

**THE EFFECT OF LANGUAGE USE ON PERCEIVED QUALITY WITH
PERCEIVED BRAND GLOBALNESS/PERCEIVED BRAND LOCALNESS
AS A MEDIATING VARIABLE: A RESEARCH FOCUSED ON INDONESIA'S
RAPIDLY GROWING BEAUTY MARKET**

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The Effect of Language Use on Perceived Quality with Perceived Brand Globalness/Perceived Brand Localness as a Mediating Variable: A Research Focused on Indonesia's Rapidly Growing Beauty Market

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ABSTRACT

This study aims to explore how different languages affect the perceived quality of a brand through the prior formation of perceived brand globalness or perceived brand localness (PBG/PBL). The research employs a two-group between-subjects design to examine the aforementioned relationship. The data were collected through a set of structured questionnaires, collected through an online survey platform, Qualtrics. With a specific focus on the rapidly growing Indonesian beauty industry, this study utilises a sample comprising of individuals of Indonesian nationality. The data collected was analysed with Model 4 of Hayes' PROCESS macro extension in SPSS. The results from 166 viable samples shows that the use of foreign language leads to a direct effect of decreasing perceived quality. However, it also results into an indirect effect of PBG which subsequently results to an increase in perceived quality. The investigation of country-of-origin effects stemmed from language used on perceived quality that is mediated by PBG/PBL adds to the growing body of international branding literature. This study concludes with a discussion, theoretical implications, and managerial actions that can be taken to leverage country-of-origin effects from language in their branding strategies.

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CHAPTER I

INTRODUCTION

Previous studies have brought upon the notion that foreign branding efforts utilised the use of foreign language to indicate a certain country of origin effect and enhance certain positive brand perceptions (Melnyk, Klein, & Völckner, 2012). Although foreign branding strategies were commonly used by companies from developed countries, companies from emerging markets have also incorporated these strategies as an effort to position themselves as global brands and attain perceptions of higher quality and social status (Brown & Hagel, 2005; Zhou, Yang, & Hui, 2010). This is because prior research have confirmed that country of origin acts as an extrinsic cue for consumers in product evaluation, and a majority of consumers in emerging and developing countries still consider foreign products of better quality than local products (Agrawal & Kamakura, 1999; Momen, Sultana, Ferdousi, & Shahriar, 2022).

There has been numerous research on why firms choose foreign languages in their branding strategies. However, there has been limited research on how the use of foreign languages affect the way consumers perceive the globalness or localness of a brand, and what perceptions are formed based on the perceived globalness or localness. Currently, most studies on language use in brand names are focused in developed markets (Salciuviene, Ghauri, Salomea Stredler, & De Mattos, 2010). Besides that, recent studies done on emerging markets only focuses on how brand names leads to hedonic or utilitarian perceptions (Melnyk et al., 2012). Other existing studies focuses

only on services, durable goods, high-tech, and fashion products (Kim, Chun, & Ko, 2017; Lee, 2019; Wänke, Herrmann, & Schaffner, 2007; Witek-Hajduk & Grudecka, 2022). Research on foreign language use in beauty products, specifically in Indonesia's growing market is still very limited.

There are several dimensions that can be approached to assess brand perceptions, as prior research have used assumed product performance, favourability, perceived quality, authority and friendliness, and perceived characteristics as their selected dimensions of brand perceptions (Berger, Draganska, & Simonson, 2007; Salciuviene et al., 2010; Wänke et al., 2007; Xu, Chen, & Liu, 2017). This research will study brand perceptions based on the dimension of perceived quality, as it greatly affects brand equity and preference (Gill & Dawra, 2010).

One of the factors that affect perceived quality is the brand name, as it influences the way consumers build brand knowledge (Sen, 1999). Although there have been numerous studies on how brand name affects brand perception, there is very limited research specifically catered to understanding the use of different languages in naming a brand, and the effect it has specifically on perceived quality. With the new age of globalisation and interconnectedness, it would make sense for companies to aim for a high perception of quality by exploiting country-of-origin effects through using certain languages in their brand names as foreign language may trigger a sense of globalness (Zhou et al., 2010).

To grasp the concept of language effect on perceived quality, it is also important to understand how languages can signal perceived brand globalness (PBG) or perceived

brand localness (PBL) before consumers can build their perception of the brand's quality. Previous research found that consumers associate global brands from developed countries with perceptions of quality, prestige and credibility (Swoboda & Sinning, 2020). This attribute may explain the cause behind the increasingly common practice for firms to use foreign languages in brand names, with the intention of achieving perceived globalness through country-of-origin-effects. Additionally, research have also reported that consumers takes into several information cues, including brand name, during the evaluation of product quality (Brand & Baier, 2022). Hence, brand names can be considered as a communication tool for firms to exploit country-of-origin effects and achieve a certain sense of perceived brand globalness or localness.

