

# Conceptualizing Perceived Brand Globalness Vs Localness: Insights into Malaysian Consumer Preferences and Purchase Intentions

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## ABSTRACT

As globalization intensifies and spreads, it becomes important for marketers to appreciate the way consumers perceive global and local brands. This study seeks to assess the impact of Perceived Brand Globalness (PBG) and Perceived Brand Localness (PBL) towards brand trust, brand equity and purchase intention amongst Malaysian consumers. This study will employ Signalling Theory, the Consumer Based Brand Equity (CBBE) Model, and the Theory of Planned Behaviour (TPB) to develop a conceptual framework to address these relations. The study uses quantitative research methods adopting purposive sampling techniques to engage 200 Malaysian consumers who purchase both global and local brands on a regular basis. Data analysis will be conducted in understanding the relationship between the variables. The findings are expected to indicate the factors that brand trust, brand equity and purchase intention in global versus local brand perception. This study will be beneficial to marketers in formulating plans that meet both local and global perspectives. The research provides the theoretical basis for the understanding of branding in pluralistic and developing market settings.

**Keywords:** Perceived Brand Globalness (PBG), Perceived Brand Localness (PBL), Brand Trust, Purchase Intention.

## INTRODUCTION

In the modern world of globalisation, customers come across many brands which compete for their attention and loyalty. Various factors influence a consumer's decision-making process such as Perceived Brand Globalness (PBG) and Perceived Brand Localness (PBL). PBG is defined by Steenkamp (2019) as the consumer's perception of a certain brand as being global due to attributes such as quality, prestige, and ease of access. In contrast, PBL is defined as a perception in which a brand is viewed as an authentic, culturally relevant, and engaged member of the local community (Zhang et al., 2014).

There has been previous research that has explored the role of PBG and PBL in shaping consumer attitude and behaviour. For instance, PBG could strengthen the belief in the brand, which in turn will increase brand trust, brand equity and intention to purchase from consumers (Ozsomer and Altaras, 2008). Also, PBL can enhance the notion of brand image which in turn has an affirmative effect on brand attitude and brand loyalty (Schallehn et al., 2014). However, the Malaysian market is also different in many respects. Involving a multi-ethnic population, Malaysian society is quite complex and thus combines cultural factors including religion that shape Malaysian consumer preferences. Previously, Safeer et al. (2022) stated that in developing countries like Malaysia, both PBG and PBL are crucial to brand perception, but these differ in the strength of influence among different targeted consumers. This is further evidence that points out the marketers' attempts to grasp the peculiar preferences of Malaysian consumers and target their brands to it. Moreover, previous study

emphasizes that marketers in Malaysia cannot treat consumers as a homogeneous group. Instead, they must consider religious commitment as a key segmentation variable. For example, Mokhlis (2009) have shown that the level of an individual's religious observance, such as religiosity has significant effect of Malaysian attitudes towards products and services, especially in categories like food, banking, and clothing. Hence, religious commitment is a significant driver of consumer behaviour.

Besides, the emergence of brand marketing in digital media and through e-commerce has enhanced the reach and prominence of both global and local brands. With so much information available to them regarding a variety of brands, consumers have fuelled competition between global and local players. This transition to digital brings about a change in strategies of brands, be they local or global, as they need to address the changing trends of Malaysia's audience. However, in the case of Malaysia, understanding the dynamics of PBG and PBL is more than just an academic exercise but a matter of practice for the businesses operating in this dynamic market. Hence, this study is important for Malaysian companies to understand the trends in how local and foreign consumers perceive global and local brands in order to tailor company marketing strategies to maximise the relationships with prospective buyers, increase brand trust, brand equity and purchase intentions.

