Country-of-Origin Effects on Perceived Brand Positioning
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Abstract
A brand’s country-of-origin can influence the brand’s perceived positioning by reducing perceived risks, acting as a guarantee and enhancer for the positioning strategy. Thus it can influence consumers’ buying decision process and offer a significant competitive advantage. At the other end of the spectrum, country-of-origin associations can negatively affect the brand positioning strategy. Consumer perceptions regarding the brand’s country-of-origin must concur with product category associations in order to avoid negative country-of-origin influences on the brand’s perceived positioning. This article reviews the main country-of-origin moderating factors and analyzes their influence on consumers’ brand perceptions at a cognitive, affective and normative level. We explain country-of-origin effects on the buying decision process from the means-end-theory perspective. We further analyze the possible implications of country-of-origin moderating factors on brand positioning bases. Finally, we review the managerial implications of country-of-origin moderating factors on brand positioning strategy. We suggest further directions for enhancing positive country-of-origin associations, while minimizing negative associations and creating an optimal congruence between the country-of-origin and the brand positioning elements.

Keywords: country-of-origin, brand positioning, positioning strategy, perceived positioning.

1. Introduction
Country-of-origin is an important factor in influencing consumers’ brand evaluation, perceptions and purchasing behavior. Thus it can offer brands a significant competitive advantage. Numerous studies have emphasized the positive effects that country-of-origin confers to products, such as perceived quality, familiarity with the product (Thakor & Lavack, 2003) or transfer of certain country perceptions and values as a halo effect (Piron, 2000). Brand

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origin can provide a strong competitive advantage in creating a favorable brand image. A country with a positive image is an enhancer for product positioning, reducing the perceived risk related to product acquisition.

However, country-of-origin effects have often lead to unsuccessful associations of product images and country images, due to incongruent positions detained by each in consumers’ minds. Some studies highlight the multidimensional nature of country-of-origin effects (Chryssochoidis et al., 2007), explained by differences in country related economic, socio-cultural, political and technological factors. Consumers tend to have a positive bias towards products manufactured in developed countries and a negative bias towards those produced in underdeveloped countries. However, these perceptions may change over time due to technological advances, personal lifestyle or more sophisticated marketing techniques (Chuin & Mohamad, 2012).

Product positioning is implemented through the marketing mix, but it is also influenced by various other factors. This study analyzes the influence of country-of-origin moderating factors on consumers’ product perceptions, focusing on their significant influence on brand positioning. The article aims to explore on a cognitive, affective and normative level the country-of-origin induced effects on product evaluation.

2. Background of country-of-origin effects

Thakor and Kohli (1996) defined the concept of brand origin as “the place, region or country to which the brand is perceived to belong by its customers”. Country-related aspects are cultural identity, political climate, language, history, landscape, economic and technological development, religion and people (Kaynak et al., 2000). Based on these elements, country-image can be viewed as an operational concept: a variable, a holistic network, a complex of beliefs, an attitude construct and a triple-component attitude construct (Brijs et al., 2011).

Lampert & Jaffe (1998) stated that country image can be viewed as an asset when it has a positive connotation and as a liability when it is associated with negative elements. Previous research indicates that a „match” between country-of-origin and product category associations is needed to avoid negative spillover effects. The type of product associated with its country-of-origin is therefore essential. For example, France has a positive image when it comes to wine, fashion or perfumes, while its association with cars and high technology products is less positive. Country images may contain contradictory associations, being therefore relevant which associations are activated in relation to a specific product or product category. For example, the United States of America is considered a strong brand, but has nevertheless certain negative associations. However, these negative elements have not managed to reduce its perceived product attractiveness (Morgan et al., 2004). On another note, many untapped positive country-of-origin associations exist. Turkey has developed a reputation regarding the product category of carpets, but has not yet leveraged this product reputation for creating a strong brand reputation. This situation reveals a country which can provide a strong product image, but a weak brand image (Diamantopoulos et al., 2011). One can conclude that the effects implied by a certain country-of-origin are both product category specific and also country specific (Lampert & Jaffe, 1998).

3. Implications of country-of-origin moderating factors on brand positioning bases

Brand positioning is defined as “the act of designing the company's offer and image so that it occupies a distinct and valued place in the target consumer's mind” (Keller et al. 2011). It is mainly the process through which a brand aims to be perceived as distinct and offering superior value in relation to competitors. Successfully managing consumer perceptions is thus essential for effective brand positioning. In the positioning process, a product becomes significant for the consumer, through the creation of strong, favorable and unique brand associations (Keller et al. 2011). Based on brand positioning, marketers aim to attain positive brand equity.

As positioning is based on consumer perceptions, it only partially resides under marketers’ control (Dib et al. 1997). Therefore, the desired, communicated and perceived positioning may frequently differ, the incongruence being caused by both internal and external factors (Blankson, 2004). Individual factors explain how consumer interpretation of positioning elements may differ as a result of personal characteristics, objectives, values, consuming patterns and previous experiences (Schiffman & Kanuk, 2007). Effective positioning may be influenced by a series of external associations, related to competition, cultural or social factors. Moreover, in a global context, international positioning raises new positioning challenges, such as managing country-of-origin effects. Country-of-
origin effects are defined as the differential consumer response to a product, due to the country that is perceived as its source. They can significantly alter a product’s position, either adding or detracting to the level of congruence between the desired and perceived positioning (Baack et al., 2013).

