

Turkish Consumers' Risk Perception towards Global Computer Brands

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Abstract

Many researches in the literature highlight the risk reducing function of brands due to additional associations they embrace. Being a global brand, a product conveys additional associations which have the potential to hinder risk perceptions of consumers in general. This paper examines the global brands' risk reducing impact on Turkish consumers regarding global computer brands. It is suggested in this paper that global computer brands convey some additional associations which increase the brand equity, thus providing competitive advantage over local ones. An empirical research was conducted to test the hypotheses and some analytical techniques were utilized to test the proposed hypotheses. The results reveal that Turkish consumers consider global computer brands as strong in terms of after sales service and quality. However, global computer brands do not differentiate from global brands in terms of handling customer complaints.

Keywords: Global Brands, Risk Perception, Quality Perception

1. Introduction

Due to some reasons such as decrease in the local demand, increase in the competition in the local markets, excessive capacity etc., more firms are seeking new markets and marketing strategies to survive and preserve their competitive advantage. Thus, many firms have developed and are developing global brands to gain competitive edge over their competitors. Global brands are brands whose positioning, advertising strategy, personality, appearance and sensation are almost the same in most terms in all the countries a firm operates in (Aaker & Joachimsthaler, 1999). Though, owing to some country specific market conditions, firms might adopt their products to a certain extent which does not disguise the products characteristics completely (Apaydın & Köksal, 2009).

A considerable number of researches have investigated branding in terms of different aspects. The concept of added value is a key branding issue, which furnishes perception of congruent quality. The bottom line is global brands, sold in more than one country with little or no change with the attributes of the products, provide managers competitive advantages in many respects (Ramsay, 2003). One of them is economies of scale, which is increased volume from global presence significantly impacts the amortization of manufacturing, marketing, R&D, and administrative costs. Firms developing global brands (whether agents, retailers or brand-name companies) have come to play an increasingly important role in the organization of global production and distribution systems to enjoy the infringements of economies of scale (Gelder, 2004).

Another reason why firms need to develop global brands might be explained with the decline in the demand or with domestic saturation, which is caused due to the peak level of home volume causing reduction of the potential number of customers as market penetration increases (Khouja & Smith, 2005). Thus, firms developing and introducing global brands to new markets apply relevant strategies to enlarge their customer portfolio. The

third reason is that global brands create competitive advantage for marketers in that manufacturers achieve consumer benefits and value chain superiority for global brands compared with competing brands (Gereffi, 2001). Thanks to globalization, firms have been capable of creating global networks engendering commodity chains gaining competitive advantage over local firms.

That trade relations among developed countries stands as another reason for creating global brands. Since the 1960s, the global economy has become increasingly interdependent and functionally integrated through cross-border flows of capital, goods and people (Yeung, 1997). Due to trade liberalization, trade costs decline and thus enable firm to market their products in else where. Lower level of trade spending increases the retailers' power and allows more consumer marketing funds. Finally, global brands' image (a reflection of brands identity) and reputation (the collective representation of multiple constituencies' images of a brand) help marketers carry out effective public relations, which necessitates examination of the global brands' risk reducing role in different culture markets (Argenti & Druckenmiller, 2004).

However, decisions regarding turning a brand into a global brand should be handled delicately after a thorough understanding of the brand and its environment in order not to damage such brand related factors as expression, perception, and recognition forming the brand entity (Gelder, 2003). The problem brand managers should overcome is how consumers in various markets in different countries react to and value such factors. In essence, consumers ascribe certain characteristics to global brands and use those attributes as criteria while making purchase (Douglas et. al., 2004). Therefore, understanding consumers' value perception in distinct country is of great significance for the marketers before entering a new market. To grasp how consumers perceive global brands, marketers should think about the issue in cultural terms. As such, this survey might provide some valuable insights into the value perception of Turkish consumers as it deals with risk perception and quality perception of Turkish consumers, and examining risk perceptions can generate new product ideas for manufacturers.

