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# Effect of Self-Regulatory Focus on Purchase Intentions of Foreign-owned Perceived Local Brands

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## Abstract

**Purpose:** This paper aims to investigate how self-regulatory focus (SRF) influences the relationship between perceived brand localness (PBL) and purchase intentions (PI). This research adopted both domestic and foreign-owned brands to examine the moderating effect of self-regulatory orientations and product types respectively to exclude the interference of brand origin. **Research design, data, and methodology:** This study surveyed Chinese consumers and collected data using social media applications. ANOVA analysis and PROCESS modeling were adopted to complete the empirical analysis. **Results:** This research demonstrates that brand origin does not inhibit the positive impact of PBL on purchase intentions regardless of whether it originates from mainland China or not. Study 1 proved that the effect of PBL on PI is more convincing among consumers with promotion focus orientations. In study 2, higher purchase intentions were found for hedonic perceived local brands among promotion-focused consumers while significant preferences were found for utilitarian perceived local brands among prevention-focused consumers. **Conclusions:** This research complements the literature about the potential psychological factors influencing PBL and contributes to marketers in developing effective marketing strategies and appropriate positioning decisions. Overall, this study has important theoretical and managerial contributions to international marketing, particularly in the context of the current recession.

**Keywords:** Perceived Brand Localness, Foreign-owned Perceived Local Brands, Self-regulatory Focus, Purchase Intentions

**JEL Classification Code:** C12, F14, L60

## 1. Introduction<sup>1</sup>

Perceived brand localness (PBL), which is defined as the degree to which a brand symbolizes the values, needs, and aspirations of the members of the local country (Özsomer, 2012), is one of the most popular branding strategies for taking advantage of local culture (Alden et al., 2006). As a driver of perceived brand prestige and value in both emerging and advanced markets (Swoboda et al., 2012), PBL, which consumers favor as symbols of local lifestyles and values, have their strengths, such as uniqueness, originality, price competitiveness, and cultural pride rooted

in traditional heritage (Hoskins et al., 2020). Prior research has identified many determinants and impacts underlying the effect of PBL on consumer behavior, such as the economic development level of the target marketing context (Heinberg et al., 2019), characteristics of the brand category, consumers' differences, and the relationship between the PBL and the country-of-origin stereotype. However, very few studies have introduced consumer psychological tendencies into PBL research. Therefore, this study takes a novel perspective by investigating how different product types influence the purchase intention of perceived local brands, by focusing on consumer mental orientations.

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Global brands have swept across Chinese markets due to the deepening globalization and China's economic opening policy (Oh & Zhang, 2010). Chinese consumers used to hold a halo lens to global brands for their higher technological standards, which were unattainable for China's productivity level during the same period (Li et al., 1998). Thus, the research based on the Chinese context has tended to focus on perceived brand globalness (PBG) rather than PBL. Recently, however, the scarcity perception of PBG has been diluted for the deepening of opening up (Guo et al., 2019) and Chinese consumers' preferences have gradually switched to perceived local brands (Huang & He, 2021), which are getting rid of the stereotype of low quality due to China's manufacturing development. Meanwhile, the pandemic has deepened the geopolitical and trade rivalry between the US and China, which contributed to ethnocentrism and protectionism (Ciravegna & Michailova, 2022). Therefore, during the post-Covid era, perceived local brands are more likely to be sought after by consumers with higher cultural confidence or ethnocentrism for their warmth and local-based cultural representation, given the deepened geopolitical and trade rivalry between the US and China. (Zwanka & Buff, 2020).

Fundamentally different from the objective country of origin, PBL depends on the consumer's perception of the source of a brand and is widely influenced by specific psychological dispositions (Diamantopoulos et al., 2019). According to self-regulatory theories, goals can be regulated by two evaluation processes, namely, promotion-focused goals and prevention-focused goals. The former relates to ideals, hopes, and aspirations while the latter to responsibilities, duties, and security (Higgins et al., 1994). Recent research has shown that self-regulatory focus (SRF) influences how a consumer perceives brands and leads to different behavior (Lim & Hahn, 2020). Specifically, promotion-focused consumers tend to maximize positive outcomes by taking risks, thus they are inclined to choose the ideal but risky brand. On the contrary, prevention-focused consumers tend to minimize the negative outcomes by avoiding making mistakes, thus they are inclined to choose the products widely accepted by the majority (Mohan et al., 2018). An essential consideration that decides the effectiveness of the brand positioning is adopting a suitable strategy according to the product types (hedonic versus utilitarian). Previous studies have proven that hedonic products may appeal to consumers who are driven more by motivational goals, while utilitarian benefits may appeal to consumers who are driven more by cognitive goals (Roy & Ng, 2012).

