

Domestic Brand Transgressions: How, When, and Why Home Country Bias Backfires

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Abstract

Consumers' home country bias is long known to assist domestic brands facing foreign competitors. But what happens when domestic brands engage in transgressions that violate home country consumers' expectations? Drawing from social identity threat theory and across two experimental studies and a correlational one with real world data, we find that domestic brand transgressions are perceived as stronger threats to home country consumers' social identity than transgressions originated by foreign brands and are thus less likely to be forgiven. This effect is particularly prominent (a) for value-related (compared to performance-related) transgressions, (b) in independent (compared to interdependent) cultures, and (c) for consumers with weak (compared to strong) ethnocentric tendencies. The findings contribute to international branding theory and practice by unveiling conditions under which the in-group country bias backfires and what can be done to mitigate such backlash.

Keywords: *transgressions; forgiveness; domestic-country-bias*

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