

The likelihood that a top brand will have a foreign vs. local language name: The roles of product category characteristics, national culture dimensions and foreign language proficiency in nine Latin American markets

Track: Marketing management

Abstract

The purpose of this paper is to test hypotheses relating to how product category characteristics, national culture dimensions and foreign language proficiency impact the likelihood that a top brand will have a foreign vs. local language name in Latin America. Hypotheses are tested using data obtained from top brands rankings reported in nine Latin American markets. The study design uses a logistic regression on a binomial dependent variable to measure whether 880 top brands have foreign-language or local-language brand names with product category characteristics, national culture dimensions and foreign language proficiency as independent variables. The results reveal that product categories related to local production, high-tech, global citizenship, and subscriptions do have an impact on the likelihood that a top brand will have a foreign vs. local language name in Latin America. The results also suggest that five of the six Hofstede national culture dimensions are important factors contributing to the likelihood that a top brand will have a foreign vs. local language name. Also, the results suggest that the effect of uncertainty avoidance dimension is stronger in product categories related to trust. Finally, the results show that foreign language proficiency decreases the likelihood that a top brand will have a foreign language name.

Keywords: Branding; Foreign-language brand names; Local-language brand names; Latin America; product category characteristics, national culture dimensions; foreign language proficiency.

1. Introduction

Managers confront difficult questions when developing the ideal brand portfolio. They must decide which brand names to create and which to eliminate (e.g., foreign-language or local-language brand names?). Choosing good brand names is fundamentally important for managers. These are important decisions that significantly influence firms' success (De Chernatony, Halliburton, and Bernarh 1995; Douglas, Craig, and Nijssen 2001; Grębosz and Otto 2013; Johansson, Dimofte, and Mazvancheryl 2012; Kapferer, 2002; Kirk, Ray, and Wilson 2013; Lee and Griffith 2012). Firms from emerging countries increasingly use foreign-language brand names hoping that foreign appeal will induce higher quality perceptions and greater social status for their brands (Melnik et al. 2012). Foreign-language brand names are a popular

manner to suggest a specific country of origin in the hope that it will evoke certain product qualities. Previous studies have demonstrated that foreign branding trigger cultural stereotypes and influences product perceptions and attitudes (Leclerc, Schmitt, and Dubé 1994; Melnyk, Klein, and Völckner 2012; Winit, Gregory, Cleveland, and Verlegh 2014). However, consumers may prefer either foreign-language or local-language brand names, depending on contextual factors, such as the particular product category. Whereas foreign-language brand names may be preferred for some product categories, local-language brand names may be favored for others. In fact, researchers in this area recommend that studies should consider an extended range of product categories (Winit et al. 2014). Whereas much research examines the effect of foreign-language brand names on attitudes and purchase intentions in a small number of product categories, no studies have focused on the roles played by product category characteristics on the likelihood that a top brand will have a foreign vs. local language name. Similarly, national culture dimensions and foreign language proficiency could also influence the likelihood that a top brand will have a foreign vs. local language name across countries.

The purpose of this paper is to test hypotheses relating to how product category characteristics, national culture dimensions and foreign language proficiency impact the likelihood that a top brand will have a foreign vs. local language name in Latin America. Hypotheses are tested using data obtained from top brands rankings reported in nine Latin American markets (Argentina, Brazil, the Caribbean and Central America, Chile, Colombia, Ecuador, Mexico, Peru and Venezuela). The study design uses a logistic regression on a binomial dependent variable measuring whether 880 top brands have foreign-language or local-language brand names with product category characteristics, national culture dimensions, and foreign language proficiency as independent variables. This research represents a novel attempt to incorporate product category characteristics, national culture dimensions and foreign language proficiency as key factors affecting the performance of foreign-language and local-language brand names. The study not only contributes to the extant literature, but also provides managerial implications by emphasizing that marketers must consider product category characteristics, national culture dimensions and foreign language proficiency before selecting between foreign-language and local-language brand names.

2. Conceptual framework

This section reviews previous literature to develop hypotheses about the effects of product category characteristics, national culture dimensions and foreign language proficiency on the likelihood that a top brand will have a foreign vs. local language name. Foreign and local brand associations operate in a very similar manner to brand associations in the transference of perceptions (Iversen and Hem 2011; Punyatoya 2013). Foreign languages have a symbolic meaning - that is, they evoke associations with the countries where the languages are spoken and with their inhabitants. Previous studies show that

foreign branding triggers cultural stereotypes and influences product perceptions and attitudes (Leclerc et al. 1994; Melnyk et al. 2012; Winit et al. 2014). However, a wide range of contextual factors could exert influence on consumer evaluation (Douglas and Craig 2011; Zeng et al. 2012). Figure 1 presents an overview of the resulting conceptual framework, which includes product category characteristics, national culture dimensions and foreign language proficiency as independent variables.