This research contributes to the existing literature on international marketing in terms of consumer perception and psychological inclines by undertaking experiments designed with both domestic and foreign-owned perceived local

brands in the global recession looming over. Currently, there is a dearth of research investigating how consumers with different self-regulatory orientations make trade-off decisions between hedonic and utilitarian brands based on perceived local brands (Diamantopoulos et al., 2021). Meanwhile, PBL is getting more attention for the emotional value of warmth, nostalgia, and tradition it delivered during the post-Covid era (Kim et al., 2022). However, previous empirical studies of PBL were based on domestic Chinese brands. In fact, PBL represents local availability and recognition, but Chinese origin is not a requirement. Hence, only focusing on domestic brands may be inadequate to exclude the interference of brand origin effects (H. Liu et al., 2021). To eliminate research gaps, this paper adopted foreign-owned brands to examine the moderating effect of self-regulatory orientations and extends the research about PBL. In addition, understanding the target consumers' preferences for perceived local brands is critical for marketers seeking to explore the potential Chinese vast and ever-changing market. Brand managers could develop marketing strategies and organize campaigns based on our findings, and therefore, this study also provides meaningful practical implications.

## **2. Literature Review**

### **2.1. Perceived Brand Localness and Regulatory Focus Theory**

PBL is derived from high local adaptation, local awareness, and availability in the local community and was commonly described as "exclusively available in some specific geographical region" (Srivastava et al., 2020). PBL significantly affects consumers' preferences and perceptions due to the local uniqueness, originality, aspirations, and pride in representing the local traditions (Septianto et al., 2020). Xie et al. (2015) claim that PBL enhances purchase intentions by affecting consumers' psychological values as perceived local brands are better at developing emotional affinity and cost performance.

The effect of PBL can be retraced to social identity theory and categorization theory. Social identity theory interprets individual behavior as self-image and a sense of belonging to specific social groups (Nguyen & Alcantara, 2020). Consumers' social identities are shaped by their knowledge and emotional significance of the community they belong to. The positive sense of belonging and motivation to enhance one's self-image and protect social identity contribute to a positive in-group bias. Thus, consumers with higher local cultural pride tend to view perceived local brands with a positive bias. In addition, the categorization theory suggests that consumers group objects

into several cognitive category schemes by devising structures of prior knowledge, abstracted from experience with specific instances, which in turn simplify or improve the structure of information processing (Rosch & Mervis, 1975). Specifically, when consumers perceive a brand to be a member of a particular cognitive category, they retrospect information from memories and transfers related associations and assessments to it. Accordingly, PBL facilitates brands gains among consumers who have a favorable opinion of local brands (Sichtmann & Diamantopoulos, 2013).

As a kind of goal-oriented behavior, consumption is undisputedly influenced by consumers' self-regulatory focus (Higgins, 2002). Based on regulatory focus theory, promotion-focused consumers are likely to be associated with perfectionists and risk-oriented opportunists. They value their consummate consumption experience highly, which makes them view standardized global brands negatively. PBL has offered substitutes for consumers with high local cultural connotations instead of bygone solutions. Correspondingly, PBL, as an alternative to the overflowing characterless global consumer culture, is reinventing Chinese cultural capital and thus becoming more attractive to promotion-focused consumers (Steenkamp & Jong, 2010). In contrast, promotion-focused consumers prefer products associated with emotional value and are more likely to be attracted by warm-image marketing information. For example, researchers proved that Chinese brand names are associated with higher friendliness, trust, and self-brand connections (Chang, 2008), which means that promotion-focused consumers might have a natural affection for PBL. Furthermore, stressors and worries range from unemployment, economic recessions, and regional conflicts that continue even during the post-pandemic era (Safeer et al., 2021). More and more Chinese consumers believe that purchasing local brands could boost domestic demand, promote internal circulation, and ultimately solve the nation's economic woes (Huang & He, 2021). This suggests that the impact of consumers' self-regulatory focus on perceived local brands is more noteworthy than ever. Hence, we hypothesize as follows:

**H1:** Self-regulatory focus will moderate the relationship between the perceived brand localness and purchase intention.