2. Literature review

Trust, which is a key element in successful marketing, provides an ongoing relationship with the customers. During the transaction firms collect and store consumers' personal information to use in developing new products and marketing strategies. Thus, privacy and security problems are critical issues for consumers, which have received so much attention in previous studies (Lee and Clark, 1997; Huang et al., 2004). Sharing personal information creates risk for the consumers in the transactions and especially when the other side is a 'foreigner', this risk perception might be higher particularly in the transactions done on the Internet. Consumers' risk perception about these issues affects their preferences about the brands.

Moreover, buying products raises some uncertainties for consumers, as they don't know what they will face during and after the sales, creating risks for the consumers. This uncertainty might be overcome by sufficient information provided to customers related with the aspects of products and use of the products (Urban et. al., 2000). This becomes more important for Turkish consumers especially in terms of food products, as most of them are committed to their religious beliefs, they want to be sure that some restricted elements by their religion are not used in the product or in the production process. A practical way of reducing the risks arise for this reason might be mitigated by providing information to the consumers and developing trust. Urban et. al., (2000) suggest that trust can be built with the information provided to consumers and with delivery fulfillment and service.

Perceived risk is defined with respect to uncertainty and consequence that might appear due to the usage of the products (Mitchell, 1999). According to risk-taking theory, uncertainty about a given brand is effective in consumers' buying decision and they spend effort to reduce the perceived risk by relying on some idea and person (Seth & Venkatesan, 1968). Uncertainty is closely associated with the matching degree of buying goals or the process of matching goals with the purchase decision. Consequences are related to functional, performance or psychological goals and the money, time and effort spent to reach consumers specified goals. Some researchers suggest that consumers utilize some extrinsic clues (e.g. price, country of origin, reputation) to form perceptions of risks, which in return, leads to value perception (Agarwal & Teas, 2001). Quality, which mainly relates with the durability, design, and functionality of the product, is a significant value for consumers that determines their purchasing decisions.

In classical decision theory, risk is mostly conceived as reverberating variation in the distribution of possible outcomes, their likelihoods and their subjective values (Mitchell, 1999). Risks are categorized as financial, performance, psychological, social, and physical risks by the researchers. Financial risk, the uncertainty about how much loss may have to be incurred for repair/maintenance of the product, is a significant determinant in

perceived value (Agarwal & Teas, 2001). Performance risk, the likelihood that a product will actually function as intended, is directly associated with perceived quality. Erdem and Swait (1998) name this as credibility of brands, which depends on the willingness and ability of firms to deliver what is promised.

Another categorization of risk was done by Mitchell (1999) as two groups: objective (real world) and subjective (perceived) and he included physical risk in the objective one. Psychological risk and physical risk are considered to be as subjective ones. Psychological risk is probability that the preferred brand will be congruent with the consumer's self-image. Physical risk is considered to be possible safety problems derived from using the product, related with either health, safety or both. Physical risk is the risk that the selection or performance of the producer will have a negative effect on the consumer's peace of mind or self-perception (Mitchell, 1992) and potential loss of self-esteem (ego loss) from the frustration of not achieving a buying goal.

Finally, social risk is associated with the perceptions that significant others are likely to have towards the used item and it is highly related with the status of the consumers within a society (Rindfleisch and Crockett, 1999). Social risk is potential loss of status in one's social group as a result of adopting a product or service, looking foolish or untrendy (Feathermana & Pavloub, 2003).

In marketing, intrinsic and extrinsic cues have received so much attention and their impact on perceived risk, on perceived quality, and on purchasing behavior have been the subject of many researches. Extrinsic cues enhance confidence in consumers by predicting product performance (Bearden and Shimp, 1982). Brand name is one of the most significant extrinsic cues, which are product-related attributes not involved with the product's physical or functional aspects, that consumers make use to evaluate products. When they don't have experience about a product, consumers exploit extrinsic cues as a source of reference. Richardson and Dick (1994) posit that products which have famous global brands are evaluated more favorably than other products. Researches indicate that brand name can help consumers decrease search cost and cognitive effort while evaluating products, and therefore reduce their perception of risk related to quality as well.

