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THE EFFECTS OF PERCEIVED BRAND GLOBALNESS ON CONSUMER
RESPONSES TO BRAND FAILURES

GAO XUE

MPHIL

LINGNAN UNIVERSITY

2010

THE EFFECTS OF PERCEIVED BRAND GLOBALNESS ON CONSUMER
RESPONSES TO BRAND FAILURES

by

GAO Xue

A thesis
submitted in partial fulfillment
of the requirements for the Degree of
Master of Philosophy in Business
(Marketing and International Business)

Lingnan University

2010

ABSTRACT

The Effects of Perceived Brand Globalness on Consumer Responses to Brand Failures

by

GAO Xue

Master of Philosophy

Even big companies cannot guarantee their brands never ever fail customers. Recently the brand failures of Toyota taught us a vivid lesson that a brand takes decades to be built up but to be ruined overnight. Although, the advantages of building global brands are well recognized in literature, the superiorities of global brands in brand failure context are not yet studied.

This study aims to investigate the effects of perceived brand globalness (PBG) on consumer affective and behavioral responses to brand failures. Global brands are perceived superior to local brands due to factors like higher quality perceptions and prestige feelings. Based on attribution theory, consumers are expected to have less negative responses to the failure of a brand which has a higher (vs. lower) PBG.

Two studies were conducted to test the proposed hypotheses. Both studies were 2 (high PBG vs. low PBG brand) $\times$ 2 (failure present vs. absent) between subjects factorial designs. More than 200 respondents participated in the experiments. Study 1 examined the effects of PBG on consumer responses to fictitious brands. In order to increase the generalizability of research, Study 2 used established brands to find out the effects of PBG on consumer responses while controlling the confounding variables of brand familiarity and brand equity of the selected established brands.

The results indicate that the more a brand is perceived global, the less negative responses consumers have toward the failures. Moreover, this thesis examines the moderating role of consumer ethnocentrism on the relationship between PBG and consumer responses. The proposed hypotheses are generally supported. The findings enrich the literature and benefit the marketing practitioners by broadening their views of building global brands.

DECLARATION

I declare that this is an original work based primarily on my own research, and I warrant that all citations of previous research, published or unpublished, have been duly acknowledged.

GAO Xue

Date:

CERTIFICATE OF APPROVAL OF THESIS

**THE EFFECTS OF PERCEIVED BRAND GLOBALNESS ON
CONSUMER RESPONSES TO BRAND FAILURES**

by

GAO Xue

Master of Philosophy

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1 INTRODUCTION

1.1 Rationale of the Study

Business Week Magazine just published the best 100 brands in 2009. In the list, brands are ranked by brand value. Coca Cola remains on the top of the list as the most valuable brand in the world with brand value at US\$ 68,734 million. Look into details, we can find almost all 100 brands in the list are global brands. Globalization has become a development trend of the business world with no doubts. The advantages of building global brands are well recognized in literature. First of all, the economies of scale save the cost of manufacturing, distribution (Keller 1998), R&D, and marketing communications (Yip 1995). Second, global brands are globally accepted and available. The broad scope of the global brands is perceived by consumers as the indications of global brands' expertise and superior to local brands (Kapferer 1997; Keller 1998; Shocker et al. 1994). Third, the consistency of brand image and marketing strategies of global brands allow less time consuming in local modification and better control of the quality (Keller 1998; Neff 1999). This makes global management more efficient and less cost consuming.

Although the advantages of global brands to brand value are well supported by literature, the effects of global brands in brand failure context are not yet tested. Brand failures as common cases happen to our lives every day. Even big companies cannot guarantee their brands never ever fail their customers. Haig (2003) even wrote a book listing up the most famous 100 brand failures happened to brands such as Sony, McDonald's, etc. Haig's book described the severe consequences caused by these brand failures. It is really important and necessary to investigate the proper actions to take after brand failures to fix the negative influences.

Another famous and hot issue happened to business world is the brand failure of Toyota. Recently the brand failures of Toyota rang the alarm to us. Companies cost decades to build a brand, which can be ruined over night. Brand failures are severe cases worth the attentions from both academic scholars and marketing practitioners.

1.2 Objectives of the Study

Based on cultural perspectives, brand positioning strategies include global branding, foreign branding, and local branding (Leclerc et al. 1994). According to different product categories, marketing practitioners select the proper branding strategies. For example, foreign branding is especially suitable for some type of product. Because of the national superiority, a pair of leather shoes will be perceived with higher quality when branded with an Italian pronouncing name (Leclerc et al. 1994). It is hard to tell which brand positioning strategy is the most suitable and effective one to all product types. For general product types global brand positioning strategy attracts most attention from both marketing practitioners and academic scholars. Many literatures test the positive effects of global branding on product evaluations (e.g., Keller 1998, Keller and Aaker 1992). This thesis will focus on the impacts of global branding on consumer responses in brand failure context.

Whether a brand is a global brand or not can be measured from various aspects, for instance, the distributional geographical areas of the brands or the marketing strategies of the brands in different countries. Steenkamp et al. (2003) proposed that the perceived brand globalness (PBG) by consumers would create brand value. They measured whether a brand is global in perspectives of consumers. Their study found that PBG positively influenced the perceived brand quality and brand prestige and then through the two pathways positively influenced the purchase likelihood. It is important to investigate the effects of global brands from the perspectives of consumers, since whether the brand is successfully positioned as a global brand is finally evaluated by the consumers.

This thesis will test whether global brands are still perceived superior to local brands in the context of brand failures. The thesis hypothesizes that PBG is positively related to consumer behavioral and attitudinal intentions after brand failures happened. The effects of the PBG on consumer responses to brand failures are explained by attribution theory. Folkes and Kotsos (1986) found that the discrepancies in buyer-seller attribution of product failure were due to how commonly they believed the product failure happened. If the failure is believed to happen

commonly, the failure will be more likely attributed to the fault of the product per se. Because of the high quality perception of global brands, consumers may believe the failure of global brand as not commonly happened cases. Consumers will attribute the failures of global brands happening to them being experienced by few people. Compared with local brands consumers may attribute the failure of the global brands to an accident but not the fault of the global brand per se. Therefore, in the same failure context, consumer behavioral and attitudinal responses to global brands are less negatively than local brands.

This study will contribute to the literature from several aspects. First of all it will for the first time test the role of PBG in brand failures. Second, this thesis will probe into consumers' considering process when facing to brand failures. Attribution theory will be adopted to explain consumer different reactions to the same failures happen to high PBG and low PBG brands respectively. Third, this thesis will test the moderating role of consumer ethnocentrism (CET) in Chinese consumers under the context of brand failures. Regarding the moderating effect of CET on the relationship between PBG and consumer responses, there are inconsistent findings in literature. This thesis will try to find which one is the case in Chinese market. Finally, this thesis will test whether the effects of PBG on consumer responses to brand failures will be mediated by consumer attribution.

In spite of the theoretical contributions, the thesis does benefit marketing practitioners as well. Building global brand usually costs higher than other brand positioning strategies. Practitioners hold hesitations on building global brands for this reason. If the general advantages of building global brands were supported again in the context of brand failure, this thesis will from another point of view tell people that global brand building worth the cost even when the brand encountered failures.

1.3 Major Findings

Two pretests and two studies were conducted to examine the effects of PBG on consumer responses to brand failures. The results reveal the positive effects of PBG on consumer responses to brand failures. In the same brand failure context, consumers respond less negatively to a brand

with high PBG vs. low PBG. The effects of PBG exist on both attitudinal and behavioral responses of consumers. This thesis borrowed the methods adopted by Steenkamp (2003) et al. to operationalize the high PBG brands as global brands, and low PBG brands as local brands.

Pretest 1 is an on-line survey. 49 respondents were invited to answer the questions about their responses to a brand with or without failure happening. The brands to be evaluated in the survey were established brands either global or local. All brands were carefully selected to share the similar brand familiarity in consumers. The brand failure scenarios were manipulated to be believed as real. The results of Pretest 1 support the main direction of the hypotheses that consumer respond less negatively to brand failures of global brands than local brands. The more a brand is perceived to be global the less negative responses consumers have when encountering brand failures. Also Pretest 1 finds that PBG has little influences on low involvement product (toothpaste) but has significant influences on high involvement product (cell phone).

The brands selection in Pretest 1 was based on the rules of being familiar to consumers but not being controlled of their brand equity. Studies found that brand equity had important impacts on consumer responses to brand failures (e.g., Brady et al. 2007; Hui and Zhou 2003). Considering brand equity is a critical factor that influences consumer responses, Study 1 used fictitious brands as the evaluating targets to avoid the possible confounding effects caused by the brand equity of established brands. Study 1 was designed as a 2 (high PBG brand vs. low PBG brand) $\times$ 2 (brand failure absent vs. brand failure present) factorial experiment and was conducted in a class room in Sun Yat-Sen University, Guangzhou, China. The results of Study 1 reveal the significant differences between consumer responses towards high PBG brand and low PBG brand. Consumer attributional processes were also tested in Study 1. No significant difference on consumer attributional processes between high PBG brand and low PBG brand was found.

To generalize the findings of the effects of PBG in real business world, Study 2 was conducted to examine consumer responses to the established brands after carefully controlling the confounding variables such as brand equity, brand familiarity, product familiarity, and customer animosity of the chosen brands. Prior to Study 2, Pretest 2 was conducted to find out the established brands with similar brand equity and familiarity. More than 50 respondents were

interviewed in the street of Shenzhen, China. Two pairs of brands (global vs. local) with the similar brand equity and familiarity were found and evaluated in the questionnaire of Study 2.

Study 2 was a classroom experiment. It examined consumer responses to established brands when encountering brand failures. The experimental design was similar to Study 1 but used established brands as the evaluating targets. In addition to the scales contained in Study 1, brand equity scale was added to the questionnaire of Study 2 to control the brand equity difference between the selected established brands. As expected, the positive effects of PBG on consumer responses to brand failures of established brands are also supported. The more a brand is perceived as global the less negatively consumers respond to the brand failures. Furthermore, consumer attributional processes to brands with high and low PBG are significantly different. For low PBG brand, consumers are more likely to attribute the failure as the fault of the brand per se. On the contrary, for high PBG brand, consumers are more likely not to *blame* the brand itself. This is an important finding of the study. The existed phenomenon could be explained by attribution theory.

Another interesting finding of the Study 2 is that consumer ethnocentrism (CET), which is proposed by several researchers having significant effects on brand evaluation, has little effects on consumer responses to brand failures. The mean score of CET of the respondents is quite small (1.8 out of a 7 point scale). This phenomenon from another aspect illustrates that the globalization has been accepted by most of the people in China, especially the young people. The youngsters do not treat global brands as threats to their home country and do not think purchasing global brands as a sign of not loving their home country. This finding really solves another concern of the building global brands to some extent.

1.4 Organization of the Study

The rest of the thesis is organized as follows: after the introduction in chapter 1, chapter 2 reviews the relevant literature from various perspectives. First, it goes through the literature about global brands building and perceived brand origin as well as perceived brand globalness. Second, the literature about consumer responses is reviewed, both behavioral and attitudinal, to failures.

Third, this chapter review consumer attributional process to failures in different situations. Finally, norm theory as another predictive theory is introduced and discussed. Chapter 3 develops the hypotheses and proposes the conceptual framework. Chapter 4 introduces the method the thesis will take to examine the proposed framework. Data collection process is also described in this chapter. Chapter 5 reports the results of all studies and the hypotheses testing. Chapter 6 is the conclusive chapter. Limitations of the study and managerial implications are discussed. Future research direction is also suggested in the last chapter.

2 LITERATURE REVIEW

2.1 The Concepts of COO, COM, and Brand Origin

The concept of Country of Origin (COO) was firstly proposed in 1960s (Reierson 1966, 1967; Schooler 1965). COO denotes the home country of a product's company. In the middle of last century, there were not many bi-national products or multi-national products. Most of the products were uni-national which means the company and producing places locate in the same country. COO as the single information reveals the original place of the product. A number of studies support the significant effects of COO on product evaluations (e.g., Lillis and Narayana 1974; Nagashima 1977; Schooler 1965) from several aspects such as quality of the product as so on.

The product evaluations are made by consumers based on various sources of information. Consumers always associate product quality with its country image to make a quick and easy decision. It is well supported in the literature that developed countries are associated with better product quality than developing countries (Wang and Lamb 1983). And there exists a kind of match between product category and country image (Porter 1998). For instance, a watch from Switzerland or a digital camera from Japan may represent for quality guarantee to many consumers. Consumers depend on various information cues to evaluate the product before hand and then make purchase decisions. The information cues consumers relying on are both extrinsic and intrinsic (Huber and McCann 1982). Among all kinds of information cues, COO as an extrinsic cue is one of the most salient and familiar cues to consumers to take into account. The intrinsic cues always refer to the real quality or real properties of the product, for instance, the real taste of a kind of chocolate or the lasting time of a battery. On the other hand, the extrinsic cues are the external properties of the product, such as the COO, brand, or price of the product. Since the less available features of the intrinsic cues, extrinsic cues always play a more important role in purchase decision making process (Gerstner 1985; Samiee 1994; Jacoby et al. 1977). Let

us think about the following example. Assuming we go to a supermarket to buy a bar of chocolate, looking at various kinds of chocolates on the shelf. We have no way to learn about the real taste of each kind of chocolate except for tasting it in person. At this moment, we will probably base on the external information of the chocolate to make the decision, such as the brand name, producing country of the chocolate, or the price of it. Huber and McCann (1982) proposed that when intrinsic cues are unavailable, consumers will turn to rely on extrinsic cues to make decision or evaluate the product.

However, the effects of COO on product evaluations may be exaggerated by the researchers. Bilkey and Nes (1982) reviewed the COO literature and pointed out the methodological limitations of the COO studies. First, in these studies, COO is manipulated as the single cue of the product. This of course enlarges the salience of COO on product evaluations to respondents. Second, the studies did not measure consumer knowledge about the manufacturing countries. For example, consumers may not know Japan is located in Asia but report high score for Japanese products and low score for Asian products. Third, most of the studies adopted different scales to measure variables. This will reduce the internal validity of the study.

Since the late of last century, it is quite common for many famous brands to move their manufactories to some less developed countries for the reason of cost saving. In this case, the concept of COO is not the solely cue to represent for the “country” information of the products. COO is far from dominant as a quality indicator to consumers. For example, whether a bottle of Coca Cola is produced in U.S. or in China will not influence consumer evaluations to this bottle of drink.

COO is divided into two separate concepts: country of manufacture (COM) (Hui and Zhou 2003; Nebenzahl and Jaffe 1996) and brand origin (Thakor and Kohli 1996). COM refers to the manufacture location of the products. Brand origin means the location of the head quarter of the company. COM and brand origin are not necessarily the same country (Phau and Prendergast 2000). For example, a Sony TV can either be made in Malaysia or Indonesia but both with brand origin as Japan. When more and more well-known brands establishing manufactures in various locations, the COM cue is no longer the predominant information to product evaluations. Hui and Zhou (2003) reported that for a well-known brand, the COO develops bigger effects of product

evaluations for brand with low brand equity than high equity. Therefore, controlling brand equity (by comparing the established brands with same level of brand equity) should minimize the influences of COM on product evaluations. Given the globalization trend in the world, brand origin should be more salient to consumers for product evaluations than COO and COM.

Despite the concept of COM and brand origin, researchers also proposed multiple dimensions of COO. These dimensions distinguish between Country of Assembly (COA), Country of Design (COD), and Country of Parts (COP) (Ahmed and d'Astous 1995; Insch and McBride 2004; Nebenzahl, Jaffe, and Lampert 1997). The different dimensions of COO define the specific origin of a product. It describes the current status of many brands. To save cost and maximize the profit, a product can be designed, produced and assembled in different locations. It is really hard to tell so many origins of a brand. In this situation, the core value of a brand is more important than ever before.

2.2 The Emergence of PBG

Since the late of last century, global brand building has drawn considerable attentions from both academic scholars and marketing practitioners. Researchers even published several books discussing the importance and strategies of building a global brand (e.g., Kapferer 1997; Keller 1998). There are several reasons for the advantages of building global brands. Globalization firstly can yield economies of scope and scale in research and development as well as marketing (Yip, 1995). The marketing strategies of global brands building help consumers around the world to develop similar tastes and needs (Hassan and Katsanis 1994). Finally, building global brands reduces the time-consuming local modifications and speed up a brand's time to market (Neff 1999). Recently another reason of building global brands is proposed as that consumer preference for brands with global image over local ones even the real quality of the global brands is not objectively superior (Shocker et al. 1994; Kapferer 1997).

Regarding the definition and measurement of global brands, there are two main schools in literature. The first school defines global brands as the brands can be found under the same name in multiple countries with similar and coordinated marketing strategies (Branch 2001; Levitt

1983; Yip 1995). In these studies, global brands refer to the extent to which brands adopt the standardized marketing strategies in various geographical areas.

Recently another school of research in global brands emerged and defined the global brands as the extent to which brands are *perceived* to be globally available and accepted by consumers (Alden et al. 2006; Batra et al. 2000; Steenkamp et al. 2003). These studies measure global brands in the perspectives of consumers.

Steenkamp et al. (2003) as the representatives of the second school, for the first time proposed the term of *perceived brand globalness* (PBG), which means the extent to which consumers perceive a brand to be global. For example, if a brand is highly perceived by consumers to be available in other countries outside of their own, the brand has high PBG.

No matter which research stream, one of the most important features of global brand is its global availability and acceptance (Kapferer 1997; Keller 1998). The distinctiveness between the two schools is the point of view from which the brands are measured to be global.

