



MARKETING OF LOCAL BRANDS: HOW CONSUMER LOYALTY IS FORMED THROUGH THE SUPPORT OF LOCAL PRODUCTION

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Abstract. *The article explores the mechanisms behind the development of consumer loyalty toward local brands through support for local production and the specifics of marketing strategies tailored to local markets. The aim of the article is to identify the key mechanisms behind the development of consumer loyalty toward local brands through support for local production, as well as to analyze the factors influencing consumers' preference for domestically produced goods. The study employed general scientific methods of cognition: analysis, synthesis, induction, deduction, comparison, and generalization. The findings reveal that local brand marketing differs from universal marketing strategies in its structure, as it is based on a specific socio-psychological phenomenon—consumer ethnocentrism. This attitude manifests as an unconscious or partially conscious preference for national producers, accompanied by expectations of quality service, social integration, and the ability of the local brand to better understand local needs. It is shown that local producers have the potential to communicate effectively with consumers based on shared values, geographic proximity, and social interaction. The study highlights that local marketing strategies differ fundamentally in their methods of engaging with target audiences, digital practices, communication styles, forms of cooperation with other businesses, the logic of brand positioning, and the creation of customer experience. Instead of focusing on expanding the consumer base, which is typical for general strategies, local brands prioritize building a lasting positive image that encourages repeat purchases. This model has been shown to ensure stable sales growth in the long term. The research confirms that as long as high standards of product quality, social responsibility, and ethical business conduct are maintained, a local brand can fulfill not only an economic role but also serve as a driver for the development of the local community as a cohesive social entity. The practical value of the study lies in the potential application of its findings to improve marketing strategies for local producers and foster long-term relationships with consumers.*

Keywords: local marketing, consumer loyalty, ethnocentrism, branding, social integration.

Introduction.

In the current context of globalization, where large transnational corporations are actively entering local markets, the effectiveness of local marketing has become increasingly relevant. The dominance of global brands is often accompanied by product standardization, reduced adaptation to local needs, and a loss of personalized consumer interaction. This leads to a certain level of consumer bias against large producers who, despite their scale and resource potential, may fail to meet the expectations of specific customer segments – particularly those seeking authenticity, quality, and social



responsibility. As a result, interest in local brands is growing, as they offer a higher level of consumer engagement, flexibility in service delivery, and better alignment with local sociocultural expectations.

Local marketing demonstrates a number of advantages that enable businesses to achieve their goals more efficiently. This is driven by closer integration of the business into the local community and a deeper understanding of the needs of a specific region. A local producer can more rapidly adapt its offerings, incorporate authentic elements into brand communication, and effectively implement direct consumer interaction initiatives. In this context, the development of local marketing can be seen as a new stage in the evolution of promotion strategies – following a period dominated by globalized models, whose effectiveness in certain market segments is gradually declining.

Literature Review

The issue of building consumer loyalty through support for local production within the framework of local brand marketing has been extensively studied in academic literature. This topic gained particular relevance as early as the beginning of the 20th century, with the emergence of manufacturing and the first approaches to branding. The phenomenon of supporting local brands is explored from various academic perspectives – psychological, economic, and marketing – which enables a comprehensive analysis of consumer behavior models. Notable international studies include the works of G. Balabanis, A. Diamantopoulos, R.D. Mueller, and T.C. Melewar [3], who examine the influence of nationalism, patriotism, and internationalism on consumer ethnocentrism. This subject is further explored in the research of S.T. Thelen, J.B. Ford, and E.D. Honeycutt Jr. [9], P.W.J. Verlegh [10], as well as M. Awdziej, J. Tkaczyk, and D. Wlodarek [2].

The theoretical foundation also includes key principles outlined in the work of P. Kotler [6], who elaborates on brand and loyalty management in local markets. Additionally, the study draws on research by N. Kinra [5] regarding the impact of country of origin on brand perception, and J. Reardon et al. [7], who analyze the



relationship between economic development and brand loyalty in transitional economies.

The study also utilized expert sources, including recent publications in *Faster Capital* [1] and *One Touch Point* [8], which discuss strategies for enhancing loyalty through local marketing and digital communication channels with customers.

