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## The Interaction between Individual Cultural Values and the Cognitive and Social Processes of Global Restaurant Brand Equity

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## The Interaction between Individual Cultural Values and the Cognitive and Social Processes of Global Restaurant Brand Equity

**Abstract:** The aim of this study is to increase understanding of the relationship between brand equity and individual cultural values in the marketing strategies of global restaurant brands. The study developed three research models and investigated global brand equity from the perspective that global brand equity has an impact on individual cultural values. The three models were tested using structural equation modeling (SEM) analysis. The findings indicate that both cognitive process and the social process of brand equity have an effect on cultural values. In particular, social process elements such as brand prestige and brand identification can reduce the risk of consumer uncertainty. This study contributes to the understanding of the relationship between global restaurant brand equity and individual cultural values, and the hierarchy of individual cultural values that has not, to the best of our knowledge, been explored in previous research.

**Keywords:** Individual cultural values; Consumer-based brand; Brand equity; Cognitive and social process; Global restaurant brands.

### 1. INTRODUCTION

In today's global society, one of the factors garnering attention in global marketing circles is the influence of cultural values. This stems from their ability to explain consumer behavior within and between countries. Thus, when understanding the process of globalization, how brands influence the cultural values of people is becoming a key issue (Park & Lee, 2019). Consumer behaviour is related to consumer needs, which in turn are different according to the cultural values of the consumer (Han, Nguyen, & Simkin, 2016). In this context, cultural values are those core ideas and principles about what is good, right, and desirable in a society that subconsciously influence consumer perceptions (Schwartz, 1999). Global companies have tried to understand cultural values in order to succeed in the global market. However, cultural values differ from country to country, and they are not static due to factors such as technological change, changing populations resulting

from immigration and other sources, media influence, and advertising pressure (Vandana & Robert, 2014).

A brand has the potential to influence cultural values because it circulates in society (Hakala, Svensson, & Vincze, 2012). In particular, global brands with symbolic functions can influence cultural values of individuals, which can affect the formation of attitudes toward the global brand. One of the most important outcomes a successful brand produces is symbolic meaning which comes from its core values (Ahn, Kim, & Lee, 2016). Intangible associations stemming from a brand's values, philosophy and vision are attached to that brand, and these associations, in turn, can activate specific cultural values (Han, Nguyen, & Lee, 2015). For example, Starbucks is one of the most successful global brands in South Korea. Starbucks' success is not just due to localization, but also to its own brand image. In fact, Starbucks' coffee prices in Korea are much higher than in other local coffee shops. However, Koreans buy Starbucks coffee because it is from Starbucks. The luxury images of Starbucks coffee have made Starbucks a status symbol and Starbucks' brand reputation contributes to consumer trust in the brand that has an important impact on collectivists who emphasize approval from the groups that they want to be part of. Therefore, maintaining a distinctive and consistent brand image is important for a successful global brand, especially in the service sectors such as hospitality and tourism where it is difficult to evaluate the brand without experience. Although some scholars have explained the important relationship between brand equity and cultural values, there are several gaps. Table 1 summarizes previous studies on brand equity and cultural values.

### **Insert Table 1 about Here**

First, in global marketing, previous research has largely focused on the effect of cultural values on brand strategy, brand perceptions and creating and developing brand equity (e.g. MattisonThompson, Newman, & Liu, 2014; Matzler, Strobl, Stokburger-Sauer, Bobovnick, & Bauer, 2016; Park, Hsieh, & Miller, 2015; Yoo & Donthu, 2002). Although the influence of brand on culture is stronger than often realized, there have been few studies examining a brand's effect on cultural values. In particular, to the best of our knowledge, no studies have investigated the role of brand equity on cultural values in the restaurant industry sector. Second, most of the studies of cultural values in the marketing area have been examined at a national level (Hakala, Svensson, & Vincze, 2012; Zhang et al., 2014). However, consumer responses to these brands may vary from person to person even if they live in the same country. The effect of a particular brand might be

the same for both a local resident and a tourist if they have the same individual cultural values. In the marketing area, it is more important to highlight cultural values at an individual level than at a national one (Laroche, Kalamas, & Cleveland, 2005), because marketing tends to be more successful when it is focused on consumers rather than on countries (Keillor, D'Amico, & Horton 2001).

The aim of this study is to fill the gaps in our understanding of the relationships between brand equity and the individual cultural values for the marketing strategies of global restaurant brands.

For this aim, brand equity was investigated from two perspectives: cognitive and social. That is, the present research examines if there are significant differences in the relationship between brand equity and individual cultural values according to cognitive processes and the social processes of brand equity. Through this approach companies can identify which brand equity process has more influence on cultural values and they can develop brand strategies based on the more effective process elements. In addition, we examined whether there are leading cultural values that can affect individual cultural values. Until now, it has been thought that cultural values have no hierarchy and are all at the same level. However, our study suggests that the relationship between brand equity and brand loyalty may vary depending on specific leading cultural values. This means that companies can improve their brand loyalty by focusing marketing strategies on such leading cultural values.

## **2. LITERATURE REVIEW**

### **2.1. Consumer-Based Global Brand Equity**

Brand equity is a tool used to diagnose the relationship between consumers and brands (Chatzipanagiotou, Christodoulides, & Veloutsou, 2019). Although several different definitions of brand equity have been proposed, it is widely accepted that brand equity refers to the 'added value' endowed on goods because of past investment in that brand (Keller, 1993; Kim & Lee, 2018). The concept of brand equity has been studied from various points of view: consumerbased perspectives, financial perspectives, and comprehensive perspectives (Kim & Kim, 2005). However, it has been gradually recognized that brand value can be realized only when a brand has a meaningful relationship with consumers (Chatzipanagiotou et al., 2019). Thus, consumerbased brand equity models have been developed to approach brand equity from the perspective of consumers, and this encompasses a consumer's perceptions and feelings about the advantages that the branded product

or service offers (Kotler, Armstrong, Wong, & Saunders, 2008). In a world of increasing brand globalization, it is critical to evaluate the value of a brand against its global competitors. Global brands face unfamiliar consumers and environments when they enter a new foreign market. Thus, it is important to build global brand equity by providing exclusive values arising from global brands: higher perceived quality, higher prestige, and the perceived psychological benefits of a global brand (Park & Lee, 2019).

In the marketing area, the most commonly and widely accepted models are Aaker (1991) and Keller's (1993) consumer-based brand equity models. The components of Aaker's model, brand awareness, brand association, perceived quality, and brand loyalty, offer value to consumers by increasing the consumers' interpretation/processing of information. Keller (1993) extended Aaker's brand equity concept and proposed two stages of equity, the awareness level, and the image level. In Keller's model, brand awareness consists of brand recall and brand recognition, and brand image is reflected by brand associations, which are created by increasing brand familiarity. Keller mentioned that consumer-based brand equity operates when the consumer recognises the brand as a result of marketing activities that promote favourable or strong brand associations that are retained in the mind of the consumer. The view of Aaker and Keller thus focuses on the consumer cognitive process. Cognitive process is mostly an internal process which is related to how consumers think, understand, categorise, and process brand information (Mooij & Hofstede, 2010). Wang, Wei, and Yu (2008) used Keller's model for their global brand equity research because brand awareness and brand association are dominant antecedents of brand equity in the context of a global brand. Atilgan, Akinci, Aksoy, and Kaynak (2009) emphasized brand trust as a dimension of global brand equity, because this is related to credible global image and social responsibility. Based on this outline of previous research, the present study adopted brand familiarity, perceived quality, and brand trust as factors in the cognitive process of brand equity.

