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# **The Effects of Perceived Brand Localness to Brand Trustworthiness**

International business

Bachelor's thesis

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### **Abstract**

Globalization has changed the way businesses operate, offering new opportunities for growth but also creating new challenges for brand management. While global brands aim for uniformity, markets that are increasingly demanding on localization to meet consumer preferences is leading companies to adopt “glocal” strategies, where global brands take the local consumers’ preferences and culture into account. This thesis aims to examine how perceived brand localness (PBL) affects brand trustworthiness and how PBL is created through brand localization strategies. Drawing from existing literature, the study explores how perceived brand localness is created through cultural adaptation of brand communication, language, visual identity, humor and offerings. This thesis then defines brand trustworthiness as multi-dimensional concept including competence and expertise, integrity and consistency, benevolence, shared values and communication. Finally, the relationship between the two is analyzed through signaling theory, social identity theory and ethnocentric mindset theory. Findings indicate that brands perceived as local are more likely to be seen as competent, benevolent, value-aligned and communicatively transparent, thereby enhancing consumers’ perception of trustworthiness. This thesis contributes to the literature by providing a conceptual framework for brand trustworthiness, distinguishing it from brand trust and demonstrating how PBL influences consumers’ trust perceptions. This study provides practical insights for brand managers seeking to implement localization strategies to strengthen brand trustworthiness among consumers.

**Keywords:** Perceived Brand Localness (PBL), Brand Trustworthiness, Brand Localization, Global Branding, Consumer Trust, Cultural Adaptation, Brand Communication

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### **Tiivistelmä**

Globalisaatio on muuttanut tavan, jolla yritykset toimivat, tarjoten uusia kasvumahdollisuuksia, mutta myös luoden uusia haasteita brändien hallintaan. Globaalit brändit pyrkivät yhtenäisyyteen. Kuitenkin markkinoiden kasvavan vaatimuksen vuoksi, on yritysten omaksuttava “glokalisatiostrategioita”, jossa globaalisti toimivien brändien tulee ottaa paikallisten kuluttajien toiveet ja kulttuuri huomioon. Tämä tutkielma pyrkii selvittämään, miten koettu brändin paikallisuus vaikuttaa brändin luotettavuuteen ja miten koettu paikallisuus syntyy brändin lokalisaatiostrategioiden kautta. Aiemman tutkimuskirjallisuuden pohjalta tutkielma tarkastelee, miten koettu brändin paikallisuus syntyy brändiviestinnän, kielen, visuaalisen identiteetin, huumorin ja tarjonnan kulttuurisen mukauttamisen kautta. Tutkielmassa myös määritellään brändin luotettavuus moniulotteiseksi käsitteeksi, johon sisältyvät osaaminen ja asiantuntijuus, eheys ja johdonmukaisuus, hyväntahtoisuus, jaetut arvot sekä viestintä. Näiden välistä suhdetta analysoidaan signaaliteorian, sosiaalisen identiteetin teorian ja etnosentrisen ajattelutavan teorian avulla. Tulokset osoittavat, että paikallisina koetut brändit nähdään todennäköisemmin osaavina, hyväntahtoisina, arvoiltaan yhdenmukaisina ja viestinnältään avoimina, mikä vahvistaa kuluttajien käsitystä luotettavuudesta. Tämä tutkielma tuo lisäarvoa kirjallisuuteen tarjoamalla käsitteellisen viitekehyksen brändin luotettavuudelle, erottaen sen brändiluottamuksesta ja osoittaen, miten koettu paikallisuus vaikuttaa kuluttajien luottamuksen muodostumiseen. Tutkimus tarjoaa käytännön näkökulmia brändijohtajille, jotka haluavat toteuttaa lokalisaatiostrategioita brändin luotettavuuden vahvistamiseksi kuluttajien keskuudessa.

**Avainsanat:** Brändin koettu paikallisuus, Brändin luotettavuus, Brändin lokalisaatio, Kuluttajien luottamus, Kulttuurinen mukautuminen, Brändiviestintä

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# 1 Introduction

## 1.1 Background

In today's interconnected world, globalization has become a defining characteristic in business operations and has changed the way businesses need to operate. While globalization offers new avenues for growth and expansion, interconnectedness and globalization have brought new challenges for brand management. (Sharma, 2025, 179.) The concept of globalization in marketing was first discussed by Levitt (1983), but the term was never explicitly defined (Medina & Duffy, 1998, 230). Medina & Duffy (1998, 230) defined the term globalization based on Levitt's (1983) discussion as follows: "The process of adopting country- and target- market-dictated product standards - tangible and/or intangible attributes - from environments around the world to achieve a highly uniform product". Levitt (1983, 93–94) highlights the homogenization of the world's needs and desires across the globe, describing a world where tastes converge and successful companies focus on offering what "everyone" wants.

Entering the 21<sup>st</sup> century, global brands are at a crossroads. Firms operating internationally are balancing between two opposite forces: the globalization and the localization of a brand (Jeong et al., 2019, 76). Markets in the world are becoming complex, and consumers in many markets demand localized marketing and branding strategies (Lee & Kim, 2015, 261). At the same time markets and individuals are becoming increasingly integrated because of technology and telecommunication advances (Gürhan-Canli et al., 2018, 96). The time has come to acknowledge the post-global brand, which no longer serves the idea of total homogenous (Kapferer, 2012, 407). Firms quickly pursued "glocal" strategies, where they are seeking global scale in technology, production, and organization, while focusing on customizing products, communication, distribution and selling techniques to local taste (Holt et al., 2004, 1). The forces of globalization that Levitt described did not, in fact, produce a homogeneous world (Holt et al., 2004, 2; de Mooij, 2022, 2), but rather a global culture (Holt et al., 2004, 2). The importance of brands has evolved together with the shift to global consumption dynamics. New consumption trends demonstrate that local brands are quickly replacing dominant global competitors, which indicated a shift in how consumers evaluate and trust brands (Rambocas & Narsingh, 2022, 701). Globalization has triggered increasingly critical consumers toward global institutions as well as brands (Xie et al., 2015, 50–51). Thus, the need for global brands to act favorably towards consumers is necessary.

Over the past decades, globalization has largely reshaped branding practices, leading to a comprehensive amount of research (Gürhan-Canli et al., 2018, 96). While prior research has examined brand trust, the focus has primarily been on the consequences of trust, rather than its antecedents (Sekhon et al., 2014, 411). As Hardin (2002, 29) states that, much of the literature discusses brand trust without distinguishing trustworthiness, even though in many cases it should be in the focus. Rambocas and Narsingh (2022, 702) summarized that research on the effects of perceived brand localness (PBL) to brand value, consumer preferences, brand acquisitions, prestige and quality has been made (see, e.g. Steenkamp et al., 2003; Halkias et al., 2016; Sichtmann et al., 2019; Nguyen & Alcantara, 2020; Tsai et al., 2021). Additionally, many recent studies have built theories upon Steenkamp et al.'s (2003) foundation and studied how consumer' functional and psychological responses to global versus local brands. However, Xie et al. (2015) state that the understanding of why consumers develop preferences for global versus local brands is still incomplete. These gaps in research indicate that while perceived brand localness and perceived brand globalness studies have broadened the understanding on consumer responses, the connection between perceived brand localness and brand trustworthiness has not directly been acknowledged.

