

The Role of Consumers' Risk Propensity on Consumer Preference for Domestic VS. Global Brands^{*}

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Received 30 August 2024, Revised 20 September 2024, Accepted 25 September 2024

Abstract

Purpose - The purpose of this study is to investigate how consumers' perceptions of brand localness or globalness influence their preference. This study further examines the role of consumers' risk propensity (risk taker vs. risk averse) on the relationship between brand localness (globalness) and consumer preference.

Design/methodology/approach - Data was collected through an online survey with Chinese consumers and the PROCESS model in SPSS 23 was used to analyzed data.

Findings - The results of this study indicate that consumers' perceptions of brand localness (globalness) positively influence their preference towards local (global) brands. Furthermore, this effect is moderated by risk propensity, with positive influence of perceived brand localness becoming stronger among consumers who are risk takers. However, consumers among risk averse reveal insignificant interaction effect between perceived brand globalness and consumer preference.

Research implications or Originality - This study contributes to the body of international business research by exploring the impact of consumers' perceptions of brand localness/globalness in the context of their risk propensity. The findings of this study also offer global marketers meaningful insights when segmenting the target market.

Keywords: Perceived Brand Localness, Perceived Brand Globalness, Risk Propensity, Consumer Preference
JEL Classifications: C12, F20, M30

I. Introduction

Scholars in the field of international businesses and marketing have focused on researching how distinctively consumer preferences are influenced by their perceptions of brand globalness and/or localness (Xie et al. 2015; Sichtmann et al. 2019; Vuong and Khanh Giao 2019). Specifically, perceived brand globalness (PBG) emphasizes the wide market availability of products and services across the globe. The universal recognition and standardized offerings of global brands are primarily perceived by consumers as indicators of higher quality and lower risk compared to brands perceived as local (Alden et al. 2006). As a result, perceived brand globalness, often associated with attributes like quality and prestige, is positively related to

^{*} This research was supported by "Research Base Construction Fund Support Program" funded by Jeonbuk National University in 2024.

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purchase likelihood (Steenkamp et al., 2003). Moreover, extant research has identified brand credibility (Mandler et al., 2020), perceived quality (Liu et al., 2019), brand attractiveness (Heinberg et al., 2017), and brand prestige (Hussein and Hassan, 2018) as key factors that positively influence consumers' overall evaluations of brands perceived as global.

Perceived brand localness (PBL) refers to the extent to which consumers in a particular country believe a brand reflects their values, needs, and aspirations (Özsomer 2012). This perception of localness elevates the brand to effectively symbolize the nation's culture and history. Previous research suggests that some consumers choose to purchase locally manufactured products even though they perceive the quality of local brands to be lower than that of global brands (Moon, 2019). According to Ramesh et al. (2019), this occurs because consumers' decisions regarding local versus global brand are often influenced by their values, which are shaped by social and emotional appraisals. For example, local brands in the Chinese market have captured an increasingly larger market shares due to significant improvements in product quality (Nielsen, 2016). Additionally, while global brands remain in demand, a growing number of Chinese consumers who are proud of their nation support local brands (Moon, 2019). With recent improvement in local brand quality and a decline in the attractiveness of global brands, consumers who traditionally favored global brands have shifted their preference towards local brands. (Steenkamp and Jong 2010; Schmidt-Devlin et al. 2022).

Furthermore, significant international shifts such as the COVID-19 pandemic, the US-China trade war, and Brexit have led to reduced globalization (Liu et al., 2021). Since the pandemic, international companies have reevaluated the reshoring their manufacturing operations (Bloom, 2020). This slow-globalization trend is also evidenced by reports indicating a decline in trade between the UK and other countries post-Brexit, as well as the ongoing US-China trade war (Edgington, 2024; Vaswani, 2018). Specifically, while the economic downturn caused by the pandemic has negatively impacted the marketability of premium priced global brands, recent research shows that the COVID-19 pandemic has strengthen the connection among consumers with domestic products and local services (Yeung and Yu, 2020; Xia et al., 2021). Local brands have become more responsive to the rapid changes in local tastes, effectively catering to idiosyncratic local preferences that global brands struggle to meet (Askegaard 2006; Schuiling and Kapferer, 2004). In particular, consumers in most countries have shown a stronger preference for locally sourced offerings since the outbreak, likely due to their increased perception of risk associated with imported brands (Kuijpers et al., 2020). Specifically, Ng and Batra (2017) have suggested that brand globalness or localness affects perceived risk, which further influences consumer decision making process.

