ZARA’S BRAND PERCEPTION

A COMPARATIVE APPROACH BETWEEN BRAZIL AND SPAIN

SÃO PAULO

2018
ZARA’S BRAND PERCEPTION

A COMPARATIVE APPROACH BETWEEN BRAZIL AND SPAIN

Thesis presented to Escola de Administração de Empresas de São Paulo of Fundação Getulio Vargas, as a requirement to obtain the title of Master in International Management (MPGI).

Knowledge Field: Marketing

Adviser: Prof. Dr. Maurício Gerbaudo Morgado

SÃO PAULO

2018
Pretti, Nelson.
63 f.

Orientador: Maurício Gerbaudo Morgado
Dissertação (MPGI) - Escola de Administração de Empresas de São Paulo.


CDU 658.8
NELSON PRETTI

ZARA’S BRAND PERCEPTION

A COMPARATIVE APPROACH BETWEEN BRAZIL AND SPAIN

Thesis presented to Escola de Administração de Empresas de São Paulo of Fundação Getulio Vargas, as a requirement to obtain the title of Master in International Management (MPGI).

Knowledge Field: Marketing

Approval Date

____/____/____

Committee members:

Prof. Dr. Maurício Gerbaudo Morgado

Prof. Dr. Luís Henrique Pereira

Prof. Dr. George Rossi
Acknowledgment

First of all, I would like to thank my family for all the support provided, not only for these two years of master but for all the years of my life. You are the foundation of every goal I ever achieved.

I would also like to thank the Fundação Getulio Vargas for providing me a great education and the opportunities to develop an international career through the MPGI master program and partnerships with important foreign academic institutions.

Finally, I would also like to thank my supervisor Maurício Morgado for all the attention, time and patience dedicated throughout the development of this thesis.
Abstract

In this study, the author analyses the effects of country of origin and brand positioning on consumer’s brand perception and purchase intention of the brand ZARA. For the analysis, the author uses online survey to collect data from students in Spain and in Brazil. ZARA’s brand perception and purchase intention were expected to be higher in Brazil, but the results suggest that ZARA has an equal or even better performance in Spain than in Brazil. Although the results provide a strong evidence of a Brazilian preference for nonlocal brands, this preference hasn’t provided the expected positive results on the other variables analysed. A deeper analysis of the correlations among the variables brought light to some aspects, but, due to the limitations of the thesis’ scope, the data collected didn’t allow a full comprehension of all the causes behind the results found.

*Keywords:* Brand perception; Country of origin; ZARA; Marketing strategy
Resumo

Neste estudo, o autor analisa os efeitos do país de origem e posicionamento de marca na percepção de marca e intenção de compra do consumidor relativo a marca ZARA. Para a análise, o autor utiliza uma pesquisa on-line para coletar as respostas de estudantes na Espanha e no Brasil. A expectativa era de que a percepção e intenção de compra de marca da ZARA fosse maior no Brasil, mas os resultados sugerem que o ZARA tem desempenho igual ou até melhor em Espanha do que no Brasil. Embora os resultados fornecem uma forte evidência de uma preferência brasileira por marcas estrangeiras, essa preferência não resultou nos resultados esperados nas demais variáveis analisadas. Uma análise mais profunda das correlações entre as variáveis esclareceu alguns pontos, mas, devido às limitações do escopo da tese, os dados coletados não permitiram uma compreensão completa de todas as causas por trás dos resultados encontrados.

Palavras-chave: percepção de marca; País de origem; ZARA; Estratégia de marketing
# Table of Contents

INTRODUCTION ............................................................................................................................................. 11

OBJECTIVE .................................................................................................................................................. 17

LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK ........................................................................ 18
  Branding .................................................................................................................................................. 18
  Brands in a global marketplace ............................................................................................................. 19
  Country of origin and brand perception ............................................................................................... 21
  Preference for foreign brands ............................................................................................................... 23
  Brands under uncertainty ...................................................................................................................... 25
  Cultural dimensions and brand perception ........................................................................................... 26

RESEARCH HYPOTHESIS ......................................................................................................................... 32

METHODOLOGY ......................................................................................................................................... 36
  Sample ................................................................................................................................................... 37
  Data collection ...................................................................................................................................... 38
  Structure and measurement model ..................................................................................................... 39

DATA ANALYSIS AND DISCUSSION ...................................................................................................... 45

LIMITATIONS OF THE ANALYSIS .......................................................................................................... 56

CONCLUSIONS ........................................................................................................................................... 57

FURTHER RESEARCH .............................................................................................................................. 59

REFERENCES ................................................................................................................................................ 60
Table of Tables

TABLE 1: MAIN FACTORS FAVOURING STANDARDIZATION VERSUS ADAPTATION
........................................................................................................................................ 14

TABLE 2: INTERNATIONAL MARKETING STRATEGIES ARCHETYPES ......................... 20

TABLE 3: WEAK AND STRONG POWER DISTANCE SOCIETIES .................................. 29

TABLE 4: WEAK AND STRONG UNCERTAINTY AVOIDANCE SOCIETIES .................. 30

TABLE 5: INDIVIDUALISM VERSUS COLLECTIVISM ................................................. 31

TABLE 6: MEASUREMENT MODEL .................................................................................. 42

TABLE 7: MEASUREMENT ITEMS RESULT ....................................................................... 46

TABLE 8: VARIABLES RESULT ....................................................................................... 47

TABLE 9: STUDENT'S T-TEST RESULTS ......................................................................... 48

TABLE 10: HYPOTHESES RESULTS ............................................................................... 49

TABLE 11: CORRELATION ANALYSIS - BRAZIL ......................................................... 50

TABLE 12: CORRELATION ANALYSIS - SPAIN ......................................................... 50
Table of Figures

FIGURE 1: IMPACTS OF COUNTRY OF ORIGIN IN MAIN CATEGORIES ..................... 22

FIGURE 2: VARIABLES AND ARTICULATIONS ......................................................... 40
Introduction

Everything started in Spain at the Galician region, more specifically at the city La Coruña, when Amancio Ortega in 1975 opened a store called Zorba. The name was shortly changed to ZARA and with its growth, the fashion group Industria de Diseño Textil, S.A. (Inditex) was created. Today, Inditex owns a total of 8 brands, namely: ZARA, ZARA Home, Bershka, Pull and Bear, Massimo Dutti, Stradivarius, Oysho and Uterqüe. The group has a global presence with 7,013 stores across 93 different markets, employing over 152,000 employees with a profit of €2.9 billion (Ortega still the owner with 59% of the shares).

Although all 8 brands are successful and representative in the group, ZARA is still the biggest one, representing 75% of the group’s total sales and responsible for changing the fashion industry. Therefore, this thesis is setting the focus on it and its singularity. Despite of the international growth, Ortega maintained ZARA’s headquarter in La Coruña along with its first manufacturing site, which still is the most relevant in the group, where trucks are daily loaded with clothes and sent all around the world (Ferdows, Lewis & Machuca 2003; The New York Times Magazine 2012).

Even being present all over the globe, each retail store is carefully selected after exhausting analysis to guarantee financial viability and to ensure that the right market segment is being target (size of the market and its demographics). Additionally, the company always tries to be present in prestigious areas with a high traffic of up-market customers, even though ZARA doesn’t sell luxury goods, the store layout and tone are displayed as such. According to Borja Cierva, company’s Financial Executive, location, traffic and layout are key ingredients

---

on ZARA’s marketing success, as the company relies on word-to-mouth advertising, spending 10 times less (relatively to sales turnover) than its main competitors (H&M and Mango) on traditional media vehicles (Ferdows, Lewis & Machuca 2003).

As part of this fashionable strategy (yet accessible to lower classes), stores hold limited numbers of each model to create exclusiveness and increase customer frequency. As reported by Miguel Diaz, company’s Marketing Executive, “We are in the fashion business—not clothing”, ZARA’s customers buy its products because they are fashionable and exclusive, not because they are ZARA labelled (Ferdows, Lewis & Machuca 2003).

Since the early stages, the company always devoted great attention to its customers and to its operations, as stated by Mr. Diaz: “It is critical for us to have five fingers touching the factory and five touching the customer”. With these two focuses in mind, the company developed a ground-breaking strategy in the fashion industry, strategy known as Fast-Fashion (Ferdows, Lewis & Machuca 2003).

On the factory’s side, ZARA has a commercial team composed with buyers, fashion specialists and designers that together work simultaneously on next season and current one, providing the company with new releases throughout the whole year (Ferdows, Lewis & Machuca 2003). Combined with the fast development of products, there is also a fast distribution system, where existing items can be restocked in two weeks time and new designs in three. This structure permits ZARA to be flexible and quickly respond to the market trends, moreover, allows stores to run with minimum stock as any item can be quickly acquired, what reduces costs related to stock maintenance (Forbes 2013).

On the customer’s side, ZARA is constantly listening to its customers and adapting its production to their demand. Extensive feedback from the store managers is an indispensable
part of the fast-fashion strategy adopted by the company. Feedback from customers are sent to the headquarters on a daily basis, where designers can modify or create products to attend the current demand (Ferdows, Lewis & Machuca 2003).

Although ZARA has created the successful strategy of fast-fashion, in order to continue to grow, it has to expand internationally and, therefore, face the risks it involves. The technological development and the rise of new economies (e.g. China) had created a situation where people, services, goods and information are easily and quickly exchanged, creating great opportunities for companies to profit from. Within such possibilities, new challenges also arrive, as competition becomes global and the complexity of doing business increases (Búrca, Fletcher & Brown 2004).

International expansion includes extensive analysis and decision making, involving both operational and strategical issues. Examples of these decisions are selection of market, selection of customer segment, product positioning, entry mode, distribution channel and so on (Búrca, Fletcher & Brown 2004). Due to the complexity of expanding internationally, companies frequently face drawbacks and occasionally failure. As discussed by Cuervo-Cazurra, Maloney and Manrakhan (2007), common problems faced by companies when internationally expanding are increase of costs, decrease of performance and lose of competitive advantage, problems that derivate from the increase of uncertainty in the business and from adaptation procedures that are usually underestimated by companies.