As one of the largest economies in Southeast Asia, Indonesia's impressive growth has made the country as an attractive destination for foreign expansion and investment (HSBC, 2023). The beauty market, consisting of haircare, skincare, fragrance, and makeup has also proven its appeal, with global revenues expected to exceed \$580 billion US dollars (Berg, Hudson, Weaver, Pacchia, & Amed, 2023). Meanwhile, revenues in the Indonesian beauty market is expected to reach 7,3 billion US Dollars in 2022, with expected growth rates of 5,81% from 2022 to 2027 (Mutia, 2022). Thus, the Indonesian beauty market has become an interesting investment destination, especially with the increasing number of beauty product imports reached 1,9 billion US Dollars in 2019 (International Trade Administration, n.d.). Currently, the

Indonesian beauty market is dominated by foreign players, although local Indonesian brands have recently gained competitiveness (Ferdinand & Ciptono, 2022).

However, there has been an increasing trend within the Indonesian community to purchase local products through campaigns such as #LocalPride and #BanggaBuatanIndonesia. These trends, backed by numerous key opinion leaders, have triggered young Indonesians to buy more local products (Arviani, Mustikasari, Priambodo, & Lubna, 2022). Despite that, most of Indonesian beauty brands are still marketed with foreign language in their names instead of Indonesian language, creating an incongruence with the country of origin.

Given Indonesia's beauty industry as an attractive market for investment and recognizing the gap in existing literatures, this study aims to achieve two main purposes. The first purpose of this study is to understand the effects of using different language on perceived quality, specifically in the beauty industry of Indonesia's emerging economy. By incorporating perceived brand globalness or localness as the mediating factor, this study will examine how perceived quality is formed after consumers perceive the globality or locality of a brand based on the language used in its name. The second purpose of this study is to analyse the limitations and fill in the research gap of previous branding literature, with a specific emphasis on discussions centered around on country-of-origin effects related to with language and brand names. It is expected that languages associated with developed countries will foster a perception of brand globalness, subsequently influencing consumers to evaluate the product as being of high quality.

This research contributes to theory by addressing the gaps in existing literature, specifically by integrating discussions on the variables of language, perceived quality, and PBG/PBL. This research details the concept of country-of-origin effects stemmed from the use of different languages, and it aims to fill in the gap of understanding direct relationship of language and perceived quality in emerging economies. In addition to the extensive literature on PBG/PBL and perceived quality, this research uniquely incorporates language as the primary variable that concurrently affects both PBG/PBL and perceived quality. Additionally, this research provides valuable insights for brand managers in shaping branding strategies, especially in utilising language when entering an emerging market, with a specific focus on Indonesia's beauty industry.

To comprehensively explore the relationship between the use of language, perceived quality, and PBG/PBL, this research utilised a quantitative approach. This research collected quantitative primary data through an online survey platform, gathering a total of 166 viable samples. The data will be analysed using Model 4 of PROCESS macro, a regression path analysis tool (Hayes, 2022). In what follows, this research first presents a literature review providing insights from the key theories and relevant articles. Next, the methodology chapter outlines the research design, sampling strategy, data collection procedures, measures used in the survey, and the plan of analysis. Then, it is followed by a results chapter which interprets the meaning of the data collected. Lastly, the concluding section of this research features a discussion of the results, implications for theory and managerial practice, limitations, and directions for future research.

CHAPTER II

LITERATURE REVIEW

2.1. Perceived Quality

Perceived quality can be defined as the way consumers assess the overall quality or superiority of a product or service in comparison to its alternatives for the purpose of its intended use (Aaker, 1991). Through perceived quality, a brand is able to increase its value as high quality offers consumer a good reason to buy products from the brand (Aaker, 1991). Perceived quality has a crucial effect on consumer behaviour, as it has been reported to positively impact purchase intention, brand loyalty, and brand image (Alhaddad, 2015).

It is important to note that perceived quality is formulated through the perceptions of a consumer, rather than from the firm (Razak, Nirwanto, & Triatmanto, 2016). Quality perceptions are formulated from quality cues that can be sensed by consumers prior to consumption and these quality cues can be observed by consumers through extrinsic or intrinsic means prior to consumption (Oude Ophuis & Van Trijp, 1995). Additionally, focus towards perceived quality is essential when formulating branding strategies as it directly influences brand image, purchase intention, and satisfaction (Tsiotsou, 2006). As perceived quality is a subjective judgement that highly influences brand equity, it is essential for firms to understand how they can exploit extrinsic cues to trigger positive perceived quality from consumers.

