



Investigating The Effect Of Global Brand On Willingness To Pay More By Mediation Of Brand Perceived Quality, Brand Image, And Brand Prestige

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Abstract

Globalization of markets makes it more important than ever that why some consumers prefer global brands to local brands. Furthermore, global branding, in addition to its many advantages for companies, makes them capable of creating a better image for their goods and services. The purpose of this study is to investigate the effect of global brand on brand image through the variables of brand perceived quality and brand prestige. To do so, a library study was accomplished which its results revealed that there exists a direct and positive relationship between global brand and brand image. In addition, it is determined that global brand indirectly affects the brand image by mediation of brand perceived quality and brand prestige. Finally, the conceptual model is provided based on conducted investigations.

Keywords: Brand prestige; Brand image; Brand perceived quality; Global brand.

1. Introduction

In multinational markets of the contemporary world, it has become increasingly important to understand why some consumers prefer global brands to local brands. This challenge has encompassed a wide range of businesses including both the local and global. Local companies are all day witnessing the emergence of new global brands in their markets resulted in losing a significant part of their customers and market share. Furthermore, the global companies are constantly involved in entering new rivals of having products and services under the standardized global brands. The presence of strong local rivals and entrance of new global rivals forces all today companies to expand the influence of their productions in the rest of the world while maintaining their current position and markets. Regardless of which market they operate in, all today businesses should adopt a global approach which is only possible through creating brands of having strong global images. Only the global brands compensate the expensive costs of competition [1]. Given the globalization of economy and markets, the global brands are very important in conjunction with the consumers' perception and companies' competitive advantage. Thus, a library study is accomplished to investigate the effect of global brand on brand image by mediation of brand perceived quality and brand prestige.

2. Theoretical foundations

Nowadays, the business world is more dynamic and competitive than ever. Furthermore, globalization has increased the rate of environmental changes and competition intensity of different businesses. Therefore, even the local affairs need a thought of global scale. In this situation, a company's real value is not embedded in its goods and services but also is in its customers' minds. It is obvious that in this turbulent environment the customers need a key guide to differentiate the products and services of different suppliers whether on a local or global level; and brand is the best guide for today customers as a tabloid of identity, originality, and different features.

Although related literature has a shortcoming to define the global brand, it is generally accepted that they are those brands that consumers find them in different countries under a single name as well as similar marketing strategies. There are many reasons to move toward global brands. First, globalization can create economies of scale in terms of production, marketing, and research and development [2]. Second, it increases the strategic attractiveness because different market segments have similar needs and desires all over the world [3]. Third, globalization increases the speed of entering a brand into the market through decreasing the time spent on local modifications [4]. Finally, consumers prefer the brands



of global image compared to local brands even when they have not any objective superiority than the local brands [5]. The literature has discussed these arguments over the past years, and currently, they are widely accepted.

Researches indicate that businesses communicate globally by improving the image of their brands through positioning and through elements such as brand, name, symbol, intuitive advertising, models, etc. [6]. Globalization of markets placed the global markets in the spotlight. Global brands exploit their strength to affect different eras. Consumers pay more prices for global brands without any resistance. In regards to psychology, global brands are perceived by consumers as creators of identity, prestige, and a sense of distinctive recognition [7]. Considering the purpose of this study, in this section, it is tried to define the keywords and variables including the global brand, brand prestige, brand perceived quality, and brand image as well as to explain the relationship between these variables.

2.1. Global brand

It is difficult to conceptualize and analyze the global brand because there is no consensus on a general definition for this concept. There are many definitions concentrated on concepts of company's strategy, customer, and international sales [8]. After publication of Levit's paper in 1983 related to globalization of markets, it is revealed many trends in regards to move toward global brands in the literature [9]. Standardization of marketing strategies for global brand can be defined as utilizing similar name, marketing mix, and market positioning in most of the targeted markets. The second stream of definitions considers global brands as typical brands perceived by consumers in several regions of the world [10]. In addition, globalization of a brand comes to existence when it identifies and reaches to multiple markets. About one third of the view on global brands emphasizes on international sales [11].