Despite the substantial amount of literature on this topic, there remains a lack of systematized material directly related to the subject of the study. Therefore, various scientific methods were applied to analyze, categorize, and organize the information in light of the study's focus.

Purpose of the article

The aim of the article is to identify the key mechanisms behind the development of consumer loyalty toward local brands through support for local production, as well as to analyze the factors influencing consumers' preference for domestically produced goods.

Research Results

Building consumer loyalty toward products represents not only a core value but also a strategic focus of all marketing efforts for companies aiming to maintain long-term competitiveness and sustainable development. In this regard, establishing brand reputation becomes a top priority, requiring the creation of a stable set of perceptions, associations, and symbolic meanings in the minds of consumers. This process goes far beyond tactical marketing operations and involves a strategic approach that includes systematic brand value management, significant resource investment, and ongoing performance monitoring to ensure brand perception remains consistent from the customer's perspective. Only through such consistency can a sense of authenticity and brand value stability emerge in the consumer's mind, eventually transforming into loyalty.

As noted by P. Kotler, brand reputation is shaped by the consumer's perception of what differentiates a brand within a particular product category, setting it apart from competitors [6]. This perception – brand image – acts as a catalyst for the perceived essence of the product and forms the foundation for subsequent consumer decisions.



The concept of perceived brand personality makes it possible to interpret the brand as a figurative “personality” with human-like traits applied to an intangible asset – its reputation.

During brand development, the very attributes that initially shape a positive reputation – such as product quality, the balance between quality and price, and innovation – continue to influence overall brand perception. The brand image therefore functions as a filter when comparing alternatives and becomes a motivator in the purchasing decision process.

In general, a wide range of strategies is used to create a sustainable brand, but in the context of small and medium-sized businesses, local marketing proves to be one of the most effective. It helps build trust through geographic and cultural proximity while also boosting consumer loyalty by enabling identification with the local producer.

Local marketing serves as one of the most efficient mechanisms for presenting a brand within a specific socio-spatial community, where potential consumers are both participants in and transmitters of the local cultural code. Through localized initiatives – event marketing, open communication with local residents, and collaborations with local projects – initial trust in the brand is formed based on geographic and emotional closeness [8].

Although this approach may appear impersonal due to its broad audience focus, the integration of the consumer into the local social community creates a personalized experience. In this context, the customer does not simply purchase a product, but engages with the brand as part of their environment, which significantly increases the likelihood of repeat interactions.

Unlike traditional approaches that prioritize acquiring new customers, local marketing focuses on deepening relationships with the existing audience. The emphasis shifts from quantitative growth to qualitative interaction: building trust, increasing visit frequency, and creating a sustainable brand within the context of everyday experience. Analytical research shows that even a modest increase in customer flow – by about 5% – can double business profitability under a local marketing model [1]. This effect is amplified when the product or service is consumed cyclically or repeatedly. Current



statistics indicate that referred customers exhibit 20% higher loyalty and spend 15% more than those who discover the brand independently for the first time [1].

These empirical findings are critical in shaping long-term marketing strategies focused on stability and the brand's social embeddedness in the local environment. In fact, loyal consumers evolve into brand ambassadors who not only support repeat purchasing but also actively contribute to the organic growth of the customer base.

Table 1 summarizes the key local marketing strategies, their tools, and the expected outcomes in the context of building loyalty toward local brands.

Table 1 – Key local marketing strategies aimed at building loyalty toward local brands