One of the prominent quality cues leading to perceived quality is the country-of-origin effect, as prior research have suggested that consumers often utilise country-of-origin information as a guide for product evaluation (Chuang & Yen, 2007). The country-of-origin-effect significantly influence consumer perceptions of quality, making it a vital consideration for consumers and marketing strategies. As previously mentioned, consumers from emerging markets commonly perceive foreign brands to be of better quality (Sutisna & Rustandi, 2023). Understanding the nuances of country-of-origin effects as a quality cue for perceived quality is crucial in developing effective marketing and branding strategies for firms in the global interconnected marketplace. This research will explore the country-of-origin effects that are represented through the languages used in brand names.

2.2. Language use in brand names

Brand name is an essential asset for firms in shaping consumer's perception of their products and choosing brand name plays a critical role in the firm's success (Roshchupkina & Kang, 2023). Brand names are often used by consumers as an indicator for quality, especially in situations where they have to make quick decisions or subjected to information overload (Rao & Monroe, 1989). As mentioned before, perceived quality is formed through extrinsic and intrinsic quality cues. Extrinsic quality cues are features related to a product besides its appearance, making brand name as an extrinsic quality cue (Oude Ophuis & Van Trijp, 1995). Through brand names, firms can signal the functional and symbolic benefits of their products as the meanings

conveyed can illustrate prestige, value for money, performance, reliability, amongst others (Sutisna & Rustandi, 2023).

To understand why companies might use different languages when creating brand names, it is important to fathom the country-of-origin effect that might arise from it. When choosing brand names, firms will have to consider the country-of-origin effect it holds, especially when they are trying to compete in foreign markets (Witek-Hajduk & Grudecka, 2022). Consumer behaviour is influenced by country-of-origin effect through the country halo effect, where the image of a certain country directly influences consumer's beliefs on brands and indirectly affecting the overall assessment of products from that perceived country (Witek-Hajduk & Grudecka, 2022). Firms often try to exploit this phenomenon to create specific country-of-origin indications with the ambitions of being seen as a foreign brand and perceived to be of higher quality and superiority (Kinra, 2006).

Besides being an extrinsic cue, brand name is also a linguistic cue that consumers notice upon initial observation and it is designed with certain linguistic characteristics that allows differentiation (Lowrey, Shrum, & Dubitsky, 2003). The language used in brand names serves as a cue or characteristic that influences country-of-origin affect. According to the categorisation theory, it is likely for individuals to link new information to previously acquired knowledge (Cohen & Basu, 1987). Therefore, consumers are prone to associating 'foreign' language with 'foreign' brands with previously acquired information regarding its country-of-origin (Salciuviene et al., 2010). After associating the brand with a country, individuals might make quality

inferences based on the country-of-origin associations they have made (Hornikx & Van Meurs, 2017).

As the use of languages in brand names influence perceived quality through country-of-origin effects, there are certain manipulations that can be done by firms to evoke a sense of increased or decreased perceived quality from their consumers. When consumers engage in inferential thinking to assess a brand's country-of-origin, and subsequently evaluate it as a global brand, they tend to identify the brand with superior quality due to positive brand image commonly associated with global brands (Han, 2020). Additionally, when a brand name is associated with a country renowned for their quality standard and expertise, it exerts a favourable influence towards the consumer's quality perceptions (Thuy Hang Dao & Von Der Heidt, 2018). Alternatively, brand names associated with countries that are less recognised for their expertise in certain product categories may result in diminished quality perceptions, as they may encounter in establishing credibility (Fetscherin & Toncar, 2010; Magnusson, Westjohn, & Zdravkovic, 2011). Hence, it is expected that the use of foreign languages can help brands attain higher perceptions of quality.

This research will study how the use of different languages in beauty product affects the perceived quality of a brand, specifically in Indonesia, as an emerging market with a high level of market interconnectedness. The use of languages in brand names will be separated into two categories, namely brand names in foreign language, and brand names in local language. Brand name in foreign language can be defined as names that are written and sounded as originating from foreign language, rather than the native

language (Salciuviene et al., 2010). With the aforementioned definition, brand names in local language can be defined as brands with names that are written and sounds like the native Indonesian language.

