

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

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Abstract

Abstract Consumers' home country bias is long known to assist domestic brands facing foreign competitors. Nevertheless, little is known about how such bias functions when domestic brands engage in transgressions that violate home country consumers' expectations about appropriate brand conduct. Drawing from social identity threat theory and across two experimental studies, 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. We also observe that the effect disappears for domestic brand transgressions that represent in-group brands' responses to threats from out-group, foreign rivals.

Keywords: *brand transgressions; brand forgiveness; domestic/foreign brands*

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