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Indexed and/or Abstracted in: EBSCOhost Products; Emerald Management Reviews; Gale Cengage; Business ASAP, Cabell's Directory, The Standard Periodicals Directory, ASOS

Journal of Euromarketing (ISSN:1049-6483) is published quarterly by IMDA Press, 1201 Stonegate Road, Hummelstown, PA 17036, USA.

US Postmaster: Please send address changes to Journal of Euromarketing, c/o IMDA Press, 1201 Stonegate Road, Hummelstown, PA 17036, USA.

Annual Subscription, Volume 23, 2014

Print ISSN: 1049-6483, Online ISSN: 1528-6967

Institutional subscribers: \$600, Personal subscribers: \$125. Institutional and individual subscriptions include access to the online version of the journal.

Production and Advertising Office: 1201 Stonegate Road, Hummelstown, PA 17036, USA. Tel: 717-566-3054, Fax: 717-566-1191.

Subscription Office: IMDA Press, 1201 Stonegate Road, Hummelstown, PA 17036, USA. Tel: 717-566-3054, Fax: 717-566-1191.

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June 2014

JOURNAL OF EUROMARKETING

Volume 23, Numbers 1&2, 2014

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EDITORIAL

The understanding of the role and importance of brands and branding as an organisational process has evolved in academic literature and management practice over time. There have been continuous analyses, criticisms, and redefinitions of the significance of branding as a platform used by firms for value creation based on product/service functional and emotional attributes and on the customer perception of these. Their initial meaning has gone through a substantial move away from traditionalism when brands were viewed as part of marketing, facilitating only the vending of products. Brands have become one of the most important assets of firms. They are fed by the market-based perception of firms and their products/services that affect company reputation and consequently their sales and profitability. Brands have been interconnected with a company's R&D strategy, innovation, and organisational market position. They have been associated with constant enhancement of market engagement capabilities whereby value is co-created by suppliers, customers, and end users.

Presently, positive brand creation and brand building provides for the establishing and sustaining of relationships with consumers, forming of long-run sustainable competitive advantage, and shielding businesses from market turmoil and unpredictability. These developments are no longer the prerogative of changes in economically advanced countries, but also in emerging, transition, and less-developed economies worldwide.

On the one hand, firms' products have a shorter life cycle, and the competitive position of a company can be easily undermined by constantly improving, new, competing offers pouring from all ends of the world into the

marketplace, which can affect even powerful companies that have become complacent with market position, innovation, and brand enhancement. On the other hand, consumer choice reflects a lot more their inner value system, their identity, rather than being a mere satisfaction of needs.

Branding as a means of communication value and creating a perception in the consumer mind is both material and ideational. A perception of superior value may be associated with quality and product/service performance, but also with image, allure, aspiration, and sometimes, illusion and delusion. Brands are often creating a virtual world of imagery full of feelings and experience, expectations and associations.

Brands and branding are not a prerogative of big companies only. They are a core element of strategic business decision making that is underpinned by fungible and context-specific resources and capabilities of any business that aims to create differentiated value-added offers to target customers.

The current economic downturn has challenged the market position of well established brands originating from the developed economies of Europe.

Some of them have refocused on their core business, others on their key customers and target market definition, while some have chosen to look for alternative branding solutions via innovation.

In the context of Central and Eastern Europe (CEE), throughout the transition period, well known national brands lost ground and many of them disappeared while new brands have been slow to sprout. Local brands have been sluggish to gain ground as the more competitive Western and Asian brands, as

well as cheaper products from big emerging economies, have flooded local markets. This, coupled with a lack of company strategic focus on brand building in CEE, has indeed affected the competitiveness of local firms as many of them have become stuck either in the middle or the low end of the market. Yet, numerous companies, such as Podravka, Kolektor, Gorenje, and Refan, having understood the necessity and importance of branding strategy have consequently invested in brand building to induce positive product/service image in order to counteract negative country-of-origin (COO) effects and compete on value added rather than price and commoditization. Such firms have used branding for creating a differentiated product, yet keeping overheads low to attract a wide client base, which has probed the use of branding as a philosophy of supreme value for the affluent consumers only. Some new firms have developed a strong position within a niche luxury market catering to quite specific customer needs and wants, using metaphorical brand names that allow firms to project their personality to potential users. Contextualisation of branded products and services has been utilised to cater to local users or a global sliver of the market via locally embedded material and ideational values. Such brands have been inspired by context-specific natural and man-made features with a meaning that transcends national boundaries, with inscriptions and logos inspired by mythology, traditions, and landscapes. Other brands started with focused R&D that has led to unique product/service offerings which limit imitability, thus improving long-term firm competitiveness.

When operating across borders, businesses need to pay special attention to their international branding. Carl Arthur Solberg's paper focuses on international branding with a purpose to create a framework allowing international branding classification and analysis. The principal argument of his paper is that branding and market communication in the

context of international markets need to be considered from more than the "traditional" culture-and-scale economies trade off perspective. Carl Arthur Solberg's study presents a typology of four dissimilar branding categories based on the firm's international marketing capabilities and the understanding of the global features in their industry. He identifies them as local brander, multi-domestic brander, export brander, and global brander. The paper refers to four case studies of Norwegian firms, representing each of the above categories. The categories are defined by taking into account what concerns the decision-making process involving the headquarters; the subsidiaries, or the local distributors and the advertising agencies; the information behaviour; and the end result. This process is defined as degree of standardization of different elements of branding and market communication strategy. The applicability of the suggested framework is discussed and analysed.

The significance of country reputation and brand name relationship takes different dimensions. These have been investigated and evaluated in the paper by Erik B. Ness and Geir Gripsrud. It develops around a discussion of whether it pays off to link a brand name to a country. The authors specify that some brands are associated with a country, while others are not. Taking a managerial point of view, the main management decision is related to figuring out when country-of-origin should be used explicitly and when companies have to refrain from doing so. Ness and Gripsrud's study suggests that using COO in brand strategy augments selected brand equity indicators whenever there is congruence between core brand image attributes and country image specificity. The authors put forward that general country image and brand image constructs are often insufficient to expose the potential leveraging effects when applied on the individual brand level. Ness and Gripsrud illustrate their arguments using an apparel brand case. The understand-

ings extracted from the case indicate that brand equity is enhanced by the stated country-brand image congruence conditions even when the country has no special reputation in the manufacturing of a particular product category. The paper gives new insights into the role of COO in brand strategy formulation and implementation.

Having more resources and capabilities, large global firms have to use those creatively in complex social networks in order to develop corporate brand awareness. In his paper, Andrei Panibratov investigates how global companies develop their brand awareness on the Russian market using social networks. He has identified key factors that influence the implementation of the marketing strategies of international firms in social networks and has developed a method to be used by other firms for building their brands in Russia. The paper reveals the factors that influence the marketing strategy of global companies operating in social networks, emphasizing particular characteristics of users and companies having strong influences on the overall formation of brand awareness. Based on the evidence from three global firms operating in Russia, the author has outlined the transformation of the theoretically grounded framework into practically proven model of brand development via participation in social networks.

Firms often benefit from the image and perception of a country overseas. Donata Vianelli and Giovanna Pegan have written their paper taking the perspective of the “made in Italy” brand impact on consumers in the U.S. and China. The purpose of their paper is to examine the relationship between brand and country-of-origin from the perspective of a company. More specifically, this analysis investigates the role of the brand in relation to country of manufacture and country of brand when the relationship between a given country image and a certain product category is perceived as strong and positive. Employing a qualitative method of analysis, the empirical

focus of the research is made up of a sample of 14 Italian small and medium-sized enterprises (SMEs) operating with a foreign direct investment mode of market entry and market serving in the U.S. and China. The analysis of data from in-depth interviews pointed out how, particularly in recent years, a positive COO did not represent anymore an adequate base for growth in foreign markets. Making investments in a brand has turned out to be a necessity despite the limited financial resources possessed by Italian SMEs. Without a strong brand image that has the ability to create positive associations between a product and its country of origin in the consumer’s mind, the COO loses its capacity to develop a distinctive product image in foreign countries.

Taking prominent elements from the historic development of a country can help to upgrade this country’s image and standing. The paper by Đurđana Ozretić Došen investigates a fashion accessory brand and its potential to become a distinctive brand, which would possibly convey a positive country-of-origin image. The author explores whether specific brand features and attributes linked to the historic perception of the COO implemented in product development and subsequent marketing activities can help achieve powerful brand differentiation, successful positioning, and desirable brand personality, and thus lead to the creation of positive associations related to the COO of a brand. The paper applies qualitative methodology, i.e., its findings are based on a case study. The research findings support the assumption that branding should follow an emotional approach in order to achieve images and stories about a particular brand which can subsequently lead to desirable results with regard to brand attractiveness, brand loyalty and convey a positive COO image.

Historic embedded ideological legacies can impact brand perception and brand image in a country. Andreea Iacob, John Kuada, and Lartey G. Lawson have written a paper that investigates the relationships between brand

perceptions, ideology, and consumer ethnocentrism in post-communist Romania. Their study attempts to test empirically the relationship between ideological orientation, consumer ethnocentrism, brand perception, and demographic factors in present-day Romania. Since previous studies have not examined empirically these relationships, the present investigation contributes to filling in the existing research gap. The research results show a strong link between communist ideology and consumer ethnocentrism as well as between the ethnocentric tendency of Romanian consumers and their brand perception. Demographic characteristics, like gender, age, and education, seem to moderate the ideological orientations, the degree of ethnocentrism, and brand perception. The decomposition of the ethnocentric statements in the CETSCALE into 3 component factors adds value to the existing research knowledge in the field, since previous studies have been based on unidimensional or two factor evaluations.

Multicultural country fabrics involve issues associated with customer based brand equity. These issues may be aggravated in the context of a newly formed developing multinational state. Attempting provision of answers to the question "Do national identity and religiosity antecede customer-based brand equity in a developing multinational country?" is the purpose of the paper by Selma Kadić-Maglajlić, Maja Arslanagić, and Muris Čičić. Their study tests the influence of national identity and religiosity on brand equity in the context of a country from South-Eastern Europe, which is heterogeneous in terms of na-

tionality and religion. The main purpose of the investigation is to examine the relationships between these concepts, and to compare models in terms of local and global brand equity. The results support the proposed conceptual model showing that national identity and religiosity play important roles in brand equity of local brands but not so in brand equity of global brands. In those circumstances, religiosity and national identity do not significantly influence brand equity. The implications of the results are discussed and recommendations for future research are presented.

Building of a retail brand image consists of a number of issues that need careful consideration. In their paper, Boriana Dimitrova and Bert Rosenbloom show that the concept of retailer store image as a collection of functional attributes needs to be augmented by social and economic characteristics in order to reflect the broader construct of retailer brand image. To illustrate their point, the authors provide an overview of the brand image building efforts of the two largest European retailers, the French retailer Carrefour SA and the British retailer Tesco, in terms of the product life cycle.

The collection of papers contributes to our understanding and appreciation of branding as a manifestation of company and country philosophy and their strategic market-value thinking.

Svetla T. Marinova
Guest Editor

ARTICLES

International Branding: A Framework for Classification and Analysis

Carl-Arthur Solberg

ABSTRACT. The main contention of this paper is that branding and market communication in international markets need to be considered from more than the “traditional” culture-and-scale economies trade off perspective. This study presents a typology of four different branding categories based on the firm’s international marketing capabilities and the globality of the industry: local brander, multi-domestic brander, export brander, and global brander. Four case studies from Norway, representing each of the above categories of firms, are defined in what concerns the decision-making process involving the headquarters, the subsidiary or the local distributor, and the advertising agency; the information behaviour and the end result shows the degree of standardization of different elements of the branding and the market communication strategy.

KEYWORDS. International advertising, international branding, standardization, typology of branding categories,

INTRODUCTION

Over the years, numerous contributions on international advertising and branding have appeared, both in scientific journals as well as in international marketing textbooks. The approach has generally been to discuss whether or not marketers should standardize their advertising across markets. Factors such as market specific conditions, culture, economies of scale, organizational contingencies, and transferability of competitive advantages are suggested to have an impact on the decision to standardize or not (Levitt, 1983; Roth, 1995;

Solberg, 2000 and 2002). Roth (1995) in particular analysed the moderating effects of cultural dimensions (such as power, distance, and individualism) and socioeconomics on market share of different brand images (functional, sensory, and social), suggesting that brand image should be adapted accordingly.

Also, the level in the communication mix seems to play a role. Van Raij (1997) suggested four levels: mission, proposition/campaign theme, creative concept, and execution/style, each lending itself to different degrees of standardization contingent on factors such as demand homogeneity, message

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transferability, competition, etc. Walliser and Usunier (1998) gave an account of how factors such as language, social taboos, religion, humour, aesthetics, roles, and characters represent clear limitations to standardization at the executional level. Most researchers at present convene that a contingency approach is the most appropriate one, implying that some parts of the marketing mix should be adapted while other parts more standardized (Schilke, Reimann & Thomas, 2009; Schmid & Kotulla, 2011). In most of the discussion on international branding and subsequent advertising, the premise seems to be that a standardised approach is primarily undertaken by large multinationals, with great resources both in terms of finance and management, operating in global markets that are more or less homogeneous. Thus, Schilke, Reimann and Thomas (2009) found out that firm size matters in explaining performance of standardized marketing strategies. However, it can be argued that this is a misleading premise because it simplistically and inevitably turns our attention away from other and conceivably more pertinent factors.

In this paper, we depart from the above defined stream of literature to discuss two factors that have received merely limited attention in the existing literature. The first is an internal factor, namely, the ability of the international marketer to carry out the decisions on branding in international markets. Solberg (2000, 2002) has discussed the impact of market insight at headquarters on these decisions. His findings suggest that market insight enables firms to adopt a standardized approach to international markets even in the cases of heterogeneous markets where the local partners may have decision powers on marketing issues. This paper carries the discussion further and introduces the firm's relations with both the local partner and the advertising agency and their consequences on the ability to freely adopt a standardized branding strategy with an emphasis on advertising. The second factor is

a critical element concerning the external environment, namely, the extent to which competition is global. This factor is distinct from the factor defining homogeneity across markets in that it takes into account the competitive structure as well. We adopt the definition suggested by Solberg (1997) that global industries are characterised by few players that benefit from structural barriers to entry (such as economies of scale in research and development, production, and marketing) and that operate in markets with few international barriers (such as customs, quotas, standards, demand patterns, channel control, etc.). Multi-local industries (Porter, 1986), on the other hand, are characterised by mostly national players, with only a few foreign competitors, if any. These two dimensions have impacted the international firm strategy in general (Solberg 1997), its international pricing strategy (Solberg, Stöttinger & Yaprak, 2008), representing the mainstay of the model to be developed. This model will help the reader address a number of issues: How should the branding and the subsequent communication package be sewn together? Who should be responsible for the development of the communication package, thereby indirectly controlling the branding issues?

The paper is structured as follows: first a literature review will concisely examine the existing contributions relevant to the studied issue, followed by a description of the model including the above indicated two dimensions. Next, four cases drawn from the Norwegian export industry are analysed, and finally, implications for research and management are discussed.

LITERATURE REVIEW AND MODEL DEVELOPMENT

For an extensive literature review on the research issues please refer to (Vardar 1993; Michell, Lynch, & Alabdall, 1998; Shoham, 2002; Theodosiou & Leonidou, 2003; Schilke,

Reimann, & Thomas, 2009; Schmid & Kotulla, 2011) among others. This review assesses briefly the main streams of the literature in order to create the foundation for the suggested model.

Michell, Lynch, and Alabdal (1998) divide the literature on standardization into four parts. The first one is literature that advocates standardization, where the main argument is better marketing processes, more efficient planning and control, and a more uniform global image (Elinder, 1961; Levitt, 1983). The rival school of thought promotes the idea of the necessity of local adaptation emphasizing the role of national (or ethnic) culture, different patterns of consumer behavior, the marketing infrastructure, etc. For example, Evans and Bridson's (2005) research pointed out that retailers tend to favor adaptation strategies with the increase of psychic distance between the home and host countries. This line of thought has a long range of advocates (see for instance Vardar, 1993; Walliser & Usunier, 1998). The third category argues that some elements of advertising should be localized, whereas others should be standardized across markets, flexibility being the key argument (Peebles et al., 1978; Quelch & Hoff, 1986; van Raij, 1997). Keegan and Schlegelmilch (2001) quote Leo Burnett's Nick Brien who sees this as follows:

As the potency of traditional media declines on a daily basis, brand building locally becomes more costly and international brand building becomes more cost effective. The challenge for the advertisers and agencies is finding ads which work in different countries and cultures. At the same time as this global tendency, there is a growing local tendency. It's becoming increasingly important to understand the requirements of both. (p. 458)

The fourth approach to this issue is based on clusters of transnational regions (Boddewy, Soehl, & Picard, 1986; Whitelock & Kalapaxoglou, 1993; Kassem, Ludwig, & Beeman, 1993; Kale, 1995). The marketer needs to tai-

lor advertising to each cluster of countries, but may keep the same standardized approach within each cluster.

The performance effects of the standardization approach have been studied by only a few. Schilke, Reimann, and Thomas (2009) have uncovered that the standardization-performance link is significantly stronger in larger firms with a homogenous product offering, higher market penetration, and firms possessing cost leadership and coordination advantages. Xu, Cavusgil, and White (2006) have found out that fit, among strategy, organizational structure, and process, is positively associated with performance, emphasizing the importance of implementation as a source of competitive advantage. Solberg and Durrieu (2011) have found positive correlations between standardization and market position. However, these authors have uncovered the negative correlations with financial performance indicators.

In an attempt to clarify the conundrum of different factors affecting the standardization-adaptation dilemma, Solberg (2009) has suggested a framework with two dimensions: the impact of a certain factor on firm's strategy (in terms of degree of standardization) and the firm's ability to influence that factor. For instance, among the important impacting factors is the role of the local representative and the advertising agency. On the other hand, the international marketer has a great deal of leverage on decisions pertaining to these two factors, since he can freely choose partners in the local market. Other factors such as homogeneity among markets or competitive structure are external to the firm. These have, depending on industry type, varying impact on firm strategy, and they can hardly be influenced by the firm. Economies of scale (Levitt, 1983) and competitive position (Shoham, 1999) may in this framework be located somewhere in the middle, as the firm may to a certain extent have specific bearing on these two factors through its strategic choices, but at the same

time be constrained by various external forces (for instance technology and competition). According to the incremental internationalisation school of thought (Johanson & Vahlne, 1977, 1990), it is claimed that the ability of the firm to make rational decisions on these matters varies greatly with its experience in international markets. Newcomers to international markets will normally depend greatly on the marketing insight of their local representatives. They will neither have the knowledge nor the managerial resources necessary to devise any strategy of their own addressing the requirements of the local market. Depending totally on the local network of their partner, they will also normally use a local advertising agency (Solberg, 1989). Notwithstanding the potential for standardization, the expected outcome of this kind of exercise is thought to be customised marketing. The leverage of the duo local partner-local advertising agency is thought to be ruling out any scale economies to be made on homogeneous demand patterns, and thus the potential for standardization across markets (Solberg 1989). In a survey of Norwegian exporters of consumer products, Jenson and Lintho (1994) found out that in between 25% and 53% of the cases the local representative was the main influencer on decisions such as media strategy (53%), selection of advertising agency (44%), budget (32%), and the creative platform of the advertising campaign and local marketing strategy (25%). In 20% to 40% of the cases, Norwegian exporters of consumer products cooperated, the influence being mainly shared proposition/campaign theme, whereas the exporter was the main influencer in the remaining cases (20-40%)—particularly regarding marketing strategy (56%). These figures indicate that the local representative has a major influence in key marketing decision areas, in many cases leaving the exporter to a significant extent to “obey orders” by the agent. One of the key problems for this category of firms is that the cost of information is per-

ceived as extremely high. These firms do not have the experience and insight required to understand critical issues in the local market, and are therefore ill-equipped to acquire the necessary level of knowledge enabling them to devise a meaningful advertising strategy specifically and, more generally, a branding strategy. They are therefore much more vulnerable to the whims or even opportunism of their foreign and more knowledgeable partners, who in turn do not necessarily fully understand the needs of the exporter. Firms not addressing these issues, because it requires managerial resources they do not possess, risk evolving into a situation in which each market is approached in a customized way without regards to potential for standardization, the end result being an onerous patchwork of different marketing positions and brand images in international markets. In a multi-domestic market setting (Porter, 1986), this may not represent a serious problem to the exporter because it will only affect its position in each individual market, and the competitive situation in each of these markets will normally not warrant any large-scale global marketing campaign.

However in a globalizing market, competitive forces compel the exporting firm to change its strategy in order to seek benefits from economies of scale and from a homogeneous global brand image through a standardized advertising approach. It is at this point that the exporting firms risk meeting opposition from local partners (Quelch & Hoff, 1986; Lipman, 1988; Solberg, 2000, 2002).

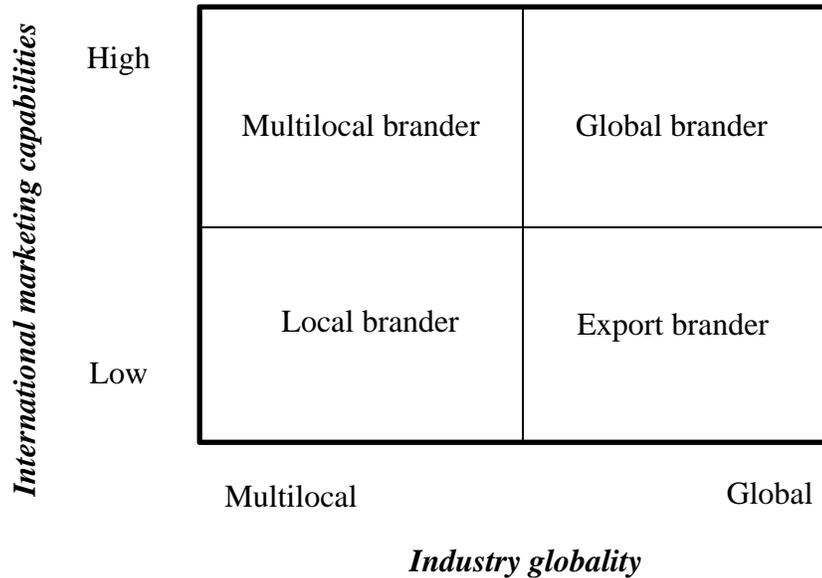
The suggested model consists of the above-mentioned dimensions: international marketing capabilities and the globality of the industry (see Figure 1), and suggests four categories of international branders: local brander, multi-domestic brander, export brander, and global brander.