A crucial decision through the process of internationalisation is determining the degree of standardisation or adaptation. This matter has been debated since the early 1980s and no right answer has emerged from it, but rather important aspects to be considered when making such decision. The different elements of the marking mix have different degrees of difficulty towards adaptation and according to Onkvisit and Shaw (2012), products is the hardest to adapt
and promotion the easiest. As a matter of fact, no strategy is only standardised or adapted, but a combination of different levels of each working together (Meyer & Bernier 2010).

Both strategies, standardisation and adaptation, have drawbacks and advantages, although most companies choose standard approaches due to the difficulty to manage several adapted products in a global scale and to the convenience of doing business as usual across every market (Keegan & Schlegelmilch 2007). In order to decide which of the two strategies to use, the company has to consider, as previously stated, many aspects, taking into consideration the market the company is current approaching. The Table 1 shows the main factors that influence companies during this decision:

**Table 1: Main factors favouring standardization versus adaptation**

<table>
<thead>
<tr>
<th>Factors favouring standardisation</th>
<th>Factors favouring adaptation</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Economies of scale in R&amp;D, production and marketing (experience curve effects)</td>
<td>- Local environment-included adaptation: sociocultural, economic and political differences (no experience curve effect)</td>
</tr>
<tr>
<td>- Global competition</td>
<td>- Local competition</td>
</tr>
<tr>
<td>- Convergence of tastes and consumer needs (consumer preferences are homogeneous)</td>
<td>- Variation in customer needs (consumer needs are heterogeneous because of cultural differences)</td>
</tr>
<tr>
<td>- Centralized management of international operations (possible to transfer experience across borders)</td>
<td>- Fragmented and decentralised management with independent country subsidiaries</td>
</tr>
<tr>
<td>- A standardised concept is used by competitors</td>
<td>- An adapted concept is used by competitors</td>
</tr>
<tr>
<td>- High degree of transferability of competitive advantages from market to market</td>
<td>- Low degree of transferability by competitive advantages from market to market</td>
</tr>
<tr>
<td><strong>Further issues:</strong></td>
<td><strong>Further issues:</strong></td>
</tr>
<tr>
<td>- Easier communication, planning and control (through Internet and mobile technology)</td>
<td>- Legal issues - differences in technical standards</td>
</tr>
<tr>
<td>- Stock cost reduction</td>
<td></td>
</tr>
</tbody>
</table>

In the specific case of ZARA, the company has adopted a very standard approach for its international expansion. The Spanish retailer usually enters new countries with its own stores, around 80% with full ownership and 20% with joint ventures (Hollensen 2001), which share similar (if not identical) structure and layout. Moreover, even though the company listens to its local customers and readjust its production (as mention before), changes are minor and products follow the same fashion (in one way or another) across all of their stores (Ferdows, Lewis & Machuca 2003). This standard strategy in different markets becomes clear when during an interview conducted by Forbes (2013) with ZARA’s Public Relations department was stated the following: “Actually, the customer is more or less the same in New York and Istanbul” and “There are differences, like Brazilian girls like more brilliant colors, whereas in Paris they use more black. But in general when you find a fashion trend, it’s global.”.

Notwithstanding that ZARA adopted a standard market mix for its international strategy, it doesn’t guarantee the company that the results of this strategy are going to be also standard in every country it enters. Due to the singularities of each country, the final perception that the customer is going to have about ZARA differs from one country to another. Although this association might sound obvious, few researches have been conducted in the area, as the majority of the studies has been trying to understand major connections, such as cultural effects on brand perception, country of origin and branding, and few tried to analyse how a standard strategy generates different outcomes.

In this thesis, the author is using a modified version of Erdem, Swait and Valenzuela (2006) framework, that focus on understanding how some characteristics of a given brand influences the customer’s final intention of purchase. In this framework, it is being considered the effects of brand credibility, perceived risk, information costs and perceived quality of ZARA’s brand into the customer’s final intention of purchase.
As previously mentioned, positioning a brand as global and adopting a standard marketing mix doesn’t grant the company standard results or performance across different countries. Therefore, this thesis is aiming to better understand the magnitude of this discrepancy of performance and, for that, it will be compared the brand perception of ZARA in Brazil and Spain.

Aside from the scarcity of applied knowledge in the topic, as a Brazilian, the author constantly experiences this discrepancy of outcome from a standard strategy in an empirical way. With the opportunity to live abroad, the author experienced the divergence of brand perception that foreigners have about ZARA when comparing it to the Brazilian point of view (author’s inclusive). Experiencing it on first hand was the trigger to start researching about what could be the reasons behind such fact and later on, to the formulation of this current thesis.

Apart from the personal curiosity of the author, this study presents significant relevance to any company that positions their brands as global in foreign countries. As this current study was conducted with Brazil and Spain, undoubtedly, the findings and conclusions are relevant to companies that are current present in these countries (although it can be also be appealing to companies considering to enter in these markets as well). Moreover, this thesis is even more relevant to Spanish companies present in Brazil (as they are in a very similar position to ZARA’s, being a Spanish company in Brazil) and, ultimately, this study is extremely relevant to ZARA itself, as its findings are directly related to the company.

Summing up, this study contributes to further develop the understandings of the relationship between country of origin and brand perception. The conclusions in this thesis can be used by future projects as a starting point for further analysis in the topic, and as well be used by multinational companies or companies that are going through an internationalisation process as important insights to take into consideration in their decision processes.
**Objective**

The objective of this thesis is a twofold: contribute with the understandings of the impact of country of origin on brand perception and provide an applied case that can be used by companies as a guideline.

In the matter of contributing to the established knowledge, this thesis will be using the previous framework of Erdem, Swait and Valenzuela (2006) with some minor modifications (in order to better adapt it to this study). With the method chosen by the author, the final results of this analysis should provide a deep understanding of the impact of the two aspects: country of origin and preference for nonlocal brands, on the main five variables described by Erdem, Swait and Valenzuela (2006), namely: Brand credibility (Cr), Lower perceived risk (LPR), Information costs saved (ICS), Perceived quality (PQ) and Purchase intention (PI).

As a broader result of the analysis, the author aims to make out of this specific study a guideline to other companies, apart from ZARA, that are dealing with the complexity of operating in different countries, specially companies from developed countries operating in underdeveloped one.
Literature Review and Conceptual Framework

Branding

During the last 40 years, the concept of branding has gained increasingly importance, representing nowadays a critical resource for the company and holding a critical role in the marketing strategy. It is an asset of the company and responsible for differentiating it, providing competitive advantage and positioning it in the market and with its customers (Aaker 1996). As brands are intrinsically connected with the corporate strategy, companies allocate extensive amounts of resources and skills to develop it and create a strong brand (Kapferer 1994).

According to the American Marketing Association (1960), brand is defined as “name, term, design, symbol, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from competitors”. Although the definition is correct, it takes a literal approach, focusing on the visual aspects such as packaging and logo. As the concept evolved, the understanding of brand expanded and intangible impacts perceived. As Aaker (1996) stated, brands are the connection between company and customers, representing their values and creating a relationship.

As a result of the importance of branding to the company’s success, structural evaluation took place to establish the necessary procedures that are needed to create a long-term perspective and implement branding strategies. Namely, it consists in three different steps that follows a specific order. The first step is the definition of values of the brand, which has to be aligned with the company’s strategy and its vision. Second step, planning and implementing the strategy, it has to define clear steps and milestones to guarantee that the strategy will take place as planned. Finally, the third step is the development and support of the brand equity, the concept of brand equity is created by adding financial value (Keller, Busacca & Ostillio 2003; Bertoldi, Giachino & Stupino 2015).
Brand equity is defined by the Marketing Science Institute as “the set of associations […] that permits the brand to earn greater volume or greater margins than it could without the brand name, and which gives the brand a strong, sustainable advantage, distinguishing it from competing firms”. This definition highlights the importance of branding to the success of the company as it is a key component in its differentiation and competitive advantage.

It is valid to state that going through the three steps plan suggested by Keller, Busacca and Ostillio (2003) to create a strong brand, by itself is not enough. The company has to have a fully understanding of its needs and continuously adapt its brand to the market, external pressures and demands, creating a non-stop process of everlasting feedback and adaptation (Bertoldi, Giachino & Stupino 2015).

**Brands in a global marketplace**

Experts often assume branding as a universal technique, therefore, principles to create a strong brand can be considerate similar, if not the same, across countries and cultures (Cayla & Arnould, 2008). On the same line, Levitt (1983) argued that companies should exploit other markets with standard products, packaging and communication in order to benefit from the expansion and save costs related to the adaptation processes, using a global strategy that would be effective across different cultures (Holt, Quelch & Taylor 2004). Although this line of thought was effective, it is now outdated. With the constant expansion of companies and globalisation of the market, companies compete now in a fragmented and, in most of the cases, mature market. This change of scenario demands companies to offer more sophisticated solutions across different countries, e.g. innovations, new marketing approaches and product adaptation (Porter 1990).
To adapt to the globalised market, companies adopt different strategies on how present their brand. As Alden, Stennkamp and Batra (1999) labelled, companies can position their brands in three different strategies, “Global Consumer Culture Positioning” (GCCP), “Foreign consumer culture positioning” (FCCP) and “Local consumer culture positioning” (LCCP). A GCCP strategy is defined as a global symbol, appealing to certain human universals and positioning the brand as a global culture, with a more standard approach. This strategy differs from the other two because it does not involve cultural transfers. First, FCCP positions the brand as a foreign symbol, associating its personality to a foreign culture, e.g. Gucci in United States. Second, LCCP positions the brand as part of the local culture, associating itself with the local values and norms, becoming part of the local life (Alden, Stennkamp & Batra 1999).