Aaker (2010) stated that the preference for a familiar brand is caused by consumers’ belief that the producer spent time and money to achieve recognition. However, brand familiarity is not yet developed when a product enters a new market, with the exception of products from a global brand. Consumers use country-of-origin as an extrinsic cue especially in the evaluation of new products, rather than focusing on the intrinsic attributes of one specific product (Michaelis et al., 2008). In this context, as the brand can no longer provide familiarity and thus product knowledge, country-of-origin familiarity becomes more important. Product image can be affected by a negative country image before consumers become familiar with the name of the brand.

We further analyze country-of-origin implications on brand positioning bases on a cognitive, affective and normative level from the perspective of means-end-theory. The means-end-chain of attributes, benefits and values is designed to understand brand characteristics on superior levels. The product attributes (descriptive features) lead to benefits (the personal meaning attached to product attributes) which lead to values (enduring personal goals and motivations) (Keller et al., 2011). Special attention should be dedicated to brand perceptions moderated by country-of-origin effects on a cognitive, affective and normative level.

3.1. Cognitive aspects of country-of-origin effects

On a cognitive level, the country-of-origin is a cue for product quality. At the affective level, country-of-origin determines symbolic and emotional product connotations, offering benefits such as status or pride. Brands may also be rejected on the basis that their home countries do not fit into a consumer’s profile of values and beliefs. From this point of view, the normative effect could affect, for example, brands from countries with objectionable activities or regimes (Verlegh & Steenkamp, 1999).

Perceived quality can be defined as “the consumer’s judgement about a product’s overall excellence or superiority” (Zeithaml, 1988). It relates to the cognitive and rational mental mechanisms which assist the consumer in product evaluation. The concept of perceived quality has two dimensions, design quality and manufacturing quality. Design quality evaluates the process from the conceptual idea of the product to the engineering stage, while manufacturing quality refers to the actual materials that form the product, as well as the assembly activity (Insch & McBride, 2004). Thus, the “made-in” and “designed-in” country-of-origin labels offer information regarding the quality dimensions of the product. Quality cues can be intrinsic, thus belonging to the product, or extrinsic, such as price, brand or country-of-origin.

Country-of-origin is stated to be a quality cue for reliability, safety and durability, reducing the perceived buying risks. Its importance as a quality cue especially increases in buying situations when there is lack of other information available on the product (Lobb et al., 2007). For products under a less known brand, country-of-origin may act as a brand itself, thus allowing marketers to position their products rapidly and with lower costs. For products under a well-known brand, origin tends to be less important (Schaefer, 1997), but it still can help to reinforce brand attributes. The country image can leverage attributes to the brand, acting as an external cue about product quality. Brand associations and country-of-origin associations often tend to be linked and mixed up in consumers’ minds, leveraging attributes to one another. Perceptions about a country brand influence local brands and vice versa (Keller et al., 2011). Therefore, separating the influences of brand perceptions and country-of-origin associations can be difficult (Profeta et al., 2012). Nevertheless, brand and origin act together holistically.

Brand influences consumer behavior especially in high-involvement purchase decisions. The more involvement and knowledge of a product the consumer has, the more complex his means-end-theory chain becomes (Grunert & Grunert, 1995). However, in low-involvement purchase decisions, such as in the FMCG sector, country-of-origin may have a higher influence than brand knowledge. Moreover, for commodity products, which lack complexity and for which qualitative differentiation is especially difficult, country-of-origin can act as an important tool for product differentiation (Teuber, 2007).

3.2. Affective aspects of country-of-origin effects
On an affective level, country-of-origin emotional connotations can be formed through direct experiences, such as travels or foreigner encounters, or indirect experiences, through means like art, education, mass-media, word-of-mouth or stereotypes (Verlegh & Steenkamp, 1999). Consumers use brands to express predilection for a certain lifestyle in an act of self-expression (Munteanu & Pagalea, 2014). As consumers link certain brands with feelings of social status, pride, power and specific lifestyle, country-of-origin can act as a self-expression attribute. A country’s personality can act as a self-expressive attribute and favor the fulfillment of self-esteem. Aaker (1999) suggests the necessity of congruence between brand personality and consumer actual or ideal personality. Therefore, a country’s brand personality may be emphasized and matched with the target consumers’ personality. Emphasizing similarities between personality traits of a country and of the target consumer may lead to a feeling of affinity towards the country and the brand. Oberecker and Diamantopoulos (2011) demonstrate that country affinity is strictly affect-based and distinct from the country image cognitive construct.

