Local versus Global Brands – The influence of Brand Origin on symbolic and emotional Brand Image in an international context

Dipl. Kfm. (FH) Christian Becker
Dipl. Kfm. (FH) Uwe Schnetzer
Prof. Dr. Christoph Burmann

Contact details: University of Bremen
Chair for innovative Brand Management (LiM)
Hochschulring 4
28359 Bremen
email: chbecker@uni-bremen.de
Telefon: +49 177 6578747
Abstract:

In the end of the last century, many companies reduced their brand portfolios. Unilever decided to reduce their brand portfolio to a third from 1,200 to 400 brands in 1999. Many companies focused on global brands, while local brands were eliminated. The key argument is cost reductions due to economies of scale and scope. The question, whether consumers prefer local or global brands was mostly neglected. This behaviour was criticised especially by Kapferer at the beginning of the 21st century.

This leads to the provoking question, whether the concentration on global brands is really the right management decision or just a shareholder value driven failure? To answer this, it is the aim of this paper to deepen the understanding of brand image perceptions of local versus global brands in an international context. A special focus lies on the influence of Brand Origin on the symbolic value of a brand.

Keywords:

Local versus Global Brands – The influence of Brand Origin on symbolic and emotional Brand Image in an international context

In the end of the last century, many companies reduced their brand portfolios. Unilever decided to reduce their brand portfolio to a third from 1,200 to 400 brands in 1999. Many companies focused on global brands, while local brands were eliminated. The key argument is cost reductions due to economies of scale and scope. The question, whether consumers prefer local or global brands was mostly neglected. This behaviour was criticised especially by Kapferer at the beginning of the 21st century (cp. Kapferer 2002; 2005). In congruence with his opinion, companies like Coca Cola and Procter & Gamble changed their strategies towards a more locally orientated one. Global and local brands are nowadays often combined in one brand portfolio. For example, the brewery Anheuser-Busch InBev offers just six global beer brands (eg. Beck’s, Budweiser and Stella Artois) but more than 200 local brands.

This leads to the provoking question, whether the concentration on global brands is really the right management decision or just a shareholder value driven failure? To answer this, it is the aim of this paper to deepen the understanding of brand image perceptions of local versus global brands in an international context. Furthermore, we are focussing on developing countries like China or India, that were partly described as the last “oasis of growth”. To save money and to achieve market success, it is necessary to find the right market entry and branding strategy. Therefore, the mentioned research question is of high importance for both, scientists and practitioners.

The starting point for answering the question is the research concerning Country of Origin and Brand Origin effects. It is the authors’ aim to enhance the understanding of Brand Origin effects by using a modern brand management approach. We also integrate the findings of the symbolic interactionist view by Mead 1934 and Goffman 1959 with a special focus on the construct of social identity, following Tajfel 1978; Tajfel and Turner 1986.

Literature review: Country of Origin and Brand Origin effects

Research concerning Country of Origin (CoO) effects have a long tradition in international marketing science. Since the first publications in the early 1960s (cp. Dichter 1962; Schooler 1965), more than 1,000 articles have been published in various journals, at least 400 thereof in academic journals (cp. Papadopoulus and Heslop 2003; Roth and Diamantopoulos 2009). The traditional CoO-research is focussing on the impact of the „Made in“-label on the evaluation of product quality. Following Han 1989, the CoO-information acts as an extrinsic cue like price or packaging. He hypothesises, that different countries have different abilities to produce certain products, like Germany producing cars or France producing vine. Han 1989 differentiates between two alternative causal models. Firstly, the country image serves as a halo in product evaluation. Secondly, the product image influences the country image as a summary construct. According to Han 1989, the use of CoO information is therefore a dominantly cognitive process.