From the viewpoint of supply side, global brands are able to create economies of scale in R&D, producing, resourcing, and marketing. Furthermore, global brands are faster in entering the foreign markets because they need less time for local changes which should be done [4]. From the viewpoint of demand side, global brands may benefit from a unique global image through fixed positioning. This kind of global positioning develops a strategy for attracting the consumers of the same needs and demands from all over the world [3].

Global brand is a brand that uses a same logo; is accessible in several regions of the world; at least 5 percent of its sale comes from overseas; and is managed in an internationally coordinated manner. Deliberately, this definition does not include similar image or position. For many global brands, especially those have long been globalized; similar positioning is not possible because their local image may be different from its global image, while it has an outstanding position in most of the other markets as a global brand [11]. Global brands almost have same marketing strategies and plan in the major markets [8].

2.2. Brand perceived quality

Perceived quality is the first stimulus for buying regardless of product category, time framework, and consumer segmentation [12]. Furthermore, the importance of brand is widely stated in the literature as a qualitative reference [2]. Brand perceived quality is accepted as one of the main elements of consumer brand equity. Brand equity is defined as set of assets associated with a brand which can convey the value to the customers. Perceived quality is the structural core of measuring the brand equity. Researches indicated that perceived quality is associated with higher price, price elasticity, brand consumption, and especially with stock returns [13]. As much as the brand is a criterion for consumers to select amongst different brands, it can be a sign of quality too [14].

Perceived quality is defined as the consumer's judgement about the superiority of a product. Since, perceived quality is different from real quality. While real quality depends on the goal and verifiable achievements of standards, perceived quality is a subjective concept that can be stimulated by many more intangible factors [15]. These factors can be like country of origin, perceived global brand, and brand credibility [16]. The customer's overall perception of quality results from the combination of expectations derived from his/her information about the firm, past experiences, and brand beliefs [17]. Furthermore, empirical evidence suggest a positive relationship between perceived quality of a product and stock return implying that the stock market can positively react to improvement of products' quality [18]. Brand quality

can significantly explain the statistical validity of brand preference scale, and as well, be considered as the most reason why consumers choose global brands [19].

2.2.1. Global brand and perceived quality

Strong brands affect the consumer's different perceptions including the quality, prestige, credibility, and even the price. Meanwhile, several studies found that the strongest relationship is between the brand perceived quality and perceived global brand. For instance, Akram et al.'s results (2011) indicated that perceived global brand is positively associated with brand perceived quality and brand prestige, though the brand perceived quality was a stronger mediator than the brand prestige. In addition, results indicated that the consumers' ethnicity moderates this relationship; local consumers of having lower levels of ethnicity or those who are intended to follow the world-citizenship thoughts want products with global brands. Furthermore, modern approaches believe that the strong brand is not the only factor that determines the value delivered to customers, but also the extent to which the consumers find a brand qualitative is an important determinant of perceived value, and consequently, willingness to pay more [20]. In addition, Randrianasolo (2017) in his study entitled "global brand value in developed, emerging, and least developed country markets" has investigated the effect of perceived global brand on value creation in the different markets. His results indicated that the relationship between perceived global brand and perceived brand quality is positive in the least developed country markets, is important in emerging markets, and does not much matter in developed markets. In addition, the relationship between perceived global brand and brand credibility is positive in both the emerging and least developed markets while does not much matter in developed markets. And finally, the significant relationship between the brand credibility and brand perceived quality is positive in all three markets [21]. As a result, the global brand has a direct positive effect on brand perceived quality.



Figure 1. Relationship between global brand and brand perceived quality

2.3. Brand Prestige

Prestige reflects the product's high position in regards to a brand [22]. Among the key criteria for judging the brand prestige is its unique performance which is related to brand's specific features, overall quality, and higher price [23]. Brand prestige, as the consumer's rational or emotional perception towards the brand, plays an important role in the customers' purchasing behavior especially when it is difficult to differentiate the products based on their tangible features. This is the reason that brand value is considered as an important capital [24]. The definition of prestige is different for different people depending on their social and economic situations. Brand prestige provides 5 perceived values for consumers the first three of which is related to social impact and the last two is related to individual impact: 1) obvious perceived value reflecting the individual's wealth and position in the society, 2) exclusive perceived value reflecting the rareness, 3) social perceived value reflecting the membership in specific social groups, 4) perceived enjoy value reflecting a psychological and emotional state, and 5) perceived quality value reflecting the technical superiorities during the production process [25].