Considering how local products are gaining competitiveness and increasing availability of foreign products in the market, how does different languages used in brand names affect the way Indonesian consumers perceive the quality of products? Hence, the first hypothesis is formed as follows:

H1: Brand names with foreign language (local language) will be perceived to be of higher (lower) quality.

2.3. Perceived Brand Globalness and Perceived Brand Localness

Previously, research have shown that consumer preferences, attitudes, and purchase behaviour are recognisably affected by their perception of brands as global or local (Riefler, 2020). To better understand the concept of how consumers view brands as global or local, the terms Perceived Brand Globalness (PBG) and Perceived Brand Localness (PBL) can be used. PBG can be defined as the extent to which consumers think that a brand is promoted across several nations, and how international the brand is recognised in those nations (Steenkamp, Batra, & Alden, 2003). On the other hand, PBL can be used to define a brand that is perceived to be local players and representation of the local culture (Swoboda, Pennemann, & Taube, 2012).

PBG and PBL is important in specific ways, depending on how firms wish to position themselves. Traditionally, studies have shown that PBG is important to consumers who

value global brands due to having high regard for status, social status, and modernity (Halkias, Davvetas, & Diamantopoulos, 2016). This finding explains why firms have the ambition to position themselves with foreign branding strategies to achieve perceived globalness, especially in developing countries (Sutisna & Rustandi, 2023). This is highly apparent in developing and emerging economies, as previous studies have identified PBG signals to be stronger there (Liu, Schoefer, Fastoso, & Tzemou, 2021). However, other research have also shown that there are individuals who have higher desire to purchase local products to boost the local economy and recent research have also supported the increasing trend of desire for local products due to emerging values of consumer nationalism (Mohan, Brown, Sichtmann, & Schoefer, 2018; Steenkamp & De Jong, 2010; Strizhakova & Coulter, 2015; Xie, Batra, & Peng, 2015). Previously, PBL and PBG have been linked to perceived quality as customers in developing countries tends to perceive brands with global availability and standards as better quality, while local brands are perceived to be lesser quality and are associated with negative connotations (Liu et al., 2021; Sutisna & Rustandi, 2023; Swoboda & Hirschmann, 2016). Brand globalness and localness are distinct extrinsic quality cues that has the ability to influence quality judgements (Sichtmann, Davvetas, & Diamantopoulos, 2019). PBG acts as a quality cue by signalling the features associated with global brands, namely availability, consistency, innovation, and reliability (Holt, Quelch, & Taylor, 2004). PBG elevates higher quality perceptions from their consumers because it signals wide availability and acceptance across various markets (Liu et al., 2021). This is further corroborated by a response in a study, which

mentioned that increased purchase of a brand signifies better quality. This explains how PBG functions in providing positive associations and signal of quality (E M Steenkamp et al., 2003; Özsomer, 2012).

Additionally, prior research has also mentioned brand name as one of the tools used to achieve PBG/PBL. As central cues, brand names are frequently manipulated to understand how consumers respond to global and local brands (De Meulenaer, Dens, & De Pelsmacker, 2015). The language used in brand names can be used as a tool to manipulate country-of-origin effects and influence the consumer's perception of globalness and localness. Although brand globalness may not be easily recognised by consumers, they are able to make inferences based on attributes associated with the brand and the cues associated with the country-of-origin (Han, 2020). This includes language used in brand names as a source of signal or cue, as consumers can use language as a tool to evaluate the origin of a brand and further evaluate the globalness of a brand's identity. Foreign languages have been capitalised by brands to communicate foreign symbolism to attain high foreign symbolism constructs and achieve perceived globalness (Liu et al., 2021). This research expects that the use of foreign language will lead to PBG which will increase the consumer's perceptions of quality towards a brand.

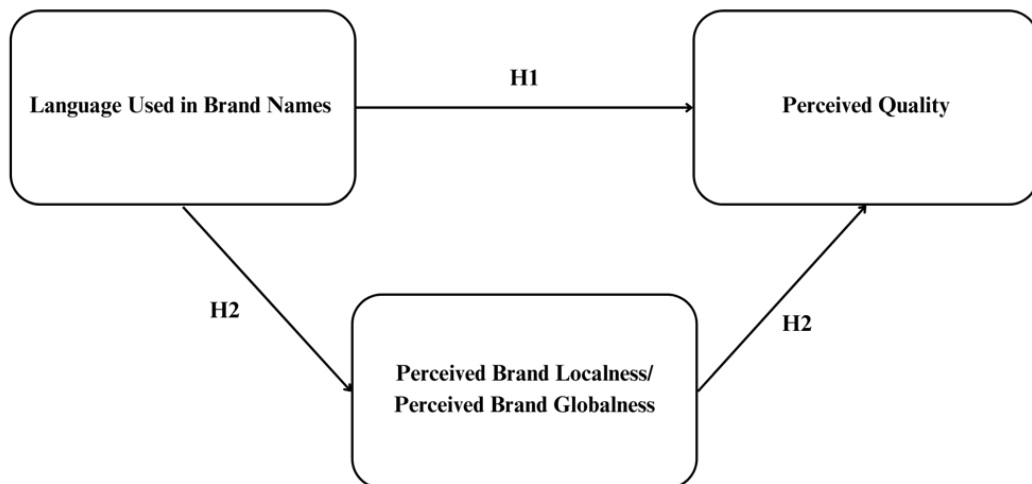
It is also worth noting that there has been very limited research as to how languages used in brand names influence consumer's perceptions of globalness or localness, and how PBG affects perceived quality in turn. Hence, this research will discover how