However, the cognitive process of brand equity does not consider the social value of brand equity. Brand equity can thus be viewed from another perspective based on the social process of branding. Social process is about how people interact with other people and establish social relationships (Mooij & Hofstede, 2010). The value of brands in this context is derived from symbolic benefits as well as functional benefits. A symbolic value of a brand is a means to represent social status, group membership, and consumer identification (Hammerl, Dorner, Foscht, & Brandstätter, 2016).

Thus, consumers choose strong brands because of their symbolic value or social approval (Steenkamp & Geyskens, 2014) and connect with others through these. Kocak, Abimbola, and Özer (2007) employed brand prestige as a scale for the symbolic utility of global brand equity, and Susanty and Kenny (2015) used brand identification as a dimension to measure consumer-based brand equity in coffee shops, which captures consumers' symbolic consumption. The current study suggests that brand prestige and brand identification are factors in the social process of brand equity.

## **2.2. Individual Cultural Values**

Cultural values are considered the fundamental characteristics of a culture as well as being psychological beliefs and a guide for peoples' behavior (Mooij, 2015). Cultural values are basic determinants of how people perceive themselves and others, and how they treat one another. In addition, attitudes, and beliefs in relation to success, work, wealth, competition, and other components of our environment, are defined by cultural values (Park, Hsieh, & Miller, 2015). In the marketplace, cultural values greatly influence a consumer's perception of a product and a brand, and a consumer's decision-making and consumption patterns. Hofstede (2001) developed a dimensional model of cultural values that is one of the most widely accepted constructs relating to cultural values amongst management and marketing researchers. He discussed the following cultural value dimensions: collectivism/individualism, masculinity/femininity, power distance and uncertainty avoidance, and long/short-term orientation.

According to Hofstede (2001), collectivism highlights the group's opinion and harmony with ingroup members who are more likely to want social approval, and power distance measures how a particular society copes with inequalities. In high power distance societies, people look for guidance and direction from their superiors (Jung & Sung, 2008). Uncertainty avoidance measures the degree to which countries or people regard certainty as important, and people with strong uncertainty avoidance believe that standards and norms are important for predicting the actions of others (Vitell, Nwachukwu, & Barnes, 1993). Masculinity refers to the dominant gender role patterns and long-term orientation refers to the degree to which a society presents a future-oriented viewpoint (Hofstede, 2001). Using these constructs, a number of marketing studies have incorporated cultural values at the national level. However, applying national culture to individual consumers may not work. That is, applying stereotypical cultural values to all citizens of a country may misread the behaviours and needs of consumers, and could fail to satisfy consumers (Yoo, Donthu, & Lenartowicz, 2011).

While residents and tourists may share the same cultural values, individuals also have personal values that can conflict with culturally derived customs (Garbarino, Lee, & Lerman, 2007). Thus, individuals have different cognitions and different scores on cultural value (McCoy, Galletta, & King, 2005). For example, South Korea is characterized as a collectivist culture (Hofstede, 2001), yet many Koreans would consider themselves as being very individually orientated (Han, Nguyen, & Simkin, 2016). Thus, all the needs and behaviours of consumers cannot be explained based on the assumption that people living in the same country have the same culture. The present research investigates cultural values at the individual level. Applying Hofstede's cultural typology at an individual level is acceptable because the cultural values of an individual can be identified based on the selected dimensions of culture. Originally, Hofstede's typology was developed based on individual managers' value orientations (Donthu & Yoo, 1998).

### **2.3. Brand Loyalty**

Brand loyalty is the result of a successful marketing strategy and creates value for a brand's success (Ramaseshan, Rabbanee, & Hui, 2013). Thus, in highly competitive global markets, many global companies have tried to develop and maintain their brand loyalty by building strong brand equity in foreign markets (Frank & Watchravesringkan, 2016). Practitioners and academics regard brand loyalty as an important strategy for a company's survival. In the restaurant industry, the ultimate marketing goal in brand-relationship development is to lead a customer to loyalty in the competitive environment of this industry. Developing a brand with strong equity is a major prerequisite for drawing such brand-loyal consumers (Lassar, Mittal, & Sharma, 1995). In line with this, in the present research brand loyalty is considered an important consequence of brand equity. Importantly, the evaluation and sources of brand loyalty may differ according to consumers' cultural values (Filiari, Lin, D'Antone, & Chatzopoulou, 2018). Thus, cultural values need to be highlighted in the development of brand loyalty for global brands.

Two approaches to the construct of brand loyalty are the behavioural approach and the attitudinal approach. The behavioural approach is understood as the mere repetition of purchase behaviour of a specific brand (Quester & Lim, 2003). However, it has been pointed out that the behavioural approach cannot explain psychological attachment to a brand. Thus, some scholars have explored brand loyalty from an attitudinal approach which highlights psychological factors for building

brand loyalty. The attitudinal approach relies on positive feelings towards a brand (Quester & Lim, 2003). Attitudinal loyalty indicates higher repurchase intent, willingness to recommend, and willingness to pay a price premium (Appiah & Ozuem, 2019). The present research adopts brand loyalty from an attitudinal perspective. In the restaurant industry, consumers tend to prefer brands which provide delight. Delight, as a positive emotional state, is positively associated with repurchase intentions and willingness to recommend a brand (Paswan, Spears, & Ganesh, 2007).

### **3. HYPOTHESIS DEVELOPMENT**

#### **3.1. Brand Equity and Cultural Values**

Individual cultural values refer to a set of beliefs that individuals uphold and are important as they are affected by various external factors including experience and cognitive investigation (Wright, 2006). From the cognitive perspective, brand equity is regarded as beliefs, knowledge, thoughts, and subjective experiences related to the brand. Thus, brand cognition comes from brand experience that affects the individual cultural values that form an attitude to the brand. In our study, brand familiarity is related to the consumer's experience with a brand which captures the brand associations that are within a consumer's memory (Campbell & Keller, 2003). Consumers tend to choose and use familiar brands because they have knowledge about them and tend not to use unfamiliar brands because they have uncertainty when faced with those for which they have little information. Thus, Garbarino, Lee, and Lerman (2007) argued that consumers may adopt uncertainty-reducing strategies by increasing brand familiarity through experiences such as reading consumer reviews, watching advertisements, and visiting stores.

Karahanna, Polites, Williams, Liu, and Seligman (2013) examined uncertainty reduction mechanisms of global e-commerce societies. They suggested that uncertainty reduction factors such as information service quality and trust have more effect on high uncertainty avoidance individuals than low uncertainty avoidance individuals. Jung and Shen (2011) investigated the relationship between the brand equity of luxury fashion brands and cultural values. The findings suggest that high perceived quality and brand familiarity impact on people who have a greater degree of collectivism and power distance. Many studies have found a positive relationship between collectivism and brand trust. A collectivist's behaviour is likely to depend on others. Thus, they tend to believe the reputation of brands that others recommend. Specifically, Mattison-

Thompson et al. (2014) suggest that when brand trust and perceived quality are low, consumers tend to depend on group approval and group trust which can support their collectivist value. Based on these arguments, our study hypothesizes:

*H1. The cognitive process of brand equity (brand familiarity, perceived quality, brand trust) has an impact on individual cultural values.*

The social process of brand equity focuses on the social value that connects with others by using special brands. Consumers use brands to differentiate themselves from others, to project their self-identity, and to communicate their preferences through the meaning that a brand provides. In this research, we incorporated brand prestige and brand identification as components of the social process of brand equity. Brand prestige is the perception of people that a brand is wellknown and well regarded (Bergami & Bagozzi, 2000). Brand prestige which is a result of a social network is transmitted to others via various media or by word-of-mouth (Granovetter, 1985). Like this, brand prestige formed by social approval can strengthen collectivism of consumers because collectivists find meaning through social relationships (Mattison-Thompson, 2014). People accept the reliability and trustworthiness of a prestigious brand because perceived quality is a key criterion in judging brand prestige (Rather & Sharma, 2016). Thus, brand prestige helps customers to reduce their risk in choosing a product (Jin, Line, & Merkebu, 2016). Brand prestige is particularly related to luxury products. Eng and Bogaert (2010) argue that although consumers in different parts of the world buy luxury goods for a variety of reasons, they possess similar values such as success orientation and high social status. A global consumer culture such as brand prestige from luxury products supports high power distance, collectivism, and uncertainty avoidance (Eng & Bogaert, 2010).