### **Perceived Brand Globalness vs. Perceived Brand Localness**

Perceived brand globalness and perceived brand localness are two important factors that explain consumers' preferences and consumers' buying behaviour. In this regard, it is global branding or perceived brand globalness. In contrast, local brands are those that appear to be deeply rooted in the local market. In this regard, global brands such as McDonald's, Nike or Coca-Cola are believed to be of great quality, because consumers trust in the quality of the global brand due to their availability in many regions (Liu et al., 2020). This is because global brands have a status, and where this status is prevalent, it is likely that this will alter purchase intentions, particularly in developing nations where global brand status overreaches its objective (Riefler et al., 2012). On the other hand, perceived brand localness would mean the opposite picture, that is an image of a brand steeped in traditions and customs of a people. It is not unusual for people to express a sense of pride in brands they own and use and portray greater loyalty towards them as these brands resonate with their beliefs, culture, identity and many more important factors.

Recent studies highlight the importance of both perceived brand globalness and perceived brand localness in shaping consumer behavior. For instance, Zhou et al., (2020) highlighted even though global brands are largely understood to represent modernity and quality, local brands on the other hand enable consumers to belong to and identify with a certain group. As Malaysians is currently new emerging markets, it's not unusual to have a mixed perception of these due to their preferences, culture, and categorisation of the products (Chen et al., 2021). This perception implies that companies are faced with the daunting challenge of maintaining the balance between global and local brand components, which are critical in boosting brand equity and consumers' confidence in a brand.

## **LITERATURE REVIEW**

### **Underpinning Theory**

#### **Signalling Theory**

Signalling Theory refer to processes by which various brands transfer information regarding company business and products to consumers through certain visible cues that would in turn shape consumer perceptions and decision-making. In brand globalness vs brand localness context, signalling becomes more important because brands portray and communicate company identity and values by using both real and non-real signs (e.g. logo, advertising, product combination). To illustrate, global brands may promote quality and status through the cosmopolitan effect, while local brands market themselves using identity and significance (Elliott and Cameron, 2020). However, a consumer's religious commitment can significantly influence how they interpret these signals. For a Muslim consumer, for example, a global brand's signal of prestige may be overshadowed by the need for religious compliance, such as halal certification. The presence of such a signal is often a non-negotiable prerequisite for trust, highlighting that religious requirements can act as a crucial intervening

variable in the signaling process (Haddad et al., 2022). According to this theory, the existence of such signals which consumers recognition is based on their knowledge, experience and expectations. Hence, the strength of the brand's signal, whether global or local, affects the trust and loyalty of the consumers. This theory helps in explaining what happens to consumers' behaviour in relation to the positioning of brands (Gianfranco et al., 2021).

### **Consumer Based Brand Equity (CBBE) Model**

The Consumer-Based Brand Equity (CBBE) Model aims to establish the role of the consumer in regard to brand equity. According to the framework, awareness, associations, quality, and loyalty, if developed, enhance brand equity (Keller, 2013). With respect to the Constructed Consumer Brand Equity of perceived brand globalness and perceived brand localness, it attempts to clarify how these constructs also affect consumers' attitudes and actions. Moreover, it does not matter whether a brand is global or local; a strong brand always contributes to enhancing customer trust and intention to purchase. A brand that operates in many countries simultaneously has a high brand value, as its image and quality level are developed across many markets (Rojas-Méndez et al., 2020). On the contrary, local brands tend to gain equity by emphasising cultural relevance, emotional attachment, and consumers' familiarity with their products (Keller, 2013). It is obvious that both perceived brand globalness and perceived brand localness enhance brand attitudinal and behavioural, which are key in influencing purchase intentions.

### **Theory of Planned Behaviour (TPB)**

According to the Theory of Planned Behavior (TPB) developed by Ajzen (1991), behaviours within an individual are translated to intentions which are themselves a function of attitude, subjective norms and perceived behavioural control. Considering brand as a perception, TPB assists in describing how an attitude towards a global versus local brand would affect the intention to purchase. It is possible, for instance, that if consumers are inclined to think that a global brand is of good quality or has a good reputation, there is likelihood that they will intend to buy it (Kim and Ko, 2020). Therefore, the model equips one with a wide understanding of how purchase intentions are formed about brands held by a consumer, the culture of the consumer, and the market representation of the product.

