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Consumer responses to different degrees of advertising adaptation : the moderating role of national openness to foreign markets

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**CONSUMER RESPONSES TO DIFFERENT DEGREES OF ADVERTISING
ADAPTATION: THE MODERATING ROLE OF NATIONAL OPENNESS TO
FOREIGN MARKETS**

ABSTRACT

We investigate the moderating role of national openness to foreign markets on consumer responses (attitude to ad, brand and purchase intention) to different degrees of advertising adaptation in Belgium, Iran and India. We operationalize three levels of advertising adaptation (standardization, glocalization and adaptation) by manipulating the model (international versus local celebrity) and advertising copy (international versus local advertising copy). The results show that societies with a low openness to foreign markets respond more positively to fully adapted ads than to glocalized and standardized ads. The differences in responses decrease with national openness.

1 INTRODUCTION

The success of international advertising partly depends on the degree of advertising adaptation to the local environment of the targeted markets (De Pelsmacker, Geuens and Van den Bergh 2007). The levels of advertising adaptation have been defined on a continuum ranging from worldwide standardization to complete adaptation with hybrid approaches in between (Merz, He and Alden 2008; Ritzer 2004). Advertising standardization uses a uniform advertising strategy across different countries (Kitchen and De Pelsmacker 2004; Vrontis, Thrassou and

Lamprianou 2009). This approach can reinforce a brand's global identity and lead to cost reduction through economies of scale (Akaka and Alden 2010; Zou and Volz 2010). On the other hand, the differences between nations and consumers' tastes around the world encourage marketers to tailor (adapt) their advertising to local cultures and tastes (Fastoso and Whitelock 2010). A number of studies reveal that (at least some degree of) advertising adaptation to local culture can benefit consumers' attitudes and purchase intentions (e.g., Butt and de Run 2011; Noriega and Blair 2008) and, more generally, that brands that signal connections to a person's home country lead to more positive brand evaluations (Liu and Johnson 2005; Verlegh and Steenkamp 1999).

This experimental study aims to fill two gaps in the literature on advertising adaptation. First, theoretical approaches have so far related the effectiveness of advertising adaptation vs. standardization to a number of individual-level moderators, such as ethnocentrism (Nijssen and Douglas 2011), education (Hsu and Nien 2008), or age and gender (Witkowski 1998). Amongst these factors, ethnocentrism is by far the most often used explanation why consumers seem to prefer local products or signals that refer to the home country (Balabanis and Diamantopoulos 2004; Chao, Wührer and Werani 2005; Verlegh and Steenkamp 1999). Notwithstanding the obvious relationship between the level of ethnocentrism and the preference for locally adapted brand stimuli, ethnocentrism can only explain a modest part of the variability in consumer preferences (Balabanis and Diamantopoulos 2004). Other variables thus need to be identified that can explain part of the preference for localized or globalized brand stimuli.

Individual-level characteristics such as ethnocentrism are often difficult to use in practical market segmentation and targeting. Additionally, companies marketing their products internationally often develop advertising strategies on a country-wide basis, hence the need for country-level factors to guide advertising strategy decisions. We argue that besides individual-

level characteristics, the environmental country-level variable of ‘national openness to foreign markets’ has a predictive capability for consumer responses to advertising adaptation. National openness to foreign markets is an environmental measure of the extent of a nation’s economic, social and political contact with foreign societies, in other words the extent of its globalization. It depends on several environmental factors such as worldwide investments, production, marketing, advances in telecommunication technologies, the Internet, increase in world travel and growth of global media (Alden, Steenkamp and Batra 2006; Dreher, Gaston and Martens 2008; Özsomer and Simonin 2004). To the best of our knowledge, the relationship between a country’s openness to foreign markets and consumer responses to different degrees of advertising adaptation is an unexplored research topic. Additionally, this factor is relevant for international advertising practice, and specific measures for this ‘openness’ variable are publicly available, and thus easy to use by international marketers.

Second, previous experimental studies on advertising adaptation have largely ignored the option of a hybrid, glocalization strategy, by comparing only the two extremes of advertising adaptation vs. standardization (Hornikx and O’Keefe 2009; Wei and Yu 2012). Glocalization is a semi-adaptation strategy that tries to combine the advantages of both standardization and adaptation strategies (Roberts and Ko 2001). Many authors advocate in favor of a glocalization strategy as the key for better communication with consumers with different cultural backgrounds (e.g., Matusitz 2010; Sinclair and Wilken 2009). In the present study, the degree of advertising adaptation is operationalized at three levels (i.e., standardization, glocalization, and adaptation) by means of two widely used executional elements, the origin of the (celebrity) model as a visual cue, and language, geographical locations and web domain as advertising copy.

The present study was conducted among consumers in three countries with different levels of openness to foreign markets: Belgium (high openness), India (moderate openness) and Iran (low

openness). India and Iran represent emerging markets which have not received a lot of attention in the literature. As our focus in this study is on environmental rather than individual level differences, we study consumer responses to advertising adaptation levels for varying degrees of national openness to foreign markets while controlling for the effects of individual level differences in ethnocentrism, age, gender and education that may confound consumers' reactions to the advertising adaptation levels. We investigate for each of these countries how different levels of adaptation lead to different responses to advertising stimuli. Figure 1 shows the theoretical framework of the study.

(Insert Figure 1)

Thus, the study contributes to research on the effectiveness of advertising standardization and adaptation levels (Melewar et al. 2009; Westjohn, Singh and Magnusson 2012) and on the effect of national openness to foreign markets on responses to advertising. From a practitioner point of view, it aims to explore national openness to foreign markets as a relevant and easy to implement determinant of the effectiveness of varying levels of advertising adaptation on consumer responses. The results can help marketers to select an optimal degree of advertising adaptation when approaching specific country markets.

2 LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1 Consumer responses to advertising adaptation, glocalization and standardization

For nearly five decades, the effectiveness of advertising adaptation to cultural boundaries versus its standardization across national borders has been a controversial issue in international

marketing (Akaka and Alden 2010; Elinder 1965; Papavassiliou and Stathakopoulos 1997). The controversy centers on whether advertisements need to be adapted to the cultural values and symbols of different societies (and so differ across different markets) to be effective. Advertising standardization uses a uniform advertising strategy for different countries (Kitchen and De Pelsmacker 2004; Vrontis, Thrassou and Lamprianou 2009), which can reduce costs through economies of scale (Akaka and Alden 2010; Schilke, Reimann and Thomas 2009; Zou and Volz 2010) and create a global brand identity (Akaka and Alden 2010). Global Market Strategy theory supports standardization as an efficient strategy because of its ability to exploit ideas on a global scale (Zou and Volz 2010). In support of this idea, a number of experiments showed that consumer responses to a given ad are not affected by national cultural characteristics (Polyorat, Alden and Alden 2005; Wilcox et al. 1996) and suggested that standardization could be used in several countries because culture does not seem to act as a cognitive and affective filter in individuals' judgments of ads.

