there are open issues regarding the measurements and the method which need to be revised in further research. While noting firms' country of origin, further parameters specific to the firm will advance our knowledge on the management of global brands in emerging countries, depending on the year of entry, for example, the firm's strategy, the brand's market share, or the retailer's share of locally sourced products. Such variables specific to the firm should be implemented at firm level and can be enhanced by country-specific variables, such as GDP per person or cultural proximity. To assign the specific parameters to their respective entity, multilevel structural equation modeling is suggested because it is an appropriate tool for studying hierarchical data (Goldstein 2010; Hox 2010).

Third, there are open issues that will enhance our understanding of global retail brand positioning. Although the firms' internationalization strategies are explored by many researchers, from a general perspective and in the retail con-

text (e.g., Alexander and Myers 2000), our knowledge of consumer perceptions on this issue is a young field of research (Alden, Steenkamp and Batra 1999, 2003), where mixed results (Holt, Quelch and Taylor 2004; Schuiling and Kapferer 2004) paint an unclear picture about what a global brand actually means to a consumer, and especially whether there is a different understanding in consumers' minds in countries with different cultures (Dimofte, Johansson and Bagozzi 2010; Steenkamp and de Jong 2010). Although Dimofte, Johansson and Ronkainen (2008) explored a measurement tool for global brands in several qualitative and quantitative studies, the authors do not state clearly whether these dimensions belong to the core definition of a global brand or to the underlying mechanism that translates PBG into behavior (Holt, Quelch and Taylor 2004; Steenkamp, Batra and Alden 2003). Further research should explore how consumers across countries (e.g., developed and developing countries) define a global brand and – even more important – how they define a local and a hybrid brand. Local and hybrid brands, especially, are an underexplored field in our research domain, but are claiming growing relevance as the example of acquisition of the domestic market firm by Best Buy shows. Other Western firms that compete in China with actual domestic brands are Beiersdorf with Slek, Feng Yin, Shunshuang, Meitao and L'Oréal with Mini-Nurse and Yue Sai. How these 'chameleon brands' are perceived and whether they are a competitive tool against emerging giants is a fruitful research field with a strong managerial relevance.

A further point that advances our knowledge on global retail brand positioning should be addressed in a comparison between the actual internationalization strategy (e.g., global, multinational) and the perceived global and local positioning. To explore how firms can handle the perceived positioning, it is important to identify the relevant antecedents. This may cover a broad range of communication activities and corporate culture issues. As some international brands, such as Nike, experienced painfully, the 2004 international advertising campaign (introduced in the USA, Hong Kong, and Singapore simultaneously) caused Chinese sentiments to run high by showing an American NBA player fighting against Chinese celebrities and legends. The advertising campaign was banned nationally and is remembered as an example of how brand equity can be largely destroyed in the attempt to provide global symbols. Further re-

search should, therefore, identify how firms can position their brands as global brands in consumers' minds. Such antecedents may differ greatly across countries and cultures (Steenkamp and de Jong 2010).

F. References

A.T. Kearney (2009), "Windows of Hope for Global Retailers: The 2009 A.T. Kearney Global Retail Development Index," (accessed April 4, 2012), [available at http://www.atkearney.de/content/veroeffentlichungen/whitepaper-_detail.php/id/50707/practice/retail].

——— (2011), "Retail Global Expansion: A Portfolio of Opportunities: The 2011 A.T. Kearney Global Retail Development Index," (accessed April 4, 2012), [available at http://www.atkearney.de/content/veroeffentlichungen/-whitepaper_detail.php/id/51380/practice/retail].

Aaker, David A. and Erich Joachimsthaler (1999), "The Lure of Global Branding," *Harvard Business Review*, 77 (November-December), 137–144.

Aaker, Jennifer L. (2000), "Accessibility or diagnosticity? Disentangling the influence of culture on persuasion processes and attitudes," *Journal of Consumer Research*, 26 (4), 340–357.

Ahluwalia, Rohini and Zeynep Gürhan-Canli (2000), "The effects of extensions on the family brand name: An accessibility-diagnosticity perspective," *Journal of Consumer Research*, 27 (3), 371–381.

Ailawadi, Kusum L. and Kevin L. Keller (2004), "Understanding retail branding: conceptual insights and research priorities," *Journal of Retailing*, 80 (4), 331–342.

Alden, Dana L., Jan-Benedict E. M. Steenkamp and Rajeev Batra (1999), "Brand positioning through advertising in Asia, North America, and Europe: the role of global consumer culture," *The Journal of Marketing*, 63 (1), 75–87.

——— (2006), "Consumer attitudes toward marketplace globalization: Structure, antecedents and consequences," *International Journal of Research in Marketing*, 23 (3), 227–239.

Alexander, Nicholas (1990), "Retailers and international markets: motives for expansion," *International Marketing Review*, 7 (4), 75–85.

K. Pennemann, *Retail Internationalization in Emerging Countries,* Reihe Handel und Internationales Marketing / Series Retailing and International Marketing,
DOI 10.1007/978-3-8349-4492-4, © Springer Fachmedien Wiesbaden 2013

Alexander, Nicholas and Hayley Myers (2000), "The retail internationalisation process," *International Marketing Review*, 17 (4/5), 334–353.

Alexander, Nicholas, Anne M. Doherty, Jason M. Carpenter and Marguerite Moore (2010), "Consumer receptiveness to international retail market entry," *International Journal of Retail & Distribution Management*, 38 (3), 160–172.

Alexander, Nicholas, Mark Rhodes and Hayley Myers (2007), "International market selection: measuring actions instead of intentions," *Journal of Services marketing*, 21 (6), 424–434.

Alker, Hayward R. (1969), "A typology of ecological fallacies," in *Quantitative ecological analysis in the social sciences*, Mattei Dogan and Stein Rokkan, eds. Cambridge: M.I.T. press, 69–86.

Amine, Lyn S., Mike C. H. Chao and Mark J. Arnold (2005), "Exploring the practical effects of country of origin, animosity, and price-quality issues: Two case studies of Taiwan and Acer in China," *Journal of International Marketing*, 13 (2), 114–150.

Anderson, James C. and David W. Gerbing (1988), "Structural equation modeling in practice: A review and recommended two-step approach," *Psychological Bulletin*, 103 (3), 411–423.

Arnett, Dennis B., Debra A. Laverie and Amanda Meiers (2003), "Developing parsimonious retailer equity indexes using partial least squares analysis: a method and applications," *Journal of Retailing*, 79 (3), 161–170.

Arnett, Jeffrey J. (2002), "The psychology of globalization," *American Psychologist*, 57 (10), 774–783.

Asparouhov, Tihomir (2005), "Sampling weights in latent variable modeling," *Structural Equation Modeling: A Multidisciplinary Journal*, 12 (3), 411–434.

Babin, Barry J., William R. Darden and Mitch Griffin (1994), "Work and/or fun: measuring hedonic and utilitarian shopping value," *Journal of Consumer Research*, 20 (4), 644–656.

Bagozzi, Richard P. and Jeffrey R. Edwards (1998), "A general approach for representing constructs in organizational research," *Organizational Research Methods*, 1 (1), 45–87.

Bagozzi, Richard P. and Todd F. Heatherton (1994), "A general approach to representing multifaceted personality constructs: Application to state self-esteem," *Structural Equation Modeling: A Multidisciplinary Journal*, 1 (1), 35–67.

Bagozzi, Richard P. and Youjae Yi (1988), "On the evaluation of structural equation models," *Journal of the Academy of Marketing Science*, 16 (1), 74–94.

Balabanis, George and Adamantios Diamantopoulos (2004), "Domestic country bias, country-of-origin effects, and consumer ethnocentrism: a multidimensional unfolding approach," *Journal of the Academy of Marketing Science*, 32 (1), 80–95.

——— (2008), "Brand origin identification by consumers: A classification perspective," *Journal of International Marketing*, 16 (1), 39–71.

Balabanis, George, Adamantios Diamantopoulos, Rene D. Mueller and T. C. Melewar (2001), "The impact of nationalism, patriotism and internationalism on consumer ethnocentric tendencies," *Journal of International Business Studies*, 32 (1), 157–175.

Balachander, Subramanian and Sanjoy Ghose (2003), "Reciprocal spillover effects: a strategic benefit of brand extensions," *The Journal of Marketing*, 67 (1), 4–13.

Baldauf, Artur, Karen S. Cravens, Adamantios Diamantopoulos and Katharina P. Zeugner-Roth (2009), "The Impact of Product-Country Image and Marketing Efforts on Retailer-Perceived Brand Equity: An Empirical Analysis," *Journal of Retailing*, 85 (4), 437–452.

Bandalos, Deborah L. (2002), "The effects of item parceling on goodness-of-fit and parameter estimate bias in structural equation modeling," *Structural Equation Modeling: A Multidisciplinary Journal*, 9 (1), 78–102.

Bandalos, Deborah L. and Sara J. Finney (2001), "Item parceling issues in structural equation modeling," in *New developments and Techniques in Structural Equation Modeling*, George A. Marcoulides and Randall E. Schumacker, eds. Mahwah, NJ: Lawrence Erlbaum Associates, Inc, 269–296.

Baron, Reuben M. and David A. Kenny (1986), "The moderator-mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations," *Journal of Personality and Social Psychology*, 51 (6), 1173–1182.

Bartlett, Christopher and Sumantra Ghoshal (1989), *Managing across borders: The transnational solution.* Boston: Harvard Business School Press.

