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Consumers' cognitive and affective responses to brand origin misclassifications: Does confidence in brand origin identification matter?

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ABSTRACT

Although research on country-of-origin (COO) effects in general is abundant, findings regarding the phenomenon of brand origin misclassification (i.e., consumers' association of a brand with the wrong COO) remain limited and inconclusive. This study fills this research gap by investigating how consumers' cognitive and affective responses upon learning the true origin of a previously misclassified brand drive the extent to which they revise their brand evaluation. Specifically, the authors explore the role of consumers' confidence in brand origin identification in this context. The results from an empirical study in South Korea (N = 259) suggest that consumers tend to adjust their brand evaluations only if the true COO is perceived more favorably; they tend not to take a worse COO into consideration. Moreover, negative emotions lead to greater losses in brand evaluation than positive emotions lead to gains in that respect.

1. Introduction

The country-of-origin (COO) effect is one of the most widely studied phenomena in international marketing and consumer behavior research (Papadopoulos & Heslop, 2002; Pharr, 2005). Extant research suggests that – for certain consumer segments[1] – country associations affect consumers' product evaluations and purchase intentions significantly (e.g., Phau & Chao, 2008; Sharma, 2011; Verlegh & Steenkamp, 1999). The mechanism underlying such COO effects is that consumers infer some intrinsic attributes of a product or brand from the image of the associated COO, i.e., consumers' overall perception of products originating from that country based on prior perceptions of the country's production and marketing strengths and weaknesses (Han, 1989; Roth & Romeo, 1992).

Research shows, however, that the importance of COO varies depending on country (Batra, Ramaswamy, Alden, Steenkamp, & Ramachander, 2000; Gürhan-Canli & Maheswaran, 2000; Sharma, 2011), product category (Pappu, Quester, & Cooksey, 2007; Roth & Romeo, 1992; Usunier & Cestre, 2007), and certain consumer characteristics, such as product involvement and familiarity (Ahmed et al., 2004; Johansson, 1989; Josiassen, Lukas, & Whitwell, 2008). Moreover, the concept has evolved over time as global sourcing and production practices have increased, rendering the manufacturing origin almost irrelevant. For example, consumers generally view Nike and General Electric as American brands, even though their products are manufactured elsewhere (Josiassen & Harzing, 2008). Accordingly, the research focus has shifted to the brand origin concept (Samiee, 2011; Usunier, 2006), defined as “the country in which the headquarters of the brand's parent firm are located” (Balabanis & Diamantopoulos, 2008, p. 41).[2]

A basic requirement for COO effects is that consumers are aware of a given brand's origin (Samiee, Shimp, & Sharma, 2005). Recent studies show though that consumers' ability to correctly identify where brands originate from is severely limited. Liefeld's (2004) initial evidence indicates that > 90% of 1248 shoppers were not able to name the COO of products they had just purchased. Samiee et al.'s (2005) more recent study shows that U.S. consumers could identify the correct COO of only approximately every second domestic brand (49%) and every fifth foreign brand (22%). Balabanis and Diamantopoulos (2008) further corroborate these findings, reporting even lower correct identification rates ranging from 18% for domestic brands to 29% for foreign brands in the United Kingdom. In summary, consumers' association of a brand with its true origin appears to be the exception rather than the rule.

Consumers' inability to identify brands' origins should come as no surprise. Some marketers aim to de-emphasize or disguise the origin of

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[1] Although the segmented nature of this phenomenon is widely recognized (Samiee & Leondiou, 2011), estimates of the size of the consumer segments that are (not) influenced by COO cues are scarce. Recent empirical evidence suggests that “about one in two consumers can realistically be expected to react to COO information” (Herz & Diamantopoulos, in press, p. 26).

[2] We use the terms “brand origin” and “country-of-origin” interchangeably in this article.

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a brand due to their pursuit of global marketing strategies or even deliberately to associate a brand with a country that has a better image than its source country (Leclerc, Schmitt, & Dubé, 1994; Zhou, Yang, & Hui, 2010). Such foreign branding strategies that aim at benefitting from favorable country associations are particularly attractive to firms from emerging markets (Zhang, 2015). For example, *Giordano* is a clothing retailer from Hong Kong; *BONIA*, a Malaysian fashion brand, is marketed as "The Italian Inspiration" (Temporal, 2014). Consequently, consumers must be "amateur detectives" if they want to identify a brand's true origin (Liefeld, 1993).

Against this background, some researchers question the relevance of COO as a whole, noting that it cannot be an important factor in consumers' decision making if they are unaware of brands' actual origins (Samiee, 2010; Samiee et al., 2005). Other researchers instead assert that these findings do not undermine the role of COO in general and suggest that "the focus in COO research should be shifted away from the objective accuracy of consumers' brand origin knowledge to the relevance of consumers' perceived COO associations" (Magnusson, Westjohn, & Zdravkovic, 2011, p. 457). Because consumers have different images of different countries in their minds (Jaffe & Nebenzahl, 2006), associating a brand with a wrong COO could lead to brand evaluations that are different from what they would be, were the brand to have been associated with its true origin (Balabanis & Diamantopoulos, 2008). For example, U.S. consumers may infer from an English-sounding brand name that a brand is domestic, even if it actually originates from South Korea, and this incorrect perception could prompt distinct consumer reactions (Samiee et al., 2005).