However, a review of the marketing literature including theoretical (e.g., Akaka and Alden 2010; Alden, Steenkamp and Batra 2006; De Pelsmacker, Geuens and Van den Bergh 2007) and experimental (e.g., Aaker, Brumbaugh and Grier 2000; Brumbaugh 2002; Forehand, Deshpandé and Reed II 2002) studies shows more evidence in favor of adaptation than against it. Manifestations of culture (i.e., values, heroes, rituals, and symbols) will affect individuals' reactions to advertising (Hofstede and McCrae 2004). For example, it is well-established in, amongst others, country-of-origin studies, that individuals have a preference for products and stimuli that come from or are related to their own country ('home country bias') (Elliott and Cameron 1994; Newman et al. 2014). This country affiliation response can be spontaneously activated by the mere presence of country-specific cues in stimuli, even if consumers do not intend to base their judgment on them (Liu and Johnson 2005). Country-specific stimuli are

regarded as extrinsic heuristic cues (cognitive or affective shortcuts) when evaluating stimuli, especially when information about intrinsic product cues (attributes) is unavailable or scarce (Elliott and Cameron 1994; Maheswaran and Chen 2006; Verlegh, Steenkamp and Meulenberg 2005). These cues can trigger perceptions of quality as well as symbolic and emotional connotations that carry over to the brand.

The differences between consumers' tastes around the world make it unlikely that the same ad can be equally effective in all countries (Fastoso and Whitelock 2010; Rugman 2003). The majority of studies find that the same advertisement elicits significantly different consumer responses from consumers in different cultures (Bjerke and Polegato 2006; De Pelsmacker and Geuens 1998; Koslow and Costley 2010). Based on a meta-analysis, Hornikx and O'Keefe (2009) reported that in most of the studies conducted in North America and Asia, adapted advertising appeals are more persuasive than standardized appeals. The effectiveness of adapting advertisements to the cultural characteristics of the target market has been explained in the literature by theories like self-congruity (e.g., Lee, Fernandez and Martin 2002; Martin, Kwai-Choi and Feng 2004; Noriega and Blair 2008), self-construal level (e.g., Aaker and Schmitt 2001; Lau-Gesk 2003; Wei and Yu 2012), ease of information processing (e.g., Berger and Fitzsimons 2008; Chattaraman, Rudd and Lennon 2010) and consumer culture theory (e.g., Alden, Steenkamp and Batra 2006; Cleveland et al. 2011; Cleveland and Laroche 2007). For example, Aaker, Brumbaugh and Grier (2000) showed that when the ad content (i.e., model, ad copy, symbols and signs) has characteristics that differ from those of the viewer (e.g., a model with a different ethnicity than the viewer), individuals may infer that their tastes and preferences are different from that of the intended target group, and thus fail to develop favorable attitudes. This result is also supported by other studies in consumer psychology (Brumbaugh 2002; Forehand, Deshpandé and Reed II 2002).

2.2 The moderating role of national openness to foreign markets on consumer responses to different degrees of advertising adaptation

Previous studies indicate that a preference for adapted advertising appeals can be influenced by a number of individual-level characteristics. Among these characteristics, ethnocentrism has been reported as one the most important determinants of consumers' preferences for local brands and advertising cues over foreign ones (e.g., Balabanis and Diamantopoulos 2004; Jimenez and Martin 2010; Steenkamp, Batra and Alden 2003). Consumers who prefer adapted advertising appeals are also generally more collectivist (Aaker and Schmitt 2001; Wei and Yu 2012), less cosmopolitan (Cleveland et al. 2011), have less frequent contact with foreign values and societies (Alden, Steenkamp and Batra 2006), and have a lower level of acculturation to global consumer culture (Cleveland and Laroche 2007). However, these construct have been found to be correlated with ethnocentrism (Cleveland et al. 2011). As a result, incorporating ethnocentrism in an explanatory model of responses to advertising stimuli differing in their degree of adaptation is crucial. Demographic variables such as age, education and gender have also been shown to influence consumers' responses to advertising or products adaptation (Hsu and Nien 2008; Witkowski 1998).

Notwithstanding the strong relationship between the level of ethnocentrism and the preference for locally adapted brand stimuli, ethnocentrism can only explain a modest part of the variability in consumer preferences (Balabanis and Diamantopoulos 2004). Other variables thus need to be studied that may explain the preference for localized or globalized brand stimuli. To our knowledge, previous studies have not investigated any effects of environmental-level variables. According to Koslow and Costley (2010) and Berger and Fitzsimons (2008), next to individual-level differences, enviromental factors measured at a national level can also affect consumers'

attitudes and behavioral intentions. Moreover, individual-level characteristics such as ethnocentrism are often difficult to use in practical market segmentation and targeting. Additionally, companies marketing their products internationally often develop advertising strategies on a country-wide basis, hence the need for country-level factors to guide advertising strategy decisions.

Our focus in this study is on the moderating role of an environmental-level variable, the national openness to foreign markets, on brand attitude and purchase intention for a brand advertised with different degrees of advertising adaptation (adaptation, glocalization and standardization), whilst controlling for individual characteristics such as ethnocentrism, age, education and gender. The effect of national openness to foreign markets is studied here at three levels (i.e., low, moderate and high) by studying three countries with these levels of openness, i.e. Belgium (high), India (moderate) and Iran (low) (see below for details). The focus of the present study is to investigate for each of these countries which levels of adaptation lead to the most positive responses in terms of the attitude towards the ad and the brand and purchase intention.

The current results with respect to the consequences of national openness to foreign markets on a society's behavior are mixed. On the one hand, some studies indicate that a nation's openness to foreign markets may lead to the rejection of the values and symbols of foreign cultures (Holton 2000; Kellner 2002). According to these views, when confronted with foreign cultures or products, people will attempt to protect their own cultural purity by rejecting the symbols and values of other cultures, leading to a "clash of civilizations" (Huntington 1993). On the other hand, other studies suggest that a nation's openness to foreign markets does not lead to "clashes", but creates a "blend of cultures", a "blend" in which the cultural value system of the society is integrated with the foreign cultural manifestations (Pieterse 2004; Tomlinson 1999).

