The Influence of Localised Corporate Social Responsibility and Perceived Brand Localness on Willingness to Buy at a Foreign Grocery Retailer

By Marta Keane and Dirk Morschett

This study investigates whether localised corporate social responsibility activities and perceived brand localness influence consumers’ willingness to buy from a foreign grocery retailer, and whether these influences interact. It also investigates the moderating role of consumer ethnocentrism. Three experiments were conducted, using a cumulated sample of 984 US respondents, and the geographic focus of corporate social responsibility and/or the level of perceived brand localness were manipulated. Hierarchical multiple regression analysis was applied to test the hypotheses. The results indicate that both appeals positively impact consumers’ willingness to buy. Surprisingly, though, both appeals interact negatively. Consumer ethnocentrism was found to significantly increase the effect of localised corporate social responsibility but not of perceived brand localness. The findings provide retail marketers with practical implications, highlighting the importance of positioning a retail brand as part of the domestic market. To attract consumers, particularly ethnocentric consumers, retail managers should localise their corporate social responsibility activities.

1. Introduction

To be successful, foreign grocery retailers must meet the expectations of local consumers and they must also position themselves as strong retail brands. This may be difficult because foreign firms often face competitive disadvantages in comparison to their local counterparts (Swoboda and Pennemann 2014). This disadvantage may be partly attributed to consumers’ perception of local firms as part of the in-group and foreign companies as part of an out-group (Keane and Morschett 2016). This study investigates whether consumers’ willingness to buy from a foreign grocery retailer is affected by their perception of both localised corporate social responsibility (L-CSR) activities and of perceived brand localness (PBL). Consistent with Klein et al. (1998), we define willingness to buy as consumers’ behavioural intention to buy from a retailer. CSR is defined as consumer perception of “a company’s commitment to minimizing or eliminating any harmful effects and maximizing its long-run beneficial impact on society” (Mohr et al. 2001, p. 47); L-CSR is defined as CSR activities that are directed to the host country and local community surrounding a retail store. PBL is defined as consumers’ perception of a foreign retailer as a local actor and as part of the local culture. It is important to note that PBL does not indicate that a brand is active only in one country or that it originates from that country but rather that it adapts to the local culture (Swoboda et al. 2012). We focus on grocery retailing because it is the category of retailing where consumers spend the most time and a substantial part of their household income. As a result, compared to other retail sectors, they might be more concerned about a grocery retailer’s impact on society. Moreover, local food products are often more attractive to consumers because of their strong connotations with local culture (Özsomer 2012), and this culture-boundedness of food may increase the relevance of PBL.

Scholars have consistently demonstrated the positive effects of CSR on consumer behaviour (see Peloza and Shang 2011), but they have seldom done so in the context of retailing (see Schramm-Klein et al. 2016). Foreign retailers can use CSR activities to meet consumer expectations through localisation. For example, Trader Joe’s in the USA (a subsidiary of Aldi) fights hunger in
its local communities through food donation programmes. Trader Joe’s stores donated more than $321 million worth of products to local food banks in 2015 (Trader Joe’s 2016). To the best of our knowledge, only three studies address the effects of L-CSR in the retail context. Keane and Morschett (2016) find that consumers’ perceptions of L-CSR activities have a direct effect on their patronage behaviour at existing foreign retailers in the USA. Russell and Russell (2010) show that patronage behaviour increases when an existing domestic clothing retailer’s CSR activities are localised. Last, Kim et al. (2014) find that domestic retailers’ CSR activities (community- and employee-oriented programmes) lead to social legitimacy and financial support from consumers within the community. However, these studies focus on existing retailers and do not separate the effects of L-CSR from other knowledge that consumers have of these retailers and do not clearly differentiate between localised and non-L-CSR activities.

With regard to brands, scholars have often focused on the effects of perceived brand globalness at the product, retail format and corporate levels (e.g., Steenkamp et al. 2003, Swoboda et al. 2012 and Swoboda and Hirschmann 2016), but they seldom focus on PBL. Swoboda et al. (2012) show that PBL is advantageous for domestic (vs. foreign) retailers in China. They study different retail sectors and consider the indirect effects of PBL on retail behaviour. However, PBL may be of particular importance in grocery retailing and exert a direct influence on consumer behaviour because food products are culture-bound and relevant to social, cultural and traditional needs (Özsomer 2012). In grocery retailing, retailers try to address the culture-boundness of their products. For example, Aldi USA advertised specific promotions for the 4th of July to “celebrate the stars & stripes”, including special recipes for cupcakes and cocktails in the USA’s national colours (Aldi 2016). PBL might be of particular interest in mature markets, where consumers may want more original and unique brands (Özsomer 2012) and where local brands enjoy high brand trust (Schuiling and Kapferer 2004).

Finally, foreign retailers that are integrated in a domestic market may simultaneously engage in L-CSR activities and PBL, which may allow these retailers to send a stronger and more coherent message that they are part of the local market and committed to the host country. For example, Tesco Ireland launched a supplier development programme that helps Irish producers expand. Additionally, it integrates the Irish word Fáilte (meaning welcome) into the logo on its website; on its “Tesco home grown in Ireland” products, it incorporates the Irish flag; and on the Irish quality sign, it uses an Irish national symbol—the shamrock (Tesco 2016). Scholars have not yet analysed this interaction.

In light of the above summary of previous research, the aim of this paper is to answer the following questions: (1) Is consumers’ willingness to buy from a foreign grocery retailer higher when they perceive that the retailer’s CSR activities are localised to the domestic market? (2) Does PBL influence consumers’ willingness to buy from a foreign grocery retailer? (3) Do L-CSR activities and PBL interact in their effects on willingness to buy? In addition, because it is likely that the effects of L-CSR and of PBL vary depending on consumer groups, we question how consumer ethnocentrism (CE) affects the above-mentioned relationships. CE captures beliefs held by customers regarding the immorality of purchasing foreign-made products (Shimp and Sharma 1987), and scholars consistently show that consumers with higher levels of CE are reluctant to purchase foreign products, a reluctance that, as an in-group feeling, is theoretically related to normative factors (Siamagka and Balabanis 2015). Thus, CE is a well-known moderator but has not yet been analysed in either the CSR context or in the context of the L-CSR-PBL interaction of foreign grocery retailers. Only Steenkamp et al. (2003) study CE moderation on the PBL-product brand purchase likelihood but without significant results. We, therefore, additionally analyse this well-known moderator. However, because our study does not specify a particular country, we only refer to foreign retailers in general; we do not consider home-country specific effects, which could stem from concepts such as animosity or affinity.

