

# **Country of origin image and brand image congruence: The impact on brand equity**

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## **Abstract**

The article develops a conceptual framework for analyzing under which conditions it is advantageous to include country of origin in the brand positioning strategy and under which conditions country of origin does not contribute to brand equity. The article builds on branding theory and country of origin theory, research propositions are developed and research design discussed. We argue that brand equity increases with use of country of origin in positioning strategy under conditions of congruence between brand personality and country image.

Key words: Brand equity, brand personality, country image, country of origin

## **Introduction**

The role of the brand in stimulating demand has been acknowledged for some time. In particular, since the seminal book by Aaker (1991) this topic has attracted a lot of interest (Keller, 2001). Brand equity may be measured and analyzed from financial perspectives or from consumer based perspectives. As pointed out by Keller (1993), consumer-based brand equity is defined in terms of the marketing effects uniquely attributable to the brand. This means that we need to focus on effects on consumers which would not occur if the brand was different or did not exist. In this paper we focus on the potential effect of country of origin image on consumer based brand equity.

## **Literature review**

From a marketing point of view, academic interest in country of origin dates back at least to Dichter (1962), who argued that a product's country of origin may be very important for the

acceptance and success of products. The first empirical study was probably undertaken by Schooler (1965). He found significant differences in the way products were evaluated based upon the name of the country specified on a “made in” label. A large number of studies have later confirmed that a country-of-origin effect typically exists, but the size of the effect vary and may be affected by a number of study characteristics (Peterson and Jolibert, 1995). The research area has continued to attract interest and a recent account found more than a thousand contributions (including almost five hundred journal articles) as of mid- 2004 (Papadopoulos and Butt, 2006). Most of this research, especially the early research, explores how information about the country of origin will affect demand for a product. Studies in this research stream have mainly addressed how information about country of origin is used to infer beliefs about the quality of a product. The cue may be considered an external informational cue for product evaluations (Bilkey and Nes 1982). Country of origin may also be considered a symbolic index to other informational cues that have an impact on quality. The informational cue “made in Germany” gives for instance signals regarding a number of internal and external cues like design, reliability, price level etc.

Several studies indicate that country of origin is more than an informational cue for the quality of products. As pointed out in the review conducted by Verlegh and Steenkamp (1999), it also relates to emotions, identity, pride and autobiographical memories. They use a framework developed by Obermiller and Spangenberg (1989) to classify the processing of the country of origin cue as cognitive, affective or normative. In cognitive information processing the country of origin cue is used as a signal for overall product quality and specific quality attributes. In affective processing the country of origin cue links the product to symbolic and emotional positive or negative associations, including social status and national pride. In normative evaluation, consumers rely upon social and personal norms related to the country of origin. They may for instance feel a moral obligation to buy domestic goods to protect jobs, or they may refrain from buying goods from countries they consider pursue immoral policies. The three classes of processing are not mutually exclusive, but are rather constantly interacting. The meta-analysis conducted by Verlegh and Steenkamp (1999) indicates that country of origin has a larger effect on perceived quality than on attitude toward the product and purchase intention. Furthermore, they find that the country of origin effect is correlated

with the economic development of the country, while it does not differ between industrial and consumer purchasing.

Heslop and Papadopoulos (1993) acknowledges the basic distinction between country (*macro*) and product images (*micro*) and the need to measure both. Pappu, Quester and Cooksey (2007) found that both macro- and micro country images were significantly associated with consumer-based brand equity. The macro country images that have impact may be characterized as (1) image of the society e.g. industriousness, innovativeness, degree of education, culture, climate and degree of economic development, (2) *image* of the people and (3) images of politics like war and economic exploitation that create animosity feelings (Heslop and Papadopoulos 1993; Klein, Ettenson and Morris 1998; Shoham, Klein and Ruvio 2006).