PBG/PBL will mediate the effect between language in brand names and its effect on perceived value through the following hypothesis:

H2: Use of foreign language in brand name will lead to PBG, leading to higher perceived quality.

The hypotheses can be summarised by the following conceptual model:

Figure 1
Proposed Conceptual Model



CHAPTER III

METHODOLOGY

3.1. Research Design

The relationships that are examined in this research are presented in Figure 1. In the context of this research, the key elements include perceived quality as the dependent variable, language use in brand name as the independent variable, and PBG/PBL as the mediating variable. The data used for this research is derived from primary sources collected through a self-administered survey platform, Qualtrics, available in both English and Indonesian language. This research adopted a two-group between-subjects design, wherein each group was assigned to a specific condition of the independent variable. The independent variable was manipulated into two groups, namely foreign language and local language. On the other hand, the dependent variable and mediator variable were measured using questionnaire items from previous studies.

3.2. Sampling and Participants

This research targeted Indonesian participants and they were recruited through a combined approach of convenience of snowball sampling. These sampling methods are selected due to its ability to quickly and efficiently gain information (Sekaran & Bougie, 2016). The link of for the survey were distributed by the researcher through social media platforms such as WhatsApp and Instagram. The researcher's

acquaintances also participated in the survey's distribution by posting the survey link on their respective social media platforms as well.

3.3. Procedure

The survey was distributed via social media, allowing participants to engage with the survey at their own convenience. Upon accessing the survey link, participants were greeted by a landing page that provided an overview of the research and sought consent for their involvement in the survey. Once the participants gave their consent to participate in the survey, they were presented with a screening question regarding their nationality. From this point onward, only participants of Indonesian nationality can proceed with the survey. Subsequently, participants of non-Indonesian nationality were directed to the debrief.

After the screening question, participants were directed to answer demographic questions concerning their age, gender, income, and education status. Following the demographic assessment, participants were shown one of two manipulations of the independent variable. Participants in this research filled in the questions for one manipulation only. Participants were prompted to carefully observe an image presented along with the following scenario:

“You are scrolling through Instagram, and you came across a targeted advertisement from a beauty brand. Please observe the following image used.”

The image shown for both manipulations consist of the same elements, differing in the brand name only. After the observation, the participants were subjected to a

manipulation check. Following the manipulation check, participants were presented with two sets of questions. The first set of question measured the PBG/PBL of the brand, and the next set measured the perceived quality. After completing the questionnaire, their results were submitted, and they were directed to the debrief (Villar, Ai, & Segev, 2012).

3.4. Materials

In this research, the independent variable was systematically manipulated through two distinct categories, foreign language, and local language. The manipulation was shown through an image of an Instagram post, depicting the packaging of a beauty product. All visual elements of the experimental stimuli – the background, colour palette, font, packaging shape-- were held constant besides the language used for the brand name. The brand name used in this research were fictitious and intended to evoke country associations. For the category designated as foreign language, the English language was employed exclusively, while Bahasa Indonesia serves as the local language used (Sutisna & Rustandi, 2023; Villar et al., 2012). The foreign language brand name utilized in this research was Pure Glow, whereas Cantikara was utilized as the local language brand name. Cantikara is a fusion of the work ‘*Cantik*’ and *Kara*’, signifying beauty and glow. The linguistic choice of the fictitious brands were aligned with established literature (Sutisna & Rustandi, 2023; Villar et al., 2012).