This thesis will focus on the consumer responses and feelings. Therefore, I will follow the second stream and measure the brands from consumer views. Literature suggests that the brands with global image are *perceived* with higher brand value and better quality than local brands, even the objective features are not superior (Kapferer 1997; Shocker et al. 1994). Batra et al. (2000) tested consumer attitudes toward local and non-local brands in India. In their study, non-local brands refer to the brands which are not only consumed by local customers but also by customers abroad. In other words, the non-local brands are available in multiple markets. Furthermore, Batra et al. (2000) found that consumers in developing country have more positive attitudes toward non-local brands than local brands for the scarcity of the non-local brands. This is explained by the relatively less affluent sources in developing countries, where owning a global brand is a sign of high social status.

However, the effects of global brands on consumer attitudes do not only exist in developing countries. Consumers believe the high brand quality as an essential feature for a brand being accepted globally. Steenkamp et al. (2003) tested the effects of PBG in consumers from Korea and US. They proposed the pathways through which PBG creates brand value. Their study found that PBG positively influences the perceived brand quality and brand prestige and then through

the two pathways positively influence the purchase likelihood. The effects of PBG exist in both Korean and US consumers.

2.3 The Moderating Role of CET

On the contrary of global product preference, consumer ethnocentrism (CET) is a bias of home country product preference (Shimp and Sharma 1987). Although CET bias is confused with COO bias, they are distinct and independent concepts. Herche (1992) conducted a study to explain the difference between CET bias and COO bias. For example, a US customer may prefer the French wine because of the COO bias and still not buy it due to the CET bias. Therefore, CET is a kind of general tendency of home country made products preference.

The effects of CET on consumer responses are influenced by several factors. Cultural openness is one of the factors that will moderate the CET effects. A number of studies found a negative relationship between cultural openness and CET (Howard 1989; Shimp and Sharma 1987). That is to say the opener the people are the less heavy CET bias they hold. Furthermore, the CET is heavily related to the economic development status of the country. For instance, studies found that people in developed countries always have stronger preference of the home country made products than people from developing countries. Therefore, literature reported different results regarding the moderating role of CET on product evaluations. Batra et al. (2000) reported no moderating effect of CET was found in the relationship between brand nonlocalness and brand attitude. Steenkamp et al. (2003) found that CET will moderate the effects of the PBG on brand purchase likelihood. These studies were conducted in different countries. Batra's study tested the effects of CET in Indian consumers. However, Steenkamp et al.'s study was conducted in consumers from US and Korea, which are much more developed than India. The difference between the consumers from developed and developing countries per se may cause the different findings in the moderating role of CET. In this thesis, Chinese consumer responses will be tested. Since China is a developing country, the moderating role of CET in the relationship between brand failure and consumer responses may be not supported.

The CETSCALE was firstly developed by Shimp and Sharma in 1987. It is a scale to measuring consumer's tendency of home country product preference. The original CETSCALE contained more than 20 items to measure the CET tendency which is too complex for a study needs to measure more than two dependent variables. Steenkamp et al. modified the original CETSCALE to a 4 items scale which was found have the as high reliability as the original one. Since this thesis is also mainly testing the effects of PBG on consumer responses to brand failures, which is quite similar concept to what was tested in Steenkamp's study, the 4 items is adopted to be used this thesis as well.

Besides the concept of CET, there is another confused concept, customer animosity. CET is different from the concept of customer animosity (Klein et al. 1998) by definition. CET refers to consumer's preference of home country and general tendency to dislike the products from all foreign countries. Customer animosity is a country specific concept, which means consumers disliking the products from some specific foreign country for some reasons. For instance, Chinese people dislike Japanese products for the severe war ever happened between the two countries. Therefore, in the experimental design of this thesis, the brand origins of the global brands will be carefully chosen from countries that will not arouse some special feelings from respondents.

Due to the inconsistent findings on the moderating role of CET in different countries, it is necessary to investigate the effects of CET among Chinese consumers in the context of brand failure. Nowadays the globalization is happening in every corner of the world. More and more people have accepted and got used to the environment. China is even called "world factory" by many people in the world. Chinese consumers may not have strong feelings of protecting local brands by preventing purchasing the brands from other countries, since many of those global brands are highly possibly made in China. The thesis will further examine whether CET has moderating effect on the relationship between PBG and consumer responses.

2.4 Consumer Responses to Failures

Most customers have ever experienced failures after purchased tangible products or intangible services. Even sizable companies cannot immune to failing their customers. For example, Dell just went into great troubles after accidentally delivering the customer service below standard (Lee and Thornton 2005). Another famous example of the brand failure is the Toyota recall issue recently. Toyota is severely beaten by the performance failures of the automobiles in U.S. and other countries. The cost of brand failures can be unaffordable to a company. Literature suggests the considerable advantages of global brand building (e.g., Kapferer 1997; Keller 1998). Brand failures will negatively influence brand image, association, and reputation (Ahluwalia 2002). Will PBG still has positive effects on consumer responses to brand failures? No proper study was found to answer this question from the past literature. This thesis will try to test the effects of PBG in the context of brand failure and answer whether global brands are still perceived to be superior under this circumstance.

Brand failures are quite common to our daily life, such as, finding out the newly bought washing machine does not work after opening the package or restaurant does not serve the food within the promised time. This study aims to test consumer responses to brands after failures. Brands can either be the ones of tangible or intangible products. Therefore, to precisely describe the research target, the term of *brand failure* was used rather than performance failure, product failure, or even service failure in the thesis.

When encountering brand failures consumers can respond in a number of ways (Bearden and Teel 1983; Richins 1983; Singh 1988). These responses to failures are both attitudinal and behavioral. When facing to failures, people feel dissatisfied, stressful, annoyed, offended or even angry (Hui and Tse 1996; Taylor 1994). Afterwards, these negative feelings will influence consumer behavioral intentions. They will be more possibly to switch to other brands or transmit negative word of mouth (WOM) to others (Cronin et al. 2000; Singh 1988; Zeithaml et al. 1996).

This thesis examines both kinds of consumer responses to brand failures of high PBG brands and low PBG brands, and then compare the difference between consumer responses to the

two kinds of brands. If the advantages of global brands in failure context are verified, the investment of global brand building will pay off when there is a brand failure.

2.5 Disconfirmation and Attribution Theories

Given the same failure happened to high PBG brand and low PBG brand, which situation will more dissatisfy the customers? Oliver (1977 and 1980) proposed the diagram of disconfirmation of expectations. In this diagram customer satisfaction was influenced by the expected quality and the real quality of the product. The gap between the expected and the real quality the product decided whether consumers felt satisfied with the product or not. Other literature (e.g., Boulding et al. 1993; Parasuraman et al. 1985) also proposed the similar concepts of gaps model of service quality. In these studies, customer satisfaction was measured by the gap between quality perceptions and expectations.

The disconfirmation theory implies the higher expectations consumers hold towards the brand, when encountering failures consumers will feel more dissatisfied. If consistent with the logic of the disconfirmation theory, after encountering failures, consumers should react more negatively to the brands which are expected with higher quality by them. However, regarding consumer responses to failures, there is another competing theory, attribution theory.

Attribution theory suggests that people are rational information processors (Folks 1984) and tend to attribute the causes inferred for failures and have different reactions upon the results of their attributions (Bettman 1979; Folkes 1988). When encountering any expected cases, people will ask why and try to find out the answers which are most rational to them. During the process of the attribution, there are various kinds of biases. For example, Heider (1958) as one of the earliest researchers paid attention to attribution published a book listed up a number of biases, such as overestimating the salient features in perceiver's environment. Heider also found that when the cause of an event was inferred as internal or external, the reactions of the people will be obviously different. For example, flight delay is a common case encountered by many people. If the cause of the delay is inferred as an external reason of the air company such as bad weather people will not evaluate the air company quite negatively. On the contrary, if the cause of the

delay is inferred as an internal reason such as the ineffective arrangement of the air company, people will definitely blame the company a lot and react more negatively to the delay.

In the attribution process, there are three types of antecedents: motivations, information, and prior beliefs (Kelley and Michela 1980). Firstly, consumers may have the motivation to make attribution. The unexpected brand failure happened them motivate the consumers to infer the causes of the failure. Then consumers will rely on the existed information to make the rational attribution and take the corresponding reactions afterwards. Finally, consumers have prior beliefs on the possible courses inferred from the failure. The attribution results made by the consumers should consistent with the prior beliefs of theirs.

When consumers do cause inference of a brand failure they try to find out the reason which should meet both requirements: self-serving and rational (Folkes and Kotson 1986; Richins 1985). First of all, the inferred cause should be in favor of the attributor's self. In other words the cause of the failure is more likely to be attributed as the fault of the product instead of user per se. However, besides of that most consumers attributing failure to others could be due to rational rather than to self-serving reasons (Folkes 1988). In this case, if the failure happening to a brand with higher perceived prestige, which seldom frustrates users, consumers may be more likely to attribute the failure to some other reasons out of control of the brand per se.

When facing to brand failures, people will try to figure out why the brand failed them. Because of the high quality perception of global brands (Steenkamp et al. 2003) consumers will be more likely to trust the performance and quality of the global brands. Thus, given global brand failed the consumers, they may believe the failure more like an *occasional* or *accidental* case happening to them. If high PBG brands are superior to low PBG brands in the context of failures, consumers should attribute the failures of high PBG brand as less likely happened cases than low PBG brand. In this case, the perceived gallobalness of the brand may serve as a buffer to moderate consumer negative responses to brand failures. The more commonly the failure is believed to happen, the more likely consumers attribute the failure to the fault of product/brand per se (Folkes and Kotsos 1986). Therefore, consumers should react less negatively to the failures of high PBG brands than low PBG brands.

In spite of the attribution theory, norm theory (Kahneman and Tversky 1982) would also predict the consistent results of consumer responses to brand failures. Kahneman and Tversky proposed that consumers used norms in marketing inference, predictions, and comparative judgments. Similarity is one of the most important determinants of norm formation. People will retrieve the similar information to the current event as norms to make judgments. Since the high prestige of the high PBG brands, the failure cases happening to them should be less heard than low PBG brands. Therefore, consumers are more likely to perceive the current failure of the high PBG brand as experienced by them as a seldom happened case. In this situation, the same failure happened to a high PBG should be less blamed by consumers than low PBG brand.

3 CONCEPTUAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

3.1 Hypotheses Development

High PBG will create high brand value. PBG is positively related to the perceived brand quality and prestige of the brand (Steenkamp et al. 2003; Zhou et al. 2008). The thesis will investigate whether global brands should keep the general advantages even encountering brand failures. On the ground of the attribution theory, people are rational information processor. When encountering unexpected cases, people will ask for why and attribute the causes of the case.

In terms of consumer complaints to brand failures, attribution theory predicts the perceived reason of the failure impacts consumer responses (Bettman 1979). PBG is found to positively associate with brand quality and prestige. To consumers, the high PBG brand is more trustable than low PBG brand because of the worldwide acceptance of the high PBG brand. Consumers may believe that as long as the high PBG brand is available and accepted by the consumers all around the world, the brand per se must be superior in many aspects. Even when there is a failure happened to the high PBG brand, the positive brand associations will serve as a buffer to prevent the brand being blamed to death.

Since global brands are perceived superior to local brands, the failure happens to the global brand is more likely to be thought as an accident or something out of control of the company. For example, when customers buy a Siemens washing machine and find that the laundry is not clean they will probably believe that they do not operate the machine correctly. In this case, customers may not be quite dissatisfied with Siemens but try to find other possible reasons that might cause the problem. Consequently, It is proposed that, when failure happens to a brand which is highly perceived as a global one, consumers should be more likely to attribute the failure to other external reasons rather than the brand itself because of the high perceived quality and prestige of global brand.

H1: When encountering brand failures, consumers are less dissatisfied with the brands with high PBG (vs. low PBG).

Global brands are known as globally available which is attributed by the consumers to be the indication of its high quality (Kapferer 1997; Keller 1998). Empirical test supports the positive relationship between PBG and perceived brand quality (Steenkamp et al. 2003). Literature suggests that consumer preference for brands with global image over local ones even the real quality of the global brands is not objectively superior (Kapferer 1997; Shocker et al. 1994). For this reason, when there is a brand failure the high PBG will serve as a buffer to moderate the decline of the perceived brand quality. The perceived brand quality of the high PBG brands is higher than low PBG brands after brand failures happened.

H2: When encountering brand failures, consumers have higher quality perception for the brands with high PBG (vs. low PBG).

In a brand failure context, dissatisfied consumers are very likely to engage in further behavioral intentions. In literature, the commonly agreed behavioral intentions are negative word of mouth (WOM) and exit (in purchase context should be not to purchase again) (Cronin et al. 2000; Singh 1988; Zeithaml et al. 1996). All these complaint behavioral intentions are positively related to dissatisfaction and negatively related to consumer quality perception. It is not hard to understand that the more a customer dissatisfied with the brand, the lower quality perception they hold on it and the more likely they are to transmit the negative WOM or decide to not purchase the brand again. WOM transmitting and purchase decision making are both the behavioral intentions following the attitudinal intentions, customer satisfaction and quality perception. Therefore, If the above two hypotheses are supported, for the brands with higher level of PBG consumers are less likely to transmit negative WOM and less likely to not purchase it again.

H3: When encountering brand failures, consumers are less willing to transmit negative WOM for brands with high PBG (vs. low PBG).

H4: When encountering brand failures, consumers' re-purchase intentions are higher for brands with high PBG (vs. low PBG).

The Moderating Role of Consumer Ethnocentrism (CET)

CET is proposed to moderate the effects of PBG on purchase intention (Steenkamp et al. 2003). Shimp and Sharma (1987) defined CET as “the beliefs held by consumers about the appropriateness, indeed morality, of purchasing foreign-made products.” Ethnocentric consumers will look upon brands not from their home country as threats to local culture and economy. They are more likely to believe purchasing products from foreign countries as not appropriate. Therefore, the effects of PBG on re-purchase intention after brand failures will be moderated by CET as well. However, regarding the moderating effects of CET on the relationship between PBG and consumer responses, there are inconsistent findings in literature. The effects of CET bias are influenced by various factors, such as the openness of the culture, the educational level of the consumers, and so on. This study tests the Chinese consumer responses to brand failure. China as the “world factory” producing many global brands may have the opener attitude towards accepting the global brands than other developing countries. It is necessary to test whether the moderating role of CET in the relationship between PBG and consumer responses to brand failures will be supported in Chinese consumers. As found in Steenkamp et al.’s study that the effects of PBG will be moderated by CET. The more ethnocentric consumers the less they prefer the high PBG brand to low PBG brand. When encountering failures, the ethnocentric consumers will blame the high PBG brand more severely. This is consistent with their prior belief that buying high PBG brand is a threat to home country’s economy. In this case, the more ethnocentric consumers will respond more negatively to the brand failures. I propose that the effects of the PBG on consumer responses to brand failures will be moderated by CET.

H5: The effects of PBG on consumer responses to brand failures will be weaker for more ethnocentric consumers.

The Mediating Role of Attribution

Attribution theory predicts that people are rational information processor (Folks 1984). When encountering unexpected case, people will tend to attribute the causes for failures and have different reactions upon the results of their attributions (Bettman 1979; Folkes 1988). In the process of cause inference, people attribute the reasons for the brand failure based on two requirements: self-serving and rational (Folkes and Kotson 1986; Richins 1985). Between the two requirements, rational plays a more important role in the cause inference than self-serving.

If the failure happens to a brand with higher perceived prestige, which seldom frustrates users, consumers may be more likely to attribute the failure to some other reasons out of control of the brand per se. Because of the perceived usually high quality or good performance of the global brands, the cause of the failure being the accidental case is more rational than the cause of the failure being the poor quality of the brand. If the quality of the high PBG brand is poor, there should be no reason for customers all over the world to accept and buy the product.

When consumers experience the brand failures, they firstly attribute the reason of the failure then take different reactions based on the attributed results. Compared with low PBG brand, consumers are more likely to believe the reason of the failure happening to the high PBG as accidental, out of control and not very likely to happen again. Once the cause of the failure is believed to be an external reason, the brand per se will be blamed less. For example, if the flight delay is due to the special security requirement of the airport instead of the cleaning delay of the air line company, consumers will not blame the company quite much. Therefore, based on the attribution results, consumer responses to brand failures of high PBG brand is less negatively than low PBG brand. On the ground of the above logic, it is proposed that consumer responses to brand failures will be partially mediated by consumer attribution results.

H6: The effects of PBG on consumer responses to brand failures will be partially mediated by consumer attribution results of the failures.

The relationship between the major variables is illustrated in Figure 1.

Figure 1: Conceptual Framework of the Study

4 RESEARCH METHODOLOGY

4.1 Research Design

The research consists of two studies and two pretests. Study 1 is to test consumer responses to brand failures of fictitious brands. Since there are many original differences between the real brands, such as brand familiarity and brand equity, the effects of PBG on consumer responses to brand failures of fictitious brands are easier to test without those confounding variables. Therefore, the purpose of Study 1 is to test the existence of the effects of PBG and ensure the effects are not caused by other variables. To generalize the research results to the real market, Study 2 is designed to examine consumer responses to brand failures of established brands. In Study 2, all confounding variables will be carefully controlled to ensure the validity of the experimental results.

Pretest 1 verifies the general direction of the hypotheses is as proposed, confirms the appropriate product categories to test in later studies and finds out the problems of the questionnaires to refine. Pretest 2 asks respondents to evaluate several selected brands and finds out the target established brands with similar attributes. The established brands found in Pretest 2 are then be used as the target brands in Study 2. The purpose of Pretest 2 is to control the possible cofounding variables for the real established brands, such as brand familiarity and brand equity.

