

CHALLENGES AND CHANCES FOR INTERNATIONAL PORTFOLIO ACQUISITION BRANDS (IPA BRANDS) IN DEVELOPING COUNTRIES

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ABSTRACT

Marketing literature has neglected cross-border acquisitions in a developing country by a developed country brand. However, research in this field appears necessary, when considering both the sensitiveness of developing country consumers to foreign brands and the common practice of western/global companies to enrich their brand portfolio through local acquisitions. The following paper deals with possible chances and challenges for such international brand portfolio transactions from a consumer perspective. By drawing on signaling theory, the resource based view and the theory of consumer reactance, we develop a simple hierarchical SEM model which is tested in China with 36 consumer goods brands. The study questions such an international takeover, since our findings point to a decrease in consumer loyalty and stagnant willingness to pay, despite rising quality expectations from consumers.

References available upon request