

Does the country-of-origin still have an impact on the consumer of luxury brands? An international longitudinal approach 10 years later.

1. Purpose

Country of Origin (CoO) has certainly been one of the most studied topics in marketing in the recent years (Lu et al., 2016; Andehn & Decosta, 2018; Lopez & Balabanis, 2020). While issues around CoO impacted recent developments in international marketing, they have also been a source of major controversy and criticism. The influence of CoO on consumers would gradually tend to disappear under combined effects of increasingly multinational production and global branding (Samiee, 2010; Usunier, 2011).

This research project therefore fits into this perspective by examining the influence over time of CoO on consumer behavior. This article is the result of a longitudinal research that complements and extends previously published findings (authors, 2009, 2012). These prior studies aimed at updating the factors influencing consumer purchase of luxury goods and, more specifically, to consider the combined effect of brand and (CoO) on purchasing decision.

Current research consists in replicating the previous study in order to test the stability of the results over time. The globalized economic environment of luxury brands is rapidly shifting and many brands identified with a country and remained independent until they have been absorbed by large international groups. Therefore, some consumers are changing their habits and tend to reject this internationalization, in a form of regionalism or even nationalism. A longitudinal study on the impact of the CoO is then justified almost 10 years after the first results.

The pandemic crisis had also significant impacts on this sector which is naturally international. Although the crisis seems to have been overcome in luxury, which returned to growth, it has certainly left its mark on consumers by changing their perceptions of brands.

For this reason, testing the impact of the CoO on luxury brands equity and its consequences for the consumer (preference, price premium, and loyalty) seems to be more relevant than ever.

In addition, the increasing sensitivity of customers to issues of sustainability, which leads luxury brands strategies to invest in Corporate Social Responsibility (CSR) (Cowan et al., 2020) and technologies for customer engagement (Authors, 2021), it seems interesting to consider these new variables in our initial model.

Finally, in the first articles, we did not consider generational differences in perception. In recent years, luxury brand strategies have largely taken this dimension into account. This is why we propose to add comparisons between generations, in addition to those between countries.

2. Literature review

Since Dichter's (1962) reference to "made-in" dimension, research on effects of CoO became a major topic of international marketing and consumer behavior literature. Studies exist on consumers' beliefs and buying behavior in relation with CoO of a product/service. However, CoO is also a controversial issue, and many studies led to opposite conclusions (Bhaskaran and Sukumaran, 2007; Verlegh and Steenkamp, 1999). Some (e.g., Agrawal and Kamakura, 1999; d'Astous and Ahmed, 1999, 2008; Laroche, Tomiuk, Bergeron, and Barbaro-Forleo, 2002; Herz and Diamantopoulos, 2017) conclude that CoO has a significant influence on the choice of a product/service, while others (e.g., Ettenson, Wagner, and Gaeth,

1988; Liefeld, 1993, 2004; Lim and Darley, 1997; Lim, Darley, and Summers, 1994; Samiee, 2010) show the weak influence of CoO.

CoO effect on consumer perceptions and purchasing

Some studies on the effects of CoO consider the composition of product-country images (Agrawal and Kamakura, 1999; Roth and Diamantopoulos, 2009; Roth and Romeo, 1992; Usunier and Cestre, 2007), while focus on how consumers use CoO as an evaluation of product quality (Bloemer et al., 2009; Veale and Quester, 2009; Verlegh, Steenkamp, and Meulenberg, 2005). This article is in line with this second perspective, and examines the influence of CoO on perceptions and purchasing intentions of luxury consumers.

The conflicting results of previous studies on the impact of CoO are due to (1) the use of different types of products from different sources which result in opposite conclusions on the effect of origin on consumers' behavior (Veale and Quester, 2009; Verlegh and Steenkamp, 1999), (2) previous approaches (Agrawal and Kamakura, 1999; Peterson and Jolibert, 1995; Verlegh and Steenkamp, 1999) showing the impact of CoO on decision making to be relatively low in studies combining several factors.

Luxury Brands and Brand Equity

The present economic context leads companies to revisit the relationship between consumers and luxury brands. Despite various purchasing motivations, the brand remains the main vehicle for connecting with the consumer. A brand may influence customers' perceptions and attitudes in several ways.

The development of of **brand equity** concept has resulted in significant changes to the brand concept itself. The Keller's (1993) model of brand equity is dominant and provides the link between its two dimensions: **brand awareness** and **image**.

