

# Organizational Legitimacy on Individual Level and Store Loyalty: A Comparative Study of International and Domestic Retailers

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## **Abstract**

The objective of study is to disclose whether individual consumer has higher requirements when evaluating economic-oriented and noneconomic-oriented marketing actions taken by international retailers due to the liability of foreignness (LOF), which refers to additional costs incurred by a firm when conducting business overseas that local firms do not incur. In PLS analyses of survey data from supermarket shoppers in Ningbo of China, it was found that individual consumer evaluates economic and noneconomic actions from the instrumental (e.g. self-interests), relational (e.g. fairness, benevolence and communality) and moral perspectives. Higher evaluations increase the store loyalty. During this legitimization process, international retailers overcome LOF. Part of reason is that their economic-oriented actions get higher instrument evaluation and serve consumers' self-interest better.

**Keywords:** *Perceived Organizational Legitimacy; Liability of Foreignness; Store Loyalty*

**Track:** Retailing & Omni-Channel Management