In a study of 44 countries, Machida (2012) found that a nation's great openness to foreign markets renders individuals "more tolerant toward foreign influences" (cultural integration) (Machida 2012, p. 456) and results in cultural integration. In this scenario, foreign cultural manifestations are not considered as a threat to the local culture's purity or superiority (Pieterse 2004), causing consumers to cooperate with foreign cultures and to disregard ethnic differences when making judgments. In support of this idea, Alden, Steenkamp and Batra (2006) report positive effects of individuals' travelling, mass media usage, and immigrant exposure on their attitude toward global brand consumption. This means that, in open markets, the adaptation of advertisements to the local cultural value system should not necessarily contribute to the formation of more positive attitudes and behavioral reactions compared to more standardized appeals. As a result, we do not expect any differences between different advertising adaptation levels in their impact on consumer attitudes and purchase intentions in nations with a high openness to foreign markets.

H1: Controlling for individual differences in ethnocentrism, age, gender and education, consumer responses (i.e., attitude to ad (Aad), brand (Ab) and purchase intention (Pi)) in a country with high openness to foreign markets do not differ between an adapted, glocalised or standardized advertising appeal.

Countries with a moderate national openness to foreign markets have moderate international economic flows, information flows, travelling and economic restrictions. Moderate openness to foreign markets leads to a moderate cultural integration. The society appreciates its own dominant cultural value system as well as its association and cooperation with foreign cultural manifestations. In such countries, ads that to some degree depict local cultural values will receive more positive consumer responses than a standardized advertisement which does not have any

connection with the local cultural value system. We can therefore expect that, in a moderately open society, both adaptation and glocalization receive more positive scores on attitudinal and behavioral measures than a standardized ad:

H2: Controlling for individual differences in ethnocentrism, age, gender and education, consumer responses (i.e., attitude to ad (Aad), brand (Ab) and purchase intention (Pi)) in a country with moderate openness to foreign markets are more positive for an adapted or glocalized advertising appeal than for a standardized appeal.

Nations with a low national openness have smaller international economic flows, information flows, travelling and more economic restrictions. Consumers in these societies are more isolated from foreign markets and foreign cultural values. The lack of openness leads to the dominance of one cultural value system without much contact with foreign cultural manifestations. Consequently, the society more likely prefers its own symbols and values over the cultural manifestations of other societies, to protect its own cultural purity (Huntington 1993; Machida 2012). Consumers in these countries are expected to prefer higher degrees of advertising adaptation to their local culture over glocalization or standardization of advertisements because adapted advertisements are more congruous with their dominant national cultural value system (Wei and Yu 2012). Thus, for high openness to foreign markets, we hypothesize:

H3: Controlling for individual differences in ethnocentrism, age, gender and education, consumer responses (i.e., attitude to ad (Aad), brand (Ab) and purchase intention (Pi)) in a country with low national openness to foreign markets are more positive for an adapted advertising appeal than for a glocalized or a standardized appeal.

3 METHOD

3.1 *Country selection*

To measure a nation's openness to foreign markets, we rely on the KOF index of globalization (Dreher 2006). The KOF index measures the social aspect of openness by data on personal contact (i.e., outgoing telephone traffic, inflow and outflow of goods and services (transfers), international tourism, foreign population), information flow (i.e., telephone mainlines, Internet hosts, Internet users, cable television, daily newspapers, radios) and cultural proximity (i.e., the amount of contact of the individuals of a nation with multinational companies like McDonald's). The economic aspect of openness is measured by data on actual flows (i.e., trade, foreign direct investment, portfolio investment, income payments to foreign nationals) and data on economic restrictions (i.e., import barriers, mean tariff rate, taxes on international trade). The political aspect of openness is measured by data on political engagement with other countries (i.e., embassies in country, membership of international organizations, participation in UN Security Council missions) (Dreher 2006). The index has been used in earlier research as a measure of national openness to foreign markets (Machida 2012) and has a number of characteristics that makes it suitable for this study. First of all, it considers the social, the political as well as the economic dimensions of a nation's openness to foreign markets. Second, the index is updated annually, which ensures that it is an up-to-date measure.

We selected three countries characterized by different degrees of openness to foreign markets, as measured by the KOF index. Belgium, India and Iran. The KOF index scores countries on a 0-100 scale. The KOF index values given below are based on the 2014 KOF report, which are based on indicators from 2011 (<http://globalization.kof.ethz.ch/>). On the basis of these scores, Belgium is extremely open to foreign markets. Belgium has a very high KOF index (KOF = 91.61, rank 2nd/191). India scores 50.41 (rank 112th/191). This can be considered a moderate,

mid-level score on the KOF index; 58% of the countries listed have a higher score than India. Iran has a KOF score of 41.27 (rank 156th/191), which can be considered a low KOF score and rank. 18% of the listed countries have a lower score than Iran. However, the lowest scoring country had a KOF-score of 24, and only seven countries have a score lower than 30. Most countries with a lower score than Iran are either small, very isolated, politically unstable, or not sufficiently economically developed to allow for professional data collection.

3.2 *Pretest*

For two purposes, a pretest was conducted with 20 respondents in each of the three countries studied (Belgium, India, and Iran). The first purpose of the pretest was to identify an appropriate product category for use in the main study. Previous research indicated that consumer durables offer a high potential for standardization across different markets (Melewar and Vemmervik 2004). Therefore, in the pretest, we measured popularity (4 items – commonly used product category, I like the product category, most (Indians/ Iranians/ Belgians) like the product category, most (Indians/ Iranians/ Belgians) use the product category, $\alpha = .82$) (adapted from Duncan and Nelson 1985) and product category involvement (4 items – means a lot, important, decision requires a lot of thought, matters to me, $\alpha = .96$) (adapted from Dens and De Pelsmacker 2010) for several durable products. A home cinema system scored highly on popularity in the three countries involved in our study ($M_{Belgium} = 5.20$; $M_{India} = 5.07$; $M_{Iran} = 5.80$) and at least moderately on involvement ($M_{Belgium} = 3.59$; $M_{India} = 4.79$; $M_{Iran} = 4.79$). We therefore selected a home cinema system as the test product in our main study to ensure that the product category itself would be sufficiently attractive and involving, so as to avoid that advertising strategies would not have any impact because of low involvement.