Batra, Rajeev and Indrajit Sinha (2000), "Consumer-level factors moderating the success of private label brands," *Journal of Retailing*, 76 (2), 175–191.

Batra, Rajeev, Venkatram Ramaswamy, Dana L. Alden, Jan-Benedict E. M. Steenkamp and S. Ramachander (2000), "Effects of brand local and non-local origin on consumer attitudes in developing countries," *Journal of Consumer Psychology*, 9 (2), 83–95.

Beatty, Sharon E. and Salil Talpade (1994), "Adolescent influence in family decision making: a replication with extension," *Journal of Consumer Research*, 21 (2), 332–341.

Bello, David C. and Morris B. Holbrook (1995), "Does an absence of brand equity generalize across product classes?," *Journal of Business Research*, 34 (2), 125–131.

Bentler, Peter M. (1990), "Comparative fit indexes in structural models," *Psychological Bulletin*, 107 (2), 238–246.

Bentler, Peter M. and Edward H. Freeman (1983), "Tests for stability in linear structural equation systems," *Psychometrika*, 48 (1), 143–145.

Berens, Guido, Cees B. M. van Riel and Gerrit H. van Bruggen (2005), "Corporate associations and consumer product responses: The moderating role of corporate brand dominance," *The Journal of Marketing*, 69 (3), 35–18.

Berry, William D. (1984), *Nonrecursive causal models.* Beverly Hills, CA: Sage.

Bhat, Sobodh and Srinivas K. Reddy (2001), "The impact of parent brand attribute associations and affect on brand extension evaluation," *Journal of Business Research*, 53 (3), 111–122.

Bianchi, Constanza C. and Enrique Ostale (2006), "Lessons learned from unsuccessful internationalization attempts: Examples of multinational retailers in Chile," *Journal of Business Research*, 59 (1), 140–147.

Bilkey, Warren J. and Erik Nes (1982), "Country-of-origin effects on product evaluations," *Journal of International Business Studies*, 13 (1), 89–99.

Blackden, Richard (2012), "Best Buy to close Chines stores," (accessed April 22, 2012), [available at http://www.telegraph.co.uk/finance/china-business/8341243/Best-Buy-to-close-Chinese-stores.html].

Bollen, Kenneth A. (1989), *Structural Equations with Latent Variables.* New York, Chichester, Brisbane, Toronto, Singapore: John Wiley & Sons.

Bonaglia, Federico, Andrea Goldstein and John A. Mathews (2007), "Accelerated internationalization by emerging markets' multinationals: The case of the white goods sector," *Journal of World Business*, 42 (4), 369–383.

Brewer, Marilynn B. (1991), "The Social Self: On Being the Same and Different at the Same Time," *Personality and Social Psychology Bulletin*, 17 (5), 475–482.

Browne, Michael W. and Robert Cudeck (1989), "Single sample cross-validation indices for covariance structures," *Multivariate Behavioral Research*, 24 (4), 445–455.

Burt, Steve L. and Alexis Mavrommatis (2006), "The international transfer of store brand image," *International Review of Retail, Distribution & Consumer Research*, 16 (4), 395–413.

Burt, Steve L. and Jose Carralero-Encinas (2000), "The role of store image in retail internationalisation," *International Marketing Review*, 17 (4/5), 433–453.

Burt, Steve L. and Keri Davies (2010), "From the retail brand to the retail-er as a brand: themes and issues in retail branding research," *International Journal of Retail & Distribution Management*, 38 (11/12), 865–878.

Burt, Steve L. and Leigh Sparks (2002), "Corporate Branding, Retailing, and Retail Internationalization," *Corporate Reputation Review*, 5 (2/3), 194–212.

Burt, Steve L., Ulf Johansson and Åsa Thelander (2011), "Standardized marketing strategies in retailing? IKEA's marketing strategies in Sweden, the UK and China," *Journal of Retailing and Consumer Services*, 18 (3), 183–193.

Buzzell, Robert D. (1968), "Can you standardize multinational marketing?," *Harvard Business Review*, 46 (November-December), 102–113.

Cattell, Raymond B. (1956), "Validation and intensification of the sixteen personality factor questionnaire," *Journal of Clinical Psychology*, 12 (3), 205–214.

Chaney, Isabella and Jos Gamble (2008), "Retail store ownership influences on Chinese consumers," *International Business Review*, 17 (2), 170–183.

Chebat, Jean-Charles, Joseph M. Sirgy and Valerie St-James (2006), "Upscale image transfer from malls to stores: A self-image congruence explanation," *Journal of Business Research*, 59 (12), 1288–1296.

Cheung, Gordon W. and Irene H. S. Chow (1999), "Subcultures in Greater China: A comparison of managerial values in the People's Republic of China, Hong Kong, and Taiwan," *Asia Pacific Journal of Management*, 16 (3), 369–387.

Cheung, Gordon W. and Roger B. Rensvold (2002), "Evaluating goodness-of-fit indexes for testing measurement invariance," *Structural Equation Modeling: A Multidisciplinary Journal*, 9 (2), 233–255.

Choi, Incheol, Minkung Koo and Jong an Choi (2007), "Individual differences in analytic versus holistic thinking," *Personality and Social Psychology Bulletin*, 33 (5), 691–705.

Churchill, Gilbert A. (1979), “A paradigm for developing better measures of marketing constructs,” *Journal of Marketing Research*, 16 (1), 64–73.

Cleveland, Mark, Michel Laroche and Nicolas Papadopoulos (2009), “Cosmopolitanism, consumer ethnocentrism, and materialism: an eight-country study of antecedents and outcomes,” *Journal of International Marketing*, 17 (1), 116–146.

Cohen, Jacob (1988), *Statistical power analysis for the behavioral science.* Hillsdale, NJ: Erlbaum.

Corstjens, Marcel and Rajiv Lal (2000), “Building store loyalty through store brands,” *Journal of Marketing Research*, 37 (3), 281–291.

Cui, Geng and Qiming Liu (2001), “Emerging market segments in a transitional economy: a study of urban consumers in China,” *Journal of International Marketing*, 9 (1), 84–106.

Dawson, John A. (1994), “Internationalization of retailing operations,” *Journal of Marketing Management*, 10 (4), 267–282.

Deloitte (2011), “China Powers of Retailing 2011,” (accessed April 3, 2012), [available at https://www.deloitte.com/assets/Dcom-Global/Local%20Assets-/Documents/Consumer%20Business/dtt_China_powers_retailing_2011-_english_nov%202011.pdf].

Deloitte and Planet Retail (2010), “Hidden heroes: Emerging retail markets beyond China,” (accessed April 20, 2012), [available at http://-www.deloitte.com/assets/Dcom-Lebanon/Local%20Assets/Documents/-Industries/Consumer%20Business/dtt_cb_hiddenheroes0410.pdf].

Denstadli, Jon M., Rune Lines and Kjell Grønhaug (2005), “First mover advantages in the discount grocery industry,” *European Journal of Marketing*, 39 (7/8), 872–884.

Devlin, James (2003), “Brand architecture in services: The example of retail financial services,” *Journal of Marketing Management*, 19 (9/10), 1043–1065.

Dickson, Peter R. and Alan G. Sawyer (1990), “The price knowledge and search of supermarket shoppers,” *The Journal of Marketing*, 54 (3), 42–53.

Dimofte, Claudiu V., Johny K. Johansson and Ilkka A. Ronkainen (2008), “Cognitive and Affective Reactions of U.S. Consumers to Global Brands,” *Journal of International Marketing*, 16 (4), 113–135.

Dimofte, Claudiu V., Johny K. Johansson and Richard P. Bagozzi (2010), “Global Brands in the United States: How Consumer Ethnicity Mediates the Global Brand Effect,” *Journal of International Marketing*, 18 (3), 81–106.

Doherty, Anne M. (2000), “Factors influencing international retailers' market entry mode strategy: qualitative evidence from the UK fashion sector,” *Journal of Marketing Management*, 16 (1-3), 223–245.

Eren-Erdogmus, Irem, Emine Cobanoglu, Muge Yalcin and Pervez N. Ghauri (2010), “Internationalization of emerging market firms: the case of Turkish retailers,” *International Marketing Review*, 27 (3), 316–337.

Evans, Jody and Felix T. Mavondo (2002), “Psychic distance and organizational performance: an empirical examination of international retailing operations,” *Journal of International Business Studies*, 33 (3), 515–532.

Evans, Jody and Kerrie Bridson (2005), “Explaining retail offer adaptation through psychic distance,” *International Journal of Retail & Distribution Management*, 33 (1), 69–78.

Evans, Jody, Felix T. Mavondo and Kerrie Bridson (2008), “Psychic distance: antecedents, retail strategy implications, and performance outcomes,” *Journal of International Marketing*, 16 (2), 32–63.

Feldman, Jack M. and John G. Lynch (1988), “Self-generated validity and other effects of measurement on belief, attitude, intention, and behavior,” *Journal of Applied Psychology*, 73 (3), 421–435.

Festinger, Leon (1957), *A theory of cognitive dissonance.* Stanford, California: Stanford University Press.

Fornell, Claes and David F. Larcker (1981), “Evaluating structural equation models with unobservable variables and measurement error,” *Journal of Marketing Research*, 18 (1), 39–50.

