Research paper

Perceived globalness and localness in B2B brands: A co-branding perspective

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ABSTRACT

This research explores the topics of perceived brand globalness (PBG) and perceived brand localness (PBL) in the B2B context—specifically in terms of how brand localness and globalness factor into B2B buyers' decision making. It does so by examining co-branding relationships that involve alliances between well-known global and local B2B brands with unknown B2B brands in order to tease out the specific influence of brand globalness and localness on buyers' quality evaluations of the unknown brand. In other words, it considers the potential spillover effects of well-known PBG and PBL ally brands on lesser-known focal brands in brand alliances. Notably, we analyze data collected from a sample of Brazilian and U.S. based purchase decision-makers and uncover a number of robust findings likely to benefit both academics and practitioners.

1. Introduction

Multinational corporations tend to view globalization as a positive phenomenon because of its strategic appeal and its link to operational efficiencies (Steenkamp, Batra, & Alden, 2003). Yet, the political climate in many Western countries has recently been characterized as populist, nativist, or protectionist, as evidenced by the recent Brexit vote and Donald Trump's successful U.S. presidential election campaign. Indeed, some claim that "globalization is out of favor" (O'Sullivan, 2016), and similar sentiments are being expressed in B2B markets worldwide where conglomerates like GE are shifting from a global brand strategy to a local brand strategy (Mann & Spegele, 2017; Murray, 2016). These geopolitical developments are relevant to business-to-business (B2B) marketing academics and practitioners as studies point to the significant value that accompanies a brand's perception as global or local (e.g., Halkias, Davvetas, & Diamantopoulos, 2016; Swoboda & Hirschmann, 2016).

Perceived brand globalness (PBG) is the extent to which individuals "believe that the brand is marketed in multiple countries and is generally recognized as global in these countries" (Steenkamp et al., 2003, p. 54). Perceived brand localness (PBL) captures individuals' perceptions of the extent to which a brand is produced with the use of local resources (Davvetas, Diamantopoulos, & Halkias, 2016). Brands perceived to be global are appealing because they are viewed as having a minimum level of quality and are typically more prestigious (Swoboda, Pennemann, & Taube, 2012). On the other hand, local brands are

important in markets where individuals are sensitive to local tastes and demands, and where support for local economies and resistance to globalization tendencies are common (Davvetas et al., 2016).

Today's global marketplaces demand that marketers understand how individuals choose between global and local brands and, importantly, why individuals prefer one or the other (Özsomer, 2012). While PBG and PBL have been studied in the business-to-consumer (B2C) context (e.g., Sichtmann & Diamantopoulos, 2013; Steenkamp et al., 2003; Swoboda & Hirschmann, 2016), they remain underexplored in the B2B setting. This is an important oversight because B2B markets are distinct from B2C markets in numerous, meaningful ways (Kotler & Pfoertsch, 2006; Kuhn, Alpert, & Pope, 2008; Webster & Keller, 2004). Further, while B2B branding research is still considered relatively novel, studies underscore its importance in an industrial marketing context (e.g., Brown, Zablah, Bellenger, & Donthu, 2012; Homburg, Klarmann, & Schmitt, 2010).

This research examines the role of PBG and PBL within a B2B co-branding context. B2B firms increasingly rely on co-branding or co-promotion strategies (e.g., Besharat, 2010; Chiambaretto, Gurău, & Roy, 2016; Helm & Özergin, 2015; Kalafatis, Riley, & Singh, 2014). Brand alliances[1] are considered beneficial because of the potential advantages on offer (Voss & Mohan, 2016a). By engaging in brand alliances, firms aim to communicate or reinforce their distinct value propositions while leveraging aspects of the ally brand's positive equity—often referred to as positive spillover (Simonin & Ruth, 1998). As B2B co-branding strategies become commonplace, research that

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[1] In this study, the authors use the terms co-branding (co-brand) and brand alliance (brand ally) interchangeably.

addresses the spillover effects between brands with divergent levels of brand equity, such as those related to partnering a focal brand with a global or local brand ally, are unclear. Notably, such an approach is conducive to a robust inquiry into whether global or local perceptions of brands influence B2B buyers' evaluations of industrial offerings.

The purpose of this research is two-fold. First, it addresses whether a focal B2B brand can capitalize on the positive spillover resulting from the PBG or PBL of a brand ally. Stated another way, does a B2B buyer's perception of a focal brand vary based on its brand ally's PBG or PBL? Second, it explores the specific process mechanisms that explain how an ally brand's PBG or PBL impacts a B2B buyer's product quality perceptions of a focal brand. In doing so, this research builds on signaling theory (Spence, 1973, 1974) by examining whether organizational buyers tasked with evaluating B2B co-branded offerings are influenced by a brand alliance signal's ability to (i) reduce the perceived risk associated with the offering, and/or (ii) help infer the quality of the offering based on the co-brand's reputation and brand equity (Montgomery & Wernerfelt, 1992; Rao, Qu, & Ruekert, 1999). In other words, it assesses the effectiveness of two signaling explanations put forth in the branding literature: the risk-reduction hypothesis and the potential loss or "bonding" hypothesis.

This research contributes to B2B branding literature by exploring whether brands perceived to be high in globalness and localness have any bearing on B2B buying—a question deemed worthy of fresh scholarly inquiry (Lilien, 2016). Further, the potential spillover effects from well-known global or local ally brands in a B2B brand alliance are determined, and in doing so, the study compares two theoretical process explanations. Methodologically, this research conducts a multinational field survey of buyers from B2B firms in the U.S. and Brazil to arrive at its conclusions. Practically, this study guides B2B brand managers on decisions related to partner-brand selection. Since many B2B firms operate on a global scale, B2B marketers are likely to benefit from insights concerning brand ally selection in their efforts to position their brands in global and local markets. Finally, it explicates the mechanisms via which B2B buyers attend to brand signals. As a result, normative brand development strategies are derived and discussed.

2. Background and theory

While the distinctions between B2B and B2C markets are inarguable, recent academic literature suggests that the similarities between the two domains have remained inconspicuous (Dant & Brown, 2008; Wilson, 2000). Today, B2B scholars increasingly point to the role of subjective evaluations, heuristics, and emotions in the buying process (Cassidy, Nyadzayo, Mohan, & Brown, 2018; Iyer, Hong Xiao, Sharma, & Nicholson, 2015; Zablah, Brown, & Donthu, 2010). For instance, brands can significantly augment the buying process (Kotler & Pfoertsch, 2006) suggesting that B2B managers who invest in their brands can reap potential performance benefits (Cassidy et al., 2018; Voss & Mohan, 2016b). Still, brand nuances within the buying context remain notable, particularly when considering the PBG and PBL of B2B brands. B2B buyers are motivated to reduce the risks associated with suboptimal purchases and may rely on brands that can signal positive brand reputations, be they global or local, as a key decision-making heuristic. Moreover, even though the buying process is characterized as a group process, individuals, not organizations, make purchase decisions and are therefore subject to the economic, political, legal, and social-cultural forces in their environment (Webster & Keller, 2004).

2.1. PBG and PBL

Due to globalization, PBG has been the focus of scholarly research for the past two decades (e.g., Steenkamp et al., 2003; Steenkamp & De Jong, 2010); often conceptualized from a market-oriented perspective,

specifically framing it around how brands are marketed.[2] Prior studies suggest that buyers prefer brands that are available worldwide—as opposed to those that are not—due to global brands being associated with higher quality (e.g., Özsomer, 2012; Steenkamp et al., 2003; Swoboda et al., 2012). Conversely, discussions surrounding PBL are more recent, following the rise of anti-globalization and protectionist sentiments of buyers' who desire to support their local markets (Steenkamp & De Jong, 2010). This discussion challenges the uni-dimensional view of brand globalness and localness as opposites on the same continuum (e.g., Kinra, 2006; Strizhakova, Coulter, & Price, 2008) and emphasizes that "a local brand is not simply the opposite of a global brand" (Dimofte, Johansson, & Ronkainen, 2008, p. 118). Instead, the "localness" aspect of a brand goes beyond availability and reach, and includes a connection to the local culture as a defining feature (Dimofte et al., 2008; Lim & O'Cass, 2001; Swoboda et al., 2012). Thus, PBG and PBL are not mutually exclusive; instead they are complementary constructs that should be jointly considered to obtain an accurate picture of global and local brand perceptions.