Therefore, the impact of perceived risk needs to be further examined, especially in the context of consumer preference for brands perceived as global versus local. Specifically, a key question worthy of investigation is whether consumers' perceptions of risk act as a psychological mechanism influencing their choice between global and local brands (Shan and Lu, 2021). Thus, the main purpose of this research is to explore how the interaction effect between consumer perception of brand globalness/localness and risk propensity (risk-taker vs. risk-averse) influence consumer preference. Primarily, this study provides additional insights by investigating the moderating role of risk aversion on the relationship between perceived brand globalness and consumer preference. The results support the growing evidence that

consumers with a higher propensity for risk have a stronger preference for local brands. Importantly, this study contributes to the field of international business literature by expanding knowledge of consumer behavior regarding the relationship between brands characteristics (globalness vs. localness) and consumer psychological attributes (Zou and Chan 2019).

II. Theoretical Background and Hypotheses

1. Perception of Brand Localness/Globalness

Local brands are commonly described as being “exclusively available in a limited and specific geographical region” (Nguyen and Alcantara 2020). Previous studies suggest that consumers associate local brands with attributes like uniqueness, originality, and exclusiveness (Halkias et al., 2016). The concept of perceive brand localness (PBL) stems from factors such as local adaptation, cultural pride, high awareness of local heritages, and availability in regional markets (Hoskins et al. 2020; Srivastava et al. 2020). PBL has traditionally been shown to positively influence purchase intention, and this effect is pervasive in both developed economies like Germany and South Korea and emerging markets like China and India (Swoboda et al. 2012; Xie et al. 2015; Heinberg et al. 2017). Furthermore, Xie et al. (2015) suggest that PBL positively influences purchase intentions and behaviors by strengthening both functional and psychological values that are important to consumers. On the other end of the spectrum, perceived brand globalness (PBG) refers to the extent to which individuals believe that the brand is marketed in multiple countries and is widely recognized by consumers in these countries (Steenkamp et al. 2003). Mandler et al. (2020) further developed the concept of PBG as a consumer’s belief in the brand’s availability, recognition, and acceptance all around the world. Previous research also suggests that due to the standardized marketing activities with similarities of brand personalities and brand image, global brands establish market stability and brand power over brands only available in local (Halkias et al., 2016). Moreover, consumers tend to identify themselves as global citizen when purchasing global brands. Importantly, by choosing a brand perceived as global, consumers often incorporate global consumer cultures (Akram et al. 2011).

Notably, previous studies have suggested that perceptions of brand globalness or localness significantly influence consumer preference, attitudes, and purchase intention (Davvetas et al., 2020; Srivastava et al., 2020). For example, brand quality and prestige act as underlying mechanisms that contribute to consumers’ strong belief in global brands (Halkias et al., 2016; Gupta et al., 2020). Similarly, research has shown that consumers perceive higher quality in local brands for culturally-linked product categories (e.g., food and beverages) (Davvetas et al., 2015; Riefler, 2020). Table 1 presents a summary of the relevant studies. Base on prior research findings, this study posits that perceptions of brand globalness and localness influence consumer preference.

H1: Perceived brand globalness /localness has a positive effect on consumer preference.