### **Integration of Signaling Theory, the Consumer-Based Brand Equity (CBBE) Model, and the Theory of Planned Behavior (TPB)**

The purpose of this research is to explore how Malaysian consumer behavior is influenced by their perceptions of a brand's globalness and localness. This study integrates Signaling Theory, the Consumer-Based Brand Equity (CBBE) Model, and the Theory of Planned Behavior (TPB) to form a comprehensive framework that includes religious commitment as a mediator. From the perspective of Signaling Theory, a brand's globalness is a signal. Religious commitment acts as a filter for this signal, where its presence or absence dictates whether a consumer will find the brand credible enough to trust. The integration of these theories is crucial for understanding the interplay between perceived brand globalness and localness in shaping brand trust and brand equity, which subsequently influence consumer purchase intentions. Through this theoretical framework, the study aligns its objectives with the interconnected dimensions of trust, equity, and purchase intentions. Specifically, Signaling Theory underpins the exploration of how brand globalness and localness act as trust-building mechanisms, while the CBBE Model links these perceptions to brand equity. TPB reinforces the behavioral aspect by connecting trust and equity to purchase intentions. Thus, combining these perspectives, the study ensures a cohesive examination of the impact of global and local branding strategies within Malaysia's multicultural economy. There are seven research objectives of this study designed to align with the theoretical framework, focusing on the relationships between perceived brand globalness, brand localness, brand trust, brand equity, and purchase intentions among Malaysian consumers.

- i. To examine the relationship between perceived brand globalness and brand trust of Malaysian consumers' perceptions.

- ii. To examine the relationship between perceived brand globalness and brand equity of Malaysian consumers' perceptions.
- iii. To examine the relationship between perceived brand localness and brand trust of Malaysian consumers' perceptions.
- iv. To examine the relationship between perceived brand localness and brand equity of Malaysian consumers' perceptions.
- v. To examine the relationship between brand trust and purchase intention of Malaysian consumers' perceptions.
- vi. To examine the relationship between brand equity and purchase intention of Malaysian consumers' perceptions.
- vii. To examine the mediating effect of religious commitment between perceived brand globalness and brand trust of Malaysian consumers' perceptions.

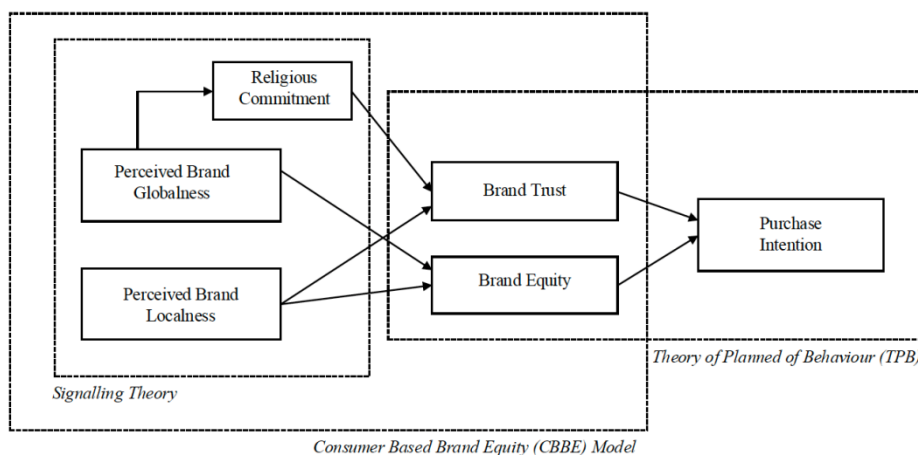


Figure 1: Conceptual framework of this study

## The Effect of Perceived Brand Globalness Towards Brand Trust and Brand Equity

Perceived brand globalness has been explicitly associated with brand trust and brand equity in the literature. For instance, perceived brand globalness signifies attributes such as quality, prestige, and reliability, further increasing consumer trust in the brand (Steenkamp, 2019). Additionally, Liu et al. (2020) state that global brands tend to be regarded more highly than local brands because of the brand's strength, which emanates from its geographical presence as well as the established standards associated with them. In this process, such trust in the brand also enhances brand equity in the sense that consumers are more willing to assign greater value to global brands because of the trust they have in them (Chen et al., 2021). Moreover, perceived brand globalness enhances brand equity by promoting quality perception and other associations, which are also important elements of the CBBE model (Riefler et al., 2020). Empirical studies conducted in developing country reveal that perceived brand globalness enhances brand equity, especially where consumers are inclined towards global characteristics such as innovation and prestige, which are identified as key components of branding strategies (Jin et al., 2022). Thus, the following hypothesis is developed with the help of previous studies:

**H1:** There is a positive relationship between perceived brand globalness and brand trust of Malaysian consumers' perceptions.