In answering these research questions, we make the following valuable contributions to the literature. First, we analyse whether and how the L-CSR of foreign retailers affects local consumers’ willingness to buy. Based on social identity theory (Tajfel 1981), we argue that retailers can localise their CSR efforts to better integrate themselves into the foreign market and to ensure that they are perceived as part of the in-group. Second, in response to calls in the literature for a more nuanced analysis of PBL (Halkias et al. 2016), we investigate the PBL of a fictitious foreign grocery retailer because the focus on PBL in prior literature is relatively low, particularly in mature markets. PBL can help to influence consumers’ perceptions of whether a retail brand is part of the in-group because the emphasis is on local associations, where the cultural reference group is the local country’s culture (Özsomer 2012). Furthermore, we break new ground when testing for the interaction between L-CSR and PBL. Third, we shed light on the role of CE in the context of foreign retailing and of retailers’ attempts to localise their activities to the local market. Because previous research has focused on existing retailers and thus may have had difficulties in isolating the effects of L-CSR and PBL from consumers’ pre-existing knowledge of the retailer and their pre-existing brand familiarity, we investigate a fictitious foreign grocery retailer in an experimental design.

The remainder of this study proceeds as follows. Drawing on theory and empirical evidence, we derive hypotheses and test them in three experimental studies. A cumulative sample of 984 responses from US citizens was used for the experiments. After presenting the results, we jointly discuss the findings and derive implications and avenues for further research.
2. Theory and hypotheses

2.1. Theory and conceptual framework

To address our research objectives, we conceptualise L-CSR and PBL as antecedents of willingness to buy. In the literature, scholars often explain L-CSR and PBL and localisation effects based on various theories such as stakeholder theory, institutional theory, associative network theory, the accessibility-diagnosticity framework or social identity theory (Kim et al. 2014; Schramm-Klein et al. 2016; Swoboda et al. 2012; Zeugner-Roth et al. 2015). In this paper, we build theoretically on two research streams: We explain the effects of L-CSR and PBL based on social identity theory because our focus is on localisation and not on the overall perception of CSR or of the retail brand, and we use empirical studies regarding the role of L-CSR and PBL in consumer behaviour in the context of retailing (e. g., Russell and Russell 2010; Swoboda et al. 2012).

Social identity is defined as “that part of an individual’s self-concept which derives from his knowledge of his membership in a social group (or groups) together with the value and emotional significance attached to that membership” (Tajfel 1981, p. 255). Social identity theory focuses on discrimination, prejudice, and on other conditions that promote different types of intergroup behaviour (Hogg et al. 1995). Individuals’ categorise in-groups and out-groups on a cognitive basis by capturing similarities and differences between groups that are related in a meaningful way, for example based on perceptions, feelings and behaviours (Turner 2010). In an international context, the home country is often perceived as an in-group and foreign countries as the out-group (Zeugner-Roth et al. 2015). Social identity theory suggests that individuals’ perceptions of group membership can influence their behaviour (Hogg et al. 1995). According to social identity theory, individuals strive to raise the status of the group to which they belong. Homburg et al. (2009) argue theoretically – and show empirically – that if consumers consider a company to belong to their in-group, this positively influences their buying behaviour.

In this study, we expect that a foreign retailer is likely to be perceived as belonging to an out-group. We only observe foreign retailers, and we argue that their L-CSR activities and PBL, as well as the interaction between the two, reduce (the negative) perception of the foreign retailer as a part of the out-group; consequently, consumers’ willingness to buy should increase. With regard to L-CSR, we argue that, through localised activities, retailers directly benefit the in-group. For example, foreign retailers can support the local communities, create local employment and use domestic suppliers. Based on social identity theory, this is likely to exert a direct influence on consumers’ patronage behaviour because consumers act in a way that supports their in-group (Russell and Russell 2010). With regard to PBL, retailers can use national appeals and localise their retail brand to the host country; as a result, they should be perceived as more of a part of the in-group. In this way, a stronger social identification with the retailer develops, which should result in support by consumers. By conducting both activities simultaneously – localising CSR activities and adapting the brand to the local market – a foreign retailer should be able to further persuade consumers that it is part of an in-group because the effects should interact with each other. Lastly, both appeals should be especially appreciated by ethnocentric consumers (see Fig. 1).

2.2. Hypotheses development

As previously mentioned, foreign retailers can use CSR activities to meet the expectations of consumers. A positive link between CSR activities and consumer patronage is one of the fundamental findings of previous research (e. g., Schramm-Klein et al. 2016). Holt et al. (2004) argue that people recognise a strong influence (positive and negative) of international companies on society’s well-being. These scholars note that people have expectations that these companies will address social problems that are linked to their core competencies (e. g., as mentioned above, the grocery store Trader Joe’s donates products to local food banks). In their study, which was conducted in America, the authors identify social responsibility as one of three dimensions that explain variance in consumers’ brand preferences.

In this study, the focus is not on CSR in general but whether consumers perceive CSR activities as directed...
towards the domestic economy and local society or whether they perceive them as global. Several scholars observe that consumers are becoming increasingly aware of how their purchasing behaviours can improve the well-being of their local community (the in-group) (Kim et al. 2014). For example, Keane and Morschett (2016) find that L-CSR activities positively influence patronage behaviour at foreign retailers, and Russell and Russell (2010) find that patronage behaviour increases when a retailer’s CSR activities are localised.

Consistent with the social identity theory, we argue that L-CSR has a positive effect on buying behaviour because such behaviour can be seen as a way of supporting the particular host country, which can raise the status of the in-group (Homburg et al. 2009). We argue that although consumers are likely to discriminate against the out-group, foreign retailers who carry out L-CSR activities are likely to influence consumers’ perceptions that the retailer supports the in-group, and as a result, consumers should be more likely to buy from these retailers. Activities of the foreign retailer should be seen as having increased personal relevance, and as a result, consumers should be more likely to engage in corresponding purchasing behaviour. Therefore, we propose as follows:

H1: The higher the L-CSR activities of a foreign grocery retailer (vs. non-L-CSR activities), the higher consumers’ willingness to buy.

Beyond L-CSR activities, foreign retailers can use PBL appeals to better integrate into the domestic market. This integration can be achieved by building strong associations with local culture, national identity, and heritage (Xie et al. 2015). Consistent with the principles of social identity theory, this integration should help foreign retailers to be perceived as part of the in-group due to emotional affiliation with the domestic country. It should also reinforce the feeling that the retailer belongs to the country, and consumers’ patronage behaviour towards that retailer should be more positive as a result.

Perceived brand globalness has been investigated regularly in the literature, and some studies have shown positive effects (Steenkamp et al. 2003; Swoboda et al. 2012). However, Steenkamp et al. (2003) and Swoboda et al. (2012) argue that PBL is not the opposite of perceived brand globalness but rather that a “brand can rate high or low on both the local and the global dimension” (Steenkamp et al. 2003, p. 56). Thus, the effect of PBL is worth investigating. Although Swoboda and Pennemann (2014) found that in emerging markets, the perceived brand globalness of retailers helps to build consumer-based retailer brand equity by influencing quality and price values, Özsomer (2012) proposes that establishing strong local symbolism and cultural connections may be more desirable for culture-bound categories such as food.