2.1. Product category characteristics

Consumers may prefer either local-language or foreign-language brand names, depending on a particular product category. Previous literature suggests that consumers utilize different sets of goals depending on the type of product they are considering (Chitturi et al. 2008). These goal-related differences imply that consumers' product evaluation criteria and the information processing procedures they use to evaluate products may differ systematically between product categories. In fact, previous studies show that the sources of brand value and the processes through which brands contribute to firm value differ systematically across product categories (Bengtsson, Bardhi, and Venkatraman 2010; Steenkamp 2014). Although many studies in this area use limited numbers of product categories (Winit et al. 2014), a larger number of product categories was assessed as part of this investigation totaling eight product category characteristics with respect to the likelihood that a top brand will have a foreign vs. local language name.

2.1.1. Actual country of origin cue

Many product categories such as hotels, electricity distribution, gas distribution, restaurants, department stores, and supermarkets demand local presence and local production (e.g., buildings, production facilities, stores for operations). Foreign-language brand names imply a specific country of origin in an effort to build or enhance perceptions of certain product attributes (Leclerc et al. 1994; Melnyk et al. 2012). Consequently, foreign-language brand names provide customers with an implicit country of origin cue. This implied country of origin cue may not be congruent (i.e., the extent to which associations of one object share content and meaning with another object's association) with the actual country of origin cue that consumers obtain from local presence and local production. Consequently, significant opportunities could exist for local-language (vs. foreign-language) brand names in product categories that require local presence and/or local production. Hence:

H1. Foreign-language brand names are less likely in product categories that require local production.

Brands also compete on the basis of well-established face-to-face relationships with their customers in several product categories (e.g., health care services, supermarkets) (Dawar and Frost 1999). Customers in these product categories tend to build a face-to-face relationship with employees that represent such brands. The implicit country of origin cue of foreign-language brand names may not be congruent with the actual country of origin cue that consumers obtain from the face-to-face relationship with local employees. Hence:

H2. Foreign-language brand names are less likely in product categories related to face-to-face relationships.

Signaling theory holds that by manipulating signals, firms can use brand names to inform consumers about product positions. Thus, local-language brand names “signal” respect for and unique fit into cultural traditions, and indicate proud local market representation. Local-language brand names may be associated with local culture, tradition, and country. Local-language brand names are frequently seen as more authentic and down-to-earth, thus offering a more intimate basis for nurturing consumer-brand relationships (Winit et al. 2014). It seems that culture is harder to standardize than economic organization and technology (Anand and Delios 2002; Becker-Olsen et al. 2011; De Mooij and Hofstede 2010; Farías 2007; Hofstede 2001). Several product categories such as food and media could be local because of a better response to local needs, flavors and tastes. The complexity of food, in particular, is noteworthy. Food preferences vary dramatically over the globe because of basic differences in local taste, customs, and access to fresh, local products. For instance, it is strange to find Empanadas, which is part of the Latin American cultures, using foreign-language brand names. Generally speaking, a product that is closely related to its culture must use local-language brand names (Douglas et. al. 2001; Harun, Kassim, Igau, Tahajuddin, and Al-Swidi 2010; Kapferer 2002; Wolfe 1991). Hence:

H3. Foreign-language brand names are less likely in product categories related to local tastes.

2.1.2. Familiarity

Subscription is a popular business model where a customer must pay a periodical price to have access to an offering. Generally speaking, these offerings belong to product categories in which the customer, once a provider has been chosen, does not switch brands frequently. Customers don’t consider switching unless a specific action, which entails costs for both the firm (marketing effort) and the customer (e.g. psychological and financial costs), merits the switch (Hidalgo, Manzur, Olavarrieta, and Farías 2007; Venkatesan and Kumar 2004). Also, customers that purchase offerings in these product categories prefer reliable brands that constantly deliver the expected performance during the subscription period. In Europe,

Schuling and Kapferer (2004) documented that local brands (22.1%) benefit more from a significantly stronger image of reliability than do global brands (17.9%). Consequently, significant opportunities could exist for local-language brand names in product categories that require subscription (e.g., retail banking, telecommunications services). Hence:

H4. Foreign-language brand names are less likely in product categories related to subscriptions.

The importance of the trust construct has already been demonstrated in sustaining buyer and seller relations. Trust is defined as a willingness to rely on an exchange partner in whom one has confidence. Consequently, trust is a major determinant of relationship commitment (Moorman Deshpandé, and Zaltman 1993). It represents the confidence that the relational party in an exchange will not exploit another's vulnerability. Accordingly, to trust a brand implicitly means that there is a high probability or expectancy that the brand will result in positive outcomes for the consumer. A trustworthy brand is one that consistently keeps its promise of value to consumers through the way the product is developed, produced, sold, serviced and advertised. Pinar et al. (2012) show that brand image is significantly higher for local banks than for global banks. Consequently, significant opportunities could exist for local-language brand names in product categories related to trust (e.g. financial services, retail banking, nonprofit organizations, medicines, health care services). Hence:

H5. Foreign-language brand names are less likely in product categories related to trust.