The main suggestion expressed is that firms will take different approaches to international market communication depending on

their position in this model. More specifically, we anticipate that firms in the four cells will adopt different control and monitoring structures, information behaviour, and market

communication strategies. The following sections give a brief outline of the archetypal features expected in each cell of the model.

Figure 1: Typology of International Branders



The *local brander* typically epitomises a firm with limited resources and experience, possessing limited marketing insight, with local representatives making most of the marketing decisions on their behalf, these latter working closely with the local advertising agencies they know well. The local brander with limited capability to gather control information simply has to trust that of its representatives (distributors, agents, sales subsidiaries, etc.) to make the best out of each individual marketing situation. The more experienced among firms in this category may address the situation by developing common guidelines that place some restrictions on the local representatives and their advertising agencies. However, since the guidelines normally are developed by the exporter, most likely with help from an advertising agency in the exporter's home country, and the exporter operates in a multi-domestic market setting, the concept may not easily transfer to other

markets. Therefore, the local advertising agencies would prefer to do things in their own way together with the local representative, rather than complying with the suggested guidelines, the result being local adaptations (De Mooij, 1994).

The *multi-domestic branders* generally have a higher market share in their main export markets. Firms in this position have more experience in international markets, and therefore tend to acquire more detailed market information (Benito, Solberg, and Welch, 1993). Therefore they are better equipped to evaluate local requirements in each market and suggestions made by their local marketing partners, be it their own sales subsidiary or an independent representative, and their advertising agencies. On the other hand, they also acknowledge that local market conditions warrant local solutions, and will therefore tend to accept that the brand image and the communication mix may differ from one country to the

other, possibly with different degrees of adaptation at different levels in the communication mix, that is mission, proposition, creative idea, execution (van Raij, 1997). Prototype advertising (De Moij, 1994, p. 234) may be one solution for firms in this position where definite directives are provided, typically referring frequent features of the execution. Furthermore, prototype advertising delivers better control than guideline advertising.

Export branders are firms that rate low on the ability axis, but operate in a global industry setting. Chances are that demand patterns, consumer perceptions, and the competitive situation are more homogeneous across countries in this setting, creating the foundation for standardized solutions. With limited resources, firms in this position are expected to develop standardized solutions that transfer more or less easily to other regions. However, even in global markets, the execution needs to be localized (De Moij, 1994; Walliser & Usunier, 1998). As they do not have sufficient resources to adapt to the local flavor, they are nevertheless expected to run the same campaign across all markets, with the same mission, campaign theme, creative idea, and often also the same execution (except perhaps for media selection). "Export advertising is imposed on the world unadapted, or simply with the copy translated. This is the ultimate form of centralization" (De Moij, 1994, p. 234).

Export branders have limited market shares, and we anticipate that they, therefore, will spend comparatively less time and money on advertising than on other marketing tasks, such as, for example, product development or securing appropriate distribution partners in international markets. On the other hand, the strategy may as well be, if not "dictated", at least heavily influenced by these latter given their information leverage in their respective markets. Therefore, even though the external conditions for standardization are present, export branders may be compelled to accept lo-

cal branding carried out through their more powerful trading partners.

Finally, *global branders* are market leaders in global markets spending considerable resources to sew together a branding strategy and a communication package that address both the need for customized solutions and the advantages of scale economies and of a global brand image. Most firms in this cell have their own subsidiaries in local markets and would therefore be more prone to decree the content and the execution of the marketing communication. However, examples abound of firms that (supposedly) in this position enforce centralized solutions on their local partners and subsidiaries, and that later experience the harsh realities of internal conflicts and opposition (Quelch & Hoff, 1986), be it multinationals such as Parker Pen (Lipman, 1988), or smaller firms such as the Norwegian leisure and sport gear supplier Helly Hansen (Solberg, 2000). Quelch and Hoff (1986) describe a process in five steps whereby global firms may avoid the main pitfalls of centralized global advertising campaigns, consisting of information exchange, persuasion, coordination, local accept, and supervision. The main idea of this process is to involve the local managers.

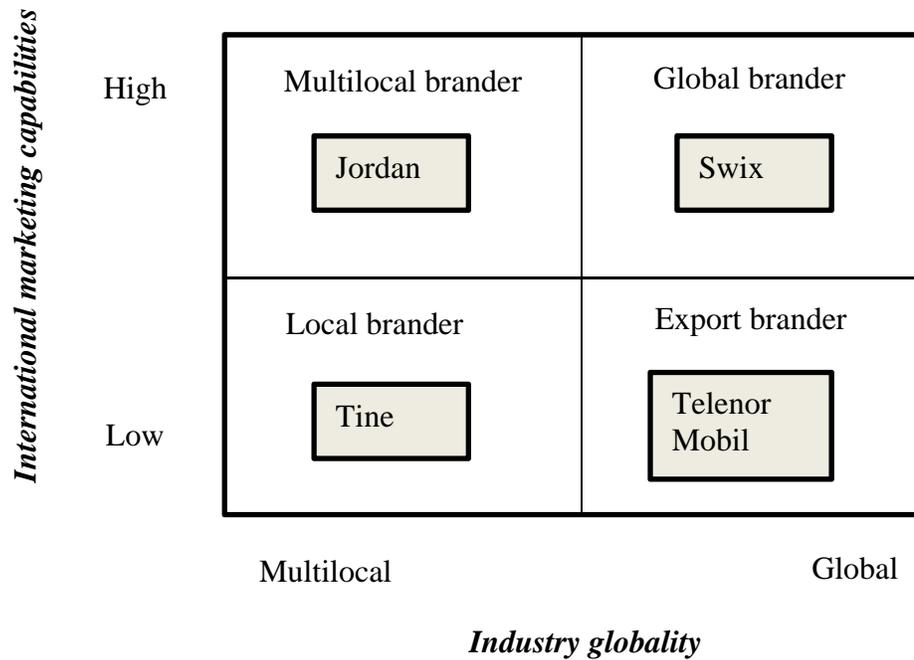
CASE STUDIES

In order to examine the model, we carried out in-depth studies of four Norwegian exporters in the consumer goods sector. Case studies were chosen so as to be able to explore details of each situation. The case firms should a priori be located in different positions of the framework. Figure 2 shows the location of each firm in the model. Appendix 1 gives a brief explanation of how we arrived at this location. Ideally, we should have been able to identify firms that are located in each of the four corners of the model. This has proven difficult for practical reasons. First, we do not know a priori the placement of the firms in the

matrix as it is necessary to carry out detailed analysis of the two dimensions to find the final locus. Second, the number of exporting firms in the consumer goods sector in Norway is relatively limited, so it is not straightforward to find firms nicely fitting our research

requirements. As can be seen from Figure 2, the firms are located toward the middle of the model rather than at the extremes, thus potentially blurring our findings.

Figure 2: Case Firms in the Model



The cases seem sufficiently clear-cut, allowing us to draw some preliminary conclusions. The interviews were based on an interview guide capturing the elements discussed in the previous section. They were conducted with the managing director or marketing/export managers of the responding firms and lasted typically around 2 hours. In two of the firms, two export area managers (firms Tine and Jordan) were interviewed. Furthermore, a summary of the interviews was sent to the respondents for possible corrections, thus enhancing significantly the reliability of the data.

To explore the propositions built in the model, answers have been sought to the following questions:

- 1) What role does the local representative play in the advertising/branding decisions as well as in who controls and monitors the local marketing activities?
- 2) How do the marketing partners exchange information, and how is this information used in the decision-making process?
- 3) Finally, to what extent are the branding and marketing communications standardized?

DATA ANALYSIS

This section is organized as follows. First we give brief answers to the three questions above, substantiating our points with statements from the interviews. Then we pull the cases together into the model with the purpose

of relating the results to the archetypes discussed above.

Role Distribution between the Local Representative and headquarters – HQ control

The author wanted to assert the leverage and the control that HQ in each of the case companies has on advertising decisions in in-

ternational markets, the extent to which the decision making process is centralised or rather localised in each local market, and the role of the advertising agencies.

Tine's export manager has stated that the local distributors operate independently of headquarters: We have, in fact, not intervened so much in the local marketing.

Table 1. Summary of the Case Firms

Tine	Tine is a dairy cooperative firm that has dominated the Norwegian home market for more than half a century. Annual sales are in the region of 13 billion NOK (1.6 million Euros), international sales only representing less than 5%, mainly concentrated on their branded cheese (Jarlsberg). They have a fair market presence in the U.S.A. operating their through a sales subsidiary. In other extort markets they operate generally through distributors.
Jordan	The firm Jordan prides itself of being number one in Europe in the toothbrush market and one of the leading toothbrush manufacturers in the world. Their annual sales reach 450 million NOK (56 million Euros), exports constituting almost 90% of the total. They are represented in more than 38 countries world- wide, mostly through local distributors.
Telenor Mobil	Telenor Mobil is an offspring of the former public Norwegian telephone company (now with a limited private ownership). They have operations in 12 countries, in six of which with wholly owned subsidiaries. Their operations are concentrated in Northern and Central Europe and some Asian countries.
Swix	Swix is the world market leader in ski wax. In addition they manufacture and sell ski poles. Out of total sales of 275 million NOK (34 million Euros) some 2/3 are generated in foreign markets. They are represented in what can be termed relevant markets (where there is snow) mainly through distributors. In U.S.A. the firm has wholly owned subsidiaries, and in Japan -joint ventures representing sales branches.

These people know the markets much better than we do...Concerning advertising agencies we always use local ones, except for the centralised campaign (which was a failure – see later)...We feel that we have a clear role distribution between us and them. We depend very much on each other, and this is teamwork. As mentioned, they [the local representatives] are responsible for the marketing decisions as long as they follow our directions. We may reject their plans and say that

we don't want this or that, but don't really do it, never have. We work more in teams now, in order to bring in the local marketing people.

These statements demonstrate the lack of resources put into the decision making at Tine concerning international marketing (communication), leaving most of the decisions to their local partners. In Jordan's case this is quite different. The distributors in primary markets have limited impact on the marketing decisions, somewhat more freedom of action

being granted to distributors in secondary, overseas markets.

Actually the distributors have limited impact on strategic decisions. I guess we feel that we have enough competence to take the final decisions. And there are several people involved in this. Both my boss [the VP-marketing] and the president are heavily involved. They have their contact persons with the distributors at a higher level... For us to build Jordan as a brand, and with the competence that we possess in house, well we just don't draw upon our distributors in these discussions.

I feel that we have well defined roles between us and our distributors, but it is evident that if you give some independence to some, then others will challenge that—and that is rather tiresome, because they need to check with us, particularly concerning the great advertising campaigns. They need to get it accepted. It would be easy to deny everything, keep it simple, but then on the other hand we would not get their commitment.

Summing up, Jordan has centralized most of their marketing communication. However, in order to keep the distributors involved, they allow some freedom of action. Telenor Mobil has grown internationally mainly via acquisition. In this way, they are somewhat atypical as compared with the three other companies. Firstly, they have limited local marketing experience and expertise at headquarters; secondly, most of their focus has been on financial monitoring rather than on marketing. In the words of the Vice President on project development. Today the local players have perhaps too much impact on what might be seen as an effective operation in the longer term. What we want to do is to take the best from each market and then distribute that further. This statement indicates clearly that Telenor Mobil aims at achieving a higher degree of centralization over the marketing decisions of their local operations, but that they still have some way to go to reach that goal. Finally,

the CEO at Swix, the ski wax market leader, claims that

Everything is monitored from our headquarters, but we use, for example, an American advertising agency in much of the design work. The globalization has given a great opportunity to communicate across continents. We just send over pictures, suggest solutions, etc., and we then can send the final result to Japan...In that way we communicate on a daily basis. We have in house production of the material, but we let advertising agencies play a role in the creative part...Our experience is that our distributors have too little resources to do this work themselves, so we have to “push them here and there”. Our subsidiaries manage these things themselves within our strict guidelines, and they do not produce their own pictures. Rather, they get them in our database. The distributors use their own advertising agencies in the execution of the campaigns, but they need to get our approval.

...[We] have realized that if we don't keep a tight rein [on our distributors], a whole range of creative solutions will pop up...We invite them to participate in the process, but it's we that hold the helm.

Information Capture

How is market information being captured by HQ? How is it used by HQ when developing advertisements in international markets? These questions are important in that they indicate the assertiveness of HQ managers in their interaction with local distributors or managers.

Starting again with Tine, this company receives most of their market information from their local marketing partners. Many of these have been in the “family” for more than 40 years, and they have developed a trusting relationship. Given the fact that most of the marketing decisions are being made locally, additional market information seems unnecessary. They receive marketing plans from their part-

ners, they approve them, and they follow up the sales—but not the execution of the campaigns—on a regular basis. They are also in close informal contact with key personnel in the distributor organization.

Jordan maintains that they are always in close contact with their distributors, constantly being updated on market and sales developments.

I speak more often with them than I do with the people one floor up (at the headquarters). It is mainly informal communication, or a combination maybe. You call, you speak and you discuss...We are after all colleagues in a way. I believe that is one of our strengths, that we have such good relations with our distributors. We have spent a lot of resources on socialisation so to speak.

We have marketing meetings a couple of times per year, where everyone is gathered. In addition we invite them here on kick offs and the like, and in this way they are inspired to do the same back home. We try to achieve an atmosphere of colleagues; they are after all our colleagues in the different countries out there. And that is important for them to prioritise Jordan in a world where they are responsible for other products as well...I believe that network and relations with our distributors are alpha and omega, it has to do with trust and commitment.

In addition, they actively use Nielsen data, so they are regularly being informed on competitor standing and on that of the leading retail chains.

Telenor Mobil is priding itself on its extensive market research investments before it enters new markets. They also subscribe to market intelligence reports.

There are lots of research agencies that work with telecom. That is quite a “hot” subject right now, mobile phones in particular. So we are being followed up with lots of materiel. We are quite a transparent industry, so there is really no “hokus pokus”.

On the other hand, this company nevertheless struggles quite a bit to get the information they feel they need from their local partners:

“We often have to ask for the information that we need... In fact, it often happens that they [Telenor Mobil’s local partners] withhold some information, that they do “anything” to get away. Well, no one really likes to be monitored, and this industry is young, the companies and their cultures are young, but still very strong cultures. The end result is that there is a “king” that “rules” over another one who was used to be “king”,

”, and then another “king” over him again, so it gets easily fussy.

Finally, Swix claims that they have extensive market knowledge and an in depth insight into the operations of their local partners. Their sales and marketing people carry out revisions and visits several times a year. In addition, through their network, with colleagues in the industry, they discover that the information they get from their partners does not always match that of the network. In this way, they are able to double-check and to adjust the information received. As stated by the managing director,

It is all about the distributors’ resources and they often struggle with priorities, as they have other products to handle. We have in general great trust in what we get from our partners, but we check the quality of the information from other sources, and we often find deviations here. They probably feel they have a stronger position than they in fact have.

Standardisation or Customisation of Marketing Communication?

All four firms try to the extent of their capabilities and to that of the external environment to standardise their marketing communication effort, arguing to different degrees the role of economies of scale and the importance of a similar brand image across countries.

However, they succeed to various extents in this endeavour. Let us review each firm:

Tine has some time ago carried out a standardized campaign aimed at most of their export markets. They contracted a Norwegian advertising agency, and they developed three similar campaigns, focusing on Norwegian nature, namely, midnight sun, mountains, fiords, and purity, playing on the country of origin effect (Bilkey & Nes, 1981; Verlegh & Steenkamp, 1999). Their foreign partners where also involved particularly in the very beginning: "The result was disappointing: Our different distributors wanted to emphasise different attributes—some using the term Scandinavia in stead of Norway, others invoking the nature, and others really did not care."

Since this experience, they have realised that it is particularly difficult to carry out standardised marketing programs across markets. They have indeed developed a manual (on how to use the logo, the brand names, use of colours, etc.) but even these directions are being challenged by their distributors. They want to build in core values in each product; for instance, their flagship product Jarlsberg has a taste which is deemed to be too strong to be given to children, and yet, their Australian partner markets this particular cheese as a family cheese.

Jordan is in quite a different position. Their market knowledge coupled with the close cooperation with their local distributors confers on them the capability to capitalise on similarities that exist across markets (Solberg, 2002). Most of their marketing budget is given to in-store activities, mainly because the purchase of a toothbrush is basically done on an impulse when you are out shopping; it is seldom on a shopping list. The creative idea and the development of materials are the responsibility of headquarters. At the executional level they need to leave most of the work to their distributors, due to differences in measures, store outfits, and, not the least, regulations. However, advertisements and com-

mercials are developed at headquarters. Manuals are zealously used and closely followed-up in primary markets, whereas in secondary markets, they spend fewer resources to check on the use of these directives, the result being, for instance, that after they introduced a new logo, the old one is still being used in some secondary markets. They have a set of photos where the distributors can pick and choose. Depending on the importance of the campaign, they give more or less firm instructions as to what elements should be used. Still, they allow for differences. For example, when we launched a new dental floss, the Finns had already started their market communication based on another creative idea than the one we wanted to push. They had on their own developed an idea they wanted to build on because they had a special deal with one of the leading TV channels. Because they already had spent time and money on this and it showed some good effects, we eventually, after some discussion, said yes.

Also differences in market environments warrant different approaches. For instance, in the Netherlands, the market is crowded with more brands than in Scandinavia, and consumers are much more price conscious, so Jordan needs to focus to a larger extent on coupons, price offs, rebates, and so on.

Telenor Mobil is perhaps the company with the most pronounced ambition to standardize its marketing communication across markets. However, they seem to be a long haul from being there. The intentions are clearly spelled out by our interlocutor:

If we hand out the same uniform to everyone, then the probability is much greater that they will march at the same speed, than if the uniform were different... It is all about us operating in 12 different countries around the world, and if we then try to see things in perspective we should be able to exploit cost advantages. And if we then have the same brand in all markets, then there is a theory that says that we will more rapidly achieve those cost

advantages...And furthermore, it makes us feel like in a family.... We can extract synergies, and we are compelled to do that as the industry is getting more and more globalised. And it has happened really fast, and you get the kind of global player that can exploit these scale advantages.

Another aspect is that of the market. Take the Nordic market for example; there you have Nordic media, and Nordic sponsor objects etc. If you then have the same name, you may afford to buy yourself in. Telenor Mobil tries to develop a differentiated approach, depending on the level of their marketing activity. As stated by the interviewee:

Our marketing activities can be divided into four: Trade marketing where we work with different retail chains requiring adaptation. Then you have brand building, mostly on television, but also in print media. We may also call internet marketing mass communication. And then you have CRM, where we can be much more target oriented, for example via SMS. Telenor Mobil is more and more now working to develop concepts for their local partners, and consequently, they have developed the Djuice concept, aimed at particular segments where the mobility life style is the foundation. In this concept, consumers get a more tailor made product for those who use the mobile phone rather than the ordinary one. This concept will be marketed in four countries, Norway, Sweden, Hungary, and Denmark.

Most of the marketing communication is still done locally. One major reason for this is their acquisition strategy, whereby they have over the years acquired controlling stakes in various national telecommunication operators. The question is whether they have the leverage, in terms of local market knowledge, of international experience, and of ownership authority to smoothly carry out a more standardised approach in international markets, thereby achieving a more uniform brand image.

Finally, Swix is the company that seems to carry out the most standardised marketing communication program. At the outset, they are too small to carry out heavy international advertising campaigns. Rather, they use the retailers as their medium and cooperate with major retail chains in co-branding; they estimate that as much as 80% of their marketing communication budget is oriented toward the retail level. They are also quite deeply into sponsoring both events and ski idols, an activity that, of course, reaches both retailers and end users. Even though most of their marketing communication is standardised, they acknowledge that "all business is local business", that "people indeed are different inside their heads". The managing director states that

Layout and message are standard in all markets, and more and more of the marketing communication is going to be the same. We may say that if we want to be a professional brand, everything needs to be the same: logo etc, so-called corporate identity. We have to monitor quite strictly, but there may be a need for some local adjustments, such as for example in Japan. But in the main we have the same catalogue all over the world....

Except for Japan where we make a special catalogue based on our own material.

On a (standardization) scale from 1 to 5, I believe that we are somewhere between 1 and 2, but significantly closer to 1. Local adaptation is, however, sometimes necessary, for example how we present the products. The Japanese are more technically oriented, so the products need a more technical look. Americans are very concerned with pricing. In the U.S.A., we have a slightly different product range...Even Norwegians and Swedes there are different! We need to take care of our uniform image in different markets, and maybe soften up somehow in different regions, Central Europe being one such region, for example.

Summary of the Analysis

The main contention put forward in this paper is that firms’ managerial resources and their relationship to their marketing partners in their export markets fashion, together with the competitive structure (global or multi-local), their international branding strategy. In the main, with some important nuances, this is

what we find in our four cases. Figure 3 sums up most of this discussion.

Tine, operating in the lower left cell, the “local brander”, competes in a multi local market environment, not warranting any global marketing approach. Also, in spite of a relatively long international experience, their leverage toward local distributors is quite limited.

Figure 3: Summary of Findings

<i>International marketing capabilities</i>	High	Jordan Jordan closely monitors the market communication of their local partners. They have extensive market intelligence and information and have close relationships with their partners. The creative idea and the development of material/photos are the responsibility of HQ, the execution is carried out at the local level. Exceptionally they let their local partners run local campaigns.	Swix Swix has centralized most of their market communication. They have a good understanding of local market requirements, and a good working relationship with their partners. Most of their catalogues and ad material is standardized making allowance for local adaptation in some markets, depending on local requirements.
	Low	Tine Tine leaves most of their market communication to their local partners. They base their own decisions almost entirely on info from these partners. All their marketing communication is locally adapted. They once tried to standardize a marketing campaign, but failed.	Telenor Mobil Telenor Mobil still has a way to go to centralize their marketing processes. They have an extensive information base, but are still confronted with “local barons”. They have different brand images in each country, but they have an expressed objective to standardize their branding.
		Multilocal	Local
		<i>Industry globality</i>	

They once tried to run a standardised global campaign, but it failed, we believe, for these two major reasons: market heterogeneity and lack of resources/market insight. Jordan operates in the “multi-domestic brander” cell but close to the neighbouring category “global brander”. They have extensive experience in international markets; they are market leader in some key markets, and they have established a professional and colleague-type of relationship with their local distributors. This gives them extensive power to, if not dictate, at least inspire these latter to do it their way. They standardise more than the cell location suggests. However, we believe that the influence of the neighbouring global cell makes itself felt in the findings: there are

many elements of globality in their market environment—in particular the industry structure with only a few, large key competitors operating globally. However, the local distributors do have some influence on the development of the marketing communication strategy.