PBL creates brand value by building on local identity and adapting the brand to local tastes and needs (Halkias et al. 2016). Therefore, retail managers can use particular (local) symbols in their communications to influence consumer perceptions about whether the brand is considered local (in-group) or foreign (out-group). This means that companies can use brands as symbolic and experiential resources to link their identity with the nation. Additionally, brands that provide emotional ‘anchors’ of integration into the local market convey the message that they are committed to the market. Therefore, we propose as follows:

H2: The higher the PBL of a foreign grocery retailer, the higher consumers’ willingness to buy.

Retailers who demonstrate interest in the well-being of the local market by carrying out L-CSR activities and by simultaneously connecting with consumers by using local symbols and domestic appeals (e.g., Tesco Ireland 2016) (Zhang et al. 2014) communicate a more coherent message of commitment than retailers who use only L-CSR or PBL. As a consequence, these retailers convince consumers that they are truly committed to the in-group, and hence the effects should support each other. If both dimensions are high, consumers should be more likely to reward retailers with their patronage behaviour. Therefore, we propose as follows:

H3: There is a positive interaction effect between L-CSR activities and PBL on consumers’ willingness to buy from a foreign grocery retailer.

Research has documented that consumer values influence buying behaviour and that consumers are increasingly aware of the identity cues of both local and global brands (Özsomer 2012). An important value with regard to the receptiveness of foreign retailers is CE, which should be considered when investigating consumers’ willingness to buy. Consumers with higher CE view purchasing imported products as immoral and unpatriotic (Siamagka and Balabanis 2015) and they fear that such purchasing has a negative influence on the domestic economy (Shimp and Sharma 1987). There is a negative correlation between consumers’ levels of CE and their preference for and willingness to buy foreign brands. As Siamagka and Balabanis (2015) explain, ethnocentric consumers mainly categorise products based on their status as foreign or domestic.

Dmitrovic and Vida (2010) argue that CE includes cognitive processes (knowledge of the possible negative effects of foreign competition), affective elements (sense of belonging and identity) and, most important, a normative dimension (consumer behaviour towards foreign companies). Foreign retailers can influence all these dimensions. This allows them to better appeal to the ethnocentric segment of the market, through both cognitive and affective elements. Thus, foreign retailers can lower the negative effects of the normative dimension of how ethnocentric consumers should behave. Consistent with social identity theory, consumers with higher ethnocentrism are less likely to purchase from foreign retailers.
(Keane and Morschett 2016). To respond to this concern, foreign retailers can implement L-CSR activities. Although these activities, as posited in \(H1\), should appeal to all consumers, they should be particularly important to ethnocentric consumers because the main premise of CE is that purchasing foreign products negatively influences the domestic economy (Siamagka and Balabanis 2015). Thus, when the retailer is perceived as positively contributing to the community (the in-group), ethnocentric consumers’ willingness to support that retailer should increase.

To respond to the affective dimension, foreign retailers can develop high PBL. As already mentioned in \(H2\), a positive effect of PBL on willingness to buy can be expected in general. But brands that successfully build a strong connection with the local culture, heritage and country can create an emotional affiliation in particular for consumers who have a strong need to identify with the local community (Xie et al. 2015). Thus, such a connection may be of greater relevance to consumers who have higher ethnocentrism because these consumers are attracted to national ideals and view domestic symbols and culture with pride (Siamagka and Balabanis 2015).

Lastly, retailers that carry out L-CSR activities and PBL simultaneously should be more convincing regarding their commitment to the local market. These activities, as mentioned in \(H3\), should be appreciated by all consumers; however, they may be particularly relevant to consumers higher in CE, as these consumers are concerned about the well-being of the domestic economy and the domestic job market, and they also view domestic symbols with pride. Therefore, we propose as follows:

\[H4a: \text{The higher consumers’ level of CE, the more positive the relationship between the L-CSR activities of a foreign grocery retailer and consumers’ willingness to buy.}\]

\[H4b: \text{The higher consumers’ level of CE, the more positive the relationship between the PBL of a foreign grocery retailer and consumers’ willingness to buy.}\]

\[H4c: \text{The higher consumers’ level of CE, the more positive is the interaction between L-CSR activities and PBL and their influence on consumers’ willingness to buy from a foreign grocery retailer.}\]

3. Empirical studies

3.1. Study 1: The influence of L-CSR

3.1.1. Experimental design and process

The objective of the first experiment was to investigate whether consumers’ willingness to buy from foreign retailers is influenced by L-CSR activities (vs. non-L-CSR activities) \((H1)\) and whether CE moderates that relationship \((H4a)\). The experiment was based on a fictitious foreign grocery retailer; it was identified as Natural Foods to avoid the influence of consumers’ familiarity with an actual store. The research was set in the USA because it is the world’s largest and most advanced economy (Dimofte et al. 2008). Moreover, previous research has shown that American consumers are more likely to patronise domestic stores when L-CSR activities are focused on the home country as opposed to a foreign country (Russell and Russell 2010). Scholars, however, have not investigated consumers’ behaviour towards foreign retailers.

The study relied on a between-subjects experimental design, and the geographic focus (but not the overall CSR) of the retailer’s CSR activities was manipulated. The participants, who were US citizens, were randomly assigned to one of two conditions. In condition one, representing high L-CSR, they were exposed to a two-page flyer featuring fresh produce mostly indicated as having a US origin and to stakeholder statements that highlighted the L-CSR activities of the fictitious retailer, for example, “The company advertises that it donates 1% of its profits to good causes in the local communities in which it operates”. In condition two, representing low L-CSR, participants were exposed to a two-page flyer featuring fresh produce mostly indicated as having an international origin and to stakeholder statements that described CSR activities with a non-localised focus, for example, “The company advertises that it donates 1% of its profits to global causes” (Appendices A and B, respectively, contain descriptions of both conditions and flyers).

The study began with a description of the fictitious retailer. The description mentioned several times that the retailer had a foreign origin but had been operating in the USA for many years. The retailer was described as foreign to avoid country-specific effects (such as animosity or affinity). After being exposed to one condition, participants completed a questionnaire in which they indicated their overall perception of CSR (Brown and Dacin 1997), willingness to buy (Grewal et al. 2003), perception of L-CSR activities (adapted from Öberseder et al. 2014), level of CE (Lindquist et al. 2001; Shimp and Sharma 1987) and perceived value (Ailawadi et al. 2014) (see Appendix C for measurements). Finally, participants indicated their age, gender, nationality, income, and education and had an option to leave a comment.