2.3.1. Global brand and brand prestige

Brand prestige has a close relationship with luxury consumption which aims at rising in the society. Brand prestige plays as a symbolic sign in such situations that the person is to improve his/her social image [26]. Steenkamp (2013) found that global brands have more prestige than local ones because of their rareness and higher price. Research results indicated that this proposition is only confirmed in countries with the least developed or emerging markets; being global is not necessarily the sign of a brand's high prestige and credibility. But in overall, in this study, the positive effect of global brand on brand prestige was significant [27]. In addition, Steenkamp et al. (2003) in a study titled as "how perceived brand globalness creates brand value" have investigated the effect of perceived global brand and the local

brand's image value on purchasing likelihood by mediation of two variables of perceived quality and brand prestige. The other purpose of this study was to investigate the moderating role of consumer's ethnicity on the relationship between global and local brand and purchasing likelihood. Results of this study indicated that perceived global brand is positively associated with brand perceived quality and brand prestige, and through them, with purchasing likelihood. In addition, the effect of perceived quality was more significant. Finally, it was determined that the effect of perceived global brand is weaker for ethnic consumers [22]. As a result, brand globalness has a positive and significant effect on brand prestige.



Figure 2. relationship between global brand and brand prestige

2.4. Brand image

For the first time, in 1955, Gardner and Levy introduced the concept of product image. They believed that products have different natures such as psychological and social. Since then ever, the concept of product image is used in many researches on customer behavior. Brand image can be a critical concept for marketing managers [28]. Perceived brand image which is shaped based on the consistency of brand with the customer's attitude is one of the main elements of brand equity and is widely used in brand value framework. Brand image is rooted in all the customer's experiences and perceived service quality is the function of these experiences [29]. Brand image is a concept placed in the consumers' mind and is shaped by many links and associations with it. Consequently, brand image can be defined as a unique set of target consumers' beliefs, ideas, thoughts, and mental associations leading to the consumers' loyalty to the brand [30]. Betti (2008) suggests that all the (direct and indirect) emotions towards the brand connect the brand with specific features in the customers' minds and associates the brand image. This image is a reflection of brand activities consistent with the brand meaningfulness (brand performance and imagery) in the customers' minds [as cited in 31]. Brand image highly affects the customers' behavior towards the brand, so that the importance of brand in marketing is influenced by the organization's ability to evaluate and control the customers' interpretation of brand [32]. Accordingly, it can be said that brand image encompasses the customers' positive and negative attitudes and perceptions towards the brand. Thus, brand image is a mental image of brand or perception of brand (or product or service) including the symbolic meanings that consumers associate with its specific features [33].

2.4.1. Global brand and brand image

From the consumer's viewpoint, a brand is considered as global when it is perceived globally and is supplied on global markets. This definition implies that the higher the perception of a brand multiple markets the higher the perception of its globalness will be. However, the matter is whether a brand benefits from its consumers' perception of globalness. This perception is shaped only when the consumers believe that the brand is marketed in different countries and is recognized as a global brand in these countries. Such a perception can only be formed in either of these two ways: first, consumers may find that the same brand exists in another countries through being exposed to mass media, word-of-mouth, and traveling the consumer him/herself to the corners of the world; and second, a brand can be expressed globally through marketing communications, advocators, advertising plans, packaging, and other signs that are related to the modern and urban lifestyle [22]. For example, Heinberg et al. (2017) in a study titled as "the influence of global and local iconic brand positioning on advertising persuasion in an emerging market setting" investigated how a brand of local or global moderates the effect of advertising frequencies on brand attitudes in an emerging market. Results revealed that both the local and global brand increase the relationship between the advertising frequency and brand image, and the advertising frequency does not affect the brand quality. As a result, global brand has a positive significant effect on brand image [42].