## 1.2 Scope and Aim of the Thesis

This thesis aims to explain the concept of brand trustworthiness and how it is created, as well as to analyze how perceived brand localness (PBL) is created through brand localization. The final part of the study discusses the relationship between PBL and brand trustworthiness.

To clarify, the main question examined in this thesis is *how does perceived brand localness influence brand trustworthiness*. To examine and answer this question the thesis is divided into the following sub questions:

- How is perceived brand localness created through brand localization?
- What is brand trustworthiness?

In this thesis, localization is approached from a brand perspective rather than a corporate or operational one. While corporate and operational localization are a part of brands, the focus of this thesis is on how brand-related localization strategies such as product adaptation, communication and cultural adaptation influences consumers' perception of brand trustworthiness.

In this study, perceived brand localness is defined as the extent to which consumers perceive a brand as a relevant part of culture and how embedded in the local cultures it is seen to be. This perspective focuses solely on brand localization and excludes origin-based or heritage-based determinants of the localness perception. Perceived brand localness will be handled with the help of the following theories: signaling theory, social identity theory and ethnocentric mindset theory. Given the scope and space limitation of this thesis, these theoretical perspectives will only be addressed on a general level.

## 2 The Creation of Perceived Brand Localness

### 2.1 Brand Communication as the Foundation of Localization

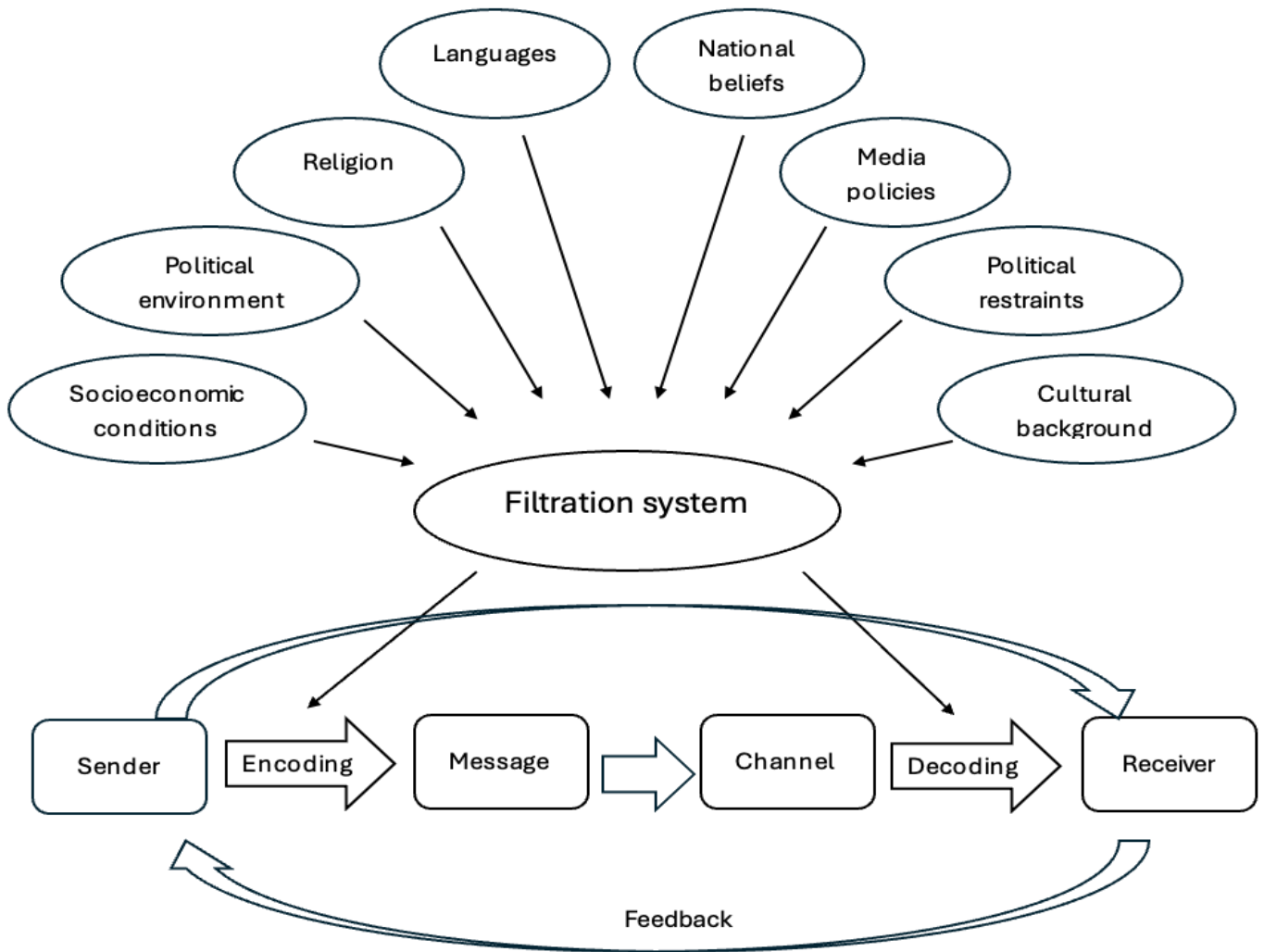
A brand has been traditionally defined by the American Marketing Association (AMA) as the “name, term, symbol, design or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition.” However, despite the popularity of this definition, it has been viewed as deficient (Keller & Swaminathan, 2020, 32). Many scholars have updated this definition and emphasize that a brand is more than just a product or a service; it is something that carries both tangible functional elements as well as intangible and emotional elements which create added value (de Chernatory & McDonald, 2003, 22–42, 373; Aaker, 2002, 68, 86–89; Keller & Swaminathan, 2020, 33). Aaker (2002) states that brands have their own identity, which consists of a set of brand associations that include functional, emotional and self-expressive benefits. Brand identity gives the brand direction, purpose and meaning, which are part of a brand’s core identity that should remain stable and resistant to change, even though the way a brand communicates its core identity may vary across different contexts. (Aaker, 2002, 68, 86–89.) Research suggests that the central values and mission forming a brand’s identity must be interpreted within the cultural frameworks of the local market to ensure relevance and resonance (de Mooij, 2022, 269–272).

