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Brand classifications: identifying the origins of brands

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Abstract
This study examines consumers’ classification of brands by origin, using culture-of-origin (COBO) as the cultural origin or heritage of the brand, and country-of-origin (COO) as the location (specific country) where products carrying the brand name are manufactured, are perceived to be manufactured, designed, or are headquartered. Data were gathered from 459 respondents in Singapore; assessing their ability to classify the origins of (3 western and 3 eastern) brands of fashion clothing, using a between subjects design. The results indicate that consumers can more readily identify the cultural origin of brands over country origins. The study also examines two types of familiarity (brand and country) for their impact on consumers’ ability to identify origins of brands. However, familiarity with both brand and country significantly influences consumer origin perceptions and acts as a moderating variable.

Literature Review

Brand names have become increasingly valuable assets for many companies in an era of globalised business. Brand names are an important source of differentiation. It is argued that brands add value to consumer goods by supplying meaning (McCracken, 1993), as well as communicating competence, standard and image to the consumer, familiarity and credibility. The difficulties of global competition have underscored the importance of established brands (Thakor & Kohli, 1996) in consumer markets. Consumers use brands as clues to indicate product performances, rather than engage in a detailed search for information when deciding between competing brands (de Chernatony & McDonald, 1992). The number of successful global brands a country possesses has often been utilised as a yardstick by which economic superiority is implied. The 1997 ranking of the top ten global brands by Financial World, for example, includes nine from the only superpower nation of the world – the United States of America. In an article widely read in Asia, Chowdhury (1999) pondered the lack of strong Asian brands in the global marketplace, revealing the burning question of why a region making up nearly half of the world’s population and caught up in feverish consumerism has so few successful global brands. Indeed, the need for more to be done to understand the nature of brands and brand development in Asia is apparent, and increasingly, the development of strong global brands is becoming an important objective for many of the economies in the region of Asia.

Consumer brand knowledge determines how a consumer thinks about a brand (Keller, 1993), and how the consumer responds to different stimuli regarding a brand. For example, it would be easier for an advertisement to meet its communication objectives if consumers are positively predisposed towards the brand being advertised (Ray, 1982; Rossiter & Percy, 1987). Understanding consumer brand knowledge therefore helps marketers be more effective in their marketing activities. Among the many factors believed to influence consumer perceptions of products – and therefore brands – in an age of international competition, country-of-origin (COO) effects have attracted significant attention. Popularly defined as the country of manufacture or assembly (Papadopoulos, 1993; Lee & Schaninger, 1996), the COO of a product has been found to influence consumer evaluations of the product on two dimensions: perceptions of quality (Khachaturian & Morganosky, 1990), and perceptions of purchase value (Ahmed & d’Astou, 1993). More importantly, Papadopoulos, Heslop & Bamossy (1991) also found COO effects to lead to consumer preferences for products from one country over another.
COO effects include (1) the tendency for consumers to evaluate their own country’s products more favourably than imported products (Kaynak & Cavusgil, 1983), and (2) the tendency for products from emerging economies to be evaluated negatively (Bilkey & Nes, 1982; Cordell, 1992). Other studies also suggest a relationship between COO effects and the level of economic development (Wang & Lamb, 1983); products from developed countries are perceived as more superior to products from undeveloped and developing countries.

However, the traditional view of COO effects is fast becoming misleading or confusing in the modern marketplace as products are typically designed in one country, manufactured in another, and assembled in yet a third (Baker & Michie, 1995; Chao, 1993). This has resulted in the proliferation of “hybrid products” (Han & Qualls, 1985; Johansson & Nebenzahl, 1986; Han & Terpstra, 1988), where products may involve more than one country-of-origin. According to Chao (1993), hybrid products will be increasingly prevalent in the global marketplace because of the changing strategies of global corporations. As a result, there is a growing need for a multidimensional concept on country-of-origin effects on product evaluation (Ahmed & d’Astou, 1994).

Culture-of-Brand-Origin

One perspective is that faced with complex country-of-origin information communicated by hybrid products, the COO effects have been shifted from the product level to the brand level in consumers’ product evaluations. This perspective has gained considerable interest in recent years (e.g., Lee & Ganesh, 1999; Amonini, Keogh & Sweeney, 1998; Zhang, 1996; Thakor & Kohli, 1996). In addition to this shift, it is also proposed here that specific country-of-origin information is becoming less dominant as it is becoming increasingly difficult for consumers to extract. In place of country-of-origin is the culture-of-brand-origin, which is more readily available to the consumer as a result of exposure to the marketing activities of the brand. Leclerc, Schmitt and Dubé (1994), who examined the effects of foreign branding on product perceptions and attitudes, and found that spelling or pronouncing a brand name in a foreign language – thereby implying the cultural origins of a brand – was a more differentiated cue for brand perceptions than country-of-origin information.