This classical, mainly cognitive interpretation of CoO-information dominated the discipline for a long time and is even today of major importance (cp. Peterson and Jolibert 1995; Verlegh and Steenkamp 1999; Roth and Diamantopoulos 2009). This is astonishing, because this understanding is to criticise in many ways. The central issue is, that the mainly cognitive interpretation of CoO-information ignores the important emotional and symbolic values of a brand. Brand purchase behaviour cannot be reduced on functional product quality evaluations,
especially in buyer markets (cp. de Chernatony and McDonald 2003). Furthermore, the several concepts like the Country of Manufacture (cp. Hui and Zhou 2003; Hamzaoui and Merunka 2006; Jae-Eun et al. 2009; Laufer et al. 2009), Country of Origin of a Product (cp. Liefeld 2004), Country of Design (cp. Ahmed et al. 1996), Country of Assembly (cp. Chao 2001), Country of Parts (cp. Tse and Lee 1993), and Country of Corporate Ownership (cp. Gillian and Duncan 2003) are neglecting the consumers perceptions. While traditional research is focussing on products there is no question that consumers are buying more than a product. Consumers are buying brands with an additional emotional and symbolic value (cp. de Chernatony and McDonald 2003). Therefore, the product might not be the right object for analysing the influence of origin. Furthermore, the Country of Origin of a product is often different to the perception of the origin of a brand. Although, brands like Adidas are producing in Asia, consumers do not percept them as Asian brands. In times of globalization and outsourcing the “actual place that the brand originates from is almost irrelevant” and the perception of the consumers perceived origin of the brand gains importance (Thakor and Kohli 1996).

Hence, Thakor and Kohli 1996 argue that even though consumers know that company’s like IKEA or Nike produce their products in developing countries like China, they still appreciate them as being Swedish or American brands. Furthermore, they regard the brand and not the product as the important object of consumer evaluations. Therefore, Thakor and Kohli 1996 developed the Brand Origin (BO) construct and define it as “the place, region or country to which the brand is perceived to belong by its target consumers” (Thakor and Kohli 1996). They argue that the Brand Origin can also influence the symbolic value of a brand and cannot be reduced to its product quality. Even though the authors have no empirical evidence, their conceptualization is an important step in the area of origin research and the beginning of the BO research.

Consequently, the concept of Brand Origin and the emotional and symbolic value gained more research importance in the following years. While constructs like ethnocentrism (cp. Shimp and Sharma 1987; Sharma et al. 1995; Witkowski 1998; Bahae and Pisani 2009) and consumer-animosity (cp. Klein et al. 1998; Klein 2002; Riefler and Adamantios 2007) are frequently used to explain normative decisions of consumers because of conflicts with other countries or nationalism, there is just little research regarding a more affective understanding of Brand Origin. Oberecker et al. 2008 conclude, that “favorable attitudes have largely been neglected” and develop the consumer affinity construct. In contrast to consumer animosity, they show that consumers prefer brands because of their close relationship to specific countries.

Closely related to the affective aspect of Brand Origin is the research on local versus global (or foreign) brands. Batra et al. 2000 found that consumers from less developed countries prefer foreign western brands to express their self. Steenkamp et al. 2003; Yu 2003 have the opinion, that global brands at all have a market advantage because consumers perceive global brands as superior in brand quality, prestige and purchase likelihood. On the other hand, Kapferer 2002; Schuiling and Kapferer 2004; Kapferer 2005 do not follow this opinion. Schuiling and Kapferer 2004 show empirically, that local brands have an image advantage in comparison to global brands. Local brands are significantly (at p<.05) better evaluated in the image dimensions “Trustworthy”, “Down to earth”, “Traditional”, “Healthy” and “Reliable” than global brands. Global brands hold just an advantage in the image dimension of “Fun”. The authors come to the conclusion, that brand portfolios should contain both, local and global brands. Hence, the trend in the 1990’s to reduce brand portfolios and to concentrate on
global brands leads to the destruction of brand value. The same findings made Chan et al. 2009 in China. He uses purchase data to verify his hypothesis that local brands are more frequently purchased than their global competitors.

To sum up, there are just a few publications that empirically analyse the question of the influence of Brand Origin on the symbolic value. Furthermore, the results are partly oppositional and not comparable. Although the influence of culture and national demographics (eg. income) are often mentioned as important influence factors on brand perception and purchase behaviour (cp. Kustin 2004; Hofstede and Hofstede 2005; Foscht et al. 2008), these moderators are widely ignored in the Brand Origin research. Most work has been done in the traditional industrial countries like the USA, UK, Germany, or France. Only a few empirical studies were conducted in less developed or cultural heterogeneous countries. This is astonishing, because Gürhan-Canli and Maheswaran 2000 prove that the culture is strongly influencing the perception of foreign brands. Additionally, Batra et al. 2000 show that foreign brands are favoured in less developed countries.