Brands serve as a cognitive shortcut that summarizes features, benefits and values associated with the company’s offerings. They help consumers to categorize and differentiate between other alternatives (Chun et al., 2014, 8), and customers often rely on brands as interpretive cues (de Chernatory & McWilliam, 1989, 167–168). This highlights the importance of cultural adaptation, which allows consumers in different cultural contexts to understand and relate to the brand’s meaning. When companies internationalize, they encounter diverse markets and foreign customer groups, which brings complexity to how their brands compete and are understood (Cheng et al., 2005, 504–505).

All living beings communicate through sounds, speech, movements, gestures and language. Communication is based on cultural conventions that guide interactions with others, in producing and sending messages and in interpreting them. Brand communication is the coordinated and strategic set of messages through which a company expresses its brand identity with the aim of influencing consumers’ attitudes and behavior. Communication is a culturally shaped activity because humans interpret messages based on cultural norms and shared values. (de Mooij, 2022,

269, 456.) Global brands often change or localize their brand voice to align with the expectations and cultural norms of different target audiences (Surikova & Siroda, 2023, 143). Brand voice is a “set of marketing, linguistic and stylistic parameters that influence brand communication based on the communication channel, intended receiver and desired effect” (Surikova et al., 2022, 86).

The traditional, classical model of communication presented by de Mooij (2022, 272), known as the SMCR (Source, Message, Channel, Receiver) model, shows that communication is a circular process in which both the sender and receiver are continuously encoding, transmitting, interpreting and decoding messages. De Mooij (2022, 272) presents that a sent and received messages goes through an encoding and decoding process, the interpreting of which is influenced by cultural factors. Surikova and Siroda (2023, 135) introduces a “filtration system” which explains how communication is shaped by cultural background, religion, national beliefs, political conditions, regional languages, media regulation and socioeconomic context. These elements act as “filters” that can modify, clarify, soften or reshape the message before or during the reception. Figure 1 is a conceptual model which combines de Mooij’s (2022) SMCR model and Surikova and Siroda’s (2023) filtration systems into one complementary model.



**Figure 1 Factors affecting SMCR model's decoding and encoding processes (based on de Mooij, 2022 and Surikova & Siroda, 2023)**

The SMCR model includes the sender or source of the message (person, organization or a company), the message (news, story, picture, advertisement), the channel (any carrier of the message, newspaper, storyteller or the internet) and the receiver of the message (person, consumer). Figure 1 shows communication as a two-way process. De Mooij (2022, 271) states that message has no fundamental meaning except what people put in and take out of it. This implies that the meaning of the message lies in the encoding and decoding process. To strengthen this idea, Surikova and Siroda (2023) conducted qualitative research the findings of which show that brand communication is influenced by cultural factors such as background, language, religion, values and policies (see Figure 1). This conceptual model illustrates the effects of cultural filtration on interpreting messages and gives a well-established reasoning for why adapting brand communication to the locale is vital.

## 2.2 Localizing Brand Elements

Given the differences in cultural norms and identities across national cultures, marketers often use localization strategies to create relevance for their brand to local consumers. Localization refers to the brand strategy to associate global brands with symbolic meanings, beliefs and norms of local cultures. A localized brand reflects a local culture identity and portrays the brand as being created for local consumers. (Alden et al., 1999, 75–77.) The Localization Industry Standards Association (LISA) defines localization as the act of making a product “linguistically and culturally appropriate to the target locale”. As a response to this definition, translators point out that translation does not only include the linguistic translation but also linguistic and cultural transcreation. (Declercq, 2012, 264.) Díaz-Millón and Olvera-Lobo (2023, 347) describe transcreation as a translation-related activity that combines linguistic translation with cultural adaptation and creative reinterpretation. Transcreation has been applied to a range of different fields for example literature, marketing, advertising and websites. In recent years transcreation has played a role in marketing and advertising, and therefore marketing campaigns have been tailored to international markets. (Díaz-Millón and Olvera-Lobo, 2023, 348.) Transcreation plays a crucial role in brand communication so that humor, metaphor and symbolic cues can be translated to fit the surrounding culture. Therefore, brand communication stays efficient and favorable to the brand as the targeted audience can understand and relate to it.

Language is not merely a neutral vehicle for transferring information. It is said to be a core component of branding. Consumers usually come to know a brand through language, as it shapes how consumers understand a brand through the language used in advertising, packaging, social media, word-of-mouth and the brand name itself. These linguistic elements communicate brand meaning and influence the perceptions, memory, attitudes and behavior toward a brand. (Carnevale et al, 2017, 572.)

A brand logo is one of the most significant components of a company’s visual identity. It contributes to brand awareness, recognition in competitive environments and can lead to a growing amount of revenue. (Henderson & Cote, 1998, 14.) When the symbolic meaning of a logo aligns closely with the product’s core benefits or attributes, the logo communicates the brand essence more effectively and supports brand positioning (Kapferer, 2012, 321). The importance of a brand’s visual attributes is highlighted by consumers’ tendency to process design elements automatically and rapidly, sometimes even without acknowledging the presence of the brand itself (Trehan and Kalro, 2024, 1055).

As brand logos are often the element that is first recognized by consumers, it is usually the element that is most wanted to keep coherent. However, it has been proven that logo translations and visual modifications to fit the surrounding culture increase brand recognition and equity. For example, Mohamed et al. (2025, 1) conducted a quantitative study which shows that in Arabic cultures, translating the brand name to Arabic significantly enhanced brand recognition and that logos translated into Arabic were perceived as more culturally relevant and emotionally engaging.

Logos consist of graphical and typographical elements that may appear with or without the brand name (Henderson & Cote, 1998, 14). It has long been recognized that brand names are valuable assets to companies (Farquhar, 1989, 25). Gardner and Levy (1955, 33) describe the brand name is more than a label but rather a complex symbol that embodies different meanings, associations and experiences. A carefully crafted brand name can generate immediate symbolic value. Effective brand names typically possess desirable qualities such as memorability, positive connotations, relevance to the product and distinctiveness within a competitive environment. (Kohli & LaBahn, 1997, 67.) For brands to benefit from their valuable well-crafted brand name and from the established meanings, associations and experiences internationally, brands should localize their brand name to uphold memorability and positive connotations. As meanings do not automatically translate, Francis et al. (2002, 99) state that the linguistic differences often necessitate brand name adaptation to avoid negative associations or difficulties in phonetic pronunciation. Likewise, Jeong et al. (2019, 78) note the importance of brand name translation to avoid problems with meaning or phonetic sounds. Some known failures of merely translating the name are e.g. Chevrolet “Nova” perceived in Spanish as “no go”, or Clairol’s “Mist Stick” which translated to “manure” in German and the original name from Coca-Cola meaning “bite the wax tadpole” (Zhang & Schmitt, 2001, 313). These unsuccessful brand name translations can have a negative effect on the brand name as it is the element brand is mostly recognized by. These failures illustrate the importance of successful and thoughtful brand name translations to benefit from the well-established brand name.