## 2.2. Foreign-owned Perceived Local Brands and Product Category

Halkias et al. (2016) argue that in addition to regional availability and local iconness in the original definition, brand origin and domestic production should also be considered in PBL research. More and more scholars have

pointed out the necessity of corresponding studies but little research has considered it (Samiee et al., 2005). Most previous studies concentrated on the local iconness of Chinese domestic brands or the impact of introducing Chinese components into global brands. The most common integrated localization strategy is adopting Chinese cultural elements, such as embroidery, ink-wash painting, lanterns, and traditional festival elements, in the packaging, store decoration design, and marketing activities. However, researchers have demonstrated that the enhancement of PBL by such localization strategies depends on cultural mixing and compatibility (He & Wang, 2017). Despite time-sensitive marketing campaigns that highlight the importance the brand places on the Chinese market, most brands won't consistently adopt Chinese elements. Therefore, these campaigns might have no lasting or substantive impact on the brand's PBL. In reality, culture-mixing promotions like these are more like marketing gimmicks than long-term brand-building strategies.

**Table 1:** Empirical research of the PBL in Chinese Context

Authors	Study Focus	Selected Brands
Swoboda et al. (2012)	Functional values Psychological values	<b>Grocery:</b> Century Mart; Hualian; Quik; Qangfujing <b>Fashion:</b> Anta; Li-ning; Youngor; Septwolves <b>Service:</b> Da Niang; Jiujiuyaya; Little sheep; south beauty
Xie et al. (2015)	Brand trust Brand affect Brand prestige	<b>Electronics:</b> Haier; Hasee; TCL; Lenovo; Midea; Aigo; Konka;
He & Wang (2017)	Cultural compatibility Cultural identity	<b>Fast moving:</b> KFC; Häagen-Dazs <b>Electronics:</b> HP; Dell <b>Luxury:</b> Gucci; Tiffany
Guo et al. (2019)	Product type Cultural respect	<b>Sports:</b> Lining <b>Drinks:</b> Zhangyiyuan teahouse; Yili <b>Electronics:</b> Huawei <b>Fast food:</b> Yonghe King
Heinberg et al. (2019)	Emotional Attachment Nostalgic Positioning	<b>Fast-moving:</b> Baiyunshan; Bee& Flower; Borsche; Home Aegis; Hosjam; Huorun; Kiskis; Yili; Qiaqia
Y. Liu et al. (2020)	Brand quality Brand prestige	<b>Electronics:</b> Haier; Huawei <b>Drinks:</b> Tsingtao
Safeer et al. (2021)	Brand Authenticity	<b>Fashion:</b> Septwolves; Li-Ning <b>Fast food:</b> Real Kungfu

However, previous studies have shown that a high level of cultural respect and consistent brand image construction are determinants of the impact of PBL on consumer preferences in the transitioning market (Keane & Morschett, 2017). Indeed, there are plenty of foreign-owned perceived local brands in the Chinese market, which has not been considered (Davvetas & Diamantopoulos, 2018). Most of

these brands have been foreign-owned since their inception but successfully localized in China for many years. The others were originally born in China but were acquired by foreign investors. They are deeply rooted in the Chinese market and have conveyed the image of local brands to consumers from the very beginning. Their Chinese brand names and deep connection with the local culture provided the brands with significant PBL, which has been well-accepted by the majority of Chinese consumers. Despite most consumers being aware of the fact that these brands are not domestic, the cultural respect and community relevance of these brands have resulted in significant PBL. Previous research has examined the role of perceived brand localness in shaping consumer preferences, but little attention has been paid to the accumulated perceived brand localness of foreign-owned brands that have adapted to local culture. Prior literature has suggested a consumer's higher perception of local brands might be due to purely domestic biases or ethnocentrism. Thus, this research endeavors to exclude the interference of domestic brand origin on consumer preference by focusing on foreign-owned perceived local brands, which might be beneficial to explore the impact of PBL via a novel lens.