2. Risk Propensity

Risk propensity is the psychological assessments of risk and individuals' tendency to take or avoid risks (Das and Teng, 2001; Cho and Lee, 2006). A lower risk propensity indicates a tendency to be risk-averse, whereas a higher risk propensity means the individual tends to take risks. Experience and information people have interplays with their risk propensity, influencing their risk tolerance level. For example, Nicolau and McKnight (2006) explain that risk propensity is both enduring as a lasting characteristic and adaptable as it can change over time. While risk propensity – the tendency to take or avoid risk – is often linked to specific risky behaviors, like thrill-seeking or unhealthy choices (Lepp and Gibson 2008), according to Meertens and Lion (2008), the concept is also valuable in understanding how people make everyday decisions in various situations.

In marketing literature, research suggests that the tendency to take risks is consumers' effort to reduce uncertainty and unpleasant outcome when making their buying decision (Nicolau and McKnight 2006). In other words, consumers with high level of risk propensity are likely to trust and be less concerned about the possibility of negative consequences. Conversely, consumers who are unwilling to take risks tend to choose brands that offer them security and certainty. For example, previous studies suggest that because risk involves both trust and uncertainty (Zhao et al. 2010), consumers with a high risk propensity gamble with their resources (Barbosa et al. 2007) or make risky decisions, like trusting online information without verifying its credibility (Kusumasondjaja et al. 2012). Furthermore, consumers who are willing to take risks tend to seek gains and maximize the positive outcomes, whereas those with risk-averse emphasize minimizing the negative outcomes and avoiding risks (Higgins 2002). Importantly, when consumers perceive a high risk associated with purchasing a less-known product, they tend to choose a well-established brand over an obscure unfamiliar one (Baer et al., 2021). That is, higher perceived risk discourages exploration and leads consumers to favor familiar options (Erdem and Swait, 2001).

In research on international business and global marketing, scholars have begun to discuss the boundary conditions of PBG and PBL effectiveness, and they have found that perceived risk moderates purchase intention for global and local brands (Akram et al. 2011; Vuong and Khanh Giao, 2019). Specifically, Dimofte et al. (2008) argued that global brand halo effect is consistent with the consumers' goal of minimizing purchase risk, and thus PBG shown a positive influence for consumers sensitive to risk. PBG is associated with a consistent competitiveness, substantial brand building expenditures, and low risk alternative (Heinberg et al. 2017). Furthermore, previous studies suggest that global brands tend to lead consumers to a positive evaluation of brand trust (Xie et al. 2015; Randrianasolo 2017) because global brands represent the image of accumulated outstanding expertise due to manufacturing and distributing across global. Similarly, Kashif and Udunuwara (2020) suggest that high perceived risk increases consumers' preference for global brands. In short, risk-averse consumers often develop trust towards global brands due to brand dependability and reliability. On the other hand, consumers often develop positive attitudes toward local brands mostly because they perceived them as representing the local community and embodying its unique culture (Davvetas et al., 2015; Diamantopoulos et al., 2019). However, this perception also overshadows potential drawbacks,

such as relatively lower perceived quality, status, and broader appeal, which ultimately make local brands riskier choices for consumers (Srivastava et al., 2020). In addition, prior studies examining the roles of global and local brand perceptions on purchase intention have distinguished them based on key characteristics. While global brands are associated with wide availability, recognition, and aspirations of achievement and excitement, local brands are often described as incorporating local elements, emphasizing uniqueness, originality, and ability to represent the local culture (Dimofte et al., 2008; Sichtmann et al., 2019). Building on this concept, this study assumes that brand localness primarily appeals to consumers who are less risk-averse. These consumers prioritize the unique and original aspects that local brands often represent, rather than focusing solely on minimizing risk through established product quality typically associated with global brands. Based on this discussion, the following hypotheses are postulated:

- H2:** The positive relationship between PBL and consumer preference will become more pronounced among risk-taking consumers.
- H3:** The positive relationship between PBG and consumer preference will become more pronounced among risk-averse consumers.

As shown in Figure 1, the conceptual model proposes a relationship between perceived brand localness (globalness) and consumer preference, moderated by risk propensity (risk-taking vs. risk-averse).