2.1.3. Quality halo, status-enhancing, and hedonism

In China, consumers perceive global brands as high quality products, durable, innovative and having customer-oriented product design. In contrast, Chinese consumers perceive local brands as low quality products and offering poor product design (Ar and Kara 2012; Jap 2010; Laforet and Chen 2012). Firms from emerging markets are not known for having the most innovative technology, superior human capital, or world-recognized brands. They may also experience shortages of financial capital, which attenuates the implementation of marketing strategies (Magnusson et al., 2011; Wright et al. 2005). In Latin American countries, just like many around the world, several studies have demonstrated that the brand is seen by customers as a sign of product quality, assisting them to make their purchasing decisions (e.g., Hidalgo and Farías 2006; Hidalgo et al. 2007; Lopes et al. 2013; Manzur et al. 2005, 2011; Olavarrieta et al. 2006, 2008, 2012; Torres et al. 2007; Zanette et al. 2013). The electronics, computer and automotive product categories are inundated by global brands, and these products appear to be more universal in terms of how they are used and how they are viewed. Computers and electronics, in particular, were also in earlier product life cycle stages when they became available around the world (Pitta and Franzak

2008). Jaffe and Martinez (1995) found that Mexicans rate American and Japanese electronic brands much more positively than Mexican electronic brands. Consequently, in Latin America small opportunities could exist for local-language (vs. foreign-language) brand names in high-tech product categories. Hence:

H6. Foreign-language brand names are more likely in product categories related to high-tech.

Foreign-language brand names carry an “exporting” culture, attract the “cosmopolitan” elite, and induce aspiration to live in a global consumer community (Riefler, Diamantopoulos, and Sigauw 2012; Alden, Kelley, Riefler, Lee, and Soutar 2013). Hall (1991) describes a growing global mass culture as driven by Western societies in terms of technology, capital, techniques, and advanced labor. With images and stories emanating from the West, this global mass culture “is centered in the West and it always speaks English” (Hall, 1991, p. 28). In many product categories (e.g., alcoholic beverages, cereals, credit cards, clothing, fast food restaurants, jewelry and accessories, sportswear, tobacco), brands target segments of consumers worldwide, such as teenager and affluent segments (Chu and Huang 2010; Hassan and Katsanis 1991; Strizhakova et al. 2012). In these product categories, foreign-language brand names could create consumer perceptions of brand superiority (Dahan and Peltekoglua 2011; Kapferer 2004; Shocker et al. 1994; Strizhakova et al. 2011). Foreign-language brand names could be perceived to have more value for the consumer by enhancing the consumer’s self-perception as being cosmopolitan, sophisticated and modern (Friedman 1990; Holt, Quelch, and Taylor 2004; Johansson and Ronkainen 2005; Kapferer 1992; Steenkamp et al. 2003; Thompson and Tambyah 1999).

Findings suggest that consumers in emerging countries associate global brands with an aspiration toward the lifestyles of more advanced economies (Alden et al. 1999). In emerging countries, individuals could associate foreign-language brand names with having symbolic meanings, which enhances the emotional reward such as a sense of pleasure and happiness upon using these brands (Batra et al. 2000; Bhat and Reddy 1998; Kinra 2006). Consequently, in emerging countries, a foreign-language brand name not only serves as a “quality halo” or summary of product quality, but also could possess a dimension of non-localness that, among some consumers and for some product categories, could contribute to attitudinal liking for status-enhancing reasons (Batra et al. 2000; Han 1989). Hence:

H7. Foreign-language brand names are more likely in product categories related to global citizenship.

Dimofte, Johansson and Ronkainen (2008) suggest that response to global brands is driven more by affect and less by cognition. Botti and McGill (2011) propose that hedonic consumption is more affectively rich than utilitarian

consumption; therefore, preferences for hedonic products are emotionally driven, whereas those for utilitarian products are cognitively driven. Therefore, the distinction between hedonic and functional products could be relevant when considering brand names. For example, Salciuvienea, Ghaurib, Strederc, and De Mattos (2010) suggest that services with a French brand name are perceived as more hedonic. Hedonic consumption stimulates fun, fantasy, excitement, and pleasure (Arnold and Reynolds, 2012). Thus, a foreign-language brand name may increase the salience of hedonic consumption goals (e.g., fun, fantasy, excitement, and pleasure) more than a local-language brand name. Hence:

H8. Foreign-language brand names are more likely in product categories related to hedonic characteristics.