Researchers have proven that product category might influence the impact of PBL on consumers' preferences (Davvetas & Diamantopoulos, 2015). Y. Liu et al. (2020) have confirmed that the brand evaluations of technology-oriented brands, such as Apple and Samsung, are solely based on the PBG, which could indicate universal standardization and reliability. However, products with an irreplaceable role in representing local tradition and culture, such as food and drink categories, are significantly influenced by PBL because their cardinal competence is excellent consistency and understanding of local market needs (Riefler, 2020). Consequently, when researchers aim to expand the studies on PBL, it's better to focus on the food categories where the impact of PBL is more dominant, which could provide more meaningful contributions in both theoretical and practical aspects. Prior investigations into food category brands have consistently framed discussions within the context of utilitarian and hedonic dimensions. Moreover, extant research has established that consumers' self-regulatory focus exerts a discernible influence on their selection of utilitarian and hedonic brands. (E. A. C. Lim & Ang, 2008). However, research on the interplay of SRF and product types according to the PBL is scant, and results remain equivocal given the inconsistent findings. Thus, this research investigates the effect of SRF on the purchase intention of foreign-owned perceived local brands in terms of utilitarian and hedonic dimensions, and we posit that:

**H2a:** Promotion-focused individuals will exhibit higher purchase intention to perceived local brands associated with

more hedonic attributes.

**H2b:** Prevention-focused individuals will exhibit higher purchase intention to perceived local brands associated with more utilitarian attributes.

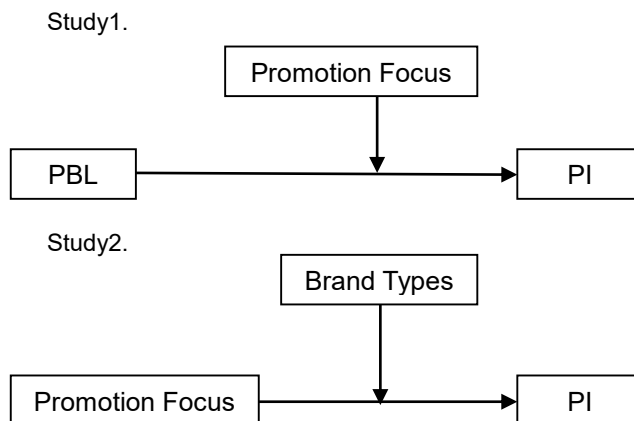


Figure 1: Conceptual Framework

### 3. Research Methods

#### 3.1. Overview of Studies

Study 1 examined the effects of PBL on PI and the moderating effect of consumers' self-regulatory tendencies (promotion-focus vs. prevention-focus) by an actual domestic Chinese brand with no hedonic-utilitarian bias. Study 2 examined the interaction effect of consumers' self-regulatory tendencies and product types (hedonic vs. utilitarian) on PI by two typical Chinese-style foreign-owned brands.

#### 3.2. Study 1

##### 3.2.1. Pretest and Stimuli

We adopted a scenario-based experiment by designing different regional availability (local vs. control) to test the main effect. The vocal claim "available only in this region" was used to manipulate the PBL while the descriptions of the price and color of both brands remained the same to safeguard internal validity. We adopted the scenario manipulation approach rather than using real brands to validate the main effect, which allows the findings to be adequate for subsequent studies. In sum, 140 participants were randomly assigned to one of the two brand conditions. An independent sample t-test was conducted to compare the purchase intentions between the two groups. The cell means of purchase intentions were significantly greater for the perceived local brand ( $M_{PBL} = 5.85$ ) than that of the control

brand ( $M_{control} = 3.72$ ). The t-test was significant ( $t = 9.43, p < 0.00$ ), which confirmed the main effect.