Fig. 1. Conceptual Framework

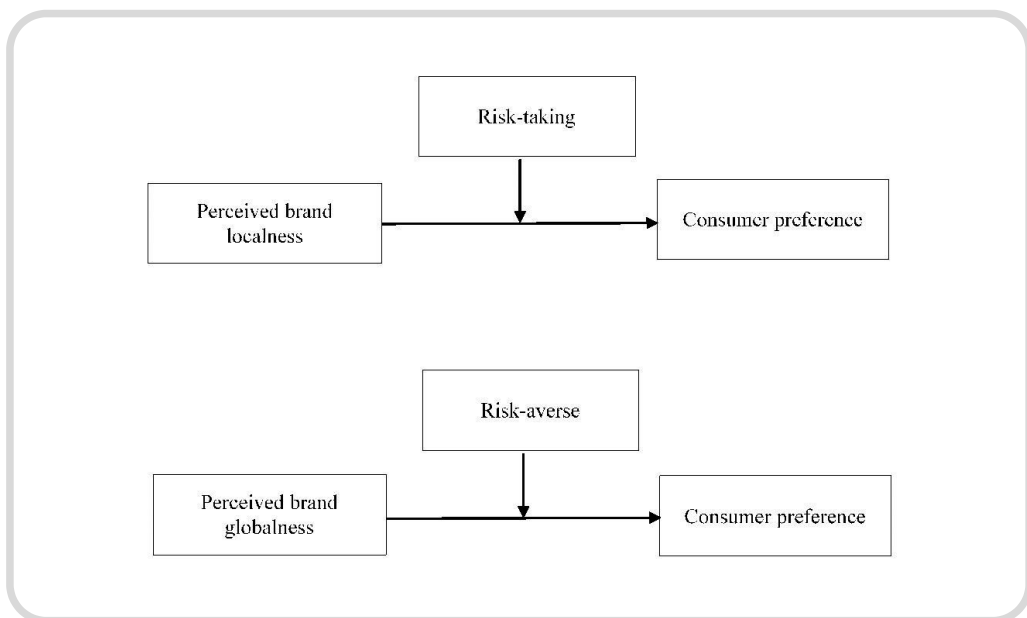


Table 1. Summary of Relevant Studies on PBG and PBL

Study	Antecedent(s)	Outcome(s)	Key findings
Davvetas and Halkias (2019)	PBG/PBL	Attitudes Purchase intention	The interaction effect between perceptions of brand globalness and localness, and brand images of competence and warmth significantly influences consumer attitudes and purchase intentions.
Diamantopoulos et al. (2019)	PBG/PBL	Purchase intention	Consumers tend to identify positively with both global and local brand, and this effect is stronger for foreign brands compared to domestic ones.
Fazli-Salehi et al. (2021)	PBG	Consumer-brand identification	Country affinity and consumer ethnocentrism have a positive influence on consumers' connections with local brands.
Halkias et al. (2016)	PBG	Purchase intention	Brand globalness influences purchase intentions, with this relationship mediated by brand images of warmth and competence in global brands.
Heinberg et al. (2017)	PBG PBL	Brand attractiveness	In advertisement, using local iconic images enhance brand attractiveness. Emphasizing the strong market position of a global brand is also effective in attracting consumer preference.
Kolbl et al. (2019)	PBG/PBL	Purchase intention Brand ownership	The positive relationship between global and local brands and brand competence and warmth impacts both purchase intentions and brand ownership.
Liu et al. (2019)	PBL	Perceived quality Brand prestige	When local brands expand to a global market consumers are more likely to perceive these brands as having higher quality and prestige
Mohan et al. (2018)	PBG	Perceived quality	The positive relationship between brand globalness and perceived quality is moderated by consumer ethnocentrism.
Özsomer (2012)	PBG	Perceived quality Brand prestige	Global brands that incorporate local elements are perceived as having higher quality and prestige in developing markets.
Xie et al. (2015)	PBG/PBL	Preference Purchase intention	Consumers are willing to purchase both global and local brands because they perceive global brands as high-quality, while they identify with the prestige associated with local brands.