With the same purpose of identifying international marketing strategies, Lim, Acito and Rusetski (2006) distinguished three different approaches, which they named as archetypes, differing from each other on how standardised or locally adapted the marketing strategy is and how much freedom and autonomy the subsidiaries have. The characteristics of each archetype can be seen below at Table 2:

<table>
<thead>
<tr>
<th>Global Marketers</th>
<th>Infrastructural Minimalists</th>
<th>Tactical Coordinators</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Wide geographic but narrow functional scope of subsidiary responsibilities</td>
<td>- Narrow geographic scope of subsidiary responsibilities</td>
<td>- Wide geographic and functional scope of subsidiary responsibilities</td>
</tr>
<tr>
<td>- Moderate subsidiary autonomy</td>
<td>- Low subsidiary autonomy</td>
<td>- High subsidiary autonomy</td>
</tr>
<tr>
<td>- High dependence on head office</td>
<td>- High dependence on head office</td>
<td>- Low dependence on head office</td>
</tr>
<tr>
<td>- High interdependence among subsidiaries</td>
<td>- High interdependence among subsidiaries</td>
<td>- Low interdependence among subsidiaries</td>
</tr>
</tbody>
</table>

As the table shows, the archetypes vary from a very standardised strategy (Global Marketers) to a more localised one (Tactical Coordinators), what is very in line with the previous idea presented by Alden, Stennkamp and Batra (1999), varying from GCCP to LCCP.

Applying these concepts to the subject of study in this thesis, ZARA, the Spanish retailer can be classified as a Global Marketer which adopts a GCCP strategy, presenting a standard marketing strategy across every country it operates, using similar advertisements, store layout, price range and fashion lines. Moreover, as part of adapting a GCCP strategy, the company positions itself as a global brand, where customers will find global trends and products with little to no influence of local culture.

Although the company uses a standard approach, the brand’s quality perception and customer’s willingness to purchase is influenced by several local aspects such as local competition and cultural dimensions (Erdem, Swait & Valenzuela 2006).

**Country of origin and brand perception**

The definition of country of origin is not trivial and extensive debate has taken place in the literature. Some scholars define it as the country which the customer relates the brand with, others as where the products are manufactured and so on. For the purpose of this study, the definition adopted for country of origin is the one Johansson, Douglas and Nokata (1985) used, which considers the origin as the location of the headquarters and where the decisions are made.

With the topic being largely studied, many discoveries have been found and the influence of the country of origin on customers are plenty, like product quality perception, customer attitude towards the brand, willingness to purchase and many more. The effect can be either positive or negative, as negative example, it has been found that Chinese customers from
Nanjing would not purchase Japanese products due to atrocities caused during their occupation (Gürhan-Canli & Maheswaran 2000).

The impacts of country of origin usually affects the customer intention to purchase in an indirect way, in which the customer not ways can tell why or how he/she is behaving in a specific way. In general terms, this influence can happen through three categories, Affective, Normative and Cognitive, as the Figure 1 shows (Verlegh & Steenkamp 1999).

**Figure 1: Impacts of country of origin in main categories**

The affective category is linked to customer’s emotions and feelings. It is a subjective evaluation of a brand, where the customer tries to recognise himself/herself within the brand, seeking to affiliate and belong to the specific group that the brand represents. It goes as deep as personal beliefs, values and the very identity of the customer (Izmir 2016).

The normative approach determines the total utility of the brand for the customer and for the country. It is related to how the customer perceives the brand from a patriotic point of view, understanding the consequences for him/her and for their country as well (e.g. buying a
local brand would foster the development of the local industry, generating jobs and increasing the economy performance of the whole country) (Verlegh & Steenkamp 1999; Izmir 2016).

The last category, cognitive, is the most rational and usually is under the awareness of the customers. The influence occurs through technicalities of the product, such as materials, specifications and performance. Moreover, the perception about the country also influences the perception about its products, for example a rich country with high level of education, advanced technologic and growth will positively impact the perception of all products that come from it, as these characteristics are passed on them (Izmir 2016). Political, cultural and economic perceptions of the country also determine the final evaluation of the customer (Han 1989).

The final result of these three categories on the customer’s intention to purchase is not universal, meaning that the impact of a certain country on a customer varies accordingly to the country or region of the customer. For example, Japanese products have a favourable perception in Asia as high-tech products and high performance, but, as mentioned before, Chinese from Nanjing would not purchase their products. In summary, the effects of the country of origin shall vary across countries due to specific factors (Gürhan-Canli & Maheswaran 2000).

**Preference for foreign brands**

As previously mentioned, the effects of a certain country of origin is not universal, but relative to the country of the customer. Despite this being true, the literature suggests that there is a consistent positive effect of nonlocal brands on developing countries, additional benefit that comes from a social dimension (Batra, Ramaswamy, Alden, Steenkamp & Ramachander 2000).
This anthropological stream of the theory proposes that nonlocal brands have a prestige and social status effect on top of the cognitive, affective and normative perceptions. The reason for this social dimension is the acknowledgment that people communicate to their social environment through the products and brands they consume (Batra, Ramaswamy, Alden, Steenkamp & Ramachander 2000; Douglas & Isherwood 1979).

Although this behaviour is true throughout all countries, its importance in developing economies is heighten by the importance of interpersonal relationships and the social disparities and aspirational behaviour that are commonly present due to the economic inequality in these countries. Therefore, there is a higher importance on status display and conspicuous consumption (Belk 1988; Ger, Belk & Lasch 1993).

There are some factors that explain why nonlocal brands have a higher status and prestige associated to them than local brands. First, nonlocal brands have a higher price due to the import taxes and are more scarce, thus, increasing the perceived value and making them more desired (Bearden & Etzel 1982). Second, as costumers are immerse in a developing economy, the standard levels of well-being and wealth are much lower when compared to developed countries, which generates a sense of inferiority and insecurity. In addition, customers are exposed to higher lifestyles and glamorous consumption through international television and movies, characteristics that are passed on foreign products. Third, customers seek to display the ability to understand foreign cultures, therefore, possessing products of international brands demonstrates the person’s competency and sets him/her in a higher stand (Batra, Ramaswamy, Alden, Steenkamp & Ramachander 2000).

Finally, there is an aspirational feeling to belong to this “world community” that exhales freedom, individuality and modernity, characteristics that counter the original feelings of inferiority and insecurity (Belk 1988; Ger, Belk & Lasch 1993).
These are major issues for the purpose of this thesis, as the difference on brand perception has been analysed between a developed country and a developing one, Spain and Brazil respectively.

**Brands under uncertainty**

Brands are not only physical attributes namely its name, symbol or design, but a far more complex asset for every company, which provides a deep connection between company and customers (Aaker 1996). Being present in many parts of this connection is customer uncertainty, which emerges from the lack of information, about company’s products and services (Erdem, Swait & Valenzuela 2006).

As customers are uncertain about brands and their products, the level of satisfaction from acquiring a specific product is unknown, because customers don’t know what to expect from their purchase. This uncertainty is perceived as a risk for the customer, a risk that people are not willing to take in most cases, as people are usually risk averse (Rao & Bergen 1992).

When facing a decision making situation with high levels of uncertainty attached to the brand, customers are very likely to search for more information before realising the purchase. Despite this, gathering more information comes with a cost, which could be financial, time or even stress, and according to the situation, the customer might not be interested in taking these costs, because the information’s utility decreases as costs of it increases (Shimp & Bearden 1982; Erdem, Swait & Valenzuela 2006). Thereupon, customers rely on the information available on the stop (e.g. packaging, advertising, price and layout) and knowing this, companies can manipulate its product’s attributes in order to influence the customer’s
perception and his/hers decision. These actions might not be perceived as credible depending on some market conditions such as consumer behaviour and competition (Zeithaml 1988).

Credibility involves two main aspects, expertise and trustworthiness, and it represents the legitimacy of the information transmitted by the brand (through packaging, advertising or any other channel). It requires the market to perceive the brand as having the knowledge to delivery its promises (expertise) and the willingness to honour them now and along the way (trustworthiness) (Rao & Ruekkert 1994; Erdem, Swait & Valenzuela 2006).

Credibility can also be referred as reputation and its effects on customers are a result of a cumulative interactions between consumer and brand. The effects on customer’s decision making can be either positive or negative, for example, if a brand fails to deliver and to fulfil the values it communicated, its brand equity will erode (Erdem, Swait & Valenzuela 2006).

Finally, according to Aaker (1991), high perceived quality and credible brands are more likely to have a better customer’s evaluation, as it decreases the information asymmetry and information costs for the customer, resulting in a lower perceived risk and, bottom line, stronger relationship between consumer and brand.

**Cultural dimensions and brand perception**

Culture and its meaning and influence have been studied and defined in many different ways and by different scholars, e.g. anthropologists, sociologists, economists and etc., but in every perspective, it is always a collective phenomenon (Hofstede 2011).

Authors analysed the behaviour of ethnic groups or nations (the terminology would vary depending on the field of study, the former for anthropologists and the latter for
sociologists) to understand and make sense of the problems of these societies. The nature of these social problems was presented as cultural dimensions and, along the years, anthropologists such as Edward T. Hall (1976) and Florence Kluckhohn and Fred Strodbeck (1961) and sociologists, namely Talcott Parsons and Edward Shils (1951), came up with all types of different classifications in the attempt to represent the complexity of a society with a simpler framework (Hofstede 2011).

Although each research brought new insights and contributed to the development of the field, they lack clarity in some levels of the analysis (e.g. degree of individual or group characteristics) and present some methodology weaknesses (Hofstede 2011).

In the 1970s, Geert Hofstede analysed a large survey database from the employees of IBM multinational corporation, with more than 100,000 respondents over 50 different countries (Hofstede 1980). After applying further surveys, Hofstede realised that his results could be applied to refer not only to IBM employees, but to whole countries as well, as his results were statistically proven (Hofstede 2011).

In the 2000s, using further research, Hosftede complemented his initial findings and proposed a 6 cultural dimensions framework, composed by Power distance, Uncertainty avoidance, Individualism versus Collectivism, Masculinity versus Femininity, Long term versus Short term orientation and Indulgence versus Restrain (Hofstede 2011).