One of the issues in the design of the adaptation-standardization ads is the selection of the models (celebrities) used. We wanted to control for model characteristics that may bias the results (e.g., Till and Busler 2000). The second purpose of the pretest was therefore to select celebrities (famous actors) that were highly and equally familiar, attractive and likeable, and matched with the advertised product (a home cinema system). Respondents rated a list of five local celebrities (local actors, adapted for each country) and five international celebrities (Hollywood actors) on seven-point Likert scales for celebrity familiarity (3 items - familiar, recognize, heard of) (Kumar 2005), attractiveness (3 items - attractive, good-looking, appealing) (Ohanian 1990), likeability (3 items - good, favorable, positive) (Till 1998), trustworthiness (3 items – reliable, sincere, trustworthy) and match with the advertised product (a home cinema system) (3 items - images match, makes sense, fit together) (Till and Busler 2000). By means of a series of t-tests for the difference between the locally adapted and international celebrity's characteristics for each country, we selected Leonardo DiCaprio (international actor) and Koen De Bouw (local Belgian actor), Akshay Kumar (local Indian actor), and Mohammad Reza Forootan (local Iranian actor) as celebrities for use in the main study (see pictures in Appendix). These celebrities are highly and equally familiar, attractive, likeable and trustworthy and show an equal match with the advertised product category in each country (see Table 1).

(Insert Table 1)

3.3 Development of stimuli

We operationalized the continuum of advertising adaptation by manipulating two executional elements (i.e., the celebrity and advertising copy). Both elements were either fully adapted (local celebrity and advertising copy) to the context of the three nations (adaptation strategy) or

standardized (international celebrity and advertising copy (standardization strategy)). In addition, a hybrid, glocalization, strategy was created by combining a local celebrity with an international advertising copy. This hybrid strategy is as a strategy that is often used in international advertising (Backhaus, Muhlfeld and Van Doorn 2001; Ford, Mueller and Taylor 2011).

In each country, three different ads were prepared for a fictitious brand of home cinema systems (TFX). A non-existing brand was used to avoid potential confounding effects of prior brand associations. Through discussion with Indian, Iranian and Belgian consumers, we ensured that the brand name “TFX” did not entail any specific associations. Celebrities were chosen as explained in the pretest. To manipulate the advertising copy, we locally adapted or internationally standardized the language, the location and the website domain. The international advertising copy was drafted in English, mentioning three international metropolitan cities and referring to a website “tfx.com”. The localized advertising copy was in Hindi for India, in Farsi for Iran and in Dutch for Belgium, naming three metropolitan cities of each country (e.g., for India: Delhi, Mumbai and Kolkota) and referring to websites with adapted domains of each country (e.g., for India: “tfx.in”). This design led to one standardization strategy (i.e., an ad with an international celebrity and advertising copy), one glocalization strategy which is semi-adapted to the local environment of each of the targeted countries (i.e., an ad with a local celebrity and international advertising copy) and one adaptation strategy, adapted to the environmental context of the three targeted nations (i.e., an ad with local celebrity and advertising copy).

3.4 Procedure

Through an online survey, 405 respondents from three countries, Belgium (n = 136), India (n = 131) and Iran (n = 138), were randomly assigned to one of the three advertising strategies. The sample characteristics are provided in Table 2. In line with the common practice in international

research, we collected an urban sample that overweighs respondents with higher social and economic backgrounds (Batram et al. 2000). This sampling method ensures that the sample is relevant for our study (the respondents would need sufficient purchasing power to buy a product like a home cinema system, and a basic knowledge of English to understand the international advertising copy). Pearson Chi square tests show that the pooled sample characteristics of the three countries do not differ significantly between the three operationalized advertising strategies in terms of gender ($\chi^2 = 2.73, p = .254$), age ($\chi^2 = 1.59, p = .810$) and education ($\chi^2 = 5.34, p = .254$).

(Insert Table 2)

Participants were exposed to a single advertisement (the test ad only) and could watch the stimulus as long as they wanted. Time of exposure was measured. The survey was conducted in English for India, in Dutch for Belgium and in Farsi for Iran. Following Okazaki & Mueller's (2007) suggestion, the questionnaires and ads were translated and back translated by four native Farsi and Dutch speakers to ensure meaning equivalence. All constructs were measured on multi-item seven-point semantic differentials or Likert type scales. After exposure to the advertisement, the participants answered questions about their attitude towards the ad (Aad) (8 items- like, favorable, positive, good, credible, fitting, convincing, not irritating; $\alpha = .97$) (Holbrook and Batra 1987), attitude toward the brand (Ab) (3 items- like the brand, good brand, nice brand; $\alpha = .95$) (Dens and De Pelsmacker 2010), intention to purchase the brand (Pi) (3 items- likely buy, will purchase, definitely try the product; $\alpha = .93$) (Putrevu and Lord 1994) and their level of ethnocentrism (e.g., for India: purchasing foreign products is ... un-Indian, not right, hurts Indian

business, real Indian should always buy Indian-made products; $\alpha = .90$) (Steenkamp, Batra and Alden 2003). Demographic characteristics (gender, age and level of education) were collected at the end. The scores on different items per construct were averaged to compute the construct scores.

4 RESULTS

4.1 *Testing for measurement invariance*

Given that the study was conducted in three different countries in three different languages, it is important to assure construct equivalence. In order to test the equivalence of the factorial measurement and the structural model across the three countries, *configural*, *metric* and *structural* invariance tests were performed on the full sample model ($n = 405$) by means of a multi-group confirmatory factor analytic approach, suggested by Steenkamp and Baumgartner (1998). The results of the multi-group CFA model conducted by means of AMOS 18 show that all constructs have a high level of validity ($AVE > .5$) and reliability ($C.R. > .7$) in all three countries (Table 3).