4.2 Consumer Responses to Failures of Fictitious Brands

4.2.1 Measurement Scales

All scales used in this study are well developed in literature and have high reliability and validity. Only some minor changes were conducted to the scales to better suit the research topic and respondents of this study. The scales adopted in the thesis include: brand familiarity scale

(Steenkamp et al. 2003) (scale items were deducted to 2 from 4), brand attitude scale (Keller and Aaker 1992), brand quality perception scale (Steenkamp et al. 2003), perceived brand globalness scale (Batra et al. 2000; Steenkamp et al. 2003), customer dissatisfaction scale (Oliver 1997; Roem and Brady 2007), negative WOM scale (Chan and Wan 2008), purchase intention scale (Dodds et al. 1991; Steenkamp et al. 2003), and CETSCALE (Shimp and Sharma 1987; Steenkamp et al. 2003). Minor justifications were conducted to some wordings of the scales to make the questions more suitable to the experiment. All scales were translated into Chinese then back translated into English to ensure the meaning of questions not change. Respondents answered the questions in Chinese.

The manipulation of the PBG of the brand is measured by two items: 1. To me, “XX” is a global brand. 2. “XX” is sold only in China. The manipulation of the failure scenario is measured by two items: 1. “XX” TV does not perform well. 2. “XX” TV does not perform stably. The “customer satisfaction” is measured by three items: 1. I am dissatisfied with the quality of “XX” TV. 2. In general, I am satisfied with the performance of “XX” TV. 3. I am unhappy with the performance of “XX” TV. The “quality perception” is measured by two items: 1. In general “XX” is a brand of inferior quality. 2. Compared with other TV brands, “XX” is low on quality. The “WOM” is measured by two items: 1. I will tell my friends and family not to buy “XX” TV. 2. I will not recommend my friends and family to buy “XX” TV. The “consumer repurchase intention” is measured by two items: 1. I’m not at all likely to buy “XX” TV again (if available). 2. If had other options, I will not buy “XX” TV next time. Finally, the “consumer attribution process” is measured by four items: 1. “XX” is responsible for my experience of using the product. 2. I blame “XX” for my experience of using the product. 3. My experience of using the product is the fault of “XX”. 4. I believe “XX” is very likely to have the same problem again.

4.2.2 Pretest 1: Questionnaire Design and Product Categories Chosen

Pretest 1 was designed to test the main direction of the hypotheses. A focus group interview was conducted prior to Pretest 1. Eight postgraduate students from China mainland were invited

to discuss the familiar product categories and the corresponding famous global and local brands to ordinary consumers. Respondents were asked to recall their own experiences as a consumer to buy highly and lowly involved products respectively. In literature, global brands are defined as the brands acceptable and available all over the world and local brands are defined as the ones only consumed in the original country (Batra et al. 2000, Steenkamp et al. 2003). In this thesis, high PBG brand was operationalized as global brand and low PBG brand was operationalized as local brand. The requirements to choose product categories and brands are to rule out some possible confounding variables, such as brand familiarity, product familiarity, product involvement, and product-country match.

Another possible confounding variable need to be controlled is *customer animosity*. Customer animosity is a different concept from consumer ethnocentrism by definition. Customer animosity is defined as a country-specific construct, which means customers dislike products from some specific country. For instance, due to the ever war between China and Japan, some Chinese customers do not like the Japanese brands (Klein et al. 1998). While consumer ethnocentrism measures the feelings about buying foreign products in general (Shimp and Sharma 1987). Therefore I carefully chose the brands from different countries and without clear indication of its original country information to avoid the disturbance of customer animosity.

Bearing all these rules in minds, finally toothpaste (low involvement product) and cell phone (high involvement product) were recognized by all focus group members as the representatives of the familiar products. Crest and Zhonghua toothpaste were recognized as the familiar global and local brands to ordinary customers. For cell phone, Nokia and Amoi were selected as the target brands to be evaluated.

Pretest 1 was a 2 (high PBG brand vs. low PBG brand) X 2 (failure present vs. failure absent) factorial design. All variables were manipulated between subjects. Data were collected by self-reported method. Totally 49 samples from China mainland were invited to respond to the on-line survey. Descriptive data of the samples were listed in Table 1. Preliminary data analysis technique such as Box-plot was used to clean the data. Five outliers were deleted. After deleting outliers, 44 questionnaires were analyzed.

Table 1: Description of the Respondents in Pretest 1

	Value	Frequency	Percentage %
Sex	Male	18	41
	Female	26	59
Age	18-25	8	18
	26-30	22	50
	31-40	14	32
Total		44	100

To get more understanding about the hypotheses with limited sample size, each participant was asked to evaluate two brands. One brand had failure happened and the other one not. The first part of the questionnaire asked the respondents to report their attitudes toward the brand, perceptions of the brand quality, and brand familiarity. Followed by a brand failure present or absent episode, respondents were asked to evaluate the brand by imagining the scenarios as the real experiences of their own. The brand failure scenario was carefully designed to be familiar to customers. The brand failure scenario for toothpaste was the teeth whitening function did not work. And the brand failure scenario happened to cell phone was the unexpected shutting down of the cell phone once a week on average.

In the main body of the questionnaire, each statement was followed by a seven point Likert scale, in which one point meant completely disagree and seven point meant completely agree. Respondents were required to click the button below the number to report the extent to which they agree to the statements listed above.

The reliability of the scales used in this study was tested. As expected, most of the measurement scales were acceptable ($\alpha > 0.50$) even in this small sample size case. Although ideally the Cronbach alpha coefficient of a scale should be above 0.70, it is quite normal to obtain low Cronbach values with a short scale and small sample size (Pallant 2005). Therefore, it is reasonable to believe to get a higher reliability later in a study conducted in bigger sample size. However, the reliability of the WOM scale in brand failure present scenario is unacceptable.

The two items in WOM scale were double checked and inferred that the wordings of the two items may be confusing to respondents. The first item in WOM scale was to ask the respondents how likely they were to share the failed purchase experience with friends. The second was to ask

how likely they were to recommend their friends to buy the product. The two items were extremely reversely worded which might cause respondents to ignore the real meaning of the second question and take for granted that it is asking the same thing as the first one. The problem did not happen to the failure absent scenario. This phenomenon again proved the above inference. In failure absent scenario, recommending the brand and sharing the experience of purchasing the product both were positive WOM behaviors. Therefore, respondents would not be confused in this condition. Finally only the means of the second item of WOM scale in failure present scenario was compared.

Independent samples T-test was adopted to compare the group means between global and local brands. Data analysis results were listed in table 2.

Table 2: Means Comparison between Global and Local Brands of Pretest 1

	Failure present		Failure absent	
<i>Overall</i>	<i>Global Brand</i>	<i>Local Brand</i>	<i>Global Brand</i>	<i>Local Brand</i>
Customer satisfaction ($\alpha=0.95$)	5.75 (1.75)*	4.40 (1.73)*	5.32(1.39)	4.72(1.68)
Quality perception ($\alpha=0.62$)	5.84 (1.56)*	4.93 (1.18)*	5.48(1.18)	5.10(1.42)
Word-of-mouth ($\alpha=0.61$)	4.89 (2.40)*	3.40 (1.96)*	4.37(2.11)	4.03(1.64)
Re-purchase intention (0.50)	5.21 (1.89)	4.48 (1.91)	5.65(1.19)	4.93(1.37)
N	19	20	23	20
<i>Cell Phone</i>				
Customer satisfaction	5.48(2.39)*	3.67(0.79)*	6.31(1.07)*	4.33(1.66)*
Quality perception	5.83(2.06)*	4.15(0.41)*	6.25(0.97)*	4.80(1.30)*
Word-of-mouth	5.56(2.35)*	2.70(1.57)*	5.67(1.83)*	3.60(1.49)*
Re-purchase intention	5.22(2.18)*	3.25(0.98)*	6.33(1.07)*	4.30(1.06)*
N	9	10	12	10
<i>Toothpaste</i>				
Customer satisfaction	6.00(0.96)	5.13(2.12)	4.24(0.76)	5.10(1.69)
Quality perception	5.85(1.06)	5.70(1.21)	4.64(0.74)	5.40(1.54)
Word-of-mouth	4.30(2.41)	4.10(2.13)	2.95(1.37)*	4.45(1.76)*
Re-purchase intention	5.20(1.70)	5.70(1.84)	4.91(0.83)	5.55(1.40)
N	10	10	11	10

NOTE: Means are shown with standard deviations provided in parentheses.

* indicates mean difference is significant at 0.05 level (2-tailed).

The results of Pretest 1 indicate that consumer responses to cell phone are generally as hypotheses proposed. When encountering brand failure, consumers are less dissatisfied with global brands than local brands. Hypothesis 1 is supported. After encountering brand failure, consumers perceive the quality of the global brands is still better than local brands. Hypothesis 2 is supported. The likelihood of consumers to recommend the global brands to friends after encountering brand failure is higher than local brands. Hypothesis 3 is supported.

However, no significant effect of PBG on customer re-purchase intention was found in Pretest 1. Literature suggests the effect of PBG on purchase intention is fully mediated by quality perceptions and brand prestige. The effects of PBG on quality perception are much bigger than purchase intention (Steenkamp et al. 2003). Moreover, the sample size of Pretest 1 is small. Each cell size is only around 10. These may be the reasons that the effect of PBG on purchase intention is not significant. Hypothesis 4 is not significantly supported.

Two way ANOVA was run to test the moderating role of CET. The proposed interaction effect between PBG and CET was not supported. Hypothesis 5 is not supported. The effect of CET will be further tested in the following studies with a bigger sample size.

4.2.3 Questionnaire Modification

Pretest 1 supports the general direction of the hypotheses. PBG has positive effects on consumer responses to brand failures. Some scales in questionnaire were found not precisely measure the variables. Scales with low reliability ($\alpha < 0.70$) were double checked and were found out that some were due to the translation issue and others were due to the reverse wording of the items under the same scale. The original scales were then translated into Chinese by the author and back translated into English by a postgraduate student from translation department. Reverse wording items under the same scale were avoided in the refined questionnaire.

Brady et al. (2007) in their research reported that brand equity had significant effects on consumer responses to failures. Pretest 1 didn't measure the difference in brand equity between the selected brands. It cannot say that the difference between consumer responses to global and local brand was due to the PBG per se without controlling the variable of brand equity. In Study

1, respondents will be asked to evaluate fictitious brands. The purpose of selecting fictitious brands is to control the confounding variable of brand equity.

Also Study 1 probed into consumer attributional process to failures of global and local brands. According to attribution theory, people are born informational processer. They will attribute the reasons of a failure (Bettman 1979; Folkes 1984). Study 1 adopted attribution scale from Chan and Wan's (2007) study. Folkes and Kotsos (1986) proposed that the more commonly the failure is believed to happen, the more likely consumers attribute the failure to the fault of product/brand per se. One item to measure how likely consumers believe the failure will happen to the brand again was added to the scale. The reversely worded questions were avoided under the same scale. There are altogether four versions of the questionnaires for fictitious brand testing. The full version of the questionnaire both in English and Chinese can be found in Appendix A and B.

20 university students from China mainland were interviewed one by one and answered the questionnaire. Several minor issues about the wordings of the questions were raised by the participants and settled to a clearer version. The questionnaire was finally firmed and went for launch.

4.2.4 Research Design of Study 1

An experiment was conducted to examine the hypotheses. It was a 2 (High PBG brand vs. Low PBG brand) $\times$ 2 (Failure present vs. Failure absent) between subjects factorial design. Two fictitious brand names were created to serve as the brand name of TV set and restaurant respectively. A focus group interview prior to Study 1 showed that the fictitious brand names would not be associated with any established brands in the market.

Television was selected as the product type of durable and familiar product to consumers. Restaurant was selected as the product type of service. In Pretest 1, PBG effects were significant on the product of cell phone rather than toothpaste. This was because that cell phone as a highly involved product was more likely impacted by brand. Television was also a highly involved product, and familiar to ordinary consumers. Since high PBG and low PBG brand was

operationalized as global and local brand respectively, I needed to find out the product type had similar level of global brand and local brand. China was good at television producing industry. There were many famous local television brands took big market share in China. Therefore, in Study 1 television was selected as the suitable product type to be examined.

There were four versions of questionnaires to be answered. Each version of questionnaire contained two brands to be evaluated, one had failure happened and one not. The content of the questionnaire consisted of the cover story, followed by a scenario of failure presence or absence, followed by the brand evaluation questions, finally went to the questions regarding consumer ethnocentrism and personal demographics. The fictitious brand was either positioned as global brand or local brand by the description in the scenario. For example, the global brand was described as “BOKIN TV is a newly developed sub-brand of a famous global brand. BOKIN just opened the service branches in most of the countries, and will enter many home appliances supermarket in these countries.” The local brand was described as “BOKIN TV is a newly developed sub-brand of a famous China local brand. BOKIN just opened the service branches in most provinces of China, and will enter many home appliances supermarket in these provinces.”

Respondents were asked to answer the questions about their responses to the brand after reading the cover story and scenario. The questions covered several aspects: PBG of the brand, manipulation check, customer satisfaction, product quality perception, customer re-purchase intention, and customer attribution of the failure. The measurement scale was translated into Chinese from English, then back translated into English from Chinese. The cover story and failure scenario was originally designed in Chinese to fit the Chinese respondents. The full version of the questionnaire both in English and Chinese could be found in Appendix F and G.

4.2.5 Samples and Stimulus

100 undergraduate students from business school, Sun Yat-Sen University, Guangzhou were asked to participate in the experiment. Each respondent received a marker pen at HKD 5 as the reward of the participation. The experiment was conducted in the classroom before the beginning of the class. Study 1 tested consumer responses to two kinds of products: Television (durable

tangible product) and restaurant (service). Each respondent answered the questions about both product types, one of which had failure and the other not. The answers of each respondent were separated into two types of products to compare with each other group respectively.

Preliminary data analysis technique such as Box-plot was conducted to clear the data of Study 1. After deleting outliers and incomplete questionnaires, 91 questionnaires were usable for product type of television and 88 questionnaires were usable for restaurant. For the product type of television, 98 percent of the respondents' ages ranged from 18 to 25. The sample comprised 44 percent males. For the product type of restaurant, 98 percent of the respondents' ages ranged from 18 to 25. 42 percent of them are males. The profiles of the respondents to either type of product were listed in Table 3 respectively.

Table 3: Description of the Respondents in Study 1

	Value	<i>Television</i>		<i>Restaurant</i>	
		Frequency	Percentage %	Frequency	Percentage %
Sex	Male	40	44	37	42
	Female	51	56	51	58
Age	<18	2	2.2	2	2.3
	18-25	89	97.8	86	97.7
Monthly expense	<=1500	83	91.2	81	92
	1500-3000	6	6.6	6	6.8
	3001-5000	1	1.1	1	1.1
	>5000	1	1.1	0	0
Total		91	100	88	100

Each respondent was randomly assigned to answer one of the four versions of the questionnaires. Respondents were told to report their real feelings about the brand after being exposed to the scenario and imagined the scenario as their personal experience.

In a pilot focus group interview, television and restaurant were confirmed as the products very familiar to normal university students. Respondents firstly read the cover story to tell them the purpose of the study was to understand consumers' thoughts about global brand and local brands. They were asked to carefully go through the scenario and imagined it as the personal experience then rated 1 to 7 to show their levels of agreement to each statement. 1 meant completely disagree with the statement and 7 meant completely agree. Also the respondents were

told that there was no right or wrong answer to each question. What the Study cared most were their true feelings.

After reading the cover story, respondents were exposed to scenario 1 about the television. The fictitious brand of the television was either positioned as global or local brand. In the scenario, respondents were asked to imagine that they just bought a television and found out the performance of the television was either satisfied (failure absence scenario) or dissatisfied (failure presence scenario). The failure scenario of the television was carefully designed to be medium leveled, which was not totally unforgivable but also not being ignored by consumers. The failure of the television was described as “When turning up the volume, there is some noise and distortion in the voice.”

Scenario 2 was about the restaurant. The fictitious brand of the restaurant was positioned either as a global or local brand. Many studies about service failure designed the failure as time delay such as, the late of the flight, or the late of the food serving (Brady, 2007, Chan and Wan, 2008). I borrowed that design to the study and described the failure of the restaurant as “The restaurant promised to serve the food within 15 minutes but kept you waiting for 30 minutes.”

After either of the scenario, the respondent was presented with a set of questions related to manipulation checks for PBG and brand failure information. She/he also responded to the questions which measured her/his satisfaction about the brand, quality perception, re-purchase intention of the brand, WOM, and attributional process. After answering all these questions, the respondent also answered the questions related to demographic information, which included CET, sex, age, education level, monthly cost, and birth place.

4.3 Study 2: Consumer Responses to Failures of Established Brands

4.3.1 Pretest 2: Finding out the Target Established Brands

To generalize the study results, Study 2 was conducted to test the effects of PBG on the established brands. To design the experiment about the established brands required more

considerations than fictitious brands. There were more confounding variables to be controlled when examining the effects of PBG on established brands. Brand equity was one of the most important confounding variables to be well controlled. Brady et al. (2007) reported the brand equity significantly influenced consumer responses to brand failures. Therefore, Pretest 2 was conducted to find out the established global and local brands had the same brand equity. Secondly, customer animosity was another possible confounding variable to influence consumer product evaluations. Customer animosity was defined as the consumer special dislikes of the brand produced by some specific country (Klein et al. 1998). Since customer animosity is a country specific concept, I carefully selected the global brand not from the country, to which Chinese consumers had especially resentful feelings. For this reason, no Japanese brand was selected in the thesis, though Japan produces several famous global brands of television. As mentioned before, some Chinese consumers would not like to purchase Japanese brands due to the ever war between the two countries.

As Pretest 1 revealed that consumer responses to the failures of highly involved product were significantly impacted by PBG, the main target of Pretest 2 was to find out a pair of global and local brands of highly involved products with the similar brand equity. Also Pretest 2 probed into whether there was a local service brand shared the same level of brand equity with global brand. Since service industry in China was a relatively new and weak industry comparing with manufacturing industry, China didn't have many strong and famous service brands.