We used demographic variables as controls because individual consumers’ characteristics influence their consumption behaviour (Carpenter and Moore 2006). Perceived value was used because previous research has regularly shown that it plays a detrimental role in the decision to patronise a particular store (e.g., Pan and Zinkhan 2006). We expect this to be similar for foreign retailers, and therefore we control for it.

3.1.2. Pre-test

The two conditions were pre-tested on a sample of 80 US respondents. As intended, the pre-test, based on a two-tailed test, demonstrated that L-CSR activities were per-
ceived to be significantly higher in condition one than in condition two (5.51 vs. 4.68; \(t(78) = 3.93, p < .001\)), whereas the overall level of the retailer’s CSR activities did not significantly differ between the two manipulation groups (5.39 vs. 5.35; \(t(78) = .184, p > .05\)). This was important to ensure that, in the main study, only the influence of the L-CSR activities on the willingness to buy was analysed – not the influence of a company’s CSR activities in general.

### 3.1.3. Sample

The data were collected online with the help of a digital service provider. Each participant was compensated with a cash reward (for a discussion of the advantages and disadvantages of cash rewards, see Swoboda and Hirschmann 2016). The data collection resulted in 252 usable questionnaires of US nationals, who correctly recalled that the stimuli retailer was foreign. In total, 50.8\% and 49.2\% of respondents were exposed to the L-CSR and non-L-CSR scenarios, respectively (see Tab. 1 for an overview of the sample).

### 3.1.4. Results

#### 3.1.4.1. Measurement

The scales displayed good reliability, as Cronbach’s alpha was higher than .70 for willingness to buy (\(\alpha = .914\)), overall CSR (\(\alpha = .839\)), L-CSR (\(\alpha = .897\)) and CE (\(\alpha = .956\)) (see Tab. 2 for correlations and variance inflation factor; VIF).

To control for common method variance (CMV), we employed the unmeasured latent factor method suggested by Podsakoff et al. (2003). This procedure suggests the addition of an unmeasured latent factor to the measurement model during confirmatory factor analysis. The indicator loadings on this common latent factor are constrained to be equal to each other to ensure that the unstandardised loadings will be equal. Squaring this unstandardised loading gives the percentage of common variance across all indicators in the model. The results of this test showed that 22\% of the variance could be due to CMV. Based on this analysis, we conclude that CMV is not a serious concern (Lowry et al. 2013).

#### 3.1.4.2. Manipulation check

To verify that the manipulation was successful in the main study, an independent sample t-test was applied to confirm that L-CSR differed across the two conditions and that the overall retailer’s CSR activities and CE did not differ. The manipulation was successful, as the scenarios yielded significantly higher levels of L-CSR in condition one than in condition two (5.60 vs. 4.04, \(t(250) = 13.12, p < .001\)). As intended, there was neither a significant difference in overall CSR activities between the two conditions (5.58 vs. 5.44, \(t(250) = 1.21, p > .05\)) nor between the levels of CE of both randomly assigned sub-groups (3.67 vs. 3.70, \(t(250) = -.181, p > .05\)).

### Table 1: Overview of the sample

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<th>Study 1</th>
<th>Study 2</th>
<th>Study 3</th>
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### Table 2: Correlations and VIF’s

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<td>2. CSR activities</td>
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<td>1</td>
<td></td>
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<tr>
<td>3. L-CSR</td>
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<td>.377**</td>
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<td>4. CE</td>
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<td>-.095ns</td>
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<td>VIF</td>
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Notes: Correlations 2-tailed.

ns = not significant; * \(p < .05\); ** \(p < .01\); *** \(p < .001\).
3.1.4.3. Findings

To compare successive regression models and determine each one’s significance above and beyond the others, hierarchical multiple regression analysis was employed to test the hypotheses (Baron and Kenny 1986). To avoid the problem of multicollinearity, which can arise with the inclusion of the interaction term, the variables were mean-centred (Aiken et al. 1991). In the first step, perceived value and the demographic variables were included as control variables. In the second step, L-CSR and CE were introduced. In the third step, the interaction term between L-CSR and CE was added (see Tab. 3 for an overview of the results).

Effect sizes ($f^2$) of .02, .15, and .35 indicate the independent variables’ small, medium, and large effects, respectively, on the dependent variable (Hair et al. 2014). Model 2, consisting of the controls and the main effects, explains 32.5% of the variance in willingness to buy. Adding the main effects to this model adds low predictive relevance to the explanation of willingness to buy ($f^2 = .084$). Consistent with $H1$, L-CSR shows a positive influence ($\beta = .247$, $p < .001$). By adding the interaction term between L-CSR and CE to model 3, the variance explained increases to 34.6%, showing a significant change of 2.1% over model 2. The data in model 3 show a significant interaction effect with low predictive relevance ($\beta = .147$, $p < .01$; $f^2 = .032$). Thus, $H4a$ is supported by the data.

3.2. Study 2: The influence of PBL

3.2.1. Experimental design and process

The objective of the second experiment was to investigate whether willingness to buy from foreign retailers is influenced by PBL ($H2$) and whether CE moderates that relationship ($H4b$). The experimental design was similar to that of experiment one but the PBL of a fictitious foreign retailer was manipulated. Participants, who were US citizens, were randomly assigned to one of the two conditions.

In condition one (high PBL), respondents were exposed to a logo that contained an American flag in the shape of a heart and to a sample two-page flyer with two pictures: an American football player (in action) and a picture of a playground with a boy holding an American flag and wearing a cowboy hat. In condition two (low PBL) respondents were exposed to a logo that contained a red heart and to a sample two-page flyer with two pictures: a soccer player (in action) and a picture of the same playground as in condition one, but with the boy holding a pinwheel and not wearing a cowboy hat (see flyer in Appendix D).

The study began with the same description as in experiment one. After being exposed to one of the conditions, participants completed a questionnaire in which they indicated their overall perception of the emotionality of the store’s image and PBL (Swoboda et al. 2012). The remainder of the questionnaire was the same as in experiment one (excluding the scales on overall CSR and L-CSR; see Appendix C for measurements).

3.2.2. Pre-test

The two conditions were pre-tested with a sample of 75 US respondents. The pre-test data, based on a two-tailed test, demonstrated that PBL was significantly higher in condition one than in condition two (4.25 vs. 3.56; $t(73) = 2.16, p < .05$), whereas the general perception of the emotionality of the store image did not differ significantly between the two manipulation groups (3.60 vs. 3.08, $t(73) = 1.63, p > .05$). This distinction was important to ensure that only the influence of the PBL on the respondents’ willingness to buy was analysed – not their overall perception of the emotionality of the store image.