All 6 dimensions will be described next but, only 3 dimension will receive greater focus, Power distance, Uncertainty avoidance and Individualism versus Collectivism, because in prior research, no straightforward relation or relation at all was found among the other 3 dimensions and brand perception (Erdem, Swait & Valenzuela 2006).
Briefly describing the 3 dimensions that won’t be part of the study, there are Masculinity versus Femininity, Long term versus Short term orientation and Indulgence versus Restrain. On Masculinity versus Femininity, Hofstede (2011) describes it as a societal characteristic where masculine societies have competition and assertiveness as strong values, while feminine ones are more caring and modest. On Long term versus Short term orientation, the characteristics of each society are very straightforward, meaning that some societies are long term driven, putting a major importance on future events that are to come, while some societies are short term driven, considering the present (now) as the most important period. Lastly, Indulgence versus Restrain, this dimension relates to what level a society allows gratification from natural desires, where an indulgence society is more free and welcoming to human desires, while a retrain society controls and regulates such feelings.

These 3 dimensions Masculinity versus Femininity, Long term versus Short term orientation and Indulgence versus Restrain won’t be part of this study, because no correlation with brand perception or purchase intention was found by the previous work of Erdem, Swait and Valenzuela (2006). The other 3 remaining dimension are going to be deeply described next.

Starting with the Power distance dimension, this cultural behaviour is defined as to which extent individuals accept and expect that power is unequally divided across the society or group. Hierarchical structures, subordination and inequality are some examples of characteristics in societies with a strong Power distance score. The Table 3 exemplifies the dichotomy between a strong and a weak Power distance culture, although it is important to state that the examples refer to extremes and societies can be positioned anywhere between them (Hofstede 2011).

The influence of Power distance on brand perception is, in a nutshell, the exaltation of inequality and demonstration of power (which can be influential, financial, political, etc.). In
these societies, brand’s names are important and customers seek to differentiate their social class or role in the society (e.g. white collars and blue collars) through showing others, status and prestige embedded brands (Erdem, Swait & Valenzuela 2006).

Table 3: Weak and strong Power distance societies

<table>
<thead>
<tr>
<th>Small Power Distance</th>
<th>Large Power Distance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of power should be legitimate and is subject to criteria of good and evil</td>
<td>Power is a basic fact of society antedating good or evil: its legitimacy is irrelevant</td>
</tr>
<tr>
<td>Parents treat children as equals</td>
<td>Parents teach children obedience</td>
</tr>
<tr>
<td>Older people are neither respected nor feared</td>
<td>Older people are both respected and feared</td>
</tr>
<tr>
<td>Student-centered education</td>
<td>Teacher-centered education</td>
</tr>
<tr>
<td>Hierarchy means inequality of roles, established for convenience</td>
<td>Hierarchy means existential inequality</td>
</tr>
<tr>
<td>Subordinates expect to be consulted</td>
<td>Subordinates expect to be told what to do</td>
</tr>
<tr>
<td>Pluralist governments based on majority vote and changed peacefully</td>
<td>Autocratic governments based on co-optation and changed by revolution</td>
</tr>
<tr>
<td>Corruption rare; scandals end political careers</td>
<td>Corruption frequent; scandals are covered up</td>
</tr>
<tr>
<td>Income distribution in society rather even</td>
<td>Income distribution in society very uneven</td>
</tr>
<tr>
<td>Religions stressing equality of believers</td>
<td>Religions with a hierarchy of priests</td>
</tr>
</tbody>
</table>


Moving forward to the next dimension, Uncertainty avoidance, it refers to the society’s tolerance to ambiguity. It represents how comfortable individuals in a specific society feel to make decisions in unstructured situations with little to no information available. Societies with a strong uncertainty avoidance trace tends to have strict laws and codes and the notion of absolute Truth, on the other hand, societies with a weak trace have fewer rules and are more tolerant to different options and solutions. The Table 4 exemplifies both sides of this dimension with examples for each of them (Hofstede 2011).
Table 4: Weak and strong Uncertainty avoidance societies

<table>
<thead>
<tr>
<th>Weak Uncertainty Avoidance</th>
<th>Strong Uncertainty Avoidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>The uncertainty inherent in life is accepted and each day is taken as it comes</td>
<td>The uncertainty inherent in life is felt as a continuous threat that must be fought</td>
</tr>
<tr>
<td>Ease, lower stress, self-control, low anxiety</td>
<td>Higher stress, emotionality, anxiety, neuroticism</td>
</tr>
<tr>
<td>Higher scores on subjective health and well-being</td>
<td>Lower scores on subjective health and well-being</td>
</tr>
<tr>
<td>Tolerance of deviant persons and ideas: what is different is curious</td>
<td>Intolerance of deviant persons and ideas: what is different is dangerous</td>
</tr>
<tr>
<td>Comfortable with ambiguity and chaos</td>
<td>Need for clarity and structure</td>
</tr>
<tr>
<td>Teachers may say ‘I don’t know’</td>
<td>Teachers supposed to have all the answers</td>
</tr>
<tr>
<td>Changing jobs no problem</td>
<td>Staying in jobs even if disliked</td>
</tr>
<tr>
<td>Dislike of rules - written or unwritten</td>
<td>Emotional need for rules – even if not obeyed</td>
</tr>
<tr>
<td>In politics, citizens feel and are seen as competent towards authorities</td>
<td>In politics, citizens feel and are seen as incompetent towards authorities</td>
</tr>
<tr>
<td>In religion, philosophy and science: relativism and empiricism</td>
<td>In religion, philosophy and science: belief in ultimate truths and grand theories</td>
</tr>
</tbody>
</table>


Given the focus of this study, Uncertainty avoidance might be the most important dimension in analysis, because it is strongly associated with brand credibility and, therefore, associated with the behaviours previously discussed on Brands under uncertainty. In strong Uncertainty avoidance societies, customers, in the attempt to feel secure and comfortable, search for more information before making any decision, but, when the information is not available or its cost is too high, customers would rely on the existing information and brand credibility/reputation would exert a critical role at this time (Erdem, Swait & Valenzuela 2006).

Individualism versus collectivism is the last dimension this thesis will be covering and it represents how a society is integrated in groups. In an individualistic society, individuals are independent and seek for hedonistic experiences, on the opposite side, collective individuals reinforce membership and correlate to conformity (Erdem, Swait & Valenzuela 2006; Hofstede 2011).
Moreover, groups use symbols for identity and sense of belonging and researchers found that they might rely on specific brands to support their image (e.g. Harley Davidson community) Johansson, Ronkainen & Czinkota 1994). Add to that, previous literature has found that in collective societies the influence of friends and relatives in the choice of a brand (word to mouth) is much higher than in individualistic ones (Erdem, Swait & Valenzuela 2006; Hofstede 2011).

To exemplify this dichotomy, the Table 5 presents some examples of both sides (keeping in mind that these are extremes and societies can be placed anywhere between them).

Table 5: Individualism versus collectivism

<table>
<thead>
<tr>
<th>Individualism</th>
<th>Collectivism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Everyone is supposed to take care of him- or herself and his or her immediate family only</td>
<td>People are born into extended families or clans which protect them in exchange for loyalty</td>
</tr>
<tr>
<td>&quot;I&quot; – consciousness</td>
<td>&quot;We&quot; – consciousness</td>
</tr>
<tr>
<td>Right of privacy</td>
<td>Stress on belonging</td>
</tr>
<tr>
<td>Speaking one's mind is healthy</td>
<td>Harmony should always be maintained</td>
</tr>
<tr>
<td>Others classified as individuals</td>
<td>Others classified as in-group or out-group</td>
</tr>
<tr>
<td>Personal opinion expected: one person one vote</td>
<td>Opinions and votes predetermined by in-group</td>
</tr>
<tr>
<td>Transgression of norms leads to guilt feelings</td>
<td>Transgression of norms leads to shame feelings</td>
</tr>
<tr>
<td>Languages in which the word &quot;I&quot; is indispensable</td>
<td>Languages in which the word &quot;I&quot; is avoided</td>
</tr>
<tr>
<td>Purpose of education is learning how to learn</td>
<td>Purpose of education is learning how to do</td>
</tr>
<tr>
<td>Task prevails over relationship</td>
<td>Relationship prevails over task</td>
</tr>
</tbody>
</table>

Research Hypothesis

According to the findings of Erdem and Swait (1998), brand credibility has positive effects on the customer’s final product evaluation, as it positively impacts the perception of quality, values and utility of the product and, consequently, increases the intention of purchase, results that were also described by Izmir (2016). Furthermore, as founded out by Erdem, Swait and Valenzuela (2006), these positive effects of brand credibility hold true across different countries.

In addition, Erdem, Swait and Valenzuela (2006) investigated the impacts of cultural dimensions on brand perception, conducting an empirical investigation across seven different countries (Germany, Brazil, India, Spain, United States, Turkey and Japan). Their experiment concluded that Uncertainty avoidance and Collectivism would enhance the total impact of brand credibility (which has a positive relationship with purchase intention). This effect holds true due to the fact that these two cultural dimension decrease the impacts of information cost and increase perceived quality.

These findings have great consequences for companies, specially in the current situation of worldwide brands that are necessarily present in many countries that share different cultures and backgrounds. The suggestions that Erdem, Swait and Valenzuela (2006) make are that companies should benefit from this aspect by adapting its brand across countries to best fit the local culture. For instance, when holding business in a country with a high uncertainty avoidance score (according to Hosftede's research), the company should focus its campaign on communicating trustworthiness and warranty features.

As mentioned before, ZARA is a worldwide fashion retailer that operates with a standard model through every country, adopting a “Global Consumer Culture Positioning” (GCCP) strategy according to the terms presented by Alden, Stennkamp and & Batra (1999).
With a GCCP strategy, the Spanish retailer loses the opportunity of deeper connect and communicate with a certain country in a manner that the company would benefit the most (for instance, increase purchase intention and, consequently, increase revenues). Thereupon, it is expected that the final Purchase intention of the brand ZARA is lower when comparing Spain to other countries, in the case of this study, Brazil. This is expected due to the fact that Spain and Brazil has different values and perceive the brand in different ways, also because, as mentioned, the strategy of ZARA is not locally adjusted to the Brazilian reality.

