



Research Paper

Towards a holistic understanding of county of origin effects? Branding of the region, branding from the region



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ABSTRACT

Nations and regions have images, or “brands” that stakeholders often attempt to manage or at least influence. In turn, many products have an association with a region or place, sometimes positively, and sometimes negatively so. These associations interact and shape each other. In this paper we thus argue that for a holistic view of country-of-origin effects, an understanding is needed of both branding *of* the region, and branding *from* the region, nation or place in question. Country-of-origin (COO) research has tended to focus upon how geographical associations may assist the marketing of certain products (halo effects) and indeed protect brand images from negative place-based associations (shield effects). The role of symbolic value here is discussed with the explicit assertion that its importance is increasing and that COO effects can be seen as an example of thereof; although these are likely to vary with the product or indeed place under consideration. We seek to develop these ideas by investigating the existence of branding spillovers in the opposite direction i.e. *from* product to regional image. This is done using the case of Wales via an investigation of three companies engaged with the changing meaning of their own country of origin – and also of the recent marketing initiatives of the Welsh Government itself. In this way the paper seeks to contribute a place-based bridging of the destination management literature and the brand management literature.

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1. Introduction

Many products present intangible or immaterial qualities in the market place, which in turn may be implicitly linked to their region of origin (Kotler & Gertner, 2004; Liu & Johnson, 2005). Moreover, this relationship between place and product is a potentially complex one, as we discuss below. The marketing literature typically addresses the relationship between place and product in a unidirectional way around country of origin effects on products; such a relationship consequently suggests that public policy aimed at influencing the perception of a region can in turn influence the symbolic qualities of physical products associated with that region. In addition we propose that there is a simultaneous transfer in the opposite direction whereby the immaterial qualities of products can influence perceptions of the home region. In this way the paper seeks to contribute a place-based bridging of the destination management literature and the brand management literature. Furthermore, the region as an entity in itself also “competes” against others for inward investment, major sporting and cultural events, tourists, and skilled knowledge workers (Anholt, 2009; Florida, 2007). Thus as Fetscherin (2010) notes, although the interest in

nation/country branding emerged from the marketing literature, in recent years it has become apparent that it has a much broader cross-disciplinary relevance. To this end Dinnie (2008, p. 15) has usefully defined country brand as ‘the unique, multi-dimensional blend of elements that provide the nation with culturally grounded differentiation and relevance for all of its target audiences.’

After providing an overview of the concept of symbolic value, and how this relates to both products and places, empirical evidence from Wales is then presented as the determining case study in order to understand the current position and its response to the challenges faced in an increasingly globalised and competitive environment – competitive in all senses, i.e. not only for products, but also for talented people, visitors, and inward investment. This is consistent with the view of Wales as a region in need of upgrading the “tangible” economy while simultaneously finding new images and symbols with which to project itself in external markets (Clifton, Gärtner, & Rehfeld, 2011). It is argued that product-branding and regional branding is a co-evolutionary process of cultural exchange between the private and the public, institutions and individuals, and a tentative agenda for further research across regions is proposed. Within this co-evolving regional product and regional image branding landscape aspects of regional culture are manipulated, reinvented and in turn fed back between the private and public sectors. At present these changes typically involve only a relatively small number of

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companies, albeit significant in terms of profile, who are consciously stepping away from the past, more “conservative” images, symbols and cultural references in order to become more successful. In turn these firms are themselves impacting upon and framing the cultural shift, raising the scope for the use of more self-confident, humorous, and self-deprecating symbols and manifestations of regional identity. As such, this study is placed in the context of Welsh political and economic devolution as a “process” rather than an “event”. Finally, we attempt to draw some wider conclusions for understanding these issues and for further research. For example, although potentially transformative as Pike (2009) notes, the “local” frame for considering geographically entangled brands and branding in regional development can also be conservative, insular and exclusionary, at worst encouraging forms of economic nationalism and parochial patriotism (Harvey, 1996; Hinrichs, 2003). Conversely, but no less potentially damaging, is the danger of a focus on past cultural references acting as Hobsbawm and Ranger (1983) describe as a “flywheel to innovation” through the legitimising of resistance to change. Moreover as Turok (2009) has described although many places have recently begun to pursue what might be called strategies of “distinctiveness”, upon closer examination many commonalities are seen around a fairly unsophisticated focus on nascent industries, high-level occupations, signature buildings and consumer identities. Thus he argues for a deep understanding of existing capabilities rather than off the shelf or transplanted policies when seeking to build sources of advantage that other places cannot readily reproduce. In keeping with this view, Morgan (2012) has suggested the need for “mindful” destination management if long term success is to be achieved – which encompasses productive and ethical internal coalitions between civil society, government and business, rather than chasing a band of Key Performance Indicators (KPIs) focused around narrow growth outcomes.