Telenor Mobil is trying to develop a standardized global marketing program, possibly the most standardised of the four firms reviewed here. However, they have expanded as a result of local acquisitions, buying into local brand names and local organisations. They intend to develop standardised programs for their local marketing partners, but will almost certainly meet resistance from the locals in this endeavour, partly because of the “not

invented here” syndrome, and partly because they do not yet possess the necessary legitimacy (market insight) vis-à-vis their partners to enforce such uniformity. Finally Swix, with more than forty years of experience in international markets, have built a market position in international markets that, in spite of their relatively limited size, makes them an international market leader in their very special niche. The nature of competition and that of the consumer needs addressed suggest that they operate in a global market setting. This clearly calls for a standardised global approach to branding and marketing communication, only allowing for modifications when it is strictly needed. We believe that our observations are quite in accordance with this description. However, it would be mistaken to term the firm a real global brander, given the fact that they do struggle with some of the distributors not always complying with their directives. This, we believe, may be explained by the limited size of the company, lacking resources to follow up on markets deemed to be secondary.

Study Limitations

One limitation of this analysis lies in the fact that three of the four firms rely mostly on distributors in international markets, whereas the fourth case firm (Telenor Mobil) has acquired their marketing partners abroad. In principle, this should give the latter more organisational clout, and it may in the long-term end up that way. However, in that case, they need to climb on the Y-axis of the model, thereby entering into the global brander cell. At the present time, however, they operate in the lower right part of the model.

CONCLUSIONS

This article presents, analyses, and discusses a model of international marketing communication. In this endeavour, we have

shown that some of the two factors, international marketing capabilities and industry globality, have an impact on firm behavior. Indeed, the “classical” factors such as market similarities and economies of scale have an important impact on the firm’s ability to standardize, but we need also to take into account other factors internal to the firm (resources, market knowledge, market power, relations with their marketing partners, etc.). We have seen that carefully drafted standardized campaigns could fail, partly because this factor has not been adequately accounted for. We also sense the challenges that one of the firms is confronted with, trying to sway their partners into a standardized global approach, but failing partly because of limited leverage toward their partners, and partly because of the fact that the advertising theme did not find resonance among their partners.

Another conclusion is that global branding as epitomised by the popular “think global, act local” axiom is not the exclusive domain of large multinational firms. Also, small and medium sized firms, targeting niches in international markets, may embody features of global market leaders, in markets featured by global oligopolies. Swix and partly also Jordan are examples of such firms, and their market communication strategies are in principle akin to those of their larger counterparts in global markets although their advertising budget is less directed toward mass media and the end user.

The standardization and adaptation issue is prevalent in international branding. Even though decision-making processes have been studied (Walters, 1986; Quelch & Hoff 1986; Özsoyner, Bodur, & Cavusgil, 1991), few, if any, have to the author’s knowledge attempted to establish a comprehensive framework to classify different types of international branders. The model should be tested both on a larger scale and in other contextual settings. There are many unresolved issues to work with in that case. Although some of the varia-

bles concerning the two axes of the model have been developed by others (Solberg & Durrieu, 2011), a main effort remains to develop constructs regarding the content in each cell (relations with the marketing partner and the advertising agents, the distribution of roles between them, the information behaviour, the different communication strategies, etc.).

International branding is relevant for an increasing number of firms. We believe that the role of exporters' trading partners has not been given adequate attention in the debate until this date. The power balance between the international brander and its representatives, or even its own sales subsidiaries in different local markets, makes a difference and should be better understood in the decision making and execution process of the branding strategy (Quelch & Hoff, 1986; Lipman, 1988). The framework presented in this paper aims at filling this gap in the literature and helping classify different firms so as to enhance the understanding of major challenges confronting them in their endeavour to position themselves in international markets..

The author thanks Therese Gundersen and Ragnhild Sørli for their participation in data collection as well as the managers of the participating companies for their willingness to share their experience with us

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APPENDIX I

Placement of the Firms in the Model.

Tine is owned by Norwegian milk producers, and its main purpose is to “get rid of their milk”. Exporting has long been a residual part of their business contributing only 5% of their total sales. They have managed to carve out a certain market position in the U.S.A., but are for the rest a very small player in international markets. They operate mainly in multi-domestic market settings, each market being more or less protected partly by different regulatory regimes and partly by a relatively cemented competitor structure, with quite a number of local players.

Jordan has been marketing in international markets for more than 40 years. They have gradually developed a staunch market leader position in Northern Europe and have also a challenger position in Central/Southern Europe. In overseas markets their market position is more marginal. They are entirely dependent on their international sales and have developed an organisational culture that is highly international. Even though they compete against large global brands (Oral-B, Johnson&Johnson, Colgate Palmolive, Aq-

uafresh, etc) their competitive environment is featured by important local players as well, both in terms of private brands and other.

Telenor Mobil is quite a young organisation, emanating from the former state owned telecommunication agency in Norway. They have set out on an aggressive path to internationalise through acquisitions, now fully owning 12 local mobile telecom companies both in Europe and in South East Asia. Operating in a global market setting with some very large players ruling the ground in key Triad markets, Telenor Mobil has concentrated on more marginal countries (Scandinavia and Eastern Europe and South East Asia) in the fringes of the mainstream markets (Continental Europe and the U.S.A.). Both their relatively limited market position and their lack of substantial international experience, and the global industry setting in which they operate, earn them a position in the “Export brander” cell. Still they have a good point of departure for further international expansion, so they are located pretty high up in this cell.

Swix is a global market leader in ski wax – particularly for cross-country skis. They compete against a handful of companies, notably Swiss, Italian and Finnish. They also sell ski poles and ski apparel. The ski pole market where they have a number two or number three position, has more or less the same competitive structure (but with different players than in the ski wax market), whereas the ski-wear market is more fragmented, and their position is here more marginal. Although they primarily sell through independent distributors, they have – after more than 40 years in the business – developed adequate control of their international marketing activities, mainly due to good working relationships with these firms.

When Does It Pay off to Link a Brand Name to a Country?

Erik B. Nes
Geir Gripsrud

ABSTRACT. Some brands are associated with a country, while others are not. From a managerial point of view, the main managerial decision concerns when such an origin should be used explicitly, and when companies have to refrain from doing so. In this study, we propose that using country of origin (COO) in brand strategy enhances selected brand equity indicators whenever there is congruence between core brand image attributes and country image. We suggest that general country image and brand image constructs are often insufficient to uncover the potential leveraging effects when applied on the individual brand level. We illustrate our arguments using an apparel brand case. The insights from the case indicate that brand equity is enhanced by the stated country-brand image congruence conditions even when the country has no special reputation in the product category. The paper gives new insight into the roles of country of origin in brand strategy.

KEYWORDS. Brand image, country image, congruence theory, brand equity, brand user characteristics, brand promise, country of origin, buying intentions

INTRODUCTION

The role of the brand and the importance of managing brand equity have been acknowledged as key to a company's success for some time. Particularly, since the seminal book by Aaker (1991), this topic has attracted a lot of interest (Keller 2001). Brand equity could be measured and analyzed from a financial perspective, but ultimately, it rests upon aspects of consumer behavior. As pointed out by Keller (1993), consumer-based brand equity is defined in terms of marketing effects uniquely attributable to the brand. This means that we need to focus on effects on consumers that would not occur if the brand were different or did not exist. A brand's COO may be one factor that influences the effects of the brand on consumers. For example, L'Oreal ties in to the French image of fashion and elegance;

Twinnings ties in to British tea drinking culture; Nike uses "Designed in the U.S.A.," and Volkswagen uses the expression "Das Auto" in its international advertising. IKEA uses the colors of the Swedish flag in their logo, and they use typical Swedish names on their product series worldwide. These companies must believe that tying brand image to country image is likely to increase their brand equity. However, we have very limited knowledge of the conditions under which country of origin enhances brand equity, when it has little or no influence, or when it perhaps even has a negative influence. The purpose of this paper is to contribute to our knowledge of the potential ways to leverage brand equity by country of origin associations. This knowledge is important for a business executive faced with deciding whether to include country of origin as part of the brand strategy. Our basic propo-

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sition is that introducing country image as part of the brand image may enhance brand equity provided that congruence exists between country and brand associations. We argue that the general constructs of both country and brand image are insufficient to explore the full potential of leveraging brand equity by employing country of origin in brand strategy. Rather, the manager should study the unique brand image characteristics and explore whether linkages to corresponding unique country images will enhance scores on brand equity indicators. We show how country of origin in brand strategy may enhance brand associations and buying intentions in a quasi experiment. Country of origin information is introduced for a foreign brand when such information had not been previously stated. Our paper applies insights from congruence theory, brand theory, and country of origin theory in a new setting, i.e., the individual brand image level. This is the most important setting for the business manager who seeks ways of leveraging brand equity. Therefore, our study is also a response to calls to make research more managerially relevant (Taylor, 2011; Josiassen & Harzing, 2008). In the next section, we discuss consumer brand equity in general and country of origin image related to brand equity in particular. The focus is on the importance of congruence between aspects of brand image and country image. We develop three hypotheses and go on to explain the methodology in a case of an apparel brand. Finally, we report the findings and suggest implications for researchers and practitioners.

LITERATURE REVIEW AND DEVELOPMENT OF HYPOTHESES

Consumer-Based Brand Equity

As stated by Keller (1993), “customer-based brand equity is defined as the differential effect of brand knowledge on consumer response to the marketing of the brand” (p. 8).

The differential effect can be determined by comparing the response of consumers to the marketing of a brand, with and without the brand name. Brand knowledge relates to brand awareness and brand image and can be conceptualized by characteristics and relationships between various brand associations. Consumer response may be measured as attitudinal change, change in behavioral intentions, or as change in actual behavior. Brand equity is a multidimensional construct consisting of three dimensions (Yoo, Donthu, & Lee, 2000; Yoo & Donthu, 2001) or of four dimensions (Cobb-Walgreen, Ruble, & Donthu, 1995; Pappu, Quester, & Cooksey 2007). The four dimensions are brand awareness, brand associations, perceived quality, and brand loyalty. The difference between the two constructs is that the three-dimensional construct combines brand awareness and brand associations into one dimension. Building customer-based brand equity requires the formation of strong, positive, and unique brand associations. Direct experience with the product or service is likely to create strong associations in memory, but information about the product or service may also be conveyed by the company or by other sources. This may create belief associations without any personal direct experience with the product. In addition, inferred associations may occur in consumers’ minds when the brand association is related to other types of information in memory.

Secondary associations for the brand may arise based upon attributes primarily associated with, for instance a) the company making the product or service, b) the distribution channels where the product is available, c) the country of origin of the product, d) endorsements, e) spokespersons, and d) other brands. This leveraging effect requires that marketing managers understand consumer brand knowledge and the ways in which it changes with new information. Adopting a holistic perspective that synthesizes the multidimensionality of brand knowledge is, according to

Keller (2003), critical to advancing brand theory and practice. Keller (2003) emphasizes how all kinds of different information may be linked to the brand, e.g., awareness, attributes, benefits, images, thoughts, feelings, attitudes, and experiences. They may all be considered dimensions of brand knowledge. It is beyond the scope of this article to create a holistic perspective, but the multidimensionality of brand knowledge combined with the multitude of possible secondary associations reveal the numerous potential paths for managers to leverage brand equity. The international manager must find a unique path that best serves the brand.

Country of Origin and Brand Equity

The influence of country of origin on buyer evaluations and purchase intentions has been questioned because consumers tend to be unaware of the origin of even well-known brands (Samiee, Shimp, & Sharma, 2005). Still, associations between particular product categories and country images exist as demonstrated by Usunier and Cestre (2007). Developments in international business over the last decades may have rendered the original country of origin concept less relevant as argued by Usunier (2006). While recent research indicates that country of brand has become more important for consumers than country of manufacturing, Josiassen and Harzing (2008) insist that research should focus on how the images of brand and origin can be managed optimally together.

The early studies of country of origin effects on branded products took an approach similar to the one used for unbranded products in focusing on the influence of country of origin on product beliefs. Han and Terpstra (1988) found that country of origin was more important than brand name for bi-national products. Han (1989) tested two television set brands and two automobile brands and sug-

gested that country of origin may be processed as a halo or a summary construct.

Nebenzahl and Jaffe (1993) found that willingness to pay the price for specific well-known brands depends on country of manufacture. Several other studies also found product beliefs of brands are influenced by perceived country of origin; see for example, Erickson, Johansson and Chao (1984), Han and Terpstra (1988), Wall, Liefeld and Heslop (1991), and Nes and Bilkey (1993). Chao, Wuhner, and Werani (2005) found that a foreign celebrity and a foreign brand name diminished perceived quality and buying intentions in an Austrian sample, and they attributed this effect to ethnocentrism. Their findings indicate that country of origin in international brand strategy sometimes may be a liability if no particular value from the country association exists.

Since country of origin may influence perceived brand quality and brand associations, it may also influence brand equity. Yasin, Noor, and Mohamad (2007) identified country of origin as one of the sources of brand equity, whereas Pappu, Quester, and Cooksey (2007) found that both macro and micro country images were significantly associated with consumer-based brand equity. Pappu, Quester, and Cooksey used the definition of macro country image that was originally put forward by Martin and Eroglu (1993). They defined it as "the total of all descriptive, inferential and informational beliefs one has about a particular country" (p. 193). These authors also suggested that the construct had three underlying dimensions: economic, political, and technological. As for micro country image, Pappu, Quester, and Cooksey (2007) adopted the definition originally proposed by Nagashima (1970). He started from the product level and defined country image as "the total of beliefs one has about the products of a given country" (p. 68). In this context, some researchers (e.g., Han & Terpstra 1988) explore the country image for particular product groups, while

others focus on the general image of all products associated with the country.

The strength of association of country image with buying behavior depends on whether the country image matches important product attributes. Roth and Romeo (1992) dubbed this as “product-country matches” and Usunier and Cestre (2007) as “product ethnicity.” These two studies are concerned with matches between country image and product category characteristics. Willingness to buy related to product-country match (Roth & Romeo 1992) and product ethnicity (Usunier & Cestre, 2007) was explored, and the results showed a greater willingness to buy products for which there are such matches. The effect of country of origin information on product evaluations varies between product categories. A country may have an excellent reputation as the origin of one category of products and a poor reputation in other categories of products. For example, France has an excellent reputation as the country of origin of fashion products, but not necessarily of reliable machinery. Germany may have the opposite image. Thus, the country attributes may match attractive product characteristics in one product category, but have no value, or even may have a negative value in other categories

We argue that the general macro and micro country image constructs, which are applied in most previous studies, are insufficient to explain the impact of country-level image on individual brands. The reason is that the images of individual brands may be richer and much more complicated than the relevant country image at the product group level. Branding requires formation of unique brand associations. The brand associations that tie in to general macro and micro country image may not be unique. In fact, if a country has earned an image for excellence in a product group, it is probably because of the combined efforts of several companies rather than because of the effort of only one company or one brand. Japan may have an image for making

reliable cars, but this does not imply that all Japanese car manufacturers would benefit from including “Japan” in their brand strategy.

Images of countries are often even more complex than are images of brands. They include the general macro image (economic, political, and technological aspects) as well as the micro image of the country as a source of products. In addition, the country image also encompasses everything else the country may be known for, such as nature, climate, politics, music, arts, architecture, the role of religion, and people with their mentality and their way of living. Large networks of associations are activated when a country is included in the brand image, and the activation has the potential of increasing the number of touch points between the consumer and the brand. Marketers must be ready to look beyond the general brand- and country image constructs to uncover the full potential of brand-country touchpoints. When these touch points are important elements of the brand image, a strong, positive, and complementary country image may enhance the brand image.

We develop hypotheses and test them on an apparel brand with low country of origin awareness to elucidate the potential influence of unique brand-country congruence on brand equity indicators.

We study three indicators that tie in to brand equity dimensions, i.e., brand promise, brand-user image, and buying intentions.

Personality and Brand-User Image

Personality is “the combination of characteristics or qualities that form an individual’s distinctive character” (Oxford Dictionary of English). Personality has been applied as research construct in at least two consumer behavior related contexts: brand personality and consumer personality. Consumer personality was embraced with keen interest in the 1950s and the 1960s by marketing researchers. The early findings were, however, never very

promising, with consumer personality explaining no more than 10% of buying behavior (Kassarjian, 1971). Consumer personality has largely been abandoned in consumer behavior research since the end of the 1970s, but has recently received more attention in marketing (Bosnjak et al., 2007). The weak results in the earlier studies can be attributed to the fact that (1) the studies applied instruments developed primarily in clinical contexts to consumer behavior, (2) that there were questionable psychometric properties of the instruments used, (3) and that researchers expected that highly generalized traits could predict specific behavior (Bosnjak et al., 2007).

We also consider brands as having human-like characteristics that form the brands' distinctive character, which is expressed in the brand personality construct. Brand personality is a symbolic attribute. It can be suggested that such brand attributes are important in explaining consumer behavior (Aaker, 1997; Austin, Siguaw, & Mattila, 2003; Sirgy, 1982). The argument is that brands are associated with traits that reflect the stereotypic image of the typical user of the brand (brand-user image). The brand-user image has symbolic and self-expressive implications for the consumer. Consumers evaluate a brand by matching the brand-user image with their self-concept, and this matching process is referred to as self-congruity (Sirgy, 1982; Kressmann et al., 2006). Self-congruity theory holds that the brand-user image associations should be in congruity with the consumer's self concept in order to influence consumer behavior (Sirgy, 1982; Kressmann et al., 2006). The ability to express (ideal) self-image is often associated with positive effects, such as pleasure or pride, whereas inability is associated with negative effect (Swann, De La Ronde, & Hixon, 1994). By using a specific brand, consumers may express their own self, ideal self, or specific dimensions of the self. Examples of various forms of brand user image and self-image

congruence are discussed in Kressmann et al. (2006). These include:

- (1) Self-image congruity: when a consumer's self-image matches brand-user image;
- (2) Actual self-congruity: brand user image is matching with the consumer's actual self-image;
- (3) Ideal self-congruity: brand user image is matching the consumer's ideal self-image;
- (4) Social self-congruity: brand user image is matching the consumer's social self-image; and
- (5) Ideal social self-congruity: brand user image is matching the consumer's ideal social self-image.

A central argument in this paper is that country image will influence brand attitudes on characteristics that are shared by the brand and the country of origin. This implies that dimensions of the country and brand images must tap into some similar beliefs and feelings. The most frequently applied scale for measuring brand personality was developed by Aaker (1997). Subsequent research, however, has found that his five-dimensional structure often is non-replicable across cultures. For example, Aaker, Benet-Martinez, and Garolera (2001) found that only three factors applied to Spain, while in Japan, four of the five factors were relevant. This shortcoming has led researchers to construct new brand personality scales (Milas & Mlacic, 2007). Following the same reasoning as brand personality, d'Astous and Boujbel (2006) developed a scale to measure personality dimensions in country image. They identified six country personality dimensions, which were labeled as follows: agreeableness, wickedness, snobbism, assiduousness, conformity, and unobtrusiveness. The scale, however, must be valid on both the individual brand level and on the individual country level, but neither Aaker's (1997) scale nor d'Astous and Boujbel's (2006) scale satisfied this requirement. Moreover, trying to explain specific actions with the aid of highly generalized

traits is a classical problem of asymmetry, which attenuates the interrelations between variables. The scales for measuring macro and micro images of a country are very broad and capture attitudes toward the country itself (macro image), or attitudes toward the country as an origin for products in general or for product categories (micro image). We argue that these constructs (brand personality, country brand personality, country macro image, and country micro image) are too general to explain the full potential of attitudinal and behavioral changes at the individual country-brand level. Rather, the marketing manager should explore whether desired brand-user characteristics are shared with country of origin characteristics. Thus, the characteristics are unique for each brand-country combination. Not all characteristics are positive, and the impact of country image on brand user image may be positive or negative. The marketing manager has to identify the characteristics that have a positive contribution, and whether and how country of origin characteristics may enhance brand equity. In our case, we have selected positive brand-user image characteristics that influence buying intentions positively. Brand-user image is also a common denominator that could be used to market a brand internationally across cultures. The brand-user image is part of the brand association category in brand equity and, consequently, may influence brand equity. We hypothesize that:

H1: If there is congruence between country image and positive brand-user image characteristics, brand-user image scores will be higher when country of origin is available than when it is unavailable. Congruence here means country image is compatible with brand image on selected characteristics.

Brand Promise

Brand promise is a concept that is often found useful by marketing executives, but it is

rarely applied in academic research. Brand promise is highly related to brand mantra, which is a short articulation of the “heart and soul” of the brand (Keller, 2009). It refers to company statements related to the performance and benefits of the brand. Brand promise is a commitment by an organization, since making a promise to the customer is something that must be followed up (Campbell, 2002). Belief in brand promise is an indicator in the brand associations category of brand equity. Given that congruence exists between the brand promise and similar attributes of country image, we expect stronger belief in the brand promise when country of origin information is available than when it is unavailable. Associations related to the country of origin will likely serve to reinforce the beliefs regarding the brand promise in such cases.

H2: If there is congruence between country image and brand promise, belief in brand promise will be stronger when country of origin is available than when it is unavailable.

Buying Intentions

Using the same line of reasoning, we expect that buying intentions are higher when country of origin information is available under conditions of congruence between country image and brand promise as well as country image and brand-user image characteristics. The brand loyalty dimension of brand equity is demonstrated as “the intention to buy the brand as a primary choice” (Yoo and Donthu, 2001, p. 3). In line with this, we consider buying intentions in our study as indicator of the brand loyalty dimension of brand equity.

H3: If there is congruence between country of origin image and brand promise, and congruence between country image and positive brand-user image characteristics, buying intentions will be higher when country of origin information is available than when it is unavailable.

CASE STUDY: HELLY HANSEN PERFORMANCE APPAREL

We tested our hypotheses in a case where the country of origin does not have a very strong product category reputation in order to isolate better the brand-level effects on brand equity. The case company is the apparel maker Helly Hansen, based in Norway. Norway never had an advanced manufacturing industry for apparel, and there is no reason why it should have a very good micro image in this product category. The country has a challenging natural sea environment, and Helly Hansen started as a producer of high performance clothes for sailors. Today, Helly Hansen is known primarily for their high-quality performance apparel for survival, work, and sport. Most of their products are designed in Norway, produced outside Norway, and marketed internationally. Some versions of the clothing are designed especially for skiing and snowboarding. Helly Hansen is the most recognized international brand for clothing with origins in Norway, but the country of origin has not been part of the international branding strategy for several years. No reference to Norway is made on the product labels, on their website, or in their advertisements. Helly Hansen products are now available in 16 countries. Helly Hansen has a strong position in Scandinavia, while in Europe, their market share is only about 1%. Distribution channels are general sports retailers, specialty retailers, and separate Helly Hansen stores with the slogan "We work hard, so you can play harder."