3.2.3. Sample

Experiment two was conducted with new subjects to avoid learning effects from experiment one. The data collection followed the same procedure as in experiment one, resulting in 233 usable responses. In total, 50.2% of respondents were exposed to condition one and 49.8% to condition two (see Tab. 1 for an overview of the sample).

3.2.4. Results

3.2.4.1. Measurement

The scales displayed good reliability, as Cronbach’s alpha was higher than .70 for willingness to buy ($\alpha = .924$), PBL ($\alpha = .924$), emotionality of the store image ($\alpha = .898$) and CE ($\alpha = .959$) (see Tab. 4 for correlations and VIF’s).

Based on the procedure explained in experiment one, CMV does not seem to pose a serious concern, as only 10% of variance could be due to CMV.

3.2.4.2. Manipulation check

Applying the procedure followed in experiment one confirmed that the manipulation in the main study was successful. The two scenarios yielded significantly higher levels of PBL in condition one than in condition two (4.14 vs. 3.76, $t(231) = 2.29, p < .05$). As intended, there was neither a statistically significant difference between the overall emotionality of the retailer’s communication (3.40 vs. 3.26, $t(231) = .757, p > .05$) nor between the levels of CE (3.52 vs. 3.56, $t(231) = .208, p > .05$).

3.2.4.3. Findings

As for experiment one, hierarchical multiple regression was employed. In the first step, perceived value and the demographic variables were included as control variables. In the second step, PBL and CE were introduced. In the third step, the interaction term between PBL...
### Table 3: Results

<table>
<thead>
<tr>
<th>Variables</th>
<th>Study 1 (N = 252)</th>
<th>Study 2 (N = 233)</th>
<th>Study 3 (N = 499)</th>
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</thead>
<tbody>
<tr>
<td>Model 1</td>
<td></td>
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<tr>
<td>Predictors</td>
<td></td>
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</tr>
<tr>
<td>L-CSR</td>
<td>.247***</td>
<td>.259***</td>
<td>.104**</td>
</tr>
<tr>
<td>PBL</td>
<td>.462***</td>
<td>.459***</td>
<td>.521***</td>
</tr>
<tr>
<td>CE</td>
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<td>.009ns</td>
<td>.108*</td>
</tr>
<tr>
<td>Interactions</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>L-CSR x CE</td>
<td>.147**</td>
<td>.076*</td>
<td>.077*</td>
</tr>
<tr>
<td>PBL x CE</td>
<td>.017ns</td>
<td>.049ns</td>
<td>.052ns</td>
</tr>
<tr>
<td>L-CSR x PBL</td>
<td></td>
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<td>Controls</td>
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<tr>
<td>Perceived value</td>
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<td>.473***</td>
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<td>Education</td>
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<td>Primary/secondary vs. Some college University</td>
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<td>Age</td>
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<tr>
<td>Income</td>
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<tr>
<td>R²</td>
<td>14.597***</td>
<td>10.387***</td>
<td>7.689***</td>
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<tr>
<td>F</td>
<td>14.937***</td>
<td>10.387***</td>
<td>7.689***</td>
</tr>
<tr>
<td>R² in comparison to previous model</td>
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<tr>
<td>F in comparison to previous model</td>
<td>-</td>
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</tbody>
</table>

**Note:** All the β coefficients are standardised. ns = not significant; * p < .05; ** p < .01; *** p < .001.
and CE was added (see Tab. 3 for an overview of the results).

Model 2, consisting of the controls and the main effects, explains 46.3% of the variance in willingness to buy. The results indicate that including PBL and CE in the model adds a large effect to explaining willingness to buy ($R^2 = .380$). In model 2, PBL exerts a direct positive influence on willingness to buy ($\beta = .462$, $p < .001$). Thus, $H2$ is supported. CE shows a positive direct effect on willingness to buy ($\beta = .108$, $p < .05$), which is unexpected because the retailer in the experiment is described as foreign. When adding the interaction term between PBL and CE to model 3, there is no significant change in the $R^2$ value and the coefficient is not significant ($\beta = .017$, $p > .05$). Hence, $H4b$ does not find support in the data, indicating that the PBL – willingness to buy relationship does not differ depending on a consumer’s level of CE.

### 3.3. Study 3: The influence of L-CSR and PBL

#### 3.3.1. Experimental design and process

The objective of the third experiment was to investigate whether L-CSR and PBL interact ($H3$) and whether there is a three-way interaction between L-CSR, PBL, and CE ($H4c$). A further objective was to investigate whether the findings from the first two experiments are robust by testing the main effects and moderating effects with an additional and larger sample at a later point in time.

The study design combined the independent variables from experiment 1 and experiment 2 and relied on a 2 (L-CSR activities vs. non-L-CSR activities) x 2 (high PBL vs. low PBL) between-subjects experimental design. The respondents were randomly assigned to one of four conditions: condition one featured high L-CSR activities and high PBL; condition two, high L-CSR activities and low PBL; condition three, non-L-CSR activities and high PBL; or condition four, non-L-CSR activities and low PBL.

As in the first two experiments, the study began with the short description of the retailer. Then, participants were asked to complete a questionnaire (see Appendix C for measurements).

#### 3.3.2. Sample

The data collection resulted in 499 usable responses from US nationals, with 25.1% of the respondents exposed to condition one, 24.2% exposed to condition two, 24.8% exposed to condition three, and 25.9% exposed to condition four (see Tab. 1 for an overview of the sample).

#### 3.3.3. Results

##### 3.3.3.1. Measurement

The scales displayed good reliability, as Cronbach’s alpha was higher than .70 for willingness to buy ($\alpha = .929$), for PBL ($\alpha = .940$), for L-CSR activities ($\alpha = .892$) and for CE ($\alpha = .964$) (see Tab. 5 for correlations and VIF’s).

Based on the procedure explained in experiment one, CMV does not seem to pose a serious concern as only 6% of variance could be due to CMV.

##### 3.3.3.2. Manipulation check

The procedure applied in the first two experiments verified that the manipulation was successful in the main study. As intended, there was a significant difference between L-CSR activities high vs. low ($t(497) = 21.35$, $p < .05$) and between the levels of PBL high vs. low ($t(497) = 5.98$, $p < .001$). However, there was no significant difference between the levels of CE in both randomly assigned sub-groups ($t(497) = -.490$, $p > .05$).

##### 3.3.3.3. Findings

As in experiment one and two, hierarchical multiple regression was employed. In the first step, perceived value and the demographic variables were included as controls.
In the second step, L-CSR, PBL and CE were introduced. In the third step, the three interaction terms were added between L-CSR and CE, PBL and CE and between PBL and L-CSR. In the fourth step, the interaction between L-CSR, PBL and CE was included (see Tab. 3 for an overview of the results).