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Figure 3. Relationship between global brand and brand image

2.4.2. Perceived quality and brand image

Perceived quality means the customer's perception of a product superiority compared to the competitors' products. Therefore, perceived quality is not the product's real or objective quality but is the customer's subjective evaluation of the product [34]. Brand image is a set of associations that are meaningful for customers. Consumers use the brand image to infer general perceptions of the product [35]. For instance, Bahreinizadeh et al. (1393), in their study, investigated the effect of components of brand equity on brand image based on consumer-brand consistency. Results revealed that there exists positive and significant relationship between all the components of brand equity including brand loyalty, brand association, brand perceived quality, and brand awareness and brand image. As a result, a product of higher quality and value is capable of offering a stronger brand image, and consequently, perceived quality has a positive significant effect on brand image [36].



Figure 4. Relationship between perceived brand quality and brand image

2.4.3. Brand prestige and brand image

Brand prestige has a close relationship with luxury consumption which aims at rising in the society. Considering this, brand prestige has the most effect on purchase when the consumer wants to express in the society with a particular brand. In general, it can be said that consumers are intended to consume those brands that reflect a better image of their entity, wealth, and social position [36]. For example, Alhoseini and Modaresi (1394) concluded that brand prestige acts as a symbolic sign in such situations the individual wants to improve his/her subjective and social image. Accordingly, higher levels of prestige can create a stronger and more desirable image of brand. In other words, brand prestige has a positive and significant effect on brand image [26].



Figure 5. Relationship between brand prestige and brand image

3. Conclusion

The outcomes of globalization in contemporary world have affected many things including the markets. This is the reason that the international companies pay more attention to global customers' attitudes so that they can penetrate the new markets while maintaining the existing markets. Extensive efforts at the international and even the local level in order to reach to more market share has made the businesses' environment more competitive than ever. In such a turbulent environment, to convey the message to the audiences requires special measures in terms of differentiating the

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company's products from those of the competitors. It seems that brand is the most important element of marketing strategies that is capable of differentiating the company's products.

Therefore, considering the past studies especially the following two ones, the research conceptual model (figure 6) can be presented. Randrianasolo (2017), by considering perceived global brand as independent variable, brand perceived quality as dependent variable, and brand prestige as the mediator variable, investigated the effect of perceived brand globalness on value creation in the least, emerging, and developed countries markets [21]. In addition, Heinberg et al. (2017), by considering advertising frequency as independent variable, brand perceived quality as mediator variable, brand image as dependent variable, and global brand as moderator variable, investigated how local/global brand moderates the relationship between the advertising frequency on brand attitudes in an emerging market [42]. The proposed model considers global brand as independent variable, brand perceived quality and brand prestige as moderator variables, and brand image as dependent variable. Empirical evidence indicates that being perceived globally has a positive direct effect on brand perceived quality and brand prestige. In other words, the perception of quality and prestige is increased when it is perceived globally by the consumer. Furthermore, perceived global brand either directly or indirectly through the variables of brand perceived quality and brand prestige has a positive and significant effect on brand image.

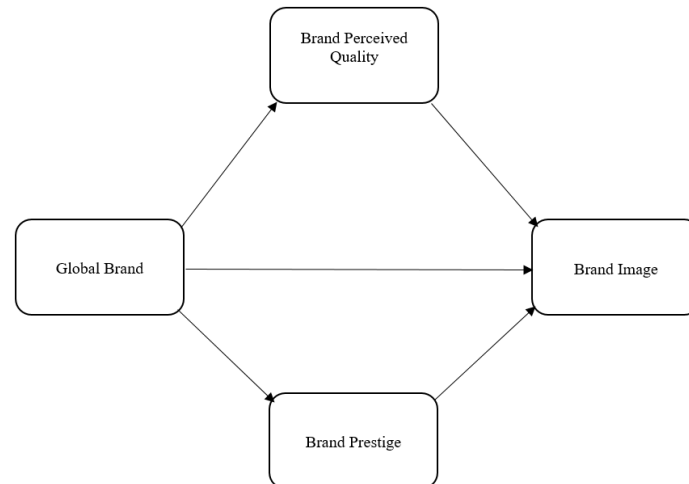


Figure 6. Research conceptual model; adopted from Randrianasolo (2017) and Heinberg et al. (2017).

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