3.5. Manipulation Check

The survey included an open-ended question which asked the participants to indicate their perceptions regarding the country of origin of the brand based on the language represented in the experimental stimuli (Melnik et al., 2012). As expected, the manipulation involving local language yielded 68 responses (82,9%) indicated perceptions of local origin, 12 responses (14,6%) of foreign origin, and 2 responses indicated uncertainty (2,4%). On the other hand, the manipulation involving foreign language yielded results slightly deviated from expected outcome, with 43 responses of foreign origin (51,2%), 20 responses of local origin (35,7%), 8 responses (9,5%) expressing uncertainty, and 3 responses (3,5%) indicated lack of specificity regarding the perceived origin.

3.6. Measures

All the sources and reliability of the scales used in this research are detailed in Appendix 1. These scales used were taken from past research conducted to measure perceived quality and PBG/PBL.

PBG/PBL was measured with three items indicating their perceptions regarding their global brand identity, availability, and accessibility worldwide (Steenkamp et al., 2003; Han, 2023; Swoboda & Sinning, 2020). These three items were measured in a 7-point Likert scale, where the end points are measured by “strongly agree” and “strongly disagree. The extreme of “strongly agree” denotes high degree of PBG, while the extreme of “strongly disagree” denotes a high degree of PBL. The three measures were

then combined into a single variable which has an excellent reliability score ($\alpha = 0.873$).

Similarly, perceived quality was measured with three indicators, indicating the participant's perceptions of overall quality, reliability, and superiority (Han, 2020; Richardson, Dick, & Jain, 1994). These three items were measured in a 7-point Likert scale, where the end points are measured by "strongly agree" and "strongly disagree". The extreme of "strongly agree" denotes high degree of perceived quality, while the extreme of "strongly disagree" denotes a low degree of perceived quality. Similarly, the three measures were then combined into a single variable which has an excellent reliability score ($\alpha = 0,903$).

3.7. Plan of Analysis

The statistical analysis chosen to test *H1* and *H2* involved regression analysis, which employed the path analysis modelling tool, PROCESS macro, along with its associated bootstrapping procedures (Han, 2023; Hayes, 2022). The use of PROCESS macro, along with the bootstrapping procedure, allows comprehensive analysis of both the direct and indirect effect of the independent variable toward the dependent variable through the presence of a mediating variable (Hayes, 2022). By applying PROCESS Model 4, supplemented with its confidence interval and bootstrapping procedure, the relationship between language use (local language coded as 0 and foreign language coded as 1), PBG/PBL (mediator), and perceived quality (independent variable) was tested.

CHAPTER IV

RESULTS

4.1. Descriptive Statistics

During a 14-day data collection period, a total of 230 responses were obtained. After eliminating incomplete and invalid responses, the analysis focused on a final sample of 166 participants ($N=166$). 51 participants identified as male (30,7%), 111 as female (66,9%), two as nonbinary (1,2%), and two participants chose not to disclose their gender. Most survey participants fell into the age range of 18-24 years old (49,4%), followed by those aged 55-56 years old (29,5%), and those aged 25-34 (12,7%). Educational background of the participants varied, with 74 participants holding a bachelor's degree (44,6%), 65 participants (39,2%) holding a high school degree, and 20 participants (12,0%) holding a master's degree. Regarding monthly income, 40 participants reported a monthly income of more than Rp. 11.000.000 (24,1%), while 34 participants (20,5%) prefer not to indicate their monthly income. The remaining participants indicated their income as less than Rp. 11.000.000 (55,4%). In this research, the foreign language manipulation was presented to 84 participants ($N_{FL} = 84$), while the local language manipulation was presented to 82 participants ($N_{LL} = 82$).

4.2. Hypothesis testing

This research conducted a mediation analysis using Model 4 from PROCESS macro (along its associated bootstrapping procedures) developed by Hayes (2017), to test *H1*

and $H2$. The results of this procedure can be seen in Appendix 2 and 3. The analysis unveiled that the direct effect of language used in brand name on perceived quality ($H1$) was significant ($c' = -0,4237$, $SE = 0,1463$, $p = 0,0043$). The analysis suggested that use of foreign language is associated with the decrease in perceived quality, providing sufficient evidence to reject $H1$. Furthermore, the indirect effect of language used in brand name which passes through PBG/PBL and then influences perceived quality ($H2$) is also significant ($a*b = 0,4254$, $SE = 0,1243$, $LLCI = 0,1935$, $ULCI = 0,6799$). The results provided strong evidence to support $H2$, affirming that the relationship between language use and perceived quality is mediated by PBG/PBL. Specifically, the use of foreign language is found to contribute to PBG, consequently enhancing the perceptions of product quality.