Scholars are finding that PBL can significantly impact buyer behavior (e.g., Halkias et al., 2016; Schuiling & Kapferer, 2004). However, prior literature is scarce concerning its specific conceptualization. Davvetas et al. (2016) suggest that PBL is a multidimensional construct with four dimensions representing a brand's regional availability, local iconness, national origin, and domestic production (wherein domestic production is regarded as a key facet of the construct). Regional availability conceptually captures the opposite of perceived brand globalness and thus is implicitly captured in our conceptualization. Local iconness and national origin relate to identity-construction, anti-globalization tendencies, and domestic country bias; values that closely reflect individuals rather than organizations. To conceptualize PBL from an industrial perspective, we follow Davvetas et al. (2016) in focusing on the domestic production dimension. This resource-based perspective seems appropriate in a B2B context since it directly relates to supply chain aspects. Domestic production revolves around the brand using physical resources (e.g., ingredients, materials), human resources (e.g., employees, workforce), local infrastructure (e.g., ports or other logistical solutions), government subsidies (e.g., tax breaks), and knowledge industry or network resources from the domestic country. Thus, PBL is defined as the extent to which a brand is perceived as being produced with the use of local resources (Davvetas et al., 2016).

2.2. Brand alliance signals

Signaling theory is an appropriate framework when studying marketing contexts where information asymmetry is prevalent (Besharat, 2010; Rehme, Nordigården, Ellström, & Chicksand, 2016; Selviaridis, Spring, & Araujo, 2013). Generally, in B2B markets, information asymmetry results in an adverse selection problem (Erdem & Swait, 1998; Shapiro & Stiglitz, 1984), wherein buyers make an imperfect choice due to a lack of information. To remedy this problem, sellers employ signals to reconcile this information asymmetry (Akerlof, 1970; Spence, 1973). Risk reduction and bonding are two process explanations capable of explaining how marketplace signals alleviate the adverse selection problem (Montgomery & Wernerfelt, 1992; Wernerfelt, 1988). Both are relevant in the co-branding context because well-known ally brands can "serve as quality signals when an individual brand is unable to signal quality by itself" (Rao & Ruekert, 1994, p. 89).

The risk-reduction hypothesis suggests that a brand alliance signal can lower the overall variance in the unobservable quality of a focal brand that is incapable of providing quality information on its own (Montgomery & Wernerfelt, 1992; Voss & Mohan, 2016a). This is key since buyers face challenges in reducing the variance around their subjective quality evaluations of an unknown focal brand as the

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[2] We thank an anonymous reviewer for suggesting this point.

information necessary to reduce their uncertainty is a priori unknown. Furthermore, because an unknown brand could potentially be high or low in quality, the risk associated with the purchase is difficult to ascertain (Montgomery & Wernerfelt, 1992), leaving open the possibility of a negative outcome for the buyer. However, when an unknown focal brand is allied with a well-known brand, the well-known brand ally helps signal a smaller variance in the unknown focal brand's perceived quality ultimately improving the evaluation overall (Erdem & Swait, 1998; Fang, Gammoh, & Voss, 2013). Hence, the risk associated with the purchase decision is reduced since the probability of a negative outcome is lower (Erdem & Swait, 1998).

The bonding hypothesis suggests that the potential loss of sunk investments in marketing and brand-building activities and vulnerability to future profits acts as the seller's bond to buyers (Rao et al., 1999). Therefore, in a brand alliance, the perceived quality evaluations of an unknown focal brand are propped up by the guarantee offered via the presence of a well-known brand ally (Gammoh, Voss, & Chakraborty, 2006). Indeed, if the brand alliance signal is not deemed credible, or is determined to be false, the signal sender (i.e., the seller) risks forfeiting the bond. This is deemed possible because aggrieved buyers have the option to punish the brand ally (or seller) by not engaging in repeat purchase, switching to a different brand, or engaging in negative word-of-mouth (Wernerfelt, 1988). Since this represents an unwelcome scenario for the seller, it acts to preserve the credibility associated with the brand alliance signal (Rao et al., 1999). For that reason, the higher the posted bond, the greater the credibility of the brand alliance signal and its ability to augment evaluations of the unknown focal brand (Rao et al., 1999).

While both the risk-reduction and bonding perspectives have been empirically supported by prior brand alliance research (e.g., Erdem & Swait, 1998; Gammoh et al., 2006; Mohan, Voss, Jiménez, & Gammoh, 2018; Rao et al., 1999; Voss, Gammoh, & Fang, 2012), the implications surrounding each in the B2B context are vague. From the seller's perspective, "bonding and risk reduction are related because both stem from the firm's specific investments in brand building" (Voss et al., 2012, p. 930), but what about the buyer's perspective? Although prior B2B research has emphasized the importance of perceived risk associated with organizational buying (e.g., Brown et al., 2012; Mudambi, 2002), the implications given B2B buyers' evaluations of co-branded offerings are not clear. Would the risk-reduction hypothesis take precedence in a B2B setting? Alternatively, are co-branding signals useful in a B2B context because buyers perceive both a posted bond and a reduction in risk? Importantly, do B2B brands that are high in PBG or PBL have an impact on the adverse selection problem that buyers potentially face when given marketplace information asymmetries? To address these questions, this research juxtaposes the two signaling hypotheses alongside local and global brand allies to examine the implications of such alliance strategies across two separate studies. Furthermore, Study 2 examines the moderating effects of two key constructs (i.e., that of buyer ethnocentrism and buyer attitude towards globalization) to further understand the underlying phenomenon (Fig. 1).

3. Hypotheses

The conceptual model adopts a standard brand alliance framework wherein a focal brand is allied with a brand ally that is either high in PBL or PBG. The model presented in Fig. 1 specifically suggests that the effect of partnering with a high PBG ally serves to improve the unknown focal brand's perceived quality evaluations via a bonding process, while the same effect unfolds via a risk-reduction process when the ally is high in PBL.

3.1. Effect of PBG via bonding

Perceptions of brand globalness result from long-term and strategic

brand-building efforts undertaken worldwide (Özsomer & Altaras, 2008; Voss & Mohan, 2016b). In the B2B arena, such efforts include a commitment to attend global trade shows on a recurring basis or investing in a global integrated communication strategy (Brown, Mohan, & Boyd, 2017). While these activities represent a substantial investment on the part of the firm, they also represent sunk costs that cannot be recovered. Over time, such investments are expected to help build and maintain market-based assets (e.g., brand equity) and develop a strong reputation that can serve as a foundation for future profits (Srivastava, Shervani, & Fahey, 1998). For example, global availability implies that a brand is accepted by consumers worldwide and is interpreted as a signal of superior quality (Holt, Quelch, & Taylor, 2004; Steenkamp et al., 2003).

Since perceptions of globalness do not come about in the absence of prior and consistent investments in the brand, the PBG of a brand ally serves as a credible "bond" of quality (Özsomer & Altaras, 2008; Rao et al., 1999). The greater the investments in building a global brand, the larger the posted bond, and the more credible the signal (Ippolito, 1990). So, in a brand alliance, a high PBG brand ally can improve the perceived quality of the unknown focal brand because the brand ally's bond serves as a guarantee to the buyer. If the unknown focal brand does not meet the expectations of the buyer, the brand ally risks being punished: losing its reputation, forfeiting its sunk investments, and jeopardizing future profits (Erdem & Swait, 1998; Wernerfelt, 1988).