Friestad, Marian and Esther Thorson (1993), “Remembering ads: The effects of encoding strategies, retrieval cues, and emotional response,” *Journal of Consumer Psychology*, 2 (1), 1–23.

Ger, Güliz (1999), “Localizing in the global village: local firms competing in global markets,” *California Management Review*, 41 (4), 64–83.

Gielens, Katrijn and Marnik G. Dekimpe (2001), “Do international entry decisions of retail chains matter in the long run?,” *International Journal of Research in Marketing*, 18 (3), 235–259.

——— (2007), “The entry strategy of retail firms into transition economies,” *The Journal of Marketing*, 71 (2), 196–212.

Gierl, Heribert and Verena Huettl (2011), “A closer look at similarity: The effects of perceived similarity and conjunctive cues on brand extension evaluation,” *International Journal of Research in Marketing*, 28 (2), 120–133.

Godley, Andrew and Scott Fletcher (2000), “Foreign entry into British retailing, 1850-1994,” *International Marketing Review*, 17 (4/5), 392–400.

Goldman, Arieh (1981), “Transfer of a retailing technology into the less developed countries: the supermarket case,” *Journal of Retailing*, 57 (2), 5–29.

——— (2001), “The transfer of retail formats into developing economies: the example of China,” *Journal of Retailing*, 77 (2), 221–242.

Goldstein, Harvey (2010), *Multilevel statistical models*. Chichester: John Wiley & Sons.

Grewal, Dhruv and Michael Levy (2007), “Retailing research: Past, present, and future,” *Journal of Retailing*, 83 (4), 447–464.

——— (2009), “Emerging Issues in Retailing Research,” *Journal of Retailing*, 85 (4), 522–526.

Grewal, Dhruv, Michael Levy and Donald R. Lehmann (2004), “Retail Branding and Customer Loyalty: an overview,” *Journal of Retailing*, 80 (4), ix.

Grewal, Dhruv, R. Krishnan, Julie Baker and Norm Borin (1998), “The Effects of Store Name, Brand Name and Price Discounts on Consumers' Evaluations and Purchase Intentions,” *Journal of Retailing*, 74 (3), 331–352.

Gürhan-Canli, Zeynep and Durairaj Maheswaran (2000), “Cultural variations in country of origin effects,” *Journal of Marketing Research*, 37 (3), 309–317.

Guzmán, Francisco and Audesh K. Paswan (2009), “Cultural brands from emerging markets: Brand image across host and home countries,” *Journal of International Marketing*, 17 (3), 71–86.

Hair, Joseph F., William Black, Barry J. Babin and Rolph E. Anderson (2010), *Multivariate Data Analysis A Global Perspective*, Vol. 7. Upper Saddle River: Prentice-Hall.

Han, C. M. (1989), “Country image: halo or summary construct?,” *Journal of Marketing Research*, 26 (2), 222–229.

Hartman, Katherine B. and Rosann L. Spiro (2005), “Recapturing store image in customer-based store equity: a construct conceptualization. Special Section: Retailing Research,” *Journal of Business Research*, 58 (8), 1112–1120.

Hastie, Reid and Purohit A. Kumar (1979), “Person memory: Personality traits as organizing principles in memory for behaviors,” *Journal of Personality and Social Psychology*, 37 (1), 25–38.

Helgesen, Oyvind, Jon Ivar Havold and Erik Nesset (2010), “Impacts of store and chain images on the ‘quality-satisfaction-loyalty process’ in petrol retailing,” *Journal of Retailing and Consumer Services*, 17 (2), 109–118.

Hirschman, Elizabeth C. (1984), “Experience seeking: a subjectivist perspective of consumption,” *Journal of Business Research*, 12 (1), 115–136.

Holt, Douglas B. (2002), “Why do brands cause trouble? A dialectical theory of consumer culture and branding,” *Journal of Consumer Research*, 29 (1), 70–90.

Holt, Douglas, John A. Quelch and Earl L. Taylor (2004), “How global brands compete,” *Harvard Business Review*, 82 (9), 68-75, 136.

Hox, Joop J. (2010), *Multilevel analysis: Techniques and applications.* New York: Taylor & Francis.

Hu, Haiyan and Cynthia R. Jasper (2007), “A cross-cultural examination of the effects of social perception styles on store image formation,” *Journal of Business Research*, 60 (3), 222–230.

Hu, Li-tze and Peter M. Bentler (1999), “Cutoff criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives,” *Structural Equation Modeling: A Multidisciplinary Journal*, 6 (1), 1–55.

Huang, Ying and Brenda Sternquist (2007), “Retailers' foreign market entry decisions: An institutional perspective,” *International Business Review*, 16 (5), 613–629.

Hult, G. T. M, David J. Ketchen, David A. Griffith, Brian R. Chabowski, Mary K. Hamman, Bernadine J. Dykes, Wesley A. Pollitte and S. T. Cavusgil (2008), “An assessment of the measurement of performance in international business research,” *Journal of International Business Studies*, 39 (6), 1064–1080.

Hunter, John E. and David W. Gerbing (1982), “Unidimensional measurement, second order factor analysis, and causal models,” in *Research in Organizational Behavior*, Barry M. Staw and Larry L. Cummings, eds. Greenwich, CT: JAI Press, Vol. 4, 267–299.

IGD (2011), “BRIC countries in top five global grocery markets by 2015 - China up to €1 trillion,” (accessed April 4, 2012), [available at http://www.igd.com/index.asp?id=1&fid=6&sid=25&tid=90&cid=1956].

Interbrand (2011), “Best Global Brands 2011,” (accessed April 4, 2012), [available at http://issuu.com/interbrand/docs/bestglobalbrands2011-interbrand-?viewMode=presentation&mode=embed].

Jain, Subhash C. (1989), “Standardization of international marketing strategy: some research hypotheses,” *The Journal of Marketing*, 53 (1), 70–79.

Javalgi, Rajshekhar G. R., Bob D. Cutler and William A. Winans (2001), “At your service! Does country of origin research apply to services?,” *Journal of Services marketing*, 15 (7), 565–582.

Johansson, Johny K. and Ilkka A. Ronkainen (2005), “The esteem of global brands,” *Journal of Brand Management*, 12 (5), 339–354.

Johansson, Johny K., Susan P. Douglas and Ikujiro Nonaka (1985), “Assessing the impact of country of origin on product evaluations: a new methodological perspective,” *Journal of Marketing Research*, 22 (4), 388–396.

Jonsson, Anna and Nicolai J. Foss (2011), “International expansion through flexible replication: Learning from the internationalization experience of IKEA,” *Journal of International Business Studies*, 42 (9), 1079–1102.

Judge, Timothy A., Brent A. Scott and Remus Ilies (2006), “Hostility, job attitudes, and workplace deviance: Test of a multilevel model,” *Journal of Applied Psychology*, 91 (1), 126–138.

Kacker, M. (1988), *Transatlantic Trends in Retailing: Takeovers and flow of know-how.* Westport, Conn.: Quorum Books.

Kapoor, Harish and Louise A. Heslop (2009), “Brand positivity and competitive effects on the evaluation of brand extensions,” *International Journal of Research in Marketing*, 26 (3), 228–237.

Keller, Kevin L. (1993), “Conceptualizing, measuring, and managing customer-based brand equity,” *The Journal of Marketing*, 57 (1), 1–22.

Keller, Kevin L. and Donald R. Lehmann (2006), “Brands and Branding: Research Findings and Future Priorities,” *Marketing Science*, 25 (6), 740–759.

Kinra, Neelam (2006), “The effect of country-of-origin on foreign brand names in the Indian market,” *Marketing Intelligence & Planning*, 24 (1), 15–30.

Kishton, Joseph M. and Keith F. Widaman (1994), “Unidimensional versus domain representative parceling of questionnaire items: An empirical example,” *Educational and Psychological Measurement*, 54 (3), 757–765.

Klein, Jill G., Richard Ettenson and Marlene D. Morris (1998), “The animosity model of foreign product purchase: an empirical test in the People's Republic of China,” *The Journal of Marketing*, 62 (1), 89–100.

KPMG (2011), “China's 12th Five-Year Plan: Consumer Markets,” (accessed April 4, 2012), [available at http://www.kpmg.com/cn/en/issuesandinsights/-articlespublications/documents/china-12th-five-year-plan-consumer-markets-201104.pdf].

Kühnen, Ulrich, Bettina Hannover and Benjamin Schubert (2001), “The semantic–procedural interface model of the self: The role of self-knowledge for context-dependent versus context-independent modes of thinking,” *Journal of Personality and Social Psychology*, 80 (3), 397–409.

Kumar, Nirmalya (2009), “How emerging giants are rewriting the rules of M&A,” *Harvard Business Review*, 87 (5), 115–121.

Kwon, Wi-Suk and Sharron J. Lennon (2009), “Reciprocal effects between multichannel retailers' offline and online brand images. Consumer Behavior and Retailing,” *Journal of Retailing*, 85 (3), 376–390.

Lane, Vicki and Robert Jacobson (1997), “The reciprocal impact of brand leveraging: Feedback effects from brand extension evaluation to brand evaluation,” *Marketing Letters*, 8 (3), 261-271.

Lazarsfeld, Paul and Herbert Menzel (1961), “On the relation between individual and collective properties,” in *Complex Organizations*, Amitai Etzioni, ed. New York: Holt, Rinehart & Winston, 422–440.