Although there is a high correlation between L-CSR activities and PBL (see Tab. 5), the test of multicollinearity via tolerance and VIF revealed that multicollinearity does not pose a problem in interpreting the results, as tolerance levels are between .639 and .997 and VIF values are between 1.003 and 1.565 (Hair et al. 2014).

Regarding the main effects, the results from experiment three confirm the findings from previous experiments. Model 2, consisting of the controls and the main effects, explains 56 % of the variance in willingness to buy. Both L-CSR and PBL have a direct positive influence on the willingness to buy ($\beta = .104, p < .01$ and $\beta = .521, p < .001$, respectively), supporting $H1$ and $H2$, with PBL exerting a substantially stronger effect than L-CSR. Moreover, including L-CSR, PBL and CE has a large effect on explaining consumers’ willingness to buy ($f^2 = .695$). By adding three interaction terms to model 3, the variance explained increases to 57.6 %, showing a significant change of 1.6 % over model 2. $H4a$ and $H4b$ predict that the influences of L-CSR and PBL (respectively) on the willingness to buy differ depending on a consumer’s level of CE. Again, as displayed in model 3, the data show a significant interaction effect between L-CSR and CE ($\beta = .076, p < .05$) but not between PBL and CE ($\beta = .049, p > .05$). $H4a$ is supported, while $H4b$ again fails to find support in the data.

$H3$ predicts that there is a positive interaction between L-CSR and PBL on willingness to buy. However, model 3 shows a significant negative interaction effect ($\beta = -.069, p < .05$), which is contrary to the hypothesis; thus, $H3$ does not find support in the data. Due to this unexpected result, the interaction effect was analysed further by the post-hoc probing proposed by Aiken et al. (1991). First, respondents were divided into three groups of levels of L-CSR. The results indicate that the effect of PBL on willingness to buy decreases with increasing L-CSR. It is high when L-CSR is low ($b = .551, p < .001$) and gets lower when L-CSR is medium ($b = .479, p < .001$) and high ($b = .407, p < .001$). Second, respondents were divided into three groups of levels of PBL. In this case, the effect of L-CSR on willingness to buy is high when PBL is low ($b = .200, p < .01$) and gets lower when PBL is medium ($b = .119, p < .01$). It is not significant when PBL is high ($b = .046, p = .325$). Therefore, both post-hoc tests confirm the negative interaction effect.

As shown in model 4, the coefficient for the three-way interaction between L-CSR, PBL and CE is not significant ($\beta = .043, p > .05$). Thus, hypothesis $H4c$ does not find support in the data.

4. Discussion and implications

The purpose of this study was to examine whether foreign retailers can enhance consumers’ willingness to buy by localising CSR activities and by providing localised brand messages (PBL). The study also investigated whether CE moderates both relationships. CE has rarely been tested in the context of foreign retailing. Including it was particularly interesting because foreign retailers, as opposed to single brands, deliver their services in a host country with local employees and usually sell a mix of foreign and domestic products. The study provides insights into whether foreign grocery retailers should integrate and localise their activities in the domestic market and how this influences consumer behaviour in general and the behaviour of ethnocentric consumers in particular. The hypotheses were tested with three experiments. All hypotheses could have been tested in a single experiment, but conducting three studies allowed us to change the setting in subsequent experiments if necessary. The use of three experiments also allowed checking for the robustness of the findings. In fact, the results of the third study confirmed the results of the previous two studies. As our research covers only one retailer (grocery) and only one country (USA), we provide implications for research and management with caution.

The general pattern of findings is consistent with social identity theory. Grocery retailers who localise their CSR activities to the host country (the in-group) increase acceptance from local consumers, which translates into willingness to buy. In fact, the stronger L-CSR activities of a foreign grocery retailer are perceived, the higher consumers’ willingness to buy. It is important to note that this influence is not caused by the overall level of CSR activities of a company but by the foreign retailer’s contribution to the well-being of the American economy and local society. Similarly, Russell and Russell (2010) found that when the CSR activities of an American clothing retailer were national (USA) as opposed to foreign (Cambodian), consumers’ intentions to buy from the retailer were higher. The current study extends these findings by demonstrating this effect in relation to a fictitious foreign retailer, based on a non-student sample and with a comparison of localised (USA) versus non-localised activities in general, eliminating the potential effect of the specific home country of the retailer. For retailers, this implies that they should localise their CSR activities to the host country, for example by caring for their local employees, doing charity projects in their local communities and supplying locally; they should also actively communicate these activities to their customers.

Retail brands perceived to have higher brand localness significantly influence consumers’ willingness to buy. In fact, by including PBL in the model, even the strong influence of the control variable perceived value has been reduced. The finding that PBL exerts an effect on willingness to buy is in line with the social identity theory, indicating that when a retailer is perceived to be a part of
the in-group, it is more accepted by consumers, which may stem from an emotional affiliation of the retail brand with the country. These findings are consistent with those of Keane and Morschett (2016), who found a direct effect of PBL on purchasing behaviour at two foreign retailers in the USA. Our results support the findings of Halkias et al. (2016), who also demonstrate a positive effect of PBL, even though, in their model, PBL indirectly affects purchase intentions via brand attitudes as mediator, and their measurement of PBL slightly differs from the measurement in our study. These scholars propose that international brand managers should create links with local markets due to the significantly stronger effects of PBL on brand attitudes and behavioural intentions compared to the effects of perceived brand globalness. Steenkamp et al. (2003) show a direct effect of their variable, brand local icon value (which is conceptualised very similarly to our variable PBL) on brand purchase likelihood, besides having two indirect effect paths. Their recommendations are, however, targeted at local companies who should apply PBL as a defence against global brands. In the retail context, Swoboda et al. (2012) show a significant indirect influence of PBL on retail patronage through functional and psychological values but do not find a direct influence. This finding, which differs from the findings of the current study, may stem from the fact that Swoboda et al. (2012) focused on an emerging market while we have investigated this effect in the USA, a mature market in which consumers are likely to have higher trust in local retailers. More importantly, however, we have tested the hypothesis using an experimental design with a fictitious foreign grocery retailer, and the effect may be more direct in the grocery sector.

In response to increased competition, many global brands try to transmit a message of being part of the in-group (by using local symbols). Özsomer (2012) warns global managers that this strategy may not come across as authentic and credible. Swoboda et al. (2012) further note that the retailer’s strategy may not be clear to consumers, but consumers may be able to evaluate whether the retail brand is global or local based on the retailer’s communication and offers. Retail brand identity should be one of the key aspects of a retailer’s strategy in a foreign market. Therefore, grocery retail managers should – cautiously – invest in building a local brand identity in the host country, using emotional anchors localised to the domestic market to attract consumers, as Halkias et al. (2016) emphasize for product brands as well. PBL can be achieved with national symbols, national celebrities, national sports, etc. In the present study, the inclusion of flags, typical national sports and national clothing elements exerted a strong influence on the respondents.