Pretest 1 found out the significant effects of PBG on consumer responses to brand failures of cell phone. Study 1 tested the responses to television and got the similar results. Both cell phone and TV were durable and familiar products to consumers. Pretest 2 tried to find out the established brands with same brand equity for both types of products. Based on a prior focus group interview and the users' comments from internet online community, several pairs of global and local brands were selected to be evaluated. The brands were listed in the Table 4.

Table 4: The Brands to be Evaluated in Pretest 2

Product	Global Brand	Local Brand
<i>Cell Phone</i>	Philips	Amoi
<i>Television</i>	LG	Skyworth
<i>Restaurant</i>	Pizza Hut	Little Sheep

This is to test the PBG effects of consumer responses to brand failures. PBG per se is a consumer based concept. Therefore, Pretest 2 measured the brand equity of the brand from consumer perspectives as well. The brands were rated by the respondents on a brand-equity scale containing 5 items ($\alpha=0.90$) which were similar to ones adopted by Rust et al. (2000) and Brady et al. (2007). Pretest 2 also measured the brand familiarity of each pair of brands. The measurement scale of brand familiarity was the same as that in Pretest 1. The brands were evaluated by two items ($\alpha=0.74$) about the level of how familiar the brand was to the consumer.

62 real consumers in coffee shop, shopping mall and the street of Shenzhen were interrupted to respond to the questionnaire. Each questionnaire contained three brands of all three kinds of products to be evaluated. Respondents were exposed to a picture of the product then answered the questions related to PBG of the brand, brand familiarity and brand equity to a seven point semantic scale. The picture of the product was the same for both brands of each product type except for the brand logo on the product. The pictures of the products were showed in Appendix C.

There were six versions of questionnaires. Each questionnaire contained three different types of products to be evaluated. 154 separate evaluations on single brand from 52 respondents were usable after deleting outliers and incomplete answers. All respondents' ages ranged from 19 to 40. 85 percent of the respondents were from 19 to 30 years old. The sample comprised 52 percent males. The respondents profile is listed in Table 5.

Table 5: Profile of the Respondents in Pretest 2

	Value	Frequency	Percentage %
Sex	Male	27	51.9
	Female	25	48.1
Age	19-30	44	84.6
	31-40	8	15.4
Education	Below high school	10	19.2
	College and university	39	75
	Equal or above master	3	5.8
Monthly income	< 1500	4	7.7
	1501-3000	11	21.2
	3001-5000	15	28.8
	>5000	22	42.3
Region	South China	32	61.5
	Middle China	15	28.8
	North China	5	9.7
Total		52	100

Independent samples T-test was conducted to compare the brand equity and brand familiarity between each pair of brands. LG and Skyworth of television, Pizza Hut and Little Sheep of restaurant were found to have no significant difference between the means of the two items. Data were showed in Table 6.

Table 6: Means Comparison between Global and Local Brands of Pretest 2

	Global Brand	Local Brand
<i>Cell phone</i>	Philips	Amoi
Brand familiarity ($\alpha=0.74$)	5.84 (1.26)*	4.79 (1.88)*
Brand equity ($\alpha=0.90$)	4.74 (1.46)*	3.66 (1.02)*
N	22	28
<i>LCD TV</i>	LG	Skyworth
Brand familiarity ($\alpha=0.74$)	5.96(1.13)	5.52(1.93)
Brand equity ($\alpha=0.90$)	4.62(1.03)	4.52(1.15)
N	26	26
<i>Restaurant</i>	Pizza Hut	Little Sheep
Brand familiarity ($\alpha=0.74$)	5.83(1.70)	5.96(1.35)
Brand equity ($\alpha=0.90$)	4.22(1.59)	4.72(1.64)
N	26	26

NOTE: Means are shown with standard deviations provided in parentheses.

* indicates mean difference is significant at 0.05 level (2-tailed).

LG and Skyworth were confirmed as the target brands to be tested in Study 2. Although Pizza Hut and Little Sheep were service brands with similar brand familiarity and brand equity, the difference of the two brands were obvious. Pizza Hut was serving pizza and western food. Little Sheep was a famous restaurant serving traditional Chinese food. The love of either brand may due to the personal preference of the food type per se. The focus of the thesis is to examine the effects of PBG on consumer responses to brand failures. It is not appropriate to go deeply to investigate personal preference of each product, such as western or eastern food. Therefore, television was firmed as the only product type to be evaluated in Study 2. LG and Skyworth were firmed as the target global and local brands to be compared.

4.3.2 Research Design of Study 2

In the design of experiment, Study 2 followed the design of Study 1. The experiment of Study 2 was a 2 (High PBG brand vs. Low PBG brand) $\times$ 2 (Failure present vs. Failure absent) between subjects factorial design. LG and Skyworth were selected as the global and local TV brand to be evaluated respectively. There were four versions of questionnaires. Each

questionnaire contained a cover story, followed by a scenario of the performance of the imagined newly bought TV of either LG or Skyworth brand. In the scenario the description about the two brands under either failure presence or absence context was the same, except for LG was emphasized as a global brand to be available all around of the world while Skyworth was emphasized as a local brand to be available only in the scope of China.

The performance scenario followed the same content used in Study 1. Manipulation check of Study 1 indicated that the failure scenario was successfully manipulated. The main content of the questionnaire in Study 2 was adopted from Study 1. Since Study 2 targeting to test consumer responses to established brands, brand equity scale was added to the questionnaire to serve as the control of confounding variable. The brand equity scale was the same with Pretest 2. All original measurement scales were translated into Chinese by the author. A postgraduate student from English translation department helped to translate the Chinese items back into English. The full version of the questionnaire contained 22 questions about the brand evaluation, 4 questions measuring consumer ethnocentrism and 5 questions measuring the basic demographical information. The complete questionnaire both in English and Chinese could be found in Appendix F and G.

4.3.3 Samples and Stimulus

152 undergraduate students from business school, Sun Yat-Sen University, Guangzhou were asked to respond to the questionnaires. Each respondent received a marker pen at HKD 5 as the reward of the participation. The experiment was conducted in the classroom before the beginning of the class. The purpose of the study was briefly introduced to the respondents as understanding consumer thoughts about global and local brands. The respondents were randomly assigned to answer one of four versions of the questionnaires.

Each version of the questionnaires got 38 copies of feedbacks. Preliminary statistical techniques such as Box-plot and scattering plot were conducted to test the outliers and normality of the data. 140 questionnaires were complete versions. 10 outliers were deleted. It remained 130

questionnaires were usable to the study. 98 percent of the respondents' ages ranged from 18 to 25. The sample comprised 43 percent males. The profile of the respondents was listed in Table 7.

Table 7: Description of the Respondents in Study 2

	Value	Frequency	Percentage %
Sex	Male	56	43.1
	Female	74	56.9
Age	<18	3	2.3
	18-25	127	97.7
Monthly expense	< =1500	115	88.5
	1500-3000	14	10.8
	3001-5000	1	0.8
N		130	100

The experimental procedure was similar to Study 1. Respondents were asked to go through the cover story which briefly introduced the purpose of the study and encouraged them to imagine the following scenario as personal experience and reported their true feelings about the brand. Then the respondents were exposed to the performance scenario of the television. After reading all theses descriptions, respondents completed the questionnaire by self-report method. Respondents answered the questions about brand evaluations by rating on 7 point Likert scales, in which point 1 meant completely disagree and point 7 meant completely agree.

Consumer ethnocentrism was measured after the brand evaluations. 4 items measured consumer attitude toward purchasing foreign brand ($\alpha=0.81$). The final part of the questionnaire contained five questions collected respondents' demographical information about age, sex, monthly cost, and birth place.

5 RESULTS

5.1 Results of Study 1

Study 1 tested the effects of PBG on consumer responses to the failures of fictitious brands. PBG refers to how much people perceive a brand is a global brand. Therefore, in this thesis, high PBG brand was operationalized as global brand. Low PBG brand was operationalized as local brand.

Respondents were exposed to either a failure present or failure absent scenario and then answered to the questions about the brand evaluations. PBG and brand failure served as independent variables. Both independent variables were manipulated between subjects. Customer satisfaction, quality perception, WOM and re-purchase intention acted as dependent variables.

Each respondent provided feedbacks to both types of product: television and restaurant. Television stood for the tangible product type. Restaurant was the representative of intangible product type. Both product types were confirmed to be quite familiar to respondents, in this case the undergraduate students, in a pilot study.

Based on literature and theories, the thesis proposes the general positive effects of PBG on consumer responses to brand failures of both tangible and intangible products. Since there are more than one dependent variables in this study, MANOVA was adopted to examine the hypotheses. The data analysis results support most of the hypotheses in the context of television except for the moderating role of CET and the mediating role of attribution. Due to the difference between the product types per se, the effects of PBG on consumer responses to brand failures of intangible product, in this study was restaurant, are not found. The reasons are discussed later.

5.1.1 Manipulation and Assumption Checks

Respondents gave scores to PBG of the brand after reading the fictitious brand positioning story. Also they responded to a two item scale about the general performance of the brand to measure the manipulation of the failure scenario. An independent samples T-test was conducted to compare the mean PBG scores for global and local brands. The brand mean failure scores for failure present and failure absent scenario were also compared. For PBG manipulation, there is significant difference in scores for global brand ($M=5.20$, $SD=0.93$) and local brand [$M=4.09$, $SD=1.23$; $t(89)=4.85$, $p<0.001$]. For brand failure manipulation, significant difference in scores for failure present ($M=3.38$, $SD=0.87$) and failure absent [$M=5.67$, $SD=0.94$; $t(89)=-12.08$, $p<0.001$] scenarios is also found. Therefore, the manipulations are successful.

Since there is more than one dependent variable in the study, MANOVA as the appropriate method was chosen to examine the hypotheses. The assumptions to conduct MANOVA analysis were checked before analyzing the data. It is commonly suggested that a sample size of at least 20 in each cell ensure the quality of MANOVA (Pallant 2005). In Study 1, each cell had a sample size bigger than 20. Data were checked to not violate the multivariate normality. There are four dependent variables in this study. Mahalanobis distance should be smaller than critical value of 18.47 (Tabachnick and Fidell 2001). Based on this rule, no multivariate outliers were found. After conducted these manipulation and assumptions checks, the data are ready for MANOVA test.

5.1.2 Reliability Test and Correlation Matrix

All measurement scales were conducted with reliability test. The reliability test results are listed in Table 8.

Table 8: Reliability Test of Study 1 Items

<i>Scales</i>	<i>Cronbach's Alpha (TV)</i>	<i>Cronbach's Alpha (Restaurant)</i>	<i>N of Items</i>	<i>Items Deleted</i>
Perceived brand globalness	0.56	0.64	2	None
Customer satisfaction	0.85	0.89	3	None
Quality perception	0.90	0.80	2	None
Re-purchase intention	0.93	0.83	2	None
Word-of-mouth	0.91	0.88	2	None
Attribution	0.81	0.89	4	None
Consumer ethnocentrism	0.84	0.82	4	None

The results indicate that all scales have sufficient reliability for both product types except for the scale of PBG. The reliability of PBG scale for both product types is lower than the commonly acceptable Cronbach's Alpha of 0.70. There are several reasons for PBG scale obtaining such a relatively low level of reliability. First, the PBG scale is a quite short one. It is really common to find low Cronbach values (e.g. 0.50) for the reliability of short scales (Pallant 2005). Second, the two items of the scale are reversely worded. Respondents may feel confused when respond to the second question, which is totally reversed from the first one. Third, the target brands in Study 1 are fictitious brands. Respondents might have difficulties to answer the questions about whether the "brand is only sold in China" based solely on the description of the scenario. Respondents may be not certain about the available regions of the fictitious brands, since they never heard of the brand in their daily life. Though the reliability of PBG scale is not satisfied according to normal conditions, fortunately, the PBG mean score of fictitious global brand ($M_{pbg}=5.20$, $P<0.01$) is significantly higher than that of the local brand ($M_{pbg}=4.09$, $P<0.01$). The manipulation of the PBG of the brand is still successful.

The reliability of PBG scale in Study 2, which uses established brands as target brands to test, is much better than that in Study 1. Therefore, it is reasonable to believe that the above listed points lead to the low reliability of PBG scale in Study 1.

The relationship between the dependent variables for either types of product in the context of failure present was investigated using Pearson product-moment correlation coefficient. Preliminary analyses were performed to ensure no violation of the assumptions of normality,

linearity and homoscedasticity. There is a strong, positive correlation between each pair of the variables. The correlation matrix for either types of the product is listed in Table 9.

Table 9: Correlations Matrix of Study 1

Correlations	1	2	3	4
<i>Television</i>				
1. Customer satisfaction	1.00			
2. Quality perception	0.62	1.00		
3. Word-of-mouth	0.66	0.59	1.00	
4. Re-purchase intention	0.75	0.64	0.86	1.00
(N=91)				
<i>Restaurant</i>				
1. Customer satisfaction	1.00			
2. Quality perception	0.74	1.00		
3. Word-of-mouth	0.68	0.71	1.00	
4. Re-purchase intention	0.70	0.69	0.80	1.00
(N=88)				

NOTE: Correlation is significant at the 0.01 level (2-tailed).

5.1.3 Mean Scores of Study 1

Mean ratings with standard deviations of the dependent measures across the four experimental conditions are reported in Table 10 and Table 11. Results indicate no significant difference between global restaurant and local restaurant no matter have or have not failure happened. The difference in scores of television is obvious. This may be caused by the different attributes of tangible and intangible products per se. Detailed reasons are discussed in the conclusion part of Study 1.

Table 10: Means Comparison between Global and Local Brands of Study 1 (TV)

<i>Television</i>	Failure present		Failure absent	
	Global Brand	Local Brand	Global Brand	Local Brand
Customer satisfaction	4.60* (0.83)	3.53* (1.25)	5.70* (0.60)	4.94* (0.50)
Quality perception	3.81* (1.13)	2.75* (0.75)	5.68* (0.63)	4.88* (0.47)
Word-of-mouth	4.19* (1.00)	3.42* (1.15)	5.52* (0.70)	4.86* (0.81)
Re-purchase intention	3.96* (0.96)	2.94* (1.42)	5.57* (0.66)	4.52* (0.68)
N	24	24	22	21

NOTE: Means are shown with standard deviations provided in parentheses.

* indicates mean difference is significant at 0.05 level (2-tailed).

Table 11: Means Comparison between Global and Local Brands of Study 1 (Restaurant)

<i>Restaurant</i>	Failure present		Failure absent	
	Global Brand	Local Brand	Global Brand	Local Brand
Customer satisfaction	2.65 (0.91)	2.89 (1.09)	5.44 (0.77)	5.47 (0.68)
Quality perception	3.91 (1.18)	4.45 (0.74)	5.74 (0.65)	5.68 (0.57)
Word-of-mouth	3.25 (1.23)	4.10 (1.35)	5.57 (0.76)	5.45 (0.79)
Re-purchase intention	3.80 (1.32)	4.17 (1.08)	5.71 (0.88)	5.59 (0.81)
N	22	21	23	22

NOTE: Means are shown with standard deviations provided in parentheses.

* indicates mean difference is significant at 0.05 level (2-tailed).

The interaction effect between PBG and failure on consumer evaluations about the fictitious television brand is illustrated in Figure 2.

Figure 2: The Interaction Effect between PBG and Brand Failure of Study 1 (Television)

5.1.4 MANOVA and Hypotheses Testing

Study 1 has more than one dependent variable. These dependent variables have strongly positive relationships between each other. Results obtained from a two-way (PBG $\times$ brand failure) MANOVA show a significant main effect of PBG on consumer responses to brand failures (Wilks' lambda=0.64, $p<0.001$; Hotelling's=0.56, $p<0.001$; Pillai's=0.36, $p<0.001$). Dummy variables were created (global brand=1, local brand=2) to serve as independent variables in MANOVA test.

A one-way between-groups multivariate analysis of variance was performed to investigate differences in consumer responses to failures of brands with different level of PBG. Four dependent variables were used: Customer satisfaction, Quality perception, Word of mouth, and Re-purchase intention. The independent variable was PBG. Preliminary assumption testing was conducted to check for normality, linearity, univariate, and multivariate outliers, homogeneity of variance covariance matrices, and multicollinearity, with no serious violations noted. There is a statistically significant difference between high PBG brand and low PBG brand on the combined dependent variables: $F(4, 43) = 6.05$, $p<0.001$; Wilks' Lambda=0.64; partial eta squared=0.36. When the results for the dependent variables were considered separately, the difference between all four dependent variables reach statistical significance, using a Bonferroni adjusted alpha level of 0.13. Detailed statistics are: customer satisfaction: $F(1, 46) = 12.15$, $p < 0.001$, partial eta squared = 0.21; quality perception: $F(1, 46) = 14.70$, $p < 0.001$, partial eta squared = 0.24; word

of mouth: $F(1, 46) = 7.13$, $p < 0.01$, partial eta squared = 0.12; Re-purchase intention: $F(1, 46) = 12.51$, $p < 0.01$, partial eta squared = 0.16. Detailed statistical results of MANOVA are listed in Table 12. As PBG has significantly positive effects on all four dependent variables, H1, H2, H3, and H4 are supported.

For the product of restaurant, the statistical results indicate that the independent variable has no significant impact on the combination of all dependent variables. The experimental manipulation is successful (failure scenario and PBG stimulation). There's no significant difference between global and local brands on dependent variables. MANOVA reports significant effects PBG on neither the combined dependent variables nor the single dependent variable. The MANOVA results of restaurant in the context of brand failure are listed in Table 12. None of the Hypotheses are supported, when brand failure happened to restaurant.