Lei, Jing, Ko de Ruyter and Martin Wetzels (2008), “Consumer responses to vertical service line extensions,” *Journal of Retailing*, 84 (3), 268–280.

Levitt, Theodore (1983), “The globalization of markets,” *Harvard Business Review*, 61 (3), 92–102.

Liao, Hui and Aichia Chuang (2004), “A multilevel investigation of factors influencing employee service performance and customer outcomes,” *The Academy of Management Journal*, 47 (1), 41–58.

Lim, Kenny and Aron O'Cass (2001), "Consumer brand classifications: an assessment of culture-of-origin versus country-of-origin," *Journal of Product & Brand Management*, 10 (2), 120–136.

Lindquist, Jay D. (1974/75), "Meaning of Image," *Journal of Retailing*, 50 (4), 29–39.

Luke, Douglas A. (2005), *Multilevel modeling. Quantitative applications in social science*. Thousand Oaks: Sage Publ.

Lynch, John G, Howard Marmorstein and Michael F. Weigold (1988), "Choices from sets including remembered brands: Use of recalled attributes and prior overall evaluations," *Journal of Consumer Research*, 15 (2), 169–184.

MacCallum, Robert C., Keith F. Widaman, Shaobo Zhang and Sehee Hong (1999), "Sample size in factor analysis," *Psychological Methods*, 4 (1), 84.

Marquardt, Donald W. (1980), "You should standardize the predictor variables in your regression models," *Journal of the American Statistical Association*, 75 (1369), 87–91.

Marsh, Herbert W., Kit-Tai Hau, John R. Balla and David Grayson (1998), "Is more ever too much? The number of indicators per factor in confirmatory factor analysis," *Multivariate Behavioral Research*, 33 (2), 181–220.

Martens, Matthew P. and Richard F. Haase (2006), "Advanced applications of structural equation modeling in counseling psychology research," *The Counseling Psychologist*, 34 (6), 878–911.

Martenson, Rita (2007), "Corporate brand image, satisfaction and store loyalty: A study of the store as a brand, store brands and manufacturer brands," *International Journal of Retail & Distribution Management*, 35 (7), 544–555.

Martineau, Pierre (1958), "The Personality of the Retail Store," *Harvard Business Review*, 36 (1), 47–55.

Mazursky, David and Jacob Jacoby (1986), "Exploring the Development of Store Images," *Journal of Retailing*, 62 (2), 145–165.

McCracken, Grant (1986), “Culture and consumption: A theoretical account of the structure and movement of the cultural meaning of consumer goods,” *Journal of Consumer Research*, 13 (1), 71–84.

McGoldrick, Peter J. and Sandy S. Ho (1992), “International positioning: Japanese department stores in Hong Kong,” *European Journal of Marketing*, 26 (8/9), 61–73.

Menon, Geeta and Priya Raghubir (2003), “Ease-of-retrieval as an automatic input in judgments: A mere-accessibility framework?,” *Journal of Consumer Research*, 30 (2), 230–243.

Metro Group (2012), “Geschäftsbericht,” (accessed April 12, 2012), [available at http://www.metrogroup.de/internet/site/annual2011/node/260200/Lde/-index. html].

Michael, William B. and Patricia Bachelor (1988), “A comparison of the orthogonal and the oblique factor structures of correlation matrixes of individual items and of composites of items (subtests) derived from a standardized affective measure,” *Educational and Psychological Measurement*, 48 (1), 93–103.

Michelli, Joseph A. (2007), *The Starbucks experience: 5 principles for turning ordinary into extraordinary.* New York: McGraw-Hill Professional.

Miller, David F. (2011), “Retail Market Entry Strategy in China,” (accessed April 4, 2012), [available at http://www.slideshare.net/IRETChina/retail-market-entry-strategy-in-china].

Millward Brown Optimor (2012), “BrandZ Rankings Top 50 Chinese Brands,” (accessed April 4, 2012), [available at http://www.millwardbrown.com-/BrandZ/BrandZ_Top50_Chinese_Brands.aspx].

Miyamoto, Yuri, Richard E. Nisbett and Takahiko Masuda (2006), “Culture and the physical environment: Holistic versus analytic perceptual affordances,” *Psychological Science*, 17 (2), 113–119.

Monga, Alokparna B. and Deborah Roedder John (2007), “Cultural differences in brand extension evaluation: The influence of analytic versus holistic thinking,” *Journal of Consumer Research*, 33 (4), 529–536.

Mooij, Marieke de and Geert Hofstede (2002), “Convergence and divergence in consumer behavior: implications for international retailing,” *Journal of Retailing*, 78 (1), 61–69.

Morrin, Maureen (1999), “The impact of brand extensions on parent brand memory structures and retrieval processes,” *Journal of Marketing Research*, 36 (4), 517–525.

Morris, Jon D., Chongmoo Woo, James A. Geason and Jooyoung Kim (2002), “The power of affect: Predicting intention,” *Journal of Advertising Research*, 42 (3), 7–17.

Mulhern, Francis J. (1997), “Retail marketing: from distribution to integration,” *International Journal of Research in Marketing*, 14 (2), 103–124.

Nasser, Fadia and Tomone Takahashi (2003), “The effect of using item parcels on ad hoc goodness-of-fit indexes in confirmatory factor analysis: An example using Sarason's Reactions to Tests,” *Applied Measurement in Education*, 16 (1), 75–97.

Newman, Andrew J. and Darshika Patel (2004), “The marketing directions of two fashion retailers,” *European Journal of Marketing*, 38 (7), 770–789.

Nisbett, Richard E., Kaiping Peng, Incheol Choi and Ara Norenzayan (2001), “Culture and systems of thought: Holistic versus analytic cognition,” *Psychological Review*, 108 (2), 291–310.

Nunnally, Jum C. (1978), *Psychometric theory.* New York: McGraw-Hill.

Obermiller, Carl and Eric Spangenberg (1989), “Exploring the effects of country of origin labels: an information processing framework,” *Advances in Consumer Research*, 16 (1), 454–459.

Ofir, Chezy and Donald R. Lehmann (1986), “Measuring images of foreign products,” *Columbia Journal of World Business*, 21 (2), 105–108.

Olins, Wally (1989), *Corporate identity*. *Making business strategy visible through design.* London: Thames and Hudson.

Olson, Jerry C. and Jacob Jacoby (1972), "Cue utilization in the Quality Process," *Proceedings of the Third Annual Conference of the Association for Consumer Research*, 167–179.

Özsomer, Ayşegül and Selin Altaras (2008), "Global brand purchase likelihood: a critical synthesis and an integrated conceptual framework," *Journal of International Marketing*, 16 (4), 1–28.

Pan, Yue and George M. Zinkhan (2006), "Determinants of retail patronage: A meta-analytical perspective," *Journal of Retailing*, 82 (3), 229–243.

Pappu, Ravi and Pascale Quester (2006), "A consumer-based method for retailer equity measurement: Results of an empirical study," *Journal of Retailing and Consumer Services*, 13 (5), 317–329.

Parasuraman, A., Valarie A. Zeithaml and Leonard L. Berry (1985), "A conceptual model of service quality and its implications for future research," *The Journal of Marketing*, 49 (4), 41–50.

Park, C. W., Sandra J. Milberg and Robert Lawson (1991), "Evaluation of brand extensions: the role of product feature similarity and brand concept consistency," *Journal of Consumer Research*, 18 (2), 185–193.

Perkins, Ben (2001), "The European retail grocery market overview," *British Food Journal*, 103 (10), 744–748.

Podsakoff, Philip M., Scott B. MacKenzie, Jeong-Yeon Lee and Nathan P. Podsakoff (2003), "Common method biases in behavioral research: a critical review of the literature and recommended remedies," *Journal of Applied Psychology*, 88 (5), 879–903.

Prahalad, C. K. and Yves L. Doz (1987), *The multinational mission: Balancing local demands and global vision.* New York: The Free Press.

Rao, Vithala R., Manoj K. Agarwal and Denise Dahlhoff (2004), "How is manifest branding strategy related to the intangible value of a corporation?," *The Journal of Marketing*, 68 (4), 126–141.

Raudenbush, Stephen W. and Anthony S. Bryk (2002), *Hierarchical linear models: Applications and data analysis methods*.Thousand Oaks, CA: Sage Publications, Inc.

Roth, Katharina P. and Adamantios Diamantopoulos (2009), “Advancing the country image construct,” *Journal of Business Research*, 62 (7), 726–740.

Russell, Daniel W., Jeffery H. Kahn, Richard Spoth and Elizabeth M. Altmaier (1998), “Analyzing data from experimental studies: A latent variable structural equation modeling approach,” *Journal of Counseling Psychology*, 45 (1), 18–29.

Rust, Ronald T., Katherine N. Lemon and Valerie A. Zeithaml (2004), “Return on marketing: Using customer equity to focus marketing strategy,” *The Journal of Marketing*, 68 (1), 109–127.

Ruyter, Ko de, Marcel van Birgelen and Martin Wetzels (1998), “Consumer ethnocentrism in international services marketing,” *International Business Review*, 7 (2), 185–202.

Samiee, Saeed, Terence A. Shimp and Subhash Sharma (2005), “Brand origin recognition accuracy: its antecedents and consumers' cognitive limitations,” *Journal of International Business Studies*, 36 (4), 379–397.

Satorra, Albert and Peter M. Bentler (2010), “Ensuring positiveness of the scaled difference chi-square test statistic,” *Psychometrika*, 75 (2), 243–248.