In sum, global brands are capable of posting a credible bond because there is potentially a great deal at stake for them. This potential exposure to loss is defined as the risk of forfeiting sunk investments in brand-building made by the brand ally (Voss et al., 2012). Accordingly, buyers may expect that global brands only ally with good-quality brands to avoid brand dilution effects and other potential sanctions associated with an unsatisfactory outcome. For that reason, the mechanism via which an ally perceived to be global impacts the buyer's perceived quality evaluations of the unknown focal brand is best explained by the bonding hypothesis.

H1. Perceived exposure to loss by the brand ally will mediate the effect of a high perceived brand globalness ally on the perceived quality of the unknown focal brand.

3.2. Effect of PBL via risk-reduction

In line with the domestic-bias effect (Balabanis & Diamantopoulos, 2004; Verlegh, 2007), buyers tend to favor brands that are connected to their country over brands that are not. Perceptions of brand localness may evoke associations of geographical proximity, suggesting easier access to a supplier, more efficient communication, quicker service and delivery, and easier adaptation to one's needs (Geldes, Felzensztein, Turkina, & Durand, 2015). Wilk and Fensterseifer (2003) find that co-location of firms can offer competitive advantages, based on the fact that firms sharing the same origin can form more sustainable partnerships based on both proximity and *ex-ante* and *ex-post* limits to competition. Indeed, proximity facilitates stronger relationships between firms and the development of trust through more frequent, repeated informal and formal contacts (Molina-Morales & Martínez-Fernández, 2010; Schuiling & Kapferer, 2004). Further, sustainability has become an arena of competition among firms and localness, in this context, is associated with increasingly desired low carbon-foot prints and other sustainability factors (e.g., Murdoch, Marsden, & Banks, 2000). Notably, supply chain proximity (e.g., Bray, Serpa, & Colak, 2017), trust (e.g., Völckner & Sattler, 2006), and sustainability (e.g., Chernev & Blair, 2015; Öberseder, Schlegelmilch, Murphy, & Gruber, 2014) are positively associated with better brand performance.

Purchase risk is an important decision-making factor in B2B buying (Brown, Zablah, Bellenger, & Johnston, 2011). In this sense, brands are key because they can provide information that helps reduce uncertainty, and thus diminish the perceived risk associated with a
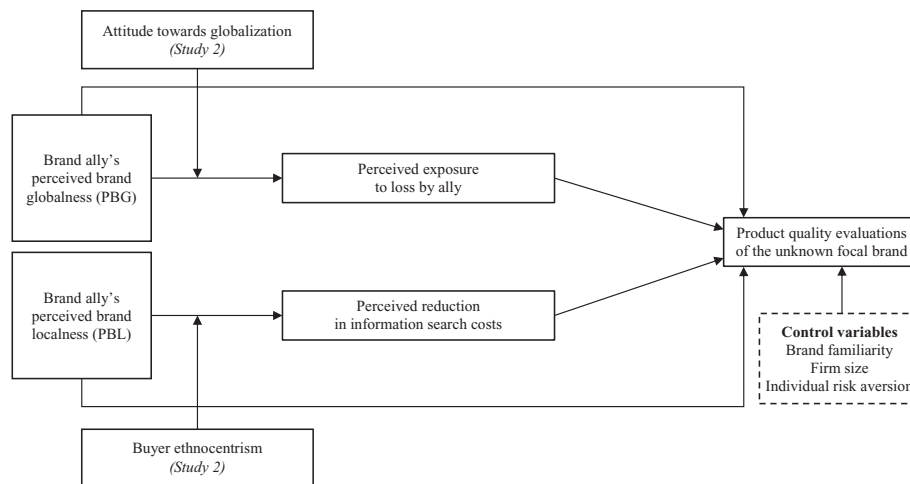
Fig. 1. Conceptual model.

purchase (Brown et al., 2011; Erdem, 1998). However, an unknown focal brand incapable of credibly signaling unobservable quality information would compel buyers to search and identify information required to lower the variance (i.e., uncertainty) surrounding their perceived quality evaluations of the unknown offering (Mohan et al., 2018; Rao & Ruekert, 1994). Such information-gathering and -processing efforts can prove to be costly (Backhaus, Steiner, & Lügger, 2011; Erdem & Swait, 1998; Shugan, 1980).

Indeed, B2B firms are highly motivated to reduce their information search costs, defined as the cost of risk reduction (Montgomery & Wernerfelt, 1992), and they rely on brand information to do so (Backhaus et al., 2011). Because high PBL brands are regarded favorably (i.e., in terms of trust, proximity, sustainability, performance, etc.) in a brand alliance, local brands can provide credible information cues that buyers can use to infer the quality of an unknown focal brand, thereby reducing the uncertainty (i.e., perceived risk) associated with the offering (Erdem, 1998). Lower perceived risk suggests that the need for costly, additional information is mitigated (Erdem & Swait, 1998, 2004). Accordingly, a brand ally high in PBL improves the quality evaluations of a focal brand via its ability to reduce perceived risk (i.e., lower information search costs).

H2. Perceived reduction in information search costs will mediate the effect of a high perceived brand localness ally on the perceived quality of the unknown focal brand.

3.3. The direct effect of PBG and PBL

In addition to the process explanations, we also account for the possibility that PBG and PBL can have a direct effect on the perceived quality of the unknown focal brand. The basic premise behind the use of signaling theory in explaining the brand alliance phenomenon is that the presence of a well-known, reputable brand ally will help improve the evaluations of an unknown focal brand (Gammoh et al., 2006; Lafferty, Goldsmith, & Hult, 2004; Mohan et al., 2018; Voss & Mohan, 2016a; Washburn, Till, & Priluck, 2004). When a brand is high in PBG, it is assured that the brand is highly recognized (Steenkamp et al., 2003), and such brands can illicit favorable attitudes among buyers (Davvetas, Sichtmann, & Diamantopoulos, 2015). Likewise, brands high in PBL are better known and capable of eliciting more trust (Schuiling & Kapferer, 2004), and all things being equal, buyers weigh brands that are connected to their country more favorably than brands that are not (Balabanis & Diamantopoulos, 2004; Verlegh, 2007). In sum, PBG and PBL reflect a brand's level of recognition and overall reputation, and given this, a brand ally that is high in PBG or PBL will help improve the

quality evaluations of its unknown ally.

H3. Perceived quality of the unknown focal brand will be significantly higher in the presence of an ally that is high (vs. low) in perceived brand globalness.

H4. Perceived quality of the unknown focal brand will be significantly higher in the presence of an ally that is high (vs. low) in perceived brand localness.

4. Methodology and results

4.1. Study 1: B2B purchase decision makers in the U.S.

4.1.1. Overview

This research employed a scenario-based field survey to test the hypotheses. A questionnaire was administered online to an access panel of key informants comprised of individuals who are purchase decision makers in B2B organizations in the United States. The survey was conducted in three phases. In phase 1, participants were first asked to self-select their industry out of eight options. Next, participants were randomly presented a brief description of either local or global brands. The descriptions closely followed the definitions offered earlier. Following this, each participant was asked to self-report either a global or local brand that supplies products for firms in their industry. The self-reported brand matched the respondents' random assignment to the local or global condition, such that those who were provided a description of local brands were asked to self-report a local brand, and vice-versa. In phase 2, participants were presented with a brief scenario describing the marketing plan of a fictitious focal brand called MAX, owned by a fictitious corporate parent called Strategic Industries Inc., to launch a new product. It stated that MAX's plan included an agreement with < a brand ally > and as part of the agreement, < the brand ally's > name and logo would appear in MAX's advertisements and promotional material. The approach here is consistent with past brand alliance research (e.g., Gammoh, Voss, & Fang, 2010; Mohan et al., 2018; Voss & Mohan, 2016a), wherein all scenarios used the same storyline and the same fictitious focal brand. The name of the brand ally was piped into the scenario dynamically using the local or global brand self-reported by each participant. The scenarios across each of the eight industries varied slightly to ensure fit, credibility, and realism of the brand alliance (Samu, Krishnan, & Smith, 1999). A full description of the scenario appears in Appendix A. Finally, in phase 3, participants responded to items related to the study variables.