Batra et. al. (2000) in their studies found out that, among consumers in developing countries, brands perceived as having a nonlocal country of origin, especially from the Western countries, are preferred to brands seen as local, for reasons not only of perceived quality but also of social status. They posit that in developing countries, a brand's country of origin does not only serve as a "quality halo" or summary of product quality (Han, 1989), but also possesses a dimension of nonlocalness that, among some consumers and for some product categories, contributes to attitudinal liking for status-enhancing reasons.

Global brands are the ones consumers can find under the same name in a number of countries with usually similar and centrally coordinated marketing strategies (Lopes and Casson, 2007). From a consumer perspective a global brand is constituted by its broad international availability and recognition and its standardization (Bauer et. al., 2007). Bearden and Shimp (1982) mentioned that reputation of the brand is a significant factor in decreasing the risk perception of the brand. Therefore, if a brand is well-known, consumers perceive less risk and many firms are trying to create global brands as consumers have affinity to them (Kapferer, 2002). One of the reasons why companies are developing global brands can be explained by consumers' preferences. Most often consumers prefer brands with global image to local images even if there are not cues for superior quality and value of the global brand. Firms are taking advantage of such image-enhancing effect by positioning brands as global in their communications, using message elements such as brand name, logo, ad. visuals, and themes. Therefore, the reputational increase in brand image can be important for both consumers and marketers (Johansson and Ronkainen, 2005). The brand perception is defined as the total impression that consumers have of a brand, based on their exposure to the brand. This consists of both the image that consumers form of the brand and their experience with the brand. Some brands have a strong mental image among consumers without generating much experience, while the perception of other brands will be more based on experience (Gelder, 2004; Douglas et. al., 2004). Thus, it can be posited that consumers' behavior varies towards different product categories.

Bauer et. al. (2007) in their research found out that the majority of participants in the research voiced the international recognition and reputation of global brands. In marketing research this brand characteristic has been termed as "perceived brand globalness" (PBG) by Steenkamp, Batra, and Alden (2003). There are several reasons why brands' being global are thought to create additional value (Steenkamp et al., 2003). These reasons are related with the fact that perceived brand globalness creates quality, prestige, and psychological associations which increase the brand equity. Brand equity is the marketing and financial value associated with a brand's strength in a market and being global increases brand equity (Fan, 2002; Johansson and Ronkainen, 2005). Brand

name, which is an important part of brand equity, is a key indicator of quality, and a global brand name can increase the perceived quality about the brand (Pecotich and Ward, 2007).

Quality is defined broadly as superiority or excellence of products or services and mainly based on consumers' subjective judgment. Some factors related with quality is listed by Zeitheml (1988) as: 1. different from objective or actual quality, 2. a higher level abstraction rather than a specific attribute or a product, 3. a global assessment that in some cases resemble attitude, and 4. a judgment usually made within a consumer's evokes set. Consumers use various associations to form an overall evaluation of price and quality of products. The associations used by consumers relate to perceived product attributes or features. Although products have so many attributes, consumers do evaluation about overall perception of quality on several attributes, and in some cases they may make use just one attribute (Huang and Tai, 2003). Brand-specific associations refer to "features, attributes, or benefits that consumers link to a brand and that differentiate it from the competition". Perceived quality is the consumers' subjective evaluation of the product and the credibility of global brands could signal product positions and increase perceived quality. Especially, consumers in developing countries generally perceive foreign brands to have higher quality than domestic ones.