In the light of brand identification, brands can also add symbolic meaning to the consumer's life and status (Caprara, Barbaranelli, & Guido, 2001), and this allows consumers to be integrated or separated in terms of their cultural and social values (Del Rio, Vazquez, & Iglesias 2001). Consumers would likely to develop their relationships with a particular brand if they feel a greater sense of social benefits with that particular brand. Thus, enhanced brand identification may support a consumer's collectivist value that emphasizes ties or interactions with a group through participating in collective activities. In particular, brand community, which is a group activity, can

reduce uncertainty because the community share the information and assessment of a brand. Based on these arguments, the present study hypothesizes that:

*H2. The social process of brand equity (brand prestige, brand identification) has an effect on individual cultural values.*

### **3.2. Cultural Values and Brand Loyalty**

Cultural values have a powerful influence on consumers' thoughts and actions that can affect brand loyalty (Palumbo & Herbig, 2000). Successful brands secure brand loyalty by developing their image to reflect individual cultural values. Mattison-Thompson and colleagues (2014) tested the moderating effect of individual level collectivist values on the relationship between brand equity and brand loyalty. The results of the test show that highly collectivist-oriented consumers are more loyal to a focal brand despite low levels of perceived quality and brand trust than more individualistic consumers. This is because the in-group's perception of the trust and quality of the brand is more important than an individual's perception in the decision-making process. On the other hand, Haryanto, Moutinho, and Coelho (2016) suggested that highly individualistic consumers do not switch brands easily because they have a strong sense of "self", and consumers with high uncertainty avoidance take fewer risks and do not easily accept change by staying with brands with which they are familiar. Based on these arguments, we hypothesize that:

*H3. Individual cultural values (uncertainty avoidance, collectivism/individualism, power distance) have an effect on brand loyalty.*

### **3.3. Cultural Values and the Social Process of Brand Equity**

There have been studies on how consumers' cultural backgrounds affect consumption patterns. Kim and Hyun (2013) revealed that collectivists have more social pressure on their behaviour than individualists because they are more sensitive to social identity. Thus, collectivists focus on getting the approval of the group using the symbolic meaning of a brand when forming consumption patterns (Hofstede, 2001). Collectivists who want to display conformity will use brand personality to express their similarities to members of their reference group (Phau & Lau, 2001). Collectivistic consumers also prefer prestige brands that represent their status (Aaker & Maheswaren, 1997). Similarly, in a high-power distance culture, consumers are eager to choose brands which can

express their position to others and mention brand names frequently to showcase their power and obtain symbols of social status (Zhang et al., 2014). Thus, power holders tend to prefer the prestige brands that display wealth and power. Based on these arguments, we hypothesize that:

*H4. Individual cultural values have an effect on the social process of brand equity.*

### **3.4. The Social Process of Brand Equity and Brand Loyalty**

Social identity theory posits that individuals explain their own identities in relation to social groups (Tajfel & Turner 1979). Based on this theory, the concept of brand identification was developed (So, King, Sparks, & Wang, 2013). According to Lam, Ahearne, Hu, and Schillewaert (2010, p. 129), brand identification can be defined as “consumers share the same self-definitional attributes with a brand”. Social identity affects a group member’s intention to participate in collective activities, and social identification with a brand community influences brand identification (Bagozzi & Dholakia, 2006). Brand identification is a powerful emotional connection; consumers experience positive feelings when they identify themselves with a specific brand (Donavan, Janda, & Suh, 2005). Thus, consumers’ identification with a brand can lead to stronger brand loyalty. So, King, Sparks, and Wang (2013) suggest that consumers’ identification with a hotel brand affects their evaluation of that brand, which can ultimately have an influence on their loyalty to it. Rather and Sharma (2016) also support the results of So and colleagues (2013).

A prestige brand is a signal of wealth, power, and social status, and it creates value for the consumer through status consumption (Erdoğmus & Budeyri-Turan, 2012). Thus, it positively impacts on consumer attitude and loyalties. Jin, Line, and Merkebu (2016) examined the effect of brand prestige on brand loyalty in the luxury restaurant industry. They highlighted that the impact of brand prestige on the reduction of risk and that trust drives brand loyalty because luxury restaurant consumers who pay premium prices have high expectations and some level of uncertainty about their buying decision. Based on these arguments, we hypothesize that:

*H5. The social process of brand equity has an effect on brand loyalty.*

### **3.5. Cognitive Process of Brand Equity and the Social Process of Brand Equity**

Familiarity can reduce the risk of buying a brand and can create trust because it comes from consumers' direct or indirect experiences. Thus, attitudes and beliefs based on brand experience have a positive influence on positive word-of-mouth which can enhance its prestige (Casidy & Wymer, 2015). Consumers can improve brand familiarity by acquiring information about a brand from its community activities, which can improve brand identification. When consumers become aware of the specific identity of a brand, they are more likely to share a sense of belonging to a specific society through experiencing it (Balmford, Borland, & Yong, 2016). In addition, growth in popularity via positive word of mouth based on good quality improves brand prestige (John, Loken, Kim, & Monga, 2006). This is supported by research that shows that global chain restaurant brands may have better food hygiene quality than independent restaurants because of the need to maintain the prestige of the global brand (Jin & Leslie, 2009). Perceived quality has a positive influence on the attractiveness of a brand's identity which can enhance identification (Bhattacharya & Sen, 2003). Further, He and Li (2011) explained that identifying with a specific brand that has a more positive image of perceived quality enables consumers to satisfy their need for self enhancement, demonstrating the positive direct effect of service quality on brand identification and a positive indirect effect of service quality on customer satisfaction via brand identification. Therefore, we posit that:

*H6. Cognitive brand equity has an effect on social brand equity.*

High uncertainty avoidance makes people feel threatened by ambiguous or unknown situations, thus individuals with high uncertainty avoidance respond more favorably to the information offered to reduce perceived uncertainty (Tai, 2004). Thus, people with high uncertainty avoidance are likely to depend on the opinions or experience of others and want social approval (Jung & Sung, 2008). That is, people with strong uncertainty avoidance tend to have the character of a collectivist. Collectivists define themselves by participating in groups and develop loyalty towards other people who can bind them together (Hofstede, Hofstede, & Minkov, 2010). Triandis and Gelfand (1998) suggest that collectivism has more to do with leadership than other cultural values because leadership is a collective process. As the leader interacting with individuals in their group has the responsibility to lead the team, leadership is intertwined with power. Based on these arguments, we hypothesize that:

*H7. Uncertainty avoidance has an effect on collectivism which in turn, has an effect on power distance.*

#### **4. RESEARCH MODEL AND METHODOLOGY**

The present study investigated the relationships between brand equity and cultural values using three models. In particular, by changing the position of the social process of brand equity, we investigated the role of social processes on cultural values and the creation of brand loyalty. Through comparing these three models, we can better understand the relationship between cognitive process of brand equity, social process of brand equity, cultural values, and brand loyalty. Figure 1 presents a cognitive and social brand equity-based model. This model suggests that five dimensions of brand equity (three cognitive dimensions and two social dimensions) have an effect on brand loyalty through cultural values.