4.1.2. Key informant characteristics

The sampling frame is comprised of B2B buyers. Study participants were recruited from eight industries: healthcare and medical (22.5%), industrial manufacturing (22.5%), energy, oil and gas (18.6%), automotive (10.8%), electronic manufacturing (8.8%), telecommunications (6.9%), computer hardware (6.9%), and metals and mining (2.9%). All participants were from firms with at least ten employees. This ensured that the sample was sufficiently broad to include multiple industrial buying contexts, yet inclusive of small to medium-sized firms.

The sample consisted of decision-makers who had played an integral role in a purchase decision for their firm. This was ensured by employing two screening questions: (1) "In your role, have you had input towards purchase decisions for your company in the last 12 months?" and (2) "To what extent are you involved in purchasing materials for your firm?" The former was a binary response choice "yes/no" while the latter employed a 5-point response scale anchored "1 = rarely involved" and "5 = always involved." Respondents had to select "Yes" for the first question, and anything other than "1 = rarely involved" on the second question to qualify.

Two hundred and thirty-nine individuals were invited by the panel provider to take the survey, of which 102 qualified. Of the total respondents, 66 (64.7%) were male, and no respondent was younger than 25 years of age. Regarding their level of education, 86.3% had a college degree or above. Over 73% had been with their current company for six years or more. With regard to firm size, 25.5% of the respondents work for firms with < 100 employees, 32.3% between 100 and 999 employees, and 14.7% between 1000 and 4999 employees. Respondents' combined annual dollar responsibility related to purchase decisions were between 100,000 and 5 million US$ for 41.2% of the sample. Table 1 provides additional demographic information. Overall, these descriptive statistics strongly highlight the general quality and suitability of our key respondents.

4.1.3. Construct measures and psychometrics

All measurement scales were adopted from extant studies. Perceived quality (PQ) was measured using a 4-item, Likert-type scale from Ratneshwar and Chaiken (1991). Perceived reduction in risk was measured using a 3-item Likert-type scale from Erdem and Swait (1998) that captured participants' information cost savings. Allies exposure to loss as perceived by the respondent was measured using a 3-item Likert-type scale from Voss et al. (2012). Note that in this study, participants were randomly assigned to specifically self-report either a global or local brand ally. This was necessary to ensure that we obtained sufficient variance in terms of PBG and PBL. However, the study measured both PBG and PBL for each participants' self-reported brand. PBG was measured using a 3-item Likert-type scale from Steenkamp et al. (2003). Finally, PBL was measured using a 4-item Likert-type scale using items from Davvetas et al. (2016).

4.1.4. Assessment of common method bias and omitted variable bias

The study used both ex-ante and ex-post procedures to account for common method variance (CMV; Chang, Van Witteloostuijn, & Eden, 2010). As ex-ante steps, we assured respondents that their answers were anonymous and confidential and emphasized that there are no right or wrong answers to minimize common-rater effects. Respondents were not aware of our conceptual model in order to minimize correlation effects, and we assured that items were simple, specific and concise to avoid item characteristics effects. Also, we controlled for CMV ex-post by conducting a Harman's single factor test (Podsakoff, Mackenzie, Lee, & Podsakoff, 2003). The unrotated factor solution from the exploratory factor analysis provides no evidence for CMV, revealing six factors (with 26.04% being the most variance explained by any one factor). In addition, we employed the marker variable procedure (Lindell & Whitney, 2001; Malhotra, Kim, & Patil, 2006).[3] The results indicate that

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[3] Specifically, we used the second lowest positive correlation (r = 0.07) between the indicators measuring the analyzed constructs as a proxy for common method variance. We subsequently adjusted the zero-order correlations among the measures in our study by

Table 1
Demographic information.

	Study 1: U.S.A.	Study 2: Brazil
	(n)	(n)
Gender		
Male	66	76
Female	36	24
Age		
< 25	–	2
25–34	10	23
35–44	29	34
45–54	27	27
55 and over	36	14
Education		
High school graduate	2	4
Some college/university	12	8
College/university graduate	44	47
Post-graduate degree	38	34
Doctoral level degree	6	7
Industry		
Telecommunications	7	18
Energy, oil and gas	19	14
Healthcare/medical	23	20
Automotive	11	8
Computer hardware	7	8
Manufacturing electronics	9	3
Manufacturing industrial	23	22
Metals and mining	3	7
Company status		
Public	42	35
Private	60	65
Company size (number of employees)		
10 to 19	8	10
20 to 99	18	27
100 to 249	10	11
250 to 999	23	19
100 to 4999	15	12
> 5000	28	21
Company annual sales		
Less than $1 million	5	9
$1 million–$20 million	23	36
$20 million–$100 million	24	18
$100 million–$200 million	11	11
$200 million–$1 billion	14	9
More than $1 billion	25	17
Tenure with current company		
Under 1 year	1	–
1–2 years	4	5
3–4 years	14	20
5–6 years	8	14
Over 6 years	75	61
Procurement decision involvement		
Always involved	25	45
Most of the time	47	32
About half the time	16	10
Sometimes	14	13
Procurement experience		
< 3 years	3	4
3–6 years	15	20
6–10 years	12	23
11–15 years	22	18
16–20 years	15	12
Over 20 years	35	23
Purchasing responsibility in dollars		
Less than $100,000	25	25
$100,000 to $1 million	24	37
$1 million to $5 million	18	22
$5 million to $10 million	15	10
More than $10 million	20	6

CMV is not an issue in our analysis since the significance of the resulting coefficients did not change substantively.

We accounted for omitted variables bias (OVB) by incorporating control variables into our model. More specifically, and following Steenkamp et al. (2003), we included brand familiarity as recommended by prior brand alliance studies (e.g., Simonin & Ruth, 1998) and perceived brand globalness/localness context (e.g., Halkias et al., 2016; Sichtmann & Diamantopoulos, 2013). In addition, we included firm size (dollar sales per year) and a two-item individual risk aversion scale (Donthu & Garcia, 1999) as control variables.

4.1.5. Results

In this study, we estimated a variance-based structural equation model with SmartPLS version 3.2.6 (Ringle, Wende, & Becker, 2015) for three reasons which make it preferable to the use of covariance-based structural equation modeling (Hair, Hult, Ringle, & Sarstedt, 2016). First, due to the overall size of our sample, and in keeping with recent B2B studies with similar sample sizes (e.g., Itani, Agnihotri, & Dingus, 2017; Sheng, 2017; Silva, Gomes, & Lages, 2017; Terho & Jalkala, 2017), PLS-SEM was used as it offers greater parameter accuracy and power. Indeed, "PLS works efficiently with small sample sizes and complex models" (Hair et al., 2016, p. 16). Second, since our model is rather complex and because we utilize multi-item measures for our constructs, PLS is superior compared to multiple regression as it accounts for measurement error (Hair et al., 2016). Third, our study focuses on the prediction of the quality of an unknown brand in a co-branding context for which PLS is preferable because it seeks to maximize the explanation of variance in the dependent variables (Hair et al., 2016).