Ring and Van de Ven (1994) note that two views on trust can be found in the management and sociology literatures: One is a business view based on confidence or risk in the predictability of one's expectations and the other is a view based on confidence in the other's goodwill. Confidence on the part of trusting party results from the firm belief that the trustworthy party is reliable and has high integrity, which is associated with such qualities as consistent, competent, honest, fair, responsible, helpful, and benevolent (Morgan and Hunt, 1994). Sirdeshmukh et al. (2002) classified three dimensions of trustworthy behaviors of firms, and in their study they examined the relationship between these dimensions and trust and found out a positive relationship between them. These dimensions are operational competence, operational benevolence, and problem-solving orientation. They also found out the mediating effect of trust between the dimensions mentioned and value perception of consumers. All these dimensions have a role of risk reduction, so it is relevant to say reducing risk both increases trust and quality perception of consumers. Consumers having trust towards the global brands have predictions that the product will perform well, which indicate that they perceive a global product of high quality.

Two of the main ways of reducing risk perception examined in this survey are providing the customers with necessary information related with the product and sales and handling customer complaints at a satisfactory level. Based on the literature review, the hypotheses below are developed.

H1: A brand being global positively reduces risk perception and affects the quality perception of the consumers positively.

H2: Global computer brands handle customer complaints well to reduce the risk perception and this increases quality perceptions of customers about the global brands.

H3: Global computer brand image decreases the risk perception of Turkish consumers.

H4: Global computer brand reputation decreases the risk perception of Turkish consumers.

3. Methodology and findings

The sample was selected from university students at a higher education institution and convenient sampling procedure was applied. A large part of the population in Turkey is young, and, therefore, examining their buying behavior may present some new horizons for marketing managers. Students at Istanbul Aydın University were randomly selected for the sample. Although this group may have so many common characteristics with the young people at this age, they may not completely represent all young people at this age.

A total of 182 vocational school students are involved in the survey, which was analyzed using SPSS for windows. In the study respondents' feelings and ideas about computer were asked. Computer was chosen as it is one of the most used products by consumers at this age. Their risk perception about global brands they use and quality perception were measured. Six statements developed by Huang et al. (2004) in Likert-like scale were rated by respondents, anchored at each end with 'very strongly agree' and 'very strongly disagree' with the statement. First, Exploratory Factor Analysis was carried out about the perceived risk scale. The factors and their loading are shown in Table 1. Two factors, one (called risk reduction) of which was formed of four items and the other (handling customer complaints) was formed of one item. The reliability of risk reduction is 0.80 and as quality perception was measured with one item; the reliability could not be tested.

Descriptive statistics and correlations are shown in Table 2. As it is seen in the table, quality perception has a medium level of relation with risk perception ($r=0.41$, significant at the level of 0.01). Quality perception has a small correlation with handling customer complaints ($r=0.24$, significant at the level of 0.01).

Regression analysis was carried out to test the hypotheses and results are shown in Table 3. The model is significant at 0.001 level and explains 16% percent of the variance. It is seen that if the companies try to reduce risk, quality perception becomes high, so H1 is accepted ($p=0.001$ and standard beta coefficient is 0.376). Handling customer complaints do not affect the quality perception in this model, so H2 is rejected ($p=0.24$ and standard beta coefficient is 0.087).

In the literature review, dimensions of global brand preferences are researched as well to see which dimension is more effective on risk perceptions of Turkish consumers towards global brand computer brands. The dimensions appeared to be loyalty, multibrand, price, parent, image, promotion, time convenience, quality, friends, reputation, and novelty (Wood, 2004). Statements developed by Wood (2004) in Likert-like scale were rated by respondents, anchored at each end with 'very strongly agree' and 'very strongly disagree' with the statement. Descriptive statistics, standard deviations, and frequencies are shown in Table 4.