**Insert Figure 1 about Here**

Figure 2 presents the second process model of the cognitive and social brand equity. This suggests that the three cognitive dimensions of brand equity have an effect on the social process of brand equity through the medium of cultural values. This model tests whether brands that have strong or favorable associations in the minds of consumers affect their social values through the consumer's cultural values, and in turn, whether brand loyalty is influenced by the processes which underpin social relationships.

**Insert Figure 2 about Here**

Finally, Figure 3 presents the third process model of the cognitive and social brand equity and suggests that cognitive brand equity has an influence on cultural values through social brand equity. This model tests whether the social process of brand equity is affected by the cognitive process of brand equity, and in turn, whether the social process of brand equity influences cultural values.

**Insert Figure 3 about Here**

##### **4.1. Data Collection and Sample**

We conducted a survey using a questionnaire and designing a questionnaire appropriately is important when seeking to avoid potential biases. When formulating the questionnaire, we examined previous research on the topic. The concepts, variables involved and the relationships between those variables were investigated. In addition, we eliminated ambiguity in the scale items by conducting two pilot studies and using a 7-point Likert scale for a more accurate evaluation of the data. Importantly, we offered anonymity and confidentiality to participants to avoid social desirability bias. Prior to the main survey study, we conducted two pilot studies. For the first pilot study, questionnaires were distributed for a check on wording. The results of the first pilot study revealed that some questions were unclear and difficult for participants to understand. Thus, minor modifications were made to their wording. The second pilot study was conducted to check the validity and reliability of the scale after changing some questions. The 125 questionnaires were collected in Seoul, South Korea and, of these, 110 were employed in the second pilot study. The main survey was conducted for a month from March 2018 to April 2018 in Seoul, Busan, and Daegu, the representative cities in South Korea where global chain restaurant brands are situated. A total of 446 questionnaires were collected using convenience sampling. Of these, 45 were excluded because of insincere responses, which made the response rate 90%.

The convenience sampling method allows a great deal of data to be collected within a relatively limited timeframe and at low cost (Hair, Black, Babin, Anderson, & Tatham, 2006). Although this method has some disadvantages, collecting data from three representative cities can reduce bias when generalizing data. In addition, the larger the size of the sample, the smaller the sampling error and the variation in the estimated coefficients (Hair et al., 2006). That is, when the size of sample increases, the sample becomes more representative of the population. In addition, Harman's single-factor test was used to address the issue of common method variance. According to the results of the test, the total variance for a single factor is 32.82% which is less than the cut-off level of 50%. This means that common method bias does not affect our data. The data were collected by personal contacts without any strict limits on place and time and locations including parks, coffee shops and shopping malls. It took around 15 minutes to complete the questions. This study focused on the South Korean consumers who had visited well-known global chain restaurant brands such as Domino's Pizza, Starbucks, Subway, T.G.I. Friday's, McDonald's, Burger King, and Pizza Hut more than 5 times in the past 12 months.

South Korea is a country in Asia where global brands are very well developed in terms of the number of restaurants and their market share. In South Korea, the scale of annual sales in the fast-food market was recorded at US\$12.44 billion in 2018 and is one of the rapidly developing parts of the foodservice market (Statista, 2019). In addition, South Koreans tend to prefer global restaurant brands because of brand familiarity and convenience (Verdict, 2017). On the other hand, as many global restaurant brands are affecting traditional Korean food culture, South Korean's cultural values are changing (Chung, Yang, Shin, & Chung, 2016). Thus, it was appropriate to choose South Korea for this research. The respondent demographics showed the following: 33.4% were 16-25 years old, 31.2% were 26-35 years old, 23.8% were 36-45 years old, 6.8% were 46-55 years old, and the age group of over 55 contributed the lowest proportion at 4.8%. In terms of education level, 178 (44.4%) of respondents had graduated from university, 100 (24.9%) from college, 56 (14.5%) had a postgraduate degree, 54 (13.5%) had a high school degree, and 6 (1.5%) graduated from middle school, and 5 (1.2%) had no formal education. The occupations of the participants are varied. 'professional and technical occupation' was the highest at 31.2%, being a student was the second highest at 25.4%, 15.9% were classified as 'other,' 12.9% were 'service employees,' and 'administrative and secretarial occupation,' and 'manager or senior official' were reported by 5.3% and 4.5% respectively. The 'plant and machine operative' made up 3.5% and 'retired' was the lowest level at 1.3%.

## **4.2. Measurement**

The scales used to measure the nine constructs are summarized in Appendix A. To measure the constructs we employed seven-point Likert scales, ranging from 1 = 'strongly disagree' to 7 = 'strongly agree'. The brand familiarity measurement consisted of three items adopted from Yoo, Donthu, and Lee (2000) and Netemeyer et al. (2004). The perceived quality measures consisted of two food quality, two physical quality, and one staff behaviour items adopted from Dutta, Venkatesh, and Parsa (2007), Soriano (2002), and Ekinci (2001). To measure 'brand trust' three items were adopted from Delgado-Ballester (2004). The brand prestige measurement consisted of three items adopted from Veloutsou and Moutinho (2009) and we employed three items developed by Kuenzel and Halliday (2008), and Mael and Ashforth (1992) to measure brand identification. We measured brand loyalty using three items from Chaudhuri and Holbrook (2001), and Zeithaml, Berry and Parasuraman (1996). The study employed Hofstede's cultural value dimensions and adopted the items from Yoo and Donthu (2002) for uncertainty avoidance (three items),

Collectivism/Individualism (three items) and Power Distance (three items) to evaluate individual cultural values. Collectivism/individualism is a factor commonly used to predict human behaviour patterns (LeFebvre & Franke, 2013).

In addition, South Korea is considered a high power-distance country (Hofstede, 2001). For example, regarding table manners, higher positioned persons are expected to be seated at the centre, eat their food first and choose from their menu first. Thus, in South Korea, power distance is an important cultural value. Uncertainty avoidance is also a cultural value which is related to a restaurant. As a restaurant offers intangible services and one cannot taste the food before buying it, people experience unclear and vague situations. Therefore, three cultural values need to be considered in this current study.

## 5. RESULTS

Before testing the models, a normality test was conducted. The calculated z-values of the variables were between -1.96 and +1.96 at the .05 significance level, which demonstrates that the data distribution was normal (Hair et al., 2006). To test the convergent and discriminant validity of the three measurement models, we estimated a confirmatory factor analysis (CFA) using AMOS 7.0. The results of the CFA test are shown in Table 2 and indicate that the measurement model provides a good model fit (GFI =.904, CFI =.958, RMSEA=.046). Convergent validity was estimated through the significance of factor loadings, composite reliability (CR) and average variance extracted (AVE). Factor loadings of all items in the three models are over 0.5, and AVE and CR are greater than 0.5 and 0.6, respectively. This satisfies the requirements for convergent validity (Fornell & Larcker, 1981). Appendix B indicates the descriptive statistics and correlations. The AVEs of each of the constructs are higher than the squared correlations between constructs ( $AVE > \rho^2$ ) except for perceived quality and brand prestige, brand trust and brand prestige, and brand trust and perceived quality. However, the confidence interval around the correlation estimate between two factors ( $\rho \pm 2 \times \text{standard error}$ ) did not reach 1.0 (Anderson & Gerbing, 1988): perceived quality and brand prestige (0.65-0.96), brand trust and brand prestige (0.64-0.96), and brand trust and perceived quality (0.66-0.98). Thus, the results support discriminant validity.

