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Karin Pennemann

# Retail Internationalization in Emerging Countries

The Positioning of Global Retail  
Brands in China

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Karin Pennemann  
Universität Trier  
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## Foreword

The dissertation of Dr. Karin Pennemann addresses a prevailing question. For two decades, retail firms have aggressively internationalized, first into developed and then into developing countries. Years after entering developing countries, international retailers can no longer rely on the weaknesses of local competitors because these domestic market firms have become more experienced and have internationalized themselves. Consequently, in countries such as China, retailers' global and local positioning as strong retail brands is of growing importance. Thus, detailed knowledge on how to create strong retail brands in these countries, how these strong brands drive customer purchase behavior and how reciprocal effects between strong brands on corporate and store (chain) level could be used is of paramount relevance for international retailers, especially in culturally distant countries. By addressing these three questions, the dissertation of Karin Pennemann includes three studies, which can be summarized as follows:

- *Building Retailer Brand Equity Based on Perceived Brand Globalness: The Role of Country of Origin.* This study examines the effect of perceived brand globalness (PBG) on retailer brand equity in China and proposes that PBG enhances brand equity by affecting consumers' perceived quality value and price value of the retailer, and that such effects are moderated by the actual foreign/domestic origin of the retailer. Based on a multilevel modeling approach, the findings indicate that quality and price values are the core mechanisms through which PBG affects brand equity. Moreover, the effect of PBG on brand equity and quality value is stronger for foreign retailers than for domestic retailers.

- *The Value Creation Process to Retail Patronage: Whether Retailers Benefit from Perceived Brand Globalness or Localness.* This study examines how foreign retailers can use their core advantage of a global retail brand and, more importantly, how consumer perceptions of global retail brands drive retail patronage. Analyzing 36 Western, Asian, and Chinese retailers, the results show that, due to retailers' origins, the routes of PBG and PBL enhance retail patronage differently by affecting consumers' functional and psychological values. Thus, the value creation process varies depending on retailers' origin. Consequently, retailers in China benefit from PBG depending on boundary conditions, such as retailer origin and consumer identity.

- *Analyzing the Reciprocity between Corporate and Store Images: The Moderating Roles of Evaluation Approaches and Corporate Brand Dominance*. This study examines the reciprocity of retailers' corporate image and store image, as well as the moderating roles of culture-specific and firm-specific factors. Based on an experimental design and data from two countries, it is shown that the two images are connected through feedback loops, whereupon the store image has a greater degree of influence on the corporate image than vice versa. Furthermore, it is shown that the reciprocity images provide greater benefits in predominantly holistic Asian countries than in analytic Western countries.

Dr. Karin Pennemann makes a significant contribution to retailing and international marketing research with her work. She advances knowledge on retail positioning in emerging countries and significantly disentangles the interrelation of corporate and retail branding. Her work impresses on the one hand by the extent of detail paid to the conceptualization and the methodology. Besides advanced methodology applied in a commendable manner, she also combined different types of methodology. On the other hand, she derives valuable insights for researchers as well as for retail managers.

I am very happy with this work in particular, which is the eighth dissertation at my chair for Marketing & Retailing at the University of Trier. I thank Dr. Karin Pennemann for more than three years working as a research associate at the Chair for Marketing & Retailing. Over this period she worked very hard and successfully faced all the challenges she encountered on the way, presenting this excellent piece of work at the end of it. I thank her very much for her commitment and regard her as a commendable and always kind-minded person. Dr. Karin Pennemann has my warmest and best wishes for her future career and life.

Trier, July 2012

Prof. Dr. Prof. h.c. Bernhard Swoboda

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Trier, July 2012

Karin Pennemann



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**List of Abbreviations**

ACI .....	antecedent corporate image
adj. ....	adjusted
AIC .....	Akaike information criterion
ASI .....	antecedent store image
AVE .....	average variance extracted
b .....	unstandardized coefficient
BE .....	retailer brand equity
beta/ $\beta$ .....	standardized coefficient
BIC .....	Bayes information criterion
BRIC .....	Brazil, Russia, India, China
CBD .....	corporate brand dominance
cf .....	correction factor
CFA .....	confirmatory factor analysis
CFI .....	comparative fit index
CI .....	corporate image
CR .....	composite reliability
df .....	degree of freedoms
DV .....	dependent variable
e.g. ....	exempli gratia/for example
et al. ....	et alia/and others
EUR .....	Euro
EV .....	emotional value
EVA .....	evaluation approach
Evar .....	error varriance
$f^2$ .....	effect size
FAM .....	familiarity
FIT .....	fit
FMCG .....	fast moving consumer good
GDP .....	gross domestic product

---

H	.....	hypothesis
HK	.....	Hong Kong
i	.....	intercept
i.e.	.....	id est/that is
ICC	.....	intraclass correlation
ID	.....	identity
INV	.....	involvement
ItTC	.....	item-to-total correlation
M	.....	mean
MD	.....	median
MLM	.....	mean-adjusted maximum likelihood
n	.....	number of sample size
n.a.	.....	not available
NBA	.....	National Basketball Association
ns.	.....	not significant
p	.....	significance level
p.	.....	page
PBG	.....	perceived brand globalness
PBL	.....	perceived brand localness
PhD	.....	doctor philosophiae/doctor of philosophy
PPP	.....	purchasing power parity
PREVAL	.....	perceived value
PV	.....	price value
QV	.....	quality value
R <sup>2</sup>	.....	R-square
RBD	.....	retail brand dominance
RMB	.....	Renminbi
RMSEA	.....	root mean square error of approximation
RO	.....	retailer origin
RP	.....	retail patronage

---

s	.....	slope
SD	.....	standard deviation
SI	.....	store image
SRMR	.....	standardized root mean square residual
SV	.....	social value
Svar	.....	sample variance
t	.....	t-value
TLI	.....	Tucker-Lewis-index
UK	.....	United Kingdom
U.S.	.....	United States
USA	.....	United States of America
USD	.....	U.S. Dollar
vs	.....	versus
WTO	.....	World Trade Organization
$\chi^2$	.....	chi-square
%	.....	percent
$\lambda$	.....	standardized factor loadings