2.2. National culture dimensions

Hofstede (2001) proposes six national culture dimensions: power distance, individualism, masculinity, uncertainty avoidance, long-term orientation, and indulgence. There is ample support in the international marketing literature for the use of Hofstede's conceptualization and operationalization of culture (Soares, Farhangmehr, and Shoham 2007).

Power distance expresses the degree to which the less powerful members of a society accept and expect that power is distributed unequally. Cultures high in power distance tend to emphasize the importance of prestige and wealth (Roth 1995). In cultures with a high power distance, status symbols (e.g., foreign language) are used to underline power differences. Alm (2003) indicates that English language is shown to be highly stratified according to socioeconomic strata, and to function as a segmentizer and a gatekeeper on the Latin American market. It appears that foreign-language brand names should be the best fit for high power distance cultures. Hence:

H9. Power distance increases the likelihood that a top brand will have a foreign-language brand name.

Individualism is the preference for a loosely-knit social framework in which individuals are expected to take care of only themselves and their immediate families (Hofstede 2001). Xiao and Kim (2009) found that individualist consumers held a more favorable attitude toward foreign brands. Consumers in collectivistic societies should opt for local-language brand names, identifying with their country, while consumers in individualism societies should favor foreign-language brand names. Hence:

H10. Individualism increases the likelihood that a top brand will have a foreign-language brand name.

Foreign-language brand names may dilute traditional and national values. Masculinity is the preference in society for achievement, heroism, assertiveness and material rewards for success. Masculinity relates to an emphasis on tradition (Callahan 2005). Uncertainty avoidance is the degree to which the members of a society feel uncomfortable with uncertainty and ambiguity (Hofstede 2001). Long-term orientation is the extent to which a society exhibits a pragmatic, future-oriented perspective rather than a conventional short-term perspective (Hofstede 2001). Masculinity, uncertainty avoidance, and long-term orientation may lead consumers to more localized attitudes suggesting preference for local-language brand names rather than foreign-language brand names. Hence:

H11. Masculinity decreases the likelihood that a top brand will have a foreign-language brand name.

H12. Uncertainty avoidance decreases the likelihood that a top brand will have a foreign-language brand name.

H13. Long-term orientation decreases the likelihood that a top brand will have a foreign-language brand name.

Indulgence is a society that allows relatively free gratification of basic and natural human drives related to enjoying life and having fun (Hofstede 2001). According to the Gallup Positive Experience Index of 2014, the happiest countries in the world are in Latin America (Livescience, 2015). Therefore, in Latin America local-language (vs. foreign-language) brand names could be more associated to enjoying live and having fun. In Latin America big opportunities could exist for local-language (vs. foreign-language) brand names in cultures scoring high on indulgence. Hence:

H14. Indulgence decreases the likelihood that a top brand will have a foreign-language brand name.

2.3. Interaction effect: uncertainty avoidance and trust

The effect of uncertainty avoidance cultural dimension could be stronger in product categories related to trust. Consequently, huge opportunities could exist for local-language brand names in product categories that require image of trust (e.g. financial services, retail banking, nonprofit organizations, medicines, health care services) in cultures exhibiting strong uncertainty avoidance. On this basis, the following hypothesis is proposed:

H15. The effect of uncertainty avoidance is stronger in product categories related to trust.

2.4. Foreign language proficiency

A foreign language is considered as a symbol for which the actual meaning is not important (Hornikx, Van Meurs and de Boer 2010). This means that foreign language can be successfully used regardless of whether it is understood or not by consumers. In general, marketing efforts (e.g., advertising, product package, websites, and social media) of foreign-language brand names are in local language. These marketing efforts (e.g., local-language ads, labels, social media) may not be congruent with foreign-language brand names for individuals with a high level of foreign language proficiency. Therefore, foreign-language brand names could be less (more) effective in countries with high (low) levels of foreign language proficiency. Hence:

H16. Foreign language proficiency decreases the likelihood that a top brand will have a foreign-language brand name.

3. Methodology

Nine reports in Latin America published brand rankings in the last few years. Those reports were used in this study; an attempt to obtain more recent ones was unsuccessful. Consequently, this research includes the 100 top brands reported in Argentina (Bavlab 2014), the Caribbean and Central America (Revistamyt 2015), Chile (Bavlab 2015), Colombia (Revista P&M 2015), Ecuador (Revista Vistazo 2014), Mexico (Revista Gestión 2012), Peru (El comercio, 2014), Venezuela (Revista Gerente 2014). This research also includes the 80 top brands reported in Brazil (Globo 2016). Thus, the analysis is set in nine major markets of Latin America. These nine markets account for over 95% of the region's total GDP.