**Insert Table 2 about Here**

## 5.1. Hypotheses Tests

To test the three research models, we used structural equation modelling. The results indicate a good model fit to the data. To assess this, we used  $X^2$ , GFI, CFI and TLI and RMSEA. GFI, CFI and TLI exceeded the recommended level of .90, and RMSEA was less than .08 (Hair et al., 2006). Table 3 shows the results of the three models. In the specification of research Model 1, the results show an appropriate model fit. As hypothesized, brand familiarity ( $\beta=.07$ ,  $p<.001$ ) and brand trust ( $\beta=.08$ ,  $p<.05$ ) are significantly related to uncertainty avoidance, which partially supports H1. Brand prestige ( $\beta=.20$ ,  $p<.001$ ) and brand identification ( $\beta=.09$ ,  $p<.001$ ) have a strong impact on uncertainty avoidance, and brand identification has a positive influence on collectivism ( $\beta=0.19$ ,  $p<.01$ ) and power distance ( $\beta=0.21$ ,  $p<.01$ ) that partially supports H2. Uncertainty avoidance is significantly related to brand loyalty ( $\beta=2.60$ ,  $p<.001$ ) but collectivism and power distance are not related to brand loyalty. Thus, H3 is partially supported in the model.

The validity of Model 2 provides an adequate model fit. As an exogenous construct, brand familiarity ( $\beta=.09$ ,  $p<.001$ ), perceived quality ( $\beta=.11$ ,  $p<.001$ ), and brand trust ( $\beta=.13$ ,  $p<.05$ ) have an effect on uncertainty avoidance. These results partially confirm H1. Uncertainty avoidance has an effect on brand prestige ( $\beta=3.02$ ,  $p<.001$ ), and collectivism ( $\beta=.29$ ,  $p<.001$ ), and power distance ( $\beta=.22$ ,  $p<.001$ ) have positive effect on brand identification, which partially confirms H4. In turn, brand prestige ( $\beta=.87$ ,  $p<.001$ ) and brand identification ( $\beta=.15$ ,  $p<.01$ ) have an impact on brand loyalty. Therefore, H5 is partially supported. Model 3 shows a good fit to the data. The analyses show that brand familiarity ( $\beta=.26$ ,  $p<.001$ ), perceived quality ( $\beta=.34$ ,  $p<.001$ ), and brand trust ( $\beta=.41$ ,  $p<.001$ ) have an impact on brand prestige, and perceived quality also has a positive influence on brand identification ( $\beta=.55$ ,  $p<.001$ ), partially supporting H6. Brand prestige ( $\beta=.30$ ,  $p<.001$ ) and brand identification ( $\beta=.07$ ,  $p<.001$ ) have an influence on uncertainty avoidance, brand prestige ( $\beta=.14$ ,  $p<.05$ ) and brand identification ( $\beta=.17$ ,  $p<.01$ ) also have an effect on collectivism, and brand prestige ( $\beta= -.11$ ,  $p<.05$ ) and brand identification ( $\beta=.25$ ,  $p<.001$ ) have an impact on power distance in support of H2. Uncertainty avoidance has an influence on brand loyalty ( $\beta=2.79$ ,  $p<.001$ ), and this partially supports H3. As hypothesized in H7, uncertainty avoidance has an influence on power distance through collectivism. In model 1, uncertainty avoidance is related to collectivism ( $\beta=.27$ ,  $p<.001$ ), which in turn effects power distance ( $\beta=.19$ ,  $p<.01$ ). In Models 2 and 3, uncertainty avoidance has a significant effect on collectivism ( $\beta=.29$ ,  $p<.001$ ) ( $\beta=.27$ ,  $p<.001$ ), which in turn impacts on power distance ( $\beta= .20$ ,  $p<.01$ ) ( $\beta= .17$ ,  $p<.01$ ). Therefore, hypothesis H7 is supported.

## 6. CONCLUSION

### 6.1. Theoretical Implications

This study contributes to the understanding of the relationship between global restaurant brand equity and individual cultural values from the perspective that brand equity has an impact on cultural values. Based on this perspective, the research models were approached from two directions: cognitive process and social process. The three research models were developed according to the positioning of individual cultural values, cognitive brand equity and social brand equity. By comparing the models, we can understand the relationship process more systemically.

The findings from testing Model 1 indicate that both the cognitive process and the social process of brand equity have an effect on brand loyalty through cultural values. Brand meaning is delivered to consumers through various instruments and brands can acquire cultural meanings (Aaker, Benet-Martínez, & Garolera, 2001). Throughout the process where the brand's meaning is transmitted to cultural values, consumers develop cognitive attitudes and lead brand loyalty. Culturally symbolic brands such as Starbucks are expressions of the abstract meanings of a cultural group and brands obtaining this cultural meaning can have an impact on consumers'

As an values and desires (Torelli, 2013). extension of the literature regarding the social influence of brands, our finding is consistent with Holt's study (2004) that consumers use iconic brands to concretize their identities and that these 'iconic brands' as symbolic tools can influence cultures. The findings indicate a stronger relationship between global brand equity and uncertainty avoidance than other cultural values. Brand familiarity, brand trust, brand prestige and brand identification have an influence on uncertainty avoidance, which in turn, impacts on brand loyalty. This shows consumers' confidence in the global brand. Consumers may feel uncertainty when choosing a restaurant because of the intangible characteristics of the service. However, consumers can reduce their uncertainty avoidance level by choosing global restaurant brands. The findings also demonstrate that the social process of global brand equity has more of an impact on cultural values than the cognitive process of global brand equity. The effect of brand prestige and brand identification on cultural values expands the theory about the social influence of brand.

Model 2 confirms that cognitive brand equity (brand familiarity, perceived quality, brand trust) has an influence on brand prestige through uncertainty avoidance, which, in turn, influences brand loyalty. We found evidence that for a global brand to gain brand prestige it needs to affect consumers' uncertainty avoidance by giving consumers confidence. The findings also indicate that collectivism and power distance have a strong positive effect on brand loyalty via brand identification, in contrast to the result derived from testing Model 1, that the social process of brand equity influences cultural values. Interestingly, social brand equity is not only the antecedent of cultural values, but as shown in Model 2, is also the consequence of cultural values. This means that cultural values are influenced by brand equity while they influence brand equity simultaneously, forming the cognitive attitude to the brand and affect brand loyalty.

The results of testing Model 3 demonstrate the importance of the social process of brand equity in that the cognitive process of brand equity influences cultural values. As shown in Model 1, only brand familiarity and brand trust influence uncertainty avoidance of all the cultural values. However, in Model 3, the cognitive process of brand equity has an influence on all cultural values through the social process of brand equity. These results suggest the signaling effect of global brands. Consumers need the social signaling functions of global brands (Heinberg, Ozkaya, & Taube, 2018). Thus, consumer attitudes toward global brands form their cultural values through social signals such as brand prestige and brand identification.