A closer examination of the interaction between L-CSR and CE reveals that L-CSR activities exert a stronger effect for consumers higher in ethnocentrism. CE mainly captures economic motives for in-group bias and is based on a consumer’s normative response – on their desire to protect the domestic economy (Dmitrovic and Vida 2010). The core of CE lies in the consumer’s concern about harming the domestic economy by purchasing foreign products (Shimp and Sharma 1987) and, consistent with social identity theory, individuals do not engage in harmful behaviours towards the in-group. Ethnocentric consumers who perceive that the retailer positively influences the domestic economy and local society are more willing to buy from this foreign retailer, meaning that L-CSR can help to overcome ethnocentric consumers’ preferences against buying from foreign stores. This suggests that foreign retail managers should emphasize their commitments to the domestic market in their advertising. They should also transmit an image of a retailer that is well integrated into the country and that looks after the well-being of the domestic economy with socially responsible actions that are focused on the local market. This strategy will help to attract consumers in general, and in particular, consumers with higher ethnocentrism.

While a strong direct influence of PBL on willingness to buy was clearly shown for consumers in general, no evidence was found that the influence of PBL on willingness to buy at a foreign retailer is stronger for consumers with higher CE. Although unexpected, this is consistent with the finding by Steenkamp et al. (2003), who did not establish a significant difference depending on the level of CE in terms of the influence of PBL on the purchase likelihood of brands. Similarly, Swoboda et al. (2012) investigated a moderating variable closely related to CE – consumer local identity – and also failed to demonstrate a different total effect of PBL on patronage behaviour for consumers with a higher local identity than for consumers with higher global and hybrid identities.

This result was unexpected because ethnocentric consumers are attracted to national ideals (Siamagka and Balabanis 2015), and CE is argued to have an affective component (Dmitrovic and Vida 2010). Spanjaard and Freeman (2012) note that a consumer’s choice of product is often affected by emotional aspects that help them connect with particular products and brands. Therefore, one explanation for the missing moderating effect may be that PBL is such an important consideration for all consumers (as evident from the strong direct effect) that it does not exert a stronger influence on highly ethnocentric consumers. In fact, such a strong direct influence of PBL, regardless of other factors, has also been demonstrated in the study by Halkias et al. (2016) on product brands. As mentioned, PBL may be particularly important in the grocery retail category because food is more culturally grounded and local traditions and habits play a powerful role, as they satisfy social, cultural and traditional needs (Özsomer 2012). In addition, it is possible that the emotionality that is expressed in the pictures of the advertising in the experiment, for example, of the children’s playground, appeals in particular to ethnocentric consumers, given that it illustrates certain values. This may explain the unexpected finding in study 2 (where no statements from consumers, employees and
suppliers were given that additionally highlight the foreignness of the retailer but only the advertising), which shows a direct positive influence of CE on willingness to buy. As a consequence, retail managers should ensure that the retail brand includes localised appeals that help local consumers connect with it because this can influence their willingness to buy, regardless of their level of CE.

Interestingly, contrary to the proposed hypothesis, the interaction between L-CSR and PBL is negative and significant. To the best of our knowledge, no previous study has analysed this interaction effect. While we hypothesised that retailers are more convincing when their localisation efforts stem from both high L-CSR and high PBL, the results of the post-hoc probing seem to indicate that the effect of one of these dimensions is in fact more important when the retailer is not performing well on the other one; for example, when L-CSR is low, PBL is more important, but when L-CSR increases, the relevance of PBL decreases. This finding suggests that when the retailer is performing one of these activities on a high level, this is already sufficient to convince consumers of its commitment to the local market. Thus, one implication would be that it is better for a retail manager to strongly focus on one of the two dimensions than to try to satisfy both dimensions without full success. However, the effect size of this negative interaction effect is not very high, so this implication should be viewed cautiously.

It is also noteworthy that although the collinearity analysis indicates that multicollinearity does not pose a serious problem, the high correlation between L-CSR and PBL suggests that the perception of these variables by consumers is in fact not fully independent. This is interesting because both dimensions were manipulated strictly independent in the experiment, and yet they seem to be perceived as interlinked, indicating that consumers’ perceptions are joined together.

Last, the experiment investigated a three-way interaction between L-CSR activities, PBL and CE. However, the findings did not produce significant results. The lack of this interaction is not surprising, particularly because the interaction between PBL and CE is not significant, the interaction between CE and L-CSR is significant, and the interaction between L-CSR and PBL is negative, although rather weak.

In summary, the core contribution of this study is to demonstrate that consumers rely on both the geographic focus of a foreign retailer’s CSR activities and on PBL when making a buying decision. Foreign retailers who localise CSR activities enjoy higher patronage. This finding is true for consumers in general, but L-CSR activities have a particularly strong effect on consumers with higher ethnocentrism. Finally, PBL exerts a particularly strong influence, regardless of CE.

5. Limitations and future research

To better understand the influences of L-CSR activities and PBL on willingness to buy at foreign retailers and the moderating role of CE, additional research is needed. The findings presented herein are subject to a number of limitations. We note three such issues.

First, the data for this study were collected in one market (the USA), were based on one retail category (grocery), and the stimuli retailer was foreign. This limits the scope and generalisability of the results. Therefore, it may be worthwhile to extend this research to a diverse set of countries and retail categories to determine whether the findings are generalisable in nature. This extension would be interesting because, for example, Swoboda et al. (2012) note that, in China, Western retailers influence consumers emotionally, whereas Asian retailers do so based mostly on functional values. From the perspective of CE, this extension of research would also be beneficial. CE can manifest differently across countries, and it has been previously shown that domestic country biases in diverse product categories vary in importance. Furthermore, other researchers have shown positive effects of perceived brand globalness (Steenkamp et al. 2003; Swoboda and Pennemann 2014), while this study only investigated the effect of PBL in grocery retailing. Swoboda et al. (2012) and Steenkamp et al. (2003) argue that a brand can simultaneously have high brand globalness and high brand localness; thus, studying localness and globalness in diverse retail sectors is important to obtain more comprehensive insights into the effects of these variables. Also comparing foreign and domestic retailers in an experiment might bring interesting results, in particular because our arguments are based on an in-group/out-group distinction. Moreover, investigating the influence of PBL not only on foreign but also on domestic retailers may contribute to the existing literature. The experimental research design allowed us to avoid the direct influence of brand familiarity on consumers’ willingness to buy. It was also possible to demonstrate causal effects and to avoid biases based on actual shopping behaviour.