In Study 1, we chose the real Chinese brand “Anta” as the stimuli brand. As the top sports brand in the Chinese market, “Anta” is highly familiar for participants and widely used in related research (Wang & Liu, 2020). 50 students (42% males) from a Chinese university rated the hedonic(HED) and utilitarian(UT) attributes of the two brands on a 10-item scale (Voss et al., 2003). The subsequent paired-samples t-test indicates that this brand has no significant bias in the hedonic or utilitarian dimension ( $M_{hedonic}=4.91, M_{utilitarian}=5.00, t=-0.56, p>0.05$ ). Meanwhile, we checked the PBL of stimuli brand by 3-item scales adapted from Swoboda et al. (2012) and the mean is

significantly higher than 4 ( $M_{PBL}=5.67, SD=0.76, t=15.62, p < .001$ ), which means that this brand can be accepted as a perceived local brand that possesses both hedonic and utilitarian attributes. Overall, the stimuli brand for study 1 was suitable.

**3.2.2. Design and Procedure**

Online surveys have been administered to Chinese consumers through social media applications using the snowball data collection method. In total, 180 respondents completed the surveys about brand-related PBL, PI and reported their gender, age, household incomes, and education level (Dodds et al., 1991). The demographic statistics of the samples is shown in the subsequent Appendix 1.

**Table 2: Construct Measurement**

	FL	AVE	CR	$\alpha$	Items
<b>PBL</b>	0.806	0.697	0.873	0.833	I associate this brand with things that are “Chinese.”
	0.714				To me, this brand represents what “China” is about.
	0.861				To me, this brand is a very good symbol of “China.”
<b>Pro</b>	0.712	0.617	0.828	0.704	I feel like I have made progress toward being successful in my life.
	0.897				How often have you accomplished things and work even harder?
	0.865				Do you often do well at different things that you try?
<b>Pre</b>	0.811	0.781	0.915	0.860	Would you ever cross the line drawn by your parents?
	0.784				Did you ever act in ways that your parents objected?
	0.845				Did you get on your parents’ nerves when you were growing up?
<b>UT</b>	0.814	0.707	0.923	0.947	This brand is Effective.
	0.790				This brand is Helpful.
	0.854				This brand is Necessary.
	0.867				This brand is Practical.
	0.839				This brand is Functional.
<b>HED</b>	0.928	0.774	0.945	0.918	This brand is Fun.
	0.874				This brand is Exciting.
	0.872				This brand is Delightful.
	0.827				This brand is Thrilling.
	0.920				This brand is Enjoyable.
<b>PI</b>	0.884	0.768	0.909	0.897	The likelihood of purchasing this product is:
	0.858				The probability that I would consider buying the product is:
	0.874				My willingness to buy the product is:

The promotion (Pro) and prevention (Pre) orientations were measured by the Regulatory Focus Questionnaire, which consisted of modified 6-items 7-point Likert scales (Higgins, 2001). Previous studies averaged the scores and applied them as continuous variables or conducted situation manipulation (Motyka et al., 2014). However, descriptions of promotion focus were relatively positive while that of

prevention focus was more negative. Due to the Pygmalion effect, the majority of participants have shown higher promotion scores but lower prevention scores (Herzenstein et al., 2007). Considering SRF mean scores independently could not truly reflect actual consumers’ SRF orientations. This research adopted the median splits approach from Arnold and Reynolds (2009), which allowed us to reduce the

bias resulting from the Pygmalion effect. In this study, participants were classified as promotion orientations (SRF=1), or prevention orientations (SRF=0) according to a median split on the difference between their subscale scores. There were no significant differences in gender, age, education, or income between the two groups:  $t_{\text{Gender}}=0.445$ ,  $p>0.05$ ;  $t_{\text{Age}}=-0.784$ ,  $p>0.05$ ;  $t_{\text{Education}}=-1.72$ ,  $p>0.05$ ;  $t_{\text{Income}}=0.985$ ,  $p>0.05$ . Thus, this dichotomous variable SRF was used as a factor in subsequent analysis.

We performed Harman's one-factor test to check for common method variance (CMV). There are 4 multiple factors with eigenvalues larger than 1 in the non-rotated factor structure, which in sum accounted for 75.5 % of the variance, but none of them explains more than 40% of the variance (Harman & Harman, 1976), suggesting that CMV is not an issue (Podsakoff & Organ, 2016).