Zhang and Schmitt (2001, 315) provide examples of well-conducted brand name translations to Chinese phonetics as well as conclude the three most important translation techniques for a brand name: phonetic, semantic and phonosemantic. Phonetic translation aims to keep the sound of the original name by selecting Chinese characters that imitate its original pronunciation. However, these characters possess fundamental meanings, and such meanings are not preserved when combining phonetic sequences. Examples of phonetic translations are the Chinese brand names Dove (De-fu) and Swatch (Si-wo-qi). These translations do not provide cues about the brand or its meanings. By contrast to phonetic translation, semantic translation approaches translation from the

perspective of maintaining the meaning of the original name regardless of its sound. However, this approach only serves if the original brand name has actual meaning (e.g. Apple). An example of semantic translation is Northwest Airlines that translated their name in Chinese to “Xi-bei”, which means “northwest”. If the original name has an artificially created term, such as a proper name, (e.g. McDonald’s) it can be translated by a “nonpure” approach. For example, Sprite is translated to “Xue-bi” meaning “snow and green”. Finally, phonosemantic translation includes both – the sound and the meaning. Meaning that the sound and meaning are considered when selecting the Chinese characters. For example, Coca-Cola’s Chinese name is “Ke-kou-ke-le” which sounds like Coca-Cola and means “tastes good and makes you happy”. (Zhang & Scmitt, 2001, 315.) These examples of translations are an examples of transcreation of brand logo which is done with cultural adaptations and not only with a mere translation from one language to another.

Madden et al. (2000, 93) suggest that if marketing managers are going to use color to maintain, modify or create brand images, they must understand the meanings that are associated with different colors and color combinations. Geboy (1996, 2) states that color has been shown to be culture-bound with certain combinations having associations with cultural ideologies and traditions. The combination of colors selected for products, logos and other visual elements may suggest specific meanings because of their specific color pairings. For example, black on red signifies happiness to Chinese people, and therefore the color combination is commonly used for wedding invitations. (Madden et al., 2000, 93.) Colors can be localized for example in packaging, logo or other visual elements a brand consists of.

As Papavasillou and Stathakopolous (1997, 505) note that several academics suggest that it is desirable to standardize certain aspects of an advertising campaign while at the same time also adapting to the local market conditions. As previously acknowledged, culture shapes message appeals, this is especially visible in marketing advertisement internationally. Multiple research studies show that effective international advertising depends heavily on understanding how cultural meanings are encoded in linguistic cues. For example, Mueller (1987, 55–57) shows that Japanese printed advertisement favors soft-sell, status-oriented approaches and convey greater respect for elders whereas the U.S. advertisements emphasize hard-sell tactics and are less likely to use appeals related to tradition or the elderly. Differences in humor further illustrate the cultural differences. Alden et al. (1993, 70–73) found variations in humorous television advertising in different countries showing how cultural dimensions guide what is considered funny and humorous. When translating humor, companies rely on transcreation. This allows brands to craft their messages to fit local linguistic and cultural nuances to keep wordplay and humor relevant. (Martin, 2019, 367) With

small details and modifications brands can adapt, for example, their slogan to appear more culturally aware and more local. For example, a Quebec advertisement for Kellogg's Special K Honey Oat Cereal demonstrates slogan transcreation. The original English slogan "Honey you look good", relies on the honey-themed wordplay. To maintain this wordplay in French, the marketing team created the pun "Miel fois plus belle" based on the French expression "Mille fois plus belle" (literally, "a thousand times more beautiful") but replacing *mille* with the similar sounding French word for honey, *miel*. As the product is positioned as low-fat cereal for women, the French translation stays relevant and effective for the brand. (Martin, 2019, 373.) With this relatively small modification and adaptation, Kellogg's can appear more local and competent than other competitors in the market. The brand can appear intelligent and considerate to consumers by understanding the surrounding culture.

As already mentioned, many global brands keep their brand identity standardized. However, the execution of communicating the brand identity can be localized. In this sense, the execution can mean modifying the offerings or experiences that a brand offers. For example, McDonald's executes of country-specific menu items such as the French McBaguette (McDowell, 2023) or the Prosperity Burger released in parts of Asia during Lunar New Year (Econotimes, 2022).

With these localizations of different brand elements makes a globally operating brand can seem more local and therefore be seen to be embedded into the local culture and values. This cultural alignment can strengthen consumers' emotional connectedness as the brand can feel more familiar. As brand adapt their language, visual, humour and product offerings, they gain competitive advantages and consumers' trust.

### **2.3 Perceived Brand Localness**

Global brands balance between expanding globally and wanting to remain relevant and understandable in local contexts. This balance is reflected in two interrelated consumer perceptions: perceived brand globalness (PBG) and perceived brand localness (PBL). PBG refers to the extent to which "consumers believe that the brand is marketed in multiple countries and is recognized as global in these countries" (Steenkamp et al., 2003, 54). However, even though projecting a global image, it does not imply that these brands operate independently of local expectations. As Riefler (2012, 25) notes, although brands often signal their global reach, they frequently adapt aspects of their strategy and market presence to fit local norms and consumer needs. For example, through the brand localization strategies explained in the previous chapters.

PBL captures this culturally embedded dimension, referring to the perception that a brand can be recognized as a local market player and as a symbol of the local culture, embodying the values, needs, and aspirations of consumers within that country (Swoboda et al., 2012, 72; Özsomer, 2012, 73). This highlights that PBL is constructed through culturally resonant cues, which can be transmitted through brand localization elements. As mentioned, PBL and PBG are interrelated perceptions and should not be viewed as opposites but as complementary dimensions. This means that global brands can simultaneously be perceived as globally well-known and locally relevant. For example, young consumers can perceive McDonald's and Starbucks as brands who reflect local preferences and values and due to this, they seem local. (Han et al., 2023, 1299).

### 3 Brand Trustworthiness

#### 3.1 The Distinction Between Brand Trust and Brand Trustworthiness

Without a question, trust is essential in fostering exchange relationships, which are central to the process of marketing (Sekhon et al., 2014, 409). For example, in the case of localizing brands, trust lies in the communication between the brand and consumers. As Hardin (2002, 29) stated much of the existing literature on trust hardly discusses trustworthiness directly, even though in many cases trustworthiness should be in focus. Similarly, Li (2007) argues the same, that despite the increasing importance of trust, it has not been defined with a universally accepted definition. Researchers haven't reached full agreement on the definition. Li (2007) suggests a conceptualization of trust with four dimensions that are: (i) trustor's uncertainty about trustee's dependability; (ii) trustor's vulnerability of dependency; (iii) trustor's expectation of trustee's trustworthiness; and (iv) trustor's willingness of trustfulness. This expectation reflects the trustor's attitude towards and judgement of, the trustee's trustworthiness, despite the uncertainty and perceived vulnerability of depending on others. (Li, 2007, 422–424.) Hence, this conceptualization of trust indicates that trustworthiness is a core element of trust. To have trust means to have trustworthiness first. To support this, Sekhon et al. (2014, 411) emphasize the conceptual distinction between the two: while trust is a belief held by the trustor, trustworthiness is a characteristic of the trustee. Sekhon et al. (2014, 410) define the trustor and the trustee to assist the understanding of the discussion as follows: "Trustor describes the party that makes the decision whether or not to trust, whilst the trustee is the party in the relationship wishing to be trusted".