These two seemingly conflicting perspectives are not necessarily mutually exclusive though. Undoubtedly, the absence of any brand origin knowledge (i.e., nonclassification) renders the COO cue irrelevant in consumers' decision-making process and might be the case in about 40% of all cases (as reflected in previously reported percentages of "don't know" responses; Samiee et al., 2005). Other consumers hold beliefs to varying strengths about the origin of certain brands and may rely on these beliefs to varying degrees, regardless of their accuracy (Magnusson et al., 2011). Thus, we adopt the standpoint that, unlike nonclassifications, brand origin misclassifications (hereafter BOM) can indeed bias consumers' brand perceptions and, ultimately, brand preferences. Importantly, such biases pertain only to those consumers who consider COO information in their evaluations (Samiee, 1994), which restricts the phenomenon of BOM to a particular segment of the population.

Research regarding the consequences of BOM remains scarce and inconclusive though. Some findings suggest that such misperceptions are detrimental, irrespective of whether a brand is associated with a wrong COO that has a weaker image (i.e., *adverse* BOM) or a stronger image (i.e., *favorable* BOM) (Balabanis & Diamantopoulos, 2011), whereas others support the notion that brands can benefit (suffer) from being falsely associated with a COO that has a stronger (weaker) image than their actual source country (Magnusson et al., 2011).

To contribute to this on-going debate, we investigate consumers' cognitive and affective responses upon learning of a brand's true origin in the context of fashion brands in South Korea. To do so, we initially capture consumers' unbiased evaluation of a misclassified brand and then alert them of their incorrect brand–country associations. Accordingly, we can examine (1) how the resulting cognitive (i.e., *perceived extent of misperception*) and affective (i.e., immediate *negative or positive emotions*, such as disappointment or happiness) responses relate to the extent to which consumers are willing to adjust their brand-related belief (i.e., brand re-evaluation) and (2) the role of consumers' initial *confidence in their brand origin identification* in this context.

From a theoretical perspective, our study represents a first attempt to broaden the conceptual scope of investigation by examining both cognitive and affective aspects of BOM simultaneously. This extension is meaningful, in that extant COO research suggests that brand–country associations affect not only cognition (e.g., Balabanis & Diamantopoulos, 2004; Peterson & Jolibert, 1995; Sharma, 2011; Verlegh, 2007; Verlegh & Steenkamp, 1999) but also emotion (e.g., Klein, Ettenson, & Morris, 1998; Oberecker & Diamantopoulos, 2011). Likewise, our insights regarding the moderating role of confidence in brand origin identification are entirely novel and can help brand managers and policy makers identify the circumstances in which consumers do (not) adjust their brand-related beliefs in light of new knowledge about a brand's true origin.

Our results show that consumers tend to correct their brand-related beliefs if the true COO is perceived more favorably but tend to not take a worse COO into consideration, indicating the presence of a confirmation bias. Furthermore, we observe asymmetrical effects of negative and positive affective responses, in that negative emotions (resulting from becoming aware of a favorable misclassification) lead to greater losses in brand evaluation, compared with the gains in brand evaluation that stem from positive emotions (resulting from becoming aware of an unfavorable misclassification).

We structure the remainder of this article as follows: We briefly review extant literature on the antecedents and consequences of BOM, then discuss our conceptual framework and its underlying research hypotheses. Next, we describe our research methodology and present the results from multiple regression models. Finally, we draw conclusions for theory and practice, discuss important limitations of our study and outline possible avenues for further research.

2. Literature review

Research on COO effects in general is abundant; findings regarding the wide-spread phenomenon of BOM remain sparse. Early studies primarily explore the scope of the phenomenon (Liefeld, 2004) and delineate relevant antecedents of consumers' ability to identify brand origins (e.g.,Paswan & Sharma, 2004 ; Samiee et al., 2005). More recently, researchers have become increasingly interested in the consequences of BOM and relevant contingency factors (e.g., Balabanis & Diamantopoulos, 2008, 2011; Magnusson et al., 2011). Table 1 provides a detailed overview of studies that explicitly address either drivers or outcomes of BOM.

2.1. Antecedents of BOM

With respect to the antecedents of BOM, previous research has identified a range of consumer- and brand-related factors that relate positively or negatively to consumers' brand origin recognition accuracy (BORA; Samiee et al., 2005). Consumer characteristics related to the accuracy of brand–country associations include sociodemographic variables—such as age (Balabanis & Diamantopoulos, 2008), gender (Balabanis & Diamantopoulos, 2008; Martín Martín & Cerviño, 2011; Samiee et al., 2005), education (Martín Martín & Cerviño, 2011; Paswan & Sharma, 2004), socioeconomic status (Paswan & Sharma, 2004; Samiee et al., 2005)—and individual difference variables, including consumer ethnocentrism (Balabanis & Diamantopoulos, 2008; Samiee et al., 2005) and country familiarity (Balabanis & Diamantopoulos, 2008; Paswan & Sharma, 2004). Brand characteristics that are likely to increase consumers' BORA include the extent to which a brand name reflects its local language, thereby being diagnostic of its COO (i.e., "brand name congruence" or "brand name–language association"; Balabanis & Diamantopoulos, 2008; Martín Martín & Cerviño, 2011; Samiee et al., 2005), as well as the size or equity of a brand (Magnusson et al., 2011; Martín Martín & Cerviño, 2011) and domestic brand origin (Martín Martín & Cerviño, 2011).