The strength of the association between country image and buying behavior depends on whether the country image matches important product attributes. This was dubbed by Roth and Romeo (1992) as “product–country matches” and by Usunier and Cestre (2007) as “product ethnicity”. These two studies are concerned with matches between country image and product category characteristics. The studies test for willingness to buy related to product–country match and product ethnicity and they provide convincing evidence of a greater willingness to buy products for which there are such matches. The studies assert that the effect of country of origin information on product evaluations varies between product categories. A country may have an excellent reputation as origin of one category of products and a poor reputation as origin in others. E.g. France has an excellent reputation as origin of luxury products, but not necessarily as origin of reliable machinery. Germany may have the opposite image. Thus, the country attributes may match attractive product characteristics in one product category, but have no value, or even negative value, in other categories.

The studies by Roth and Romeo (1992) and Usunier and Cestre (2007) are important because their investigations into the associations consumers establish between product categories and countries indicate under which conditions it is advantageous to use country of origin in

marketing strategy, and under which conditions country image has little or no relevance for product image. Using country of origin may in some cases even give negative connotations. These studies operate on the generic product category level. Tie-in of country of origin theory to brand theory is important as illustrated by recent discussions in Switzerland. This country is the home of such famous brands as Nescafe, Rolex, UBS, Credit Suisse and Zurich, Omega, Nestle and others. How did such a small country become such a brand powerhouse? What is the role of the Swiss country image in the brand equity of these famous brands? Interestingly, the Swiss government considers new intellectual property laws to protect the Swiss brand origin from misuse (Silverstein 2009).

*Brand personality* is a symbolic attribute and in consumer research it has for a long time been suggested that such attributes of a brand are important for explaining consumer behavior (Aaker, 1997; Austin, Siguaw, & Mattila, 2003; Sirgy, 1982). The argument is that attitude objects (e.g. brands) are associated with personality traits that have symbolic and self impressive implications for the consumer. Image congruity theory holds that these associations should be in congruity with the consumer's personality in order to influence consumer behavior. The ability to express personality traits is often associated with positive affects, such as a pleasure or pride, whereas inability is associated with negative affect (Swann, De La Ronde, & Hixon, 1994). According to Aaker (1997) brand personality is a key way to differentiate a brand and an important driver of consumer preference and usage. Brand personality is also a common denominator that may be used to market a brand internationally across cultures. The construct refers to the set of human characteristics which are associated with a brand. By using a specific brand, consumers may express his or her own self, ideal self or specific dimensions of the self. Brand personality is considered a sub-dimension of brand associations and is supposed to contribute to brand equity (Aaker 1997).

We argue that in a condition with congruence between relevant aspects of country image and brand personality we have higher brand personality scores with country of origin as part of the brand position compared to the brand personality scores without country of origin information. Using the same line of reasoning, we expect that *buying intentions* are higher with country of origin information in brand position under the stated congruence condition.

Research propositions:

RP1:

Using country of origin in brand position will increase the brand personality scores provided congruence between country image and brand personality.

RP2:

Using country of origin in brand position will increase buying intentions provided congruence between country of origin image and brand personality.

## **Discussion**

An empirical test of the research propositions could have an experimental design. The experimental treatment would be with and without country of origin included in the brand communication. The other variables would be brand personality and country image where country image is measured on the same attributes as brand personality to establish degree of congruence. The country of origin of the product would preferably not be known by the respondent prior to the study. Such a study extends present theory in examining the effect of image congruity to country-brand matches. We expect that country of origin in the brand position may increase brand equity under the stated congruence conditions. Without congruence we expect no difference in brand attitude evaluations based on whether country of origin is present or not present. Many famous brands are associated with a country of origin and this may be an important part of the brand strategy. E.g. Volkswagen uses the German “Das Auto” in their international advertising and Nike communicates “Designed in the USA” to position themselves as American though the products are manufactured outside USA. In their and many other cases it’s a question of to which degree companies use country image in their brand positioning strategy. It must be valuable for such companies to know which country attributes strengthen the brand position, and which, if any, country attributes have a

negative impact on brand image. Brand-country congruence studies may provide this type of information

Brand positions are unique and their brand personality and the relevant country image factors will vary from case to case. In situations where the country already has earned a reputation for the product category (e.g. Swiss watches) the product category image may be more important for brand personality than country image. In other cases the country of origin has no specific product category reputation (e.g. Norwegian apparel). Then the relative importance of country macro variables and their congruence with brand attitude variables may be higher. These are important questions with a potential for significant effects on brand equity and on profitability.

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