III. Methodology

1. Pretest of Perceptions of Brand Globalness/Localness

A pretest was conducted to manipulate the perceived brand globalness and localness, by using 90 Chinese consumers. To ensure internal validity and avoid potential confounding effects, this study used the conceptual descriptions of global versus local availability (global: "Available worldwide"; local: "Available only in China"; control: "Available now") from the pre-

vious study (Davvetas et al. 2020). The same information on price and color is included in the list of attributes of the brand description. Three items adopted from the study of Steenkamp et al. (2003) were used to measure PBG (PBL) on a seven-point Likert scale; (1) To me, this is a global (local) brand, (2) I think consumers overseas (in China) buy this brand, and (3) This brand is sold all over the world (only in China). Participants rated to what extent they evaluated the PBG (PBL) of the given single factor condition while the participants in the control group needed to answer both. The one-sample t-test revealed that the brand manipulated as global scored significantly higher on the PBG scale than the brand manipulated as control ($M_{\text{global}} = 5.55$, $SD = 0.37$, $M_{\text{control}} = 2.51$, $SD = 0.43$; $t = -44.95$, $p < .001$). The brand manipulated as local scored significantly higher on the PBL scale than the brand manipulated as control ($M_{\text{local}} = 5.51$, $SD = 0.41$, $M_{\text{control}} = 2.34$, $SD = 0.48$; $t = -42.22$, $p < .001$). The over all results of our pretest suggest that participants' perceived brand globalness and localness are significantly different and in accordance with the intended manipulation.

2. Participants and Procedures

The data collection method involved an online survey conducted between March 10 and 25, 2023. After being randomly assigned to one of the two brand positioning conditions (global vs. local), participants were first given a brief introduction to a fictitious brand stimulus designed in the pretest. By using a fictitious brand as a stimulus, this study aims to safeguard internal validity and avoid potential confounding effects from prior brand familiarity and brand name strength (Davvetas et al. 2020). The participants were then asked to complete the survey, which included PBG (3 items), PBL (3 items), risk propensity (6 items), ethnocentrism (4 items), preference (3 items), and demographic characteristics. To ensure the validity of the responses, surveys with identical answers or those completed in less than one minute were excluded. The final sample size analyzed in this study was 505 participants. Descriptive analysis shows that participants' ages vary across different ranges, with the largest age group being 20 to 30 years old. This group consists of 197 individuals, making up 39% of the total participants. This distribution aligns with the user base of WeChat, the platform used for data collection of this study. The majority of WeChat users (86.2 %) are between 18 and 36 years old, a demographic known for significant purchasing power (Santander Trade Portal, 2024). Additionally, 49.9% of participants hold a bachelor's degree. Regarding monthly income, participants fall within various income ranges, with 22% to 28.9% distributed similarly from the lowest earners to those making over 10,000 RMB. Chinese consumers ($n = 505$) participated in this study (55.6% female, 60.2%) were randomly assigned to one of the brand conditions (global vs. local). Participants were first provided with a brief brand description and then asked to complete a questionnaire assessing their perceptions of the brand, preference, and self-reported risk taking (aversion) propensity. Demographic information was collected from participants at the end of the survey, presented in Table 2.