(Insert Table 3)

Configural invariance (C.I.), i.e. whether the pattern of fixed and free parameters is the same for the two groups, was met: $RMSEA = .062$; $CFI = .929$. (Table 4). *Metric* invariance (M.I.), whether the factor structure is statistically invariant between the two groups, was met as the $\Delta\chi^2$ between the full metric invariance model and the full model computed for configural invariance was not significant ($\Delta p = .111$) (Table 4). Scalar invariance was not fully achieved because the

$\Delta\chi^2$ increases significantly after constraining for measurement item intercepts compared to the full metric model ($\Delta p < .001$). To locate the source of inequality and discover an invariant measurement model across the samples, a *partial scalar* invariance (P.S.I.) test was conducted. Based on the modification indices, we relaxed the constraints on the first item of the ethnocentrism construct. The fit indices of the partial scalar invariance model indicate a good fit and $\Delta\chi^2$ between the partial scalar and full scalar model is significant ($\Delta p < .001$), indicating a significant improvement in model fit and supporting partial scalar invariance (Table 4).

(Insert Table 4)

4.2 *Hypotheses testing*

To test the hypotheses, a 3 (country: Iran (low KOF or openness to foreign markets), India (moderate KOF), Belgium (high KOF)) \times 3 (advertising strategy: advertising adaptation, glocalization and standardization) full-factorial MANCOVA was performed with the attitude toward the ad (Aad), the brand (Ab) and purchase intention (Pi) as the dependent variables. The following characteristics were measured at the individual level and entered as control variables: ethnocentrism (covariate – mean scores for each country: $M_{\text{Iran}} = 3.44$; $M_{\text{India}} = 3.84$; $M_{\text{Belgium}} = 3.09$), time of exposure to the stimulus, gender, age and education (the latter three as categorical variables considered as fixed factors). For an optimal control, we also included the interaction between ethnocentrism and advertising strategy in the model. The MANCOVA shows a multivariate significant main effect of national openness to foreign markets ($F = 14.67, p < .001$). Among the control variables, only the main effects of ethnocentrism ($F = 4.68, p = .003$) and of gender ($F = 2.86, p = .037$) are significant. The interaction between ethnocentrism and advertising strategy is not significant ($F = 1.155, p = .329$). Most importantly, the two-way

interaction between national openness to foreign markets and advertising strategy is significant ($F = 1.79, p = .046$). We report the univariate results below (see also Tables 5 and 6).

(Insert Tables 5 and 6)

Univariate post-hoc tests of the two way interaction between openness to foreign markets and advertising strategy were performed to test the hypotheses. Because the hypotheses were one-sided, we report the one-tailed p-values (Pampallona and Tsiatis 1994). *H1* states that when openness to foreign markets is high, consumer responses do not differ between the different advertising strategies under study. The results confirm that, in Belgium, consumer responses to the adapted appeal ($M_{Aad} = 4.29, M_{Ab} = 4.13, M_{Pi} = 3.85$) do not differ significantly from the responses to the glocalized ($M_{Aad} = 4.34, M_{Ab} = 4.06, M_{Pi} = 3.66$) and the standardized ($M_{Aad} = 4.35, M_{Ab} = 4.06, M_{Pi} = 3.62$) appeals ($p > .237$). The glocalized and standardized appeal do not elicit significantly different responses, either ($p > .443$). Consequently, the data support *H1*.

H2 states that in a society with a moderate level of openness to foreign markets, consumer responses are more positive for an adaptation and a globalization strategy than for a standardization strategy. Our results show that in India, the adapted advertisement ($M_{Aad} = 5.38, M_{Ab} = 5.14, M_{Pi} = 5.11$) receives more positive consumer responses than the standardized ad ($M_{Aad} = 4.88, M_{Ab} = 4.78, M_{Pi} = 4.63$) ($p < .098$). In addition, the glocalized appeal ($M_{Aad} = 6.13, M_{Ab} = 5.42, M_{Pi} = 5.53$) also scores significantly more positively than the standardized appeal ($p < .010$). *H2* is also supported by our data.

H3 states that the responses of individuals from a nation with a low openness to foreign markets are more positive towards the adaptation strategy than towards the globalization and standardization strategies. Our results show that, indeed, in Iran, the adapted appeal ($M_{Aad} = 4.85,$

$M_{Ab} = 4.17$, $M_{Pi} = 4.11$) receives more positive responses than both the glocalized ($M_{Aad} = 4.38$, $M_{Ab} = 3.40$, $M_{Pi} = 3.59$) ($p < .050$) and the standardized appeal ($M_{Aad} = 4.19$, $M_{Ab} = 3.86$, $M_{Pi} = 3.81$), although the latter difference is only significant for Aad ($p = .016$) (Ab: $p = .149$) (Pi: $p = .184$). As a result, *H3* is also largely supported by the data.

5 DISCUSSION AND CONCLUSION

We investigated consumer responses toward advertising adaptation, glocalization and standardization in three national environments that differ in terms of their openness to foreign markets, which itself is a function of economic flows, information flows, travelling and absence of economic restrictions (Dreher 2006). As consumer responses may depend on both environmental and individual-level predictors (Luna and Gupta 2001), we controlled for the individuals' ethnocentrism, age group, gender, level of education and the interaction between ethnocentrism and country, as well as for the time of exposure. Importantly, the interaction between ethnocentrism and advertising strategy is not significant. The essential result is that, while controlling for this interaction, the interaction between advertising strategy and openness to foreign markets is significant. This means that there are country effects at play (due to KOF) which are not captured by individual-level ethnocentrism.

The basic conclusion is that full adaptation of advertising is a viable option in any country, regardless of its openness to foreign markets, but for different reasons. Societies isolated from the values and norms of global culture (with low openness to foreign markets) consider foreign values and norms as perceptually distant (Wei and Yu 2012). In these societies, ads with international elements, either glocalized or standardized, are less positively received than completely adapted ad appeals. Individuals from these societies experience trouble finding a

connection between their tastes and preferences and the international context of more standardized ads, and therefore fail to develop favorable attitudes and behavioral intentions. In societies with a moderate openness to foreign markets, individuals have some contact with foreign cultures evaluate ads on the basis of their congruency with their own local culture. As a result, advertising requires at least a link to the local culture, through glocalization or complete adaptation. In these countries, standardization of advertising is a suboptimal strategy, but full adaptation is not necessary. In societies with a high openness to foreign markets, individuals have frequent contact with the norms and values of other cultures. According to Machida (2012), this kind of environment promotes cultural integration and tolerance for foreign cultures. In line with this idea, our study shows that in a country with a high openness to foreign markets, consumer responses do not differ significantly from one degree of advertisement adaptation to another. This finding contradicts older studies which suggest that openness to foreign markets may lead to the rejection of foreign cultures or a “clash of civilizations” (Huntington, 1993). Although the full adaptation of advertising appeals to the cultural environment of the targeted society has long been considered to be an effective strategy (Butt and de Run 2011; Fastoso and Whitelock 2010), the results of the present study show that glocalization (partial standardization) is as effective in moderately to highly open countries, while full standardization can be equally effective for a nation with high level of openness to foreign markets.