Nº	Marketing strategy	Key actions / tools
1	Building a strong community presence	Participation in local events; sponsorships; charitable activities; event organization; support for local initiatives
2	Using local SEO techniques	Google My Business; local keywords; location-specific website pages; mentions (NAP); positive reviews; local directories
3	Creating relevant local content	Posts about local events, community figures, and partners; guides; lists; neighborhood blogs; customer stories
4	Effective use of social media	Localized campaigns; interaction with followers; geotagging; collaboration with micro-influencers
5	Launching referral marketing programs	Bonuses for friend referrals; invitation promo codes; social sharing of reviews; easy participation process
6	Hosting local events and promotions	Workshops; holiday celebrations; customer appreciation days; product launches; sales events; in-person experiences
7	Partnering with local businesses	Joint events; cross-promotions; bundled offers; value- and audience-based collaboration
8	Offering exclusive local discounts	Special deals for students, seniors, and neighborhood residents; “thank you” days; shared discount cards
9	Collecting and responding to feedback	Online surveys; social media comments; offline feedback forms; responsiveness and adaptation based on input
10	Developing a local marketing plan	Demographic and values analysis; SMART goals; channel selection; content planning; KPIs; performance analytics

Resources: systematized by the author based on [1]

The formation of loyalty toward local producers is largely rooted in a socio-psychological phenomenon known as consumer ethnocentrism. The universality of this construct lies in the stability of associated behavioral patterns, which include not only loyalty to one's own ethnic or cultural group but also a predisposition to support economic entities representing that group. In a broader sense, ethnocentrism refers to the tendency to interpret other cultures through the lens of one's own experience, which



often results in cognitive distortions or oversimplifications in the perception of the “other.”

The concept of ethnocentrism has a long intellectual history. As early as the classical sociological discourse of the early 20th century, Sumner, W.G., and Keller, A.G., in their work *Folkways: A Study of the Sociological Importance of Usages, Manners, Customs, Mores, and Morals*. Ginn, emphasized the importance of internal solidarity arising from the support of local production. Within this paradigm, the consumption of domestically produced goods was seen not only as an economic act but also as socially responsible behavior that strengthened local identity and community cohesion. Consequently, imported goods – when local alternatives were available – were perceived as a marker of detachment from collective responsibility.

This concept has since evolved in studies of consumer preferences within specific cultural contexts. For instance, G. Balabanis, A. Diamantopoulos, R.D. Mueller, and T.C. Melewar [3] describe ethnocentrism as a determinant of how likely consumers are to favor domestic products over foreign ones, even when the latter are of higher quality or lower price. Under this mindset, supporting a local brand is viewed as a civic duty rather than just an individual benefit.

Contemporary approaches to consumer ethnocentrism highlight its complex psychological nature. N. Kinra (2006) characterizes it as a multidimensional construct reflecting how consumers identify with local products, viewing them as symbols of cultural identity, economic solidarity, and national pride. In this context, ethnocentric attitudes foster two interconnected yet opposing processes: a positive bias toward local brands and a potential prejudice or distrust toward foreign goods, which may be seen as threats to economic sovereignty or cultural authenticity [5].

Thus, ethnocentrism not only defines typical consumption patterns but also functions as a social marker – it signals that choosing a local producer is both an economic and moral gesture, allowing the consumer to identify as a participant in the local community.

In current research, consumer ethnocentrism is understood as a comprehensive attitude that not only prioritizes domestic goods in consumption practices but also



significantly shapes an individual's identity orientation. J. Reardon and C. Miller [7] argue that ethnocentric attitudes contribute to a sense of pride in national symbols, products, and cultural heritage, while at the same time limiting openness to foreign cultures. This effect is particularly evident in reduced consumer cosmopolitanism, which is essentially the opposite of localized brand loyalty.

However, it is important to avoid oversimplifying ethnocentrism as an unconditional preference for local products. As noted by S.T. Thelen and P.W.J. Verlegh [9], consumer preference for domestic producers is not absolute. Their research shows that product evaluation, despite initial ethnocentric favorability, must strike a balance between cognitive bias and objective quality. In other words, a consumer may feel positively toward a local brand, but the actual characteristics of the product remain critically important in decision-making.

These phenomena appear at the international level. Numerous empirical studies document high levels of ethnocentrism among consumers in countries with strong national production identities – particularly France, Italy, and Germany. In such countries, ethnocentrism is integrated into consumer identity and reinforced by cultural narratives promoting pride in national products and traditional craftsmanship. Similar patterns are observed in Eastern Europe and Asia. Polish, Russian, and Chinese consumers also show a strong preference for domestic products [3]. In these cases, the national context introduces additional political and historical layers to consumer behavior.