**H2:** There is a positive relationship between perceived brand globalness and brand equity of Malaysian consumers' perceptions.

## **The Effect of Perceived Brand Localness Towards Brand Trust and Brand Equity**

Perceived brand localness enhances brand trust and develops brand equity in the majority of countries where the brand is targeted with a cultural and community connection. Moreover, perceived brand localness represents a brand's attachment to local culture, customs, and values that engenders trust by demonstrating that the brand is genuine and meaningful to the customers' way of life (Kipnis et al., 2020). The perception of local brands meets and satisfies consumers' needs, hence gaining consumer trust and emotional (Guo et al., 2021). In addition, perceived brand localness creates brand equity through transferring strong brand images associated with local physical features, aligning with consumers who are pro-culture and pro-heritage (Nguyen et al., 2022). In a culturally diverse country like Malaysia, perceived brand localness provides a competitive advantage since it enables local brands to compete against international counterparts by portraying themselves as genuine and proudly reflecting local aspects of branding (Maheswaran et al., 2020). Hence, the following hypothesis has been developed due to the previous studies:

**H3:** There is a positive relationship between perceived brand localness and brand trust of Malaysian consumers' perceptions.

**H4:** There is a positive relationship between perceived brand localness and brand equity of Malaysian consumers' perceptions.

## **The Effect of Brand Trust and Brand Equity Towards Purchase Intention**

Brand trust is an attribute of a consumer which outlines the level of confidence that the consumer has in the brand to deliver as per its promise (Ha and Kang, 2020). Trust is also instrumental in reducing perceived risks and thereby increasing the consumers' willingness to buy, especially in high value purchases whilst boosting their loyalty to the brand. On the other hand, brand equity, which consists of brand awareness, brand associations and brand quality perception tends to influence the purchase of a product or service (Huang et al., 2021). Also, when there is a brand with high equity, consumers are more emotionally and rationally attached to the product. Thus they are likely to purchase the product or services (Lee and Workman, 2022). Thus, the following hypothesis is developed with the help of previous studies:

**H5:** There is a positive relationship between brand trust and purchase intention of Malaysian consumers' perceptions.

**H6:** There is a positive relationship between brand equity and purchase intention of Malaysian consumers' perceptions.

## **The Mediation Effect of Religious Commitment between Perceived Brand Globalness and Brand Trust.**

Previously, consumers with a high degree of religious commitment actively seek out brands that align with their faith. A brand that is perceived as local may be trusted because it is seen as part of the community, but its trust-building effect is significantly strengthened if it also demonstrates adherence to religious requirements, such as halal certification for Muslim consumers. For instance, a study by Safeer and Safi (2022) on the halal food market in Malaysia found that religious commitment positively influences purchase intentions. While their study focused on a direct effect, their findings lay the groundwork for a mediating role. The brand's local authenticity is reinforced and validated by its religious compliance, which then solidifies consumer trust. This makes the local brand's signal of being "one of us" more credible and reliable, ultimately leading to greater brand trust. Thus, the following hypothesis is developed:

**H7:** The religious commitment mediates the relationship between perceived brand globalness and brand trust

## **METHODOLOGY**

Given the rise of e-commerce and digital media mentioned in the introduction, a key area for expansion is the role of digital marketing in shaping Malaysian consumers' perceptions of brand globalness and localness. In



addition, understanding how these signals are transmitted and perceived through various digital channels from targeted ads and email campaigns to social media content and e-commerce websites would provide a more comprehensive and up-to-date analysis of consumer behavior in Malaysia's dynamic market. This aligns with the study's objective of understanding brand strategies in a digital-first environment.