The act of trusting is a temporal process because it develops over time through experiences, interactions and perceptions of other people, organizations and institutions. Trust is an attitude that involves the willingness to take a risk and give up control in the hope of gaining a desired benefit. In contrast, trustworthiness represents the accumulated perceptions and experiences that form the basis of trusting another person, institution or organization. (Caldwell & Clapman, 2003, 351.) The trustor holds trust, which relates to expectations of future behaviors based on perceived motivations of the trustee's prior actions (Kharouf et al., 2014, 362). Therefore, the act of trusting is temporary and involves the act of giving up control to the trustee. Trust is the expectation of future actions by the trustee while trustworthiness is the antecedent behind trusting which is based on the trustee's prior behaviors. Trustworthiness means the willingness to respond favorably when someone depends on them or expects them to act in a certain way (Ben-Ner & Halldorsson, 2010, 65).

Judgement of trustworthiness is based on values, previous behavior, and perceived integrity (Ben-Ner & Halldorson, 2010, 65). However, even though trustworthiness usually develops through previous interaction, a person or organization can still be viewed as trustworthy without prior experience. For example, a consumer can see a service provider as trustworthy based on second-hand information they have received. (Kharouf et al., 2014, 362.) Table 1 summarizes that trust refers to the trustor's beliefs about the trustee's future actions, whereas trustworthiness refers to the trustor's evaluation of the trustee's past behaviors and characteristics. Trust reduces the perceived risk the trustor associates with the trustee when relying on it, while trustworthiness functions as the underlying indicator that enables the trustor to form trust in the first place. Simply put, trust is a forward-looking belief about how the trustee will act and this belief is shaped by how trustworthy the trustee is perceived to be.

**Table 1 The key differentiator between trust and trustworthiness (Kharouf et al., 2014, 362).**

<b>Differentiator</b>	<b>Trust</b>	<b>Trustworthiness</b>
<b>Beliefs about ...</b>	Future actions	Past behaviors
<b>Held within ...</b>	Trustor's psychological state	Characteristics of the trustee
<b>Effects the relationship by ...</b>	Reducing risk	Inspiring trust and confidence

To apply this conceptual learning to brand trustworthiness, trust is the consumer's belief in an organization, whereas trustworthiness is part of the organization's reputational capital (Sekhon et al. 2014, 411). Therefore, trustworthiness is not the same as trust, it is the foundation on which trust is built upon. This shifts the focus from what consumers feel about a brand (trust) to how they evaluate a brand (trustworthiness). Chaudhuri & Holbrook (2001, 82) define brand trust as a consumer's willingness to rely on a brand to perform its stated function. This being said, trustworthiness is the foundation behind trust, which brands build with their actions.

### **3.2 The Elements of Brand Trustworthiness**

Drawing from earlier general trust-related studies, Mayer et al. (1995, 717–720) suggested that trustworthiness can be summarized into three key qualities: ability, benevolence and integrity. Kharouf et al. (2014) propose a conceptual model of the elements which form trustworthiness. They are consistency, competence, benevolence, communication, integrity and value alignment. (Kharouf et al., 2014, 363–364.) Likewise, Sekhon et al. (2014, 413–415) define a number of drivers of

trustworthiness in their proposed model. The drivers are expertise and competence, integrity and consistency, communications, shared values and concern, and benevolence. Finally, Li (2007, 430) presents trustworthiness through four different views. The presented views of trustworthiness are expecting someone (or something) to perform reliably, someone (or something) is expected to perform well and to have good intentions, expecting someone (or something) to have the ability and goodwill to perform and lastly someone (or something) has care for you and has good intentions. Each of these presented views corresponds to the previously mentioned elements of trustworthiness. Expecting reliable performance relates to consistency and competence, the expectation of performing well and having good intentions relates to expertise and integrity, the aspect of having ability and goodwill reflect the elements of competence and benevolence while caring for others and having good intentions are a sign of benevolence and similarity. Li (2008, 429) divides trustworthiness into depersonalized dimension; ability, benevolence and integrity and into personalized ones; shared interest, shared values and shared affect.

With these theoretical justifications, in this thesis trustworthiness is divided into the following core elements: competence and expertise, integrity and consistency, benevolence, shared values and similarity and communication. In the following sections, these elements will be elaborated on and discussed.

### 3.2.1 Competence and expertise

Brand competence reflects consumers' perceptions of a brand's ability, efficiency and capability to achieve its goals. Competence "describes the other's ability to enact these intentions" and "includes items such as capable, competent, and efficient" (Kolbl et al., 2020, 347). Therefore, competence represents a cognitive judgement about whether a brand can successfully perform tasks and deliver its promised value. In addition, competence also refers to the ability to realize promises, which develops when the organization holds sufficient knowledge, expertise, skills, leadership and other relevant characteristics (Xie & Peng, 2009, 574). Empirically tested, competence is positively related to a brand's functional value (Kolbl et al., 2020, 352), which indicates that consumers associate competent brands with higher utility and performance quality. From a similar perspective, Sung and Kim (2010, 645) conceptualize brand competence as consumers' perception of a brand's "knowledge, expertise and performance to complete a job and satisfy the consumer's needs".

Brand expertise is defined as "the extent to which brands are perceived to be skillful and knowledgeable" (Sung & Kim, 2010, 644). Similarly, Erdem & Swait (2004, 191) state that expertise has been described as a company's perceived capability to deliver on its promises.

Therefore, expertise can be seen as the underlying element behind having competence. Together, brand competence and expertise indicate how well a brand can deliver on its promises. When consumers believe that a brand has the knowledge, skills and ability to perform effectively, they are more likely to trust the brand and see it as trustworthy.

### 3.2.2 Integrity and consistency

Integrity refers to the trustor's perception that the trustee follows principles that the trustor finds acceptable. When a trustee is seen to have integrity, the trustor believes that it will act according to these principles even when it might be costly or difficult to do so. (Mayer et al., 1995, 719.)

Integrity therefore shows the moral and ethical side of trustworthiness. Integrity is crucial to trustworthiness. Integrity is not only based on skill or performance, but on the belief that the trustee behaves in a fair, honest and value-driven manner (Xie & Peng, 2009, 574).