Particular attention in the demographic structure of ethnocentrism should be paid to age and gender. Findings from a study by M. Awdziej et al. [2] show that ethnocentric attitudes are more pronounced among older individuals, regardless of income level. Additionally, women generally show higher levels of loyalty toward local producers than men, likely due to a more empathetic approach to local support and economic responsibility.

Another explanatory factor involves ideological categories such as nationalism and patriotism. W.A. Galston [4] emphasizes that patriotism should not be seen as



unconditional support for state policy but as an emotional connection to a national or cultural community, which may include economic loyalty.

Based on the conducted theoretical analysis, which covers the socio-psychological factors of consumer behavior – including ethnocentrism, patriotism, and national identity – and taking into account current practices in web marketing and digital communication, a number of key differences between local brand promotion strategies and general marketing strategies can be identified.

Table 2 – Comparative analysis of marketing strategy features: local brand vs. general strategy

Criterion	Local brand	General marketing strategy
Target audience	Local community, residents of a specific region	Broad, anonymized consumer base
Online interaction format	Focus on fast delivery (within hours/day); special links for local website visitors	Oriented toward large-scale online stores; automated service channels
Offline activities	Presentations, celebrations, local events, collaboration with community initiatives	Mass events with media presence, PR support; less physical interaction with consumers
Communication strategy	Personalized, socially oriented, with elements of direct contact	Formalized, standardized, based on mass advertising
Content localization	Adapted to local culture; use of national symbols, local languages and visuals	Unified style; bold creativity aimed at impact and competition
Interaction with local business	Collaborations with other local producers (joint promotions, cross-sales, local development support)	Minimal interaction; focus on vertical integration or subcontracting
Brand positioning	Brand as part of the community, element of local identity	Brand as an innovative or functional product with broad reach
Type of loyalty	Emotional, identity-based (loyalty through belonging and shared values)	Rational, transactional (loyalty through discounts, deals, functional benefits)
Customer experience	Individualized, based on personal communication and participation in events	Automated, based on interfaces and standardized service
Role of reviews and referrals	Primary channel for organic growth and trust within the community	Supporting marketing tool (mostly digital ratings and reviews)
Economic function	Contributes to regional development; keeps capital within the community	Profit centralization, often with capital outflows beyond the local market



Understanding the specifics of localized consumer interaction makes it possible to clearly define the unique characteristics of loyalty formation, which in a local context is largely based on community identification, a sense of belonging, and interpersonal trust. At the same time, digital engagement for a local brand should prioritize hyper-local precision rather than transnational reach – achieved through tailored logistics, personalized communication, local symbols, and community-based collaborations.

Thus, local brand marketing is rooted in social proximity, cultural adaptation, and a sense of mutual support between producer and consumer. Integration with other local businesses plays a significant role in this process: joint initiatives and cooperation within territorial communities or creative clusters not only help optimize costs but also contribute to building a local economic ecosystem that is more resilient to external pressures. Such collaborations have the potential to shape a regional brand as a unified entity – one that encompasses not just products, but also values, traditions, and social capital.

Conclusions.

The marketing of local brands has a fundamentally different structure compared to general marketing strategies, as it is based on a specific socio-psychological consumer attitude – ethnocentrism. This attitude includes a preference for domestic producers, which is not always consciously associated with national identity, but rather with expected product quality and a desire to interact with providers who have a deeper understanding of local needs. Within this model, only local producers are capable of executing marketing communication effectively – communication grounded in shared values, geographic accessibility, and social integration.

The main differences between locally oriented strategies and general approaches emerge in how they engage with target audiences, digital practices, the nature of communication strategies, collaboration methods with other business entities, brand positioning logic, and customer experience formation. In the context of local marketing, the focus shifts from expanding the consumer base – which is often limited by the physical and demographic characteristics of the market – to building a stable



and positive brand image. It is this image that drives repeat consumption, ensuring steady sales growth over the long term. Provided high standards of quality, responsibility, and socially ethical conduct are maintained, the local producer can act not only as an economic agent but also as a driver of development for the local community as a cohesive system.

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