To conclude, Country of Origin research has just partly shifted its focus from a traditional product orientation to a modern brand perspective. Researchers share the opinion, that the construct needs further attention with a special regard to symbolic and emotional values (cp. Verlegh and Steenkamp 1999). Therefore the Brand Origin research should stronger integrate the findings of the traditional branding research. Even though several publications have changed the object (brand instead of product), the content (eg. influence on product quality) has just changed slightly. Furthermore, it is necessary to evaluate the impact of culture and national demographics as moderators of the perception of Brand Origin. Following this opinion, this work aims to deepen the understanding of the impact of Brand Origin on brand image, while using a modern branding approach and integrating international moderators. Following, ), we use the identity based branding approach as our theoretical basis.

Theoretical Background

The identity-based brand management concept represents the theoretical foundation of this work. In contrast to the common outside-in perspective of various brand image approaches, this approach distinguishes between the inside-out-perspective (brand identity) and the outside-in-perspective (brand image). Many researchers of the brand identity approach argue that brand identity precedes and therefore represents the basis for brand image. Consequently, brand image describes how external stakeholder groups perceive the brand whereas brand identity sends information with internal stakeholder groups “living” the brand (cp. Meffert and Burmann 1996). Following Meffert and Burmann 1996, brand identity can be defined as the sum of all attributes that determine the essence and character of a brand from the point of view of the internal target groups (employees).

The brand image represents the view of the external target groups, especially the consumers. According to Biel 1993; Keller 1993; Aaker 1996; Plummer 2000; Keller 2003, Keller 2003 distinguish between the brand attributes (eg. the price or the origin of a brand), the brand personality, and the brand benefit. The perceived brand benefit is highly relevant for the consumers’ purchasing decision. The authors distinguish between a functional benefit (utilitarian and economic), and a symbolic benefit (social, hedonistic and aesthetic). Analysing the Country of Origin and Brand Origin research, both lines are mainly focussing on the utilitarian and economic benefit and the predominantly normative aspects of the social
benefit. This work is focussing on the social and hedonistic benefits with a special focus on affective instead of normative aspects.

The theoretical foundation is the symbolic interactionist view by Burmann and Stolle 2007 and Mead 1934. Both authors explain the process of identity building as a mainly social process, while Goffman 1959 and Erikson 1950 regard identity building as a psychological process, that takes place inside of a human being. Other people are just seen as a mirror to develop the own identity. According to Marcia 1980 and Erikson 1950, the final aim of identity building is developing an identity that helps the individual to handle personal crises during its life. In contrast, the social interactionist view explains identity building as a common process of society (interaction partners) and the individual. A successful identity is one that is accepted by both, the interaction partners and the individual (I-Identity). Therefore, identity building is a never-ending process that needs interaction with other human being. While the psychoanalytic approach is a more static one that is just partly integrating the demands of the interaction partners, the symbolic interactionist view can be seen as a dynamic process. Hence, it is a more adequate approach in a world that is changing permanently and fast.

The core idea of the symbolic interactionist view is the separation between the self image and the (foreign) image. The self image represents the individual’s view of itself. In contrast, image is defined as the individual’s image by other people. Following Marcia 1980, the image can be separated into the social identity and the personal identity. The social identity is the image of a human being that is derived from its membership to groups, while the personal identity represents the personal traits of a human being. At the beginning of a social interaction, the individual is identified as a member of social groups, eg. a family, occupation or country and is described with all attributes that are usual and native for members of this group (cp. Goffman 1959). Hence, in the initial phase of an interaction, the image of an individual is exclusively influenced by the stereotype image of groups, he is belonging to. With an ongoing interaction, the personal identity and therefore the personal traits of an individual gain more importance. Regardless the gaining importance of the personal identity, the individual’s image is always influenced by its social identity (cp. Figure 2).
The social identity approach is mainly based on the work of Goffman 1963; Tajfel and Turner 1986 and still an important research field in social sciences (cp. Turner et al. 1987). In business science, the concept of social identity is used for researching questions in organisational theory (eg. Kane et al. 2005; Roccas et al. 2008), marketing (eg. White and Argo 2008; Homburg et al. 2009), and brand management (eg. Edwards 2005). The key finding is, that group membership is part of the self-concept of a person. Therefore, social identity compasses all “aspects of an individual’s self image that derive from the social categories to which he perceives himself as belonging” (Tildesley and Coote 2009). Individuals simplify the social world by categorizing people into groups and perceive themselves as belonging to a particular group (=in-group). The in-group is usually evaluated as superior and can directly influence positive feelings and emotions (cp. Tajfel and Turner 1986). Edwards 2005 describes this as “the value and emotional significance attached to that membership” (p. 225). Strong intergroup behaviour can directly influence the behaviour of an individual.