Integrity is closely connected to consistency in performance. Kharouf et al. (2014, 368) note that "cognitive aspects of an organization's service delivery (consistency and competence) are important determinants of a trustworthy image". Similarly, McKnight et al. (1998, 480) argue that predictability in the trustee's behavior is a key antecedent to trustworthiness perceptions. Consistency also reduces uncertainty and perceived risk. When an organization consistently meets expectations, consumers become more confident that it will continue to do so in the future, which supports trust formation (Kharouf et al., 2014, 363).

In summary, integrity refers to the upholding of ethical standards, while consistency reinforces that these standards are maintained. Together these contribute to trustworthiness by assuring consumers of fair and ethical behavior continuously.

### 3.2.3 Benevolence

Benevolence refers to the extent to which the trustee is believed to want good for the trustor, beyond any egocentric or profit-driven motivation. It also suggests that the trustee has some degree of attachment or concern for the trustor. (Mayer et al. 1995, 718.) To apply this to brands, if a brand is seen to have benevolence, it is seen as having good intentions towards the consumer and a willingness to act according to consumers' hopes. Doney and Cannon (1997, 36) describe trust as having two components: credibility and benevolence. While credibility reflects the belief that the trustee is capable and reliable, benevolence relates to the perception that the trustee is genuinely motivated to act in the trustor's interest. Thus, benevolence is an antecedent of trustworthiness, as it forms a core part of trust.

Benevolence can be understood through the motivations that guide the brand's behavior. Kharouf et al. (2014, 363) state that benevolence is demonstrated when the trustee is willing to pursue mutually fulfilling interactions rather than only focusing on maximizing their own benefit. Similarly, benevolence has been described as a sincere concern for customers' interests and a motivation to do good (Xie & Peng, 2009, 574). Sekhon et al. (2014, 415) further outline three core dimensions of benevolence: consideration and sensitivity to others' needs, acting to protect the interests of others and refraining from exploiting the vulnerabilities of the trustor. A trustee who displays these behavioral signals: consideration of needs, protection of interests and refraining from exploitation can be considered benevolent.

To conclude, benevolence reflects the moral intention behind the brand's actions and the degree to which it is motivated to support the consumer's well-being. Through signals of care, consideration and fairness, benevolence strengthens trustworthiness and encourages consumers to believe that the brand values them and will act supportively in the relationship.

#### 3.2.4 Shared values

While Morgan and Hunt (1994) address shared values directly, Kharouf et al. (2014) use the term value alignment whereas Doney and Cannon (1997) explore values from the similarity perspective, all these terms refer to the shared values dimension, which will be used in this thesis and discussed in this section.

Similarity refers to the belief that the other party shares common interests, values and goals. Doney and Cannon (1997) create an example to show the similarity side of trustworthiness with the buyer salesperson relationship. When buyers perceive a salesperson to be similar with themselves, they expect the salesperson to hold similar beliefs and values about what behaviors and outcomes are acceptable. This reduces uncertainty and helps the buyer trust that the salesperson will act in a predictable and supportive way. (Doney & Cannon, 1997, 40.) In a similar manner this applies to consumers and brands. When a consumer perceives a brand to be "like them", they can assume that the brand will make decisions that reflect their own belief and will act like they would.

Morgan and Hunt (1994, 25) emphasize that shared values are a direct antecedent of both trust and relationship commitment. They define shared values as the extent to which partners hold common beliefs about what is important or unimportant, appropriate or inappropriate and right or wrong. Kharouf et al. (2014, 364) disclose a hypothesis that value alignment positively influences trustworthiness. They hypothesize that when exchange partners perceive that they share the same

values, expectations and standards of appropriate behavior, this fosters and creates trusting and cooperative relationships. These shared beliefs reduce uncertainty and signals that both parties will act in ways that the other considers as acceptable and fair. In summary, shared values strengthen the sense of trustworthiness because they signal aligned beliefs and intentions, making behavior more predictable and reducing relational uncertainty.

### 3.2.5 Communication

Anderson and Narus (1990) note that communication can be defined broadly as “formal and informal sharing of meaningful and timely information”. They also state that meaningful communication is a necessity in building trust. It is also mentioned that communication on the other hand can work as an antecedent to trust. (Anderson & Narus, 1990, 44–45.) Morgan and Hunt (1994, 29) hypothesize and find that communication supports the creation of trust (i.e. trustworthiness). They suggest that if past communications from another party’ have been high-quality, frequent and reliable then it will result in higher trust. Roy et al. (2011, 106) note that effective communication is an important part of the relationship marketing process, and their study suggests that communication throughout a relationship enhances the perception of trustworthiness. Therefore, communication and especially clear, meaningful and reliable communication will enhance trustworthiness.

## 4 Perceived Brand Localness' Connection to Brand Trustworthiness

The core elements of brand trustworthiness discussed above provide a comprehensive foundation for understanding how consumers evaluate brands through these lenses. This thesis has now defined the concept of perceived brand localness and how it is created by brand localization strategies and has defined the elements that brand trustworthiness consists of. In the following sections, the relationships between PBL and brand trustworthiness and their relationship is discussed. The perceived brand localness' effects on brand trustworthiness will be discussed with the help of the following theories: signaling theory, social identity theory and the ethnocentric mindset theory. These theories were selected since prior research shows that these are good lenses to study PBL through. Signaling theory is chosen because signaling theory explicitly considers the imperfect information structure in marketplaces that creates uncertainty. This helps to navigate how PBL is perceived through credibility signals. Social identity theory demonstrates the in-group perceptions created through PBL, and the ethnocentric mindset strongly influences the attitudes that consumers have towards local/global brands. These theories have been used in prior research that has examined PBL/PBG in the context of affecting consumers' behaviors. (See, e.g., Mander et al., 2021; Erdem & Swait, 1998; Han et al., 2003; Steenkamp et al., 2003; Safeer et al., 2021.)

### 4.1 Signaling theory

Signaling theory explains why PBL effectively influences trustworthiness. The foundation of signaling theory is based on markets where information asymmetry prevails, where the signaler has inside information that is not publicly known or has not reached the receiver and the receiver is dependent on the information that the signaler offers (Yasar et al., 2020, 1311–1312). In the case of brands, brands hold a greater amount of information that is not known by the public and consumers rely on the signals they receive from the brand to assess them and help to make judgments. Brand signals consist of a firm's previous behavior, current activities and marketing strategies and with asymmetric and imperfect information, brands can serve as credible market signals (Erdem & Swait, 1998, 135–136). Similarly, Safeer et al. (2021, 1535–1536) and Mandler et al. (2021, 1560) argue that both PBL and PBG operate as credibility signals, but that PBL often performs better because of its higher authenticity and credibility.