Spanish is the main language in the majority of Latin American countries. Portuguese is spoken primarily in Brazil, where it is both the official and the national language. Consequently, for each top brand reported, three graduate students (coders), fluent in Spanish and Portuguese, were instructed to code for the following items: foreign-language or local-language brand name and product category (See Table 1). A total of 39 product categories were used. These were: alcoholic beverages, airlines, beer, breakfast (excluding cereals), cars, cereals, credit cards, clothing, computers, conglomerates, department stores, electronics, energy distribution, fast food restaurants, financial services, frozen and fresh foods, health care services, home appliances, home care, hotels, internet sites, jewelry and accessories, meal solutions, media (television, radio, newspapers, magazines), medicines, mineral water, nonprofit organizations, pension fund managers, personal care, soccer teams, soft drinks, snacks, cookies and candy, retail banking, sportswear, supermarkets, telecommunications services, tobacco, and other brick-and-mortar retailers. All disagreements in coding (overall agreement > 90%) were discussed among the three coders, and a final consensus was reached (Szymanski and Henard 2001).

A detailed measurement of specific product category characteristics (local production, face-to-face relationships, local tastes, subscriptions, trust, high-tech, global citizenship, and hedonism) was needed. These measures were obtained

through three different graduate students (coders), as no secondary data sources comprehensively cover the large array of product categories included in this study (See Table 1). For each product category, the coders were presented with the name of the product category and a picture of a typical product. All disagreements in coding (overall agreement > 80%) were discussed among the three coders, and a final consensus was reached (Szymanski and Henard 2001). Data also includes Hofstede (2001)'s national culture dimensions, English language proficiency (EF, 2016) and GDP per capita (International Monetary Fund, 2015).

4. Results

Logistic regression is a common methods choice, since the assumptions of discriminant analysis are rarely met (Cohen, Cohen, West, and Aiken 2003). Consequently, in order to test the hypotheses the study design considers estimating a logistic regression on a binomial dependent variable measuring whether top brands have foreign-language or local-language brand names with product category characteristics, national culture dimensions and foreign language proficiency as independent variables and GDP per capita as control variable. Regression estimates were obtained by regressing likelihood that a top brand will have a foreign vs. local language name on the independent and control variables. A positive regression coefficient means that an increase in its associated variable will increase (decrease) the likelihood that a top brand will have a foreign vs. local language name. On the other hand, a negative regression coefficient means that an increase in its associated variable will increase (decrease) the likelihood that a top brand will have a foreign vs. local language name. The parameters were estimated using maximum likelihood, employing the binomial logistic regression procedure of IBM SPSS Statistics 21. These are reported in Table 2.

As seen in table 2, the overall regression is significant (Chi-square = 286.521, $p < .01$). Contrary to expectations, product categories related to local production have a positive effect on the likelihood that a top brand will have a foreign vs. local language name ($p < .05$). Therefore, H_1 is not supported. Interestingly, the results suggest that significant opportunities could exist for foreign-language brand names in product categories related to local presence and/or local production. Product categories related to face-to-face relationships, local tastes, trust, and hedonism have no effect on the likelihood that a top brand will have a foreign vs. local language name ($ps > .05$). Thus, H_2 , H_3 , H_5 and H_8 are not supported. Product categories related to subscriptions have a negative effect on the likelihood that a top brand will have a foreign vs. local language name ($p < .01$). Therefore, H_4 is supported. Additionally, product categories related to global citizenship and high-tech are positively associated with the likelihood that a top brand will have a foreign vs. local language name ($ps < .01$). Consequently, H_6 and H_7 are supported. These results reveal that while four product category characteristics (local production, subscriptions, global citizenship and high-tech) do have an impact on the likelihood that a top brand will have a

foreign vs. local language name; four product category characteristics (local tastes, face-to-face relationships, trust, and hedonism) have no effect on the likelihood that a top brand will have a foreign vs. local language name.

Table 2 also shows that the five of the six Hofstede's national culture dimensions are related to the likelihood that a top brand will have a foreign vs. local language name ($p < .05$). Thus, H_{10} , H_{11} , H_{12} , H_{13} and H_{14} are supported. Also, the results suggest that the effect of uncertainty avoidance cultural dimension is stronger in product categories related to trust. Therefore, H_{15} is supported. Additionally, the results show that foreign language proficiency decreases the likelihood that a top brand will have a foreign vs. local language name in Latin America ($p < .01$). Therefore, H_{16} is supported.

The hypothesized model has a classification hit rate (percentage of correct classification) of 73.8% (See Table 3). Press's Q Statistic was used to compare the number of correct classifications with the total sample size and the number of groups. As the value (198.55) exceeds the critical value (6.63), prediction accuracy exceeds the value assigned by chance. Consequently, the prediction accuracy is greater than that expected by chance. In light of these test results, the hypothesized model appears to have satisfactory explanatory and predictive abilities.