Furthermore, ZARA’s brand perception in Brazil is also influenced by its country of origin effect. In this case, it is expected that Spain will have a positive impact on the company’s brand perception in the Brazilian market. The reasoning behind it is the difference in the political, economic and cultural scenarios between the two countries (Han 1989). To intensify this positive perception, there is also the fact that Brazil is still a developing country, while Spain has been considered a developed one for decades already. This difference in the stage of development is attached to ZARA’s brand perception and positive evaluations are formed (e.g. first world brand, better technology and fashionable updated) (Alden, Stennkamp & Batra 1999).

Ultimately, it is also expected that as ZARA is a foreign brand, it will receive a positive evaluation (in this case, a positive evaluation not for being Spanish, but for being nonlocal) (Belk 1988; Ger, Belk & Lasch 1993). As mentioned before, this positive effect comes from a combination of social interactions and personal aspirations strongly present in non-developed countries (Batra, Ramaswamy, Alden, Steenkamp & Ramachander 2000).

Bringing all together, there are positives and negatives effects attached to the ZARA’s brand perception in the Brazilian market. Country of origin and Preference for nonlocal brands as positive factors and the adoption of a “Global Consumer Culture Positioning” (GCCP)
strategy as negative. Apart from these three factors, as a Brazilian, the author has a strong empirical belief that Preference for nonlocal brands exerts a strong influence on the country. There has also being books and papers that discussed this effect in Brazil and how the country inspires to become an elite worldwide economy and at the same time employs a feeling of inferiority in comparison to Europe and United States. With the attempt of belonging to these elite countries, Brazilians consume foreign products to display its status and also because they are believed to deliver a higher quality than local goods (Rodrigues & Castro 2002).

It is expected the overall impact to be positive as Country of origin and Preference for nonlocal brands combined would generate a stronger positive impact than the negative drawback of a GCCP strategy. In this context, the author expects that the overall positive impact should hold true not only when looking at the Purchase intention, but also at the other variables that influence the final decision, namely: Brand credibility, Low perceived risk, Information cost saved and Perceived quality (the relationship between these variables will be further explained in the section “Structure and measurement model”).

In order to analyse all these variables, it is established 5 different hypotheses, where each of them expects that the overall impact is positive in its respective variable, in this way:

\[ H_1: \text{ZARA's Brand credibility score is higher in Brazil when compared to Spain as a result of the positive effects of Country of origin and Preference for nonlocal brands.} \]

\[ H_2: \text{ZARA's Low perceived risk score is higher in Brazil when compared to Spain as a result of the positive effects of Country of origin and Preference for nonlocal brands.} \]
\( H_3 \): ZARA’s Information cost saved score is higher in Brazil when compared to Spain as a result of the positive effects of Country of origin and Preference for nonlocal brands.

\( H_4 \): ZARA’s Perceived quality score is higher in Brazil when compared to Spain as a result of the positive effects of Country of origin and Preference for nonlocal brands.

\( H_5 \): ZARA’s Purchase intention score is higher in Brazil when compared to Spain as a result of one or more decision making variables being higher as a result of the positive effects of Country of origin and Preference for nonlocal brands.
**Methodology**

Extensive research has taken place when it comes to branding and the effects of culture in brand perception. Prior research has found that brand credibility works as basis on product evaluation and the positive brand effects, moreover, it has also been concluded that these positive effects hold true across different countries, specially in terms of the three main cultural dimension this study is focusing on: Power distance, Uncertainty avoidance and Individualism versus collectivism (Triandis & Gelfand 1998; Erdem, Swait & Valenzuela 2006).

Erdem, Swait and Valenzuela (2006) conducted a branding study across 7 different countries (as mentioned before) comparing different products, personal computers and juices, and the effects of cultural aspects on brand credibility, which ultimately influences the final intention of purchase. Due to its close similarity to the purpose of this thesis (in terms of variables considered and the relationship between them), the analysis will consider a similar interaction among the variables, although some changes were made by the author (which will be explained in depth in the topic “Structure and measurement model” later on).

Furthermore, the structure and the relationship between variables used by Erdem, Swait and Valenzuela (2006) is analogous to the structured used by Verlegh and Steenkamp (1999) and Batra, Ramaswamy, Alden, Steenkamp and Ramachander (2000) in their analysis of purchase intention and country of origin and preference for nonlocal brands respectively. Thereupon, it further supports the use of this structure as it does not only analyse the effects of brand credibility but also analyses the particular characteristics of the country.

Although the structure of the analysis is the same used by Erdem, Swait and Valenzuela (2006), this thesis differs in one crucial aspect, the interpretation and comparison of results between countries. In their work, the analysis was conducted to interpret the effects of brand credibility and culture in the decision making process of customers (how they choose brands
and what they take into consideration). However, in this thesis the focus is to understand the effects of brand credibility and culture on the purchase intention of ZARA’s products, that is to say, the analysis is moving from a general approach to a specific one, where the results will not be universal and applicable to different selection of countries or brands.

According to the research conducted by Erdem, Swait and Valenzuela (2006), their findings hold true throughout different countries and products, going beyond the countries and products used in the research. In the contrary, the findings in this thesis shall only be taken into consideration when specifically debating about ZARA’s brand perception in Brazil and Spain.

Sample

In the interest of comparing ZARA’s brand perception in Spain and Brazil, the selected sample in each country has to have similar characteristics, so all being equal, the differences in the results can be connected to the cultural aspects focused in this study. In line with this approach, Sekaran (1983) describes two ways of reaching sample comparability, selecting similar samples with shared characteristics or having a significantly larger sample with national representative. Due to budgetary and time constrains, this thesis is reaching comparability with the first method, similar samples in each country.

The chosen sample to achieve comparability was students, more specifically, university students from business schools, both undergrad and master students. The reasoning behind the selection of this sample is a twofold. First, practical issues related to approaching the sample and collecting the answers, as a result of the author’s network and ability to connect with this segment, as they represented the most accessible one. Second, prior researches such as Erdem and Swait (1998) and Erdem, Swait and Valenzuela (2006) were conducted using university
students (in general) and business student respectively, therefore, findings in this thesis can be easily related to the findings of the literature, what provides an excellent basis for the comparison between a general and a specific approach (general impacts of culture on brand perception versus impacts of culture on ZARA’s brand perception).

The sample of Brazilian students was collected at the Escola de Administração de Empresas de São Paulo - EAESP / FGV and students received the survey through email and Facebook. FGV is a private university in the city of São Paulo, founded in 1954, being recognised as one of the best business schools in the country. The Spanish sample was collected at Escola Superior d'Administració i Direcció d'Empreses - ESADE and students were contacted through Facebook and alumni network. ESADE is also a private university, located in the city of Barcelona and founded in 1958.

University students are one of the most homogeneous sample, what makes them a great basis for analysis sample, nevertheless, it was chosen very similar universities in order to even the samples as much as possible, leaving the differences in the results purely related to cultural aspects rather than sociodemographic ones (Erdem, Swait & Valenzuela 2006).

**Data collection**

For the sake of understanding the cultural impacts of Brazil and Spain on ZARA’s brand perception, an online survey was conducted in both countries (in both of them the survey was conducted in English). This online method was chosen because of the practice and speed to collect simultaneously the answers in both countries.

Moreover, as the samples are composed by students from great universities, they are characterised by a vast access to internet and by spending considerable number of hours
connected, therefore, an easier access to the survey and a higher rate of response were expected. Add to that, the online method grants an application standard, as it does not require human interaction with supervisors, ensuring invariance throughout the data of both countries (Erdem, Swait & Valenzuela 2006).

Even with the best efforts, the response rate wasn’t high as expected, 84 students in Brazil and 112 in Spain. The demographics of the respondents in both countries were very similar, although peculiar. In both samples the gender distribution was much in favour of the women, being 71.4% in Brazil and 76.8% in Spain. The author believes that this is due to the selection of a fashion company as ZARA for the study, making it less appealing to the male segment, consequently, being less engaging for them to participate in the online survey.

Although the samples are not as big as expected, they are sufficient to advance with the analysis due to the high homogeneity among them (same gender, age and education level distribution). It is important to mention that with bigger samples and national representatively the results could be enhanced and stronger differences between the two countries could appear (Erdem, Swait & Valenzuela 2006).

**Structure and measurement model**

Following the earlier explanation, the structure of this study is very similar to previous researches, for this reason, the model applied follows the same baselines of the literature on branding and purchase intention, incorporating some aspects from the studies conducted on preference for nonlocal brands.

The Figure 2 illustrates the variables and their articulations used in this analysis. The arrangement of the variables stipulates that Brand credibility (Cr) influences three other main
variables that ultimately influence the final Purchase intention (PI) of the customer. It was found that brand credibility decreases perceived risk, or as used in the model, increases a Lower perceived risk (LPR), it also increases the Information costs saved (ICS) and, finally, increases the Perceived quality of the product (PQ). All these three variables, LRP, ICS and PQ exert a positive impact on how the customer perceives the brand, increasing its product consideration and Purchase intention (PI).

When comparing the arrangement presented on Figure 2 with the one used by Erdem, Swait and Valenzuela (2006), the differences between them is a twofold. The first adaptation was the removal of the variable Relative price, which in their model was placed beside the variables LRP, ICS and PQ as a fourth aspect influencing Purchase intention (PI). The reason for this adaptation in the original framework is the difference of analysis, Erdem, Swait and Valenzuela (2006) were comparing different brands, therefore, the relative price between the three brands used in their research was an important aspect affecting the final Purchase
intention. On the other hand, in this study is being analysed only ZARA itself, consequently, studying its relationship with other brands would only drift this study out of its initial scope.