2. Branding, symbolic value, and place

Location-based sources of industrial advantage are well rehearsed in the economic geography literature (clusters, innovations systems, creative cities, etc.), but as Jansson and Power (2010) highlight, in addition to providing the “industrial systems” required to deliver innovative products, successful places will also offer what they term a ‘set of spaces and channels for the negotiation and communication of immaterial value’ (p. 890). This is interesting in suggesting that the attributes needed for the production of successful functional products and those required for realising their successful immaterial or symbolic aspects (or indeed brands) are thus both place-based. These authors highlight that such platforms or “brand channels” are different from the one-dimensional place-branding initiatives associated with the boosting of lagging regions/declining cities, rather they are a more complex set of interactions that enable the transmission of what they term “concurrent place myths”. The key point here then is that this puts the interaction between product and place firmly on the policy agenda. Similarly both policy-makers and academics share a focus around the whole idea of innovation (see for example, Clifton, Pickernell, Keast, & Senior, 2010); this is justifiable, but in many cases however the biggest impact on a product’s success lies in the post-production phase, through the branding and marketing strategies that are employed (Power & Hauge, 2008). Such symbolic meanings have in fact always been related to the consumption of goods and experiences as Veblen (1949) has described. These activities are driven by the need to differentiate one’s product from the many others that exist in the market place with similar functionality or technical specification, doing so with reference to immaterial qualities or “symbolic” value. As such the race for innovation that has defined the post-Fordist economy has given us

high quality products. Increasingly, we take this functionality of products for granted, and our consumer choices are determined by the symbolic value of the product or the company behind it. The strength of a brand thus stems from a combination of how it performs and what it stands for. Park, Jaworski, and Macinnis (1986) proposed three broad categories of brand concepts: functional (i.e. solving an externally generated consumption need), symbolic (fulfilling internally generated needs for self-enhancement) and experiential (providing sensory variety or cognitive stimulation), essentially suggesting that once defined a concept should remain constant. More recent authors such as McEnally and Chernatony (1999) have however challenged this view, given that external variables and consumer preferences may change over time – a view which is consistent with our own analysis. Specifically with regard to the functional vs. symbolic aspects of branding, Bhat and Reddy (1998) question the mutual exclusivity of these dimensions and argue that brands can be successfully positioned with both functional and symbolic qualities. This is again consistent with findings presented here which highlight the temporal evolution of branding and the interaction between the different aspects of a brand.

Successful global brands typically originate from a place that has a brand image of its own, and the product is quite often strongly linked with that image – whether it is an Italian sports car, associated with the qualities of style, speed and innovative design, French perfume with chic and classiness, or Japanese consumer electronics that associate implicitly with the merits of high-tech expertise and affordable quality. Goods produced within in any given region are imbued with an associated symbolic value – whether this is weak or strong, positive or negative (Anholt, 2003), and moreover these associations are typically activated implicitly in the mind of consumers by the mere presence of country-of-origin (COO) information (Liu & Johnson, 2005). The basic idea that a product’s COO can influence consumers’ judgment of it in a consistent manner is though a simplistic one, and Pharr (2005) has called for more nuanced understanding of the concept in the age of globalised supply chains, complex corporate ownership structures and the international division of labour. Thus as she describes it COO is an “evolving construct”. This evolution has incorporated the consideration of cultural values, country stereotypes, and the explicit recognition that design, assembly, manufacture and so on of a single product can increasingly occur in different places – and indeed there is evidence that COO might often be incorrectly identified by potential consumers (Rosenbloom & Haefner, 2009). In addition Thakor and Lavack (2003) highlight that the majority of COO research is focused at the level of the product rather than the brand, and in this way brand is treated as an extrinsic variable when in fact it may itself provide origin-related cues (particularly with regard to large-ticket items). From this they propose that knowledge of brand origin may be a more significant factor than is country of manufacture or assembly. This is consistent with the views of Laroche, Papadopoulos, Heslop, and Murali (2005) who suggest that the view of country image purely as a “halo” that consumers use to infer the quality of unfamiliar foreign products is in need of further investigation, with the simultaneous processing of (flagship) product beliefs and country image as a fertile ground for future research. Interestingly, Jo, Nakamoto and Nelson (2003) found that a positive brand image can serve as a “shield” for certain products against negative COO effects – so the key question for us here is – can this go a stage further and provide positive spillovers back to the COO image or brand, essentially a kind of reverse halo effect? Pharr (2005) argues that product related factors should be used as moderators of COO effects, i.e. that different products can have different relationships with their country or place of origin, but stops short of suggesting that product brands can potentially influence COO effects per se. As an

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