

## Country-of-origin effects in products and brands

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### Abstract

Countries always want to strengthen the images and the perceptions of the consumers about the products and brands originating from them. The paper discusses the various aspects of a brand or a product originating from a specific country and how the country-of-origin has an impact on the image of a particular product or a brand irrespective of the product or brand quality. The paper also discusses how companies and countries may utilize the perceptions created due to country-of-origin to form better images and perceptions in the minds of consumers.

**Keywords:** country of origin, country image, consumer perception, consumer attitude, consumer belief

### 1. Introduction

Consumer and business decision-making are sometimes affected by the attitudes and beliefs about a specific country. Rather than the actual products and services, the attitudes and beliefs about a specific country will decide the sales of the products and services of that country. So, government officials and markets have become concerned about the image of their country formed in the minds of consumers. Country-of-origin perceptions are the mental associations and beliefs triggered by a country (Gielens *et al.*, 2008) [4]. Any country will want to strengthen the image of the country in the global competition. This will help the domestic markets to export. Foreign firms and investors might also be attracted by the positive country-of-origin perceptions to invest in that country. It is understandable that marketers will want to take advantage of positive country-of-origin perceptions to sell their products and services.

### 2. Country Images and Consumers

The images of cities and countries built in the minds of consumers are not only important for tourism but also for commerce. Governments of various countries are interested in attracting foreign companies to their own countries. This in turn improves the economic situation of the country by providing jobs to the local people and also by improving the infrastructure of the country. Government officials in Kobe, Japan utilized the strategy to attract multinationals Procter & Gamble, Nestle, and Eli Lilly to locate their Japanese headquarters in the city. They applied careful targeting and positioning strategies to achieve this (O'Leary, 2010) [9]. Marketers used to sell a wide range of products starting from pizza to perfume to window blinds across the globe by using the name of Venice. After noticing this, the city officials of Venice decided to capitalize on its image by developing a trademark that could be licensed to product markets (Zhang and Khare, 2009) [15]. Hong Kong officials also developed a symbol of a stylized dragon to represent their city's core brand values. The Government of India has set up India Brand Equity Foundation (IBEF) to promote India as an investment destination. The foundation collects, collates, and disseminates comprehensive information on India. It also undertakes several initiatives to showcase modern India's achievements in

the field of business and industry (Satpathy and Venkatesh, 2006) [11].

Marketers do not necessarily market only products and services. Countries can also be marketed by marketers like any other brand (Rendon, 2003) [10]. One very good example is that of New Zealand. The country has developed concerted marketing programs to sell its products outside the country through its New Zealand Way program. The country takes advantage of the popular "Lord of Rings" Hollywood film trilogy which was shot there in its entirety. The spectacular landscapes of New Zealand were brought to millions of viewers through the movie. Marketing for a new surge of tourism to New Zealand has carefully played on the films' popularity. The efforts reinforce the image of New Zealand as fresh and pure. However, sometimes many movies hamper the image of a country more than to improve it. British comedian, Sacha Baron Cohen's mock documentary "Borat" portrayed Kazakhstan in an entirely different, crude, and vulgar light. The country is large in size, rich in natural resources, and is modernizing very rapidly. However, these aspects were not highlighted upon in the documentary (Bagenal and Harlow, 2006) [2].

Attitudes of consumers towards a specific country are developed based on how that country is showcased to them. Attitudes take time to develop and sometimes, attitudes towards country of origin may change over a period of time. Japan had a very poor image for quality products before World War II. However, after World War II the success of various Japanese companies and brands has helped change people's opinions. Notable among those companies are Sony and its Trinitron television sets, and automakers, Honda and Toyota. The image of a country may change drastically based on the success or failure of a brand from that country. The global success of Nokia in the field of telecommunications has helped Finland, its country of origin to launch a campaign which enhances the image of Finland as a center of high-tech innovation (Zhang and Khare, 2009) [15].

Political issues prevailing in a country can affect and influence perceptions of customers about their products and services. The brands from the United States have suffered much due to political issues. Various issues including the war in Iraq affected the image of the United States. The country found

itself at odds with other countries in recent years. This has affected the effectiveness of the marketing programs developed by U.S. brands (Weisul, 2010) <sup>[14]</sup>.

There are differences in opinions in different countries about the connections between American brands and U.S. policy on political issues. One consumer observed, "Calling for political independence is one thing, and liking American brands is another. I like IBM, Del, Microsoft, Starbucks, and Coke." There are many consumers who are willing to separate politics and products. Different technologies and brands from the United States are popular among consumers all over the world, and they continue to embrace U.S. youth culture irrespective of the political issues. Perhaps the most compelling example of the popularity of U.S. brands overseas is the fact that McDonald's most successful market in Europe has been France, a country often dismissive of U.S. politics and culture (Holt *et al.*, 2004) <sup>[7]</sup>.

People of different countries have different attitudes and opinions about U.S. brands. Part of it can be explained by the manner in which the global U.S. brands have been built and marketed over the years. One of the main reasons why many U.S. brands have become global and have sustained their positions in the global market is because of the understanding of universal consumer values and needs – such as Nike with athletic performance, MTV with youth culture, and Coca-Cola with youthful optimism (Steenkamp *et al.*, 2003) <sup>[12]</sup>. These firms have become successful globally because they understand the local cultures and tastes and preferences, and prepare their offerings based on them. They hire local employees in each country and make sure that their products and marketing activities are consistent with local sensibilities (Hein, 2007) <sup>[6]</sup>.

Many brands have taken great pains to enter the psyche of consumers in their foreign markets. One Coca-Cola executive tells of a young child visiting the United States from Japan. On seeing a Coca-Cola vending machine, she commented to her parents – "Look, they have Coca-Cola too!" as far as she was concerned, Coca-Cola was a Japanese brand (O'Leary, 2010).