5. Discussion

This paper examines the influence of product category characteristics, national culture dimensions, and foreign language proficiency on the likelihood that a top brand will have a foreign vs. local language name and tests the hypothesized relationships. Results show that the likelihood that a top brand will have a local language name is associated with subscriptions. Also, results show that the likelihood that a top brand will have a foreign language name is associated with local production, high-tech and global citizenship. The results also reveal that product categories related to face-to-face relationships, local tastes, trust, and hedonism have no impact on the likelihood that a top brand will have a foreign vs. local language name in Latin America. These results suggest that local-language (foreign-language) brand names will not necessarily be effective in product categories scoring high (low) face-to-face relationships, local tastes, trust, and hedonism. Whereas much research examines the effect of foreign-language brand names on attitudes and purchase intentions in a small number of product categories, no studies have focused on the roles played by product category characteristics on the likelihood that a top brand will have a foreign vs. local language name. This study is the first one that provides general support for the idea that the likelihood that a top brand will have a foreign vs. local language name in Latin America might depend on product category characteristics. Results of the empirical work presented here reveal a significant amount of variation in the likelihood that a top brand will have a foreign vs. local language name across product categories.

The results also suggest that five of the six Hofstede's national culture dimensions are important factors contributing to the likelihood that a top brand will have a foreign vs. local language name. Also, the results suggest that the

effect of uncertainty avoidance cultural dimension is stronger in product categories related to trust. Additionally, the results suggest that foreign language proficiency decrease the likelihood that a top brand will have a foreign vs. local language name. As proposed by Alden, Steenkamp and Batra (2009), the idea of a theoretical framework that measures culture and the brand association including metrics such as language, can improve strategic positioning beneficial in both the local and the global marketplace.

5.1. Managerial implications

This research represents a novel attempt to incorporate product category characteristics, national culture dimensions, and foreign language proficiency as key factors affecting the performance of foreign-language and local-language brand names. This research not only contributes to the extant literature, but also provides managerial implications by emphasizing that marketers must consider product category characteristics, national culture dimensions, and foreign language proficiency before selecting between foreign-language and local-language brand names. Marketers should avoid assuming that the effectiveness of foreign and local language brand name is constant across product categories and countries.

This research addresses an important concern among researchers and managers that is related to how to achieve the success of foreign-language and local-language brand names in Latin America. The findings indicate that likelihood that a top brand will have a foreign vs. local language name is dependent of product category characteristics, national culture dimensions, and foreign language proficiency. It follows that a firm's branding strategy should also be dependent of product category characteristics, national culture dimensions, and foreign language proficiency in the region. This work indicates that in product categories related to subscriptions significant opportunities may exist for local-language brand names. In contrast, the likelihood that a top brand will have a local language name is significantly reduced in product categories related to local production, high-tech and global citizenship. These results suggest managers develop foreign-language brand names in product categories closely related to local production, high-tech and global citizenship.

The findings of this study provide the basis for several recommendations for international marketing managers in terms of the selection of product categories and countries. For example, foreign-language brand managers can use this knowledge by selecting product categories scoring high on local production, high-tech and global citizenship and product categories scoring low on subscriptions. These constructs, though related, exert independent influences. To identify appropriate product categories, each characteristic should be measured and assessed. Similarly, foreign-language brand managers can select countries scoring high on individualism and countries scoring low on masculinity, uncertainty avoidance, long-term orientation, indulgence, and foreign language proficiency.

5.2. Future research directions

The findings of this study must be viewed in the light of its limitations. First, since this study involved only top brands the findings may not be applicable to unknown brands. Future research should include more brands and similar studies should be carried-out in other regions (e.g., Asia, Europe) to expand the applicability of the findings.

Second, studies across different consumer segments in Latin America (and other emerging economies) are also suggested. Studies that investigate demographic effects (e.g., age, gender, household income) might be another important avenue of research. All consumers within a country are not identical. Indeed, there is substantial variation within a country, and also considerable overlap among different countries. Consumer differences should be incorporated into future research, as enduring brand loyalty, value consciousness, and risk aversion, among others (Manzur et al. 2011).

Third, multinationals firms routinely modify brand names in individual country markets to balance cost-reducing standardization and relevance-maximizing localization (Cayla and Eckhardt 2008; Rigby and Vishwanath 2006; Spielmann and Delvert 2014). Therefore, further research using firm and brand level data (e.g., branding strategies, advertisement investment) could complement this study.

Finally, published top brand ranking studies only for the past years were considered. Although this allowed the study to be bound by contemporary evaluations, historical trends in brand positions may not have been captured. Therefore, further research using longitudinal data could also complement this study.