Initially, we assessed the unidimensionality, reliability, and validity of our measures. Standardized factor loadings, t-values, Cronbach's alpha, composite reliability (CR), and average variance extracted (AVE) all point to a high level of reliability and convergent validity of the scales (Table 2). We established discriminant validity using the Fornell and Larcker (1981) criterion. The AVE for each latent variable was larger than the squared correlation between it and the other latent variables included in the model (Table 3).

Table 4 presents the standardized path coefficients and associated t-values generated by the bootstrapping function within SmartPLS (based on 1500 re-samples with a sample size of 102). The predictive relevance of the model can be assessed with the Stone-Geisser Q^2 criterion (Fornell & Bookstein, 1982). We used a blindfolding approach that is "a sample reuse" technique that omits every d^{th} data point and uses the resulting estimates to predict the omitted data points (Hair, Sarstedt, Ringle, & Mena, 2012, p. 147) to obtain a Q^2 with an omission distance of 7. The resulting Q^2-value is 0.491 for the endogenous construct of perceived quality of the unknown brand, indicating the predictive relevance of the model since it is positive (Hair et al., 2016). Our model explains 66.4% of the variance in the perceived quality of the unknown brand and thus provides evidence that the analyzed antecedent variables are of high relevance (e.g., Cohen, 1988; Klarner, Sarstedt, Hoeck, & Ringle, 2013).

The hypothesized relationship between PBG of the brand ally and the perceived quality of the unknown brand mediated by perceived exposure to loss by the brand ally (H1) was tested by applying the Preacher and Hayes' (2004, 2008) bootstrap test (based on 1500 re-samples). Results indicate that the relationship between PBG of the brand ally and the perceived quality of the unknown brand is not mediated by perceived exposure to loss by the brand ally as evidenced by the 95% bootstrap intervals (−0.025 to 0.037). Thus, H1 is not

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confirmed. The reasons for this include the non-significant links between PBG of the brand ally and perceived exposure to loss by the brand ally and between the mediating variable and perceived quality of the unknown brand. However, the results of the model estimation indicate a positive and significant direct effect of PBG of the brand ally on the perceived quality of the unknown brand ($\beta = 0.132$; $p = .051$) thus confirming H3.

In line with H2, the bootstrapped tests indicate that the link between PBL of the brand ally and the perceived quality of the unknown brand is significantly mediated by the perceived reduction in information search costs (95% confidence interval of 0.160 to 0.376; $\beta = 0.265$; $p < .001$). Therefore, H2 is confirmed. The results do not provide evidence for a direct link between PBL of the brand ally and perceived quality of the unknown brand. As such, H4 is not confirmed. In sum, the impact of PBL of the brand ally on perceived quality of the unknown brand is an indirect-only mediation effect because, as noted, no direct effect could be identified. With regard to the control variables, brand familiarity ($\beta = 0.144$; $p < .01$) has a significant impact on the quality of the unknown brand, while firm size and participant's aversion to risk did not. Overall, the findings reveal that both PBG and PBL of the brand ally influence B2B buyers' evaluations of an unknown focal brand. However, while the risk-reduction explanation associated with PBL is supported, the bonding hypothesis used to conceptualize the impact of PBG is not. These relationships are reexamined in Study 2.

4.2. Study 2: B2B purchase decision makers in Brazil

4.2.1. Overview

Study 2 seeks to test the stability of our research model in an emerging market context and explore the potential moderating effects of attitude towards globalization (Spears, Parker, & McDonald, 2004; Suh & Smith, 2008) and buyer ethnocentrism (Shimp & Sharma, 1987; Verlegh, 2007). A replication of our model in an emerging market context is necessary since prior research suggests that consumer responses to global and local brands often differ in mature and emerging economies (e.g., Batra, Ramaswamy, Alden, Steenkamp, & Ramachander, 2000; Özsomer, 2012; Schuiling & Kapferer, 2004; Sichtmann & Diamantopoulos, 2013; Steenkamp & De Jong, 2010). We chose Brazil as a research setting for Study 2 because it is a less developed country than the U.S.; however, it still has a high level of foreign trade, with buyers being exposed to different local and global B2B brands in many product categories (Brazil ranks #75 out of 207 countries on the KOF index of globalization as compared to the U.S. which ranks #34; ETH, 2017).

In Study 2, we evaluate the moderating effect of attitude towards globalization and buyer ethnocentrism on the previously hypothesized relationships. Attitude towards globalization is defined as "the degree to which globalization is perceived positively[,] with the benefits to the local economy exceeding the demands placed on the local economy" (Suh & Smith, 2008, p. 132). Attitude towards globalization is cognitive in nature and relates to the economic outcomes of globalization (Riefler, 2012). More specifically, it describes buyers' general position with regard to economic integration and its consequences, primarily domestically, but abroad too. Buyers who perceive benefits in globalization may also view the consequences of globalization at a micro level (i.e., on a company or a brand). For example, Bartsch, Riefler, & Diamantopoulos, 2016, p. 101) suggest that a "positive globalization attitude consistently increases global brand evaluation." This suggests that high PBG brands may carry more weight when individuals are receptive towards globalization. For that reason, buyers may perceive even more at stake for a high PBG brand ally if the unknown brand does not fulfill the quality expectations of B2B customers. Therefore, it is to be expected that PBG has a stronger effect on perceived exposure to loss by the brand ally (which translates to the perceived quality of the unknown brand) when buyers hold favorable attitudes towards globalization (indicative of a conditional indirect effect).

Table 2
Construct measurement.

Items	Measurement information[a]	
	Study 1: U.S.A.	Study 2: Brazil
Perceived quality of the focal brand (Ratneshwar & Chaiken, 1991)	α = 0.91; CR = 0.94; AVE = 0.79	α = 0.89; CR = 0.92; AVE = 0.75
I would feel comfortable using MAX.	0.886	0.861
MAX appears to be of very high quality.	0.870	0.883
I can rely on MAX.	0.915	0.858
MAX will perform as advertised.	0.881	0.863
Perceived reduction in information search costs (Erdem & Swait, 1998)	α = 0.90; CR = 0.94; AVE = 0.84	α = 0.89; CR = 0.94; AVE = 0.83
I know what I'm going to get from the MAX brand, which saves time shopping around.	0.925	0.917
The MAX brand gives me what I want, which saves me time and effort trying to do better.	0.927	0.917
I know I can count on the MAX brand being there in the future.	0.895	0.898
Allies exposure to loss (Voss et al., 2012)	α = 0.85; CR = 0.89; AVE = 0.74	α = 0.92; CR = 0.92; AVE = 0.79
Participating brands have a lot to lose if the MAX brand doesn't meet customer expectations.	0.964	0.898
Participating brands are taking a risk here.	0.732	0.852
If the MAX brand disappoints customers, the image of the participating brands could be damaged.	0.869	0.912
Perceived brand localness of brand ally (Davvetas et al., 2016)	α = 0.90; CR = 0.93; AVE = 0.76	α = 0.85; CR = 0.89.; AVE = 0.68
[BRAND ALLY] is made in [name of country].	0.888	0.843
[BRAND ALLY] is produced by [citizens of country].	0.933	0.866
[BRAND ALLY] is produced with [name of country] ingredients/material.	0.850	0.872
[BRAND ALLY] has its geographical home in [name of country].	0.805	0.708
Perceived brand globalness of brand ally (Steenkamp et al., 2003)	α = 0.97; CR = 0.92; AVE = 0.79	α = 0.94; CR = 0.96.; AVE = 0.89
To me this is a global brand.	0.897	0.943
I do think consumers overseas buy this brand.	0.908	0.932
This brand is sold all over the world.	0.866	0.954
Familiarity with brand ally (Mishra, Umesh, & Stem, 1993; Srinivasan & Ratchford, 1991)	α = 0.86; CR = 0.90; AVE = 0.70	α = 0.96; CR = 0.97; AVE = 0.88
Unfamiliar/familiar	0.826	0.908
Inexperienced/experienced	0.818	0.939
Not knowledgeable/knowledgeable	0.830	0.961
Uninformed/informed	0.871	0.945
Individual risk perception (Donthu & Garcia, 1999)	α = 0.86; CR = 0.90; AVE = 0.70	α = 0.96; CR = 0.97; AVE = 0.88
I would rather be safe than sorry.	0.904	0.896
I want to be sure before I purchase anything.	0.921	0.927
Attitude towards globalization (Suh & Smith, 2008)		α = 0.84; CR = 0.92; AVE = 0.86
The word globalization has a positive meaning.		0.905
As a company globalizes, I believe that the country operations will demonstrate clear benefits to the local economy.		0.948
Buyer ethnocentrism (Verlegh, 2007)		α = 0.93; C.R = 0.95; AVE = 0.76
It is not right to purchase foreign products, because this puts people in US/Brazil out of jobs.		0.906
A real citizen of US/Brazil should always buy products from US/Brazil.		0.919
I always prefer products from US/Brazil over foreign products.		0.839
We should purchase products made in US/Brazil, instead of letting other countries get rich off us.		0.864
People from US/Brazil should not buy foreign products, because this hurts business in US/Brazil and causes unemployment.		0.900

