Chapter 76
Modernization, Consumer Personalities, and Global Brand Attitudes

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ABSTRACT

A key issue for brand management in emerging markets is to understand the uniqueness and trends of consumers' global brand attitudes. This chapter proposes that modernization brings cultural transformation represented by individual personalities–including global identity, self-construal, and social desirability–thus affecting consumer global brand attitudes. Using data collected from 829 samples in 29 provinces in China, this chapter finds evidence for several propositions. Based on empirical analysis and findings, the authors make recommendations for international and local brand managers. Further research directions are also discussed.

INTRODUCTION

Definitely, emerging markets have become the key arena for multinational companies (MNCs) to explore business domains worldwide, due to growth plateauing in the developed countries and high growth in emerging markets, especially in such big markets as BRICS. Among these countries, China is regarded as an essential battlefield for MNCs to win the war worldwide, thanks to its big market volume and high growth potential. The success of subsidiary operations in the Chinese market is key for companies' overall performances. For instance, despite experiencing decline in the US market, General Motors has maintained overall turnover growth in China, with a higher sales volume than in the US (Barboza & Bunkley, 2010), which can be attributed to the stable high economic growth of the Chinese market since its opening-up and reform.

In ten of the years between 1990 and the present, the annual growth rate of Chinese economy was over 9%. Along with opportunities stemming from the development of China's economy, big challenges also appear for MNCs to carry out proper strategies to meet the rapid and great changes in Chinese consumers. At the same time, MNCs need to compete with local players, which have gradually built up well-known and strong national brands, such as Hair, Lenovo, and Huawei. On the other hand, global brands have been regarded as symbols of high quality, social status, and good reputation, so it is very hard for local brands to compete with them and earn the preference of consumers.

Among the various issues in brand management in emerging markets, understanding consumers' attitude toward global brands (AGB) and attitude toward local brands (ALB) is very important for both MNCs and local companies. Overall, previous research has shown that consumers have a much better attitude toward global brands than local brands. What is unique for the Chinese market is that significant regional differences in such a vast emerging market make it more difficult and complex to understand consumers' attitudes and behaviors. In a smaller country or one with a relatively consistent economic development level across the nation, consumers' preferences are expected to be similar. According to global consumer cultural theory, preference for global brands is a result of globalization, through the effect of increasingly converging consumer global identity and tastes.

Then, comes the question: are there any regional differences due to uneven development in different parts of China? If so, can we say that there are some impersonal trends in brand attitude regarding global versus local angles? This chapter proposes two possible roads through which regional modernization–usually represented by economic development–influences consumers' attitude toward global and local brands. One is that modernization influences consumers' brand atti-

tude directly; the other one is that modernization influences consumers' individual personalities including self-construal, global/local identity, and social desirability and thus further along that road that individual personalities affect brand attitude.

In order to verify the supposition above, this chapter first gives the background of the topic, reviews existing literature, and provides definitions of modernization, self-construal, identity, social desirability, brand attitudes, and global versus local brands. Then it introduces the research methodology including data collection and measurement instruments. Following that, the main findings are presented and discussed, including data collection of 829 samples. Finally, based on the main findings and conclusions, the fourth part discusses theoretical contributions, practical implications and suggestions, and future research directions.

BACKGROUND

Generally, global brand refers to brands that are widely available and enjoy high levels of recognition across the world (Dimofte, Johansson & Ronkainen, 2008), which are usually associated with higher quality, greater esteem, and advanced technology. Previous research has shown that consumers demonstrate stronger preference for global brands than local brands, even if product quality is the same (Steenkamp, Batra & Alden, 2003). Global brands usually have an advantage over local brands.

Before we turn to the question of why global brands have such an advantage, let us first review two kinds of utilities of brands. First is functional utility wherein consumers recognize a brand and activate their knowledge of it (Zhang & Sood, 2002). Brand demonstrates overall quality and specific characteristics, helping consumers form reasonable expectations about benefits of the brands. Perceived quality plays a central role in shaping behavioral intentions. Thus, brands

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