Table 122: MANOVA Results of Study 1

Television							
Independent variable		Df 1	Df 2	F value	P value	Partial eta squared	Wilks' lambda
Perceived brand globalness	Main effect	4	43	6.05	<0.001***	0.36	0.64
	Effect on separate dependent variables						
Perceived brand globalness	Customer satisfaction	1	46	12.15	<0.001***	0.21	
	Quality perception	1	46	14.70	<0.001***	0.24	
	Word-of-mouth	1	46	6.16	<0.05**	0.12	
	Re-purchase intention	1	46	8.51	<0.01***	0.16	
Restaurant							
Perceived brand globalness	Main effect	4	38	1.51	>0.1	0.14	0.86
	Effect on separate dependent variables						
	Customer satisfaction	1	41	0.60	>0.1	0.02	
	Quality perception	1	41	3.23	<0.1*	0.07	
	Word-of-mouth	1	41	4.62	<0.1*	0.10	
	Re-purchase intention	1	41	1.02	>0.1	0.02	

NOTE: Data were analyzed under the context of brand failure presence.

* p<0.1; ** p<0.05; *** p<0.01.

5.1.5 The Moderating Role of CET

A multiple linear regression was conducted to test the moderating role of CET in the relationship between PBG and each type of the consumer responses to brand failure for the product type of television. No significant interaction effect between PBG and CET was found on any consumer responses after brand failures. H5 is not supported. Past literature proposed the moderating role of CET on consumer product evaluations (Steenkamp et al. 2003). Most of the studies about the moderating effect of CET were conducted in developed countries, where consumers had a strong home country bias on the product made by home countries. However, the results of the study show it may not be the case for consumers in developing countries, such as China. Batra et al.'s study was conducted in India, which is a similarly developing country to China. The moderating role of CET was not found in their study. The results here are consistent with the ones got from Indian consumers. Detailed reasons are discussed in the conclusion part of Study 1. Since all scales in the Study 1 are seven point Likert scales, unstandardized coefficients were adopted to reveal the relationship between variables. The moderating effects test results are showed in Table 13.

Table 133: Test of Moderating Effect of CET in Study 1

Dependent variables	Source of interactions	Unstandardized coefficients			
		B	Standardized error	<i>t</i> value	<i>p</i> value
<i>Customer satisfaction</i>	Perceived brand globalness	0.36	0.26	1.35	0.18
	Consumer ethnocentrism	-0.25	0.43	-0.59	0.57
	Perceived brand globalness × consumer ethnocentrism	0.04	0.11	0.32	0.75
<i>Quality perception</i>	Perceived brand globalness	0.39	0.25	1.53	0.13
	Consumer ethnocentrism	0.02	0.41	0.04	0.97
	Perceived brand globalness × consumer ethnocentrism	-0.02	0.12	-0.19	0.85
<i>Word-of-mouth</i>	Perceived brand globalness	0.21	0.26	0.75	0.46
	Consumer ethnocentrism	-0.24	0.42	-0.58	0.57
	Perceived brand globalness × consumer ethnocentrism	0.09	0.11	0.80	0.43
<i>Re-purchase intention</i>	Perceived brand globalness	0.52	0.29	1.83	0.08*
	Consumer ethnocentrism	0.06	0.46	0.14	0.89
	Perceived brand globalness × consumer ethnocentrism	0.00	0.12	0.04	0.97

NOTE: Data were analyzed under the context of brand failure presence.

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.

5.1.6 The Mediating Role of Consumer Attribution

Independent samples T-test was conducted to compare the difference between scores of consumer attribution to brand failures of high PBG and low PBG brands. No significant difference between the two scores was found. This means consumers do not attribute the causes of the failures of high PBG and low PBG brands differently. Since Study 1 investigated consumer responses to fictitious brands. When facing to fictitious brand names, which are never heard, consumers are hard to attribute the cause of the failure to an internal or external reason of the brand. It is hard to completely imagine the failures of the fictitious brands as personal experience. One of the antecedents of attribution is motivation. If the failures are believed to be a real case happened to consumers, they will be motivated to infer the cause and find out the responsible party for the failure. However, if the failure has nothing to do with the consumers or is not believed to be a real case, consumers will loss the interest to find out the real cause of the failure. Therefore, when evaluating the fictitious brands after failures, respondents do not show any difference in cause inference of the failures happened to high PBG and low PBG brands. The detailed statistics of the moderating effect test results are listed in Table 14. Attribution is not significantly related to PBG. This denies the proposed mediating effect of attribution on the relationship between PBG and consumer responses. Furthermore, after controlling attribution, the neither the p values nor the unstandardized beta coefficients values of the PBG effect on consumer responses are changed significantly at all. Therefore, the mediating effect of attribution proposed in H6 is not supported.

Study 2 will use established brands as evaluation targets, which are more likely to be imagined as personal experience. The mediating role of attribution in the relationship between PBG and consumer responses will be further tested in Study 2.

Table 14: Test of Mediating Effect of Attribution in Study 1 (TV)

<i>Source of variables</i>	<i>Dependent variables</i>	<i>Df 1</i>	<i>Df 2</i>	<i>F</i>	<i>t</i>	Unstandardized coefficients		
						<i>B</i>	<i>Standard error</i>	<i>p</i>
<i>Attribution</i>	Perceived brand globalness				0.71	0.05	0.08	0.483
<i>Perceived brand globalness × attribution</i>	Customer satisfaction	2	45	8.64				0.001***
	Quality perception	2	45	10.60				0.000***
	Word-of-mouth	2	45	4.96				0.011**
	Re-purchase intention	2	45	5.14				0.100*
<i>Attribution (after controlling perceived brand globalness)</i>	Customer satisfaction				2.07	0.32	0.16	0.145
	Quality perception				2.27	0.32	0.14	0.128
	Word-of-mouth				1.85	0.30	0.16	0.170
	Re-purchase intention				1.29	0.24	0.18	0.205
<i>Perceived brand globalness (before controlling attribution)</i>	Customer satisfaction				3.49	1.07	0.31	0.001***
	Quality perception				3.83	1.06	0.28	0.000***
	Word-of-mouth				2.48	0.77	0.31	0.017**
	Re-purchase intention				2.92	1.02	0.35	0.005***
<i>Perceived brand globalness (after controlling attribution)</i>	Customer satisfaction				3.37	1.01	0.30	0.002***
	Quality perception				3.75	1.00	0.27	0.001***
	Word-of-mouth				2.34	0.71	0.30	0.024**
	Re-purchase intention				2.79	0.97	0.35	0.008***

NOTE: * p<0.1; ** p<0.05; *** p<0.01.

5.1.7 Conclusion of Study 1

Study 1 tested the effects of PBG on consumer responses to brand failures of both tangible product and intangible product. For the tangible product, the general positive effects of PBG on consumer responses are supported. When the same failure happened to a global brand and local brand, consumer respond less negatively to the global brand. The results support the positive effects of PBG in the context of brand failure. The superiorities and advantages of global brands were well proposed in past literature. Study 1 further examined the advantages of building global brands in a different context and contributed both to academic scholars and marketing practitioners.

The first four hypotheses are supported while the last two hypotheses which proposed moderating role of CET and the mediating role of attribution in the relationship between PBG and consumer responses are not supported. Most of the studies about the CET were conducted in developed countries where people have strong home country biases on the products made by their home countries. However, it may not be the case in developing countries. Batra et al. (1997) found that Indian consumers had foreign country product preference. They proposed that Indian consumers preferred imported products due to the scarcity of the products in developing countries. COO literature suggests that the quality perception of the product is closely related to the economics status of the country. CETSCALE generally measures people's perceptions about whether buying foreign country made products as the threat to own country. China as the developing country has become the biggest manufactory of many brands in the world. Therefore, Chinese consumers may not believe purchasing global brands as a threat to China's economy, for these global brands are probably made in China.

Furthermore, there is no significant difference between scores of attribution for high PBG and low PBG brands. Fictitious brands were used as targets to be evaluated in Study 1. It is hard to imagine a failure happened to a totally strange brand as personal experience. If the brand failure scenario is not perceived as a personal experience respondents will have no motivation to infer the causes of the failures. Therefore, the proposed mediating role of attribution in the relationship between PBG and consumer responses to brand failures is not supported in Study 1.

The effects of PBG on consumer responses are not found for the intangible product, restaurant. The experimental manipulations are successful (failure scenario and PBG stimulation). There's no significant difference between global and local brand on dependent variables. MANOVA reports significant effects PBG on neither the combined dependent variable nor the separate dependent variables.

The results may be due to the original difference between tangible products and intangible products. Service as an intangible product is quite localized when entering the market of a specific country. Service companies hire the local employees to provide service to local customers. Furthermore, the service provided by the employees is the core value of the service product. On the contrary, when tangible product company enters the market of a specific country, the core value is still the product per se. Therefore, whether a global or local service firm may means no difference to customers for the service of the two firms are both provided by the local employees of the companies. This accounts for why there is no difference on consumer responses between global and local restaurant in brand failure context.

5.2 Results of Study 2

Study 2 targeted to established brands examining the hypotheses to generalize the research studies. Brand equity was found had great impacts to consumer responses to failures (Hui and Zhou 2003; Roehm and Brady 2007). To control the confounding effect of brand equity on consumer responses, Pretest 2 finds out the established brands with similar brand equities as the target brands to test in Study 2. As Study 1 already verified the effects of the PBG on consumer responses to television, Study 2 further tested the PBG effects on consumer responses in the context of established brands of television.

LG and Skyworth were confirmed in Pretest 2 to serve as the established television brands to be evaluated in Study 2. There are no significant differences in the scores of brand familiarity between LG ($M=5.96$, $SD=1.13$) and Skyworth ($M=5.52$, $SD=1.93$), also in the scores of brand equity between LG ($M=4.62$, $SD=1.03$) and Skyworth ($M=4.52$, $SD=1.15$).

Respondents were randomly assigned to one of the 2 (high PBG vs. low PBG) $\times$ 2 (failure present vs. failure absent) experimental treatments. Addition to the questions used in Study 1, Study 2 contained two more scales to control brand equity and probe into consumer attributional process to failures.

A MANCOVA test was conducted to test the hypotheses meanwhile control the covariate of brand equity. The general positive effects of PBG on consumer responses to brand failures of established brands are verified. The more a brand is perceived as global, the less negatively consumers respond to the failures of the brand. As expected, consumers attribute the frequency of the brand is higher for low PBG brand vs. high PBG brand. This may explain why consumers respond more negatively to low PBG brand when there is a failure.

All of the hypotheses are supported, except for the proposed moderating role of CET in the relationship between PBG and consumer responses to brand failures. This finding further indicates that CET may not be an issue in Chinese consumers. The detailed reasons are discussed in the conclusion part of Study 2.

5.2.1 Manipulation and Assumption Checks

LG and Skyworth were portrayed as global and local brand respectively. LG was described as the brand to be available in most countries in the world and run a number of service stores in many countries. Skyworth was described as the brand to be available in most regions inside China and run service stories in most of the provinces. After being exposed to the scenario, respondents reported the scores of the performance and PBG of the brand, which served as manipulation checks for the two variables of brand failure and PBG. An independent samples T-test was conducted to compare the means of PBG between global and local brands. The means of failure present and failure absent were also compared with the same method. For PBG manipulation, there is significant difference in scores for global brand ($M=5.84$, $SD=0.73$) and local brand [$M=4.00$, $SD=1.14$; $t(128)=10.96$, $p<0.001$]. For brand failure manipulation, significant difference in scores for failure present ($M=3.98$, $SD=1.02$) and failure absent

[$M=5.42$, $SD=0.77$; $t(128)=-9.11$, $p<0.001$] scenarios is also found. Therefore, the manipulations are successful.

Study 2 has two independent variables: PBG and failure, four independent variables: customer satisfaction, quality perception, WOM, and re-purchase intention, one covariate: brand equity. Each cell size of the experiment is bigger than 20. MANCOVA was conducted to test the hypotheses in Study 2. Preliminary assumption testing was conducted to check for normality, linearity, univariate and multivariate outliers, homogeneity of variance-covariance matrices, and multicollinearity. Three multivariate outliers (Mahalanobis distance >critical value of 18.47) were found and deleted to ensure no violation of the assumptions.

5.2.2 Reliability Test and Correlation Matrix

The reliability test results indicate that all measurement scales obtain a satisfactory cronbach's alpha value (>0.70). Brand equity scale is consisted of 4 items, after deleting the first item the cronbach's alpha value reaches 0.73. The results of reliability of all measurement scales of Study 2 are showed in Table 15.

Table 15: Reliability Test of Study 2 Items

<i>Scales</i>	<i>Cronbach's Alpha</i>	<i>N of Items</i>	<i>Items Deleted</i>
Perceived brand globalness	0.74	2	None
Customer satisfaction	0.93	3	None
Quality perception	0.89	2	None
Re-purchase intention	0.95	2	None
Word-of-mouth	0.93	2	None
Attribution	0.79	4	None
Consumer ethnocentrism	0.81	4	None
Brand equity	0.73	4	One item (Q. 18)

In Study 1, the reliability of PBG scale doesn't meet the commonly agreed minimum requirement, $\alpha=0.70$. I infer that it is due to the target brands in Study 1 are fictitious brands.

Respondents may have difficulties to answer the questions about “whether the brand is only sold in China” based solely on the description of the scenario. Respondents may be not certain about the available region of the fictitious brands, since they never heard of the brand in their daily life. In Study 2, the PBG scale is highly reliable with $\alpha=0.74$. Therefore, all scales adopted in Study 2 are reliable.

The relationship between the variables in the context of failure present was investigated using Pearson product-moment correlation coefficient. Preliminary analyses were performed to ensure no violation of the assumptions of normality, linearity and homoscedasticity. There is a strong, positive correlation between the variables. The correlation matrix of Study 2 is listed in Table 16.

Table 16: Correlation Matrix of Study 2

	1	2	3	4	5
<i>Correlations</i>					
5. Customer satisfaction	1.00				
6. Quality perception	0.59	1.00			
7. Word-of-mouth	0.75	0.55	1.00		
8. Re-purchase intention	0.66	0.64	0.84	1.00	
9. Brand equity	0.47	0.40	0.44	0.38	1.00

Correlation is significant at the 0.05 level (2-tailed).

a. Failure =present

5.2.3 Mean Scores of Study 2

Mean ratings with standard deviations of the dependent measures across the four experimental conditions of Study 2 are reported in Table 17. Results reveal the difference between brands of LG and Skyworth when there is a failure. LG as the representative of global brand gets higher scores in all four dependent measures than Skyworth as the representative of local brand no matter with or without failure happened.

Table 17: Means Comparison between Global and Local Brands of Study 2 (TV)

	Failure present		Failure absent	
	<i>LG</i>	<i>Skyworth</i>	<i>LG</i>	<i>Skyworth</i>
Customer satisfaction	4.34* (1.17)	3.46* (0.94)	5.71* (0.81)	5.32* (0.65)
Quality perception	4.95* (1.10)	4.12* (1.01)	5.68* (0.78)	5.22* (0.78)
Word-of-mouth	3.98 * (1.05)	3.23* (1.00)	5.71* (0.85)	5.30* (0.99)
Re-purchase intention	4.02 * (1.20)	3.33* (1.07)	5.48* (0.96)	4.73* (1.26)
Brand equity	3.70 (0.89)	3.42 (1.16)	4.03 (0.89)	3.90 (0.68)
Attribution	3.34* (0.97)	2.74* (0.70)	3.90 (0.85)	3.80 (1.12)
N	32	33	33	32

NOTE: Means are shown with standard deviations provided in parentheses.

* indicates mean difference is significant at 0.05 level (2-tailed).

Figure 3 shows the interaction effect of PBG and brand failure on consumer responses. The higher level of PBG a brand has the higher score it gets from consumers evaluation.

Figure 3: The Interaction Effect between PBG and Brand Failure of Study 2

5.2.4 MANCOVA and Hypotheses Testing

Study 2 has more than one dependent variable. These dependent variables have strongly positive relationships between each other. Brand equity being proposed as a key factor to influence consumer responses was controlled and measured as covariate in the study. Results

obtained from a two-way (PBG $\times$ brand failure) MANCOVA show a significant main effect of PBG on consumer responses to brand failures (Wilks' lambda=0.51, $p<0.001$; Hotelling's=0.98, $p<0.001$; Pillai's=0.50, $p<0.001$) after controlling the covariate of brand equity.

A one-way between-groups multivariate analysis of variance was performed to investigate global and local brand difference in consumer responses. Four dependent variables were used: Customer satisfaction, Quality perception, Word of mouth, and Re-purchase intention. The independent variable was the brand with different level of PBG. Preliminary assumption testing was conducted to check for normality, linearity, univariate, and multivariate outliers, homogeneity of variance covariance matrices, and multicollinearity, with no serious violations noted. There is a statistically significant difference between high PBG brand and low PBG brand on the combined dependent variables: $F(4, 59) = 3.46$, $p<0.01$; Wilks' Lambda=0.81; partial eta squared=0.19. When the results for the dependent variables were considered separately, the difference between all four dependent variables reach statistical significance at level of 0.05 after controlling the covariance of brand equity. Detailed statistics are: Customer Satisfaction: $F(1, 63) = 10.05$, $p < 0.01$, partial eta squared = 0.14; Quality Perception: $F(1, 63) = 8.68$, $p < 0.01$, partial eta squared = 0.12; Word of Mouth: $F(1, 63) = 7.50$, $p < 0.01$, partial eta squared = 0.11; Re-purchase Intention: $F(1, 63) = 4.59$, $p < 0.05$, partial eta squared = 0.07. The MANCOVA results are listed in Table 18.