Notes: α = Cronbach's alpha; CR = Construct reliability; AVE = Average variance extracted.
  [a] Standardized factor loadings (p < .001) reported unless otherwise noted.

H5. Positive attitude towards globalization will positively moderate the effect of PBG on perceived exposure to loss by the brand ally.

Buyer ethnocentrism refers to "beliefs held by […] consumers about the appropriateness, [and] indeed morality, of purchasing foreign-made products" (Shimp & Sharma, 1987, p. 280). The construct reflects a buyer's bias towards domestic products based on fears that foreign products are a threat to the domestic economy and a potential cause of local unemployment (Verlegh, 2007). For buyers that exhibit high ethnocentrism, PBL of the brand ally may serve as a stronger information cue. Since the localness attribute associated with a local brand ally garners more attention among such buyers, the brand alliance signal may fully overcome any lingering uncertainty that might have remained regarding the perceived quality of the unknown brand

Table 3
Descriptives and discriminant validity assessment (Study1/Study2).

	Mean	SD	1	2	3	4	5	6	7
1. Perceived quality of the focal brand	4.58/5.05	0.88/0.93	0.79/0.75						
2. Perceived reduction in information search costs	4.64/4.83	1.13/1.16	0.38/0.54	0.84/0.83					
3. Allies exposure to loss	5.21/5.62	1.27/1.15	0.01/0.01	0.00/0.00	0.74/0.79				
4. Perceived brand localness of brand ally	5.00/4.73	1.46/1.51	0.01/0.12	0.02/0.09	0.00/0.00	0.76/0.68			
5. Perceived brand globalness of brand ally	4.90/5.06	0.99/0.97	0.00/0.05	0.00/0.02	0.00/0.06	0.00/0.07	0.79/0.89		
6. Attitude towards globalization	–/5.56	–/1.13	–/0.17	–/0.15	–/0.00	–/0.09	–/0.02	–/0.86	
7. Buyer ethnocentrism	–/3.15	–/1.17	–/0.61	–/0.09	–/0.00	–/0.10	–/0.01	–/0.01	–/0.76

Notes: Values on the diagonal represent the average variance extracted; values on the off-diagonal represent the squared multiple correlation.

Table 4
Results of model estimation.

Relationship	Study 1: U.S.A.		Study 2: Brazil	
Perceived brand globalness of the brand ally ➔ Perceived quality of the focal brand	0.132	*	0.091	n.s.
Perceived brand globalness of the brand ally ➔ Allies exposure to loss	0.077	n.s.	0.176	n.s.
Allies exposure to loss ➔ Perceived quality of the focal brand	0.104	n.s.	−0.001	n.s.
Perceived brand localness of the brand ally ➔ Perceived quality of the focal brand	0.074	n.s.	0.190	*
Perceived brand localness of the brand ally ➔ Reduction in information search costs	0.356	***	0.298	***
Reduction in information search costs ➔ Perceived quality of the focal brand	0.744	***	0.576	***
Brand familiarity ➔ Perceived quality of the focal brand	0.144	**	0.177	**
Firm size ➔ Perceived quality of the focal brand	0.051	n.s.	−0.052	n.s.
Individual risk aversion ➔ Perceived quality of the focal brand	−0.058	n.s.	0.106	n.s.
Buyer ethnocentrism ➔ Reduction in information search costs			0.137	n.s.
Buyer ethnocentrism × Perceived brand localness of the brand ally ➔ Reduction in information search costs			0.198	†
Attitude towards globalization ➔ Allies exposure to loss			0.306	***
Attitude towards globalization × Perceived brand globalness of the brand ally ➔ Allies exposure to loss			0.046	n.s.

Notes: ***p < .001; **p < .01; *p < .05; †p < .10; n.s. = non-significant; standardized coefficients reported.

in the alliance. In addition, ethnocentric buyers may assume that when a brand ally is high in PBL, the unknown brand is as well, and consequently, the local economy will benefit from the unknown brand's success. Importantly, when buyers are more ethnocentric, they trust local brands more (Zhou, Yang, & Hui, 2010). Thus, we expect that a buyer's ethnocentrism positively conditions the influence of PBL of the brand ally's impact on perceived risk reduction which then translates to the perceived quality of the unknown brand (i.e., a conditional indirect effect).

H6. Higher buyer ethnocentrism will positively moderate the effect of PBL on perceived reduction in information search costs.

4.2.2. Key informant characteristics

Study 2 employed the same procedures regarding industries selected, screening questions, measures, and overall scenario-based design as in Study 1. Furthermore, the same panel provider was used to recruit participants as in Study 1. The survey and scenario were translated into Portuguese for the Brazilian participants using standard procedures for survey translation recommended in marketing literature (Craig & Douglas, 2001). A total of 232 B2B purchase decision makers were invited to take part in the survey of which 100 qualified. The respondents represented firms based in the manufacturing (22%), healthcare and medical (20%), telecommunications (18%), energy, oil and gas (14%), automotive (8%), computer hardware (8%), metals and mining (7%), and industrial electronics manufacturing (3%) industries. Table 1 provides further details. Overall, the sample of key informants was found to be of high quality.

4.2.3. Construct measures, psychometrics, and assessment of CMV and OVB

We employed the same measures as in Study 1. Scales by Verlegh (2007) and Suh and Smith (2008) were used to measure buyer ethnocentrism and attitude towards globalization, respectively. We also applied the same procedures as in Study 1 to assess CMV and OVB. With regard to Harman's single factor test, the unrotated factor solution provides no evidence for CMV revealing six factors (with 28.84% being the most variance explained by any one factor). Applying the marker variable approach, similar to Study 1, we used the second lowest positive correlation (r = 0.03) between the indicators measuring the analyzed constructs and the more conservative value of r = 0.10 as a proxy for common method variance. The results show no reason for concern. With regard to OVB, we included the same control variables as in Study 1, specifically, brand familiarity, firm size, and individual risk aversion.

4.2.4. Results

The assessment of the unidimensionality, reliability, and validity of

our measures confirmed a high level of reliability, and convergent and discriminant validity for the scales (see Tables 2 and 3). The standardized path coefficients and associated t-values generated by using the bootstrapping approach using SmartPLS (1500 resamples with a sample size of 100) are shown in Table 4. The Q^2-value is 0.413 for the endogenous variable indicating predictive relevance of the model (Hair et al., 2016). This is also in line with a variance explained of 58.9% confirming that the investigated drivers of the perceived quality of the unknown brand are highly relevant.