Taking any means above 3 as agreement and any below as disagreement, it can be seen that respondents are sensitive to multibrand, price, promotion, quality, and novelty; however, most of the respondents have no global brand loyalty for computers, which provides an advantage to possible entrants to the market. Interestingly, contrary to the literature, brand image and reputation do not seem to have significant effect on Turkish consumers' global brand preference, since the respondents at this age group are expected to value image and reputation of the products. The results in this paper are not to explain the reason of it but still speculations might be made about the result. Probably, it is related with the product category (computer in this survey) and it might be suggested that in the purchasing decision about computers, instead of image and reputation some other factors such as aftersales service might be influential. Likewise, friends and parents are not effective in the purchase decision of computers.

Factor analysis was conducted to find out the relations among the variables by grouping the variables. Principal component analysis was used as an extraction method and the data was rotated using Varimax with Kaiser Normalization to make explaining factors clearer and the results are shown in Table 5. Total variance explained and factor loadings can be seen in the table. Price, promotion, and quality were loaded to the same factor, which indicates these dimensions for this product are related, supporting the literature. Parents and friends were loaded to the same factor as expected. Image, time convenience, and reputation were loaded to the same factor and loyalty and multibrand were loaded to the same brand. The results indicate the validity of categorizations of the dimensions supporting the previous studies. It is obvious in the factor analysis that convergent and divergent validity were established for these dimensions.

A statement measuring trust of Turkish consumers towards global computer brands in Likert-like scale was rated by respondents, anchored at each end with 'very strongly agree' and 'very strongly disagree' with the statement. To test H3 and H4 t-tests were conducted. I took any means above 3 as having trust and any below 3 as lack of trust and created two groups and then tested the significance of the differences between means of groups in terms of image and reputation. There was no significant difference (significance levels were all above 0.05) between the groups having trust and lacking trust, so H3 and H4 were rejected. Therefore, it can be inferred that image and reputation of global computer brands do not create trust towards global brands within in this age group of Turkish consumers.

4. Conclusion

Risk perception of customers is a significant issue marketing managers should deal with in today's highly competitive marketing environment more than ever in that perceiving less risk increases trust towards the brand and quality perceptions, thus provides competitive advantage. Academicians have posited various methods to attenuate risk perception based on their comprehensive researches. They have examined the role of global brands in risk perception of consumers in various models and contexts. Their findings indicate that when a brand is global, it gains additional associations in the mind map of some of the consumers, leveraging the brand equity of the product in the global market place. That is why so many international firms have been spending great marketing efforts to develop global brands to gain higher market share or at least not to lose their market positions.

It is well-known that one of the most effective ways of reducing risk is providing the customers with satisfactory information related with the attributes of the product and transaction. Another one is handling with customer complaints timely and accurately. When brands deal with the customer complaints well, customers have the belief that brands possess operational competence, operational benevolence, and problem-solving orientation. In this empirical research it is tested whether a brand being global sends additional messages related with the above mentioned issues and reduces risk perception of Turkish consumers.

It was postulated that brand being global conveys additional messages about the returns, post-sales, sales, and the product itself for Turkish consumers in terms of a technological device computer. The results reveal that Turkish consumers believe that returns of the global brand and sales and post-sales service would be performed satisfactorily. Moreover, Turkish young consumers hold the idea that sufficient information about the products is supplied. Regression model disclose that these all contribute to the quality perception of the customers positively.

Another way of reducing risk perception is to make customers believe that their complaints will be handled satisfactorily. However, in this research this idea is not supported in the context of young Turkish customers regarding global computer brands. This research does not include relevant data to explain the reason of this finding; however, it might be speculated that local brands might be performing such task so efficient that global brands do not differentiate in this marketing activity. Yet, further researches need to be made to generate detailed explanations of this finding. Another interesting finding of this research is that global image and reputation do not function as trust building alone, so additional infringements need to be provided to young Turkish consumers regarding computers.