The results of comparing three models show the importance of uncertainty avoidance and the social process of brand equity for loyalty of global restaurant brands. Consumers who visit global restaurant brands form cognitive attitudes and create brand loyalty, behavioural attitudes through brand prestige and brand identification from the symbolic meaning of a brand and seek uncertainty avoidance. The present study points to the existence of a leading cultural value in the set of individual cultural values. According to the models, uncertainty avoidance has the strongest effect on collectivism and power distance. In previous research, cultural values have been considered equal. Despite the existence of leading cultural values though, most marketing strategies have been developed focusing on each cultural value. However, this may be less effective because individuals may have different cultural values that they put first in any comparison. That is, individuals have a hierarchical order of cultural values. This supports the view of Schwartz and Bardi (2001) who argued there are differences in the importance of individual values both across societies and within

groups, and these come from differences in social experience. Although uncertainty avoidance is the leading cultural value in this current study, other cultural values would be the leading cultural values according to the products being consumed. It is therefore important to identify the interaction between individual cultural values to develop effective marketing strategies focused on leading cultural values.

## **6.2. Managerial Implications**

The present study identified several important managerial implications. First, the world is becoming homogeneous and standardized because of globalization, and culture is increasingly influenced by ideas, products, and images that diffuse around the world. Thus, global brands need to develop strong brand image that can lead consumption behaviour by affecting individual cultural values. Second, the study shows the importance of social brand equity in global brand marketing. The latter is related to uncertainty avoidance. Consumers tend to avoid uncertainty by strengthening their social identity. To increase social brand equity, marketing communication strategy is important. In the modern marketplace, new technologies have changed the way consumers communicate with companies and other consumers. Recently, experience in restaurants has become a popular subject for social media. People share reviews, comments, videos, and photos through social networks. Brand community activities developed through social media will then improve brand identification and have an impact on consumer cultural values.

Third, global service brands such as those in the tourism sector (e.g. travel agencies, theme parks, resorts), hospitality sectors (e.g. hotels, restaurants), and other services (e.g. financial, insurance, real estate) need to approach a new market from an individual cultural level as well as the national cultural level. Currently, marketers emphasize psychographic segmentation based on individual traits such as individual cultural values, preferences, and lifestyles as well as demographic or geographic segmentation. By investigating each consumer's individual cultural values, global brands can find a new market for consumers who have the same cultural values. Companies can understand and classify consumers effectively using big data from various sources such as social media, official statistics, and websites. Finally, in this study, consumers considered uncertainty avoidance as a more important leading cultural value than collectivism and power distance. Companies therefore need to develop effective strategies by emphasizing uncertainty avoidance.

For example, restaurant brands can deliver excellent service quality and trust in their brand through advertisements designed to establish brand confidence in consumers' minds.

### 6.3. Limitations and Further Research

Although this study provides the insightful theoretic and practical contributions discussed above, the surveys focused only on Korean consumers and the results may not be generalizable to other nationalities. To fully determine the external validity of the study, further work needs to be conducted across different cultures in different countries. The study also only concentrated on those consumers and tourists who dined at global brand family restaurants in Korea. Future research should include domestic brand restaurants to investigate interesting comparisons between global brand restaurants and Korean domestic ones. In addition, in this research, cultural values were only considered as a mediating variable. However, the strength of the relation between brand equity and cultural values can vary depending on cultural values. Thus, future research may consider individual cultural values as a significant moderator on the relationship between brand equity and brand loyalty.

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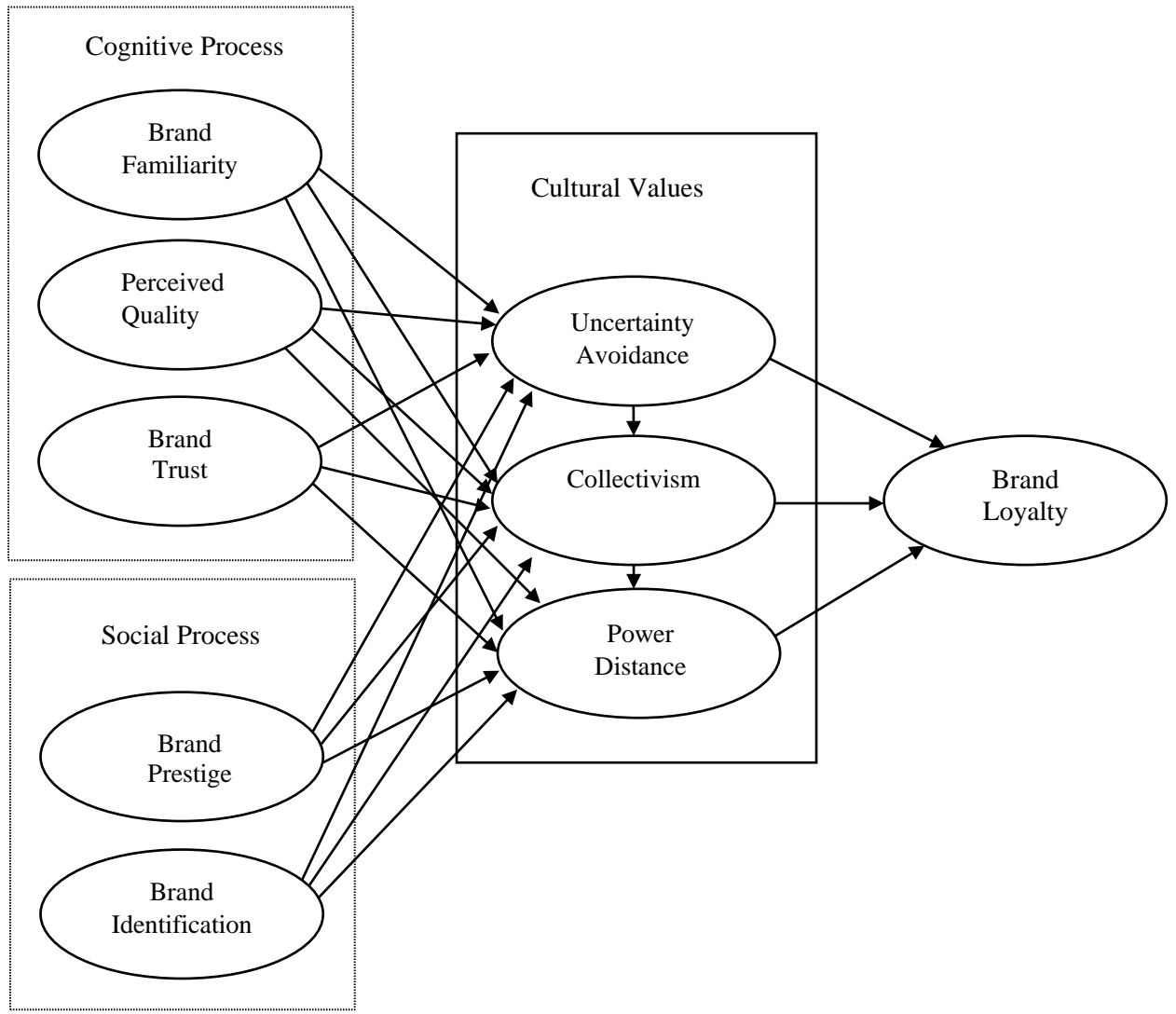


Figure 1. The first process model of cognitive and social brand equity.