Two surveys concerning Helly Hansen were carried out among students at a German university. In the first survey, no country of origin information was given. Respondents were shown pictures of three typical Helly Hansen products, the Helly Hansen logo, and the following text: "Helly Hansen was established in 1877. Today Helly Hansen is used as street fashion and known for high performance clothing for survival, work, and sport."

At the end, the respondents were asked whether they knew the brand was Norwegian, and 88% of respondents did not know the brand was Norwegian. In the second survey, the respondents were shown the same product pictures and logo, but the country of origin was introduced by the following text "Helly Hansen was established in Norway in 1877. Today Helly Hansen of Norway is used as street fashion and known for high performance clothing for survival, work, and sport." Information regarding the image of Norway and Norwegian products was collected in the second survey. Brand-user characteristics, belief in brand promise, and buying intentions were collected in both surveys. Aided brand recall collected in both surveys was 91%.

According to our hypotheses, country image will influence brand associations under conditions of congruence between brand and country image. This implies that dimensions of the country and brand images must tap into similar beliefs and feelings. Existing brand attitude scales are developed to measure image at the brand level and they do not link well to relevant country image attributes. Similarly, the scales for measuring macro and micro images of a country are very broad and capture attitudes toward the country itself (macro image), or attitudes toward the country as an origin for products in general or for product categories (micro image). Thus, we developed and applied a scale that was unique for our case. Respondents were asked to state to what extent they agreed with the following statements concerning Norway's micro image: Products of Norwegian origin are 1) of high quality, 2) innovative, 3) of sophisticated design, 4) exclusive, 5) trendy. The variables were measured on a 7-point Likert scale from strongly agree (1) to strongly disagree (7). Simultaneously, brand-user characteristics were mapped by similar statements that reflect the same attributes on a personal level, and were measured in the same way.

The brand promise is published on www.hellyhansen.com. Helly Hansen's brand promise states, "Helly Hansen is tested by explorers who play in the harshest environments on the planet to learn what is needed to create the best gear possible." The respondents were asked to evaluate to what extent they believed in this statement on a scale from 1 (very

much) to 7 (not at all). Next, we needed to measure aspects of the country image that might have an impact on attitudes toward the brand promise. The Helly Hansen brand promise relates to nature and climate, which have not been part of the general country macro image scales in previous research.

Table 1. Items

(All scales are 1–7)	
Brand-user characteristics	coefficient alpha = .84 Variance explained = 58%
<i>Someone who buys Helly Hansen of Norway...</i>	Factor loading
Buys innovative products	.705
Values sophisticated design	.828
Buys exclusive clothing	.773
Values a fashionable image	.713
Demands high quality	.791
Brand promise	
To what extent do you believe the following statement?	
"Helly Hansen is tested by explorers who play in the harshest environments on the planet to learn what is needed to create the best gear possible".	
Buying intentions	coefficient alpha = .93 Variance explained = 88%
<i>In the future, is it possible that you would...</i>	Factor loading
Wear Helly Hansen winter clothing	.931
Desire a Helly Hansen product	.937
Buy a Helly Hansen product	.946
Country Image Nature and Climate	coefficient alpha = .72 Variance explained = 48%
<i>If you imagine Norway, to what extent do you agree upon the following?</i>	Factor loading
Rough nature/extreme weather	.765
Coastal land	.543
Mountainous highlands	.686
Cold snowy	.693
Rainy and windy	.747
Norway micro image	coefficient alpha = .90 Variance explained is = 71%
<i>Products with Norwegian origin are...</i>	Factor loading
Of high quality	.812
Innovative	.878
Sophisticatedly designed	.892
Exclusive	.828

The respondents to survey 2, which included country of origin information, were asked, "If you imagine Norway, to what extent do you agree with the following?" Agreement

was expressed on a scale from 1 (strongly agree) to 7 (strongly disagree). The attributes were: 1) Rough nature/extreme weather, 2) Mountainous highlands, 3) Cold and snowy,

4) Rainy and windy, 5) Coastal land. The attributes are adapted from Ronningen (2001) and Norway's tourist promotion website (www.visitNorway.com).

These five attributes reflect the harsh environment stated in the brand promise. The items are reported in Table 1, translated from the original German version used for data collection.

The sample is a convenience sample of students at a university in Germany. The group is relevant as a target group for the brand. We assigned the respondents randomly to the two experimental treatments. The number of respondents in the survey without country of origin information was 124, consisting of 72 males and 52 females. Concerning the survey with country of origin information, the sample was 119 respondents (68 males and 51

females). The total sample was 243, of which 140 were males and 103 females.

DATA ANALYSIS

H1 requires congruence between country image and perceived brand-user characteristics. Congruence means country image is compatible with brand image on selected characteristics. In our case, the brand-user characteristics and country characteristics match item by item. Furthermore, attitude congruence with a causation effect from one attitude object to another requires that the scores between the attitude objects correlate. We show the correlations between brand-user characteristics and corresponding country image characteristics in Table 2.

Table 2. Correlations between Country Micro Image and Brand-User Characteristics

Country micro image		Brand-user characteristics			
<i>Someone that buys Helly Hansen of Norway</i>					
Products with Norwegian origin are	Buys innovative products	Values sophisticated design	Buys exclusive products	Values fashionable image	Demands high quality
Innovative	.256***				
Sophisticatedly designed		.261***			
Exclusive			.175*		
Trendy				.116	
High quality					.160*

*** Correlation is significant at the 0.01 level (2-tailed).

** Correlation is significant at the 0.05 level

* Correlation is significant at the 0.1 level

Two correlations are significant at .01, two correlations show a weak correlation at .1, and one is not significant. None of the correlations are negative. This indicates congruence between country image and brand-user characteristics on certain characteristics, but not on all of them. Index scales for brand-user char-

acteristics and country image show a correlation of .314 and .01 significance. We conclude that congruence between selected characteristics of country micro image and brand-user characteristics is established in this case.

H2 requires congruence between brand promise and selected characteristics of Nor-

way's image. To establish congruence we first selected characteristics of Norway's image that are compatible with Helly Hansen's brand promise. Then we calculated the correlation

between belief in brand promise and the five country image attributes tapping nature and climate. The correlations are given in Table 3.

Table 3. Correlations Between Belief in Brand Promise and Country Image of Nature and Climate

Country image	Rough nature	Coastal land	Mountains	Cold and snow	Rainy/windy
Brand promise	.259***	.383***	.283***	.185**	.166*

*** Correlation is significant at the 0.01 level (2-tailed)

** Correlation is significant at the 0.05 level

* Correlation is significant at the 0.1 level

Table 4. Differences in Means between Experimental Groups with National Origin and without National Origin ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Buying Intentions	Between Groups	24,246	1	24,246	9,600	,002
	Within Groups	601,087	238	2,526		
	Total	625,333	239			
Brand Promise	Between Groups	26,951	1	26,951	10,763	,001
	Within Groups	595,982	238	2,504		
	Total	622,933	239			
Brand-User Char.	Between Groups	11,467	1	11,467	9,301	,003
	Within Groups	293,452	238	1,233		
	Total	304,920	239			

As shown in Table 3, four of the correlations are significant, while one is only significant at the 0.1 level. Calculating an index score for nature and climate as measured by the five attributes listed, the correlation between the index score and belief in brand promise is .366, which is significant at .01. We conclude that we have support for congruence between brand promise and selected characteristics of country macro image.

We tested hypotheses 1, 2, and 3 by comparing the mean scores of brand-user characteristics, belief in brand promise, and buying intentions in the two experimental situations:

with and without country of origin information. The ANOVA results are given in Table 4. Levene's test for equality of means is not significant for any of the variables.

The mean values of the three brand equity indicators differ significantly between the two experimental situations. Mean values are significantly lower when country of origin was stated, reflecting the scale utilized. Hence, H1, H2 and H3 are supported by the data. The results indicate that brand buying intentions are higher, belief in brand promise is greater, and brand-user characteristics stronger, when country of origin was communicated.

To understand better the degree to which the effect of country of origin on buying intentions is due to changes in the unique brand associations, we tested a model with brand origin availability as a dummy variable together with brand-user characteristics and brand promise. Table 5 shows the results. Brand origin availability is not significant, which indicates that all country of origin effects on buying intentions are captured by changes in belief in brand promise and brand-user characteristics.

We explain the increase in buying intentions by increases in brand promise and in

brand-user characteristics scores, which are associations that are unique to the brand. To further understand the role of general country micro image in this case, we include Norway's micro image in a regression model in Table 6.

Brand promise and brand-user characteristics have significant impact on buying intentions, whereas Norway's micro image is not significant. This finding supports our contention that the Helly Hansen case depicts a situation whereby the country of origin's general micro image gives little insight into the potential role of country of origin in brand strategy.

Table 5. The Impact of Brand Promise, Brand-User Characteristics and Origin Presence on Buying Intentions – Total Sample

Independent variable	Standardized Beta	T	Sig.
Brand promise	.253	4.100	.000
Brand-user characteri.	.381	6.199	.000
Origin presence	.070	1.281	.202

Dependent Variable: Buying intentions.

R2 = .325 F 37.845 Sig. .000

All tolerance values are above .7, and all VIF values are below 1.4.

Table 6. The Impact of Country Micro Image, Brand Promise and Brand-User Characteristics on Buying Intentions – Origin Present Sample Only

Independent variable	Standardized Beta	T	Sig.
Brand promise	.311	3.248	.002
Brand-user characteri.	.281	2.940	.004
Country micro image	.017	.194	.846

Dependent Variable: Buying intentions origin present sample only

R2 = .272 F 14.064 Sig. .000

All tolerance values are above .7, and all VIF values are below 1.5.

DISCUSSION

The central theme in our article is that brand managers must go beyond the general brand and country level constructs (brand personality, country personality, country's macro image, country's micro image) to explore the full potential of leveraging country image on brand image. Our study extends present theory by examining the effects of image congruity to country-brand matches. We illustrate

this in a case of an apparel brand. In this case, we explored the influence of country image on selected brand equity indicators when country of origin was communicated and compared the results to the same brand equity indicators when country of origin was not communicated. We hypothesized that country image enhances positive brand-user characteristics and belief in brand promise when country image is congruent with brand image.

Belief in brand promise and positive brand-user characteristics in our apparel case are indicators of the brand associations dimension of brand equity. The brand loyalty dimension of brand equity is demonstrated in our case as the intention to buy the brand. It is well documented in several earlier studies that country of origin may affect perceived quality of individual brands, and we did not find it necessary to confirm this relationship in our case. (Han & Terpstra, 1988; Han, 1989; Nebenzahl & Jaffe, 1993; Erickson, Johansson, & Chao, 1984; Wall, Liefeld, & Heslop 1991; Nes & Bilkey 1993; Chao, Wuhrer, & Werani, 2005). We conclude that communicating country of origin as part of the brand strategy enhances consumer-based brand equity indicators under the stated congruence conditions.

The original conceptualization of the macro country image by Martin and Eroglu (1993) maintained that it has three underlying dimensions, namely economic, political, and technological. This is a rather narrow interpretation of country image, drawing attention particularly to the importance of the degree of economic and technological development. In our case, the congruence demonstrated is between a unique brand image and aspects of country image (nature and climatic conditions) not previously considered in such research. Norway has no tradition or reputation as an apparel producer. Still, we have demonstrated that a particular brand associated with products suited for the nature and climate in the country may benefit from reference to country of origin. Norway's harsh climate and nature, and perhaps their famous polar explorers Fridtjof Nansen and Roald Amundsen, activate a larger associative network and increase the number of touch points between consumers and the brand.

Consumers have experienced that branded products may be produced in any country without noticeable quality differences, while consumers tend to be unaware of the national origin of even well-known brands (Samiee,

Shimp & Sharma, 2005). The marketer may prefer this situation if negative effects from ethnocentrism (Shimp & Sharma, 1987) and animosity toward the country of origin prevail (Klein, Ettenson, & Morris, 1998; Lwin et al., 2010). Still, many famous brands are associated with a particular country of origin, and this association may be an important part of the brand strategy. In these as well as other cases, the international marketing executive must decide whether to include country of origin in the brand strategy or to refrain from doing so. Association with a highly developed country cannot alone make a country-based brand strategy viable. This is supported by the findings of Nes and Bilkey (1993). They found no difference in perceived risk and perceived quality between eight well-known brands without country of origin information and the same brands randomly assigned as "made in" eight industrialized countries. This depicts a situation wherein the source country, albeit a rich industrialized country, has no specific country image congruence with the image of the randomly assigned brand. Companies have little or nothing to gain by including country of origin in their brand strategy in such circumstances. Moreover, when conditions of ethnocentrism and country-specific animosity prevail, such inclusion may have negative influence. Instead, we both argue and demonstrate in our case company that congruence between brand image and country image characteristics are necessary to improve brand equity.

Marketers should investigate whether brand image and country image have attributes that directly or indirectly express the same underlying characteristics. The general personality constructs (brand personality, country personality) and country image constructs (macro country image, micro country image) do not give necessary insight into the full potential of leveraging brand equity by source country associations. Rather, the marketer must choose the constructs that seem

most promising in each particular case. In our case, we found brand-user characteristics and belief in brand promise useful. Other cases may benefit from other constructs. The full spectrum of country image attributes has a potential role, for example folklore and stories, nature, culture, climate, history, politics, music, arts, architecture, the role of religion, and people's mentality and way of living. For brand practitioners, the important individual brand image attributes represent the starting point.

Possible inferences from these findings are limited by the case, the convenience sample, and the quasi-experimental design. More studies across countries and brands are necessary to verify our arguments. Future research should include cases where brand and country images have low congruence, as well as cases with incongruity between brand and country images. In the latter case, a negative relationship between country of origin information and brand equity may well be found. We also need more knowledge of whether and how country animosity (strong disliking) and country affinity (strong liking) impacts country image on dimensions that may influence brand image associations. These are important issues for researchers and for international brand management. We hope our article will contribute in stimulating further inquiries into the area.

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Private Label Brand Trends in the Grocery Retail Industry

Andrei Panibratov

ABSTRACT . This paper investigates how global companies develop their brand awareness on the Russian market using social networks. We identify key factors that influence the implementation of the marketing strategies of international firms in social networks and the development of methods to be used by other firms for building their brand in Russia. The author reveal which factors influence global companies' marketing strategies in social networks, emphasizing particular users' and companies' characteristics as having a great influence on the overall formation of brand awareness. Based on the evidence from three global firms operating in Russia, we have traced the transformation of the theoretically grounded framework into a practically proven model of brand development via social networks.

KEYWORDS. Marketing strategy, social networks, global firms, brand awareness, Russia

INTRODUCTION

In the past decade, social networks have become a very attractive marketing platform. Many companies feel that they must be present there, as these are the places where the most customers are found. Electronic word of mouth (e-WOM), ability to build one-to-one communication, and constant real-time interaction with customers are among the main strengths of social networks.

Some of the greatest advantages that social networks can bring are brand loyalty and trust. Marketing through social networks makes the companies more transparent and open for customers, which increases customers' trust in the products and services that are offered (Corbae, Jensen, & Schneider, 2003). Due to the fact that social networks enable companies to build one-to-one communication, provide sustainable value, and enrich customers' consumption experience, effective marketing through these platforms can build loyalty to brand. Moreo-

ver, as social networks enable interactivity, companies are more likely to catch market trends and reveal their customers' needs and wants. This will help them eliminate the gap between the offer and customers' expectations, which in turn will lead to customers' satisfaction and potential re-purchase (Parsons, 2011).

Due to the interactive nature of social networks, companies are able to get feedback from their customers about products and brands. Customers' feedback helps companies to develop their products and services and make them more attractive and appealing to real customers' needs and wants, as well as increase customer value and satisfaction (Kotler & Armstrong, 2006). Organizations could even directly ask their customers to help in product development, which can not only enlarge the inflow of great ideas and offers, but also increase customers' interest in the company brand (Ang, 2011). More and more companies create their brand pages in different

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social platforms. Though social networks are seen to be very opportunistic for realizing companies' marketing objectives, this could be very controversial as scale and speed of information spread in social networks is huge, and in cases when the company fails to satisfy its customers, negative e-WOM may harm the company.

The aim of this paper is to analyse how global companies on the Russian market develop their marketing strategies in social networks. Having outlined various sides of these strategies, we highlight methods to be used by international companies on the Russian market for building their brand awareness through social networks.

Recently, the scope of the Internet coverage across Russia has risen dramatically. According to TNS (2012), the Internet users share in 2012 was 57% of the total Russian population, compared to 49% in 2011. The rising number of the Internet users resulted in the popularity of social networks in Russia. Social network members account for 75% of all Internet users, which means that the popularity of social networks in Russia is huge compared to other European countries. Russia is third place worldwide according to the number of hours users spend on social networks, which is about 9.6 hours per month (ComScore, 2012).

The popularity of social networks is rising not only among users, but also among companies. According to TNS (2012), Facebook (with 23%) and YouTube (with 21%) are the most popular platforms for the businesses, closely followed by Vkontakte (with 19%) and Twitter (with 11%). The users of social networks are especially active in Moscow and Saint-Petersburg, and if the companies are operating on these markets, branding through social networks could be very effective.

In this paper, we raise the following research questions: 1) How do global firms use social networks for their brand development on the Russian market? 2) Which specific fea-

tures of the Russian Internet audience influence global firms' marketing strategies? 3) What changes do global firms have to implement toward the theoretically developed model of marketing via social networks to increase their brand awareness in Russia?

To answer these questions, based on the review of existing literature, we provide full analysis of online marketing and of its importance for companies, and develop the model for companies' marketing activities in social networks. Next, we explain case selection and data collection methods. Then, we present case companies and their brand development strategies in social networks. After that, we shape findings and discuss the results, outlining case companies' branding prospects. Finally, we conclude, offering further modeling perspectives.

LITERATURE REVIEW

From Push to Pull Media

The development of new media types as well as availability of new communication channels has raised the bargaining power of consumers. Their buying behavior is no longer dependent on the message that companies are providing through traditional mass media, which permits companies to take control over the message they deliver. The new era customers are willing to be involved in all the processes of product design and implementation.

The development of new marketing channels has empowered consumers, as now they can interact not only with the company directly, but with a lot of other consumers, whose scope can be great. Not long ago, dissatisfied customers could share their attitude towards the product only with their closest friends and family, while today, with the help of the Internet, they may reach thousands of people and ruin the company's image (Barwise & Meehan, 2010). Companies take this into ac-

count and create a conversation that is influenced by the company. This leads to relationship building, which is one of the key aspects for customer loyalty (Diffley et al., 2011).

Traditional (or push) media are used to deliver the company's message using one way communication. Through these, media companies focus on pushing the product down through the distribution channels to the end consumers. The main disadvantage of this method is that companies lack interactivity with the end customer, which is becoming very important in today's environment (Fill, 2005).

With rising power of customers and new media channels' development, companies start implementing pull strategies to effectively interact with their target segments. The pull strategies deliver the companies' message directly to the end customer. As well as provide two-way communication. The key players in this strategy are customers who are encouraged to pull products through the channel network. As a result, companies are getting more profound information about the customers' needs and wants. New media channels such as the Internet provide a good base for pull strategies implementation (Diffley et al., 2011).

The main advantage of pull strategies is that the customers are followed by their own intentions to contact the company. The only difficulty is that the company is losing its control over the communication process. Therefore, they should encourage their customers to interact, which can be accomplished with the help of traditional media channels. So the effective combination of pull and push strategies can create a great value for the company and increase interactivity, so none of these strategies should be ignored (Diffley et al., 2011).

Conversation Building and E-WOM

New media channels have created an atmosphere where customers are free to com-

municate both with the company and with other consumers. Creating the dialog is becoming the key goal for the companies (Diffley et al., 2011).

The interactive character of new media helps the company to create relationships with the customers, and as a result, provoke long-term loyalty and retention. Moreover, the conversation- building approach enables companies to learn more about their target customer and get feedback on their products and services (Chaffey et al., 2006).

New technology development has also influenced the traditional way the customers communicate with each other. The word of mouth (WOM) traditionally was perceived to be a very powerful tool for the company's product promotion. Today the impact of WOM has increased due to the rapidness of the information spread through the Internet; this has introduced the new term, electronic word of mouth (e-WOM), defined as "any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the internet" (Hardey, 2011, p. 751).

The customers' willingness to talk about their purchasing experience in the synergy with the modern technology spreads the message to wide group of potential customers, which can be a great opportunity for companies. The message that was delivered by WOM and e-WOM is perceived to be more credible and reliable because the sender is not getting any benefits, which could influence the buying decision process. As a result, the positive WOM can influence the companies' sales and image. On the contrary, the absence of WOM or negative WOM can ruin the brand image and decrease sales (Gil-Or, 2010a).

Traditionally, it was very difficult for the companies to participate and influence WOM. The scope of e-WOM is much wider than traditional WOM, which opened new possibilities for companies. For example, the devel-

opment of online communities and forums enable companies not only to monitor the conversation, but also to participate and influence the communication process. As the e-WOM can be very critical for companies' image and sales, they should control the conversation process between the Internet users. Besides, participating in the conversation can create a positive experience for customers, which can increase trust and loyalty to brand and further willingness to talk about the company (Gil-Or, 2010a).

E-WOM may also turn to a threat, allowing negative feedback to spread in a short time period. Another problem with e-WOM is the difficulty of measuring its impact (Bulearca & Bulearca, 2010).

Online Marketing in Social Media

With Internet development, the companies have implemented online marketing, which was defined by Chaffey et al. (2006) as "the application the Internet and related digital technologies in conjunction with traditional communications to achieve marketing objectives" (p.8). The Internet provides a lot of opportunities for the companies' marketing activities, and can be used as an advertising medium, direct response medium, as a platform for sales transitions, as a distribution channel, for customer services, and finally, as a relationship-building medium (Chaffey, 2006).

Social media could be defined as a group of Internet-based applications that are built on the ideological and technological foundations of the Internet and allow the creation and exchange of content generated by users (Kaplan & Haenlein, 2010). Social networks expanded in 2004 with introduction of MySpace, followed by such websites as Facebook, LinkedIn, and others. The rising popularity of these websites has resulted in companies losing control over their brand marketing, as the employees had been actively participating in the online community life. The main outcome was that the companies have lost control over the messages that are spread about the company and could be seen by customers.

With online social media development, the process of content creation has partly moved to customers. Therefore, the customers are gaining more power (Selke, 2011). Customers are no longer satisfied with just buying products or services, they are willing to engage with the company to get some extra value, and social media opens new ways to meet the customers' needs (Diffley et al., 2011).