Table 18: MANCOVA Results of Study 2

<i>Independent variable</i>		Df1	Df2	F value	P value	Partial eta squared	Wilks' lambda
Perceived brand globalness	<i>Main effect</i>	4	59	3.46	<0.01***	0.19	0.81
	<i>Effect on separate dependent variables</i>						
Perceived brand globalness	Customer satisfaction	1	62	10.05	<0.001***	0.14	
	Quality perception	1	62	8.68	<0.01***	0.12	
	Word-of-mouth	1	62	7.50	<0.01***	0.11	
	Re-purchase intention	1	62	4.59	<0.05**	0.07	
<i>Covariate</i>							
Brand equity	<i>Main effect</i>	4	59	4.93	<0.001***	0.25	0.75
	<i>Effect on separate dependent variables</i>						
Brand equity	Customer satisfaction	1	62	16.31	<0.001***	0.21	
	Quality perception	1	62	10.45	<0.001***	0.14	
	Word-of-mouth	1	62	13.32	<0.001***	0.18	
	Re-purchase intention	1	62	9.42	<0.001***	0.13	

NOTE: * p<0.1; ** p<0.05; *** p<0.01.

After controlling the covariate of brand equity, the means of all dependent variables with standard deviations are listed in Table 19: estimated marginal means. The mean scores for LG are still higher than Skyworth.

Therefore, the positive effects of PBG on consumer responses to brand failures are also supported in Study 2. For established brands, the more a brand is perceived global, the less negatively consumers react to the failure of the brand. The reactions include: customer satisfaction, quality perception, WOM, and re-purchase intention.

Table 19: Estimated Marginal Means of Study 2

Dependent Variable	Brand	Mean	Std. Error	95% Confidence Interval	
				Lower Bound	Upper Bound
Customer satisfaction	<i>LG</i>	4.28 ^a	0.17	3.94	4.62
	<i>Skyworth</i>	3.53 ^a	0.17	3.20	3.86
Quality perception	<i>LG</i>	4.90 ^a	0.18	4.55	5.25
	<i>Skyworth</i>	4.17 ^a	0.17	3.83	4.52
Word-of-mouth	<i>LG</i>	3.93 ^a	0.17	3.59	4.26
	<i>Skyworth</i>	3.28 ^a	0.16	2.96	3.61
Re-purchase intention	<i>LG</i>	3.96 ^a	0.19	3.58	4.34
	<i>Skyworth</i>	3.39 ^a	0.19	3.01	3.76

NOTE: a. Covariates appearing in the model are evaluated at the following values: brand equity = 3.56.

5.2.5 The Moderating Role of CET

A multiple linear regression was conducted to test the proposed moderating role of CET in the relationship between PBG and customer responses to brand failures. No violations to the assumptions were found out. Results indicate that the moderating role of CET is not supported. It is found that the mean score of CET is only 1.7 out of the 7 point scale. The value is very low which may be due to two reasons. One is the special status of China as explained in the

conclusion part of Study 1. China is a developing country as well as the “global factory” of many global brands. Chinese consumers would not perceive purchasing global brands as a threat to local economy. The second reason may be the limitation of the sampling method. University students are selected as the respondents to both studies. The advantage is to control the confounding effects of demographic differences between respondents. The disadvantage is university students are highly educated and very young. The relationship between CET and education is negative (Batra et al. 1997). That is to say that the more the people are educated the less likely they hold the CET bias towards foreign products. The statistical results of CET moderating role test are listed in Table 20.

Table 20: Test of Moderating Effect of CET in Study 2

Dependent variables	Source of interactions	Unstandardized coefficients			
		B	Standardized error	t value	p value
<i>Customer satisfaction</i>	Perceived brand globalness	0.60	0.22	2.67	0.01***
	Consumer ethnocentrism	0.53	0.57	0.92	0.36
	Perceived brand globalness × consumer ethnocentrism	-0.18	0.12	-1.47	0.15
<i>Quality perception</i>	Perceived brand globalness	0.66	0.21	3.06	0.001***
	Consumer ethnocentrism	0.94	0.55	1.72	0.09**
	Perceived brand globalness × consumer ethnocentrism	-0.17	0.11	-1.51	0.14
<i>Word-of-mouth</i>	Perceived brand globalness	0.65	0.22	3.00	0.001***
	Consumer ethnocentrism	0.94	0.55	1.70	0.09*
	Perceived brand globalness × consumer ethnocentrism	-0.24	0.12	-2.11	0.04**
<i>Re-purchase intention</i>	Perceived brand globalness	0.59	0.24	2.49	0.02**
	Consumer ethnocentrism	0.85	0.60	1.42	0.16
	Perceived brand globalness × consumer ethnocentrism	-0.17	0.13	-1.37	0.18

NOTE: data were analyzed under the context of brand failure presence.

* p<0.1; ** p<0.05; *** p<0.01.

5.2.6 The Mediating Role of Consumer Attribution

Independent samples T-test was run and reveals the significant difference of attribution scores between high PBG ($M=3.34$, $SD=0.97$) and low PBG [$M=2.74$, $SD=0.70$; $t(63)=2.87$, $P<0.01$) brands. The results reveal that the more a brand is perceived global, the less likely consumers attribute the failure to the fault of brand per se. It tells us another superiority of building global brand. Consumers are more likely to forgive the failure of a global brand and believe the failure as an accident or rare case.

A univariate linear regression was run to detect the proposed mediating effects of consumer attribution on the relationship between PBG and consumer responses to brand failures without violations to all assumptions. The results indicate that consumer attribution to brand failures mediates the effects of PBG on customer satisfaction and WOM. The mediating effects of consumer attribution are not found on the relationship between PBG and consumer quality perception, consumer re-purchase intention. This finding reveals the different relationship between consumer attribution and each kind of consumer response to brand failures. Attribution is quite an emotional action. Brand failure is an unexpected case happened to consumers. Consumers as the rational information processors are motivated to infer the cause of the failures. The process of ordinary consumer attribution is not quite serious. It is much like an emotional action taken by consumers to find out the responsible party of the failure then react differently based on the cause inference results. Compared with quality perception and purchase intention, customer satisfaction and WOM are much more emotional actions taken by consumers after encountering brand failures. On the contrary, quality perception and purchase intention are relatively more serious decisions. People will think more when deciding whether to purchase the product again or not. However, consumers feeling dissatisfied or transmitting negative WOM do not need too much consideration. Attribution theory predicts that when encountering failures, consumers will take different reactions according to the attribution results.

Since the emotional properties of customer satisfaction and WOM transmitting, cause inference results will influence the two actions taken by consumers a lot. However, to perceive

the quality of the brand or to make the purchase decision would need more reliable information. Consumers will be more serious about the above two reactions instead of just depending on the emotional attribution results. Therefore, the mediating effects of attribution are only found in the relationship between PBG and customer satisfaction and WOM but not found in the relationship between PBG and quality perception and re-purchase intentions.

Firstly, a univariate linear regression was run to investigate the linear relationship between PBG and consumer attribution under the brand failure circumstance. The overall model explains 11.60 percent of the variance. The ANOVA table indicates that the model as a whole is significant [$F(1, 63) = 8.24, p < 0.01$]. The Coefficients table reveals that consumer attribution is negatively correlated to PBG. That means the more a brand is perceived as a global one the less likely consumers will attribute the failure to the brand per se.

A univariate linear regression was run to detect whether quality perception is linearly correlated to PBG and consumer attribution. The ANOVA table indicates that the model as a whole (which includes both independent variables) is significant [$F(2, 62) = 5.14, p < 0.01$]. However, the coefficients table reveals that only PBG makes a statistically significant contribution ($p < 0.01$). Consumer attribution is not significantly correlated to quality perception. Same results are got from the test between consumers re-purchase intention and PBG and consumer attribution. The model as a whole (which includes both independent variables) is significant [$F(2, 62) = 4.84, p < 0.01$]. However, consumer attribution does not make a significant contribution to the variance of consumers re-purchase intention after brand failures.

Same method was used to investigate the mediating role of consumer attribution in the relationship between PBG and customer satisfaction, as well as the relationship between PBG and WOM. Results indicate that consumer attribution has a significant contribution to both customer satisfaction [$F(2, 62) = 9.34, P < 0.01$] and WOM [$F(2, 62) = 10.32, P < 0.01$].

Before controlling the effect of attribution, PBG was found to significantly influence consumer responses in all four attitudinal and behavioral aspects. However, after controlling the effect of attribution, the significant level of PBG effect on customer satisfaction and word-of-mouth is obviously decreased from 0.001 to 0.018 (customer satisfaction) and 0.004 to 0.062 (word-of-mouth) respectively. This indicates that the effect of PBG on customer

satisfaction and word-of-mouth is partially mediated by attribution. Besides the change in p values the unstandardized beta coefficients values drop sharply for customer satisfaction and word-of-mouth. The unstandardized beta coefficient value of PBG on customer satisfaction decreases from 0.88 to 0.65. For word-of-mouth, the unstandardized beta coefficient of PBG decreases from 0.76 to 0.48. The above statistics reveal the partial mediation effect of attribution on the relationship between PBG and customer satisfaction as well as the word-of-mouth from the decrease in both values of p and unstandardized beta coefficients.

Although the significant level of PBG effect on re-purchase intention slightly drops after controlling the effect of attribution, the 0.01 difference between p values does not actually mean the statistical change. The decrease of the unstandardized beta coefficients values for the two dependent variables are too slightly to indicate any mediation effects.

The results listed in Table 21 reveal the partial mediating effect of attribution on the relationship between PBG and customer satisfaction as well as the relationship between PBG and word-of-mouth. No mediating effects of attribution were found on the relationship between PBG and quality perception or the relationship between PBG and re-purchase intention. Detailed reasons will be discussed in the conclusion part of Study 2. H6 is partially supported.

Table 21: Test of Mediating Effect of Attribution in Study 2

<i>Source of variables</i>	<i>Dependent variables</i>	<i>Df 1</i>	<i>Df 2</i>	<i>F</i>	<i>t</i>	Unstandardized coefficients		
						<i>B</i>	<i>Standard error</i>	<i>p</i>
<i>Attribution</i>	Perceived brand globalness				2.87	0.19	0.07	0.006***
<i>Perceived brand globalness × attribution</i>	Customer satisfaction	2	62	9.34				0.000***
	Quality perception	2	62	5.14				0.009***
	Word-of-mouth	2	62	10.32				0.000***
	Re-purchase intention	2	62	4.84				0.011**
<i>Attribution (after controlling perceived brand globalness)</i>	Customer satisfaction				2.54	0.38	0.15	0.014**
	Quality perception				0.55	0.09	0.16	0.583
	Word-of-mouth				3.23	0.46	0.14	0.002***
	Re-purchase intention				1.90	0.32	0.17	0.063*
<i>Perceived brand globalness (before controlling attribution)</i>	Customer satisfaction				3.35	0.88	0.26	0.001***
	Quality perception				3.18	0.83	0.26	0.002***
	Word-of-mouth				2.98	0.76	0.25	0.004***
	Re-purchase intention				2.42	0.68	0.28	0.019**
<i>Perceived brand globalness (after controlling attribution)</i>	Customer satisfaction				2.42	0.65	0.27	0.018**
	Quality perception				2.78	0.78	0.28	0.007***
	Word-of-mouth				1.90	0.48	0.25	0.062*
	Re-purchase intention				1.67	0.59	0.29	0.029**

NOTE: * p<0.1; ** p<0.05; *** p<0.01.

5.2.7 Conclusion of Study 2

To generalize the research results, Study 2 examined the effects of PBG on consumer responses to established brands. The results of Study 2 have more practical implications to marketing practitioners who are wondering of the branding strategies. In Study 2, the positive effects of PBG on consumer attitudinal and behavioral responses are supported. Facing the same failure, consumers react less negatively to global brand than local brand. The scores of customer satisfaction, quality perception, WOM, and repurchase-intention about the global brand are higher than local brand. H1, H2, H3, and H4 are supported. Furthermore, the mediating role of consumer attribution is supported in the relationship between PBG and customer satisfaction as well as the relationship between PBG and WOM. H6 is partially supported. It is also found that consumers are more likely to attribute the failure to the fault of brand per se when the failure happened to a local brand. Since the overall evaluation about the global brand is higher than local brand no matter with or without failure happened, global brand may be more trustable to consumers. Therefore, when happened with the same kind of failure, global brand is more forgivable than local brand. This is because consumers are more likely to attribute the failure of a global brand to a less likely happened case. This finding reveals another superiority of building global brand.

Same as Study 1, the moderating role of CET in the relationship between the PBG and consumer responses is not supported for established brands in Study 2. The special status of China and the sampling method may be the reasons for not finding the moderating effect of CET. Chinese people do not have strong preference of the domestic made products in comparison with the people in developed countries. The respondents, university students, as highly educated people hold more open attitudes towards accepting the foreign products/brands.

6 DISCUSSION

6.1 Conclusion of the Thesis

Two pretests and two studies were conducted to examine the effects of PBG on consumer responses to brand failures. The results reveal the positive effects of PBG on consumer responses to brand failures. In the same brand failure context, consumers respond less negatively to a brand with high PBG vs. low PBG. The effects of PBG exist on both attitudinal and behavioral responses of consumers.

Pretest 1 is an on-line survey. The results of Pretest 1 support the main direction of the hypotheses that consumer respond less negatively to brand failures of global brands than local brands. The more a brand is perceived to be global the less negative responses consumers have when encountering brand failures. Also Pretest 1 finds that PBG has little influences on low involvement product (toothpaste) but has significant influences on high involvement product (cell phone).

Considering brand equity is a critical factor that influences consumer responses, Study 1 used fictitious brands as the evaluating targets to avoid the possible confounding effects caused by the brand equity of established brands. The results of Study 1 reveal the significant differences between consumer responses towards high PBG brand and low PBG brand. Consumer attributional processes were also tested in Study 1. No significant difference on consumer attributional processes between high PBG brand and low PBG brand was found.

To generalize the findings of the effects of PBG in real business world, Study 2 was conducted to examine consumer responses to the established brands after carefully controlling the confounding variables such as brand equity, brand familiarity, product familiarity, and customer animosity of the chosen brands. Prior to Study 2, Pretest 2 was conducted to find out the established brands with similar brand equity and familiarity.

Study 2 examined consumer responses to established brands when encountering brand failures. As expected, the positive effects of PBG on consumer responses to brand failures of established brands are also supported. The more a brand is perceived as global the less negatively consumers respond to the brand failures. Furthermore, consumer attributional processes to brands with high and low PBG are significantly different. For low PBG brand, consumers are more likely to attribute the failure as the fault of the brand per se. On the contrary, for high PBG brand, consumers are more likely not to *blame* the brand itself. This is an important finding of the study. The existed phenomenon could be explained by attribution theory.

Some analytical methods such as MANOVA, MANCOVA and univariate linear regression were adopted to test the proposed six hypotheses. Finally for tangible product (TV), the positive effects of PBG on consumer responses to brand failures are found. That is to say H1, H2, H3 and H4 are supported. In both studies, the proposed moderating role of CET in the relationship between PBG and consumer responses to brand failures is not found. H5 is not supported. This may be caused by the limitation of the sampling method. University students as the samples in the experiments are to the biggest extent ensure the homogeneity of the demographic features of the respondents. However, on the other hand, it also leads to little difference in mean scores of CET between respondents.

The mediating effect of attribution on the relationship between PBG and consumer responses to the brand failures were also tested in both studies. Attribution was found to only mediate the effect of PBG on customer satisfaction and WOM in the brand failure context of Study 2. The reason of getting this result was discussed in the chapter of results. H6 is partially supported.

6.2 Theoretical Contributions and Managerial Implications

This thesis investigates consumer responses to brand failures of both tangible and intangible products. The general positive effects of PBG are only supported on tangible products rather than intangible products. This may be due to the original difference between tangible products and intangible products. Service as an intangible product is quite localized

when entering the market of a specific country. Service companies hired the local employees to provide service to local customers. Furthermore, the service provided by the employees is the core value of the service product. On the contrary, when tangible product company enters the market of a specific country, the core value is still the product per se. Therefore, whether a global or local service firm may means no difference to customers for the service of the two firms are both provided by the local employees of the companies. This accounts for why there is no difference on consumer responses between global and local restaurant in brand failure context. This finding probes into the differences between intangible and tangible products and sheds light on the global brand building for service companies.

Besides the general positive effects of PBG on consumer responses to brand failures, the process of consumer attribution to brand failures was also investigated. Literature suggests that consumers as rational information processor will take different reactions due to the results of cause inference. It is found that consumers are less likely to attribute the failure to the fault of the high PBG brands versus low PBG brands. High PBG brands with high perceived brand prestige are more trustable to consumers. Once the failures happened to the high PBG brands, consumers are more likely to believe the failure as an accidental case and will probably not happen again. Due to this reason, consumers blame the high PBG brands less than low PBG brands and respond less negatively to the high PBG brands. The mediating role of consumer attribution is found in the relationship between PBG and customer satisfaction as well as the relationship between PBG and WOM. Customer satisfaction and WOM are both more emotional behaviors than quality perception and purchase intention. Taking these emotional reactions to the brand failures do not need to many serious considerations. Therefore, the emotional behaviors are likely influenced by the results of cause inference. That explains why the mediating effects of consumer attribution are found on customer satisfaction and WOM transmitting. This finding contributes to the literature by not only find the difference in consumer responses to brand failures of high and low PBG brands but also explains why the difference exists.

The results obtained from the studies indicate that PBG does have impacts on consumer responses to brand failures. This thesis contributes to the theory by filling the gap of examining the effects of PBG in the context of brand failure. Brand failures as commonly happened cases to consumer daily life are worth studying by both academic scholars and marketing practitioners. The superiorities of building global brand are well recognized in literature. This thesis reveals that building global brand has further advantages when facing brand failures. Consumers react less negatively to global brand than local brand when encountering the same failure. Meanwhile, consumers are less likely to attribute the failure to the fault of global brand per se than local brand. This means when encountering failure, consumers are more likely to forgive the global brand.