Factor analysis was computed with the SPSS 26.0 software to estimate the reliability of the scales. The KMO value is over 0.7 and all common factor variances are over 0.5. In addition, all the constructs factor loading above the threshold values of 0.4 and average variance extracted (AVE) greater than 0.5. It should be noted that none of the hypothesized items loaded over 0.4 on any other factor items and the composite reliability exceeded the recommended value of 0.7, which implies good convergent validity (Bagozzi, 1998). We evaluated the AVE of each construct with the squared correlation of any pair of constructs to assess discriminant validity (Fornell & Larcker, 1981). All the constructs showed good reliability and validity.

### 3.2.3 Results

We tested hypotheses through the moderation bootstrap procedure (PROCESS Model 1) suggested by Hayes (2012). First, the result indicated that there is a significant positive relationship between PBL and PI. Specifically, the main effect of the PBL shows a positive relationship with purchase intention with a value of coefficient  $c_1=0.413^*$ . In addition, as predicted in H1, there was a significant interaction between PBL and consumers' self-regulatory focus ( $c_3=0.383^{**}$ ,  $p=.002$ ).

**Table 3: Moderating Effect of Self-regulatory Focus**

Variable	R <sup>2</sup> =0.515 <sup>***</sup>				
	Coeff.	SE	p	LLCI	ULCI
PBL(X)	0.413 <sup>***</sup>	0.101	0.000	0.22	0.61
SRF(W)	-0.017	0.141	0.902	-0.30	0.26
X*W	0.383 <sup>**</sup>	0.154	0.014	0.08	0.69

Note: n=180 \*\*p<0.01, \*\*\*p<0.001

Study 1 indicated that PBL has positively influenced consumers' purchase intentions. Findings also showed a robust interaction effect of consumers' SRF types and PBL on purchase intention. Specifically, the impact of PBL on PI

increased when consumers with promotion-focus orientations, thus supporting H1.

In the next study, we will examine how different product categories of foreign-owned perceived local brands differently affect consumers' purchase intentions underlying both product category and self-regulatory focus.

## 3.3. Study 2

### 3.3.1 Pretest and Stimuli

In Study 2, we chose the edible oil brand 'Arawana' as the utilitarian stimuli brand and the candy brand 'Hsu Fu Chi' as the hedonic stimuli brand. As the top brands in the Chinese market, these two brands are highly familiar to participants and widely used in related research. These two brands have been foreign-owned since their inception but successfully localized in China for more than 30 years. In fact, neither of these brands was originally born in mainland China. The parent company of Arawana is Singapore's Yihai Kerry, while Hsu Fu Chi is part of Swedish Nestle. They have been marketing their brands with a completely localized image since they entered the Chinese market in the 1990s. Their Chinese brand names and packaging styles provided the brands with significant PBL, which have been well accepted by the majority of Chinese consumers. In Study 2, to safeguard the validity and exclude the effect of country of origin, two foreign-owned brands are selected to examine the interaction effect of SRF and product types in the context of perceived local brands.

A pretest among 50 undergraduate students (50% males) was conducted to check the PBL and the hedonic and utilitarian attributes of the stimuli brands. We checked the PBL of stimuli brands with the same procedure as in Experiment 1 ( $M_{\text{PBL-Arawana}}=5.79$ ,  $SD=0.80$ ,  $t=15.92$ ,  $p<.001$ ;  $M_{\text{PBL-Hsu}}=6.05$ ,  $SD=0.74$ ,  $t=19.57$ ,  $p<.001$ ). There is no significant PBL difference between two brands, which means that two brands can be accepted as perceived local brands by Chinese consumers. The edible oil brand 'Arawana' scored significantly higher on utilitarian attributes while the candy brand 'Hsu Fu Chi' scored significantly higher on hedonic attributes ( $M_{\text{HED-Arawana}}=2.23$ ,  $M_{\text{UT-Arawana}}=5.54$ ,  $t=-14.35$ ,  $p<0.00$ ;  $M_{\text{HED-Hsu}}=5.76$ ,  $M_{\text{UT-Hsu}}=2.01$ ,  $t=22.36$ ,  $p<0.00$ ). Thus, the results suggest that participants' perceptions of the perceived localness and hedonic-utilitarian attributes of the stimuli are in accordance with our assumptions.