For a brand to work as a credibility signal and for the signal to work as an antecedent of trustworthiness the signals need to be clear, consistent and believable. Key characteristics that shape brand signal are clarity and credibility. Clarity refers to how clear the brand's message is and it

depends heavily on consistency whether it is about the visual or linguistic choices. As previously defined consistency is one element of brand trustworthiness. When brands are consistent, they are seen as more predictable and therefore easier to trust (McKnight, 1998, 480), as consistency reduces uncertainty and perceived risk (Kharouf et al., 2014, 363). Credibility is a crucial characteristic since signals only work when they are believable. Credibility depends on the ability and willingness to fulfill brand's claims. (Erdem & Swait, 1998, 137.) As previously mentioned, two elements of trustworthiness are competence (i.e. ability) and benevolence (i.e. willingness), which brand signals can effectively communicate when they are clear, consistent and credible. However, it is important to note that Mandler et al.'s (2021) research also notes that when reviewing product categories that are not culturally grounded (e.g. high-tech), brand localness fails to signal credibility. PBL functions as a stronger credibility signal than PBG due to its higher authenticity and perceived trustworthiness (Safeer et al., 2021, 1535-1536; Mandler et al., 2021, 1560). Brands that are seen as local reinforce the key elements of trustworthiness: consistency, competence and benevolence.

Locally perceived brands reflect values such as cultural heritage, brand authenticity and originality (Rambocas & Narsingh, 2022, 705). By signaling that a brand understands local needs and shares the same local values, locally perceived brands are seen as sharing mutual values with consumers. This shared-value alignment fosters trustworthiness as consumers perceive the brand's behavior to be more predictable and reliable while also reducing uncertainty.

Signaling theory emphasizes the role of communication in building trust. As Anderson and Narus (1990, 44-45) note, communication builds trust but also depends on trust. In the context of signaling theory, brand signals are a form of communication that conveys credibility and shared values and thereby strengthening the sense of trustworthiness.

Additionally, it is noted that radical changes, such as in some cases the adaptation of local names, can cause substantial costs and risks, which can outweigh the benefits gained from enhancing PBL. Furthermore, a failed attempt at localizing a brand slogan can negatively affect brand trustworthiness as then a brand can be seen as incompetent.

## **4.2 Social identity theory**

Social identity is that part of an individual's self-concept resulting from group memberships. People categorize themselves as well as others into social groups, identify the groups they belong to and compare their in-group to other out-groups. (Tajfel & Turner, 1979, 8–12) Social identity research

shows that shared social identity leads to greater trust, respect, cooperation, help and support for others in the group (Neville et al., 2022, 159).

As Han et al. (2023, 1301) draw in conclusion about PBL, brands that have PBL hold the same in-group value and trustworthiness that is typically given to group members. In this sense, PBL creates a psychological closeness with consumers while brands who do not have PBL do not. This can be linked to the elements of trustworthiness as locally perceived brands share the same social identity within the in-group, indicating similarity and shared values which in turn work as an antecedent of trustworthiness.

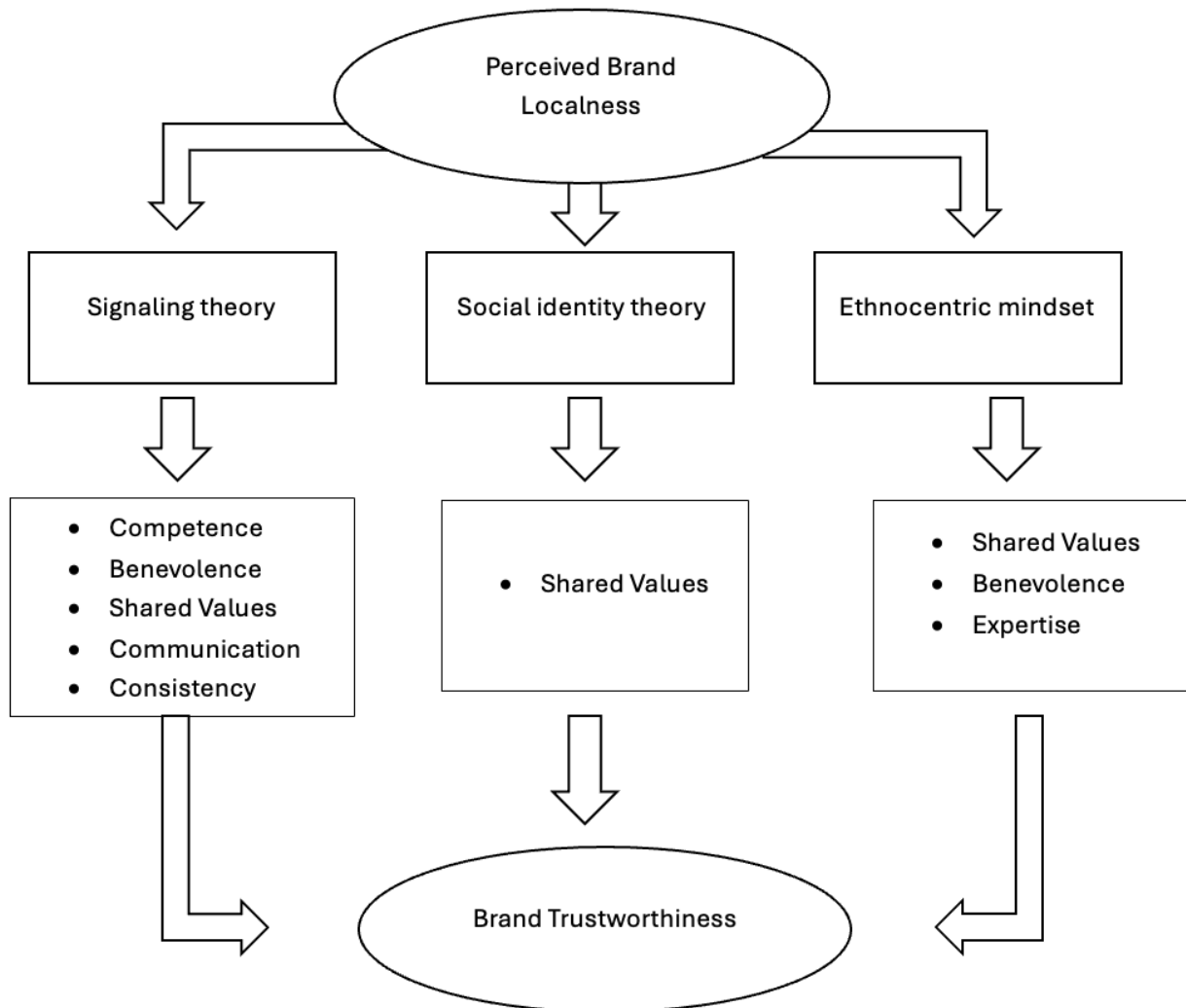
### **4.3 Ethnocentric mindset**

An ethnocentric mindset is defined as “the beliefs held by consumers about the appropriateness, indeed morality, of purchasing foreign-made products” (Shimp & Sharma, 1987, 280). Steenkamp et al. (2003, 56) note that local brands are often viewed as contributing to national well-being, while brands that are perceived as global can be seen as potential economic threats due to a consumer ethnocentric mindset. Brands that are perceived as local benefit from positive associations of authenticity, originality, adaptability to local needs and tastes (Rambocas & Narsingh, 2022, 705). This consumer preference means that PBL enhances trustworthiness by aligning the brand with national identity and collective values. By localizing a brand's offerings to align itself with local culture, brand signals benevolence as the act of localization shows goodwill towards the local market. This also demonstrates the brand as competent since it has the ability to adapt to local needs.