Social media can be used for engagement and collaboration with the customers. Companies can create real-time conversation with their customers; they can ask the participants to take part in the product development, or get some feedback.

Table 1. Traditional vs. Social Media

<u>Traditional Media</u>	<u>Social Media</u>
Fixed, unchangeable	Instantly updated
No real time interaction	Real time
No sharing and customer's participation	Sharing and participation is encouraged
One-to-many communication	One-to-one or many-to-many communication
Active provision	Passive provision
Mass marketing	Personalization (individualized marketing)
Expensive, limited space	Cheap, unlimited
Image most important	Information most important

Based on: Chaffey et al. (2006) and Fill (2005).

Additionally, social media can spread brand awareness among an unlimited number of potential customers, increase sales, and make the marketing message go viral (Barwise & Meehan, 2010). In Table 1, the author compares traditional and social media for a better understanding of future dimensions in social media marketing and branding.

As it follows from the Table 1, social media has covered all the new marketing directions, which proves online marketing via social media to be an effective way to align with the changing environment and to update traditional branding strategy.

Marketing Strategies in Social Networks

Social networks are one of the effective channels that companies can use today to satisfy the customer's needs. Online social networks could be defined as "as service facilitating the connection, collaboration and exchange of information between individuals" (Chaffey et al., 2006, p. 87). From this definition, it can be revealed that companies should create content that will respond to the social network users' primary objective.

Social networks have dramatically changed over time (Chis & Talpos, 2011). The modern social networks provide larger opportunities for communication, broaden the number of contacts each individual has, as well as diminishing the geographical distance and increasing the rapidness of the message delivery. Different types of social networks can be defined according to their nature (Turner & Shah, 2010): social networking sites (Facebook, YouTube, Twitter); blogs; digital flyers (e-mail newsletters); websites updated by the users (Wikipedia); websites for thematic groups (WikiLeaks); and presentation sharing sites (slideshare).

Chis and Talpos (2011) argue that there is a balance between advantages and problems of using social networks by companies. The pros are access to an unlimited number of cus-

tomers, high speed of information spread, fast brand loyalty creation, ability to get immediate feedback, low marketing costs, and constant availability (24/7). The cons are great expense in terms of time resources, risks of wrong communication, risk for data security, and information's obsolescence.

Customers are using social networks first for communication. That is why the marketing strategies that companies implement should be "environmentally friendly." Otherwise they will be perceived to be annoying. The companies should not interrupt the customers, but help them to lead the dialog with one another (Diffley et al., 2011).

Yet, most companies are trying to implement traditional push-marketing strategies on social networks (using banner ads, sending commercial messages, etc.), which creates a negative attitude toward the company and its brand. Marketing through social networks should create conversation and transparency, and it should be multidirectional. The marketing activity should be focused on creating trust, relations, and dialogue between the company and the customer (Gil-Or, 2010b).

Though companies understand the importance of online marketing, many of them still do not know how to build effective branding strategies that would benefit the business. Several researches claim that companies that succeeded in social networks had the following common features (Barwise & Meehan, 2010; Piskorski, 2011): they propose and communicate clear and relevant customer promises, provide interesting and exciting materials for creating conversation, help people establish and strengthen relations, create additional value for customers, and increase willingness to buy companies' products and services.

The companies' success in reaching their strategic objectives lies in their ability to establish a clear and effective strategy. De Wit and Meyer (2010) highlight the creation of brand loyalty as one of the key steps that has

to be implemented to reach the strategic objectives, along with building relationships with customers, stimulating customer retention, and influencing customers during their decision making process.

Being the “sum of the customer’s experiences with the brand or organization across all touch points” (Corbae, Jensen & Schneider, 2003, p. 61), brand loyalty can be more easily created through social networks that provide the companies with the ability to get in touch with their customers at every step of their decision making process.

Through social networks, companies may set certain expectations related to the brand and spread them to customers through conversation. Once the company has created a virtual brand community where people share corporate values, beliefs, and thoughts, it is easy to influence the customers’ perceptions towards the brand. Moreover, loyal customers are more likely to recommend the company to their friends. On social networks, loyal customers often re-post the companies’ messages and invite their friends to join the corporate page, as they perceive brand to be closely connected with their personality and life outlook.

To summarize the above, companies should establish strategies that are focused on a limited number of marketing responses that are closely connected to brand awareness. Divol, Edelman and Sarrazin (2012) outline four main groups of responses in which we highlight branding issues: monitoring (what is said in social networks about their brands), responding (by replying rapidly, transparently, and honestly, the company may prevent brand vulnerability), amplifying (creating marketing campaigns in social networks that offer customers an experience with the brand, or fostering communities around their brands), and leading (bringing customers across long-term behavioral changes, which increases brand awareness).

METHODOLOGY

Why a Case Study?

Research questions imply analysis of the marketing strategies of global firms in social networks on the Russian market. From this perspective, the most appropriate method is the in-depth case study. Due to the fact that branding through social networks is an undisclosed topic still, the case study analysis results in outcomes that could be relevant for companies that are willing to establish a presence in these platforms. The

multiple case studies strategy, which aims to answer the research questions that can be broadly described as how and why, is relevant as it allows building a theory that is accurate, testable, and interesting (Yin, 1994).

As research method, this study provides detailed description and analysis of case studies, and then focuses on their theoretical justification. In this research, the replication logic is used, with equal consideration of every point of the interest across all the case studies. In keeping with Eisenhardt and Graebner (2007), we do not try to prove the artificially constructed view if it is not supported by all the cases. The analysis of cases is based on the common method, which supports the objectiveness of our research. One of the benefits of using the multiple case study method is that one of the outcomes could be the case studies’ comparative analysis, which raises the reliability and relevance of the research. Moreover, each case study is analyzed integrally to prevent results adjustment (Yin, 1994).

The most common problem in applying case studies is their difficult generalizability. This means that each particular company may have specific features that will influence its marketing strategy on social networks. As a result, it is very difficult to build one particular scheme that would be fully appropriate for all the cases. In this paper, we describe the

general marketing strategy that will provide the common steps for companies, but it should be taken into account that for each particular case it should be modified according to the existing environment (Eisenhardt & Graebner, 2007).

For our research, we have chosen the proficient companies that have already established their brand pages in social networks and are actively participating in the conversation with customers. For this research, we have chosen the companies from different industries to analyze the sector-specific influences on the set strategies and goals that global companies try to achieve through online marketing. Three international companies (a car manufacturer, a cosmetics and beauty products firm, and a restaurant chain) were chosen as case studies. Due to the fact that companies can have a number of different brands (with different products, oriented on different niche markets), in our study we focus on the particular brand that is presented by the particular firm. We hide these companies' names as well as our interviewees' surnames due to the highly sensitive character of many issues in marketing and strategy implementation in Russia that we discussed. Hereafter, we call them AM (auto maker), BC (beauty and cosmetics), and CR (chain of restaurants), with brands A, B, and C consequently.

Data Collection

As sources of secondary data, we have used academic journals to establish dimensions for future research. Though there are very few research articles that are dedicated to the topic and published in respected journals because of novelty of the topic, some of them are very relevant for the understanding of consumers' behavior in social networks, specific factors of social networks, as well as marketing future dimensions that should be taken into account by the companies.

Social networks themselves are very important sources of information. Different social groups' and companies' social pages could be used for data collection. Moreover, all social networks provide guidelines defining how they can be used by the companies. These instructions are relevant for making comparison analyses of different social platforms.

As primary data collection, we used in-depth unstructured interviews. Due to the novelty of the topic, the in-depth interviews with industry experts are the most effective way to get recent information and from a professional viewpoint. Taking into account that very few people have an expertise in the sphere of online social marketing, or believe that this area is of great opportunities, it was important for us to find a person who is currently working in this sphere and had already gained some experience in the Russian market. That is why the interview was conducted with the head of an educational organization in the sphere of social media marketing, who is an expert in the field.

Other interviews were conducted with marketing managers of case companies that provided the essential information for the case studies. It is relevant to mention that managers who were chosen for the interview are responsible for the online marketing in the target companies, as they are more competent on the questions concerning marketing through social networks.

For the data reliability and statements justification, we applied triangulation while using different kinds of information sources. First, we were interested in the company's representative opinion, then the independent expert opinion, and finally, we checked across the information gathered from open sources.

The information gathered from in-depth unstructured interviews is used for identifying the companies' main goals of marketing through the social networks and the methods that were already used, both successfully, and

unsuccessfully for reaching brand-related aims. In addition, these interviews provide understanding of factors that influence net-workers when participating in virtual brand communities. The rationale behind this is figuring out things that we do not know, mainly since this area of research is so new.

In the interviews, different types of questions were used. First, open questions that allowed getting general information on the market specifics, companies' methods and strategies used. Then probing questions permitted us to get more specific information on the target companies' actions, goals, and attitudes towards using social networks in marketing. And finally, some specific data and figures could be gathered with the help of closed questions.

For the interviews, we developed a guide that included all these groups of questions. The guideline was not strictly followed, as an unstructured interview method was used. This encouraged managers to give extra information on the topic, which was of great importance for the research.

THE CASE STUDIES

Company AM (brand "A")

AM is a leading European automotive firm, active both in the premium and supercar segments. AM operates with ten production plants located in different countries. During 2010, AM produced over 1 million automobiles and sold almost 1.3 million cars.

AM works in the premium segment and is known to be innovative in terms of design and technologies. The strong attributes of the company are strong brand, technological innovations, high quality products, a variety of offered models, extensive design, and country of origin.

AM has started to use social networks in Russia for marketing purposes in March 2010. With the rising popularity of social networks

starting in 2012, AM was there to catch the trend in time. The following are network statistics in 2012 for AM: in Facebook there were 176,116 likes and 297 talking about brand A; in YouTube, there were 1,317 "fans" and 1,514,120 viewers.

During the interview it was stated that the company is using only two social networks, namely Facebook and YouTube (they have their own channel). A company representative has claimed that the choice of these particular social networks can be explained by their international focus. Facebook is also more effective in terms of target customers attraction (luxury brand, Vkontakte is more focused on mass products), and YouTube's popularity among Russian Internet users ensures higher traffic and brand awareness spread.

Facebook was outlined to be more successful, as it provides more advanced applications and technologies, which are very useful for creating an advanced brand page and tracking. AM's brand page in Facebook is very colorful and attractive, with a lot of images and logos.

According to the interviewee, there was a particular goal for using social networks: to be the first among premium car producers in terms of number of fans and viewers in social networks. Though the company has included social networks into their marketing campaign not long ago, the company perceives this type of marketing to be very important for realizing their branding strategy. According to recent internal research, 60% of customers buy cars influenced by direct advertising, and the remaining 40% are influenced through social networks.

The target audience that the company attempts to reach through social networks comprises people in the age brackets from 18 to 55 years old with high income levels. Through social networks, the company tries to establish communication with customers and get feedback. As a result, in the long term, AM sees social network marketing to be very effective

in terms of creating brand loyalty. They also use a brand page and a YouTube channel to attract new customers.

The company has placed YouTube and Facebook links on its website home page and has integrated the YouTube and Facebook pages, so when a user presses the “Like” button on the YouTube video, this appears on the user’s Facebook account and in the group. Recently, AM has launched a TV commercial where they also have information about Facebook’s branded page.

The main topics on the corporate page are connected with the brand, its history, products that are offered, and technologies for car models’ development. The content on the branded page outlines all the benefits of the products (quality, design, innovation, unbelievable experience). Through the observation of the company web page, we have defined that AM is creating a kind of cult of its brand. Establishing brand personality, the company attracts customers, who identify themselves with the brand. They are focused on prestige, the unique experience that customers can get due to advanced R&D and design, exceptionality, and luxury.

The company provides their customers with interesting information that is valuable for car lovers (and all the posts are connected with brand A), such as new car models, plans for future development, interesting historical facts, interesting facts about technology, or advice for drivers. AM also covers other topics that are connected with the company, such as corporate events and exhibitions. The corporate page contains commercial videos, car photos, and questionnaires about customers’ preferences. To establish communication, AM also encourages its fans to talk about interesting events they participate in.

The company posts and updates information 3-4 times a week on Facebook and usually adds one video on YouTube per week. For subscribers, AM creates different competitions and offers invitations to private events.

AM uses social networks to get feedback from existing customers. Users are free to publish information about difficulties that arise with the cars and problems with dealers. The company answers all customers’ comments and resends information about the problem to customer care, where the problem can be solved. Then, they contact the customer directly, as well as publish information on their brand page, to ensure that the customer got the message. They also ask the customers to publish information on how these problems were solved.

AM considers their Russian customers who joined the social network groups as its primary targets in establishing connections between the brand and the customers. The company tries to fulfill all the customers’ needs and establish strong relations. As a result, the company management sees social networks to be very effective in realizing the company’s marketing strategy and creating brand value.

Company BC (Brand “B”)

BC is the world’s largest cosmetics and beauty company with activities in all field of cosmetics, concentrating on hair color, skin care, sun protection, make-up, perfumes, and hair care. Brands of the company are generally categorized by their targeted markets, such as the mass, professional, luxury, and active cosmetics markets. Brand B is in the division of luxury products and is one of the prestigious products’ of the company. It offers skin care, fragrances and make-up products at higher-end prices.

Brand B has been using marketing through Facebook starting in 2011. During the interview, several reasons why the company is using only Facebook were stated. First, our respondent mentioned that the choice of the social networks is dependent on the brand image and the product’s positioning. B is a global brand that is oriented toward high-end cus-

tomers. Second, Facebook provides a huge variety of different instruments for the brand's promotion, such as applications and content services, which the company perceives to be very important. To compare Facebook with Russian network Vkontakte, the latter is more beneficial for mass products that need a wider audience. Additionally, it is very difficult to promote an international brand's image through Vkontakte, and the limited number of available advertising opportunities and applications made this social network inapplicable for the company.

During the interview, it was stated that social networks are very effective in terms of creating communication (direct dialog) and getting customers' feedback. Because B has no call center, social networks are the only way to get customers' comments and opinions about the products. Though it is claimed that feedback is very important for the company, they do not try to solicit real customers' views and attitudes (do not ask their fans for reflection, do not use questionnaires). As a result, the participation level is very low. B brand page in Facebook is modestly visited: 11,274 Likes and 21 talking about the page. Fans are not interested in the conversation and very rarely leave posts.

The target audience that the company is oriented to in social networks is 22-30 year old women interested in luxury products. They are targeting not only regular customers, but also people who like the brand but cannot afford to be constant buyers.

Though the target audience is well defined, the company does not provide valuable information for its customers. Mostly, they use their brand page for posting information about different events and promotions in cosmetics shops where the brand products are sold, and not the luxury market fashion trends, make up trends, information about companies' products, or benefits of these products (quality and fashion). The brand page mostly reminds users of the schedule of events that could be

found in different Russian perfume and cosmetics chains.

The company has defined clear brand values, beauty and health, but they are not revealed on their brand's page. Yet, the company has clearly defined the main reasons for using social networks in the company's marketing activities, such as brand presence in different communication context, access to a young target audience, communication and feedback, products' promotion, image creation, and willingness to economize on the traditional means of advertising.

According to interviewee, the company is not really putting in enough effort to achieve these goals. For example, the company could improve by updating the content more regularly. Our respondent has stated that content should be updated each 2-3 days, but in reality, new posts are added few times a month.

Nevertheless, the company treats its customers positively, offering fans special discounts for the products, organizing competitions, and sending invitations to special events. Moreover, B tries to help their customers to choose the most appropriate products and to advise which product line would be the most suitable for them. Otherwise, the company does not encourage customers to leave comments about their experience.

Another reason for low traffic on the brand's page could be inappropriate integration with other marketing channels. For example, information about their Facebook page is not vivid on the website and customers must search to get the link.

Company CR (Brand "C")

CR with its franchisees operates over one thousand restaurants in several dozen countries and is, with its few brands, one of the most internationalized in the world. C, a recognized leader in the bar and casual dining, has been operating restaurants for almost 40 years. During 2011, the company has nearly

doubled its revenue, successfully operating on the international market. In 2011, the average annual sales volume per C restaurant was around US\$3 million.

In Russia, CR recently opened few restaurants oriented toward customers with above-average incomes. CR is focusing all its efforts on the creation of a stable customer base to overcome the payback period.

The case with brand C differs from A and B. Though this company has established its operations in many countries and is one of the biggest multinational restaurants chains, this company is new in Russia and has not gotten much recognition yet. That is why our respondent (marketing manager of Russian chain) has stated that social networks are very important for brand awareness development.

Concentration of social networks users is very high in Moscow, and this is why CR tries to use different types of social platforms: Vkontakte, Twitter, and Foursquare. Also, the company develops its Facebook brand page. The most successful are perceived to be Twitter and Foursquare. The company has placed the links to all of the brand's social network pages on their website home page, and in each group, the link to other groups can be found.

The expected marketing outcome is to increase restaurant attendance and build customer loyalty. The company considers that though many companies use social networks as a marketing tool, it still can create a competitive advantage for CR.

During the interview there were outlined the main purposes why the company uses social networks in their marketing. First, one of the main reasons for using social networks from the interviewee's point of view is the ability to create communication with the customers and, as a result, develop customer loyalty. The primary goal is to get feedback on customers' experience, to further use this data for services development and improvement. Yet, they are not encouraging their customers to leave comments. Moreover, social net-

works that are mainly used by the company are not very effective in terms of interaction (Foursquare and Twitter), and in Vkontakte they are not active (posts are not regular and very rare). CR did not establish clear values that could unite company and its customers in social networks, and they did not identify the customers' interests, which also prevents the dialog development (there no common topics, except brand C).

Second, CR is very interested in attracting new customers. In this case, Foursquare and Twitter could be very effective. On Twitter, short messages can be sent to inform about different promotions, new menu, or interesting facts. In Foursquare, the company encourages their customers to check-in every time they are in the restaurant by introducing special offers (free drinks, discounts, loyalty cards). When the customer checks-in on Foursquare, the information appears on his friends' telephones like a notification, so it ensures that everyone will see it.

To better organize its marketing activities in social networks, the company does the following: updates group pages and adds new comments every time when new information appears (yet, not on a constant basis, usually once a month); answers all the customers' comments on their pages; organizes different deals and discounts for their fans; and, when the negative comments appear on the group wall, tries to solve the problem and give some benefits to change the client's attitude.

The results of CR's marketing activities in social networks are the following: 314 group members on Vkontakte, 188 reads and 70 readers on Twitter, and 4,000 visitors and 8,835 check-ins on Foursquare. The target audience that the company is eager to reach is young people under 35 years old with middle and high level of income. The main reasons why customers join the brand's pages is that they take an interest in the company (taking into account that brand is unknown).

Table 2. Case Companies' Marketing Outcomes through Social Networks

<i>Activities</i>		<i>AM</i>	<i>BC</i>	<i>CR</i>
Determination of the target audience	most valuable customers for the company	No	Yes	No
	understanding customers' interests directly related to the brand	Yes	No	No
	understanding customers' interests indirectly related to the brand	Yes	Yes	No
Building the brand personality	visual content that is special for this particular brand (logos, special colors, iconic assets, etc.)	Yes (special design with a lot of elements)	Yes (Logo, special colors)	Yes (but very few)
	brand's key values	Yes	Yes (don't cover)	No
	brand's "character" for setting up a well-defined voice and personality (the way the brand behaves, speaks, reacts according to the brand's values)	Yes	No	No
Channels integration	integration into the website	Yes	Yes (not vivid)	Yes
	integration of social networks into traditional marketing channels (TV ads, links in press, etc.)	Yes	No	No
Creating relationships with customers	touch points identification (between customers and brand)	Yes	No	No
	interaction with customers at each stage of their decision making journey	Yes	No (stages before sale)	No (only buying stage)
	one-to-one communication (post answers, problems solving, etc.)	Yes (constantly)	Yes (rarely)	Yes (rarely)
	conversation development (through questions, asking for opinion and feedback, etc.)	Yes	No	No
	distance mitigation (transparency, customers' are perceived as friends)	No (more commercialized communication)	No	No
	focused content (valuable for brand "fans")	Yes	No	No
	feedback encouragement	Yes	No	No
	customers' entertainment: make experience more entertaining and excit-	Yes	No (only rare)	No

	ing (interesting and fresh content, applications, games, competitions, etc.)		competitions)	
	being honest (never delete negative feedback, admit mistakes, etc.)	Yes	Yes	Yes
	not being self-centered (60% posts about lifestyle, not brand)	No	No	No
	limited number of commercials	Yes	Yes (but no commercials at all)	No
	being active on the branded page (maintaining and updating the content constantly)	Yes	No	No
Establishing brand community	clear beliefs and values (shared among all “fans”)	No	No	No
	common areas that unite all members	Yes	No	No
	communication establishment between participants	No	No	No
	brand—as a central united topic	Yes	No	Yes
Creating loyalty	setting up customers’ expectations about product or service	Yes	No	No
	driving expectations according to real experience that could be had	Yes	No	No
	customers’ self-identification with the brand (brand should be meaningful for customers: prestigious, healthy, posh, etc.)	Yes (create brand’s cult)	No	No
	special benefits for participants (special offers, coupons, rewards, invitations, etc.)	Yes (extended service through SNS, invitations)	Yes (information about different promotions and invitations)	Yes
Adaptation	Extensive customers databases	No	No	No
	Tracking changes in lifestyle, perceptions, attitudes, etc.	No	No	No
	weak areas identification	Yes	No	No
	adaptation to customers (to bring more value for customers) or problem solving (when adaptation is impossible)	Yes	No	No
New customers’ attraction	rewarding system for existing “fans” (for re-posting and sending invitations)	No	No	Yes
	viral messages	No	No	No
	entertaining, exciting, interesting, etc., content that customers would like to resend	Yes	No	No
	Like and Share buttons	Yes	Yes	Yes

RESULTS AND DISCUSSION

Putting together all the findings from the case companies' social network marketing outcomes, we follow the framework of the literature based analysis with the emphasis on core dimensions such as determination of the target audience, building the brand personality, channels integration, creating relationships with customers, establishing brand community, creating loyalty, adaptation, and new customers attraction (Table 2).

From Table 2, we can see how the online marketing strategies in social networks on the Russian market of global firms can be studied with the help of framework that was developed based on the literature review.

From the analysis of the case studies, we can see that AM and CR did not identify their most valuable customers. For AM, this factor could not be as important as for CR due to the nature of the product they offer. One of the key aspects for AM is to establish a kind of a cult for its brand A. Through social networks, they can attract not only clients who can afford to buy A brand today, but also people who passionately want to have it, but for some reason cannot buy it. These people can not only become the clients in the long-term, but also create buzz and spread information about the brand. This widens the target audience that the company tries to reach through social networks. Clearly identifying the customers' interests guides further activities of the company in social networks. For example, AM is the official sponsor of Olympic Games 2014, so people who are interested in sports could be attracted.