6 MANAGERIAL IMPLICATIONS

Companies that consider selling their products in foreign or international markets face the decision to what degree to standardize their advertisements. In general, advertising

standardization can lead to cost reductions through economies of scale and can contribute to a global brand identity. However, a more costly (partial) adaptation strategy may be more effective in generating positive consumer responses. The results of our study provide practical guidelines for managers in this debate.

For each of the three countries (differing in openness to foreign markets) studied, we tested which advertising strategy results in the most positive consumer responses. Indeed, managers should look at differences per country and, based on our results, could decide which strategy is optimal, and whether or not they need to adapt their ads or could use more standardized ones, or vice versa. Based on our results, the conclusion is that fully adapted ads work at least as good as any other strategy in the three types of countries: in low KOF countries, adapted ads score better than glocalised or standardized ads; in mid-KOF countries, adapted ads score as good as glocalised ads, and in high-KOF country it does not matter. However, using fully adapted ads may not be the most cost-efficient strategy. Adapting ads to every country a company markets its products to would be very expensive. Our results show that across high KOF countries, a standardized approach may be used. Approaching a country with a high national openness to foreign markets, like Belgium, does not require a noteworthy amount of adaptation of the advertisement. In these countries, marketers can benefit from the advantages of standardization. In mid-KOF countries, such as India, a glocalized strategy (for instance, by keeping the verbal elements of the advertisement standardized, while adapting the models in the ad to local culture) is appropriate. Overall, this may lead to economies of scale and thus to more cost-effective advertising. Only in low KOF countries, such as Iran, ads need to be fully adapted. However, most ‘closed’ countries are probably not very interesting markets for most multinational companies.

Although it is potentially useful to segment markets based on individual levels of, for example, ethnocentrism, age, gender or education, the results of our study indicate that the national openness to foreign markets is a far stronger predictor of consumer responses to locally adapted versus standardized or global advertisements. Moreover, individual difference variables, theoretically valid as they may be, are often difficult to use in practice. For instance, individuals differing in ethnocentrism may respond differently to advertising messages, but it is not feasible for a company to adjust their messages to segments differing in ethnocentrism, since there is no practical way to identify and reach them with separate messages. Multinational companies mostly decide on the format of their advertising campaigns on a country-by-country or regional basis. National openness to foreign markets, as measured by the KOF index, is not only a solid predictor of how the inhabitants of a country respond to advertising adaptation strategies, it is also a useful and practical country-based indicator that is freely available (<http://globalization.kof.ethz.ch/>). The scores can be used to decide upon advertising strategy on a country-wide basis. This is far more realistic than (Dreher, Gaston and Martens 2012)(Dreher, Gaston and Martens 2012)(Dreher, Gaston and Martens 2012)(Dreher, Gaston and Martens 2012)(Dreher et al. 2012)targeting segments based on individual-level characteristics such as ethnocentrism.

7 LIMITATIONS AND SUGGESTIONS FOR FURTHER RESEARCH

This study focuses on the openness to foreign markets as an environmental variable measured at the national level. Even though it is noteworthy that we find significant differences between the three countries under study, future research should try to acquire insight into the underlying

processes that cause these differences. For example, as mentioned, the KOF index takes economic, societal and political indicators into account. Which of these indicators has the largest influence on consumer responses to advertising adaptation is a question for further research. For example, Belgium has one of the highest aggregate KOF indexes in the world, and scores quite high on all three aspects: economic (KOF = 89.43, rank 6th/154), societal (KOF = 90.17, rank 7th/200) and political (KOF = 96.75, rank 3th/207). India, on the other hand, scores moderately on KOF overall, but scores rather low on the economic (KOF = 41.71, rank 133th) and the social aspect (KOF = 29.85, rank 155th), and high on the political dimension (KOF = 92.52, rank 17th). Iran has an extremely low score on economic openness (KOF = 29.47 (rank 150th), a low score on the social aspect (KOF = 33.31, rank 146th), and a moderate score on the political dimension (KOF = 69.29, rank 91st) (Dreher, Gaston and Martens 2012). What role each of these dimensions play is unclear.

Even though the countries under study clearly differ in their national openness to foreign markets, they also differ with respect to other cultural values, such as power distance, uncertainty avoidance, collectivism, and masculinity. Therefore, the present study should also be replicated in other nations with differing degrees of openness to foreign markets to better control for these potentially confounding factors. We controlled for a number of individual-level differences, but other individual characteristics such as collectivism (Aaker and Schmitt 2001), cosmopolitanism (Cleveland et al. 2011), frequency of contact with foreign values and societies (Alden, Steenkamp and Batra 2006), and acculturation to global consumer culture (Cleveland and Laroche 2007), consumer patriotism (Chao et al., 2005), animosity against foreign brands or countries (Chao et al. 2005; Jimenez and Martin 2010), belief in global citizenship (Strizhakova, Coulter and Price 2012) or consumer world-mindedness (Nijssen and Douglas 2011) could also be explored. However, an argument against that is that these construct have been found to be

correlated with each other, and especially with ethnocentrism (Cleveland et al. 2011). As a result, incorporating them in an explanatory model may not have a lot of added value.

The samples in the three countries were deliberately selected to reflect urban middle class individuals. Especially in countries such as Iran and India this was necessary to develop a realistic proposition with respect to advertising a home cinema system, since this requires a certain level of income. Moreover, the three samples were equivalent in terms of gender, age and level of education, although the Iranian sample was slightly better educated. Nevertheless, there could be other cross-country factors at play than the ones controlled for. For instance, the mentality of the urban middle class could be different between the countries studied in such a way that the KOF of the whole country does not fully reflect the ‘openness’ of the urban middle class. This was partly controlled for by means of the ‘ethnocentrism’ variable. Nevertheless other potential control factors, such as political factors could be included in future studies.