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Figure 1. The likelihood that a top brand will have a foreign vs. local language name: The roles of product category characteristics, national culture dimensions and foreign language proficiency

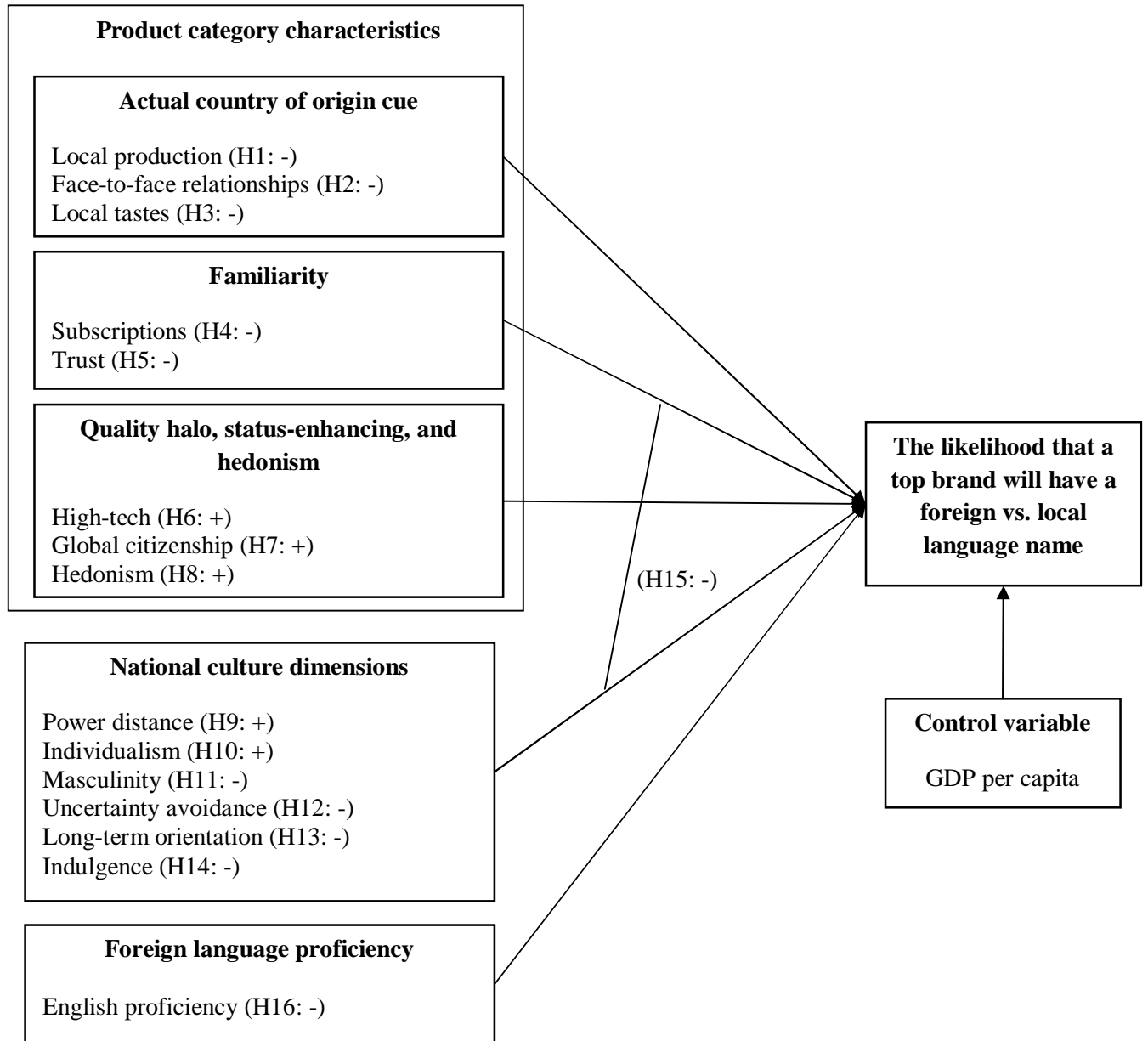


Table 1. Variables

<i>Dependent variable: The likelihood that a top brand will have a foreign vs. local language name</i>		
Variable	Description	Examples
The likelihood that a top brand will have a foreign vs. local language name	Local-language brand names: In Brazil, Portuguese-language brand names. In Argentina, Caribbean and Central America, Chile and Mexico: Spanish-language brand names. Foreign-language brand names: the rest.	Local-language brand names: Pão de Açúcar (Portuguese-language in Brazil), Banorte (Spanish-language), Claro (Spanish-language), Coto (Spanish-language), Cristal (Spanish-language). Foreign-language brand names: Easy, Heineken, Luchetti, Nike.
<i>Independent variables: Product category characteristics</i>		
Variable	Description	Elements
Local production	It is strongly connected to local production (e.g., buildings, stores, factories)	Conglomerates, department stores, energy distribution, fast food restaurants, health care services, hotels, retail banking, supermarkets, telecommunications services, other brick-and-mortar retailers
Face-to-face relationships	It is strongly connected to face-to-face relationships (social interaction carried out without any mediating technology) with the customers	Airlines, department stores, fast food restaurants, health care services, supermarkets, other brick-and-mortar retailers
Local tastes	It is strongly connected to local tastes, local flavors, or local needs. When consumer wants, uses, or responses to a product vary with the market.	Beer, breakfast (excluding cereals), clothing, frozen and fresh foods, home appliances, home care, internet sites, meal solutions, media (television, radio, newspapers, magazines), mineral water, soccer teams, soft drinks, snacks, cookies and candy
Subscriptions	It is strongly connected to periodic (monthly or yearly or seasonal) subscriptions (all customers must pay a subscription price to have access to the product/service)	Credit cards, energy distribution (excluding gas cylinders distribution), pension fund managers, retail banking, telecommunications services
Trust	It is strongly connected to trust, honesty, fairness, or benevolence. When the complexity of the product/service experience and its associated components (e.g., employee behaviour, tangibles, reliability) is high.	Financial services, health care services, medicines, nonprofit organizations, pension fund managers, retail banking

High-tech	It is strongly connected to the most advanced technology currently available	Cars, computers, electronics, home appliances, internet sites, medicines, personal care, telecommunications services