The relationship between country-of-origin and willingness to buy a product can be moderated by affinity or animosity. Animosity is defined as “the remnants of antipathy related to previous or ongoing military, political or economic events” (Klein et al., 1998, p. 90). Findings suggest that consumers are less interested to actually buy a product manufactured in a country for which they have a deep feeling of animosity. A good example is represented by Chinese consumers’ attitude towards Japanese products. Due to Japan’s perceived dominance in economic development and problems regarding violence inflicted upon China in the past, Chinese consumers tend to avoid buying Japanese products (Maher & Carter, 2011).

“Labeling effects” caused by social influence on brand reputation are transferred to the product, confirming the bias (Munteanu et al., 2014). Country-of-origin normative mechanisms may have an important effect on consumers’ willingness to buy certain products. Feelings of affinity or animosity towards a specific country can be rooted in deeply entrenched values, dictated by social or personal beliefs. The moderating effect of social norms on perceived positioning may be caused by a confirmatory bias regarding the country reputation. However, willingness to buy may be affected by normative mechanisms, while the product perceived quality remains unaffected.

3.3. Normative aspects of country-of-origin effects

Consumer ethnocentrism and disidentification are normative factors which moderate the relationship between country-of-origin and product acquisition by associating feelings of affinity or animosity towards specific countries. Ethnocentrism or disidentification may lead to attraction/repulsion reactions towards domestic/foreign products. These reactions are related to social and personal values, as well as to the normative level, which is influenced by both cognitive and affective processes.

Ethnocentrism can be defined as “the view of things in which one’s own group is the centre of everything and all others are scaled and rated with reference to it” (Josiassen et al., 2011) and is described as a connection between social and moral norms. This perspective focuses on a positive bias towards locally produced products and on rejection of foreign products (Balabanis & Diamantopoulos, 2004). Ethnocentrism is strongly related to animosity or antipathy towards a country, animosity being an anterior element to ethnocentrism (Jimenez & San Martin, 2010). Watson and Wright (2000) established that consumers from developed countries tend to prefer their home products and that a similar culture can be a decisive factor in consumers’ buying decision.

Contrary to ethnocentrism, disidentification represents the opposition towards one’s country and its consumer patterns. Disidentification manifests through a negative bias towards locally produced products, as a wish to disidentify oneself from the typical domestic consumer. Its antecedents may be a strong identification with religious, political, ethnic, age or interest groups or various consuming related stereotypes (Josiassen et al., 2011).

The levels of ethnocentrism and disidentification of target markets should be thoroughly analyzed before elaborating the positioning strategy. Ethnocentrism and disidentification may act as segmentation variables and be an important guide in establishing the frame of reference for the positioning strategy. These variables moderate the knowledge and attitudinal structures of consumers, through which further meaning is attached to incoming product sensations (Brunso et al., 2004). Thus if ethnocentrism or disidentification are significant, positioning should have a bottom-up approach, starting from the upper level of the means-end pyramid.

4. Conclusions
This article reviewed how country-of-origin image affects perceived product positioning through various cognitive, affective and normative mechanisms. On a cognitive level, a product’s country-of-origin image influences the product’s perceived quality, affecting perceptions about functional attributes, such as reliability, safety or performance. Emotional connotations related to a certain country-of-origin can leverage the product a specific personality, including psychological and social traits like power, social status and specific lifestyles. If the country, product and consumer personalities are in sync, consumers feel an affinity to the product, while country-of-origin animosity or negative bias may lead to product avoidance. Country affinity and animosity are related to entrenched personal values and social norms. Normative variables such as ethnocentrism and disidentification affect the overall perceptions of products from a specific country and consumers’ willingness to buy.

In a global context, international positioning raises new positioning challenges, such as managing country-of-origin effects that can significantly alter a product position, either adding or detracting to the level of congruence between the desired and perceived positioning. In order to better control positioning, marketers should investigate the associations related to specific product categories, as well as the associations regarding the product’s country-of-origin and harmoniously integrate them in the product positioning strategy.

On a macro level, managers should study the levels of ethnocentrism, disidentification and cultural affinity regarding specific countries, in order to enhance product image and to avoid negative spillover effects. Managers can benefit from country-of-origin positioning especially in the brand launch stage on the international market. Positive country-of-origin associations can create an immediate product identity and brand salience. As the brand becomes visible on the international market, the positioning strategy becomes more focused on creating further strong and distinctive brand associations. On a micro level, affective country-of-origin connotations should be exploited in order to match consumer personality and values. Luxury products can especially benefit from this strategy, as certain countries can leverage to the product connotations specific to the luxury category, such as social status, pride, sophistication, wealth and lavish or exotic lifestyles. When country-of-origin connotations mismatch consumer rational and emotional means-ends, products should be dissociated from their origin country.

Our study provides several avenues for future research. First, it is important to analyze country-of-origin effects not only as a quality cue, but also as a complex construct based on the interaction of a wide range of cognitive, affective and normative connotations. Thus, a model is needed to further clarify and explain the interaction of country-of-origin effects on these three levels from the means end-theory perspective. Moreover, further analysis is needed to reveal the relevant consumer range of means-ends which can be affected by a product’s country-of-origin and to create a segmentation basis according to these means-ends. Finally, we propose a study on the competitive environment influence of the country of origin effects, taking into account besides economic development, the role of culture and technological development.

References