Findings of the model estimation using the same procedures as in Study 1 reveal that the indirect effect of the brand ally's PBG on perceived quality of the unknown focal brand via the bonding path is not significant as indicated by the 95% bootstrap confidence interval containing zero (−0.023 to 0.027). Thus, H1 is not confirmed in the Brazilian context just like in the U.S. context. Furthermore, the analysis did not provide evidence for a direct impact of PBG of the brand ally on perceived quality of the unknown brand (β = 0.091; p > .10). This suggests that unlike in Study 1, H3 is not supported in Study 2.

Similar to Study 1, the indirect effect of PBL of a brand ally on the perceived quality evaluations of the unknown focal brand via the perceived reduction in information search costs was significant (95% confidence interval of 0.075 to 0.279; β = 0.172; p < .01). Thus, H2 is supported in both the Brazilian and U.S. contexts and indicate a complementary mediation. In contrast to Study 1, however, the results indicate a positive and significant direct effect of PBL of the brand ally on the perceived quality of the unknown brand (β = 0.190; p < .05), confirming H4. The control variable of brand familiarity (β = 0.177; p < .01) significantly influences the perceived quality of the unknown brand, while firm size and individual risk aversion do not.

With regard to the moderating effects,[4] the findings provide evidence for a moderated-mediation effect, in that buyer ethnocentrism moderates the indirect effect of PBL of the brand ally on the perceived quality of the unknown brand (95% bootstrapped confidence interval of 0.003 to 0.231; β = 0.114; p = .053). Thus, the more a buyer demonstrates ethnocentric attitudes, the stronger the effect of PBL of the brand ally on the perceived quality of the unknown brand, supporting H6. However, the findings do not support H5, as the 95% bootstrapped confidence interval for the moderating effect of attitude towards globalization on the mediation between PBG of the brand ally and perceived quality of the focal brand contains zero (−0.009 to 0.013).[5]

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[4] We follow Ringle et al.'s (2015) two-stage approach within SmartPLS to estimate the moderating effects, wherein the "latent variable scores are saved and used to calculate the product indicator for the second stage analysis that involves the interaction term in addition to the predictor and moderator variable."

[5] We also estimated a model where we included a moderating effect of buyer ethnocentrism and attitude towards globalization on the direct relationships between PBL and PBG respectively on the quality of the unknown brand. However, results indicate that the interaction effects are not significant in either case.

4.3. Post-hoc examinations

To further explain our findings, we undertook a number of post-hoc analyses. First, we considered the country-of-origin the respondents believed their reported brand called home. Interestingly, in Study 1, 85.1% of the self-reported brands were from the U.S. regardless of the global or local assignment, while this was only the case for 33.7% of the brands reported in Brazil. Thus, we examined whether PBL could condition the effect of PBG, such that the latter is higher, the higher the level of PBL. We, therefore, included an interaction effect in our model and estimated the effects. In the U.S., the interaction effect of PBG and PBL on the quality of the unknown brand is not significant. However, if we include the interaction effect, the effect of PBG on the outcome variable becomes insignificant. This finding indicates that PBG has no significant effect when we account for an interaction between PBL and PBG. In Brazil, the interaction effect of PBG and PBL on the quality of the unknown brand is negative and significant with $\beta = -0.182$ ($p < .01$). In addition, PBG has a significant and positive effect on the quality of the unknown brand if we include the interaction ($\beta = 0.197$; $p < .01$). This suggests that the lower PBL is, the higher the effect of PBG, and vice versa. Hence, if a brand is low in PBL, respondents obviously use PBG as an information cue to infer the quality of the unknown brand.

Next, we analyzed two separate models for reported domestic ($n = 33$) and foreign brands ($n = 65$) in the Brazilian sample. The findings consisting of *domestic* brands provide no evidence for either a direct or indirect effect of PBG, nor an interaction effect of PBL and PBG on the quality of the focal brand. The effect of PBL on the latter variables is an indirect-only mediation with $\beta = 0.220$ ($p < .05$). The results do not indicate moderation effects of buyer ethnocentrism and attitude towards globalization. For *foreign* brands, the results indicate a significant and positive effect of PBG on the quality of the focal brand ($\beta = 0.216$; $p < .05$) as well as effects from PBL on the perceived reduction of information costs ($\beta = 0.150$; $p = .06$) and on the quality of the unknown brand ($\beta = 0.255$; $p < .05$). It seems for domestic brands, only the fact that the brand ally is produced in the home country affects perceived quality of the focal brand. While for foreign brands both, PBG and PBL, are important drivers of the quality of the focal brand.

5. Discussion

The global economy is experiencing push backs on long-held beliefs tied to the overall notion of globalization (O'Sullivan, 2016). This shift suggests a number of implications for B2B brands that are positioned as global or local (Mann & Spegele, 2017). Accordingly, this research set out to examine whether B2B brands perceived to be global and local have any bearing on how B2B buyers approach their purchase decision-making processes. This research adopts a standard brand alliance framework, rooted in signaling theory, to explicate the contingent effect of a brand ally's PBG or PBL on an unknown focal brand's perceived quality evaluations. Thus, it sheds light on previously unexplored phenomena related to the role of PBG and PBL in B2B settings, and their relevance within a co-branding context.

In Study 1, based on a U.S. sample, the findings reveal that both perceived globalness and localness of the brand ally matter to B2B buyers in how they evaluate an unknown focal brand in a brand alliance. This baseline finding is immediately impressive since the positive impact of the brand ally's PBG and PBL on buyers' perceived quality evaluations of the unknown focal brand cannot be attributed to brand familiarity towards the ally brand since it was controlled in the analysis. Notably, the impact of PBG and PBL on the perceived quality evaluations of the focal brand operate via different process mechanisms. Study 1 reveals that the PBL of the brand ally serves to mitigate the risk associated with purchasing an unknown brand, consistent with the risk reduction hypothesis. However, in the case of PBG, the bonding

conceptualization is not supported since the effect of PBG of the brand ally on the perceived quality evaluations of the focal brand occurs directly. Utilizing a Brazilian sample, Study 2 also finds that brand localness matters to B2B buyers. However, the influence of PBG on perceived quality evaluations of the focal brand found in Study 1 was not replicable. Interestingly, in Study 2, by way of examining additional moderators, we find that buyer ethnocentrism conditions the indirect effect of PBL of the brand ally on the perceived quality evaluations of the focal brand via the risk-reduction path. However, buyers' attitudes towards globalization, had no significant impact on the pattern of results associated with PBG.

Evidently, brand globalness has an influence in the U.S. sample, but not in the Brazilian sample. This was unexpected because prior research on PBG (e.g., Sichtmann & Diamantopoulos, 2013) suggests that it plays an important role in purchase decision-making. One explanation may be that U.S. consumers "hold contradictory notions of what characterizes global brands" (e.g., Dimofte et al., 2008, p. 113). The fact that global brands can prompt positive associations independent of their global status may further explain this apparent inconsistency (Dimofte et al., 2008). Indeed, the risk-reduction explanation carries significant weight in our findings with respect to PBL, consistent with prior B2B branding research that highlights purchase risk as key decision-making factor (e.g., Brown et al., 2011).