This study aims to examine the variables leading to brand trust, brand equity and purchase intention and religious commitment as mediator of Malaysian consumer by analyzing the effects of perceived brand globalness and perceived brand localness. The study used a descriptive research approach to methodically gather data, aiming towards clarifying the correlations among these variables. The independent variables include perceived brand globalness and perceived brand localness, while the dependent variables are brand trust, brand equity and purchase intention of Malaysian consumer. Data will be gathered through a self-administered questionnaire composed of mainly structured questions so that there is consistency and better analysis. A cross-sectional survey method is to be used to gather information from Malaysian consumers at the right time, which allows for determining relationships regarding user experiences and behavioural objectives. The target sampling for this research focuses on individuals who have experience in buying both local and global products between the ages of 20 to 50 years old. By applying G\*Power, sufficient statistical analytical power for the analysis has been obtained such that a sample size of at least 200 respondents is required. The study selects some participants with the required characteristics using a purposive random sampling technique to collect relevant data. Data will be collected in three urban locations: Kota Kinabalu, Kuala Lumpur, and Johor Bahru. For the potential respondents of the study, online and offline marketing strategies will be used. Questionnaires will be completed in different areas using Google Forms and emails or even delivered by hand to give respondents more choices and opportunities to participate and supply the desired information.

Furthermore, the questionnaire development process involves designing a set of well-structured questions to collect specific information from individuals or a target population. Accordingly, this study will develop a questionnaire that will be adopted and modified from previous studies. For instance, perceived brand globalness will be measured using five items (e.g., *"The brand is known in many countries"*), while perceived brand localness will be measured using six items (e.g., *"The brand is a part of the local culture"*). Religious commitment will be measured with five items (e.g., *"My religious beliefs strongly influence my daily life"*). In addition, brand trust will be measured using seven items (e.g., *"I feel confident in the brand"*), brand equity with four items (e.g., *"The brand's products are of high quality"*), and purchase intention with seven items (e.g., *"The probability of my buying from this brand is high"*). Therefore, this study adopted measurements from previous research that reported composite reliability values greater than 0.7. According to Hair et al. (2015), it is feasible and acceptable to use scales with composite reliability values above 0.7, which indicates high measurement reliability.

## CONCLUSION

To examine how branding operates in a globalisation context, the emphasis on Malaysia, as an ethnically diverse and multicultural society, becomes very important. The distribution of consumers in Malaysia, which differs according to age, income, religion, and ethnicity, makes it interesting to study the interplay between globalisation and localisation branding strategies. Hence, this recent study proposed to extend knowledge on how perceived brand globalness and perceived brand localness affect Malaysian consumers' brand trust, brand equity and purchase intentions, thus engaging them in branding in relation to the Malaysian market. The contribution of the current study to this stream of literature lies precisely in the combination of Signalling Theory, the Consumer-Based Brand Equity (CBBE) Model, and the Theory of Planned Behaviour (TPB) which provides the basis for developing a comprehensive understanding of consumer behaviour. There are some useful insights and implications in this research. On the one hand, it develops the understanding concerning the phenomenon of branding at both global and local levels by integrating three main models that assist in explaining consumer behaviour within a multicultural context. On the other hand, it provides marketers and brand managers with practical advice that stresses the importance of the integration of global vision and local content useful for the establishment of trust, enhancement of brand equity and purchase intentions. Moreover, practical value of this study can be significantly increased by including specific case studies of brands operating in Malaysia. For example, a global brand like McDonald's, which has successfully

adapted its menu and marketing to include halal options and local flavors, could be analyzed to illustrate how perceived brand globalness (quality, status) is combined with perceived brand localness (cultural relevance) to build consumer trust and equity. Conversely, a prominent local brand could be examined to showcase how it leverages cultural identity and community connection to compete with global players. In conclusion, the research emphasises the need for the proper focus of branding strategies with the needs of consumers in a multi-ethnic market such as Malaysia. With the application of the insights, brands may circumvent challenges that revolve around consumers' liking, fostering strong relationships while succeeding over the long term in an ever-developing economic space.

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