However, exposing respondents to selected information about a retailer can make it difficult for them to make decisions about whether they are willing to buy in a particular store, as many other attributes often play a role (Pan and Zinkhan 2006). Moreover, the messages about the fictitious retailer are positive. Only the level of localisation (of the brand or of CSR) was manipulated, not the overall level of CSR or of a positive emotional brand message. While we considered it important to keep this constant, and a positive brand message conforms more to the real behaviour of a retailer, one may argue that other information sources can spread negative information about the social responsibility of a retailer. Thus, investigating the effect of L-CSR activities in the case of negative information may also be worthwhile.

Second, L-CSR, PBL and CE are complex concepts. We have not found any existing scale in the literature that
measures L-CSR activities. Therefore, we have adapted the scale from Öberseder et al. (2014). This approach is exploratory. To measure PBL, we have used the scale by Swoboda et al. (2012), which was used in the retail context; these authors argue that when retailers are successfully positioned they can be characterised as hybrid retail brands, i.e., scoring high on the global and the local dimension. In our study, we have only accounted for PBL, and we have not investigated perceived brand globalness. The third important scale used in the study is CETSCALE (which measures CE). Although commonly applied and well-established, CETSCALE has been criticised for its one-dimensionality. There are new prominent multi-dimensional scales to measure CE. For example, Siamagka and Balabanis (2015) propose a scale consisting of five dimensions: prosociality, cognition, insecurity, reflexiveness and habituation. Using this new scale may be interesting, as it may provide new insights into understanding how CE interacts with L-CSR and in particular with PBL.

Third, an extension of the framework is recommended. For example, Steenkamp et al. (2003) not only hypothesised a direct effect of PBL on brand purchase likelihood but also an indirect effect via perceived brand quality and brand prestige. Swoboda et al. (2012) considered the influence of PBL on retail patronage via two mediators – functional and psychological values. Including these variables in the model would provide more insights into the effects and add to our current understanding. From the perspective of the moderating factors, it may also be interesting to investigate additional influences such as the retailer’s origin, consumer identity (Swoboda et al. 2012) and consumer cosmopolitanism, for example. In fact, investigating how local consumer identity interacts with CE may be valuable in explaining the influence of PBL on willingness to buy at foreign grocery retailers.

Appendix A

Description:

As part of a market study for a foreign supermarket chain that has been in business in the USA for many years, we have been asked to investigate which aspects consumers perceive as important when evaluating retail brands. To get an unbiased picture, we have used a fictitious name for that retailer instead of its real name. The retailer – Natural Foods (NF) – is a foreign supermarket that plans to further expand its operations in the United States. In most states, Natural Foods can be easily reached using public transport, but stores also offer free parking to those customers who drive. The stores offer a high quality product range, with prices that are set marginally higher than the prices of other supermarket chains. Natural Foods is committed to recycling and ensuring that waste is kept to a minimum.

To give you a better idea of Natural Foods as a retailer, we have collected a series of anonymous statements from different stakeholders, namely an employee, a supplier and a customer. Please read their statements carefully.

Condition 1 (L-CSR activities)

Employee (39), California: “Natural Foods treats employees fairly and the store respects our American culture. The staff are well looked after, although there are not many opportunities for promotion. The work is intense but Natural Foods offers a competitive salary. Most of the managers in our headquarters are Americans. Natural Foods also offers an internship program that was created specifically for young Americans. The program aims to teach the youth about different aspects of stores operations. I think this experience is very valuable.”

Supplier (55), Arkansas “Natural Foods is our biggest customer. We have established a long term relationship with them, which is great because we have a large customer for our American produce all year round. In fact, Natural Foods has committed to source products mainly from American suppliers, which means that they can sometimes be a challenging customer because they demand a very efficient supply chain from us. The benefit of this is that since we started working together our business has grown and we were able to hire more employees at our plant in Arkansas.”

Customer (45), Illinois “I like shopping at Natural Foods. The prices are reasonable and the employees are friendly. I appreciate that Natural Foods gets involved in local charities; too few retailers do that. The company advertises that it donates 1% of its profits to good causes in the local communities in which it operates. I think this is both a great form of marketing as well as a way to give back to American society.”

Condition 2 (non-L-CSR activities)

Employee (39): “Natural Foods treats employees fairly. The staff are well looked after, although there are not many opportunities for promotion. The work is intense but Natural Foods offers a competitive salary. The management team in our headquarters is mainly from abroad. Natural Foods also offers an internship program that was created specifically for international youth. The program aims to teach the youth about different aspects of stores operations. I think this experience is very valuable.”

Supplier (55): “Natural Foods is our biggest customer. We have established a long term relationship with them, which is great because we have a large customer for our produce all year round. In fact, Natural Foods has committed to source products from around the world, which means that they can sometimes be a challenging customer because they demand a very efficient supply chain.
from us. The benefit of this is that since we started working together our business has grown and we were able to hire more employees.”

Customer (45): “I like shopping at Natural Foods. The prices are reasonable and the employees are friendly. I appreciate that Natural Foods gets involved in charity initiatives; too few retailers do that. The company advertises that it donates 1% of its profits to global causes. I think this is both a great form of marketing as well as a way to give back to society.”

Appendix B – Study 1

Condition 1 (L-CSR activities)  
Condition 2 (Non-L-CSR activities)
Appendix C

Willingness to buy (Grewal et al. 2003)
The likelihood that I would shop in Natural Foods store is high. I would be willing to buy merchandise at Natural Foods stores. I would be willing to recommend Natural Foods stores to my friends.

PBL (Swoboda et al. 2012)
I associate this retail brand with things that are American. To me, this retail brand represents what America is all about. To me, this retail brand is a very good symbol of America.

L-CSR (adapted from Öberseder et al. 2014)

CE (Lindquist et al. 2001; Shimp and Sharma 1987)
Only those products that are unavailable in the U.S. should be imported. American products, first, last, and foremost. Purchasing foreign-made products is un-American. It is not right to purchase foreign products, because it puts Americans out of jobs. A real American should always buy American-made products. We should purchase products manufactured in America instead of letting other countries get rich off us. Americans should not buy foreign products, because this hurts American business and causes unemployment. It may cost me in the long-run but I prefer to support American products. We should buy from foreign countries only those products that we cannot obtain within our own country. American consumers who purchase products made in other countries are responsible for putting their fellow Americans out of work.

Perceived value (Ailawadi et al. 2014)
I can get the same items at lower prices in other stores than Natural Foods. Prices at Natural Foods are good compared to other stores.

References
Appendix D – Study 2

Condition 1 (High PBL)  
Condition 2 (Low PBL)
Keane/Morschett, The Influence of Localised Corporate Social Responsibility and Perceived Brand Localness


Keywords

Consumer Ethnocentrism, Foreign Grocery Retailers, Localised Corporate Social Responsibility, Perceived Brand Localness, Willingness to Buy.