Regarding the moderating role of CET in the relationship between PBG and consumer responses, there are inconsistent findings in literature. Studies conducted in developed countries found the moderating role of CET (Steenkamp et al. 2003). While, other studies conducted in developing countries did not find the proposed moderating role (Batra et al. 1997). In this thesis, the moderating effect of CET is not supported. CET is always tested in the consumers from developed countries. In those countries, consumers have strong domestic bias of home country made product. However, it may not be the case in China this kind of developing country. China as the developing country has become the biggest manufactory in the world. Many global brands run manufactories in China. Therefore, Chinese consumers may not attribute purchasing global brands as a threat to China's economy, for these global brands are probably made in China. Consumers from developing countries prefer foreign product to domestic product for the scarcity of the foreign product (Batra et al. 1997).

Furthermore, the findings of the thesis again support the advantages of global brand building. There are some other branding strategies such as foreign branding, local branding and etc. It is hard to tell which specific branding strategy is suitable to all kinds of products. For example, for the product with national superiority (e.g. leather case from Italy) branding the brand as the one the superior country may be the most workable strategy. But for general product categories, like the television in this thesis, global branding is quite an effective marketing strategy. This benefits the practitioners that building global brands is really worth the pay.

6.3 Research Limitations and Directions for Future Research

Although the thesis contributes to both the literature and business from several aspects, there are still some limitations. First, a convenience sample of university students may not precisely reveal the feelings and thoughts of real consumers. Although the selection of university students will to the biggest extent control the demographical difference between respondents and ensure the difference in evaluations is caused by the independent variable per se, but university students cannot fully stand for the variety of the consumers. The main limitation of sample selection in the thesis lies in the low level of CET of the respondents. There is no significant difference in the level of CET between the respondents. Also the highly educated respondents generally hold open attitude to foreign product/brand. We cannot conclude CET does not have effects on all Chinese consumer respondents based on the results. In the future, researchers can test the moderating effect of CET in the samples with more varieties to get a deeper view into Chinese consumer attitudes to global brands.

Second, although the mediating role of consumer attribution is supported in some cases, the reason for why consumers are more likely to attribute the failures happened to low PBG brands as the fault of the brands per se is worth further investigation. Future research could probe into the process of attribution and find out the reason behind the cause inference results. Attribution is a complicated process, and will be influence by many internal and external factors. Literature suggests a number of biases existing in the process of attribution. All these are interesting points worth considering and testing in the future research.

Third, only two product types, four fictitious and two established brands were evaluated in the thesis. Television as tangible product and restaurant as intangible product were evaluated in the study. Product involvement may have moderating effects on the relationship between PBG and consumer responses. Pretest 1 did not find the significant effects of PBG on consumer responses to the failures of toothpaste. Consumers pay less attention to the brand of toothpaste than cell phone or television. Evaluations on the toothpaste, which is a low involvement product, do not differ much between global and local brand when there is a failure. Researchers may test

more types of products with different levels of product involvement in the future study to find out the difference between consumer reactions to global and local brand.

Finally, the respondents only reacted to one failure scenario. The severity of the failure could have moderating role in the relationship between consumer responses and brand failures. Also the frequencies of failure should be another point worth of considering. For example, generally global brand is superior to local brand even in the context of failure. According to expectation theory, the higher expectation consumers have toward the brand the more dissatisfied they feel about the failure. In the thesis, the failure scenario was described with medium severity and not commonly happened. However, if the failure happened commonly, will consumer have the same reaction when the failure happened once, twice even more times? Future researchers may test consumer responses to different severity of failures. Also it is worth investigating the threshold of failure happening frequencies to consumers still respond less negatively to global brands than local brands.

Appendix A: Pretest 1 Questionnaire: Chinese Version

Cover story

您好，

我是来自香港岭南大学市场与国际企业学系的硕士研究生。我正在为我的毕业论文收集数据。这张问卷旨在调查消费者对不同品牌的看法和评价。所有调查数据只会用于学术研究用途。您的任何个人信息不会外泄。请您阅读下面关于各个品牌产品的基本描述，并假设您亲身经历下列事件，然后回答关于产品评价的问题。您的真实想法就是我们需要的最佳答案。感谢您的合作与支持。

第一部分：

佳洁士(Crest) 是一个国际知名牙膏品牌，它在全球很多国家和地区都有销售，并设有服务和分支机构。

请仔细阅读下列关于**佳洁士**品牌的问题。选择数字 1 到 7 来表示您对于问题描述的认同程度。

	极不同意	不同意	不太同意	一般（中立）	基本同意	同意	非常同意
1. 我对佳洁士这个品牌很熟悉	1	2	3	4	5	6	7
2. 我从来没有听说过佳洁士这个品牌	1	2	3	4	5	6	7
3. 我在电视、杂志、收音机等各种媒体中从来没有看过这个牌子的广告	1	2	3	4	5	6	7
4. 我喜欢佳洁士这个品牌	1	2	3	4	5	6	7
5. 我对于佳洁士品牌的印象很好	1	2	3	4	5	6	7
6. 佳洁士品牌总体来说质量很好	1	2	3	4	5	6	7
7. 佳洁士是一个质量很好的品牌	1	2	3	4	5	6	7
8. 对于我来说佳洁士是一个国际性品牌	1	2	3	4	5	6	7
9. 我认为国外的消费者不会购买佳洁士牙膏	1	2	3	4	5	6	7
10. 佳洁士这个品牌只在中国销售	1	2	3	4	5	6	7

第二部分：

如果您购买了佳洁士牙膏后遇到如下情况，请回答您对于佳洁士品牌的评价。

你买了一支佳洁士(Crest)牌牙膏，产品说明上清楚写明该款牙膏可以保持一整天的清新口气。

当你使用佳洁士牙膏一段时间之后却发现这款牙膏只能在 2、3 个小时保持口气清新。

请仔细阅读下列关于佳洁士品牌的问题。选择数字 1 到 7 来表示您对于问题描述的认同程度。

	极不同意	不同意	不太同意	一般(中立)	基本同意	同意	非常同意
1. 佳洁士牙膏对于保持清新口气 <u>没有效果</u>	1	2	3	4	5	6	7
2. 佳洁士牙膏的质量有问题	1	2	3	4	5	6	7
3. 我对于购买佳洁士牙膏这个决定感到 <u>不满意</u>	1	2	3	4	5	6	7
4. 我认为购买佳洁士牙膏是错误的	1	2	3	4	5	6	7
5. 我对于购买佳洁士牙膏的决定感到 <u>不高兴</u>	1	2	3	4	5	6	7
6. 佳洁士品牌总体来说质量很好	1	2	3	4	5	6	7
7. 佳洁士是一个质量 <u>不好</u> 的品牌	1	2	3	4	5	6	7
8. 如果可以买到的话，我还会再买佳洁士牙膏	1	2	3	4	5	6	7
9. 如果可以选择的话，我 <u>不会</u> 再买佳洁士牙膏	1	2	3	4	5	6	7
10. 我会向我的家人和朋友讲述我这次购买佳洁士牙膏的经历	1	2	3	4	5	6	7
11. 我 <u>不会</u> 推荐家人和朋友购买佳洁士牙膏	1	2	3	4	5	6	7

第三部分：

夏新是一个国内知名手机品牌，它在全国范围内很多省市地区都有销售，并设有服务和分支机构。

请仔细阅读下列关于**夏新**品牌的问题。选择数字1到7来表示您对于问题描述的认同程度。

	极不同意	不同意	不太同意	一般(中立)	基本同意	同意	非常同意
1. 我对夏新这个品牌很熟悉	1	2	3	4	5	6	7
2. 我从来没有听说过夏新这个品牌	1	2	3	4	5	6	7
3. 我在电视、杂志、收音机等各种媒体中从来没有看过这个牌子的广告	1	2	3	4	5	6	7
4. 我喜欢夏新这个品牌	1	2	3	4	5	6	7
5. 我对于夏新品牌的印象很好	1	2	3	4	5	6	7
6. 夏新品牌总体来说质量很好	1	2	3	4	5	6	7
7. 夏新是一个质量很好的品牌	1	2	3	4	5	6	7
8. 对于我来说夏新是一个国际性品牌	1	2	3	4	5	6	7
9. 我认为国外的消费者不会购买夏新手机	1	2	3	4	5	6	7
10. 夏新这个品牌只在中国销售	1	2	3	4	5	6	7

第四部分

如果您购买了夏新手机后遇到如下情况，请回答您对于夏新品牌的评价。

你买了一支夏新牌手机，使用一个月后发现手机的各项性能表现良好。

请仔细阅读下列关于夏新品牌的问题。选择数字 1 到 7 来表示您对于问题描述的认同程度。

	极不同意	不同意	不太同意	一般(中立)	基本同意	同意	非常同意
1. 夏新手机有时候会出现故障	1	2	3	4	5	6	7
2. 夏新手机的质量 <u>不好</u>	1	2	3	4	5	6	7
3. 总体说来,我对于购买夏新手机这个决定感到 <u>不满意</u>	1	2	3	4	5	6	7
4. 我认为购买夏新手机是 <u>错误</u> 的	1	2	3	4	5	6	7
5. 我对于购买夏新手机的决定感到 <u>不高兴</u>	1	2	3	4	5	6	7
6. 夏新品牌总体来说质量很好	1	2	3	4	5	6	7
7. 夏新是一个质量 <u>不好</u> 的品牌	1	2	3	4	5	6	7
8. 如果可以买到并且有需要的话,我还会再买夏新手机	1	2	3	4	5	6	7
9. 如果可以选择的话,我下次 <u>不会</u> 再买夏新手机	1	2	3	4	5	6	7
10. 我会向我的家人和朋友讲述我这次购买夏新手机的经历	1	2	3	4	5	6	7
11. 我 <u>不会</u> 推荐家人和朋友购买夏新手机	1	2	3	4	5	6	7

第五部分：

请仔细回答您对于购买国外品牌产品的看法。选择数字 1 到 7 来表示您对于问题描述的认同程度。

	极不同意	不同意	不太同意	一般(中立)	基本同意	同意	非常同意
1. 买国外的品牌不是中国人	1	2	3	4	5	6	7
2. 中国人不应该买国外的品牌，因为这样会伤害中国的经济并造成失业	1	2	3	4	5	6	7
3. 真正的中国人应该只买中国的品牌	1	2	3	4	5	6	7
4. 买国外的品牌是不对的	1	2	3	4	5	6	7

您是：

男性 女性

您的年龄是：

不到 18	18 到 25	26 到 30	31 到 40	41 到 50	50 以上
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您来自：

中国大陆 香港/澳门 其他：_____

Appendix B: Pretest 1 Questionnaire: English Version

Cover story
Hello,

I am an M Phil. student from Marketing and International Business Department, Lingnan University, Hong Kong. I am collecting data for my graduation dissertation. The purpose of the questionnaire is to get some knowledge about consumer evaluations and thoughts on different brands. All data collected will only be used for academic research purpose. Your private information will not be disclosed. Please read through the following descriptions about various brands and imagine you experience the scenario in person. After reading the words, please answer the questions about product evaluations. Your true feelings and thoughts are the best answers we are looking for. Thanks a lot for your cooperation and support.

Part 1:

Crest is a world famous brand, and available in many countries and regions. Crest has many service branches all around the world.

Please carefully read through the following questions about **Crest** brand. Please tick one number from 1 to 7 to represent the extent to which you agree with the statement.

	strongly disagree	disagree	slightly disagree	neutral	slightly agree	agree	strongly agree
1. Brand Crest is very familiar to me.	1	2	3	4	5	6	7
2. I have never heard of brand Crest	1	2	3	4	5	6	7
3. I have never seen advertisements for brand Crest in Chinese magazines, radio, or TV	1	2	3	4	5	6	7
4. I like brand Crest	1	2	3	4	5	6	7
5. I have a positive opinion of brand Crest	1	2	3	4	5	6	7
6. Crest is very high on overall quality	1	2	3	4	5	6	7
7. Crest is a brand of superior quality	1	2	3	4	5	6	7
8. To me, Crest is a global brand	1	2	3	4	5	6	7
9. I don't think consumers overseas buy brand Crest	1	2	3	4	5	6	7
10. Brand Crest is sold only in China	1	2	3	4	5	6	7

Part 2:

If you bought a tube of Crest toothpaste and encountered the following case. Please evaluate brand Crest.

You buy a tube of Crest toothpaste and find the description on the product says that it can keep your breath fresh for a whole day.

However, after using Crest toothpaste for some time, you found that **it can only keep the fresh breath in 2 or 3 hours.**

Please carefully read through the following questions about **Crest** brand. Please tick one number from 1 to 7 to represent the extent to which you agree with the statement.

	strongly disagree	disagree	slightly disagree	neutral	slightly agree	agree	strongly agree
1. The Crest toothpaste is <u>NOT</u> useful to keep the breath fresh	1	2	3	4	5	6	7
2. The quality of Crest toothpaste is <u>NOT</u> good	1	2	3	4	5	6	7
3. I'm <u>unhappy</u> about the decision to buy the Crest toothpaste	1	2	3	4	5	6	7
4. I believe the wrong thing was done when it was decided to buy Crest toothpaste	1	2	3	4	5	6	7
5. Overall, I am <u>dissatisfied</u> with the decision to buy Crest toothpaste	1	2	3	4	5	6	7
6. Crest is very high on overall quality	1	2	3	4	5	6	7
7. Crest is a brand of <u>inferior</u> quality	1	2	3	4	5	6	7
8. I would buy Crest again (assuming it was available)	1	2	3	4	5	6	7
9. I'm <u>not at all</u> likely to buy Crest (if available)	1	2	3	4	5	6	7
10. I will tell my family and friends about my experience of using the Crest toothpaste	1	2	3	4	5	6	7
11. I will <u>NOT</u> recommend my family and friends to buy Crest toothpaste	1	2	3	4	5	6	7

Part 3:

Amoi is a China famous cell phone brand, and available in many provinces and regions within China. Amoi has many service branches all around China.

Please carefully read through the following questions about **Amoi** brand. Please tick one number from 1 to 7 to represent the extent to which you agree with the statement.

	strongly disagree	disagree	slightly disagree	neutral	slightly agree	agree	strongly agree
1. Brand Amoi is very familiar to me.	1	2	3	4	5	6	7
2. I have never heard of brand Amoi	1	2	3	4	5	6	7
3. I have never seen advertisements for brand Amoi in Chinese magazines, radio, or TV	1	2	3	4	5	6	7
4. I like brand Amoi	1	2	3	4	5	6	7
5. I have a positive opinion of brand Amoi	1	2	3	4	5	6	7
6. Amoi is very high on overall quality	1	2	3	4	5	6	7
7. Amoi is a brand of superior quality	1	2	3	4	5	6	7
8. To me, Amoi is a global brand	1	2	3	4	5	6	7
9. I don't think consumers overseas buy brand Amoi	1	2	3	4	5	6	7
10. Brand Amoi is sold only in China	1	2	3	4	5	6	7

Part 4:

If you bought an Amoi cell phone and encountered the following case. Please evaluate brand Amoi.

You bought an Amoi cell phone. A month passed, you found the performance of the cell phone is satisfied.