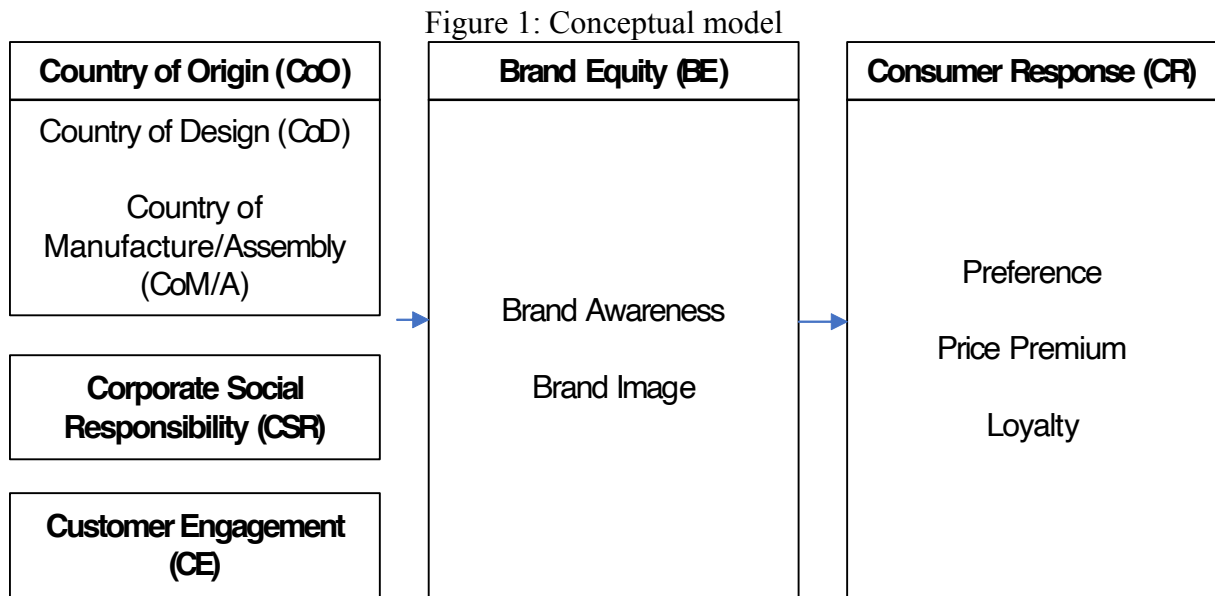
Consumers' Behavior towards Luxury Brands

The way brand equity brings benefits for the company has been subject to extensive debate much in the same way as the discussion of what brand equity consists of and how it can be built with distinct marketing actions (Christodoulies and de Chernatony 2010). Despite disagreement about their relative importance and measurement, most scholars would agree that stronger brand equity, essentially, contributes to increased brand preference, willingness to pay a premium price, and customer loyalty (Aaker 1991, 1996; Keller 1993, 2003; Kapferer 2004; Keller and Lehman 2006). In this study we focus on these three important customer responses to brand equity.

Brand preference refers to the tendency for consumers to prefer and feel more attached to one of the brands among others based on what they know and feel about it, i.e customer-based brand equity (Keller 2003).

Price premium has been shown to be one of the main antecedents of purchasing behavior (Netemayer et al. 2004). The willingness to pay a premium price is the amount a customer is willing to pay for his/her brand over another (Netemayer et al. 2004).

Brand loyalty has usually been measured as the extent to which consumers declare they have bought a particular brand or will be buying it in the future.



3. Methodology and findings: Previous results and extensions

In the earlier phases of this research, the authors intuitively assumed significant differences to exist between homogenous groups of countries according to the level of maturity of their luxury market. However, the situation is more complex and therefore requires a finer distinction between countries. In particular, for countries in the sample where the luxury market is still developing (China, India, and Russia), consumer behavior is strikingly different from one country to another, which makes it necessary for companies to adapt their marketing strategies to each country.

The study identified four main elements that best characterize the luxury sector from consumers side: brand, CoD, design, and CoO. However, depending on the target location, the value of the criteria differs significantly between the countries in the sample.

Then, the study examined the criteria behind luxury goods' purchase decision. The most relevant criteria were design, brand, and guarantee. Here again, differences existed among countries. CoO, which did not generally form part of the elements valued by consumers of luxury goods, displayed the largest difference among countries. However, consumers in all countries widely recognized brand as a criterion of choice in the purchase of luxury goods.

This new phase of our research aims to replicate the model 10 years later in the same countries (China, France, India, Italy, Japan, Russia, and the USA), with a sample of 200-300 consumers per country. It is indeed particularly interesting to lead this longitudinal comparison on the same countries to see if the results are stable or if countries have evolved in the evaluation of the different components characterizing the sector and the motives for consuming luxury goods.

We will also integrate in this new research: (1) some elements measuring the perception of luxury brands' CSR by consumers and its effect on brand equity, and (2) measurement of customer engagement towards luxury brands as a consequence of the numerous social media activities of the brands.

4. Conclusion: Implications, originality/value and limitations

The research, conducted ten years ago, allowed the authors to confirm, develop, and generalize results previously obtained in the exploratory phase. The results provided insights

to companies intending to expand internationally in a geographic area covered by the study, and contributed also to the theoretical controversy on the importance of CoO in the consumer decision-making process.

The research formed two groups of countries according to the maturity level of the luxury market. Then, the study analyzed the results of each developed and developing countries relative to the group mean.

From the academic point of view, this research contributed to previous studies concerning CoO and branding through a multicultural analysis that considered seven countries and around 2,000 customers. The results provided a number of responses to the controversy surrounding the importance of CoO in the decision-making process of consumers (Bloemer et al., 2009; Laroche et al., 2005; Papadopoulos and Heslop, 2003; Usunier, 2006): the study highlighted that the impact of CoO is weaker than that of brand for luxury goods.

Some other interesting results emerged from the research, especially concerning the possibility of identifying potential country groups based on the analysis variables. The respondents seemed to grasp fully the globalisation of markets and – especially – of the value chain, from conception and design to the manufacture of a product.

The present research will verify the main findings of the previous one and will introduce two new elements into the model: CSR and its consideration in company strategy and communication and efforts for customer engagement with the technological tools currently widely used also by luxury companies.

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