This survey is done with the age group of 17-21, so further researches should be carried out with other age groups to test the propositions made in this research. Furthermore, the respondents were asked to give their opinion considering global computer brands, so other product types offer significant research areas as well. Respondents' opinion about local brands is not investigated in this research. Therefore, this should be done in the further researches so that it would be possible to make comparisons between perception of consumers about global brands and local brands. Like other researches, this research bears some limitations. One of them is that the question items were limited in number as a result of which variables might not have been measured accurately. Probably, there are some moderators interfering with the relationships among the concepts explored in this research which this survey cannot explain.

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Table 1. Factor Analysis for Perceived Risk

Items	Factors	
	Factor 1	Factor 2
	Risk reduction	Handling customer complaints
Returns would be performed satisfactorily.	0.82	
Post-sales service would be performed satisfactorily.	0.80	
Sales would be performed satisfactorily.	0.73	
Satisfactory information about the products is provided.	0.71	
Customers' complaints would be handled satisfactorily.		0.97
Explained Variance: 71.14%		

Table 2. Descriptive Statistics and Correlations among the Variables

	Mean	Std. Dev.	1	2	3
1 Risk Reduction	3.61	0.91	1		
2 Dealing with Customer Complaints	3.34	1.19	0.42**	1	
3 Quality Perception	3.51	1.25	0.41**	0.24**	1
** Correlation is significant at the 0.01 level (2-tailed).					

Table 3. Regression Analysis

Independent Variables	Dependent Var. (Quality Per.)	
	Std. β Coef.	Sig. (p)
Risk reduction	0.376	0.001
Handling customer complaints	0.087	0.24
Model		
Adjusted R Square = 0.16	Degree of freedom: 2; 179	
Explained Variance = 16%	F= 19.27	Sig. (p): 0.001

Table 4. Descriptive Statistics of Global Brand Preference Dimensions

Brand Preference Dimensions	Mean	Std. Dev.	Strongly Dis.		Disagree		No idea		Agree		Strongly Ag.	
			1.00		2.00		3.00		4.00		5.00	
			Freq.	Per.	Freq.	Per.	Freq.	Per.	Freq.	Per.	Freq.	Per.
Loyalty	2.68	1.27	28.00	15.38	79.00	43.41	19.00	10.44	35.00	19.23	21.00	11.54
Multibrand	3.53	1.16	11.00	6.04	36.00	19.78	11.00	6.04	94.00	51.65	30.00	16.48
Price	3.37	1.21	14.00	7.69	40.00	21.98	22.00	12.09	77.00	42.31	29.00	15.93
Parent	2.82	1.25	30.00	16.48	54.00	29.67	33.00	18.13	48.00	26.37	17.00	9.34
Image	2.92	1.18	21.00	11.54	56.00	30.77	36.00	19.78	54.00	29.67	15.00	8.24
Promotion	3.29	1.25	17.00	9.34	42.00	23.08	23.00	12.64	71.00	39.01	29.00	15.93
Time convenience	2.94	1.26	24.00	13.19	56.00	30.77	31.00	17.03	49.00	26.92	22.00	12.09
Quality	3.52	1.26	17.00	9.34	27.00	14.84	25.00	13.74	71.00	39.01	42.00	23.08
Friends	2.81	1.20	25.00	13.74	61.00	33.52	36.00	19.78	44.00	24.18	16.00	8.79
Reputation	2.93	1.23	24.00	13.19	54.00	29.67	31.00	17.03	56.00	30.77	17.00	9.34
Novelty	3.48	1.22	14.00	7.69	35.00	19.23	18.00	9.89	80.00	43.96	35.00	19.23

Table 5. Factor Analysis of Dimensions of Global Brand Preference

	1	2	3	4
Price	0.67			
Promotion	0.80			
Quality	0.73			
Parents		0.80		
Friend		0.65		
Image			0.78	
time convenience			0.63	
Reputation			0.56	
Loyalty				0.70
Multibrand				0.68
Factor Loadings	18.38	15.29	15.25	13.41
Total Variance Explained	62.32			