For CR and BC, it is important to identify the most valuable customers, because the frequency of purchases of these companies' products and services can be very high, and it is important to be mainly focused on the loyal customers to ensure customer retention. Also, these customers are more likely to spread brand information to other social network us-

ers. To attract these customers to the brand page, it is important to understand their interests, which both of the companies have failed to do?

Social networks are mainly used for communication with close friends, which is why the company should establish a kind of "personal" profile, the same kind users create for themselves. It should outline the main "character traits" that would show the brand's values. This will help to establish more trustful relations with customers and attract more associates. The most successful company in this term was AM, which established clear company values, which are indirectly reported to customers through posts, comments, and information. The company should not only establish values, but also try to pass them to customers. BC has clear corporate values, but they are not transmitted to the customers. As a result, it is very difficult to find the common areas between the company and the customers and to develop the customers' sense of belonging.

Like users try to make their pages colorful and attractive, the company should put even more effort into the design to attract customers' attention. The design should also be connected with the brand's symbols (logos, special colors that are associated with the brand), this will ensure the customers' recognition. All the case companies have developed unique designs in social networks.

AM's achievement is the creation of strong relationships with customers' in social networks. The company has clearly defined the touch points between itself and fans, which helped to develop the dialog, stimulate customers' self-identification with the brand, and maintain communication. Also, AM actively stimulates customers to communicate, asking questions and requesting feedback and opinions. Due to this fact, customers feel that they are important to the company, which is the first step in building long-term relationships.

AM creates extra value for the customers through social networks, providing content that is interesting for customers and connected to the brand. AM found the balance between these two issues by posting interesting content about cars' histories, new models and concepts, production, and technological facts, all of which are at the same time very entertaining, curious, and connected with the company's products. Also the company publishes information about different events and competitions where the company and its customers participated. For example, in 2012, AM sponsored the ice rink in Red Square at the Kremlin in Moscow, after which AM encouraged fans to share their experience if they also were skating there.

Relationship development highly depends on the company's activity on the branded pages. Though A has already developed a huge fan base and the frequency of new comments from customers is very high, they answer all the posts, comment on pictures, or leave Likes. They have established one-to-one communication with their customers', which is the main outcome of using social networks.

Other case companies succeeded less in developing relationships with customers. CR did not identify its valuable customers nor define their interests. BC has identified its valuable customers and their interests, but did not provide any information that could be interesting for their customers. Though the company has claimed to use social networks mainly for communication with customers, it has put all its effort not on finding key touch points between company and customers, but on covering all the promotional campaigns that could be found in different cosmetics shops across the country. This information is interesting for customers, but if it is the only content, true communication will not be in place.

We also have revealed that the participation level of CR and BC is very low, and as a result, fans are not involved in the communication process, and all the benefits that social

networks could bring (feedback, interaction, relationships building) are not realized.

All case companies are self-centered, and most of their content is about the brand (which contradicts the established idea about the damage done by such self-centrism, decreasing the customer's value). AM is a brilliant example of how the company can be self-centered and add value to its customers. However, this strategy may be successful only for a well-established brand. In Russia, people's interest in luxury cars is very high, and A is one of the most popular brands among car lovers. This means that AM has already developed high interest in its brand, and people perceive that this brand can bring them status and support their personality (A is already a lifestyle). As a result, a self-centered approach can only be implemented by companies having brands that are already strong at the market in terms of customers' recognition. This may concern not only luxury, but also environmentally friendly brands, which will highlight customers' kindness, care, and involvement with ecological problems.

For BC and CR, the self-centered approach is not effective because they have to develop the sense of customers' belonging to the brand, as in this term, their brands B and C are not as strong on the market as A. They should clearly identify what this brand could mean to the customer (e.g., celebrities using cosmetics and customers identifying themselves with these celebrities for B, or a traveling theme with references to various cities and places, where restaurants are also situated, for C).

AM is very successful in creating customers' brand loyalty. On its brand page, the company places information about the products' characteristics, quality, and design, which can create exact customer expectations. AM also posts messages that can arouse emotional expectations, like an exceptional feeling when driving the A cars.

BC and CR do not publish enough information about their products and services in social networks. They do not cover the benefits of their offers, quality, or any other characteristics that could be relevant for customers. This results in customers misunderstanding what they can get if they choose their products. CR only has posted the menu of the restaurant in Vkontakte, but they do not really outline the quality and taste of their dishes, nor special atmosphere, as some of the local Russian restaurant chains do (e.g., Panibratov, 2012). BC does not have any information about products, except some TV advertisement videos.

All case companies provide their fans with special offers that can increase customers' value and turn into loyalty. AM invites their fans to private parties and to some events that the company organizes (like invitations to the ice ring in Red Square). Also, they have developed the customers' help center in Facebook. For example, if the customer has some problems with the dealer or service stations, they can publish an inquiry in the group, and this message is forwarded to customer care. The company contacts the service provider with whom the customer has problems and tries to solve it. The outcomes are sent to the customer in a private message and are published on the brand page to ensure that the customer will get all the essential information. After the problem is solved, the company encourages the customer to publish whether the problem was successfully solved and the customer was satisfied.

In order to develop their customers' loyalty, BC invites them to different brand events, publishes information about promotions in shops, and sometimes sends presents for customers who won in the competitions that are organized through Facebook. Also, if customers ask for advice on which product to buy, they give complete answers with the description of the product. As for CR, they organize different promotions, like "bring the

ticket from KaroFilm [large Russian cinema chain] and get the drink for free".

Adaptation seems to be a very difficult issue for A and B brands as these products cannot be easily adapted to each particular customer preferences. They are only able to identify the major trends and to meet the needs of the majority. Besides, the absolute adaptation for these two companies means the development of new products, which is enormously costly. For C, adaptation is much easier and is more crucial. Surprisingly, C also does not use all the benefits of social networks, although for them it could create a lot of advantages.

To attract new customers, case companies make an effort. Actively using Foursquare, CR stimulates customers (offering free drinks for those who have checked-in in the restaurant, so that all friends immediately receive this information on their smart phones, rewarding the most active customers with other offers). AM provides customers with entertaining and interesting information that customers may like to resend to their friends in social networks. Also, they can Like the interesting post and this information will appear in the friends' News Feed. BC only uses like and share buttons. None of case companies use a viral marketing through social networks that existing research outlines to be very effective.

To integrate better different marketing channels, AM and CR provide on their website home page the links to social networks they use. Besides, they inform customers about brand page existence through traditional marketing channels. AM announces about its Facebook page in the TV ad (which other case companies do not).

Additionally, the case companies use other methods that are not exactly described in the existing literature. AM has integrated Facebook into YouTube and created the direct link between these social networks: when the user presses Like button on YouTube, this infor-

mation appears both on his private page and on the brand page. CR has placed links to all their accounts in each brand group: in V Kontakte, they have the link to Foursquare, Twitter, and company's own groups.

Being of crucial importance for a successful marketing strategy, influence on customers' decision-making is better implemented by AM. At all stages (first consideration, evaluation, and buying) the company influences customers by publishing information about products, establishing dialog with customers, inviting customers to different events and parties, providing extensive service, and helping to resolve problems.

CR and BC concentrate their efforts on influencing customers at the first stages of the customers' decision making. CR influences its customers at the buying stage by offering special deals and promotions. BC tries to influence customers at the consideration and evaluation stages by giving them recommendations, but this initiative comes from customers, who have already chosen brand B and only need to find the most suitable product.

Finally, we stress the role of the Russian context for this study. First, the Russian social networks market is new; this is why Russia still lacks professionals who are competent in creating successful marketing strategies via social networks. Marketing managers in companies are not very experienced in this area, either. Our analysis shows that only AM hired an online manager who was more proficient in building online marketing strategies. CR attracts new customers using on push-strategies in social networks, and BC, in order to raise the popularity of its brand page, mostly focuses on promotions and competitions, while customers use social networks for communication mainly.

Second, in Russia international firms, before setting corporate pages, should carefully consider which social platforms to choose. Social networks in Russia are highly diversified in terms of users' profiles. When identi-

fying the target audience, it is important to decide on which social platform this segment can be reached. For brands A and B, Facebook is the best place where they can communicate with their target audience, as they are mainly luxury brands. Facebook's audience is seen to be wealthier, which is also due to the fact that this network is mainly popular in the largest Russian cities. Companies striving for nationwide coverage should use V Kontakte (for a younger audience) and Odnoklassniki (for an older audience). The importance of choosing the social platform for branding purposes was stressed by all case companies.

CONCLUSION

In this paper, we see how the conceptual model of how brand awareness develops via social networks resulting from the literature analysis transforms in the Russian context. Though main elements remain the same, some of the elements were found to be unimportant and some of them could not be implemented in the Russian market.

The model that has been used by case companies and can be applied by other global companies is based on the elements of the case companies marketing strategies in social networks and takes into account Russian market specifics that influence firms' marketing strategies. The model shows what activities the companies implement in order to reach their strategic objectives (the strategic objectives of the case companies were found to be quite similar, as they are oriented in social networks on attracting new customers, creating long-term relations with customers, developing brand loyalty, and raising brand recognition).

In Table 3, we illustrate the relationship between key elements of this model and the practicality of Russian strategy.

Thus, we claim that the model has universal application and can be implemented by other international companies from various

Table 3. Model of Brand Awareness Development via Social Networks

<i>The Element of the Marketing Strategy</i>	<i>Adjustment to Russian Market</i>
Identification of the key objectives	Focusing on customers and on their mutual interaction, not on their participation in groups.
Determination of the target audience	While identifying the key segment, focusing on those customers who may be valuable in the future. Recognizing customers' interests more comprehensively (both directly and indirectly related to the brand).
Choosing the social networks	Evaluate the difference between platforms trying to find the reference to various groups of customers.
Building the brand 'personality'	While visualizing content for particular brand, trying to avoid replication or crossing with local firms. Aligning brand "character" with local cultural specifics (personality, message, voice, etc.). Publishing information about company achievements in the country, not globally.
Channels integration	Integration not only in international networks, but also in local ones. Bundling respective brand pages. Integration of social networks into local media channels.
Creating relationships with customers	Re-defining touch points identification (between customers and brand). Extending one-to-one communication tools besides online (e.g., answering questions and solving problems by phone where Internet is unstable). Identifying who are "fans" and what their other interests are (related with local behavioral habits) for better focusing of the content. Being honest (never deleting negative feedback, admitting mistakes), which is especially unusual and, hence, valuable for many Russian customers. Being active similarly on Russian and English page, which will demonstrate the respect to customers with different language skills.
Creating loyalty	Setting up and driving customers' expectations on the branded product comparatively to both local and other global brands. Achieving the high meaningfulness of the brand for customers via re-assessing the importance of core values in Russia (e.g. wealth, security, prestige, health).
Adaptation	Tracking changes in lifestyle, perceptions, and attitudes across different regions, not only on the country level. Adaptation to customers, accordingly focusing on the most important dimensions, with an additional emphasis on local economic and social factors (e.g. stability of wages, legislative restrictions, ecologic requirements).
New customers' attraction	Rising the outcome (including financial) of existing rewarding system for "fans". Aligning the entertaining content that customers would like to resend with the burning local issues.

industries on the Russian market. Yet, it should be adapted as far as possible to each particular case, depending on the marketing objectives, the nature of the brand and its power on the market, specifics of the products that company offers, and characteristics of customers. Even within this offered framework, the company may have emphasized different elements of the model.

We see two major limitations of this study. First, we have identified the main specific characteristics of customers that influence the companies' marketing strategies in social networks without having revealed more detailed psychological and sociological features of users. Second, we have focused on how companies develop their brand awareness in social networks, and do not discuss particularly what are the outcomes of these strategies in terms of brand value increase. All the above could be topics for further research.

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“Made in Italy” Brands in the U.S. and China: Does Country of Origin Matter?

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ABSTRACT. The purpose of this paper is to examine the relationship between brand and country of origin (COO) from the perspective of a company. In particular, this analysis seeks to investigate the role of the brand in relation to country of manufacture and country of brand when the relationship between a given country image and a certain product category is perceived as strong and positive. Employing a qualitative method, the empirical focus of the research is here made up of a sample of 14 Italian SMEs operating with direct investments in the US and Chinese markets. In-depth interviews point out how, particularly in recent years, a positive COO does not represent anymore an adequate base to grow in foreign markets, making investment in a brand necessary despite limited financial resources. Without a strong brand image that has the ability to create a positive association between a product and its country of origin in the consumer’s mind, the COO loses its capacity to develop a distinctive product image in foreign countries.

KEYWORDS. Brand, country of origin, China, U.S., “made in Italy”, small and medium-sized enterprise (SME).

INTRODUCTION

During purchasing processes, consumers need to process a wide range of information that affects their preference and buying decisions. The complexity of markets and the abundant supply of domestic and foreign products push the consumer to make use of synthesizing indicators of quality assessment, such as brand and country of origin (COO) which can streamline their decision-making process (Han, 1989; Oberecker & Diamantopoulos, 2011). The importance of a brand in the evaluation process of a consumer in terms of its interaction with COO has prompted a

considerable number of scholarly investigations of this issue from various perspectives.

Several authors have considered whether the brand is able to play a more important role than COO in influencing the evaluation process of a consumer. These authors have come to divergent conclusions. Han and Terpstra (1988); Wall, Liefeld, and Heslop (1991); Tse and Gorn (1993); as well as Darling and Arnold (1988) have concluded that COO has greater influence than brand in regards to the perception of quality.

Other scholars (Verlegh and Steenkamp, 1999; Ulgado, 2002; Hui & Zhou, 2003; Srinivasan, Jain, & Sikand, 2004)

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have supported the opposite view, considering the effect of the brand to be most important.

Links between brands and their COO have been recently analyzed from a new point of view. The diffusion of hybrid products and the consequent difficulty for consumers to precisely identify these product's actual countries of manufacture (Chao, 1993) has led many scholars to focus on consumer perception of a product's origin in relation to brand associations (Thakor & Lavack, 2003). Thus, a new concept of brand origin has gradually emerged, one defined by the consumer's perception of a product's origin in relation to its brand. This new concept tries to go beyond the traditional paradigm of COO (Thakor & Kohli, 1996; Hamzaoui, Merunka, & Bartkowski, 2011).

Despite numerous contributions aimed at understanding the relationship between a brand and its COO from a consumer perspective, studies investigating this phenomenon from the perspective of the company are scarce (Usunier, 2006; Josiassen, & Harzing, 2008). The present study aims to fill this gap by focusing on the relationship between brands and COO from the point of view of the company. In particular, our analysis seeks to investigate the role of a brand relative to its country of manufacture and country of brand. Such analysis of the relationship between brands and their COO appears to be of considerable interest in relation to European SMEs. Indeed, recent studies have pointed out that country of origin can be an important feature on which to develop distinctive positioning in international marketing strategies (Bertoli & Resciniti, 2012). This is particularly true in cases of a highly-perceived fit between country image and product category (Roth & Romeo, 1992; Hamzaoui & Merunka, 2006). In these cases, a strong link with a territory rich in symbolic connotations and values serves to imbue products with new meanings and increase their value as perceived by the consumer. From a financial standpoint, taking ad-

vantage of "a made in effect" rather than investing in a brand may be more favorable for companies of limited size. On the other hand, in regards to investment in brand image, companies could choose to employ a country's image (Roth & Diamantopoulos, 2009) as a feature that helps to enrich strategic brand positioning (Pastore, Ricotta, & Giralardi, 2011). According to the logic of co-branding, using a combination of the above two angles, a country's image could be used for the reinforcement of a brand image (Busacca, Bertoli, & Molteni, 2006; Aiello et al., 2008) so that the value transferred to the market could be increased (Bursi, Grappi, and Martinelli, 2012).

An analysis of the relationship between a brand and its COO from a business perspective led this study to develop a qualitative research based on in-depth interviews (Yin, 2011) from 14 Italian SMEs operating in the U.S. and China. The choice of this sample is primarily due to the fact that when choosing SMEs operating in highly dynamic and complex markets such as the U.S. and China, we could better highlight the issues of the researched relationship (Vianelli et al., 2012a). Secondly, the selected companies are significant not only because they operate in industries where a brand can be a source of competitive advantage for the firm, but also because, traditionally, these firms can take advantage of a positive halo effect deriving from a COO effect (Bursi, Grappi, & Martinelli, 2012).

LITERATURE AND PROPOSITION DEVELOPMENT

The current global competitive scenario has complicated the theoretical analysis and interpretation of the COO. Indeed, such a situation has led to the reassessment of the nature of the COO in order to identify a solid interpretative paradigm in response to this phenomenon. This reassessment has drawn on two different modes of analyses, i.e., the so-called

deconstruction strategy followed by the *association strategy*.

The first approach, identified as the *deconstruction-strategy*, seeks to identify a set of sub-concepts that differently affect a customer's qualitative perception during buying processes based on the origin of a product (Li, Murray, and Scott, 2000; Chowdhury & Ahmed, 2009). In the initial conception, COO constituted a cue of association with the product that possessed the ability to influence the customer's decisional process (Dichter, 1962). However, the typical dynamics of a globalized economy complicated the definition of COO (Phau & Prendergast, 2000). The spreading of production, decentralization, outsourcing, the dematerialization of the offer, and above all, the emergence of so-called *hybrid products* has served to make the exact identification of a product's origin more complicated (Li, Murray, & Scott, 2000; Phau & Chao, 2008). From such a methodological perspective, the concept of COO is enriched with multidimensional value that incorporates different aspects generated in modern production processes (Han & Terpstra, 1988; Chao, 1993; Ahmed & D'Astous, 1996; Allred, Chakraborty, & Miller, 2000).

In the marketing literature, there is no unanimous consensus among researchers on the extent to which it is possible to identify the effects of the COO. Some authors (Quester, Dzever, & Chetty, 2000; Chao, 2001; Inch & McBride, 1998; 2004) have considered COO to include country of design, country of parts, and country of assembly. Others (Chen, 2004; Ulgado, 2002; Thakor & Lavack, 2003) have instead chosen to distinguish the country of brand origin from the country of manufacture. Finally, Leila, and Merunka (2006) have considered the significance of the country of design and the country of manufacture. Various studies have shown the dynamics and relations between each of these variables. However, the existence of different classifications serves to

make the results of different studies puzzling and difficult to compare.

Extant research has identified the country of design as the major component of the COO in its ability to affect a customer's qualitative perception (Li, Murray, & Scott, 2000; Bradley, 2001). However, Quester, Dzever, and Chetty (2000) have suggested that consumers mostly value the COO in regards to product components rather than a product's country of design or assembly. Furthermore, Chao (2001) has added that there is a more positive customer response when the parts of a product come from within the same country as where it is assembled. In a recent study, Hamzaoui, Merunka, and Bartikowski (2011) have shown how knowledge of the country where a product is designed can bring about effects only if a product has symbolic value. In the majority of cases, customers consider the country where a product is manufactured to be of greatest importance.

Ulgado (2002) has endorsed the idea that, in the evaluation process of a product, most consumers are inclined to base their opinion on the country of brand over the country of manufacture. Such evaluation is more likely to happen given the large number of attributes to be considered by customers during the buying process (Ulgado & Lee, 1993). Verlegh and Steenkamp (1999) have concurred with such an assessment by showing via empirical research how the effective strength of the COO does not differ much if the products are designed and manufactured in the same country or in different countries. The reason, they argue, for a consumer's choice is most often much more affected by brand image, as consumers often do not know the origin of the good.

Some authors have deemed the country of manufacture to have greatest impact on the buying process (Han & Terpstra, 1988; Wall, Liefeld, & Heslop, 1991; Tse & Gorn, 1993). Others, particularly when considering hybrid products, have focused more so on the country

of brand and on the brand itself (Verlegh & Steenkamp, 1999; Ulgado, 2002; Hui & Zhou, 2003; Srinivasan, Jain, & Sikand, 2004). However, many authors have pointed out how factors such as brand equity, brand knowledge, or the phase of a product's life cycle may significantly influence different research results. For instance, Hui & Zhou (2003) found out that when the country of manufacture has a less reputable image compared to the country of brand, this information may have a negative effect on product evaluation. This effect is worse when a company has low brand equity. High-equity brands might overcome the influence of the country of manufacture and compensate for this negative effect by strengthening the role of the country of brand. For instance, Schaefer (1995) has pointed out how the effect of the COO may become less important as customers become more familiar with a specific brand. Lampert and Jaffe (1998) have shown alternatively that while a country's image may be important in affecting customer opinion in the product introductory phases, a brand image becomes more influential in the stages that follow. This is due to the elevated number of brands in a given sector and customers' knowledge of a specific brand.

The *association strategy* considers customers' associations between a product or service and its brand and COO (Andehn & Berg, 2011). From this perspective, the focus of research on the COO is moved from production to consumption (Andehn & Berg, 2011). The importance of the location where a product has been manufactured designed or assembled decreases in favour of customers' perception and identification of the country of origin (*country of association*). In other words, the former method of analysis focuses on the effects of the COO considered as a qualitative attribute of the product (i.e., related to the cognitive processes of customers), while the latter method focuses on the effect of the origin of the product as identified by customers, representing an in-

quiry in the affective and normative area (Dmitrovic & Vida, 2010). This second perspective, which expresses conviction in the superiority of the country of the brand over the country of manufacture of the product, has spread widely among researchers. Nevertheless, it is worth noting that even though cognitive aspects have been losing importance in the globalized world, the recent economic crisis has led to an increased customer awareness of the support that can be given to their domestic economy in buying local products (normative component). Hence, in such a situation, people may be pushed to choose domestic products and, therefore, significantly increase the importance of the country of manufacture (Dmitrovic & Vida, 2010).

Given the results of studies analysing consumer perceptions, it is relevant to investigate what, from a company's perspective, is the role of the concept of *manufactured in* with regards to associations drawn between a country and a specific brand. It is necessary to understand then, when considering a firm's marketing strategy on a global level—particularly in cases in which there is a good relationship between a country's image and the product category—whether the country of manufacture is of increased or decreased importance as the importance of the country of brand origin increases. Therefore:

P1a/P1b – In a firm's global marketing strategy, the country of manufacture becomes more/less important than the country of brand origin.