Global citizenship	It is strongly connected to globalization (interchange of world views, products, ideas, and other aspects of culture) and cosmopolitanism (all human ethnic groups belong to a single community)	Alcoholic beverages, cereals, credit cards, clothing, fast food restaurants, jewelry and accessories, sportswear, tobacco
Hedonism	It is strongly connected to fun, fantasy, excitement, and pleasure	Alcoholic beverages, beer, jewelry and accessories, soccer teams, tobacco

Independent variables: National culture dimensions

Variable	Description
Power distance	This dimension expresses the degree to which the less powerful members of a society accept and expect that power is distributed unequally.
Individualism	The preference for a loosely-knit social framework in which individuals are expected to take care of only themselves and their immediate families.
Masculinity	The preference in society for achievement, heroism, assertiveness and material rewards for success.
Uncertainty avoidance	The degree to which the members of a society feel uncomfortable with uncertainty and ambiguity.
Long term orientation	This dimension is the extent to which a society exhibits a pragmatic, future-oriented perspective rather than a conventional short-term perspective
Indulgence	A society that allows relatively free gratification of basic and natural human drives related to enjoying life and having fun.

Independent variables: Foreign language proficiency

Variable	Description
English proficiency	English Proficiency Index (EF, 2016)

Control variable: GDP per capita

Variable	Description
GDP per capita	GDP per capita in international dollars (International Monetary Fund, 2015)

Table 2. Logistic regressions of drivers of the likelihood that a top brand will have a foreign vs. local language name

	Hypothesis	Estimate	Odds Ratio	p-value
Intercept		23.708		.000
<i>Product category characteristics</i>				
Local production	H ₁ : -	.828*	2.290	.045
Face-to-face relationships	H ₂ : -	-.073	.930	.873
Local tastes	H ₃ : -	-.363	.696	.107
Subscription	H ₄ : -	-2.054**	.128	.000
Trust	H ₅ : -	-.136	.873	.167
High-tech	H ₆ : +	1.441**	4.226	.000
Global citizenship	H ₇ : +	1.333**	3.791	.000
Hedonism	H ₈ : +	-.570	.565	.141
<i>National culture dimensions</i>				
Power distance	H ₉ : +	.185	1.203	.053
Individualism	H ₁₀ : +	.268**	1.307	.000
Masculinity	H ₁₁ : -	-.077**	.926	.000
Uncertainty avoidance	H ₁₂ : -	-1.071**	.343	.000
Long-term orientation	H ₁₃ : -	-.293**	.746	.003
Indulgence	H ₁₄ : -	-.148*	.862	.049
<i>Interaction effect</i>				
Uncertainty avoidance x Trust	H ₁₅ : -	-.248*	.780	.040
<i>Foreign language proficiency</i>				
English proficiency	H ₁₆ : -	-.488**	.614	.001
<i>Control variable</i>				
GDP per capita		.001	1.001	.126
Chi-square		286.521**		
Nagelkerke's R ²		.371		
N		880		

*Significant at p = .05, **Significant at p = .01.

Table 3. Classification accuracy

	Forecast			Classification accuracy
	Local-language brand name	Foreign-language brand name	Total	
Actual Local-language brand name	300	122	422	71.1%
Actual Foreign-language brand name	109	349	458	76.2%
Total	409	471	880	73.8%