Thakor and Kohli (1996, p.27) addressed a similar issue proposing a similar concept; that of brand origin, defined as “the place, region or country to which a brand is perceived to belong by its target consumers”. They suggested that the origin of manufacture – the traditional description of country-of-origin – is no longer significant to buying behaviour in the age of corporate globalisation, and that the perceived origin of the brand is more suggestive as a demographic variable.

The view that consumer perceptions of brand names are influenced by culture effects may be supported by Samiee (1994), who regarded origin effects as an influence or bias held by consumers, resulting from the country of origin of the associated product or service. It is reasonable to infer that the influence or bias resulting from a country may be attached to a brand name over time, even though its products are no longer designed, manufactured or assembled in its country of origin. Importantly, culture-of-brand-origin (COBO) may be the reason why consumers still attach certain cultural characteristics to a brand when specific information about the foreign country is not available. To examine the issue of COO and COBO and knowledge effects, three research propositions are developed to explore a new theoretical development related to the cultural origin of brands, and its role in explaining consumer evaluations of brands.

Research Proposition 1:

Culture-of-brand-origin (COBO) will be more correctly identified than country-of-origin (COO).

Research Proposition 2:

Subjective consumer knowledge levels will differ between those who classify a brand successfully and those who classify a brand incorrectly.

Research Proposition 3:

Subjective knowledge will be a strong predictor of classification of culture of brand origin (COBO) and country of brand origin (COO).

Research Methods

An interviewer administered survey containing items tapping respondents subjective brand knowledge of fashion clothing brands, age, gender and classification of the culture of origin of the brands and country of origin of the
brands was developed and administered in Singapore over a five day period. The survey instrument was developed through an iterative process of item generation, content validation and refinement (Converse & Presser, 1986; Deng and Dart, 1994). The subjects for the study consisted of a convenience sample of students from a major Singapore University, who received one of six permutations of the survey containing an identified brand such as, Benetton, Guess, Calvin Klein, G2000, Giordano or U2. The sample consisted of both undergraduate and postgraduate students studying both full-time and part-time. Approximately 498 surveys were completed and returned and 459 were retained as usable after initial data screening, with a comparable number of respondents completing a survey for each brand.

Results

Research Proposition 1:
Culture-of-brand-origin (COBO) will be more correctly identified than country-of-origin (COO).

Based on the perception of the brand evoked by the brand name and a picture of the advertisement for the brand, respondents indicated their knowledge of COBO by responding to a dichotomous scale of ‘Western’ and ‘Eastern’, and their knowledge of COO by writing down the country they thought the brand was made in. Responses towards COO and COBO were visually inspected and coded as “correct” and “incorrect” in two new variables. Descriptive information of the two variables is presented in Table 1.

Table 1 Comparison of respondents who indicated country-of-origin and culture-of-brand-origin correctly

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceive culture-of-brand-origin correctly?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Correctly</td>
<td>387</td>
<td>84.3</td>
</tr>
<tr>
<td>Incorrectly</td>
<td>72</td>
<td>15.7</td>
</tr>
<tr>
<td>Total</td>
<td>459</td>
<td>100.0</td>
</tr>
<tr>
<td>Perceive country-of-origin correctly?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Correctly</td>
<td>299</td>
<td>65.1</td>
</tr>
<tr>
<td>Incorrectly</td>
<td>160</td>
<td>34.9</td>
</tr>
<tr>
<td>Total</td>
<td>459</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The results indicated that the proportion of respondents who correctly indicated culture-of-brand-origin (84.3%) was larger than the proportion of respondents who correctly indicated the country-of-origin (65.1%). A paired samples t-test conducted on the means of the two indicators confirmed that the difference between the variables was significant ($p<0.01$). The likelihood for respondents to indicate COBO correctly was hence significantly higher than the likelihood for them to indicate country-of-origin correctly, with a t-value of –8.92, significant at .001 and a mean difference of -.20. A cross-tabs procedure was also computed for correct-incorrect classification of Western versus Eastern brands, correctness as indicated in Table 2.

Table 2 Comparison of respondents who indicated Culture-of-Brand-Origin correctly

<table>
<thead>
<tr>
<th>When evaluating brands of a western origin: Perceive culture-of-brand-origin…</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correctly</td>
<td>210</td>
<td>93.75 %</td>
</tr>
<tr>
<td>Incorrectly</td>
<td>14</td>
<td>6.25 %</td>
</tr>
<tr>
<td>Total</td>
<td>224</td>
<td>100.0</td>
</tr>
<tr>
<td>When evaluating brands of an eastern origin Perceived culture-of-brand-origin…</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Correctly</td>
<td>177</td>
<td>75.32 %</td>
</tr>
<tr>
<td>Incorrectly</td>
<td>58</td>
<td>24.68 %</td>
</tr>
<tr>
<td>Total</td>
<td>235</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The results indicated that the proportion of respondents who indicated the COBO correctly when evaluating brands of a western origin (93.6%) was higher than the proportion of respondents who did the same when
evaluating brands of an eastern origin (75.3%). On the other hand, the proportion of respondents who indicated the COO correctly when evaluating brands of a western origin (57.6%) was lower than the proportion of respondents who did the same when evaluating brands of an eastern origin.