Since trustworthiness depends also on shared values, through an ethnocentric mindset PBL strengthens the dimension of shared values and similarity. Rambocas and Narsingh (2022, 705) highlight this by stating that PBL reinforces consumers' loyalty because of value alignment.

The research conducted by Mandler et al. (2021, 1582–1584) provide an explanation of how PBL operates as a strategic trust-enhancing mechanism. When a brand becomes recognized as a representative of local culture, it benefits from associations with trustworthiness, cultural originality and authenticity. These associations signal a comprehensive understanding of the local market and genuine concern for local consumer needs. This deep understanding of local culture that brands use can signal the competence and expertise of a brand. The choice to adapt to cultural values and norms can be a sign of benevolence and shared values which altogether indicate trustworthiness.

Figure 2 summarizes the implications of how perceived brand localness influences brand trustworthiness.



**Figure 2 Conceptual model illustrating the connections between PBL and brand trustworthiness**

Figure 2 illustrates how through these theoretical lenses brands that are perceived as local hold the elements and characteristics from a consumer's point of view and therefore work as an antecedent to brand trustworthiness.

The more brand succeeds in being recognized as a "local player" or "a symbol or icon of local culture" (Swoboda et al., 2012, 72), the more likely it can benefit from favorable associations such as trustworthiness, authenticity, local pride and connection to culture and heritage (Mandler et al., 2021, 1565).

## 5 Conclusions

The aim of the thesis was to answer the questions of how perceived brand localness (PBL) influences brand trustworthiness. To examine the main research question, it was divided into two sub-questions. First sub-question being how perceived brand localness is created through brand localization. This question is answered with justification from SMCR model (Mooij, 2022) and filtration model (Surikova & Siroda, 2023) and providing concrete examples of brand localization with the help of which perceived brand localness is created.

The second sub-question focused on the question on what brand trustworthiness is. This question was answered by first making a distinction between trust and trustworthiness and then further analyzing trustworthiness with the help of the Mayer et al. (1995) framework where trustworthiness is divided into three main antecedents of ability, benevolence and integrity. This framework was extended with the suggested models from Kharouf et al. (2014) and Sekhon et al. (2014) research, resulting in conceptualization of brand trustworthiness. In this thesis brand trustworthiness was divided into competence and expertise, integrity and consistency, benevolence, shared values and communication.

The relationship between PBL and brand trustworthiness was explored through three theoretical lenses: signaling theory, social identity theory and ethnocentric mindset theory. Signaling theory explained how brands communicate competence, benevolence and shared values as credible signals to reduce information asymmetry. Social identity theory highlights how shared social identity between consumers and brands foster similarity and shared values and therefore trustworthiness. The ethnocentric mindset perspective shows how consumers' preference local brands since they see them as contributing to national well-being.

Based on the analysis, there were multiple connection found between PBL and brand trustworthiness. Brands that are perceived as local are more likely to be seen as competent, benevolent, value-aligned and communicatively transparent, all of which collectively enhances consumer trustworthiness perceptions. These also foster the psychological closeness that consumers can have towards a brand through social identity theory. These findings suggest that brand localization strategies serve as a strategic mechanism to build trustworthiness and highlights the importance of cultural adaptation in global branding strategies. However, findings also highlight the effectiveness of brand localization strategies depends on the carefully made adaptations and errors in localization can weaken trustworthiness.

This thesis contributes to the existing literature by offering a conceptual framework of brand trustworthiness. This thesis also focuses solely on brand trustworthiness which is usually overlooked and mixed as brand trust. This thesis provides a foundation of understanding perceived brand localness effects on brand trustworthiness and extends prior research on brand localization by demonstrating how PBL systematically affects consumers' trust perceptions. This thesis offers insights on how cultural adaptation and localization strategies can strengthen trustworthiness.

The key limitation of this thesis was the lack of clear and consistent definition of the core concept of brand trustworthiness. The absence of established theoretical foundations on brand trustworthiness meant that adaptations were done. Prior research has not directly examined PBL in relation to trustworthiness, this study relies on adapting and integrating insights from related literature. This required interpreting and generalization of the conclusions. This thesis recognizes that the findings can vary between different cultural factors like age, gender and culture and may vary across different fields. The connections proposed here should be viewed as preliminary and in need of further empirical validation. Future research should focus on a specific country context to capture culture and market-specific dynamics. Secondly, future studies should explore PBL through the lens of a particular cultural factor/filter, for example uncertainty avoidance, to offer deeper understanding of contextual nuances.

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## Appendices

### Appendix 1 Artificial Intelligence

In the creation of this thesis, generative artificial intelligence was used for support tasks such as ideation, literature research and finding grammar errors. The tools, their purpose and the verification measures are detailed below. I confirm that I have used all AI tools with the necessary care and caution and have fully disclosed their use in accordance with university policy and I take full responsibility for all content presented in this thesis.

#### 1. Tool: OpenAI's ChatGPT (GPT-5.1 Version)

- **Stage of Use:** Ideation of the topic and research questions, literature search and grammar corrections
- **Purpose of Use:**
  - **Example Prompt (October 16, 2025):** *Does these sub-questions support the main research question and give modification proposals.*
  - **Example Prompt (December 2, 2025):** *Can you provide me academically reliable, peer-reviewed journals that handles the topic of slogans being translated to fit cultural contexts?*
  - **Example Prompt (December 9, 2025):** *Can you list if there is any grammar or language errors in this chapter?*
- **Verification:** The research questions and topic were independently modified and defined by me and nothing AI suggested were directly used as such. All sources provided by ChatGPT were carefully evaluated and read before using them. All the structure ideations and grammar corrections and suggest on better overall flow were all evaluated by me and ChatGPT did not provide any text that was used in the thesis.

#### 2. Tool: DeepL

- **Stage of Use:** Composition/Editing
- **Purpose of Use:** To translate words and sentences into Finnish or English
- **Verification:** All the translations were evaluated by me before using.