CHAPTER V

CONCLUSION

5.1. Discussion

This research delves into the relationship between language use and perceived quality of a brand, with a particular focus on the role of PBG/PBL as a mediating variable. The results of this research suggest a complex picture, as the direct effect foreign of language use in brand names leads to a decrease in quality perceptions. This result diverges from prior literature, which suggests that consumers generally associate foreign languages with foreign brands and the tendency for consumers from emerging countries consider foreign products to be of better quality than local products (Momen et al., 2022; Salciuviene et al., 2010). However, the results of this research also suggested that the use of foreign language in brand names leads to PBG, which subsequently increases the perceived quality. The result aligns with previous literature, confirming and extending prior finding regarding the strategic employment of PBG in foreign branding, putting an emphasis on the importance of PBG as a symbolism construct and quality cue that signals availability, consistency, and reliability (Holt et al., 2004; Liu et al., 2021).

Despite the initial negative impact of using foreign language on perceived quality, this effect is counterbalanced by PBG, resulting in a positive indirect effect through the mediation of PBG. This implies that while the initial use of foreign language might initially decrease quality perceptions, it simultaneously contributes to the enhancement

of PBG, subsequently leading to an improvement in quality perceptions. While the direct effect might initially deter the perceived quality of a brand due to factors such as prevailing local preferences, the indirect effect through PBG has the potential to alter this perception, leading to a more favourable perception of the brand. The relationship between language use, PBG/PBL, and perceived quality is considered to be of competitive mediation, as the mediator changes the direction of the relationship of the independent and dependent variables (Hair et al., 2021). In the case of competitive mediation, it is probable that an omitted variable exists, despite having the identified mediator consistent with the current conceptual model (Zhao, Lynch, & Chen, 2010). In the context of the Indonesian market, the direct decline in perceived quality of a brand associated with the use of foreign language can be explained by prevailing social trends. Currently, there has been an apparent increase in the support for local brands across all demographics, with a particular emphasis among the Gen Z and millennial age cohort (Ginanjari, 2023). Notably, the increasing competitiveness of local brands has fostered a positive reputation, resulting in Indonesians to opt for locally produced goods (Komalasari, 2023). It can be inferred that the encounter of brand names in foreign language triggers an immediate association with diminished perceived quality, a cognitive response that is shaped by the prevalent preference towards supporting local products.

Although there is an initial decrease in perceived quality caused using foreign language, the indirect positive effect through PBG paints a different picture. The encounter with language in brand names triggers a deeper cognitive process, leading

consumers to consider other attributes of the brand that signals factors such as international presence, reputation, and reliability. This phenomenon could be further explained by the heightened cognitive enhancement and elaboration, leading to a more profound consideration of brand attributes. It has been established that brand names serve as a linguistic cue, enabling consumers to associate the language used with the country of origin and subsequently draw quality inferences based on these associations (Hornikx & Van Meurs, 2017; Lowrey et al., 2003; Salciuviene et al., 2010). The encounter with foreign language can trigger thoughts about the brand, prompting consumers to think about the brand's international presence, reputation, prestigiousness, reliability and the possible benefits of opting for global brands. This positive evaluation significantly influences PBG, consequently enhancing the perceived quality of a brand.

Hence, the findings suggests that when consumers engage with surface-level perceptions based on language, without deeper engagements with the brand's other attributes, they are likely to perceive the brand as lower quality, which may cause Indonesian consumers to be less inclined in purchasing or endorsing the product. However, a more profound cognitive process of associating foreign language with factors such as global presence, reputation, and reliability leads to higher perceptions of quality. This updated perception can lead to a positive shift in consumer behaviour, where higher perceived quality might make the consumer to be more inclined in purchasing the brand (Manoj & Pradeep, 2023). Thus, although brands may face initial

resistance due to factors such as local preferences, there is a potential for a positive shift in perception through the cognitive formation of PBG.

5.2. Implications

This research contributes to the field of international branding by exploring the relationship of language use and perceived quality in the mediating presence of PBG/PBL, specifically within the context of the rapidly growing Indonesian market. While extensive literature exist on PBG/PBL in relation to perceived quality (Halkias et al., 2016; Liu et al., 2021; Sichtmann et al., 2019; Swoboda & Hirschmann, 2016), this research extends existing literature by incorporating language as a variable influencing both perceived quality and PBG/PBL. While past research have touched upon the role of language in affecting perceived quality and PBG/PBL, the simultaneous analysis of these three variables has never been explicitly studied before (De Meulenaer et al., 2015; Hornikx & Van Meurs, 2017; Liu et al., 2021; Lowrey et al., 2003; Salciuviene et al., 2010; Witek-Hajduk & Grudecka, 2022). Additionally, this research extends the scope of findings into the consumer behaviour of the Indonesian market, a novel contribution, as previous studies primarily focused on developed markets (Salciuviene et al., 2010).