The design of our experiment is fairly simple. Participants were only exposed to a single test ad. Future research should try exposing participant to a mock magazine with different other advertisements, while adequately controlling for media context effects. Regardless of the stimuli used, forced exposure of participants to stimuli in an experimental setting, although frequently used in advertising studies to enhance internal validity of the study, may suffer from a lack of external ecological validity and not adequately reflect real-life exposure to advertising. However, this is a common limitation of all experimentation. We nevertheless tried to mimic exposure to a realistic ad for a realistic product for the target group at hand.

Although we carefully pretested our stimuli to rule out differences between the models used in the advertisements in terms of attractiveness, familiarity, likeability and match with the product, future research could also control for these and other variables such as the ethnicity of the respondents and the models in the analysis.

Future research is also recommended to further explore the impact of adapting or standardizing other advertising elements than the ones we studied. For example, our study deliberately employs a meaningless letter combination as the brand name. However, brand names could also be explicitly global or local. Global brand names could trigger the perception of brand globalness, which may in turn positively affect purchase intention through quality and prestige (Steenkamp, Batra and Alden 2003). It is therefore very well possible that, even in countries with a low openness to foreign market, consumers would respond more favorably to a global brand, because of these associations. Besides locally adapted brand names, visual imagery such as national monuments, emotions, etc. could also affect consumer responses in a different way. Responses to localized and globalized cues could vary per product, due to differences in product-country images (Verlegh and Steenkamp 1999; Verlegh, Steenkamp and Meulenberg 2005). Moreover, results could be different depending on product category involvement (Verlegh, Steenkamp and Meulenberg 2005), type of buying motivation and product type. For instance, Elliott and Cameron (1994) report that country-specific responses are most outspoken with durable products. The pretest in the present study indicated that home cinema systems might be less involving in Belgium than in India and Iran. Future research should test the extent to which these product- and buying-related differences affect responses to advertising strategies.

Our study is based on one unknown brand in one product category in a sample of urban middle class consumers. To our knowledge, our study is the first to show that the national openness to foreign markets can moderate consumer responses to adaptation vs. globalization vs. standardization. Future research should examine whether these results are generalizable to other advertising cues, brands, product categories and target segments.

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Table 1: Pretest - Celebrity characteristics in Belgium, India and Iran

Celebrity	Belgium			India			Iran		
	Inter-national	Local	p	Inter-national	Local	p	Inter-national	Local	p
Familiarity	6.31	6.39	(.630)	5.04	5.35	(.104)	6.06	6.03	(.904)
Attractiveness	5.38	5.94	(.210)	5.13	5.51	(.413)	5.71	5.79	(.890)
Likeability	5.47	5.85	(.117)	5.38	5.76	(.432)	5.43	5.40	(.849)
Trustworthiness	5.32	5.77	(.155)	6.03	5.95	(.712)	4.90	5.06	(.749)
Match with home cinema	4.41	3.98	(.269)	5.61	5.89	(.263)	5.48	5.08	(.648)

Note: The value between brackets is the p-value for the t-test comparing the means of the international and local celebrity in each country.

Table 2: Sample characteristics

Country		Belgium	India	Iran
(Sample size)		(n = 136)	(n = 131)	(n = 138)
Gender	Male	44.1%	51.5%	50.4%
	Female	55.9%	48.6%	49.6%
Age	18 - 28 years	36.8%	13.0%	27.5%
	29 - 42 years	31.6%	65.2%	39.7%
	43 - 65 years	31.6%	21.7%	32.8%
Education	High school diploma	39.7%	14.5%	41.2%
	Bachelor's degree	28.7%	41.3%	26.7%
	Master's degree or higher	31.6%	42.2%	32.1%

Table 3. Standardized factor loadings, composite reliability and validity.

	Belgium	India	Iran
Attitude towards the ad (Aad)	(C.R. = .97, AVE = .80)	(C.R. = .97, AVE = .84)	(C.R. = .95, AVE = .71)
Item 1	.91	.93	.87
Item 2	.94	.94	.88
Item 3	.94	.93	.88
Item 4	.93	.93	.90
Item 5	.87	.88	.79
Item 6	.87	.92	.80
Item 7	.88	.92	.84
Item 8	.79	.88	.73
Attitude towards the brand (Ab)	(C.R. = .94, AVE = .85)	(C.R. = .94, AVE = .85)	(C.R. = .94, AVE = .86)
Item 1	.85	.85	.97
Item 2	.95	.97	.92
Item 3	.94	.94	.88
Purchase intention (Pi)	(C.R. = .94, AVE = .83)	(C.R. = .95, AVE = .87)	(C.R. = .89, AVE = .74)
Item 1	.90	.93	.82
Item 2	.95	.95	.86
Item 3	.89	.90	.89
Ethnocentrism	(C.R. = .89, AVE = .68)	(C.R. = .93, AVE = .77)	(C.R. = .91, AVE = .72)
Item 1	.42	.75	.68
Item 2	.89	.92	.78
Item 3	.94	.92	.93
Item 4	.93	.90	.96

Composite reliability (C.R.) and average variance extracted (AVE) are reported, respectively, per country and construct in parentheses.

Table 4. Measurement invariance (multi-group model comparisons)

	χ^2	<i>df</i>	RMSEA	CFI	$\Delta \chi^2$	Δdf	Δp	Invariance
Configural invariance	99.14	387	.062	.929				Achieved
Full metric invariance	1027.48	415	.061	.928	37.34	28	.111	Achieved
Full scalar invariance	1315.18	451	.069	.898	287.71	36	.000	Not achieved
Partial scalar invariance	1297.76	449	.069	.900	17.43	2	.000	Achieved