Sayman, Serdar, Stephen J. Hoch and Jagmohan S. Raju (2002), “Positioning of store brands,” *Marketing Science*, 21 (4), 378–397.

Schuiling, Isabelle and Jean-Noël Kapferer (2004), “Real Differences between Local and International Brands: Strategic Implications for International Marketers,” *Journal of International Marketing*, 12 (4), 97–112.

Schwarz, Norbert, Herbert Bless, Fritz Strack, Gisela Klumpp, Helga Rittenauer-Schatka and Annette Simons (1991), “Ease of retrieval as information: Another look at the availability heuristic,” *Journal of Personality and Social Psychology*, 61 (2), 195–202.

Sharma, Subhash, Terence A. Shimp and Jeongshin Shin (1995), "Consumer ethnocentrism: a test of antecedents and moderators," *Journal of the Academy of Marketing Science*, 23 (1), 26–37.

Shet, Jagdish N. (1983), "An Integrative Theory of Patronage Preference and Behavior," in *Patronage Behavior and Retail Management*, William R. Darden and Robert F. Lusch, eds. New York: Elsevier Science Publishing Co, Inc, 9–28.

Shimp, Terence A. and Subhash Sharma (1987), "Consumer ethnocentrism: construction and validation of the CETSCALE," *Journal of Marketing Research*, 24 (3), 280–289.

Shostack, G. L. (1977), "Breaking free from product marketing," *The Journal of Marketing*, 41 (2), 73–80.

Skowronski, John J. and Donal E. Carlston (1987), "Social judgment and social memory: The role of cue diagnosticity in negativity, positivity, and extremity Biases," *Journal of Personality and Social Psychology*, 52 (4), 689–699.

Sobel, Michael E. (1982), "Asymptotic confidence intervals for indirect effects in structural equation models," *Sociological methodology*, 13 (1982), 290–312.

Steenkamp, Jan-Benedict E. M. and Hans Baumgartner (1998), "Assessing measurement invariance in cross-national consumer research," *Journal of Consumer Research*, 25 (1), 78–107.

Steenkamp, Jan-Benedict E. M. and Marnik G. Dekimpe (1997), "The increasing power of store brands: building loyalty and market share," *Long Range Planning*, 30 (6), 917–930.

Steenkamp, Jan-Benedict E. M. and Martijn G. de Jong (2010), "A Global Investigation into the Constellation of Consumer Attitudes Toward Global and Local Products," *The Journal of Marketing*, 74 (6), 18–40.

Steenkamp, Jan-Benedict E. M, Rajeev Batra and Dana L. Alden (2003), "How perceived brand globalness creates brand value," *Journal of International Business Studies*, 34 (1), 53–65.

Strizhakova, Yuliya, Robin A. Coulter and Linda L. Price (2008), "Branded products as a passport to global citizenship: Perspectives from developed and developing countries," *Journal of International Marketing*, 16 (4), 57–85.

——— (2011), "Branding in a Global Marketplace: The Mediating Effects of Quality and Self-Identity Brand Signals," *International Journal of Research in Marketing*, 28 (4), 342–351.

Sweeney, Jillian C. and Geoffrey N. Soutar (2001), "Consumer perceived value: The development of a multiple item scale," *Journal of Retailing*, 77 (2), 203–220.

Swoboda, Bernhard, Joachim Zentes and Stefan Elsner (2009), "Internationalisation of retail firms: state of the art after 20 years of research," *Marketing: Journal of Research and Management*, 5 (2), 105–126.

Swoboda, Bernhard, Thomas Foscht and Karin Pennemann (2009), *Handels-Monitor 2009: Internationalisierung des Handels – Erfolgreiches „Going" und „Being International".* Frankfurt am Main: Deutscher Fachverlag.

Thamaraiselvan, Natarajan and J. Raja (2008), "How do consumers evaluate brand extensions - Research findings from India," *Journal of Service Research*, 8 (1), 43–62.

The World Bank (2012), "Data," (accessed April 4, 2012), [available at http://data.worldbank.org/country].

Thompson, Bruce and Janet G. Melancon (1996), "Using Item Testlets/ Parcels in Confirmatory Factor Analysis: An Example Using the PPSDQ-78," (accessed on March 03, 2012), [available at http://eric.ed.gov/ERICWebPortal/search/detailmini.jsp? _nfpb=true&_&ERICExtSearch_SearchValue_0=ED404349&ERICExtSearch_SearchType_0=no&accno=ED404349].

Thompson, Keith E. and Yat L. Chen (1998), "Retail store image: a means-end approach," *Journal of Marketing Practice*, 4 (6), 161–173.

Trafimow, David, Harry C. Triandis and Sharon G. Goto (1991), “Some tests of the distinction between the private self and the collective self,” *Journal of Personality and Social Psychology*, 60 (5), 649–655.

Treadgold, Alan (1988), “Retailing without frontiers: The emergence of transnational retailers,” *International Journal of Retail & Distribution Management*, 16 (6), 8–12.

——— (1991), “The emerging internationalisation of retailing: present status and future challenges,” *Irish Marketing Review*, 5 (2), 11–27.

Tse, David K., Yigang Pan and Kevin Y. Au (1997), “How MNCs choose entry modes and form alliances: the China experience,” *Journal of International Business Studies*, 28 (4), 779–805.

Venkatesan, Rajkumar, Kumar Mehta and Ravi Bapna (2007), “Do market characteristics impact the relationship between retailer characteristics and online prices?,” *Journal of Retailing*, 83 (3), 309–324.

Verhoef, Peter C., Fred Langerak and Bas Donkers (2007), “Understanding brand and dealer retention in the new car market: The moderating role of brand tier,” *Journal of Retailing*, 83 (1), 97–113.

Verlegh, Peeter W. J. (2007), “Home country bias in product evaluation: the complementary roles of economic and socio-psychological motives,” *Journal of International Business Studies*, 38 (3), 361–373.

Verlegh, Peeter W. J. and Jan-Benedict E. M. Steenkamp (1999), “A review and meta-analysis of country-of-origin research,” *Journal of Economic Psychology*, 20 (5), 521–546.

Vermeulen, Freek and Harry Barkema (2001), “Learning through acquisitions,” *Academy of Management Journal*, 44 (3), 457–476.

Verplanken, Bas, Godelieve Hofstee and Heidi J. Janssen (1998), “Accessibility of affective versus cognitive components of attitudes,” *European Journal of Social Psychology*, 28 (1), 23–35.

Voss, Glenn B. and Kathleen Seiders (2003), “Exploring the effect of retail sector and firm characteristics on retail price promotion strategy,” *Journal of Retailing*, 79 (1), 37–52.

Walsh, Gianfranco and Sharon E. Beatty (2007), “Customer-based corporate reputation of a service firm: scale development and validation,” *Journal of the Academy of Marketing Science*, 35 (1), 127–143.

Walsh, Gianfranco, Sharon E. Beatty and Edward M. K. Shiu (2009), “The customer-based corporate reputation scale: replication and short form,” *Journal of Business Research*, 62 (10), 924–930.

Wang, Chih-Kang and Charles W. Lamb (1983), “The impact of selected environmental forces upon consumers' willingness to buy foreign products,” *Journal of the Academy of Marketing Science*, 11 (1), 71–84.

White, Darin W. and Keith Absher (2007), “Positioning of retail stores in Central and Eastern European accession states: Standardization versus adaptation,” *European Journal of Marketing*, 41 (3/4), 292–306.

Whiteaker, Jon (2011), “Chinese grocery market worth €1 trillion by 2015,” (accessed Ferbruary 28, 2012), [available at http://www.retailgazette.co.uk].

Wigley, Stephen and Chu-Ling R. Chiang (2009), “Retail internationalisation in practice: per una in the UK and Taiwan,” *International Journal of Retail & Distribution Management*, 37 (3), 250–270.

Wong, Chi-Sum and Kenneth S. Law (1999), “Testing Reciprocal Relations by Nonrecursive Structural Equation Models Using Cross-Sectional Data,” *Organizational Research Methods*, 2 (1), 69–87.

Yip, George S. (1995), *Total Global Strategy: Managing for Worldwide Competitive Advantage.* Englewood Cliffs, NJ: Prentice-Hall.

Zajonc, Robert B. (1984), “On the primacy of affect,” *American Psychologist*, 39 (4), 117–123.

——— (2001), “Mere exposure: A gateway to the subliminal,” *Current Directions in Psychological Science*, 10 (6), 224–228.

Zajonc, Robert B. and Hazel Markus (1982), “Affective and cognitive factors in preferences,” *Journal of Consumer Research*, 9 (2), 123–131.

Zeithaml, Valarie A. (1988), “Consumer Perceptions of Price, Quality, and Value: A Means-End Model and Synthesis of Evidence,” *The Journal of Marketing*, 52 (3), 2–22.

Zhang, Shi and Bernd H. Schmitt (2001), “Creating local brands in multilingual international markets,” *Journal of Marketing Research*, 38 (3), 313–325.

Zhang, Yinlong and Adwait Khare (2009), “The Impact of Accessible Identities on the Evaluation of Global versus Local Products,” *Journal of Consumer Research*, 36 (3), 524–537.

Zhou, Lianxi and Michael K. Hui (2003), “Symbolic value of foreign products in the People's Republic of China,” *Journal of International Marketing*, 11 (2), 36–58.