Finally, the results of our post-hoc examinations indicate that the effect of a brand ally's PBL and PBG is conditioned by (i) ease of brand recall associated with domestic brands that are high in PBL *and* PBG, and (ii) a brand's foreign or domestic origin. With regard to the first point, as the U.S. sample shows, in the presence of PBL, the effect of a brand ally's PBG on the unknown brand fades away. With regard to the second point, particularly in B2B markets, where buyers' product needs may be very specific, domestic options may not be available in emerging markets such as Brazil. Therefore, companies have to rely on foreign brands which mostly operate on a global scale. Since this is the case for a majority of brands, a brand ally's PBG may not serve an advantage to buyers seeking to discriminate between potential offerings. A brand high in PBL, on the other hand, is rather exceptional and, therefore, can signal quality effectively. Domestic brands thus may not be able to capitalize on the fact that they operate on a global scale.

5.1. Research implications

The relevance of PBG and PBL have so far been explained with consumer-specific attributions, such as a prestige effect (e.g., Steenkamp et al., 2003), or connection to one's own heritage and culture of brands high in PBL, as well as the ability to better meet local needs, tastes and quality requirements (Ger, 1999). This study confirms that at least PBL has a notable impact in the B2B context. In addition, the study is the first study that investigates a brand's PBG and PBL effects beyond its domain using a co-branding context. Our model explains considerable variance in the perceived quality of the unknown focal brand in a brand alliance setting in both countries, thus providing evidence that the analyzed effects are indeed relevant. Across samples, out of the two exogenous drivers examined, the findings provide evidence that a brand ally's PBL is relevant to how B2B buyers evaluate a focal brand.

The current study represents the first attempt at determining the effectiveness of the risk-reduction and bonding explanations associated with B2B brand alliances. In doing so, this study effectively aligns its conceptualization in a manner that is conducive to explaining the role of PBG and PBL in a B2B setting. Given that prior buying literature highlights the role of risk perceptions and information processing (e.g., Brown et al., 2012, 2011), the risk-reduction hypothesis appears to be a logical choice to explain the role of PBG and PBL in B2B buying. Notably, the bonding hypothesis has not received sufficient exposure or been tested adequately in B2B settings, even though some B2B firms allocate significant resources to building their reputations and brands.

The results indicate that PBL helps lower the information search costs associated with an unknown focal brand, meaning the risk associated with choosing the unknown focal brand is minimized by the presence of the brand ally with high PBL. Therefore, the risk-reduction explanation is supported. Because of the hefty investment required to build global brands, it was argued that the bonding explanation, that firms would not willingly risk their brands' reputations by co-branding with an unreliable brand, could explain how buyers evaluated an unknown focal brand allied to a high PBG brand. This perspective was not supported in either Study 1 or 2. Perhaps, the fact that B2B buyers are more technically proficient, and therefore less reliant on posted bonds contained in a global brand signal, may explain the result. As such, the bonding hypothesis appears not to hold in B2B settings; potentially placing a limit on this theoretical explanation.

5.2. Managerial implications

This research has key B2B managerial implications. Specifically, organizational buyers do contemplate their perceptions of brands as global and local in the purchasing process. Buyers tend to place more trust and confidence in brands that are perceived as local. This conclusion is borne out of the findings from Study 1 and Study 2 that suggest a brand ally's PBL helps buyers infer from the brand that it presents a less risky choice based on the fact that the brand is owned by a local firm, employs domestic personnel, and produces its offerings using local materials. It is likely that the localness quotient helps buyers attain a level of confidence in such brands, thereby reducing the perceived risk associated with the same brand if it were perceived as global.

The implications with regards to B2B brands that are positioned to leverage the fact that they are global are somewhat ambiguous. In Study 1, we find that PBG can have a direct impact on how buyers evaluate an unknown focal brand. This is a positive indication to B2B brand managers that investments in building global brands can have a positive impact on organizational buyers. On the contrary, the same result is not repeated in Study 2 with Brazilian buyers. The authors surmise that B2B brand managers ought to carefully evaluate their strategies as it relates to positioning their brands as global. Besides the explanations offered earlier, it is likely that the lack of a robust effect of PBG on buyers' decision-making may potentially be tied to the current global trends as it relates to the general sentiments surrounding globalization, nationalism, and populism as identified earlier. Potentially, a longitudinal study would reveal additional insights.

Given the similarities of the B2B and B2C buying processes, overall, our study suggests that B2B marketers stand to gain from strategies that aim to position their brands as either local or global. Taking the former approach plays to the notion that brands serve the purpose of augmenting the information available to buyers about the focal offering. As such, a B2B brand manager of a relatively unknown brand, or even a brand that represents a potentially risky choice, stands to gain if they can position their brand as being local. If that is not possible, even co-branding with a high PBL brand ally will help signal a higher level of quality for their brand.

5.3. Study limitations and future research directions

From a methodological standpoint, the use of a multinational scenario-based field survey to study B2B phenomenon is highly advantageous, especially given the success of such research designs in past brand alliance studies (e.g., Mohan et al., 2018; Rao et al., 1999; Voss & Mohan, 2016a). However, we encourage more studies that explore the effects of PBG and PBL that are based on actual business alliances. Additionally, the sample sizes associated with our studies might be considered relatively small. Nevertheless, our use of PLS-SEM and a research design known to make it challenging to find significant effects (see Voss & Mohan, 2016a) should mitigate any concerns. Indeed, our

findings are based on a cross-sectional study based in the U.S. and Brazil. Future studies should replicate the proposed relationships in additional countries, and maybe even regions, using longitudinal designs prior to generalizing the findings here to specific contexts.

By examining PBG and PBL within a B2B brand alliance setting, the findings of this research open up fertile areas for future research. One area we consider especially important concerns the role of PBG in B2B markets. Clearly some B2B firms care about their brands being perceived as global, as evidenced by the 2017 Interbrand rankings that include five B2B brands within the top 10 global brands (and numerous others in the top 100). The findings of this research remain inconclusive regarding the influence of brand globalness on B2B buyers' decision-making. Accordingly, we call upon scholars to continue examining how and why brands positioned as global impact B2B decision making. Moreover, while this study and others (e.g., Sichtmann & Diamantopoulos, 2013; Steenkamp et al., 2003) discriminate the notion of brand globalness from constructs like brand prestige and brand familiarity, future studies should seek to further reveal how PBG fits in a wider nomological net consisting of brand constructs related to success and performance.

On the other hand, the empirical findings show that PBL matters and recent evidence indicates that B2B firms are keen on adopting a more localized brand positioning strategy (see Murray, 2016). While this research reveals that doing so helps lower buyers' risk perceptions, additional research is necessary to explain how positioning strategies that leverage localness and globalness associations influence B2B decision makers. Part of this initiative should include efforts to further determine and discriminate among potential dimensions of PBL including local iconness, country-of-origin effects, country-of-manufacture, etc. There also remain potential B2B implications of PBG and PBL in issues pertaining to home versus host country effects from an exporting perspective. In sum, it is imperative that B2B scholars continue to explore and expand the conceptualization of PBL and PBG to determine their role in organizational buying.

Appendix A. Example brand alliance scenario

Strategic Industries, Inc. manufactures a variety of products for the telecommunication industry. The firm has recently developed a new offering which is a *zero-downtime network server*. The firm will sell the product under the MAX brand name. The new offering will be priced competitively with existing products of this type and will be distributed through typical channels in the industry. New orders for MAX will be fulfilled beginning in the 4th quarter of this year. The new MAX product will be promoted at upcoming trade shows and the brand strategy will emphasize *its innovative new features, and easy set-up and maintenance*.

An element of MAX's marketing strategy includes an agreement with < brand ally > . As part of this agreement, the < brand ally > name and logo will appear in MAX's advertisements and promotional material.

Notes

1. Text in bold type was piped in based on industry self-selection.

2. Text in bold *and* italicized type were changed contingent on the industry to ensure fit (Samu et al., 1999).

3. Text in bold type *and* underlined was piped in based on the global or local brand that was self-reported.

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