Moreover, the outcome of this research holds relevance for brand managers and marketers as they should carefully consider the use of language in their branding strategies. The findings of this research offer valuable insights to brand managers on how to position their brands by leveraging the PBG/PBL associated with the utilisation

of different languages. Although the initial effect of using foreign language may result to lower quality perceptions, this can be counterbalanced by effectively leveraging the brand's PBG. From the findings of this research, it is suggested that brand managers could strategically use language coupled with other brand attributes to enhance brand globalness, consequently fostering positive quality perceptions. Brand managers can focus and invest on building and communicating brand attributes that contribute to PBG, such as availability, reputation, and reliability to shift consumer perceptions positively.

5.3. Limitations

This research employs the use of convenient and snowball sampling. The use of convenience and snowball sampling compromises the generalisability and reliability of the results, as bias might arise due to the non-random sampling nature of both strategies (Sekaran & Bougie, 2016). Hence, the results of this research should be interpreted and used with caution. Additionally, this research acknowledges the potential limitation associated with the manipulation utilised. The foreign language manipulation utilised in this research includes the use of the English language. Given the prevalence of English proficiency among the Indonesian population, the perceived foreignness of the English language might be attenuated for a substantial portion of the participants. Future research could enhance the differentiation of the foreignness manipulation by employing less commonly spoken language in the population, such as Romanised

Korean, French, and Spanish. This approach may yield a more pronounced distinction in the perception of foreignness, compared to the widely spoken English language.

5.4. Future Research Directions

Future research exploring similar variables should expand in several directions for deeper and precise understanding. Firstly, to overcome sampling limitations, future research should employ a more probabilistic and random sampling techniques to reduce selection bias and increase the generalisability and reliability of the results. Besides that, the generalisability could also be improved by conducting further research within the broader context of emerging markets or more specifically in other emerging Asian countries. Next, exploring a wider variety of languages less familiar to the sample population might provide a more comprehensive understanding of foreign language effects on perceived quality. Additionally, future research can also incorporate consumer ethnocentrism or consumer nationalism as a moderating factor in accessing the relationship between perceived quality and the country-of-origin effects that stems from language use. By incorporating these factors as moderating variables, researchers can thoroughly reflect how consumers perceive and value local and foreign brands.

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APPENDICES

Appendix 1 Measurement and Scales

Construct	Item	Source	α
PBG/PBL	To me, (brand name) is a global company brand. Consumers around the world can buy this brand. (Brand name) sells its product all over the world.	(E M Steenkamp et al., 2003; Han, 2023; Swoboda & Sinning, 2020)	0.873
Perceived Quality	All things considered; I would say (brand name) has excellent overall quality This brand is reliable The quality of this brand is superior to other brands	(Richardson et al., 1994) (E M Steenkamp et al., 2003; Han, 2020)	0.903



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Appendix 2

PROCESS Macro (Model 4) Results

Outcome Variable: PBG

Model Summary							
	R	R-sq	MSE	f	df1	df2	p
	0.2607	0.0679	1.6902	11.9550	1.0000	164.0000	0.0007

Model						
	coeff	se	t	p	LLCI	ULCI
Constant	3.8577	0.1436	26.8701	0.0000	3.5742	4.1412
Language	0.6978	0.2018	3.4576	0.0007	0.2993	1.0963

Outcome Variable: PQ

Model Summary							
	R	R-sq	MSE	f	df1	df2	p
	0.6579	0.4329	0.8279	62.2102	2.0000	163.0000	0.0000

Model						
	coeff	se	t	p	LLCI	ULCI
Constant	2.0751	0.2336	8.8849	0.0000	1.6139	2.5363
Language	-0.4237	0.1463	-2.8956	0.0043	-0.7126	-0.1348
PBG	0.6096	0.0547	11.1544	0.0000	0.5017	0.7175

Direct and Indirect Effects of Use of Language on Brand Names on Perceived Quality

Direct Effect of Language use on Perceived Quality						
	Effect	SE	t	p	LLCI	ULCI
	(0.4237)	0.1463	-28.956	0.0043	0.7126	0.1348

Indirect Effect of Language use on Perceived Quality				
	Effect	BootSE	BootLLCI	BootULCI
PBG	0.4254	0.1243	0.1925	0.6799



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Appendix 3

Direct and Indirect Effects of Use of Language in Brand Names on Perceived Quality