Recent studies require further examination beyond the simple consideration of the country of brand origin to a better understanding of consumer behavior. Certain authors have suggested that one should consider the exact location of a firm to be less important, since consumers may not be fully aware of it, thus grounding their choices more on personal opinions deriving from direct or indirect expe-

riences with a product and its brand (Andehn & Berg, 2011; Hamazoui, Merunka, & Bartikowski, 2011). Thakor and Kohli (1996) have coined the term “brand origin”, defining it as “the place, region or country where a brand is perceived to belong by its target consumers” (p. 26). These researchers have noted how customer perception may differ in relation to the location where a product (linked to a specific brand) has been manufactured, or to a manufacturing firm’s location. Various factors may deceive consumers, such as ignorance, low interest, or lack of information concerning the origin of a product in the effort to avoid negative evaluations in its target market. Therefore, there is an issue associated with consumer awareness (Samiee, Shimp, & Sharma, 2005; Balabanis & Diamantopoulos, 2008; Samiee, 2010), and consequently, with the decision of marketing managers on how much to invest in marketing communications in order to ensure consumers’ positive association with product quality and brand image, thus marginalizing the impact of country of manufacture (Clarke, Owens, & Ford, 2000).

Different strategies may be adopted to ensure such a connection. These could include, but are not limited to, using a brand name that suggests a firm’s location (Thakor & Lavack, 2003; Usunier & Cestre, 2007), using symbolic images related to a specific country, such as the colors and stylized shapes of a flag (Insch & Florek, 2009), the choice of a particular language apt to recall a specific country or geographic area through the brand name, and others (Harun et al., 2011). Some effects of a product’s origin may be spontaneously evoked by consumers due to a strong association with a country without any necessary marketing effort, such as with pasta in relation to Italy, or sushi in relation to Japan (Usunier & Cestre, 2007). Recent studies have further developed the concept of brand origin by presenting a more developed paradigm for evaluating the impact of the COO, denominated “culture of brand origin”, which focuses on cultural lin-

guistic factors (phonetic, morphologic, and semantic) added to a brand in order to stimulate positive perception from customers (Lim & O’Cass, 2001; Harun et al., 2011) and indicate the origin of the product to the consumer (Thakor & Lavack, 2003; Li & Shooshtari, 2003).

Consequently, a brand image appears to be able to suggest to a consumer’s mind associations that are linked to the origin of a product, regardless of the location of production (Papadopoulos & Heslop, 1993; Samiee, 1994; O’Shaughnessy & O’Shaughnessy, 2000; Josiassen & Harzing, 2008). The issue then becomes understanding if firms, particularly SMEs often characterized by limited financial resources, can best promote their offers mostly based on the country of manufacture and/or the country of the brand, or by investing in the brand as a vehicle for the creation of a brand origin culture. Hence:

P2a/P2b – In a firm’s global marketing strategy, the brand plays/does not play a primary role with regards to the country of manufacture and/or country of brand.

METHODOLOGY

This study is based on the use of qualitative analysis techniques in the form of semi-structured interviews (Yin, 2011). The results of this study have been derived from an interpretative research approach that allowed for articulate answers to the following research questions related to brands and their COO:

- What is the relation between the country of manufacture and the country of branding, and what are the dynamics that characterize this relation?
- What is the role of a brand in relation to its country of manufacture and/or country of branding?

Interviews have been carried out with export and marketing managers who have direct

responsibilities in the markets analyzed here and have in recent years been strongly involved in the strategic decisions of their respective companies. Given the purpose of this study, the use of qualitative research methods is particularly adequate since it allows for in-depth understanding of the multidimensionality of the COO construct in branding decisions, and is thus better suited for the purpose of this research than a quantitative approach. The latter appears very appropriate when used in relation to a consumer-based perspective, but it risks ironing out the company's perspectives that are very important in providing, via descriptions of their operative experiences, useful information to examine brand and COO dynamics in-depth.

The research sample used for qualitative analysis comprises of 14 Italian companies. In a European context, the choice of Italy is particularly well suited for the study, as the "Made in Italy" label represents a competitive business advantage both in terms of the country of manufacture and the country of brand. Regarding the foreign countries of entry, the choice of the U.S. and China has been motivated by the following considerations: for Italian companies, the United States represents the most important commercial partner outside the European Union, which has long term relations with Italian firms and which offers them relevant growth opportunities. A "Made in Italy" label is strongly appreciated in the US, especially in the country's traditional industries of food, fashion, and furniture (ICE, 2012). China represents a market of future growth where Italian companies currently have limited direct investments, struggle to grow via exports, and are often unprepared to operate in such a culturally different market (Vianelli, de Luca, & Pegan, 2012a).

The following details this study's companies' selection criteria:

1. Italian companies belonging to the 3 F industries (fashion, furniture, and food) characterized by a highly-

perceived fit between the product's country and the product's distinctive attributes (Hamzaoui & Merunka, 2006).

2. Italian companies with production and/or sales subsidiaries both in the Chinese and American market.

Utilizing the Bureau Van Dijk database, 39 companies were identified and invited by email to participate in the research. Fourteen companies agreed to participate in the in-depth interviews. Fifteen companies did not answer, and 10 firms declared themselves unable to participate, with most of these providing no reasons. For confidentiality reasons, all of the companies asked not to be identified in the study (Table 1).

FINDINGS

The results of the interviews have been divided into two parts. The first part investigates the importance of country of manufacture in respect to the country of brand as an element of distinctiveness in the international marketing strategy of a company. The second part analyzes the relationship between brand, country of manufacture, and country of brand.

Country of Manufacture and Country of Brand

The relationship between country of manufacture and country of brand is described in different ways depending on the sectors considered. This approach has the advantage of presenting multiple perspectives and interpretations that are at the same time consistent in the overall assessment.

In the fashion industry, major luxury brands that once differentiated themselves by highlighting their artisanship in terms of local production linked to the peculiarity of a territory now want to stand out via different strategies. Some companies, for example, argue that it is not where a company produces but

how a company is perceived in terms of the origin of its brand that lends it distinction. In this sense, emphasis is placed on the role of retailing, which is seen as the primary means of spreading the image of a country and therefore the brand connected to the country.

Table 1: Characteristics of the Sample

Company	Industry	Country of manufacturing		
		Italy	USA	China
A	Food (wine)	Y	N	N
B	Food (wine)	Y	N	N
C	Food (wine)	Y	N	N
D	Food (ham)	Y	Y	Y
E	Food (cheese)	Y	N	N
F	Food (dessert)	Y	Y	N
G	Food (coffee)	Y	N	N
H	Food (coffee)	Y	N	N
I	Apparel	N	N	Y
J	Apparel	N	N	Y
K	Apparel (Shoes)	N	N	Y
L	Furniture	Y	Y	Y
M	Home / furniture	Y	N	N
N	Furniture	Y	N	Y

This sensibility rings through in a statement from the owner and vice president of one of the companies analyzed (Company J):

Does it really matter where the product is realized? If we want to communicate the Italian origin, we need to work on the design of both the garments and the shops. Italian products can be found almost everywhere. The same cannot be said about authentic Italian shops.

The limited relevance ascribed to the country of manufacture in the fashion industry is clearly pointed by the companies analyzed. For instance, one respondent highlights the lack of appeal of the country of manufacturing when describing the partnerships their company is drawing up in the American market to strengthen brand awareness (Company I):

Our consumers do not really care if the product has been manufactured in Italy or not. On the contrary, we are following the trend of collaborating with mass American retailers. Indeed, a

new important phenomenon is increasingly emerging. It is defined as “mass privilege”, that is the opportunity to purchase a luxury item that in the eyes of the consumer appears to be unique, although it is not accompanied by the added value of the real made in Italy. For instance, our lines that we have made available at Target were made in Japan and with different materials than our other products.

The above comments appear equally applicable in regards to the Chinese market, where appreciation for the “Made in Italy” label is high, but ultimately, purchases are determined by the perception of brand origin. In a country where “Armani is perceived as a French brand”, where “it does not matter that [a] dress has been made in Italy”, and where all that matters is that “consumers feel that they are wearing a garment that embodies the Italian style” (Company J), value shifts from qualities linked to manufacturing in the territory of origin to the perceived country of

brand origin. In this way, production can easily move away from the area of origin without damaging the image of the product.

Even in other industries, the interviews in this study appear to confirm trends seen in the fashion industry. Those in the furnishings sector, for example, certainly recognize a consumer segment that wants an authentically Italian product. However, the growth potential for this kind of product in foreign markets is marginal. The head of an Italian company located in Shanghai reports (Company N):

My clients buy a few pieces that we produce in the Italian plant. However, later, they ask me to produce them again here at lower prices, precisely equal in all respects to the products produced in Italy. What really matters is the Italian style brand made in China, not the real product made in Italy.

There are also many Italian companies in China that export the “Made in Italy” brand while at the same time producing models in the Chinese market that have success due to their strong association with Italy. As reported by the Asian manager of a well-known brand of Italian furnishings (Company C):

Concerning our image, the dual relationship between the export of European brands and the on-site manufacture of our Chinese brands in China is working well. In order to sell brands directly manufactured in China, indeed, we focus on factors like design and quality. A local brand of our company, for example, is translated into Chinese with an expression similar to “German friend”. The aim is to convey the idea of the German brand, synonymous with quality and innovation. Another brand, instead, is translated into something like “beautiful Italian kitchen”, focusing on the design and Italian lifestyle.

Moving to the analysis of the food industry companies in the study, the interviews re-

veal several interesting aspects regarding a product’s country of manufacture. Indeed, in this sector, the success of many Italian-sounding products makes one think immediately about the real meaning of manufactured in Italy and the role that it plays with the consumer. Many companies surveyed emphasize the limited knowledge of the final consumer, who only in rare cases is able to recognize and appreciate the true origin of a given product. This occurs even in markets such as the wine market, where origins should be an essential feature in product evaluation. Several managers, such as this one from a well-known company in the wine sector, emphasize this issue (Company B):

All that is Italian is always a step ahead of all the other products in the market. However, it makes me smile when I see “Made in Italy” products in the U.S. market that actually have been manufactured in Canada or in the United States. Unfortunately, the American consumer that lives along the coast—in cities like New York and San Francisco—is the only one who knows Italy pretty well. On the contrary, if we move to the Central states of the U.S. (where 90% of the wine is purchased), the consumer is not informed at all and, therefore, mix up “Made in Italy” with everything that is proposed in this way.

Competitiveness is another problem reported by companies. An over-arching theme found in all of the interviews with companies in the food sector is that the major competitors of companies in Italy are mainly Italian companies in America, while in China they are generally European companies. Since Italian products are numerous in the former market, Italian managers rightly argue that differentiation in regards to the country of manufacture becomes irrelevant. Similar is the issue in China, where competition increases every year, and companies with origins in individual

European countries are often aggregated in the consumer perception into the undifferentiated “Made in Europe”.

Finally, an issue pertaining to various industries is the need to offer a high-level service. This is highlighted in the interviews and contrasted in regards to the country of manufacturing. The export managers of two well-known coffee companies point out (Company H) (Company G):

What really matters is to associate the intrinsic quality to an equally high-perceived quality, which only partly depends on where the product is made. In selling coffee, the service dimension is very important because coffee is a semi-finished product till the moment it is poured into a coffee cup. Hence, an excellent semi-finished product can be turned into a tin-pot finished product in case we don't succeed in teaching our barmen the Italian way to prepare a good coffee. I would say that producing it in Italy or here in the U.S. does not really make the difference. What does matter is the service that we offer here to our bartenders.

You can concentrate your efforts only on producing in the country of origin, focusing on technologies that can decrease the difficulties a foreign barman often faces when preparing a coffee. However the risk is to increase the quality of the cup of coffee but to create a negative effect on the “romance”, that is the pride of the bartender to be recognized as an “artist” of the Italian coffee. To say that the coffee is produced in Italy is quite important, but it is much more important if it is perceived as “born” from the hand of the local American or Chinese bartender.

The above discussion of customer service relates to logistics and after-sales service. From this perspective, the country of manufacture takes on a distinctly negative value in

its being associated with a problem of distance. In the U.S., the manager of an Italian food company stresses this (Company F): “They came to us just because we produce here. Many Italian chain restaurants recognize the value of ‘*manufactured in*’, but they are afraid. They prefer local suppliers because they do not want to risk with logistics.”

The situation in China is not much different. One furniture company manager reiterates (Company M):

Italians expect to come here with the catalogue, give it to the distributor saying “buy” and not giving any kind of help. Once you sell, it is “bye bye” and they do not want anything to do with problems. If a piece breaks, there is nobody here, then it is a disaster, there is no assistance because the company is not present, and the local partner is unable to provide it. For this reason, I am investing on moving the production here in China.

Investing in the Brand

Concerning the role of a brand, industry differences become marginal. Overall, there is a common approach to the choice of international marketing strategies among the analyzed companies. Even in a different geographic context, trends in the role attributed to brands tend to be very similar both to the American and Chinese markets.

Some companies emphasize the need to invest in a brand because they believe it is the only way to differentiate themselves from other brands that are not made in Italy, even if they are presented as such. The head of an American branch of a famous company in the food sector speaks in this regard (Company E):

When you look at the brand image developed by Amano Artisan Chocolate, a U.S. company based in Utah, you immediately realize that the first

step to be successful here is to invest in the brand. The word *Amano* comes from the Italian translation “by hand” and “they love,” which is the way the company describes their chocolate. In other words, by investing in the brand, this company is able to create a strong association with the country of manufacturing and the (inexistent) Italian origins for the consumers.

Paradoxically, companies such as those operating in the wine industry, where the origin of the product should have the ability to drive the image of the product, are actually among those which show that “if you want to grow, you must invest in the brand” (Company A):

If we add up the two parameters to 100%, for us, the brand counts for 70% and the origin 30%. The strategy of the whole group is to enhance the brand more than the origin: the origin is a consequence, because then when one speaks of our brand it is directly connected with Tuscany and Italy. All the policies we implement create value through brand focus, we make global projects, we localize them for different markets and importers give us suggestions to improve results.

Or, as reported by the owner of a famous winery (Company C):

At the outset, the label on our bottle for American supermarkets had *Prosecco* written in big letters. Currently, there are about forty different brands by many different companies on the shelves, from *Ciao* [Hello] to *Primo Amore* [First Love]: we had to change the label by writing our name in big letters to differentiate ourselves. Our worst “enemies” are the Italians abroad, and only by in-

vesting in our brand we can increase our differentiation to become more competitive also against other Italian brands.

The companies belonging to the sample consider the brand as one of the main tools to increase perceived quality. According to some of these companies, it does not really matter whether the product is “Made in Italy” or in a foreign country. This is confirmed by one of the surveyed managers (Company E):

Our products are made in Italy and many of us think that this is important to ensure better quality control. I know both the American and the Chinese market, and I know that this does not apply in their case. It is perceived quality that counts. In the market, the “authenticity” factor in the equation “*Parmigiano* = Italy” is not a critical factor for success, but the brand is. And our problem is precisely the lack of credibility of a quality brand that is still in its infancy. The fact that we are Italian counts, but we can only do this if we communicate through a known brand.

Communicating through a brand also means creating a bridge with a foreign market. This means developing associations that not only recall the home market, but also get closer to the country served. This is very important in countries like China where appreciation of western styles coexists with a strong attachment to local culture. This is what the manager of a company in the Chinese food sector said (Company D):

Italian managers and their target consumers are concerned with authenticity, about controlled designation of origin, the link with the territory. But the buyers are Chinese buyers and their clients, and after a difficult start, we realized that they do not consider it essential to buy a product that is truly Italian, but rather a product of Italian

identity, adapted to their market, ideally. Identity is created exclusively through marketing. For example, we replaced the company's historic bell logo with a panorama of the Alps in the background for our sausages made in China, with a Venetian image marked "Marco Polo", evocative of Italy's relations with China.

Moreover, some of these companies claim that investing in the brand helps to take advantage of the "Made in Italy" label by emphasizing only positive aspects and avoiding contingent negative dimensions. One of the managers points out (Company F):

Made in Italy is a reinforcement and yields a bigger margin compared to its competitors. As an Italian, you have a certain appeal, but then you have to be able to keep your promises. The food scandals (botox, buffalo, ethanol, Parmalat) were destructive: they had a devastating impact on the "Made in Italy" image for all Italian companies abroad. Our company is proud to be Italian, but we realize that it is important to establish the brand disconnecting it from the Italian flag.

Another important element regarding brands emerged from the interviews. The presence of international players is seen not always as a threat, but also as an opportunity by SMEs deciding to invest in brand image. In fact, if on the one hand major competitors invest in advertising with a budget that would be completely inconceivable for SMEs, on the other hand, these enormous investments can serve to create product/country knowledge on which Italian companies can capitalize and which can help them point out the characteristics of their brands (Company G):

Direct confrontation with financially powerful competitors such as Starbucks would be a waste of capital. Its presence should be seen as an oppor-

tunity instead. Indeed, the market must first be aware of the peculiarities of the product itself in order to be receptive to a company that proposes a product such as Italian Espresso. Leave it to Starbucks to invest in the concept of Italian product, it allows our company to move directly from the image of the territory to investing in the brand, to put itself forward precisely as a brand of superior quality. Indeed, the country of manufacturing and/or the role of brand origin are enhanced primarily by investing in the brand.

Finally, the importance given to a brand by consumers and retailers requires strong marketing investments. Italian companies must be able to create an image that goes beyond the concept of "Made in Italy", and one that can still be competitive compared to other European and even Chinese companies. As noted by the CEO of a company in the fashion industry (Company K):

Italian shoes are beautiful; if they are expensive, that's fine. In fact, it's even better, but in China if the brand is not known, no one will buy them, even if they are the best shoes on earth. It doesn't matter. No one will buy them. This is a concept that Italians do not seem to understand.

DICCUSSION AND CONCLUSION

In the in-depth interviews carried out with Italian SMEs operating with direct investments in the U.S. and China, manager experiences frequently emphasize the importance of the country of brand. In particular, these companies have described how much they have invested to configure their brands with the symbolism of Italy that is so appreciated and recognized by U.S. and Chinese consumers, regardless of the origin of manufacturing. Therefore, in terms of importance, a clear le-

nience emerges toward the country of brand over the country of manufacture. In all of the analyzed industries, companies seem to recognize the prevalence of the affective and normative dimension (Dmitrovic & Vida, 2010) over the cognitive one (Verlegh & Steenkamp, 1999). This can be deduced by continuous references given to brand origin perception and to the necessity to point out product origin regardless of the country of manufacture. In light of these results, we can therefore suggest that only proposition P1b has been supported: *in a firm's global marketing strategy, the country of manufacture becomes less important than the country of brand.*

Furthermore, the interviews have shown that, from a company's perspective, COO analysis is strongly simplified in recognizing only the country of manufacture, the country of design, and the country of brand as sub-concepts influencing consumer behavior (Chen, 2004; Ulgado, 2002; Thakor & Lavack, 2003; Leila & Merunka, 2006). Further distinctions proposed by the studies, such as those pertaining to the country of parts and the country of assembly (Queter, Dzever, & Chetty, 2000; Chao, 2001; Insch & McBride, 1998; 2004), have never been quoted, confirming the increasing importance of the perception of the country in terms of brand origin over the productive dimension. The country of design, recognized by previous studies as a COO component able to influence the consumer's qualitative perception (Li, Murray, & Scott, 2000; Bradley, 2001), has been considered by the interviewed companies as an antecedent to the country of brand, which represents the influential image of the country where a brand has originated from. In other words, the analysis of the COO from the company's perspective usually simplifies *deconstruction strategy* theories significantly by focusing more on consumers and their associations (Andehn & Berg, 2011). From a theoretical perspective, such a result confirms how a

heavy research focus on the consumer can force an evaluation while losing significance from a managerial perspective (Usunier, 2006; Insch, Prentice, & Knight, 2011).

The change highlighted above pertains more to the analysis of brand role. Even when we have a strong and positive fit between country image and product categories, which is a situation that creates conditions for employing the COO "Made in Italy" label in order to establish a differentiated market position of a product, companies still stress the necessity of investing in a brand as a means of achieving competitive advantage in the long run. This applies also to SMEs that are often characterized by shrinking financial resources which limit costly investment in branding. The interviewed enterprises, therefore, support the P2a proposition: *in global marketing strategy, the brand becomes more important than the country of manufacture and/or the country of brand.*

Studies suggesting investment in consumer awareness are thus confirmed in pointing out the necessity of creating a culture emphasizing brand origin (Lim & O'Cass, 2001; Harun et al., 2011; Thakor & Lavack, 2003; Li & Shooshtari, 2003; Samiee, Shimp, & Sharma, 2005; Balabanis & Diamantopoulos, 2008; Samiee, 2010) that serves to strengthen positive associations with a brand (Atilgan et al., 2009). From the perspective of a company, such necessity becomes compelling so that companies can differentiate their products/services from foreign sounding brands, a perspective often neglected in academic studies that focus mainly on consumers.

One particular aspect that we have to consider in the evaluation of company strategies in diverse markets such as China and the U.S. is the similarity in the importance conferred to the brand. Although companies operate in different market and product contexts, which are characterized by different life cycle phases, the conclusion of Lampert and Jaffe (1998), i.e., that COO is more important in the

introductory phase but that a brand's image becomes more influential in the following stages, has not been confirmed. The reasons for such a divergence from Lampert and Jaffe's (1998) findings may primarily be attributed to the accelerated business development over the last few years. Firstly, growing globalization has led to swift diffusion of information about new products and brands even before their effective presence in foreign markets. Hence, a product's and/or brand's familiarity exists even in the introductory phase of the product life cycle (Schaefer, 1995). Secondly, the relation between country and brand image should take into account different cultural contexts, particularly with reference to emerging markets. For instance, in China, buying a well-known brand assists in the acquisition of social respect by displaying social status and communicating characteristics of personality and uniqueness (Vianelli, de Luca, & Pegan, 2012a). Last but not least, the growing internationalization of companies has influenced competitive dynamics as well. Companies with the same country of brand origin often compete against each other in foreign markets. As data from the Italian companies analyzed in this study suggests, a country's image may enrich a brand image while not being particularly distinctive. In regards to current markets such as the U.S. and China, one interviewed manager states, "the worse competitors are Italians abroad" (Company C).

Another important finding emerging from the analysis in this study is the role attributed to brands that can help companies to disengage from a negative perception of the country of manufacture and/or the COO. The interviewed companies, although enjoying a positive COO effect, deem the creation of a strong brand as a guarantee in reducing any eventual negative side effects, such as food scandals, political problems, or the weakening of their respective country's image. Hence, managers see a brand not only as a means to blur prod-

uct origins if the COO effect is negative (Thakor & Kohli, 1996), but also to employ the brand in the creation of a brand origin culture that rests on positive perceptions of a country. If, from the consumer's perspective, brand origin exists only in the long-term memory and constitutes a strong brand association (Keller, 2003), any negative variations of perception in regards to the country of brand or of the country of manufacture will probably have a minor impact on the brand image.