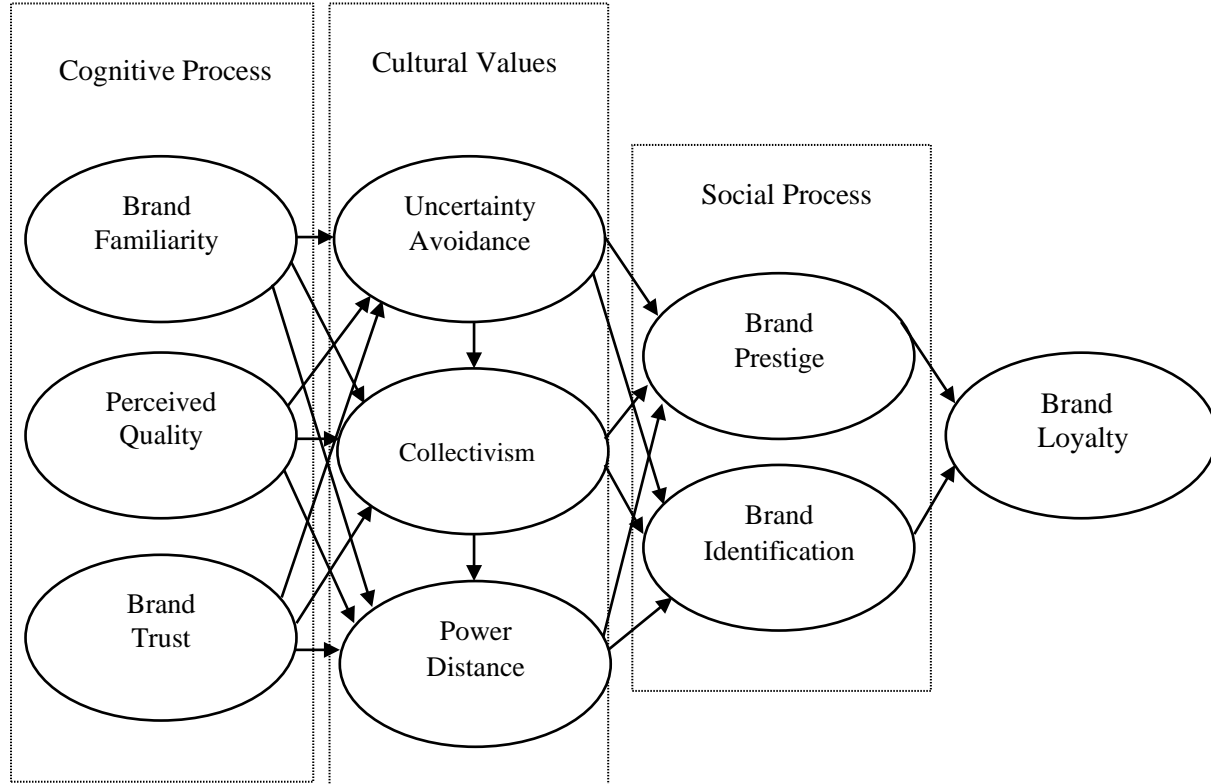


Figure 2. The second process model of cognitive and social brand equity.

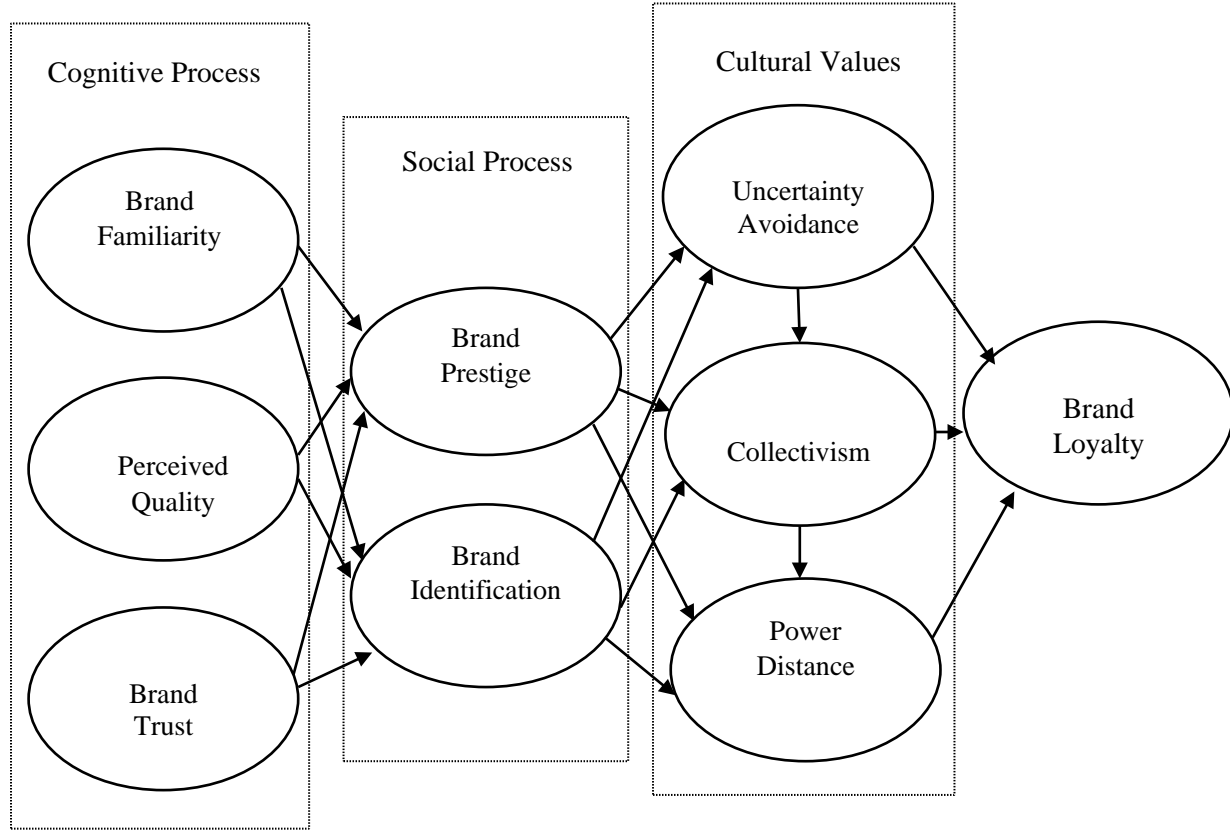


Figure 3. The third process model of cognitive and social brand equity.

Appendix A. Measurement items.

Construct	Item
Brand Prestige	Item 1 This brand makes honest claims. Item 2 This brand is trustworthy. Item 3 This brand is reputable.
Brand Familiarity	Item 1 I am aware of this brand. Item 2 I am familiar with this restaurant brand. Item 3 I can recognise this brand among other restaurant brands.
Brand Identification	Item 1 When someone praises this brand, it feels like a personal compliment. Item 2 I am interested in what others think about this brand. Item 3 I feel good when I see a positive report in the media about this brand.
Brand Trust	Item 1 I have confidence in this brand. Item 2 This brand guarantees satisfaction. Item 3 I can rely on this brand to solve the service dissatisfaction.
Perceived Quality	Item 1 This restaurant brand offers fresh foods. Item 2 This restaurant brand provides comfortable seats and tables. Item 3 The staff of this restaurant brand is talented and displays a natural expertise. Item 4 This restaurant brand prepares food and drinks according to hygiene standards. Item 5 This restaurant brand offers a tidy environment.
Collectivism/Individualism	Item 1 Individuals should stick with the group even through difficulties. Item 2 Group welfare is more important than individual rewards. Item 3 Group success is more important than individual success.
Uncertainty Avoidance	Item 1 Standardized work procedures are helpful. Item 2 Rules/regulations are important because they inform me of what is expected of me. Item 3 It is important to closely follow instructions and procedures.
Power Distance	Item 1 People in lower positions should not disagree with decisions made by people in higher positions. Item 2 People in higher positions should not delegate important tasks to people in lower positions. Item 3 People in higher positions should avoid social interaction with people in lower positions.
Brand Loyalty	Item 1 I will recommend this restaurant brand to anyone who seeks my advice. Item 2 I say positive things about this restaurant brand to other people. Item 3 I will revisit this restaurant brand next time.