Table 2. Demographic Characteristics

Characteristics	Items	Frequency	Percentage
Gender	Male	224	44.36
	Female	281	55.64
Age	≤ 19	18	3.56
	20 - 30	197	39.02
	31 - 40	115	22.77
	41 - 50	95	18.81
	>50	80	15.84
Education	High school diploma	210	41.58
	Bachelor's degree	252	49.90
	Post-graduate	43	8.52
Monthly income (US\$)	≤ 250	122	24.16
	250 - 499	113	22.38
	500 - 999	124	24.55
	>1000	146	28.91

3. Measurements

This study measured all constructs using scales from previous studies after modifying them ensure contextual relevance for the current research. A seven-point Likert scale range from 1 (strongly disagree) to 7 (strongly agree) was used to assess the degree of agreement or disagreement with the measurement questions. The measurement scales for perceived brand globalness (localness) were adopted from Steenkamp et al. (2003), while the scale measuring participants' propensity or reluctance to engage in behaviors that appear to be risky was adopted from Sharma (2010). In addition, measurement items for consumer ethnocentrism were sourced from Cleveland et al. (2009) and included to sever as covariable in the analysis. Participants were asked to indicate their preference on a three-item seven-point scales (1 = very unlikely to 7 = very likely). Table 3 shows the measurement items used in this study.

Table 3. Construct Measurement

Variables	AVE	CR	α	Items
Perceived brand globalness (PBG)	0.611	0.824	0.724	I do think consumers overseas buy this brand.
				To me, this is a global brand.
				This brand is sold all over the world.
Perceived brand localness (PBL)	0.825	0.934	0.905	I associate this brand with things that are Chinese.
				To me, this brand represents what China is about.
				To me, this brand is a very good symbol of China.
Risk taker	0.623	0.831	0.831	I am open to taking risk.
				I am willing to take a chance on something.

				I often feel daring.
Risk averse	0.727	0.889	0.732	I would not describe myself as a risk-taker. I prefer a routine way of life to an unpredictable one full of change. I do not like taking too many chances to avoid making a mistake.
Ethnocentrism	0.823	0.949	0.931	Chinese should not buy foreign products, because this hurts domestic business. It is not right to purchase foreign products, because this puts Chinese out of jobs Chinese should purchase products manufactured in China, instead of letting other countries get rich off us. A real Chinese citizen should always buy domestic products.
Preference	0.842	0.941	0.912	How likely are you to be appealing to this brand? How likely are you to recommend this brand? How likely are you to choose this brand?

IV. Results

Before the research model was tested, convergent validity was assessed. The average variance extracted (AVE) for each construct is greater than the benchmark of 0.6 (Hair, 2010), while the composite reliability (CR) exceeds the recommended value of 0.7 (Bagozzi 1998). Cronbach's alpha values for all the constructs ranged from 0.73 to 0.93, indicating good reliability.

This study employed Hayes' PROCESS Model 1 (2017) to test the moderating effect of risk propensity on the relationship between perceived brand globalness/localness and consumer preferences. With a bootstrap sample of 5000 and 95% confidence interval, the main effect of perceived brand localness (PBL; $n = 255$) revealed a significant influence on consumer preference ($c1 = 0.644$). Similarly, the main effect of perceived brand globalness (PBG; $n = 250$) on consumer preference also revealed a positive relationship ($c1 = 0.584$). Furthermore, the effect of high risk propensity on the relationship between PBL and consumer preference is significant ($b = 0.195$, $p = 0.002$). Specifically, the results showed that the confidence interval (CI) for the interaction between PBL and the risk taking excluded zero (LLCI = 0.070, ULCI = 0.319). However, the effect of risk aversion on the relationship between PBG and consumer preference is insignificant ($b = 0.017$, $p = 0.631$), as the confidence interval (CI) for the interaction between PBG and risk aversion included zero ($p > 0.05$; CI: LLCI = -0.052, ULCI = 0.085). Meanwhile, the coefficient values for risk taking ($b = -0.102$), risk aversion ($b = -0.064$), and ethnocentrism (CE) did not indicate significant effects on consumer preference. In addition, since both R-squared changes were significant, as shown in Table 4, the interaction terms in this analysis were meaningful.

Arguably, the findings of this study indicate that both perceived brand localness and globalness positively influence consumer preference, supporting H1. Furthermore, the relationship

between PBL and consumer preference is stronger for risk-taking consumers (H2), while risk-averse consumers are not necessarily more likely to prefer global brands, supporting H3 of this study.