Zhou, Lianxi, Zhiyong Yang and Michael K. Hui (2010), “Non-local or local brands? A multi-level investigation into confidence in brand origin identification and its strategic implications,” *Journal of the Academy of Marketing Science*, 38 (2), 202–218.

Zhou, Nan and Russell W. Belk (2004), “Chinese consumer readings of global and local advertising appeals,” *Journal of Advertising*, 33 (3), 63–76.

Zimmer, Mary R. and Linda L. Golden (1988), “Impressions of retail stores: A content analysis of consumer images,” *Journal of Retailing*, 64 (3), 265–293.

G. Appendix

1. Multilevel Modeling

To provide a more comprehensive explanation as to when and why multilevel modeling should be applied, the following section outlines (1) the nature of the data structure that requires a hierarchical approach, (2) some examples from the retailing literature that apply multilevel modeling, (3) the benefits of multilevel modeling, and (4) the mathematical notation on the basis of an example mentioned in the opening paragraph.

1.1. Examples of Hierarchical Data

Phenomena and data can be described in hierarchical relations. Individuals (e.g., consumers, employees) are embedded into the social contexts (e.g., stores, firms, and cultures) to which they belong. Thus, we observe phenomena based on hierarchical (or clustered) data, which is anchored on different levels. In general, multilevel research takes account of hierarchical data structures and thus of interactions between variables on different levels. A typical research question within the retailing context may address the influence of service employees per store on customers' individual satisfaction with a store. In other words, customer satisfaction with the store may depend on the numbers of service employees in the respective store. To adequately predict the dependent variable customer satisfaction, it is important to note that the sample design includes data on two levels: on the store (or second/between) level, the number of service employees at several stores, and on the individual customer (or first/within) level, several customers with their perception of the respective store's service quality. In this example, customers are nested within stores and customers' perception is affected by the store (i.e., the number of employees) as a context variable. Other studies in the retailing context also apply multilevel modeling. Venkatesan, Mehta, and Bapna (2007) propose that market characteristics (e.g., level and nature of competition, price level of product) interact with retailer characteristics (e.g., service quality of a retailer, channels of transaction provided by a retailer, size of a retailer) to determine online prices. They collected price quotes for several products from 233 retailers. Retailer prices and retailer characteristics are anchored on the within lev-

K. Pennemann, *Retail Internationalization in Emerging Countries,* Reihe Handel und Internationales Marketing / Series Retailing and International Marketing,
DOI 10.1007/978-3-8349-4492-4, © Springer Fachmedien Wiesbaden 2013

el, whereas market characteristics and the interaction with within-level variables are modeled on the between level. Voss and Seiders (2003) explore the variation of retail price promotion strategies across retail firms nested within retail sectors. The data include 38 retailers from 11 sectors. Sector characteristics include perishability and heterogeneity of assortment, and firm characteristics consist of retailer differentiation, store size, and number of stores. Liao and Chuang (2004) develop and test a multilevel framework in which employee service performance is examined as a joint function of employee individual characteristics and service environment characteristics (e.g., human resource practices, store-level service climate) across employees who are nested in 52 restaurants. Other application possibilities of multilevel models are longitudinal research and growth-curve research, where time points are nested within individuals (Hox 2010).

1.2. Multilevel Analysis Can Deal with Hierarchical Data

Although variables do have a natural level to which they belong, applying aggregation or disaggregation makes it possible to move variables from one level to another (Hox 2010). To aggregate data, variables from the within level are moved to the between level. The mean value of customer satisfaction with a store is assigned to the store level (i.e., between level). Assigning a typical between-level variable, such as the store's communication budget to the individual level (i.e., within level), refers to the disaggregation of data and results in a contextual variable (Lazarsfeld and Menzel 1961).

Applying ordinary least square regression to disaggregated or aggregated data results in a one-level analysis, which holds two main concerns according to Hox (2010). The first concern is the reduction in statistical power by the aggregation of individual-level data, with the result that information is lost by data elimination. In addition, between-level data values are implemented on the within level and increased in the larger number of within-level units by means of disaggregation. Ordinary least square regression treats all disaggregated data as independent of the originally within-level data and applies the sample size of the much larger number of within-level units. The overestimated sample size leads to 'significant' results based on biased standard errors. The magnitude of biased standard errors depends on the 'intraclass correlation', which is the ratio of between-level variance to overall variance. When the intraclass

correlation turns out to be high, the degree of belonging to the cluster variable turns out to be important (Goldstein 2010), and estimates of the ordinary least square regression are biased. The second concern is conceptual in nature and based on the misinterpretation of levels (for a typology of fallacies, see Alker 1969). However the goal of multilevel analysis is to disentangle the contribution of within-level and between-level variables as well as the interaction of within-level data and between-level data on the dependent within-level variable.

The initial example of consumer satisfaction with a store is referred to. The effect of consumers' perceived service quality on consumer satisfaction with the store is modeled as the main effect on the within level. The between level includes the store characteristic 'number of service employees', which can be modeled on the individual-level intercept of the dependent and independent variable as well as on the slope of satisfaction regressed on perceived quality. These effects are illustrated in Figure G-1.

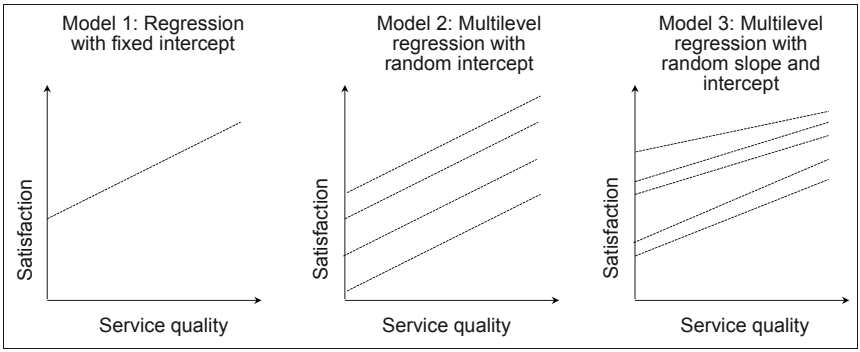


Figure G-1: Multilevel regression plots
Source: Own creation.

Model 1 shows a simple regression model where the effect of perceived service quality is modeled on customer satisfaction with the store. Intercept and slope are both fixed. Although the number of employees varies, the relationship between perceived service quality and customer satisfaction is the same. Model 2 shows a random intercept model, where the intercept of the dependent variable customer satisfaction varies at random based on the number of

employees in a store. The level of within-level satisfaction is based on the between-level variable number of employees. When the slope varies at random in addition to the intercept, the between-level variable affects not only the level of satisfaction, but also the relationship between perceived service quality and satisfaction, as can be seen in Model 3.

1.3. Mathematical Notation

To provide an in-depth understanding, this section outlines the example with the underlying mathematical notation according to Hox (2010). There are *J* stores with a different number of customers n_j in each store. On the customer level (within/individual level), satisfaction (Y) is regressed on perceived service quality (X). On the store level (between level), the number of service employees (Z) is an additional independent variable. There are 30000 customers from 100 stores: each store has an average of 300 customers. The regression equation for each store to predict satisfaction (Y) by perceived service quality (X) is defined as follows:

$$Y_{ij} = ß_{0j} + ß_{1j}*X_{ij} + r_{ij} \qquad (a1)$$

or

$$satisfaction_{ij} = ß_{0j} + ß_{1j}*perceived\ service\ quality_{ij} + r_{ij} \qquad (a2)$$

when using labels for variables. The intercept is defined by $ß_{0j}$, where $ß_{1j}$ is the regression slope for the explanatory variable of perceived service quality, and r_{ij} is known as the residual error. The subscript j (j = 1…J) is for the stores and the subscript i (i = 1…n_j) is for individual customers. This refers to the assumption that each store can be described by an individual slope ($ß_{1j}$) and by an individual intercept ($ß_{0j}$). The residual errors have a variance to be estimated and a mean value of zero. The intercept and slope are assumed to vary across stores and are therefore described as random coefficients. As a next step, the explanatory variables at the store level are introduced to explain the variation of the regression coefficients $ß_{0j}$ and $ß_{1j}$:

$$ß_{0j} = y_{00} + y_{01}*Z_j + u_{0j} \qquad (a3)$$

and

$$ß_{1j} = y_{10} + y_{11}*Z_j + u_{1j} \quad (a4)$$

Equation (a3) predicts the average satisfaction with a store (the intercept $ß_{0j}$) by means of the number of store employees (Z). The average satisfaction is higher for stores with more service employees when y_{01} is positive. Equation (a4) states the dependency of the relationship between satisfaction (Y) and perceived service quality (X) (i.e., expressed by $ß_{1j}$) upon the store-level variable of the number of service employees in a store (Z). The number of service employees moderates the relationship between perceived service quality and satisfaction. The residual errors on the store level are expressed as u_{0j} and u_{1j} and are independent of the errors on the individual level. The regression coefficients y do not vary across classes and have no subscript j to indicate belonging to clusters because they apply to all clusters. The hierarchical model results from substituting equations (a3) and (a4) into equation (a1):

$$Y_{ij} = (y_{00} + y_{01}*Z_j + u_{0j}) + (y_{10}*X_{ij} + y_{11}*X_{ij}*Z_j + u_{1j}*X_{ij}) + r_{ij.} \quad (a5)$$

The intercept $ß_{0j}$ as well as the slope $ß_{1j}$ vary at random across the stores. The term $y_{11}*X_{ij}*Z_j$ describes a cross-level interaction, defined by the effect of the number of store employees (store-level variable) on the individual-level slope $ß_{1j}$. Thus, this model is defined as 'random intercept and slope as outcomes' model.