Table 5. Univariate tests (ANCOVAs) for the full model

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Ad strategy	Attitude to Advertisement	2.924	2	1.462	.862	.423
	Attitude to Brand	5.082	2	2.541	1.632	.197
	Purchase Intention	17.279	2	8.639	4.502	.012
Country	Attitude to Advertisement	9.406	2	45.203	26.647	.000
	Attitude to Brand	108.368	2	54.184	34.811	.000
	Purchase Intention	127.604	2	63.802	33.248	.000
Ad strategy x Country	Attitude to Advertisement	26.604	4	6.651	3.921	.004
	Attitude to Brand	19.132	4	4.783	3.073	.016
	Purchase Intention	18.400	4	4.600	2.397	.050
Ethnocentrism	Attitude to Advertisement	5.341	1	5.341	3.148	.077
	Attitude to Brand	6.401	1	6.401	4.112	.043
	Purchase Intention	26.029	1	26.029	13.564	.000
Ad strategy x Ethnocentrism	Attitude to Advertisement	.357	2	.179	.105	.900
	Attitude to Brand	2.002	2	1.001	.643	.526
	Purchase Intention	7.209	2	3.604	1.878	.154
Education	Attitude to Advertisement	5.087	2	2.544	1.499	.225
	Attitude to Brand	4.017	2	2.008	1.290	.276
	Purchase Intention	6.196	2	3.098	1.615	.200
Gender	Attitude to Advertisement	12.565	1	12.565	7.407	.007
	Attitude to Brand	8.909	1	8.909	5.724	.017
	Purchase Intention ^c	4.491	1	4.491	2.340	.127
Age	Attitude to Advertisement	7.303	2	3.652	2.153	.118
	Attitude to Brand	15.705	2	7.852	5.045	.007
	Purchase Intention	11.542	2	5.771	3.007	.051
Time of exposure	Attitude to Advertisement	.035	1	.035	.021	.886
	Attitude to Brand	1.938	1	1.938	1.245	.265
	Purchase Intention	.481	1	.481	.250	.617
Error	Attitude to Advertisement	656.502	387	1.696		
	Attitude to Brand	602.374	387	1.557		
	Purchase Intention	742.641	387	1.919		
Total	Attitude to Advertisement	9922.547	405			
	Attitude to Brand	8356.556	405			
	Purchase Intention	8095.000	405			
Corrected Total	Attitude to Advertisement	859.394	404			
	Attitude to Brand	809.224	404			
	Purchase Intention	1017.842	404			

a. R Squared = .236 (Adjusted R Squared = .203)

b. R Squared = .256 (Adjusted R Squared = .223)

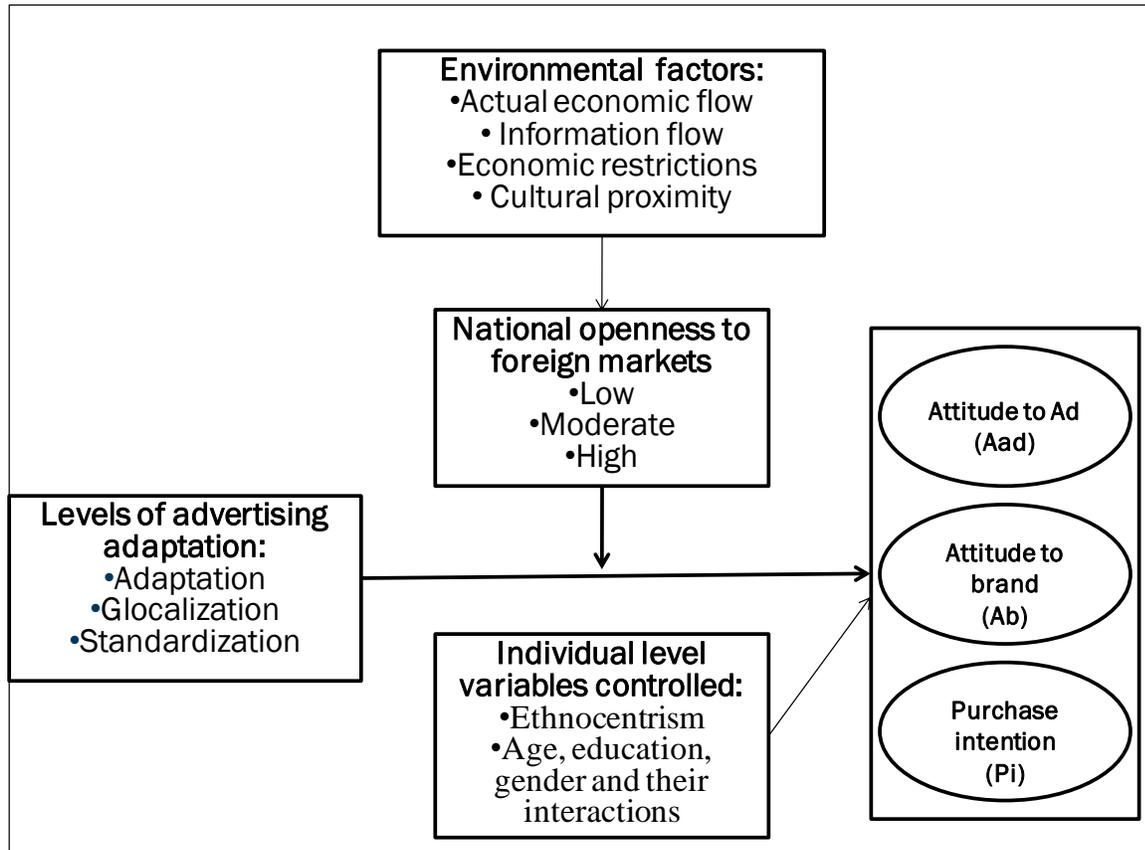
c. R Squared = .270 (Adjusted R Squared = .238)

Table 6. Estimated marginal means for the interaction between national openness to foreign markets x advertising adaptation levels.

	National openness to foreign markets											
	<i>Low (Iran)</i>				<i>Moderate (India)</i>				<i>High (Belgium)</i>			
Consumer responses	Aad	Ab	Pi	n	Aad	Ab	Pi	n	Aad	Ab	Pi	n
Adaptation	4.85	4.17	4.11		5.38	5.14	5.11		4.29	4.13	3.85	
	(.21)	(.20)	(.23)	44	(.21)	(.20)	(.22)	44	(.20)	(.19)	(.22)	45
Glocalization	4.38	3.40	3.59		6.13	5.42	5.53		4.34	4.06	3.66	
	(.20)	(.19)	(.22)	48	(.20)	(.20)	(.22)	42	(.20)	(.19)	(.21)	44
Standardization	4.19	3.86	3.81		4.88	4.78	4.63		4.35	4.06	3.62	
	(.21)	(.20)	(.23)	46	(.21)	(.20)	(.23)	45	(.20)	(.19)	(.22)	47

Note: Figure in brackets show the standard error of the estimated means.

Figure 1. Theoretical framework



APPENDIX: STIMULUS EXAMPLES**Belgium:**

a. Local celebrity and international advertising copy (glocalization strategy)



b. Local celebrity and local advertising copy (adaptation strategy)

India:

c. Local celebrity and local advertising copy (adaptation strategy)



d. International celebrity and international advertising copy (standardization strategy)

Iran:



- e. Local celebrity and local advertising copy (adaptation strategy)