Table 4. Moderated mediation on the effect of perceived brand localness/globalness on preference

N = 255		R2=0.506***			
	b	SE	p	LLCI	ULCI
PBG (X)	0.644***	0.077	0.000	0.492	0.797
Risk (W)	-0.102	0.049	0.040	-0.199	-0.005
PBL× Risk-taking	0.195**	0.063	0.002	0.070	0.319
CE	-0.080	0.048	0.100	-0.174	0.015
N = 250		R2=0.573***			
	b	SE	p	LLCI	ULCI
PBL (X)	0.584***	0.060	0.000	0.466	0.702
Risk (W)	-0.064	0.047	0.171	-0.157	0.028
PBG× Risk-averse	0.017	0.035	0.631	-0.052	0.085
CE	-0.045	0.044	0.309	-0.132	0.042

*p<0.05; **p<0.01;***p<0.001

V. Discussion and Conclusion

This research empirically examines the effects of perceived brand localness (globalness) on consumer preference and the moderating role of risk propensity. While previous studies suggest that PBL and PBG positively influence consumers' overall evaluation on brands, findings regarding the strength of this relationship have been inconsistent. Furthermore, few studies have explored the moderating effect of risk propensity on the relationship between PBL (PBG) and consumer preference. To address this gap, the current study collected data from Chinese consumers through a self-administered online survey and employed PROCESS modeling for data analysis. This study sheds light on the factors influencing consumer choices between local and global brands, particularly within emerging markets. These insights are valuable for marketing researchers and managers.

1. Theoretical Contributions

This study offers several significant theoretical contributions. First, it confirms that consumers' perceptions of brand localness or globalness positively influence their brand preference. While most of earlier research has focused on consumer ethnocentrism as the primary factor in local brand preference (Balabanis & Diamantopoulos, 2014; Kipnis et al., 2012), the findings of this study add to the literature by examining how perceived brand localness (globalness) affects consumer preference. In particular, this study highlights that for Chinese consumers, perceived brand localness (PBL) significantly enhances their preference, regardless of their ethnocentric

inclinations. In other words, the findings of this study reinforce the importance of PBL and PBG, as identified in previous research for predicting consumer attitudes and purchase intentions in developing markets (Kolbl et al., 2019; Swoboda et al., 2012). Building on the findings that both perceived brand localness and globalness positively influenced consumer preference (H1), this study further analyzes the moderating roles of risk propensity. The results support Hypothesis 2, demonstrating that this relationship is strengthened among risk-taking consumers, who exhibit a greater preference for local brands. Risk-prone consumers appear more willing to take a chance on local brands, even though these brands are often perceived as less established than global ones. For risk-taking consumers, the less-known image of local brands may not be a deterrent. In fact, the unique representation of local identity (Özsomer 2012) leads risk-taking consumers to value and embrace local brands more than ones perceived as global. The finding implies that the characteristics of local brands likely resonate more with risk-taking consumers. In other words, consumer preference for local brands is much significant when consumers with high levels of risk propensity perceive strong brand localness.

This finding expands knowledge on local brands and consumer decision making, particularly regarding the role of risk propensity. Primarily, previous studies suggest that when consumers perceived local brands as signaling uniqueness, originality, and local cultures, this perception enhances consumer evaluation in terms of greater local adaptation, local culture pride, and awareness of local market needs (Özsomer 2012). More recently, studies have investigated positive relationships between perceptions of brand localness and various brand and consumer characteristics such as information search costs (Mohan et al. 2018), brand trust (Mandler et al. 2020), perceived quality (Halkias et al. 2016), and brand prestige (Heinberg et al. 2017). In this regard, the findings of the present study add to the growing body of evidence suggesting that consumers with higher propensity exhibit a stronger preference for local brands.