### 3.3.2. Design and Procedure

In total, 400 participants (54.8% female) were assigned to one of the 2 experiment groups: hedonic brand vs. utilitarian brand. Participants finished the survey about PI, SRF, and demographic characteristics. All measures were the same as what we used in Study 1 and showed good reliability and validity. After recalling questionnaires, participants in

each group were divided into two parts according to the median of the difference between the promotion and prevention dimensions ( $\text{Median}_{\text{Pro-pre}}=2.33$ ). There were no significant differences in gender, age, education, or income between the two groups. The final dataset generated a 2 (product types: hedonic vs. utilitarian)  $\times$  2 (self-regulatory focus: promotion-focused vs. prevention-focused) design.

### 3.3.3. Results

Participants were classified according to whether they were relatively promotion or prevention-focused based on a median split on the difference between their promotion and prevention scores (same as Study 1). The ANOVA on PI showed that the main effect of product categories was not significant ( $M_{\text{HED}}=4.42, M_{\text{UT}}=4.32; F(1, 396)=0.57, p > 0.05$ ), which indicates that product types have no significant effect on PI in the case of similar PBL level. However, the main effect of consumer self-regulatory focus was significant ( $M_{\text{Pro}}=4.59, M_{\text{Pre}}=4.15; F(1, 396) = 11.54, p=0.01$ ). This result is consistent with the H1 and extends the findings of Study 1, namely, the consumer's promotion focus orientation strengthens the PI for the foreign-owned perceived local brands. Study 2 further examined the moderating effect of two product categories (hedonic vs. utilitarian) on the relationship between SRF and PI. The assumption of homogeneity of variances was tested and found tenable using Levene's test ( $F(3, 396) = 1.66, p=0.175$ ). The interaction effect of SRF and product type was significant ( $F(1, 396) = 69.03, p < 0.01$ ). Simple effect analysis indicated that for promotion-focused consumers have higher PI for perceived local hedonic brands ( $M_{\text{Pro-HED}}=5.16, SD=1.08, M_{\text{Pro-UT}}=4.01, SD=1.36, F(1,396) = 66.89, p<0.001$ ). However, for consumers with prevention-focus tendencies, purchase intentions were higher for perceived local brands associated with utilitarian attributes than hedonic attributes ( $M_{\text{Pre-HED}}=3.67, SD=1.33, M_{\text{Pre-UT}}=4.63, SD=1.31, F(1,396) = 46.40, p < 0.001$ ; see Figure 2).



**Figure 2:** ANOVA Results for Study 2

The ANOVA analysis showed that for promotion-focused consumers, the perceived local brand received more favorable if it has more salient hedonic than utilitarian

attributes. However, for the prevention-focused consumer, the brand the perceived local brand received was more favorable if it was perceived as a utilitarian brand. Thus, hypothesis H2 was supported.

## 4. Results and Discussion

In spite of the widespread discussion of perceived brand localness, research specifically focusing on the PBL of foreign-owned brands in the context of transitioning markets has been scant. The current study expanded this area by focusing on an unexplored aspect: for consumers with different self-regulatory focuses, which group's purchase intention is more affected by perceived brand localness? This paper discusses the impact of PBL in two cases: domestic and foreign-owned perceived local brands. The findings of Study 1 demonstrated the moderating effect of consumers' SRF types on the relationship between PBL and PI. To be specific, the effect of PBL on PI is more convincing among consumers with promotion focus orientations. Furthermore, the results of study 2 suggested that there is an interaction between product types and consumers' SRF on purchase intention for foreign-owned perceived local brands. Consistent with predictions, higher purchase intentions were found for hedonic perceived local brands among consumers with promotion focus orientation while significant preferences were found for utilitarian perceived local brands among prevention-focused consumers. Moreover, the findings demonstrate that brand origin does not inhibit the positive impact of PBL on Chinese consumers' purchase intentions regardless of whether it originates from mainland China or not.