Marketing efforts of some U.S. brands have not been that much fruitful. Many established U.S. brands like McDonald's, Coca-Cola, Microsoft, and Yahoo! did face obstacles in the foreign markets. Their images were tarnished. The resilience of U.S. brands even surprised many consumers. This is especially true for emerging markets where many of the U.S. brands are still popular even when the United States as a country is not that much popular (Grewal *et al.*, 2008). In Saudi Arabia, Kraft packaged cheese, Lays' potato chips, and McDonald's restaurants were all viewed as top brands in their respective categories (Hein, 2007) <sup>[6]</sup>. There is also a perception among consumers in developing countries that local brands were not as good as international brands. Survey indicated that 70 percent of consumers in developing countries, ranging from Argentina to the United Arab Emirates, felt that local products were not as good as products from international brands (Hein, 2007) <sup>[6]</sup>. Although the United States may have many problems as a country, they are still considered as the consumer capital of the world (Varman and Belk, 2009) <sup>[13]</sup>.

### 3. Consumer Perceptions about Country of Origin

Consumers have distinct perceptions about brands or products

from different countries (Holt *et al.*, 2004) <sup>[7]</sup>. This results from the different attitudes and beliefs which consumers may have about brands and which may have been built over a sufficiently long period of time. These perceptions can influence decision-making a lot. They may also affect the other attributes in the process. For example, if a brand is a French brand, then the product must be stylish (Varman and Belk, 2009) <sup>[13]</sup>. The mere fact that a brand is perceived as successful on a global stage – whether it sends a quality signal, taps into cultural myths, or reinforces a sense of social responsibility – may lend credibility and respect (Rendon, 2003) <sup>[10]</sup>.

Various studies have revealed different perceptions of consumers about brands from a specific country. In several cases, consumers have positive attitudes towards the brands of their own countries unless they come from a less developed country (Holt *et al.*, 2004) <sup>[7]</sup>. Also, if the image of any country is highly positive in the minds of consumers, then the "Made in ..." Label should be displayed more prominently (Johansson, 1989). The type of product determines how much impact country of origin will have. For example, consumers are more interested in knowing where from the main product is and not its accessories. A consumer may be more interested in knowing where a car is made, but not the lubricating oil (Rendon, 2003) <sup>[10]</sup>.

Different countries are known for certain types of products. Japan is known for automobiles and consumer electronics; the United States for high-tech innovations, soft drinks, toys, cigarettes, and jeans; France for wine, perfume, and luxury goods (Dong and Tian, 2009). Sometimes, country-of-origin perceptions may become universal and affect the image of any product or brand originating from that country. In one study, Chinese consumers in Hong Kong perceived U.S. products as prestigious, Japanese products as innovative, and Chinese products as cheap (O'Leary, 2010).

Markets should analyze how the country-of-origin perceptions are affecting both the domestic and the foreign perspectives of consumers in that country. In the domestic market, consumers may use the products and brands originating from that country because of love and respect for their motherland. As international trade grows, consumers may view certain brands as symbolically important in their own cultural heritage and identity (Rendon, 2003) <sup>[10]</sup>.

Patriotic appeal may be a strong reason for consumers to use the brands and products originating from their own country (Rendon, 2003) <sup>[10]</sup>. In such cases, consumers patronize the brands out of love for their motherland. Marketers sometimes take advantage of this in situations of economic and political crises. This is especially true for small businesses who tap into community pride to emphasize their local roots. These businesses propagate the product and service offerings of the local brands (Zhang and Khare, 2009) <sup>[15]</sup>.

In many cases, consumers are not aware about the country of origin of some well-known brands. In surveys, consumers routinely guess Heineken is German and Nokia is Japanese. On the contrary, they are Dutch and Finnish brands respectively (Steenkamp *et al.*, 2003) <sup>[12]</sup>. Not many consumers are aware that Häagen-Dazs and Estée Lauder originated in the United States (Holt *et al.*, 2004) <sup>[7]</sup>.

The market has become truly global at present. In this global market with outsourcing and foreign manufacturing, it becomes difficult to recognize the actual country of origin for

a specific product or brand. Only 65 percent of the content of a Ford Mustang comes from the United States or Canada, whereas the Toyota Sienna is assembled in Indiana with 90 percent local components. Marketers are pouring a lot of money, efforts, energy, and resources into North America, investing in plants, suppliers, dealerships, as well as design, testing, and research centers. This is happening because North America is an extremely lucrative market for most of the marketers. The country-of-origin effects are getting blurred in such cases (Weisul, 2010) <sup>[14]</sup>.

Many companies with established brands in the home country are targeting niches to establish a foothold in growing and vibrant foreign markets. China's leading maker of refrigerators, washing machines, and air-conditioners, Haier is trying hard to establish itself as a preferred brand among the college students of the United States. These students will form a majority of the market in future. Haier is trying to shift their loyalty from established U.S. brands like Wal-Mart and elsewhere. Haier's long-term plans are to introduce innovative products in other areas, such as flat-screen TV sets and wine-cooling cabinets in future (Backaler, 2010) <sup>[1]</sup>. This will have a dual advantage for Haier. On one hand, the success will improve the country-of-origin effects of foreign consumers about China. On the other hand, this will also help Haier to establish itself in the growing and profitable U.S. market. Also, the success in the U.S. market may help Haier to establish itself in other foreign markets.

#### 4. Conclusion

Country-of-origin may create both positive and negative impressions about a particular product or brand coming from a specific country. The impressions are generated due to the perceptions about the specific country in the minds of consumers. Companies need to analyze the effects created by country-of-origin and present their offerings accordingly to the consumers. This will help the companies to establish their products and brands better in the market.

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