This study also examined the moderating role of risk aversion on the relationship between perceived brand globalness and consumer preference. While risk-prone consumers exhibit a stronger preference for local brands, this study's findings suggest that risk aversion does not significantly moderate the relationship between consumers' perception of brand globalness and preference. This contradicts our initial assumption that PBG would enhance consumer preference much significantly when interacting with risk-averse consumers. The findings imply a more complex decision-making process for consumers as risk aversion seems to be less influential than we expected when it comes to choosing global brands. With this, earlier studies have strongly associated the effects of consumers' perceptions of brand globalness on purchase intentions with various consumer motives (Choi et al. 2019; Choi and Kim 2020), different product categories (Bridges and Florsheim 2008; Lim and Ang 2008), and perceived quality (Steenkamp et al. 2003). For instance, consumer preference for global brands has traditionally been linked with the concept of consumer-brand identification (Chan et al., 2009). Specifically, consumers often choose global brands that convey the ability to enhance their social status (Kolbl et al. 2019; Liu et al. 2019). This pattern of consumer behaviors serves as a means for them to improve their positive self-image and achieve desirable social status that gain recognition from others (Batra et al., 2000; Davvetas and Halkias 2019). In light of this, the findings of this study regarding the insignificant moderating effect of risk-aversion on consumer preference for global brands suggests that risk-averse consumers may prioritize other factors beyond per-

ceived risk when choosing global brands. This highlights a key difference compared to the positive effect of risk-taking on the relationship between consumer preference and brand localness.

2. Practical Implications

This research also provides some practical implications to brand managers. Based on the descriptive analysis of this study, Chinese consumers generally show a preference for brands perceived as local or global, compared to brands lacking such perception. In addition, the empirical analysis suggests that the positive relationship between perceived brand localness (PBL) and consumer preference is stronger among risk-prone consumers. Therefore, local brands are suggested to proactively emphasize their unique and differentiated local attributes, which resonate with the values that risk-taking consumers often find desirable (Lee and Aaker, 2004). Consequently, domestic market consumers are likely to develop positive evaluations toward local brands. Most importantly, domestic products should continuously improve their brand attributes to strengthen a positive association with their image as local icons and identities (Davvetas and Halkias 2019). When implementing various marketing strategies to maintain a favorable brand image, consumers are more likely to develop positive evaluations (preference) towards local (vs. global) brands. Moreover, local brands should prioritize understanding consumers' psychological characteristics, as these characteristics significantly impact brand choices based on perceptions of brand localness versus globalness (Liu et al, 2019). Additionally, given the positive moderating effects of risk propensity, domestic brands should focus their efforts on cultivating stronger perception of localness among risk-prone consumers. This is because their preference and purchase decisions are more susceptible to emotional influences and psychological processes (Kolbl et al. 2019). Managers can gain valuable insights into consumer needs and desires in developing markets by analyzing how these consumers communicate their preference through their choices of local (global) brands. This understanding can be further used to strategically position domestic brands to resonate with specific consumer segments within the target market, such as risk-taker or risk-averse consumers.

3. Limitations and Future Directions

This research has some limitations and offers opportunities for future studies to improve. First, this study focuses on the general concepts of perceived brand localness/globalness without examining them in the context of specific brands available in the market place. To strengthen the generalizability of the findings, future research could test these concepts using real brands from various product categories. This would provide more rigorous and comprehensive results regarding consumer preferences for local versus global brands. Next, because this study examined consumer preferences towards brands perceived as local versus global in developing countries, the generalizability of the findings to other market conditions may be limited. That is, since this research only involved Chinese customers, collecting data from other developing countries like India and Vietnam would be recommended. This broader approach could help

us understand how consumer behaviors in similar market environments is influenced by the relationship investigated in this study. Furthermore, comparing consumer preference for local versus global brands across developed and developing countries could yield fruitful outcomes for future studies. Addressing these limitations and incorporating additional aspects, future research can contribute to a more nuanced understanding of the complexities surrounding consumer perceptions of brand localness and globalness within the field of international business.

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