The second adaptation to the model, was the inclusion of aspects from Batra, Ramaswamy, Alden, Steenkamp and Ramachander (2000) research. In their study conducted in India, they found an elevation of products from nonlocal brands, specially from developed countries. They came to conclude that this behaviour was a by-product of an underdeveloped country mindset, thereupon, as this study is being conducted in Brazil (a developing country like India), it is expected that this relationship holds true.

The representation of this behaviour trait analysed by Batra, Ramaswamy, Alden, Steenkamp and Ramachander (2000) was incorporated as a broader effect, impacting all four variables (Cr, LPR, ICS and PQ) that ultimately drive the final Purchase intention (PI).

To analyse the variables, their connections and to verify the 5 hypotheses conceived, it was used a total of 16 items (see Table 6), measured on a nine-point scales (strongly disagree/strongly agree), with the exceptions of item 1 (strongly despise/strongly admire), item 13 (low quality/high quality) and item 16 (very unlikely/very likely).
| Variables                              | Measurement items                                                                                                                                                                                                                                                                                                                                                                                                  | Hypothesis                          |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Preference for nonlocal brands & Country of origin | 1. To what extent do you admire the lifestyle of people who live in more economically developed countries, such as United States, Western Europe and Japan?  
2. I consider foreign products superior to local ones |  \( H_1, H_2, H_3, H_4 \) and \( H_5 \)                                                                                   |
| Brand credibility (Cr)                 | 3. This brand delivers what it promises  
4. This brand’s products claims are believable  
5. Over time, my experiences with this brand have led me to expect it to keep its promises, no more and no less  
6. This brand has a name I can trust | \( H_1 \)                                                                                                                                                                                                                                                                                                                                                   |
| Low perceived risk (LPR)              | 7. I need lots more information about this brand before I’d buy it  
8. To figure out what this brand is like, I’d have to try it several times  
9. I never know how good this brand will be before I buy it | \( H_2 \)                                                                                                                                                                                                                                                                                                                                                   |
| Information cost saved (ICS)          | 10. Knowing what I’m going to get from this brand saves me time shopping around  
11. This brand gives me what I want, which saves me time and effort trying to do better | \( H_3 \)                                                                                                                                                                                                                                                                                                                                                   |
| Perceived quality (PQ)                | 12. The quality of this brand is very high  
13. In terms of overall quality, I’d rate this brand as a … | \( H_4 \)                                                                                                                                                                                                                                                                                                                                                   |
| Purchase intention (PI)               | 14. I would never buy this brand  
15. I would seriously consider purchasing this brand  
16. How likely would you be to purchase this brand? | \( H_5 \)                                                                                                                                                                                                                                                                                                                                                   |

Source: Adapted from Batra, Ramaswamy, Alden, Steenkamp and Ramachander (2000) and Erdem, Swait and Valenzuela (2006).

*Note: This question was adapted in the survey conducted with Spanish students to the following: To what extent do you admire the lifestyle of people who live in less economically developed countries, such as Brazil, Mexico and India?
Just as in the arrangement of the variables, the questions of the survey presented by the table above were taken from the studied conducted by Erdem, Swait and Valenzuela (2006) and adapted to the reality of this specific thesis. First of all, the questions related to Relative price were all removed from the survey as this variable is no longer being taken into consideration in the conceptual framework (total of 2 questions removed). Moreover, in the variable Brand credibility (Cr), two other questions were removed in order to simplify the survey, as the author considered them to be redundant with the other 4 remaining. In addition, one question was removed from the variable Purchase intention (PI), because it was comparing the different brands used in their study and, as mentioned before, in this thesis ZARA is not being compared to other brands. Finally, the last adaptation to the survey was the addition of the two questions related to the variable Preference for nonlocal brands & Country of origin, which in Erdem, Swait and Valenzuela (2006) didn’t exist. These two questions were taken from the survey conducted by Batra, Ramaswamy, Alden, Steenkamp and Ramachander (2000), where the first one is just as they used and the second one is an adaptation done by the author, where three questions related to perceived quality, brand opinion and image were put together as being “superior”.

The collection of data in both countries, Brazil and Spain, had the same methodology and approach, with only one difference, the first question (Preference for nonlocal brands & Country of origin category). The question was adapted to the Spanish survey as “To what extent do you admire the lifestyle of people who live in less economically developed countries, such as Brazil, Mexico and India?” because Spain is already a develop country and belongs to Western Europe. It is important to state that the category Preference for nonlocal brands & Country of origin was kept in the Spanish survey out of curiosity of the author, that wants to have a grasp of whether the other way around (developed countries looking on underdeveloped
ones) represents an interesting point. Independently of the outcome, this information won’t be taken into consideration during the analysis.

Despite the fact the arrangement of variables had been specifically modified to address this research, its essence still has much to do with the previous literature (Batra, Ramaswamy, Alden, Steenkamp and Ramachander (2000) and Erdem, Swait and Valenzuela (2006)) what is very desirable, as it corroborates any comparison between findings in this study to what the prior studies concluded.

It is important to state that the Figure 2 can’t be considered as a structural model. Although it shares most of its structure with the previous literature, a slight change is enough to create a great impact in the final result. Therefore, a structural analysis would have to be used to test precisely how each variable interact with each other. As the original purpose of this thesis is to test an empirical feeling that the author has about the Brazilian behaviour about ZARA, the author considered that creating a structured framework was out of scope, as this thesis aims to analyse this particular case and not to create a universal framework.
Data analysis and discussion

As mentioned previously, the model applied in this research aims to analyse the variables that influence the purchase intention of customers, which according to the prior study conducted by Erdem, Swait and Valenzuela (2006) are Brand credibility (Cr), Lower perceived risk (LPR), Information costs saved (ICS), Perceived quality (PQ) and Purchase intention (PI). Moreover, the model suggests how these variables relate to each other and these interactions were also analysed. As represented in Figure 2, the effects of Preference for nonlocal brands & Country of origin were added and positioned in the model as a broader phenomenon, enclosing the variables Cr, LPR, ICS and PQ under it.

Once the variables and the interactions among them are understood, it is possible to test the hypotheses risen by the author and observe if they hold true or not according to the data collected.

Starting with the individual analysis of the variables, the 16 items of the survey together with all the 196 collected answers were analysed for outliers. No anomaly was found among the answers and the individual result of each item is aligned with the remain items of its respective variables. The consistency of results is shown below at Table 7, where it is possible to see the final average score of each item in its respective variable. The only item that at first impression looks incoherent with rest of its variable is the question 14, but it is important to remember that this question has a reverse scale, therefore, its result is aligned with the items 15 and 16.

With no inconsistency found with the items of the survey, it was adequate to proceed and compound the results of each variable, calculating the overall score of each of the six, as shown on Table 8.
### Table 7: Measurement items Result

<table>
<thead>
<tr>
<th>Variables</th>
<th>Measurement items</th>
<th>Hypotheses</th>
<th>Brazil</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preference for nonlocal brands &amp; Country of origin</td>
<td>1. To what extent do you admire the lifestyle of people who live in more economically developed countries, such as United States, Western Europe and Japan?*</td>
<td>$H1, H2, H3, H4$ and $H5$</td>
<td>6.55</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2. I consider foreign products superior to local ones</td>
<td></td>
<td>5.45</td>
<td>4.00</td>
</tr>
<tr>
<td></td>
<td>3. This brand delivers what it promises</td>
<td>$H1$</td>
<td>6.21</td>
<td>7.00</td>
</tr>
<tr>
<td></td>
<td>4. This brand’s products claims are believable</td>
<td></td>
<td>5.21</td>
<td>6.70</td>
</tr>
<tr>
<td></td>
<td>5. Over time, my experiences with this brand have led me to expect it to keep it promises, no more and no less</td>
<td></td>
<td>5.45</td>
<td>6.54</td>
</tr>
<tr>
<td></td>
<td>6. This brand has a name I can trust</td>
<td></td>
<td>5.12</td>
<td>6.55</td>
</tr>
<tr>
<td>Brand Credibility (Cr)</td>
<td>7. I need more information about this brand before I would buy it</td>
<td></td>
<td>6.17</td>
<td>6.82</td>
</tr>
<tr>
<td></td>
<td>8. To figure out what this brand is like, I’d have to try it several times</td>
<td>$H2$</td>
<td>6.14</td>
<td>5.57</td>
</tr>
<tr>
<td></td>
<td>9. I never know how good this brand will be before I buy it</td>
<td></td>
<td>5.79</td>
<td>5.32</td>
</tr>
<tr>
<td>Low Perceived Risk (LPR)</td>
<td>10. Knowing what I’m going to get from this brand saves me time shopping around</td>
<td>$H3$</td>
<td>5.60</td>
<td>6.34</td>
</tr>
<tr>
<td></td>
<td>11. This brand gives me what I want, which saves me time and effort trying to do better</td>
<td></td>
<td>5.17</td>
<td>5.84</td>
</tr>
<tr>
<td>Information Cost Saved (ICS)</td>
<td>12. The quality of this brand is very high</td>
<td>$H4$</td>
<td>4.40</td>
<td>4.46</td>
</tr>
<tr>
<td></td>
<td>13. In terms of overall quality, I’d rate this brand as...</td>
<td></td>
<td>5.07</td>
<td>5.23</td>
</tr>
<tr>
<td>Perceived Quality (PQ)</td>
<td>14. I would never buy this brand</td>
<td>$H5$</td>
<td>6.43</td>
<td>6.13</td>
</tr>
<tr>
<td></td>
<td>15. I would seriously consider purchasing this brand</td>
<td></td>
<td>6.38</td>
<td>6.73</td>
</tr>
<tr>
<td></td>
<td>16. How likely would you be to purchase this brand?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Note: This question was adapted in the survey conducted with Spanish students to the following: *To what extent do you admire the lifestyle of people who live in less economically developed countries, such as Brazil, Mexico and India? Furthermore, it won't be included in the analysis as described before.*
At first impressions, the results were concerning as Brazil scored higher than Spain in only 3 variables, Preference for nonlocal brands & Country of origin, Lower perceived risk (LPR) and Purchase intention (PI). Another uneasiness was that in both variables LPR and PI, the differences between the means were not notably large (only 0.13 and 0.10 respectively), which rose concern about its statistical significance. To deeply analyse these results, the variables were tested according to the Student’s T-test method (considering a double tail and different variances), adopting a significance level of 95% (or an alpha of 0.05) to assess the null hypothesis.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Hypotheses</th>
<th>Brazil</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preference for nonlocal brands &amp; Country of origin</td>
<td>$H1, H2, H3, H4 \text{ and } H5$</td>
<td>6.00</td>
<td>4.00</td>
</tr>
<tr>
<td>Brand Credibility (Cr)</td>
<td>$H1$</td>
<td>5.50</td>
<td>6.70</td>
</tr>
<tr>
<td>Low Perceived Risk (LPR)</td>
<td>$H2$</td>
<td>6.03</td>
<td>5.90</td>
</tr>
<tr>
<td>Information Cost Saved (ICS)</td>
<td>$H3$</td>
<td>5.38</td>
<td>6.09</td>
</tr>
<tr>
<td>Perceived Quality (PQ)</td>
<td>$H4$</td>
<td>4.74</td>
<td>4.85</td>
</tr>
<tr>
<td>Purchase Intention (PI)</td>
<td>$H5$</td>
<td>5.20</td>
<td>5.10</td>
</tr>
</tbody>
</table>