The evaluation of the out-group is depending on the evaluation of the in-group. As mentioned, above, the in-group is usually seen as superior. Contrariwise, the individual can also prefer the out-group. Hence, the individual is trying to “exit” the in-group and switch to the out-group. This might explain, why consumers of developing countries prefer western lifestyle and western brands (cp. Tajfel 1981).

Hypothesis and Research Design

As shown in Figure 3, the hypothesized model is primarily based on the brand image conceptualization by Batra et al. 2000. Hence, the brand attributes influence the brand personality and the brand benefit. Additionally, the construct of social identity is added to enhance the concept. Following Burmann and Stolle 2007 and Goffman 1963, the individual’s image is a function of his perceived group memberships (in this case the country) and the stereotype country image. In dependence on Gilmore’s “Theory of Animism” and the research to brand personalities (cp. Tajfel and Turner 1986), objects and therefore brands can also be seen as members and representatives of a group. Thus, brands are also having a social identity.
The evaluation of groups is depending on the culture, the membership, and the stage of development. In generally, the social identity is derived from the membership to an in- or out-group. Members of the in-group are usually favoured in comparison to members of the out-group. Following Aaker 1997, it is to hypothesize that collective cultures are evaluating the in-group and their members (e.g. local brands) in a much better way than the out-group (and global brands). According to Gürhan-Canli and Maheswaran 2000, we hypothesize that out-groups (and global brands) from more developed countries are better evaluated in less-developed countries. According to the mentioned theories, we separate three different cases. Following Batra et al. 2000, in the case of strong intergroup behaviours (e.g. nationalism or ethnocentrism, cp. Tajfel and Turner 1986; Shimp and Sharma 1987; Sharma et al. 1995), the perception of a brand as a member to the in- or out-group can directly influence the purchase behaviour (cp. Figure 3).

Following Balabanis et al. 2001, the importance of the social identity is depending on the intensity of interaction. At the beginning of social interactions (e.g. market entry), the social identity is of major importance and the individual’s image is mainly derived from the stereotype country image (e.g. the culture, the typical citizens). We hypothesize, that this image is influencing the brand personality and indirectly the brand benefit (cp. Figure 4). The potential influence of the Brand Origin on its personality is mentioned in some publications (cp. Goffman 1963; Thakor and Kohli 1996). However, it is not researched as yet.

Figure 3: The influence of Brand Origin-information on brand image (strong intergroup behaviours)

Figure 4: The influence of Brand Origin-information on brand image (low brand consumer interactions)
Thirdly, we hypothesize that in the case of long lasting social interactions (e.g., often purchased brands) the Brand Origin will become less important for the brand image. Hence, the personal identity of a brand gains importance (cp. Figure 5).

The theoretical model will be tested empirically. Therefore it is planned to conduct data in at least two cultural and economically heterogeneous countries (e.g., Germany vs. China vs. India). Data will be collected at the beginning of 2010 using online surveys in cooperation with international online panels (e.g., Research Now or AIP). Therefore, first empirical results will be presented at the conference.

Forthcoming Managerial Implications

The empirical findings should lead to managerial implications. Especially, we expect insights to answer the question, whether it is meaningful to concentrate on global or local brands or both. We assume, that this answer is depending on the culture and the stage of development of a country. Furthermore, we will give advise for the use of Brand Origin information in brand communication. We hypothesize that the use of Brand Origin information is most important at the beginning of a market entry to transfer the image of a country to the brand. Apparently, this is depending on the image of the country. Due to the expected influence of Brand Origin information on brand image, a negative image transfer is also possible. While a German car producer should emphasize its German origin, the same might not be true for a car producer from another country (e.g., Chinese car brands in Germany).
References