Research Proposition 2:

Subjective consumer knowledge levels will differ between those who classify a brand successfully and those who classify a brand incorrectly.

To explore the knowledge difference between successful classification and unsuccessful classification t-tests were computed. Table 3 indicates that moderate to significant difference exist between correct and incorrect classification across both brand familiarity and country familiarity.

Table 3 Paired samples T-test of culture-of-origin and country of origin classification and brand familiarity and country familiarity

<table>
<thead>
<tr>
<th>Brand Familiarity</th>
<th>t-test for Equality of Means</th>
<th>COBO</th>
<th>Mean</th>
<th>t</th>
<th>Sig. (2-tailed)</th>
<th>Difference</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wright</td>
<td>3.12</td>
<td>1.853</td>
<td>.065</td>
<td>.2534</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wrong</td>
<td>2.86</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country Familiarity</th>
<th>t-test for Equality of Means</th>
<th>COBO</th>
<th>Mean</th>
<th>t</th>
<th>Sig</th>
<th>Difference</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wright</td>
<td>2.79</td>
<td>2.184</td>
<td>.029</td>
<td>.29</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wrong</td>
<td>2.50</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Brand Familiarity</th>
<th>t-test for Equality of Means</th>
<th>COO</th>
<th>Mean</th>
<th>t</th>
<th>Sig</th>
<th>Difference</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wright</td>
<td>3.25</td>
<td>4.843</td>
<td>.001</td>
<td>.4948</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wrong</td>
<td>2.76</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country Familiarity</th>
<th>t-test for Equality of Means</th>
<th>COO</th>
<th>Mean</th>
<th>t</th>
<th>Sig</th>
<th>Difference</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wright</td>
<td>2.92</td>
<td>4.793</td>
<td>.001</td>
<td>.49</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wrong</td>
<td>2.43</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results indicate differences (larger t-values and significance levels) for brand familiarity and country familiarity for correct versus incorrect classified respondents. The differences are much stronger for COO than for COBO, indicating that knowledge impacts more on COO classification than COBO. Research proposition 2 is supported in that differences were found in familiarity levels of respondents for classification of COO and COBO.

Research Proposition 3:

Subjective knowledge will be a strong predictor of classification of culture of brand origin (COBO) and country of brand origin (COO).

Determination of whether subjective country knowledge and subjective brand knowledge contribute to ability to classify the origin of the brand is an important factor that impacts on the viability of COO and COBO utility. The basic assumption of discriminant analysis is that the discriminators follow multivariate normal distributions in each group with equal covariance matrices, however, in reality discriminant analysis is quite robust, even when assumptions of multivariate normality are not met. In such cases, discriminant analysis is found to give useful results (Jackson, 1983) and is an acceptable analytical procedure. Both variables were entered simultaneously in the discriminant analysis so as to determine which were the best discriminators, after controlling for the other variable. Country of brand origin and culture of brand origin groups were obtain by assigning correct classification of country and culture; 1 for right classification and 2 for a wrong classification. Culture of brand origin was computed first, followed by country of origin and in both analyses the discriminant functions were
moderately significant for COBO (Chi Square [Culture of Brand Origin = 5.414, df = 2; p = .067, wilks’ lambda .988] and very significant for COO; Chi square [Country of Origin = 28.57; df = 2; p = .001, wilks’ lambda .939]). Table 4 gives the correlations between each discriminating variable and its respective discriminant function (Culture of Brand Origin and Country of Brand Origin) and equality of group means F values and significance levels. Therefore, there is support for research proposition 3.

Table 4 Discriminant Analysis Familiarity Effects on Classification

<table>
<thead>
<tr>
<th>Familiarity</th>
<th>Culture of Brand Origin</th>
<th>Country of Brand Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Correlations   F</td>
<td>P&lt;</td>
</tr>
<tr>
<td>Country Familiarity</td>
<td>.935</td>
<td>4.77</td>
</tr>
<tr>
<td>Brand Familiarity</td>
<td>.812</td>
<td>3.60</td>
</tr>
</tbody>
</table>

To assess how effective the derived discriminant functions were in classifying cases, a confusion matrix was generated applying the jackknife method for classification. For Culture of Brand Origin and subjective knowledge (country knowledge and brand knowledge) 84.2% of the grouped cases were correctly classified. For Country of Brand Origin and Subjective knowledge 67.6% of the grouped cases were correctly classified. The results indicate strong predictive power for classification based on the two types of subjective knowledge.