After running the T-test, the results came to confirm the initials concerns. As Table 9 shows, the p-value of the variables LPR and PI didn’t satisfy the significance level of 95%, what made safe to assume that the null hypothesis is true, that is to say, there is no difference between the means of Brazil and Spain in those variables. The same result came from the variable PQ, which with a p-value of 0.70 didn’t satisfy the level of significance needed to prove that the two countries have different means, in this case, that Spain has a higher mean.
Looking at the variables Cr and ICS, the scenario changes, as in both cases the p-value satisfies the significance level. Furthermore, Spain is the leading country in both of them, that is to say that ZARA has a higher credibility and a lower information cost in Spain than in Brazil, which is the contrary of what the author expected before collecting the data.

Table 9: Student’s T-test results

<table>
<thead>
<tr>
<th>Variables</th>
<th>Brazil</th>
<th>Spain</th>
<th>p-value*</th>
<th>t-Score</th>
<th>P(Z&lt;=z) two-tail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preference for nonlocal brands &amp; Country of origin</td>
<td>6.00</td>
<td>4.00</td>
<td>0.00</td>
<td>6.92</td>
<td>0.00</td>
</tr>
<tr>
<td>Brand Credibility (Cr)</td>
<td>5.50</td>
<td>6.70</td>
<td>0.00</td>
<td>-5.11</td>
<td>0.00</td>
</tr>
<tr>
<td>Low Perceived Risk (LPR)</td>
<td>6.03</td>
<td>5.90</td>
<td>0.63</td>
<td>0.48</td>
<td>0.63</td>
</tr>
<tr>
<td>Information Cost Saved (ICS)</td>
<td>5.38</td>
<td>6.09</td>
<td>0.01</td>
<td>-2.49</td>
<td>0.01</td>
</tr>
<tr>
<td>Perceived Quality (PQ)</td>
<td>4.74</td>
<td>4.85</td>
<td>0.70</td>
<td>-0.38</td>
<td>0.70</td>
</tr>
<tr>
<td>Purchase Intention (PI)</td>
<td>5.20</td>
<td>5.10</td>
<td>0.55</td>
<td>0.59</td>
<td>0.55</td>
</tr>
</tbody>
</table>

*Note: Rounded numbers

At the variable Preference for nonlocal brands & Country of origin, as the average score of the two countries were further apart (2 points higher in Brazil), its p-value satisfied the significance level of 95%, meaning that a significant difference exist between Brazil and Spain. This result was aligned with the author’s expectations and due to the notably difference between the means of the two countries, it was also expected to meet the significance level.

With all the results of the T-test, it is possible to come to a final decision about all five hypotheses created prior to the analysis. As Table 10 shows the summary of these results, it is clear that it came out to be very different than the expected, as every hypothesis was rejected.
<table>
<thead>
<tr>
<th>Variables</th>
<th>Hypotheses</th>
<th>Brazil score</th>
<th>Spain score</th>
<th>p-value*</th>
<th>t-Score</th>
<th>P(Z&lt;=z) two-tail</th>
<th>Results</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preference for nonlocal brands &amp; Country of origin</td>
<td>$H1, H2, H3, H4 and H5$</td>
<td>6.00</td>
<td>4.00</td>
<td>0.00</td>
<td>6.92</td>
<td>0.00</td>
<td>-</td>
<td><strong>Brazil has a higher score</strong> and it is statistically proven ($p$-value &lt; 0.05).</td>
</tr>
<tr>
<td>Brand Credibility (Cr)</td>
<td>$H1$</td>
<td>5.50</td>
<td>6.70</td>
<td>0.00</td>
<td>-5.11</td>
<td>0.00</td>
<td>Rejected</td>
<td><strong>Spain has a higher score</strong> and it is statistically proven ($p$-value &lt; 0.05), therefore, we reject this hypothesis.</td>
</tr>
<tr>
<td>Low Perceived Risk (LPR)</td>
<td>$H2$</td>
<td>6.03</td>
<td>5.90</td>
<td>0.63</td>
<td>0.48</td>
<td>0.63</td>
<td>Rejected</td>
<td>There is <strong>no statistical proof</strong> ($p$-value &gt; 0.05) that Brazil has a higher score in this category, therefore, we reject this hypothesis.</td>
</tr>
<tr>
<td>Information Cost Saved (ICS)</td>
<td>$H3$</td>
<td>5.38</td>
<td>6.09</td>
<td>0.01</td>
<td>-2.49</td>
<td>0.01</td>
<td>Rejected</td>
<td><strong>Spain has a higher score</strong> and it is statistically proven ($p$-value &lt; 0.05), therefore, we reject this hypothesis.</td>
</tr>
<tr>
<td>Perceived Quality (PQ)</td>
<td>$H4$</td>
<td>4.74</td>
<td>4.85</td>
<td>0.70</td>
<td>-0.38</td>
<td>0.70</td>
<td>Rejected</td>
<td>There is <strong>no statistical proof</strong> ($p$-value &gt; 0.05) that Brazil has a higher score in this category, therefore, we reject this hypothesis.</td>
</tr>
<tr>
<td>Purchase Intention (PI)</td>
<td>$H5$</td>
<td>5.20</td>
<td>5.10</td>
<td>0.55</td>
<td>0.59</td>
<td>0.55</td>
<td>Rejected</td>
<td>There is <strong>no statistical proof</strong> ($p$-value &gt; 0.05) that Brazil has a higher score in this category, therefore, we reject this hypothesis.</td>
</tr>
</tbody>
</table>

*Note: Rounded numbers
Out of the six variables analysed, only one met the initial expectation of Brazil having a higher score than Spain, Preference for nonlocal brands & Country of origin, what makes the results of the other five variables even more unexpected and intriguing for the author. As it was demonstrated on Figure 2, it was expected from Preference for nonlocal brands & Country of origin to exert a positive direct impact on the Brazilian score of the variables Cr, LPR, ICS and PQ and, therefore, a positive indirect impact on PI, as the last is influenced by the former 4.

In order to better understand why the higher score (2 points higher) on the variable Preference for nonlocal brands & Country of origin didn’t reflect on the other variables, an analysis of correlation between variables presented on Figure 2 was conducted. The findings of this analysis are shown below at Tables 11 and 12.

<table>
<thead>
<tr>
<th>Brazil</th>
<th>Cr</th>
<th>LPR</th>
<th>ICS</th>
<th>PQ</th>
<th>PI</th>
<th>Preference for nonlocals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cr</td>
<td>1,00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LPR</td>
<td>0,24</td>
<td>1,00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ICS</td>
<td>0,66</td>
<td>0,15</td>
<td>1,00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PQ</td>
<td>0,63</td>
<td>0,20</td>
<td>0,45</td>
<td>1,00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PI</td>
<td>0,54</td>
<td>0,34</td>
<td>0,59</td>
<td>0,33</td>
<td>1,00</td>
<td></td>
</tr>
<tr>
<td>Preference for nonlocals</td>
<td>0,33</td>
<td>0,05</td>
<td>0,02</td>
<td>0,51</td>
<td>0,16</td>
<td>1,00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Spain</th>
<th>Cr</th>
<th>LPR</th>
<th>ICS</th>
<th>PQ</th>
<th>PI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cr</td>
<td>1,00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LPR</td>
<td>0,24</td>
<td>1,00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ICS</td>
<td>0,48</td>
<td>0,23</td>
<td>1,00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PQ</td>
<td>0,52</td>
<td>0,01</td>
<td>0,42</td>
<td>1,00</td>
<td></td>
</tr>
<tr>
<td>PI</td>
<td>0,20</td>
<td>0,33</td>
<td>0,14</td>
<td>0,21</td>
<td>1,00</td>
</tr>
</tbody>
</table>

Note: As ZARA is a local brand for the Spanish sample, there is no effect of Preference for nonlocal brands & Country of origin on its decision making process, therefore, no relationship with the other variables.
Starting with the Brazilian correlation of Preference for nonlocal brands & Country of origin with the other variables, the results are intriguing due to a twofold. First, as the table shows, there is no correlation with the variables LPR and ICS (0.05 and 0.02 respectively), which is the opposite of what the author’s expected. Taking into consideration that the Brazilian sample does prefer foreign products/brands (statistically proven to have a 2 points higher mean than the Spanish sample, as succinct on Table 10), it was expected that all the main variables associated with the decision making would be positively affected by this preference for nonlocal brands, but, as the results show, only the variables Cr and PQ relate to it. Moreover, due to the positive correlation of Cr with LPR and ICS (0.24 and 0.66 respectively), it was expected that Preference for nonlocal brands & Country of origin could exert at least a small indirect influence on these variables, as it is influencing Cr (correlation of 0.33) and Cr is influencing them, specially ICS which has a moderate to high correlation of 0.66 with Cr.