Matzler, Strobl, Stokburger-Sauer, Bobovnický, & Bauer (2016)	This study tested the role of cultural variables on the impact of brand personality on tourists' visit intentions.	Tourist destination
Frank & Watchravesringkan (2016)	This paper showed the positive relationship between acculturation to global consumer culture, brand equity, attitudes toward the brand and brand resonance.	Sportswear
<u>Šerić (2017)</u>	<u>This research found that the positive and significant relationships between social Web, integrated marketing communications (IMC) and overall brand equity, and the moderating effect of national culture on these relationships.</u>	<u>Hotel</u>
<u>Frías-Jamilena, SabioteOrtiz, Martín-Santana, &amp; Beerli-Palacio (2018)</u>	<u>This study investigated the effect of tourists' Cultural Intelligence (CQ) on their evaluation of the destination brand equity.</u>	<u>Tourist destination</u>
<u>Heinberg, Ozkaya &amp; Taube (2018)</u>	<u>The study showed that the perceived uncertainty avoidance towards brands differs between emerging markets (India and China), and this influences the effectiveness of corporate signals (corporate image and corporate reputation) on product brand equity.</u>	<u>Daily consumer goods from the toiletries and the beverage segments</u>
Chatzipanagiotou, Christodoulides, & Veloutsou (2019)	The study investigated the CBBE formation process in different countries, and differences in consumer behavioral outcomes according to cultural value (individualism/collectivism).	Shampoo, Consumers' electronics, Coffee houses, Mobile networks, Banks, Internet retailers
<u>Soomro (2019)</u>	<u>This study found that individual-level collectivist values (ILCV) have a significant moderating effect on the relationship between perceived brand quality and brand loyalty.</u>	<u>Clothing brands</u>
<u>Torelli, Oh &amp; Stoner (2020)</u>	<u>This study proposed that a brand has cultural equity if it has a distinctive cultural symbolism in consumers' minds, and such symbolism generates a positive consumer response to the marketing of the brand.</u>	<u>Food, Car, Card, Shoes, Film</u>

Table 2. Reliability and validity of measures

Construct	Items	Factor Loadings	t-statistics	C. R.	AVE	Cronbach's alpha
Brand Familiarity	Item 1	.707	14.714	.722	.646	.839
	Item 2	.872	17.614			
	Item 3	.823				
Perceived Quality	Item 1	.850	12.993	.747	.547	.866
	Item 2	.579	10.767			
	Item 3	.607				
	Item 4	.854	13.027			
	Item 5	.761	12.087			
Brand Trust	Item 1	.830	14.335	.738	.611	.816
	Item 2	.824	14.268			
	Item 3	.681				
Brand Prestige	Item 1	.756	17.525	.802	.672	.858
	Item 2	.856				

	Item 3	.843	17.243			
Brand Identification	Item 1	.787	14.198	.708	.622	.827
	Item 2	.855	14.622			
	Item 3	.718				
Uncertainty Avoidance	Item 1	.810		.826	.704	.878
	Item 2	.883	18.808			
	Item 3	.823	17.916			
Collectivism	Item 1	.704		.646	.565	.793
	Item 2	.773	12.360			
	Item 3	.775	12.369			
Power Distance	Item 1	.861	16.322	.722	.647	.843
	Item 2	.731	14.805			
	Item 3	.816				
Brand Loyalty	Item 1	.885	16.276	.798	.686	.855
	Item 2	.888	16.304			
	Item 3	.698				

$\chi^2 = 615.338$ ,  $df = 335$ ,  $p = .000$ , GFI = .904, CFI = .958 RMSEA = .046, TLI = .949, NFI = .913

Table 3. Comparison of the structural models

Hypothesized paths	Model 1		Model 2		Model 3	
	Standardized path coefficient	t-value	Standardized path coefficient	t-value	Standardized path coefficient	t-value
Brand Familiarity □ Uncertainty Avoidance	0.071	3.330***	0.088	4.140***		
Perceived Quality □ Uncertainty Avoidance	-0.024	-0.630	0.108	3.291***		
Brand Trust □ Uncertainty Avoidance	0.080	2.038*	0.129	3.572***		
Brand Prestige □ Uncertainty Avoidance	0.195	4.174***			0.298	5.770***
Brand identification □ Uncertainty Avoidance	0.089	3.953***			0.069	3.538***
Brand Familiarity □ Collectivism	0.020	0.267	0.047	0.695		
Perceived Quality □ Collectivism	-0.200	-1.306	0.013	0.105		
Brand Trust □ Collectivism	0.199	1.320	0.185	1.402		
Uncertainty Avoidance □ Collectivism	0.270	4.385***	0.291	4.745***	0.273	4.482***
Brand Prestige □ Collectivism	0.127	0.923			0.144	2.244*
Brand Identification □ Collectivism	0.192	2.730**			0.170	2.696**
Brand Familiarity □ Power Distance	-0.059	-0.087	-0.119	-1.748		
Collectivism □ Power Distance	0.192	2.925**	0.203	3.158**	0.170	2.693**
Perceived Quality □ Power Distance	0.160	1.033	0.188	1.497		
Brand Trust □ Power Distance	0.024	0.159	-0.078	-0.586		
Brand Prestige □ Power Distance	-0.239	-1.721			-0.113	-1.784*
Brand Identification □ Power Distance	0.212	2.945**			0.247	3.781***
Uncertainty Avoidance □ Brand Loyalty	2.600	5.835***			2.793	5.669***
Collectivism □ Brand Loyalty	-0.040	-0.899			-0.021	-0.481
Power Distance □ Brand Loyalty	-0.022	-0.552			-0.043	-1.134
Uncertainty Avoidance □ Prestige			3.021	5.142***		
Collectivism □ Prestige			0.037	0.935		
Power Distance □ Prestige			-0.012	-0.358		
Uncertainty Avoidance □ Brand Identification			0.106	1.770		
Collectivism □ Brand Identification			0.199	3.086**		
Power Distance □ Brand Identification			0.219	3.758***		

Brand Prestige □ Brand Loyalty		0.872	11.281***		
Brand Identification □ Brand Loyalty		0.145	3.253**		
Brand Familiarity □ Brand Prestige				0.256	6.219***
Brand Familiarity □ Brand Identification				0.019	0.302
Perceived Quality □ Brand Prestige				0.342	4.263***
Perceived Quality □ Brand Identification				0.546	4.248***
Brand Trust □ Brand Prestige				0.409	4.700***
Brand Trust □ Brand Identification				-0.072	-0.558
□□	643.930	716.684		651.106	
<i>Df</i>	339	347		349	
RMSEA	0.047	0.050		0.047	
GFI	0.900	0.892		0.900	
CFI	0.954	0.945		0.955	
TLI	0.945	0.935		0.947	

\*  $p < .05$  level, \*\*  $p < .01$  level, \*\*\*  $p < .001$  level