2. Parceling

The following section provides a profound basis of knowledge about the merits and drawbacks of parceling and presents several approaches to item bundling or item parceling. Parceling has become popular with the increased use of structural equation modeling in the academic literature and has also been applied in the present study for the reasons outlined below. The practice of item parceling involves "summing or averaging item scores from two or more items and using these parcel scores in place of the item scores" (Bandalos 2002, p. 78).

2.1. Merits and Drawbacks

Studies that compare results based on parceling versus item scores (e.g., Bagozzi and Heatherton 1994) or follow an experimental approach (e.g., Marsh et al. 1998 provide insights into the advantages and problems of parceling (Bandalos and Finney 2001). Michael and Bachelor (1988) find similar answers for the parcel solution compared to the item solution under the premise that the scales are similar. Nasser and Takahashi (2003) compared different parceling solutions in confirmatory factor analysis and find an increase of fit indices when the number of items per parcel is quite high. Thompson and Melancon (1996) document how the use of non-normally distributed data results in more normally distributed parcels by bundling items with opposite skew. Since the commonly used estimation method of Maximum Likelihood assumes multivariate normality, parceling offers a means of avoiding estimation problems with standard errors and fit indices. As pointed out by MacCallum et al. (1999) parceling provides a better model fit because there are fewer parameters to estimate, little chance for residuals to be correlated, and a reduction in sampling error. Bagozzi and Heatherton (1994) find that the measurement error for the parceled solution is likely to be lower compared to the item solution. Marsh et al. (1998) find support for a lower chi-square-df-ratio and a decrease in convergence when applying parceling compared to item scores. Bandalos (2002) shows in her simulation study that the application of parceling for non-normally distributed data results in better fit indices (RMSEA, CFI) and lower rejection rates compared to the use of individual indicators.

All in all, Bandalos and Finney (2001) find that nearly 20 percent of investigated studies apply a kind of parceling, which indicates that parceling has become popular in structural equation modeling. The most common reasons for item parceling are (1) increased reliability, (2) improving the variable to sample size ratio, and (3) adjusting small sample size.

An important assumption when combining items into parcels is the unidimensionality of the items being combined (Cattell 1956). Bandalos and Finney (2001) find that the majority of studies applying parceling did not control for unidimensionality, therefore these results can lead to obscure findings. In

addition, parceling reduces the number of free parameters and therefore constitutes a less stringent test of structural equation models.

In reviewing the statement by Nasser and Takahashi (2003) that more items per parcel may lead to a better fit, Bagozzi and Heatherton (1994) argue that parcels may lead to misleading results with a number of items greater than five. They therefore propose three aspects that should be considered when applying parceling. First, the items should be a valid measure of the factor. Second, individual items should not be parceled with subscales that are not specified on the same level. Finally, items within a parcel should be unidimensional, therefore the critical limit of five items is suggested.

2.2. Ways of Parceling

Cattell (1956) introduced the technique of item bundling. After a factor analysis is carried out, those two items are combined whose factor loadings score highest in coefficient of congruence. Then those pairs of items meeting the congruence criterion are combined until all items are combined into parcels. This is called the radial parceling technique. Cattell (1956) finds that items are often combined from different factors using the radial parceling technique. Referring to this, Cattell (1956) argues that real data do not match with simple factor structures.

Kishton and Widaman (1994) describe two methods for item parceling that both provide an acceptable fit. The first approach assumes that bundled items represent the same unidimensional factor. Items are assigned at random to build item parcels and are tested for internal consistency and unidimensionality. The second approach targets factors that are multidimensional. Items of different dimensions are allocated to different parcels until each parcel can be described by the same number of items from each dimension. Bandalos and Finney (2001) argue that the second approach of Kishton and Widaman (1994) results in constructs that “reflect the shared variance of the different dimensions, as well as any unique variance an item may share with that of other items in its parcels” (Bandalos and Finney 2001, p. 289). More than 20 percent of studies reviewed by Bandalos and Finney (2001) applied Cattell’s (1956) radial item parceling by combining items according to the highest correlation or factor loading or used the first approach

(i.e., random assignment within a dimension) of Kishton and Widaman (1994). However, nearly 30 percent of studies build parcels simply by grouping those items that are adjacent within a factor or dimension (e.g., group items 1 to 3 and items 4 to 6).

Bagozzi and Edwards (1998) proposed three parceling methods based on the depth of aggregation. By applying the first method, referred to as 'partial disaggregation', parcels are built within each dimension and then used as indicators for this dimension. The second approach is referred to as 'partial aggregation', where all items within each dimension are aggregated to a parcel, which is then used as an indicator of the higher order factor. The third approach is defined as 'total aggregation', where dimensions (or items) of a construct can be merged into a single dimension (or parcel). The main benefit of total aggregation is to capture the essence of a scale and the model's simplicity. In the present study, total aggregation of all items per factor is the parceling method applied.

2.3. Fully Aggregated Latent Models Applied

When modeling latent variables, error terms are taken into account, which correct for biased estimates (Bollen 1989). Thus, the use of aggregated latent models is of particular interest. The estimation of such a model goes hand in hand with the problem of under-identification. Only a latent variable with three indicators is identified (i.e., three covariances and three variances equal six data points that have to be estimated). Thus, a single-item indicator cannot be estimated without constraints. (Bollen 1989) suggests defining the residual variance according to the following formula,

$$(1-\rho_{xx})*(\sigma_x^2) \qquad (a6)$$

where ρ_{xx} is the reliability estimate of the indicator items before parceling and σ_x^2 is the sample variance of the parceled item that occurs as a diagonal of the variance-covariance matrix. Since models in structural equation modeling, and particularly in multilevel structural equation modeling, are becoming more and more complicated and therefore difficult to estimate with a given sample size, the use of item parceling, and especially of fully aggregated latent models, us-

ing fixed measurement errors, is a suitable procedure to estimate such models.

3. Experimental Design

In the following, the manipulations of Experiment 1 and Experiment 2 are presented to provide transparency to the studies' design.

3.1. Cover Stories of Experiment 1

Metro Group ranks highest among the World's Most Admired Companies

Metro Group is one of the largest international retailing companies.
According to the Fortune Magazine's annual ranking of the "World's Most Admired Companies", the German retail company Metro Group ranks highest among other retail companies such as Walmart and Carrefour. Metro Group's quality standard and level of innovation was evaluated by 4,170 executives, directors and securities analysts and got highest grades.

Under the umbrella of Metro Group, cash & carry markets, consumer electronic markets, hypermarkets and department stores are managed. Metro Cash & Carry is a self-service wholesale retail brand of Metro Group. Metro Cash & Carry offers food and nonfood articles, accompanied by corresponding customer services. Metro Group was founded in Germany, in Central Europe.

World's Most Admired Retail Companies

Rank	Company
1	Metro Group
2	Walmart
3	Carrfour
4	Tesco
5	Home Depot

Source: Fortune Magazine

Figure G-2: Corporate message and high CBD
Source: Own creation.

Metro Group ranks highest among the World's Most Admired Companies

Metro Group is one of the largest international retailing companies.
According to the Fortune Magazine's annual ranking of the "World's Most Admired Companies", the German retail company

Under the umbrella of Metro Group, cash & carry markets, consumer electronic markets, hypermarkets and department stores are managed. Media Markt is a consumer electronic retail brand of

World's Most Admired Retail Companies

Rank	Company
1	Metro Group
2	Walmart

Metro Group ranks highest among other retail companies such as Walmart and Carrefour. Metro Group's quality standard and level of innovation was evaluated by 4,170 executives, directors and securities analysts and got highest grades.

Metro Group. Media Markt offers consumer electronics and corresponding customer services. Metro Group was founded in Germany, in Central Europe.

3	Carrfour
4	Tesco
5	Home Depot

Source: Fortune Magazine

Figure G-3: Corporate message and low CBD
Source: Own creation.

Metro Cash & Carry ranks highest among International Retail Brands

The International Consumer Organization (ICO) in cooperation with Business Week Magazine published on January 2010 their annual "Retail Brand Insights Report", whereupon Metro Cash & Carry ranked highest among other competing retail brands. Advisory experts (independent experts, analysts, and consumers) evaluated over 100 international retail brands according to their level of quality and price fairness. Metro Cash & Carry was evaluated as the retail brand ensuring highest quality and achieving highest consumer satisfaction. Metro Cash & Carry is an international self-service wholesale retail brand and the largest sales division of the retailing company Metro Group, which was founded in Germany in Central Europe. Under the umbrella of the Metro Group, cash & carry markets, consumer electronic markets, hypermarkets and department stores are managed. Metro Cash & Carry offers food and nonfood articles, accompanied by corresponding customer services.

Top Retail Brands 2010

Rank	Retail Brand
1	Metro Cash & Carry
2	Walmart
3	Carrefour
4	Tesco
5	Home Depot

Source:Business Week Magazine

Figure G-4: Store message and high CBD
Source: Own creation.