## 5. Conclusions

### 5.1. Theoretical Implications

This study bridges an important gap in the literature on international marketing and consumer behavior by investigating how consumers' self-regulatory focus systematically affects their purchase intentions for perceived local brands. While previous research has explored how consumers' preferences are influenced by perceived brand localness, typically treating it as a quality and authenticity attribute associated with domestic brands (Kashif & Udunuwara, 2020). This research extends the investigation by demonstrating that this effect is moderated by self-regulatory focus, and that it applies not only to domestic brands but also to foreign-owned perceived local brands. Specifically, the study found that promotion-focused consumers are more likely to be motivated by warm

emotional values and high price competitiveness signals of perceived brand localness, which may alleviate anxiety related to reduced income expectations and contracting consumption. Therefore, our work complements the literature about the potential psychological factors influencing PBL and answers the call by H. Liu et al. (2021) to illustrate the brand origin with no significant interference from the impact of PBL. Overall, this study has important theoretical contributions to international marketing, particularly in the context of the current recession.

## 5.2. Practical Implications

By revealing the link between brand positioning and consumer self-regulatory focus, this study provides insights into how perceived local brands can effectively position their brands to cater to consumers' emotional preferences, especially for foreign-owned brands. According to this research, consumers' promotion-focus orientations are positively related to the preference for perceived brand localness. In line with this, marketers could inspire consumers' passion, hope, and national cultural confidence by emphasizing the brand's cultural uniqueness, which helps to amplify the influence of PBL among promotion-focused consumers. Additionally, the influence of consumers' self-regulatory focus depends on the brand categories. Hence, marketers could combine PBL with salient hedonic or utilitarian attributes to influence consumer decision-making depending on the assessment of target consumers' self-regulatory focus. In summary, this research provides valuable insights for marketers seeking to develop effective marketing strategies and make informed positioning decisions that can maximize their brand's appeal to consumers.

## 5.3. Limitations and Future Research Directions

Due to its limitations, the current study needs to be reviewed in future research. First, a large number of perceived local brands originated in China but were acquired by foreign capital later. Obviously, it would be constructive for future researchers to examine if the finding is applicable to these brands. In addition, given that PBL is a relative perception that is closely associated with consumers' psychological tendencies, it is insufficient for researchers to only take consumers' self-regulatory focus into consideration. For example, we did not consider the relevance of brand stereotypes in influencing the effects of how PBL influences purchase intention. Indeed, how PBL affects consumer preferences is related to the stereotypes of their home country and local brand. Specifically, when consumers perceived their country as a warm one, PBL would significantly improve the brand attitude of the

perceived local brand. PBL may trigger brand warmth and inspires consumers' enthusiasm and intimacy and then leading to brand loyalty (Davvetas & Halkias, 2019).

Future research could introduce more consumer psychology-related elements to expand this field, such as consumers' construal level, social belonging, self-enhancement, and so on. Moreover, since this study is limited to the Chinese market, it is worthwhile for future studies to examine if the conclusion is applicable to different cultural or economic contexts. Additionally, the interactions between brand stereotypes and PBL receive increasing attention from researchers (Kolbl et al., 2019). Consequently, in the context of the current recession, it may also be a fruitful investigation for future research to examine whether the effect of PBL on nostalgic emotions and brand warmth is more influential.

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## Appendixes

### Appendix 1: Demographics Descriptive Statistics

Characteristics		Study1		Study2	
		N	(%)	N	(%)
Gender	Male	87	48.3	181	45.3
	Female	93	51.7	219	54.8
Age (years)	<18	0	0	6	1.5
	18-24	3	1.7	86	21.5
	25-30	24	13.3	117	29.3
	31-40	110	61.1	111	27.8
	41-50	34	18.9	49	12.3
	>50	9	5	31	7.8
Education	Middle School	5	2.8	42	10.5
	High School	6	3.3	92	23
	College	154	85.6	180	45
	Master	15	8.3	86	21.5
Incomes (monthly)	< \$250	30	16.7	44	11
	\$250 ~ 500	19	10.6	165	41.3
	\$500 ~ 800	39	21.7	115	28.7
	\$800 ~1200	43	23.9	46	11.5
	> \$1200	49	27.2	30	7.5

Note: Study1 n=180; Study2 n=400