The second stirring part is the correlation of Preference for nonlocal brands & Country of origin with Cr itself. As it is summarized at Table 10, the Hypothesis 1 was not only rejected because Brazil doesn’t have a higher score, but also it was statistically proven that Spain has a higher score. Considering that the Brazilian Brand credibility (Cr) score is positively impacted (although through a week correlation of 0.33) by the higher mean of Brazil on Preference for nonlocal brands & Country of origin and still has a lower final result than the Spanish sample, it could be possible to infer that ZARA’s brand credibility among the Brazilian sample is much lower than among the Spanish one. With the data collected on this study, it is impossible to comprehend the reasons for this behaviour, another analysis has to be conducted with a specific focus on ZARA’s brand credibility in Brazil to allow further understanding on this topic.

Although the reason or reasons behind such outcome is impossible to analyse with the data collected, the author believes that it could be a result of a patriotic feeling from the Spanish
sample towards ZARA. Due to the great success and recognition that ZARA has worldwide, it might be possible that Spanish people feel proud about it and have the company close located to their country’s affection, therefore, defending and praising ZARA as a national achievement.

Moving to the Spanish results, there are also some interesting points that are worthy to bring into discussion. Spain has a statistically proven higher score than Brazil on Brand credibility (Cr) (6.70 against 5.50) and there is a positive relation with the variables Low Perceived Risk (LPR), Information Cost Saved (ICS) and Perceived Quality (PQ), confirmed with the results of Tables 11 and 12, where it shows that these variables have a positive correlation with Cr, varying from a weak to a moderate correlation. With these interactions between the variables, it was expected that Spain which has a higher score in Cr would also have a higher score on LPR, ICS and PQ, but, as the results on Table 10 shows, Spain only has a higher score on the ICS variable.

Interpreting the results to understand why the variables LPR and PQ didn’t achieve a higher mean than the Brazilian sample, the answer comes from different aspects for each of them. In the case of LPR, the only possible aspect that can justify the fact that Spain doesn’t has a higher score is the level of correlation between the variables Cr and LPR. As it is shown by Table 10, among the correlations of Cr and the other variables, the variable LPR represents the weakest link, therefore, the gap between the two countries secured with the variable Cr wasn’t representative enough for a weak correlation of 0.24 (between Cr and LPR) to maintain the gap in the variable LPR.

Shifting to the variable PQ, the justification comes from a different aspect. Differently from the variable LPR, PQ has a moderate correlation of 0.52 with Cr, which, as a matter of fact, is stronger than the correlation between Cr and ICS, that is 0.48. To understand why the correlation with the variable Cr wasn’t sufficient to maintain the gap between the two countries,
it is necessary to expand the view and look at what happened with the variable PQ in the Brazilian sample. Analysing the correlation between Cr and PQ, Brazil has a stronger link than Spain (0.63 against 0.52), which should collaborate to maintain the initial gap created at Cr.

Looking at the correlation between the variables Cr and PQ, in both country’s samples that are elements that would endorse a higher Spanish mean, but it didn’t happen. The answer for the lack of relevant difference between the samples came after looking at the variable Preference for nonlocal brands & Country of origin. As mentioned previously and demonstrated by Table 10, Brazil has a considerably higher Preference for nonlocal brands & Country of origin (2 points higher than Spain) and this noticeable difference is influencing the Brazilian score on PQ. As it is shown on Tables 11 and 12, PQ is the most influenced by Preference for nonlocal brands & Country of origin, with the highest correlation of 0.51. With these numbers in mind, it is possible to conclude that although the difference of means between the two countries on Brand credibility (Cr) positively influenced Spain’s Perceived Quality (PQ) score and negatively influenced Brazil’s one (with the correlations found, the gap in Cr should have extended to PQ), the final results on PQ are similar, due to the strong positive influence that the Brazilian sample receives from the variable Preference for nonlocal brands & Country of origin and the Spanish doesn’t.

Finally, moving to the last variable of the model and most important to ZARA, Purchase Intention (PI). This is the most relevant variable for the company because, in the end of the day, this is the closest to revenues/profits. As it is clear on Table 10, there is no difference between Brazil and Spain on this variable, therefore, the hypothesis 5 was rejected. The Brazilian result wasn’t a surprise as in all previous 4 variables, the country scored a lower or even mean comparing to Spain (lower on Cr and ICS and even on LPR and PQ). In contrast,
looking from the Spanish perspective, having no significant difference between the two countries wasn’t expected, as Spain had a higher mean on the IC variable.

Searching deeper to understand why Spain didn’t score a higher mean on the variable IC, the correlations on Tables 11 and 12 came to shed a light on the matter. According to the arrangement of the variables stipulated by the author (Figure 2), the variable PI relates only to 3 variables, namely LPR, ICS and PQ, leaving the variable Cr aside from this part of the analysis. Moreover, as Spain and Brazil have no significant difference on the variables LPR and PQ, no possible difference on the country’s average scores could come out from their influence on PI, therefore, it is possible to discard them from this part of the analysis as well. With these considerations, the relation between the variables ICS and PI is the only point left to analyse.

The Spanish mean on PI was expected to be higher than the Brazilian one as Spain scored a higher mean on ICS, but it didn’t come true. According to the correlations on Tables 11 and 12, the link between ICS and PI on the Spanish sample is very weak, with a correlation of 0.14, and, although the Spanish average on ICS was higher, it didn’t create a gap big enough between the two countries to sustain the difference with such a weak correlation with PI.

At this point, all the variables have been discussed and there is a better understanding of the results and of the reasons behind the rejection of all hypotheses initially proposed by the author. With the data analysis complete, it is important to interpret the consequences of these results on ZARA’s business.

In a nutshell, there are two main outcomes from the analysis, the first one is the Brazilian appreciation for foreign brands and the second one is the absence of difference between the two countries’ purchase intention of ZARA’s products. These results rise an interesting question, because with the fact that ZARA is a foreign brand and that Brazilians
praise foreign products, it was expected that ZARA would have a higher purchase intention in Brazil, and, as already brought up, no difference was found.
Limitations of the analysis

In order to obtain similar samples from Brazil and Spain, the students from the university FGV and ESADE where selected (due to the access of the author to its students). Although the similarity of the samples reduces a considerable amount of noise in the analysis (undesirable influence of factors unrelated to the scope of this analysis, such as age, income, etc.), more heterogeneous samples in both countries could amplify the results and maybe increase the correlation between the variable Preference for nonlocal brands & Country of origin with the others, increasing the Brazilian scores and changing the conclusions.

Moreover, the author believes that the profile of the students from the FGV university played an undesirable role in the analysis. The author believes that, as the majority of the students from the Brazilian sample belongs to a high social class, the correlation between Preference for nonlocal brands & Country of origin with the others had decreased. A research with different social classes would have to be conducted to understand if this is a relevant characteristic or not in the sample.
Conclusions

In this research, the concepts of branding, international marketing and strategy were merge together with the ideas of cultural dimension and preference for nonlocal brands. Based on the models previously tested by Erdem, Swait and Valenzuela (2006) and Batra, Ramaswamy, Alden, Steenkamp and Ramachander (2000), all these concepts came into the analysis through the conceptual arrangement of the variables Brand credibility (Cr), Lower perceived risk (LPR), Information cots saved (ICS), Perceived quality (PQ), Purchase intention (PI) and Preference for nonlocal brands & Country of origin and the structure of influence among them, as demonstrate by Figure 2.

The model was used to test the influence of the variable Preference for nonlocal brands & Country of origin on the remaining ones, using the company ZARA as example. For this matter, two samples were collected, one in Brazil (experimental sample) and one in Spain (control sample). According to the author’s beliefs, the impacts of the variable Preference for nonlocal brands & Country of origin should substantially elevate ZARA’s Brazilian performance on the other variables, resulting in a higher perception of the brand ZARA when compared to the Spanish sample.

After analysing the quality of the data collected and running a t-test for each of the 6 variables in the model, the results were very surprising. Brazil performed as expected in the variable Preference for nonlocal brands & Country of origin, having a significant higher mean than Spain, but, on the other hand, in the other 5 remaining variables the Brazilian performance was the opposite of the initial expectation, as the country scored an equal or even smaller mean than the Spanish sample.

With these results, it wasn’t possible to sustain the idea that Brazil would have a higher performance on each variable due to the effects of Preference for nonlocal brands & Country
of origin. Therefore, all five hypotheses formulated were rejected, H1 and H3 because Spain demonstrated a higher mean than Brazil (opposite result than the expected) and H2, H4 and H5 because no statistical difference was found between the two samples (p-value higher than 0.05 in the t-test for the variables LPR, PQ and PI).

In order to understand why a higher mean on Preference for nonlocal brands & Country of origin didn’t result on higher means on the other variables, a detailed analysis of the correlation among the variables was conducted. With this extra data in hands, it was easier to understand why the results came out the way they did, as the variable Preference for nonlocal brands & Country of origin didn’t exert such a strong influence on the other variables as it was expected.

Even though it became clearer how the variables are interacting among each other, many points are still unclear. Several points require extra analysis to further understand the root cause of the differences, or the lack of it, between the Brazilian and Spanish sample.
Further research

As previously mentioned, some questions that came out during the analysis require further investigation, as the data collected didn’t provide enough insights to answer all of them. A possible path for further understanding would be deeper individual analyses on each specific variable. Testing the variables individually would grant a better comprehension of the roots of the differences between the Brazilian and Spanish samples, e.g. the higher score on Brand credibility (Cr) on the Spanish sample.

Due to the model used by the author (Figure 2) had been adapted from the literature, the relationships among the variables could have been altered more than expected/desired, what could one possible justification for the unexpected results of this thesis. A further step would be a structural analysis of the model presented on Figure 2 to test if the variables are interacting with each other in the way they were presented, new and unexpected interactions might have emerged from the introduction of the variable Preference for nonlocal brands & Country of origin that the author hasn’t foreseen.
References