Media Markt ranks highest among International Retail Brands

The International Con- brand ensuring highest

Top Retail Brands 2010

sumer Organization (ICO) in cooperation with Business Week Magazine published on January 2010 their annual "Retail Brand Insights Report", where¬upon Media Markt ranked highest among other competing retail brands. Advisory experts (inde¬pendent experts, analysts, and consumers) evaluated over 100 international retail brands according to their level of quality and price fairness. Media Markt was evaluated as the retail quality and achieving highest consumer satisfaction. Media Markt is a consumer electronic retail brand of the Metro Group, which was founded in Germany in Central Europe. Under the um-brella of the Metro Group, cash & carry markets, consumer electronic markets, hypermarkets and department stores are managed. Media Markt offers consumer electro-nics and corresponding customer services.

Rank	Retail Brand
1	Media Markt
2	Walmart
3	Carrefour
4	Tesco
5	Home Depot

Source: Business Week Magazine

Figure G-5: Store message and low CBD
Source: Own creation.

Metro Group and Metro Cash & Carry

Metro Group is an international retailing company. Under the umbrella of the Metro Group, cash & carry markets, consumer electronic markets, hypermarkets and department stores are managed. Metro Group was founded in Germany in Central Europe. Metro Cash & Carry is a self-service wholesale retail brand of the Metro Group. Metro Cash & Carry offers food and nonfood articles, accompanied by corresponding customer services.

Figure G-6: Control message and high CBD
Source: Own creation.

Metro Group and Media Markt

Metro Group is an international retailing company. Under the umbrella of the Metro Group, cash & carry markets, consumer elec- Metro Group was founded in Germany in Central Europe. Media Markt is the consumer electronic retail brand of the Metro

tronic markets, hypermarkets and department stores are managed.	Group. Media Markt offers consumer electronics and corresponding customer services.

Figure G-7: Control message and low CBD
Source: Own creation.

3.2. *Cover Stories of Experiment 2*

Figure G-8: Corporate message with high CBD
Source: Own creation.

STORCH erhält Auszeichnung für Qualität & Verantwortung

STORCH ist ein internationales Handelsunternehmen, welches im Baby- und Kinderbereich tätig ist. Es wurde 1973 von Thomas Storch in Hamburg gegründet. Heute beschäftigt STORCH über 1000 Mitarbeiter – davon allein über 300 in der Unternehmenszentrale in Hamburg.

Laut einer internen Mitarbeiterumfrage arbeiten mehr als die Hälfte der Mitarbeiter seit bereits über 10 Jahren im Unternehmen und beurteilen das Arbeitsklima und die Arbeitsbedingungen als hervorragend. STORCH kann sich zudem mit dem Unternehmenspreis 2010 rühmen, der von der Jury aus Fachmedien und Wirtschaftsverbänden vergeben wurde. „Das Unternehmen führt Waren unter einer hohen Qualitätskontrolle und handelt somit verantwortungsbewusst gegenüber Kunden und Mitarbeitern."

STORCH vertreibt Baby- und Kinderartikel in über 30 Geschäften, die unter dem Namen mapaki geführt werden.

Unternehmen	Bewertung	Rang
STORCH	7,6	1
baby-walz	6,9	2
Vedes	6,4	3

Quelle: Deutscher Wirtschaftsverband

Deutscher Unternehmenspreis

Figure G-9: Corporate message with medium CBD

Source: Own creation.

STORCH erhält Auszeichnung für Qualität & Verantwortung

STORCH ist ein internationales Handelsunternehmen, welches im Baby- und Kinderbereich tätig ist. Es wurde 1973 von Thomas Storch in Hamburg gegründet. Heute beschäftigt STORCH über 1000 Mitarbeiter – davon allein über 300 in der Unternehmenszentrale in Hamburg.

Laut einer internen Mitarbeiterumfrage arbeiten mehr als die Hälfte der Mitarbeiter seit bereits über 10 Jahren im Unternehmen und beurteilen das Arbeitsklima und die Arbeitsbedingungen als hervorragend. STORCH kann sich zudem mit dem Unternehmenspreis 2010 rühmen, der von der Jury aus Fachmedien und Wirtschaftsverbänden vergeben wurde. „Das Unternehmen führt Waren unter einer hohen Qualitätskontrolle und handelt somit verantwortungsbewusst gegenüber Kunden und Mitarbeitern."

STORCH vertreibt Baby- und Kinderartikel in über 30 Geschäften, die unter dem Namen mapaki geführt werden.

Unternehmen	Bewertung	Rang
STORCH	7,6	1
baby-walz	6,9	2
Vedes	6,4	3

Quelle: Deutscher Wirtschaftsverband

Deutscher Unternehmenspreis

Figure G-10: Corporate message with low CBD

Source: Own creation.

STORCH Baby Shop in Qualität & Sortiment ausgezeichnet

STORCH ist ein internationales Handelsunternehmen, welches im Baby- und Kinderbereich tätig ist. Es wurde 1985 von Thomas Storch in Hamburg gegründet. STORCH führt über 30 Geschäfte unter dem Namen STORCH Baby Shop. Die Marke bietet ihren Kunden ein gut ausgesuchtes Sortiment an Baby- und Kinderartikeln. Im Oktober 2010 zeichneten Verbraucher- und Wirtschaftsverbände STORCH Baby Shop als „Best Retail Brand 2010" aus. Die Jury vergab in den Kategorien Qualität und Sortimentsgestaltung Bestnoten. Die Verbrauchervertreterin der diesjährigen Jury, Dr. Birgitt Hanauer lobte insbesondere die stetige Qualitätssicherung und das Vertrauen was Verbraucher der Marke STORCH Baby Shop entgegenbringen dürfen.

Retail Brand	Bewertung	Rang
STORCH Baby Shop	7,6	1
baby-walz	6,9	2
Vedes	6,4	3

Quelle: Deutscher Wirtschaftsverband

STORE QUALITY-STORE

Figure G-11: Store message with high CBD

Source: Own creation.

mapaki in Qualität & Sortiment ausgezeichnet

STORCH ist ein internationales Handelsunternehmen, welches im Baby- und Kinderbereich tätig ist. Es wurde 1985 von Thomas Storch in Hamburg gegründet. STORCH führt über 30 Geschäfte unter dem Namen mapaki. Die Marke bietet ihren Kunden ein gut ausgesuchtes Sortiment an Baby- und Kinderartikeln. Im Oktober 2010 zeichneten Verbraucher- und Wirt-schaftsverbände mapaki als „Best Retail Brand 2010" aus. Die Jury vergab in den Kategorien Qualität und Sortimentsgestaltung Bestnoten. Die Verbrauchervertreterin der diesjährigen Jury, Dr. Birgitt Hanauer lobte insbesondere die stetige Qualitätssicherung und das Vertrauen was

Verbraucher der Marke mapaki entgegenbringen dürfen.

Retail Brand	Bewertung	Rang
mapaki von	7,6	1
baby-walz	6,9	2
Vedes	6,4	3

Quelle: Deutscher Wirtschaftsverband

STORE
QUALITY-STORE

Figure G-12: Store message with medium CBD

Source: Own creation.

mapaki in Qualität & Sortiment ausgezeichnet

STORCH ist ein internationales Handelsunternehmen, welches im Baby- und Kinderbereich tätig ist. Es wurde 1985 von Thomas Storch in Hamburg gegründet. STORCH führt über 30 Geschäfte unter dem Namen **mapaki** . Die Retail Brand **mapaki** bietet ihren Kunden ein gut ausgesuchtes Sortiment an Baby- und Kinderartikeln. Im Oktober 2010 zeichneten Verbraucher- und Wirtschaftsverbände **mapaki** als „Best Retail Brand 2010" aus. Die Jury vergab in den Kategorien Qualität und Sortimentsgestaltung Bestnoten. Die Verbrauchervertreterin der diesjährigen Jury, Dr. Birgitt Hanauer lobte insbesondere die stetige Qualitätssicherung und das Vertrauen was Verbraucher der Marke **mapaki** entgegenbringen dürfen.

Retail Brand	Bewertung	Rang
mapaki	7,6	1
baby-walz	6,9	2
Vedes	6,4	3

Quelle: Deutscher Wirtschaftsverband

STORE QUALITY-STORE

Figure G-13: Store message with low CBD
Source: Own creation.

3.3. *Stimuli for analytic or holistic priming*

Please read the following text about visiting the city and cycle the pronouns.

I go to the city often. My anticipation fills me as I see the skyscrapers come into view. I allow myself to explore every corner, never letting an attraction escape me. My voice fills the air and street. I see all the sights, I window shop, and everything I go I see my reflection looking back at me in the glass of a hundred windows. At nightfall I linger, my time in the city almost over. When finally I must leave, I do so knowing that I will soon return. The city belongs to me.

Please think of differences between the city New York and the United States of America.

1. _____ 4. _____
2. _____ 5. _____
3. _____ 6. _____

Figure G-14: Evaluation approach: analytic priming
Source: Own creation.

Please read the following text about visiting the city and cycle the pronouns.

We go to the city often. Our anticipation fills us as we see the skyscrapers come into view. We allow ourselves to explore every corner, never letting an attraction escape us. Our voices fill the air and street. We see all the sights, we window shop, and everything we go we see our reflection looking back at us in the glass of a hundred windows. At nightfall we linger, our time in the city almost over. When finally we must leave, we do so knowing that we will soon return. The city belongs to us.

Please think of similarities between the city New York and the United States of America.

1. _____ 4. _____

2. _____ 5. _____

3. _____ 6. _____

Figure G-15: Evaluation approach: holistic priming

Source: Own creation.