Discussion

Central to this study was the research proposition that COO has been displaced by COBO as an extrinsic cue in international brand consumption decisions. This proposition suggested changes on two dimensions in origin effects as a source of information in brand consumption decisions. Firstly, it is argued that the proliferation of hybrid products has prompted a shift of origin effects from the product to the brand. This dimension of the proposition has lately gained a few researchers’ attention (e.g., Lee & Ganesh, 1999; Nebanzahl & Jaffe, 1997; Thakor & Kohli, 1996; Chao, 1993), and has most recently been empirically examined by Lee & Bae (1999) in a study of South-Korean consumers. Secondly, it is believed that the confusing effect of attaining information on specific COO for hybrid products has prompted consumers to assimilate origin information into a cultural dimension.

This multidimensional concept of COO effects on goods and services were proposed and in examining the research proposition, the brands used for evaluation in this study were communicated to the respondents in its generic form; in that no other information – extrinsic or intrinsic – about the brands’ products, country-of-origin, or quality was conveyed. A picture of a print advertisement used by each brand and its brand name were the only information provided in the questionnaires. This was conceptually similar in manner to a study done by Dodds, et.al. (1991), who suggested that to give specific information about the brand “may direct the study to be more of a test of familiarity than of the quality information inherent in the brand perceptions”.

Without information about the products, country-of-origin, or quality of the brand, the respondents’ prior perception of the brand was the only cue available in responding to the questionnaire. Nevertheless, it was found in this study that young consumers perceived COBO significantly more accurately than COO for the brands. The discussion of the possibility that COO information is increasingly difficult to extract was also illustrated by the respondents’ inability to indicate the specific country they perceive the brands to be made in. On this, a spread of 22 different countries was indicated as the origin that the brands were made in, indicating a high level of confusion in using COO as a source of information. The findings provide support to the proposition that the culture rather than the country, of the brand rather than the product, is used by consumers to extract extrinsic cues about the products they encounter in the marketplace. Taken together, the two dimensions inherent in the proposition suggest a major change in the cognitive manner in which consumers assess a product, as a result of the internationalisation of company operations and the proliferation of hybrid products. If the value of a brand name lies in its acceptance by consumers as a simple manner to infer product quality (Olsen & Jacoby, 1972), then the informational cues communicated by the brand name must naturally be clear and simple for its consumers. Amidst growing concern (Al-Sulaiti & Baker, 1998, p.150) that “the growth of multinational companies and the evaluation of hybrid products have in many cases blurred the accuracy, or validity” of COO information (Baker & Michie, 1995; Braughn & Yaparak, 1993; Chao, 1993; Yaparak & Braughn, 1991), the concept of COBO is argued here to provide the next wave of understanding in how consumers perceive and evaluate brands. The respondents were able to indicate their opinions of the brands, based on the brand images attached to them through the associations identified. Whilst some may have reservations about using students, the use of students was considered acceptable as they represent a segment of the population that will, over the next number of years, acquire the financial means to be the consumers of many consumer and durable products in the Singapore market. Fashion clothing has also been identified as a significant product in the lives of young
(university student) consumers (O’Cass, 2000). Others have also identified this group as a prime target of fashion clothing and being a product with wide appeal to younger consumers (university students) (Flynn & Goldsmith, 1999).

Conclusion

The use of the student sample in this study was primarily driven by the focus on examining young consumers and convenience of accessibility for data collection. While it has been strongly argued that student samples are appropriate for the testing of theories (Calder, et.al., 1981), they are also known to be more susceptible to the views, ideas and products of other cultures than older segments of society (Netemeyer, et.al., 1991). There are also limitations from the use of a single product class (although six brands were used). However, many other studies have used single products and particularly fashion clothing (O’Cass, 2000). Future research into brand associations and brand origins should focus on different products within Asian countries and use non-student samples. Also differences in brand association appears to be an area in need of further research. Particularly so for differences in associations based on culture-of-origin perceptions.

This study examined two important areas of branding (i) understanding consumer brand knowledge of consumers in Southeast Asia (i.e. Singapore), and (ii) the possibility that culture-of-brand-origin effects influence consumer preference for brands. As brands of western origins have been shown to be more successful in global business than brands of eastern origins, knowledge gained from this study of the differences in these brand associations provides insights into how these global (western) brands have positioned themselves relative to brands of domestic (eastern) origins. It also highlights the major impact of both country knowledge and brand knowledge on consumer perception of the origins of ones brand. This highlights the importance of developing sufficient knowledge of both brands and country for clearer identification of ones brand in the marketplace.

References