Please carefully read through the following questions about **Amoi** brand. Please tick one number from 1 to 7 to represent the extent to which you agree with the statement.

	strongly disagree	disagree	slightly disagree	neutral	slightly agree	agree	strongly agree
1. The Amoi cell phone does NOT perform well sometimes	1	2	3	4	5	6	7
2. The quality of Amoi cell phone is NOT good	1	2	3	4	5	6	7
3. I'm unhappy about the decision to buy the Amoi cell phone	1	2	3	4	5	6	7
4. I believe the wrong thing was done when it was decided to buy Amoi cell phone	1	2	3	4	5	6	7
5. Overall, I am dissatisfied with the decision to buy Amoi cell phone	1	2	3	4	5	6	7
6. Amoi is very high on overall quality	1	2	3	4	5	6	7
7. Amoi is a brand of inferior quality	1	2	3	4	5	6	7
8. I would buy Amoi again (assuming it was available)	1	2	3	4	5	6	7
9. I'm not at all likely to buy Amoi (if available)	1	2	3	4	5	6	7
10. I will tell my family and friends about my experience of using the Amoi cell phone	1	2	3	4	5	6	7
11. I will NOT recommend my family and friends to buy Amoi cell phone	1	2	3	4	5	6	7

Part 5:

Please answer the questions about **your feelings on purchasing foreign brands**. Please tick one number from 1 to 7 to represent the extent to which you agree with the statement.

	strongly disagree	disagree	slightly disagree	neutral	slightly agree	agree	strongly agree
1. Purchasing foreign-made products in un-Chinese	1	2	3	4	5	6	7
2. Chinese should not buy foreign products, because this hurts Chinese business and cause unemployment	1	2	3	4	5	6	7
3. A real Chinese should always buy China-made products	1	2	3	4	5	6	7
4. It is not right to purchase foreign-made products	1	2	3	4	5	6	7

You are:

Male Female

Your age is:

Below 18	18 to 25	26 to 30	31 to 40	41 to 50	Above 50
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You are from:

China Mainland Hong Kong/Macau Others: _____

Appendix C: Pictures of Pretest 2 to be Evaluated

触发玩乐 激发想象

- 内外兼备
- 视听盛宴
- 全面服务
- 全触摸屏幕
- 500万高清拍摄镜头
- 海量音乐下载

AMOI
touching your future

夏新手机

触发玩乐 激发想象

- 内外兼备
- 视听盛宴
- 全面服务
- 全触摸屏幕
- 500万高清拍摄镜头
- 海量音乐下载

PHILIPS
sense and simplicity®

玲珑剔透
美学典范

- IPS硬屏LED
- 音乐相册
- VII第二代数字引擎
- 10Bit色彩提升技术
- 2.1声道数字音响系统

Skyworth 创维

玲珑剔透
美学典范

- IPS硬屏LED
- 音乐相册
- VII第二代数字引擎
- 10Bit色彩提升技术
- 2.1声道数字音响系统

Appendix D: Pretest 2 Questionnaire: Chinese Version

消费者调查

1. 我认为这个品牌是一个：
 - a. 本土品牌
 - b. 国际性品牌
2. 我对这个品牌一点也不熟悉。

非常不同意							非常同意
1	2	3	4	5	6	7	
3. 我从来没有听说过这个品牌。

非常不同意							非常同意
1	2	3	4	5	6	7	
4. 你是这个品牌的忠实客户吗？

绝对不是							绝对是
1	2	3	4	5	6	7	
5. 你对这个品牌持有什么样的态度？

负面的态度							正面的态度
1	2	3	4	5	6	7	
6. 这个品牌的形象怎么样？

负面的形象							正面的形象
1	2	3	4	5	6	7	
7. 你认为这个品牌的质量怎么样？

质量很差							质量很好
1	2	3	4	5	6	7	
8. 你愿意为买这个品牌花费比其它品牌更多的钱吗？

当然不愿意							当然愿意
1	2	3	4	5	6	7	

Appendix E: Pretest 2 Questionnaire: English Version

Consumers Survey

1. To me, the brand is a:
 - a. Local brand
 - b. Global brand

2. I am **NOT** familiar with the brand at all.

Strongly disagree							Strongly agree
1	2	3	4	5	6	7	

3. I have **never** heard of the brand.

Strongly disagree							Strongly agree
1	2	3	4	5	6	7	

4. How loyal are you to this brand?

Not at all loyal							Very loyal
1	2	3	4	5	6	7	

5. What kind of attitude do you have about this brand?

Negative attitude							Positive attitude
1	2	3	4	5	6	7	

6. What kind of image does this brand have?

Negative image							Positive image
1	2	3	4	5	6	7	

7. How would you rate the quality delivered by this brand?

Low quality							High quality
1	2	3	4	5	6	7	

8. Would you be willing to pay more for this brand than you would another brand?

Definitely now							Definitely
1	2	3	4	5	6	7	

Appendix F: Main Study Questionnaire: Chinese Version

Cover Story

尊敬的女士/先生:

您好,

我是一名香港岭南大学市场及国际企业学系的硕士研究生, 现在正在为毕业论文进行问卷调查, 恳请得到您的支持配合。

这项问卷的目的在于了解消费者对于国际品牌和中国国内本土品牌的一些看法。请您回答关于两个品牌的一些问题。请仔细阅读方框中的情景描述, 并假设其中所描述的情景是您的亲身经历, 然后再从 1 到 7 选择一个相应的数字来表示您对每个问题描述的认可程度。

在回答问题的过程中请谨记, 所有问题并没有所谓的正确或者错误答案, 您真实的想法就是我们要寻找的最好答案。

所有收集的数据只会用作学术研究并交由专业的研究人员进行分析。所有问卷为匿名填写, 您的个人信息绝对不会泄漏。

Body of the questionnaire

情景一：假设薄晶液晶电视是一个中国本土知名电视品牌新创立的子品牌。“薄晶”液晶电视以其时尚的造型，精良的画质来吸引消费者的青睐。

“薄晶”刚刚在全中国大部分省市开设了服务和分支机构，并将很快进驻全国各大电器卖场。

最近您买了一款新推出的薄晶液晶电视，使用一段时间后发现：

这款液晶电视支持多种网络接入方式。图像画面素质清晰，但当音量较大时会有杂音并失真，表现未如理想。

下面请您回答下列关于薄晶液晶电视品牌的意见调查问题，并选择从 1 到 7 中相应的数字来表达您对问题描述的认同程度。

	非常不同意	不同意	不太同意	一般(中立)	基本同意	同意	非常同意
1. 我觉得“薄晶”是一个国际性品牌	1	2	3	4	5	6	7
2. “薄晶”这个品牌只在中国才有销售	1	2	3	4	5	6	7
3. “薄晶”电视的性能 <u>不好</u>	1	2	3	4	5	6	7
4. “薄晶”电视的性能表现 <u>不稳定</u>	1	2	3	4	5	6	7
5. 我对于“薄晶”电视的质量感到 <u>不满意</u>	1	2	3	4	5	6	7
6. 总体来说我满意“薄晶”电视的性能	1	2	3	4	5	6	7
7. 我对于“薄晶”电视的性能表现感到 <u>不高兴</u>	1	2	3	4	5	6	7
8. “薄晶”这个品牌总体来说质量 <u>不好</u>	1	2	3	4	5	6	7
9. 与其他同类产品品牌相比，“薄晶”品牌质量 <u>较差</u>	1	2	3	4	5	6	7
10. 即使可以买到，我下次也 <u>不会</u> 再买“薄晶”电视	1	2	3	4	5	6	7
11. 如果可以选择的话，我下次 <u>不会</u> 再买“薄晶”电视	1	2	3	4	5	6	7
12. 我会告诉我的家人和朋友 <u>不要</u> 购买“薄晶”电视	1	2	3	4	5	6	7
13. 我 <u>不会</u> 推荐家人和朋友购买“薄晶”电视	1	2	3	4	5	6	7
14. “薄晶”对于我这次的产品使用经历负有责任	1	2	3	4	5	6	7
15. 我因为这次的产品使用经历而责怪“薄晶”	1	2	3	4	5	6	7
16. 我这次使用此产品遇到的问题是“薄晶”的错	1	2	3	4	5	6	7
17. 我觉得“薄晶”很有可能再次出现同样的问题	1	2	3	4	5	6	7

18. 我 <u>从来没有</u> 听说过“薄晶”这个品牌	1	2	3	4	5	6	7
19. 我是“薄晶”的忠实客户	1	2	3	4	5	6	7
20. 我喜欢“薄晶”这个品牌	1	2	3	4	5	6	7
21. “薄晶”这个品牌的形象很好	1	2	3	4	5	6	7

情景二：假设佳品餐厅（Garpin Restaurant）是一个全球知名餐饮品牌旗下新开的餐厅。
“佳品”以其优质的食材、优美的就餐环境来吸引消费者的光临。

“佳品”刚刚在全球大部分国家都开设了直营店铺，并且有全球统一的管理和运营模式。

最近您在周末和朋友逛完街后一起去佳品餐厅吃晚餐，您发现：

在佳品餐厅里，就餐环境宽敞明亮。餐厅在承诺的 15 分钟之内就能够准备好您点的食物和饮料。

下面请您回答下列关于佳品餐厅品牌的意见调查问题，并选择从 1 到 7 中相应的数字来表达您对问题描述的认同程度。

	非常不同意	不同意	不太同意	一般（中立）	基本同意	同意	非常同意
1. 我觉得“佳品”是一个国际性品牌	1	2	3	4	5	6	7
2. “佳品”餐厅只在中国才有	1	2	3	4	5	6	7
3. “佳品” <u>没有</u> 在承诺时间内准备好食物	1	2	3	4	5	6	7
4. 在“佳品”等餐的时间比预计的 <u>要长</u>	1	2	3	4	5	6	7
5. 我对于“佳品”的服务质量感到 <u>不满意</u>	1	2	3	4	5	6	7
6. 总体来说我满意“佳品”餐厅的表现	1	2	3	4	5	6	7
7. 我对于“佳品”餐厅的表现感到 <u>不高兴</u>	1	2	3	4	5	6	7
8. “佳品”这个品牌总体来说质量 <u>不好</u>	1	2	3	4	5	6	7
9. 与其他餐厅相比，“佳品”质量 <u>较差</u>	1	2	3	4	5	6	7
10. 即使可以找到，我下次也 <u>不会</u> 再来“佳品”用餐	1	2	3	4	5	6	7
11. 如果可以选择的话，我下次 <u>不会</u> 再来“佳品”用餐	1	2	3	4	5	6	7
12. 我会告诉我的家人和朋友 <u>不要</u> 去“佳品”用餐	1	2	3	4	5	6	7
13. 我 <u>不会</u> 推荐家人和朋友去“佳品”用餐	1	2	3	4	5	6	7
14. “佳品”对于我这次的用餐经历负有责任	1	2	3	4	5	6	7

15. 我因为这次的用餐经历而责怪“佳品”	1	2	3	4	5	6	7
16. 我这次用餐遇到的问题是“佳品”的错	1	2	3	4	5	6	7
17. 我觉得“佳品”很有可能再次出现同样的问题	1	2	3	4	5	6	7

18. 我从来没有听说过“佳品”这个品牌	1	2	3	4	5	6	7
19. 我是“佳品”的忠实客户	1	2	3	4	5	6	7
20. 我喜欢“佳品”这个品牌	1	2	3	4	5	6	7
21. “佳品”这个品牌的形象很好	1	2	3	4	5	6	7

请您仔细回答对于购买**国外品牌产品**的看法。并选择从 1 到 7 中相应的数字来表达您对问题描述的认同程度。

	非常不同意	不同意	不太同意	一般(中立)	基本同意	同意	非常同意
1. 买国外品牌的产品 <u>不是</u> 中国人的作为	1	2	3	4	5	6	7
2. 中国人 <u>不应该</u> 买国外的品牌，因为这样会伤害中国的经济并造成失业	1	2	3	4	5	6	7
3. 真正的中国人应该只买中国的品牌	1	2	3	4	5	6	7
4. 买国外品牌的产品是 <u>不对</u> 的	1	2	3	4	5	6	7

1. 您是：
 - a. 男性
 - b. 女性
2. 您的年龄是：
 - a. 不到 18 岁
 - b. 18-25 岁
 - c. 26-30 岁
 - d. 31-40 岁
 - e. 41-50 岁
 - f. 50 岁以上
3. 您的教育程度为：
 - a. 高中及以下
 - b. 大专和大学
 - c. 硕士及以上

4. 您的平均月消费额为（人民币）:

- a. 低于 1500 元
- b. 1501-3000 元
- c. 3001-5000 元
- d. 5000 元以上

5. 您的出生地在（请写明省份/直辖市/地区）_____

谢谢合作！

Appendix G: Main Study Questionnaire: English Version

Cover Story

Hello,

I am an M Phil. student in Marketing and International Business Department, Lingnan University, Hong Kong. I am collecting data for my graduation dissertation. Your support and cooperation will be highly appreciated.

The purpose of the questionnaire is to learn about the consumer thoughts on global and local brands. Please answer some questions regarding the two brands. Before answering the questions, please carefully read the scenario in the box, and imagine it as your personal experience. Please tick a number from 1 to 7 to represent the extent to which you agree with the statement.

When answering the questions, please always bear in minds that there is no right or wrong answer to each question. Your true feelings are the best answers we are looking for.

All collected data will only be used for academic research purpose and analyzed by professional researchers. All questionnaires are anonymous. Your personal information will definitely not be disclosed to any parties.

Body of the questionnaire

Scenario 1: Assume Bokin LCD TV is a newly established sub-brand of a China famous local TV brand. “Bokin” LCD TV is loved by consumers for its fashionable appearance and high quality picture display.

“Bokin” just launched service stores and branches in most of provinces within China and will enter many home appliances supermarkets in China.

Recently, you bought a new Bokin LCD TV. After using for some time, you find:

The TV supports various internet connecting modes. The TV display high quality pictures. However, when turning up the volume there is some noise and distortion in the voice. The performance of the TV is not as satisfied as expected.

Please answer the following questions regarding product evaluations on Bokin LCD TV and tick one number from 1 to 7 to represent the extent to which you agree with the statement.

	Strongly disagree	disagree	Slightly disagree	Neutral	Slightly agree	agree	Strongly agree
1. To me, “Bokin” is a global brand	1	2	3	4	5	6	7
2. “Bokin” is sold only in China	1	2	3	4	5	6	7
3. “Bokin” TV does <u>not</u> perform well	1	2	3	4	5	6	7
4. “Bokin” TV does <u>not</u> perform stably	1	2	3	4	5	6	7
5. I am <u>dissatisfied</u> with the quality of “Bokin” TV	1	2	3	4	5	6	7
6. In general, I am satisfied with the performance of “Bokin” TV	1	2	3	4	5	6	7
7. I am <u>unhappy</u> with the performance of “Bokin” TV	1	2	3	4	5	6	7
8. In general “Bokin” is a brand of <u>inferior</u> quality	1	2	3	4	5	6	7
9. Compared with other TV brands, “Bokin” is <u>low</u> on quality	1	2	3	4	5	6	7
10. I’ m <u>not at all</u> likely to buy “Bokin” TV again (if available)	1	2	3	4	5	6	7
11. If had other options, I will <u>not</u> buy “Bokin” TV next time	1	2	3	4	5	6	7
12. I will tell my friends and family <u>not</u> to buy “Bokin” TV	1	2	3	4	5	6	7
13. I will not recommend my friends and family to buy “Bokin” TV	1	2	3	4	5	6	7
14. “Bokin” is responsible for my experience of using the product	1	2	3	4	5	6	7
15. I blame “Bokin” for my experience of using the product	1	2	3	4	5	6	7
16. My experience of using the product is the fault of “Bokin”	1	2	3	4	5	6	7
17. I believe “Bokin” is very likely to have the same problem again	1	2	3	4	5	6	7
18. I have <u>never</u> heard of the brand of “Bokin”	1	2	3	4	5	6	7
19. I am a loyal user to the brand of “Bokin”	1	2	3	4	5	6	7

20. I love the brand of “Bokin”	1	2	3	4	5	6	7
21. The image of the brand of “Bokin” is good	1	2	3	4	5	6	7
22. I ever bought or used the brand of “Bokin”	1	2	3	4	5	6	7

Scenario 2: Assume Garpin Restaurant is the newly established sub-brand of a world famous catering brand. “Garpin” attracts a lot of customers by the high quality food and elegant environment.

“Garpin” just opened many stores in most of the countries of the world. All stores follow the globally united management and operation process. Recently, you and your friends went to Garpin restaurant to have dinner after shopping. You find:

The environment of Garpin restaurant is broad and bright. The restaurant serves the ordered food and drink within the promised time, 15 minutes.

Please answer the following questions regarding product evaluations on Garpin Restaurant and tick one number from 1 to 7 to represent the extent to which you agree with the statement.

	Strongly disagree	disagree	Slightly disagree	Neutral	Slightly agree	agree	Strongly agree
1. To me, “Garpin” is a global brand	1	2	3	4	5	6	7
2. “Garpin” restaurant is only available in China	1	2	3	4	5	6	7
3. “Garpin” restaurant did <u>not</u> serve the food within the promised time	1	2	3	4	5	6	7
4. The waiting time in “Garpin” restaurant is <u>longer</u> than expected	1	2	3	4	5	6	7
5. I am <u>dissatisfied</u> with the service quality of “Garpin”	1	2	3	4	5	6	7
6. In general, I am satisfied with the performance of “Garpin”	1	2	3	4	5	6	7
7. I am <u>unhappy</u> with the performance of “Garpin”	1	2	3	4	5	6	7
8. In general “Garpin” is a brand of <u>inferior</u> quality	1	2	3	4	5	6	7
9. Compared with other restaurants, “Garpin” is <u>low</u> on quality	1	2	3	4	5	6	7
10. I’m <u>not at all</u> likely to have dinner in “Garpin” restaurant again (if available)	1	2	3	4	5	6	7
11. If had other options, I will <u>not</u> to “Garpin” next time	1	2	3	4	5	6	7
12. I will tell my friends and family <u>not</u> to go to “Garpin”	1	2	3	4	5	6	7
13. I will not recommend my friends and family to go to “Garpin”	1	2	3	4	5	6	7
14. “Garpin” is responsible for my experience of having dinner	1	2	3	4	5	6	7
15. I blame “Garpin” for my experience of having dinner	1	2	3	4	5	6	7
16. My experience of having dinner is the fault of “Garpin”	1	2	3	4	5	6	7
17. I believe “Garpin” is very likely to have the same problem again	1	2	3	4	5	6	7
18. I have <u>never</u> heard of the brand of “Garpin”	1	2	3	4	5	6	7

19. I am a loyal user to the brand of “Garpin”	1	2	3	4	5	6	7
20. I love the brand of “Garpin”	1	2	3	4	5	6	7
21. The image of the brand of “Garpin” is good	1	2	3	4	5	6	7
22. I ever bought or used the brand of “Garpin”	1	2	3	4	5	6	7

Please carefully answer the questions about your feelings on purchasing foreign brands. Please tick one number from 1 to 7 to represent the extent to which you agree with the statement.

	Strongly disagree	disagree	Slightly disagree	Neutral	Slightly agree	agree	Strongly agree
1. Purchasing foreign-made products is un-Chinese	1	2	3	4	5	6	7
2. Chinese should not buy foreign products, because this hurts Chinese business and cause unemployment	1	2	3	4	5	6	7
3. A real Chinese should always buy China-made products	1	2	3	4	5	6	7
4. It is not right to purchase foreign-made products	1	2	3	4	5	6	7

1. **You are:**
 - a. male
 - b. female
2. **Your age is:**
 - a. <18
 - b. 18-25
 - c. 26-30
 - d. 31-40
 - e. 41-50
 - f. >50
3. **Your education level is:**
 - a. below or equal to high school
 - b. college and university
 - c. above or equal to master
4. **Your monthly expense (RMB) is:** 您的平均月消费额为（人民币）:
 - a. <1500
 - b. 1500-3000
 - c. 3001-5000
 - d. >5000
5. **You were born in (please indicate province/region)**_____

Thanks for your cooperation!

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