The relation between brand, country of manufacture, and country of brand has shown dynamics that suggest areas for future research focused both on company and consumer perspectives. The experience of Italian SMEs present in the Chinese and American markets has firstly shown how a positive COO may be considered as positive in the beginning but, particularly in recent years, does not anymore constitute an adequate base for ensuring growth in foreign markets. Hence, making investment in a brand has become a must. Future studies could therefore employ a large sample population of export companies to obtain numerous responses that would make these studies more reliable and valid in the analysis of a positive country of brand or brand image of a company. Secondly, the prominent role of country of brand over country of manufacture suggests that future research should focus not only on consumer perception in regards to the country of brand, as is the case already in recent literature, but also on marketing decisions that can facilitate the role of a brand as a generator of positive perceptions of the country of brand to foreign consumers. It is worth highlighting here again the key roles of retailing, communication, and brand adaptation to the country of destination, with the latter being particularly important in emerging markets.

Finally, attention is drawn towards the relationship between brands and the country of brand in global channels (Vianelli, de Luca, & Bortoluzzi, 2012b), particularly in export

contexts where importers can play a primary role in the building of a brand image for customers, and hence, even increase the appeal of the COO of the company.

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Climbing the Brand Ladder: From Fashion Accessory to Distinctive Country-of-Origin Brand

Durđana Ozretić Došen

ABSTRACT. This paper analyses a fashion accessory brand and its potential to become a distinctive brand, which would convey a positive country-of-origin image, too. The author seeks to explore if specific brand features and attributes linked to the historic perception of the country-of-origin implemented in product development and subsequent marketing activities can help achieve powerful brand differentiation, successful positioning, and desirable brand personality, thus leading to the creation of positive associations related to the brand's country-of-origin. The paper relies on qualitative methodology, i.e., its findings are based on a case study. The research findings support the assumption that the principles of branding should follow an emotional branding approach in order to achieve images and stories about a particular brand, which can subsequently lead to the desirable results with regard to brand attractiveness and brand loyalty and convey a favorable country-of-origin image.

KEYWORDS. Fashion accessory brand, country-of-origin-image, Croatia brand

INTRODUCTION

Brands convey intended positioning, establish product differentiation, help to create a new market segment, and/or build a desirable, distinctive image. In order to be able to achieve the aforementioned, brands' features and attributes should translate into a higher order of perceived benefits to the consumers (Davis, 2002). Brands' perceived benefits and reputation are the basis for competition among companies which offer similar products and/or services. However, "a sustainable point of differentiation with respect to a key attribute can be difficult to create, especially if one's competitors are established" (Aaker, 2004, p. 205).

Brands need a distinctive image that captures a product's character and benefits:

through "distinction brands show how companies can enter established markets but still succeed, by defining themselves against (rather than following) the competition" (Haig, 2004, p. 107). Distinctiveness in brand personality (as one of the primary components of brand image) is, as stated by Lin (2010), a key success factor which enables developing a strong connection between consumer and the brand and, as reported by Maehle and Shenor (2010), with a possible hierarchy of brand personality dimensions' influence. According to Fournier (1998), strong consumer-brand relationships rely on the combination of socio-emotive attachments, behavioral ties, and supportive cognitive beliefs. In line with that, Marinova et al. (2012) stress the importance of strategies based on increased interactions

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between the consumer and the brand for the creation and reinforcement of key brand associations. In emotional branding literature, as stated by Thompson, Rindfleisc and Arsel (2006), "Consumers are commonly portrayed as enthusiastic partners who engage in intimate dialogues with other brand users and brand managers to create mutually beneficial, identity-enhancing, as well as community-building and loyalty sustaining meanings" (p. 52).

Brands talk about their origin, too. Findings of extant marketing research, which emerged more than 40 years ago, suggest that the country image construct represents the image source for product-related and service-related country associations. The first definition of country image comes from Nagashima (1970), who defines it as the picture, the representation, or the stereotype that businessmen and consumers attach to products of a specific country. "The country-of-origin notion fits within perceptual, attitudinal, and belief constructs, which are commonly accepted as determinants of choice and buying behavior" (Morello, 1993, p. 288). Therefore, country-of-origin image is often a cue for evaluating products. There are authors who claim that favorable perceptions about the country result in accordance to the approving attributions to brands from that country (Paswan & Sharma, 2004). According to Roth and Romeo (1992), consumers' evaluations of a specific product from country X are based on the match between the perceptions of the product and the country. Papadopoulos and Heslop (1993) have found that consumers tend to devalue products originated from developing countries and often associate them with poor quality and durability, technological gap, lower price and value, unreliability, etc. However, there are situations of incongruence between beliefs about the country and beliefs about the country's products; e.g., Iranian rugs are considered high quality products originating from

country with negative image (Laroche et al., 2005). According to Thakor and Lavack (2003) in some product categories perceived origin is very important to their image, i.e. perceived origin associations are very powerful source of brand appeal. Jaffe and Nebenzhal (2001) state that while the image of the country affects the image of its products and services, experience with these products and services causes revisions in the country image, too. All leads to conclusion that country-of-origin image develops over time, is deeply rooted, and may have a significant influence on consumer choice.

This paper is focused on the integration of brand management and country-of-origin image, and in examining if and how that integration may influence both the marketing strategy of the individual company, which wants to develop strong brand personality and internationalize the brand, and the improvement of the country-of-origin image. Relevant findings from marketing literature have been combined with practical insights from the case study. The first version of the case study (Ozretic-Dosen, 2002) has been revised; the context and findings are presented for illustrative purposes only.

THE CROATA BRAND

Did You Know that the Necktie Originates from the Croats?

The idea embodied in the Croata brand (Figure 1) is best described in the words of its author and founder, Mr. Marijan Bušić:

The idea of the tie as an authentic medium which could help to present Croatia and Croats to the world occurred to me in the summer of 1972, in my native town of Nova Gradiška, when I was still a student of philosophy and sociology at the University of Zagreb. Even then, I realized that this thought was so signifi-

cant and strong in a cultural sense and in terms of marketing that it could change the image of Croats and their position in the world. However, through the years, the awareness that this idea would be impossible to accomplish without a worthy product and acceptable production, was maturing inside me. Moreover, without a suitable infrastructure the encyclopedic entry which had been the basis of the idea could even become counterproductive since an inadequate product would be regarded as a fault of the Croatian national genius which, in spite of obvious advantages, did not use the possibilities of a prestigious idea which had presented itself.

The professional life of Marijan Bušić is interesting and unusual. During the first twenty years of his work experience, he performed different jobs entirely outside his profession (graduate of philosophy and sociology) because he was unwelcome and politically unacceptable in the former socialist system. In those years, he acquired experience and skills in commerce and similar fields, which subsequently helped him to turn his idea into a business venture. In 1989, he founded a production and trade company. Feeling that the Croata brand project would need more energy, he decided to go into partnership with his friend Mr. Zlatko Penavić. The friendship of Mr. Bušić and Mr. Penavić goes back to their common active involvement in the laic movements of the Roman Catholic Church. An economics graduate, Zlatko Penavić, before his partnership with Mr. Bušić, had worked and earned his experience in foreign trade.

Potomac Ltd. Company was founded in Zagreb on 30 March 1990. The partners agreed on a 50% stake in the company. The Croata brand was patented in the Federal Patents Institute in Belgrade (the capital of for-

mer Yugoslavia), and after that, the brand protection was validated at the Croatian Patents Institute in Zagreb. In the beginning of 1991, the first boutique with a selection of high-quality designs of ties was opened in Zagreb. At the end of the same year, the first Croata tie of an original, historical heritage design appeared. During the following year, an entire assortment of original historical designs was offered, which raised significant interest in Croatia and abroad. The quality of the product, the innovative design and approach, as well as the story behind it, were the key differentiating elements which made the new product exclusive and enabled it to position itself as special and distinct from the competition.

Figure 1. Croata Brand



The history behind the Croata brand

According to Chaille, (1994) the history of the tie could be summarized as follows. Facts indicate that in the first part of the 17th century, Croatian soldiers were part of the army that fought for the French king in the thirty-year war raging then through Europe. They distinguished themselves from other soldiers with an original piece of clothing; a scarf tied in a knot around their necks. The scarves differed: while common soldiers wore scarves made of cheap cloth, officers had theirs made of fine material, cotton or silk. Such an item of clothing accessory, until then entirely unknown in Europe, surprised the French aristocracy and the bourgeoisie and even aroused their admiration. Many French officers adopted the

scarf worn by the Croats, and on returning home, some of them were not slow to flaunt this fashion even at court. The fashion of the cravat was launched around 1650 in France. Ten years later, the cravat conquered England and its American colonies.

(Cravate, f.f. *(Mod.)*- ancien ajustement de toile fine, plie; on faisoit plusieurs tours autour du cou, and les deux bouts noues sous le menton, descendoient le long de la poitrine. Les tours de cou ont succede aux cravates. (Diderot, M. (1754). *Encyclopedie ou dictionnaire raisonne des sciences, des arts et des metiers, par une societe de gens de lettres* (Tome Quatrieme). Paris: L'Academie Royale des Sciences and des Belles-Lettres de Pruffe. - Cravate - an ancient adjustment made of fine cloth, pleated, wrapped around the neck several times and the two ends tied under the chin, descending down the chest. The tie originates from this cloth wrapped around the neck (Translated text from French).

The tie - (French cravate), a long piece of material (silk, cotton or some other material) which is worn around the neck, usually pulled under the collar of a shirt or blouse. The tie-cravat was at first the name for wide neck scarves worn by Croatian soldiers in the 17th century. (1974: 508). *Leksikon*. Zagreb: Jugoslavenski leksikografski zavod.

The Vision “Croatia, Homeland of the Tie”

The building, strengthening, and promotion of the image “Croatia: homeland of the tie” are the essence of the vision of the group of companies to which Croata brand belongs. The group is made up of the following companies: Potomac Ltd, Šestine Ltd, Croata Ltd, Oktogon Ltd, and the institution Academia Cravatica. Potomac Ltd is the owner and producer of the brands Croata, Ban, Torpedo, and Šestine. Croata Ltd. is a designer company that creates the design of all original brands of the group of companies. Oktogon Ltd. deals with retail sales. Academia Cravatica is a non-profit organization whose mission is the preservation and the development of the tie as

a travelling Croatian heritage. For this purpose, it continuously plans and organizes a variety of different activities, targeted at particular groups, the purpose of which are to offer new ways to present the cravat as a medium, a cultural phenomenon, and an elegant accessory. It is estimated (according to <http://www.academia-cravatica.hr/hr>) that over a billion people around the world have seen Academia Cravatica's largest projects. In the summer of 2006, Academia Cravatica performed the spectacular project *Cravat around Croatia*. The basic idea was to connect all Croatian regions with a red ribbon, which symbolises connecting Croatian cultural and geographical diversities into a whole along the state borders, as well as to organise various activities in cities and interesting tourist locations. The project installation *A Cravat around Arena* was performed in Pula on 18th October 2003, a project performed in the best preserved Roman amphitheatre in the world, symbolically connected the past and the future, the ancient times and the modern civilization.

The Characteristics of the Croata Brand

Researchers have attempted to find out and to examine various variables which could be linked the brand differentiation and distinctiveness. Moore, Fernie, and Burt, (2000) state and their research confirms that brand awareness and image are crucial for the successful, international spreading of fashion brands.

The root of the Croata brand lies in the idea that, due to the native origin, the production of ties with autochthonous Croatian designs, supported by the promotion of Croatia as the homeland of the tie, presents an exceptional opportunity both to make profitable business and to promote the image of Croatia around the world. The first ties with national designs that appeared in 1991 were sold under the name Kravata Croata. They experienced a

boom on the national market thanks to the new, attractive design, and due to the fact that demand for luxury ties had not been satisfied (Croatian-made high-quality ties were scarce, and the selection of imported products was limited, while their prices were high). Production and sales recorded growth, and consequently, the assortment widened. The production of various ties started, along with leather goods and fashion clothes. As a result, the widening of the assortment created a need to change the name of the brand, so *Kravata Croata* became *Croata*.

Presently, *Croat* is a family brand. The assortment comprises ties and variations of ties, leather goods, and clothes. A list of products branded *Croata* includes: neckties, bow ties, cravats, gentlemen's and ladies' scarves, handkerchiefs, tuxedo belts, waistcoats, gentlemen's shirts and suits, ladies' shirts, a variety of leather goods such as keychains, wallets, belts, covers for documents, passport covers, tie cases, shirt cases, jewelry boxes, toilet bags, vanity boxes and braces, as well as a combination of leather-silk goods with same range as leather goods. The leading product of the entire assortment is the *Croat* tie.

Inspired by history and national heritage, the *Croata* brand designs are created exclusively by the designers in the *Croata Ltd.* Some of the most recognizable designs which have been inspired by historical features include motifs like the Croatian braid, the Glagolitic script, elements of the Croatian coat-of-arms, the coat-of-arms of Croatian counties, towns and families, and cultural and historic monuments. They are printed on the ties, scarves, leather goods and other products from the assortment. The appeal of the Croatian national motifs lies in their originality and novelty value for buyers, which make the products remarkably well received on the market, especially by foreign buyers. The design of one part of the assortment, which might be called a fashion collection, follows

world trends in fashion. For this collection, creations by the renowned Croatian designers Miroslav Šutej, Željko Kovačić, Boris Ljubičić, as well as others are also used. Regarding technical and functional quality, the products of both collections have the same characteristics.

In the assortment of the *Croata* brand, products of exclusive design may be made by order (for instance for the President's Office). Also, there is a collection for the needs of the VIP guests: unique pieces, so-called gift folders, containing gifts such as a handmade sculpture or a painting, and a tie, a bow tie or a scarf with distinctive motifs appearing on the sculptures or the paintings.

The Croata Brand Constants

Agrawal and Kamakura (1999) state that many brands use cues which are implied in the brand name and/or in promotional appeals, to achieve perceived country-of-origin associations. In line with that, *Croata* is the brand name which reminds straight away of Croatia, the homeland of the tie. Since the tie is the leading, most famous product of the company, and since at one time, ties were sold under the name *Kravata Croata*, the name has been implanted in the domestic consumers' minds having become synonymous with the *Croata* brand. However, the full assortment of the brand is not well recognized as most people still think that the brand relates only to ties and perhaps ladies' scarves. Meanwhile, *Croata* is the name of the chain of exclusive shops where, besides the products under the *Croata* brand, products of other brands of the group can also be bought, for instance, the imported and licensed brand.

The brand logo is made up of the name *Croata* in which the first A is shaped in the form of a tie (Figure 1). The slogan "Did you know that the necktie originates from the Croats?" is original, inventive, and communicates the vision of the group of companies ("Croat-

tia: homeland of the tie”). However, sometimes it is confusing, because it relates only to ties as part of the assortment, which creates more of a problem in positioning the brand in the minds of the consumers and in clarifying what comprises the assortment of the brand. Although the idea of the necktie unites all the shapes of the neck, it is uncertain how many customers are aware of this fact that not only the classic tie but also variations of it such as cravats, scarves, and shawls are included. The other products labeled as the Croata brand, for example, gentlemen’s shirts, leather goods, etc., lie fully outside the brand slogan. The company has not yet found ways to make the slogan cover the full range of the assortment offered.

The colors of the brand are grey and red. However, they could be used more consistently. The color shades vary according to where and when the logo is printed, mostly due technological reasons, hence the need to change providers frequently due to their lack of business sense and their difficulty in ensuring consistent quality, color, prices, etc. This situation again brings into question the relevant positioning of the brand in the minds of the consumers over time and the image building of the brand and of the company. In the past, the logo frequently appeared in gold and silver, as well as in yellow-blue combinations. A gold logo has been used on several leather products and in the decoration of the interiors of shops. Additionally, some company employees think that the periodical changing of color shades and using different colors for the logo are attractive features, because they reflect an aspiration towards dynamism and distinction.

Other Marketing Features of Croata Ties

The quality attributes of technical and functional nature seem first-rate. For instance, all ties are handmade made or initially produced by sophisticated machines and then fin-

ished by hand. These distinctive techniques are regarded as the best technologies for high quality tie production, especially when the material used is pure silk of certain quality supplied by top world producers. The design is achieved by applying two characteristic techniques: printing and weaving (French, jacquard). In order to obtain special effects, apart from silk, cotton or woolen threads can be woven into the tie. Quality is additionally obtained by inserting a stiffener, which is also made of excellent quality material, and a lining with the Croata logo. Due to the application of the hand finishing technique, an integral part of the tie is also a security knot at the end of the thread which completes the tie. This gives elasticity to the tie and avoids the breaking of threads.

The ties are in the shape of a half-bottle (non-linear) and are of standard dimensions. Also, a special so-called “long tie” is made, designed for tall people (a niche product on the Croatian market). A children’s assortment is specially made: bow ties and small ties, waistcoats, dickeys, and bows. All ties have a band guide made of the same material as the tie itself, through which the narrower part of the tie can run, a functional detail supplied only by the world’s most prestigious brands.

Ties and variations of ties are packed in cellophane and in cardboard packaging. Both types of packaging follow the shape of the product. The cellophane has a protective character, and the cardboard box has, besides a protective function, also a communicative purpose between the producer and the buyer/consumer, and in this way it represents both an integral part of the product and an element of marketing. The cardboard packaging is made of resistant cardboard and the brand logo appears on it. On the inner side of the tie packaging there is also the famous history of the tie, written in Croatian and English. Apart from the described standard packaging, a premium packaging for VIPs is also available (which can be bought retail at supplementary

cost), and special packaging is made for sales on airplanes.

Ties and related items of the Croata brand are provided with tags. The card tags are blue, the motif used in the design of the product is represented, and an explanation on that particular motif is given in Croatian and in English.

As found and highlighted in recent research by Shukla (2012), uniqueness and price-quality perceptions significantly influence consumers of luxury brands in western, developed countries while price-quality perceptions have a significant role for consumers in emerging markets, too. On the national market, the Croat brand is positioned by price in the up-market category. The prices are kept constant; there are no reductions, no special offers, and no sales. The policy of prices has been adapted to the current economic situation in Croatia. On foreign markets, the price of the products from the Croata assortment varies. Although the hope is to position the products up-market, prices vary a great deal depending on the market. The intention is to standardize prices on the international market over a long period, but this has not been achieved yet, for different reasons.

The Sales and Distribution of Products of the Croata Brand

The Croata brand products are sold directly to larger buyers, and are sold in retail in their own shops, as well as through distributors. The company has 14 shops at the moment, out of which 13 are in Croatia and 1 in Bosnia and Herzegovina. The characteristic elements of the interior and exterior design of these exclusive outlets represent a means of communication and a way of portraying the image of the brand and the country-of-origin of the product. The basic features of the interior design are the showcases (specially made for ties) made of lightwood (cherry with the addition of reddish coloring). The differenti-

ating characteristic element of the exterior design is the gold metal brand symbol.

Among the distributors on the Croatian market, most are outlets retailing luxury goods. The distributors have to satisfy the conditions set by the brand. These conditions comprise the following elements: the location of the shop, the type of interior design (the showcases for ties are an integral part of the display of the Croata brand and are installed at all the selling points which have satisfied the conditions of distributorship), the expertise and the manner of the staff. Only consignees who can satisfy the required conditions can become distributors, and the distribution is continuously supervised. In Croatia, the brand can be found in some fifty locations, from specialized boutiques to outlets with a specially arranged tie section.

Croata products are exported to all continents except Africa. They are sold to wholesale and retail distributors. Agents specializing in trading in ties, and who have their own network of specially educated and trained sales staff, are used for the markets of Ireland, Japan, China (Hong Kong), Germany, etc. Croata ties are sold in Australia, Austria, Canada, the Czech Republic, New Zealand, Switzerland, and the U.S.A. among many other countries.

PROMOTION AND COMMUNICATION WITH THE MARKET

Mr. Penavić pointed out: "Croat ties are seen round the necks of many politicians, diplomats and businessmen. The fact that many renowned persons have chosen some from more than a thousand designs of Croat ties means that we have become recognizable on the world stage of fashion."

In the previous promotional policy, the stress was on advertising, with television as the main medium. The slogan "Did you know that the necktie originates from the Croats?" was broadcast via satellite as far as North

America. Advertising in magazines has been used less frequently, although an advertisement regularly appeared in the in-flight magazine of the national airline company, Croatia Airlines.

The starting point for changes which were made in the marketing communications was the idea that Croat ties in particular represent an inexhaustible source of ideas for news and for organizing events and miscellaneous attractions. The aims were to promote the quality of the brand and make it distinctive, while creating a sense of loyalty in the buyers/customers. For this reason, specific media of limited reach to target potential customers (e.g. various magazines of top-quality print) were used. A special type of promotional activity is the production of "Fan ties", designed within Croatia for Croatian sports fans.

Especially significant for promoting the brand is a large number of foreign buyers who "export" Croatian design and quality. In the book of comments, there are numerous observations from buyers. Some customers who decided to write their impressions said, "This is not my first visit to Croatia and it will not be my last. I love your neckties and my wife loves your scarves."

Written in German: "Ich war begeistert von der grossen Auswahl an Krawatten und der sehr netten Damen, die mich gut beraten haben. Ich komme bestimmt wieder." The English translation: "I was delighted by the large choice of ties and the very nice ladies who gave me good buying advice. I am sure I shall come back again."

"The best of Croatia is embodied in Croatia brand - the striving for the best in quality with design and presentation that is absolutely world standard. You can be sure that you will be successful."

Written in Italian: "Lo stile e la cortesia non hanno nulla da invidiare all'Italia, anzi." The English translation: "The style and courtesy have nothing to envy Italy for, on the contrary."

Parallel to Croatia, the brand is promoted overseas through articles, announcements and short information fragments in daily newspapers and specialized magazines. Most recognizable campaigns are conducted in Italy, France, Ireland, Portugal, the United Kingdom, the U.S.A., and many others. Thus, the Croatian Television has recorded and broadcasts a 9-minute show entitled, "The tie comes home", in which the Croatia brand appears as an example of the Croatian production of ties.

The web site of the company, www.croata.hr, apart from exercising promotional effect, represents a communication device and enabling on-line shopping. Fast and direct contact with potential buyers and all others who may be interested in buying Croatia branded products is facilitated. Besides usual type of customer information containing, for example, gift cards, delivery information, testimonials and the like, an interesting section, called *Style Advisor* offers a variety of useful information tips related to the culture of wearing a tie and other accessories.

BRAND PROTECTION

The Croatia brand is protected in order to fight against possible imitations and counterfeiting. It is protected nationally and internationally by the Croatian Patents Institute. However protection covers brand name and logo only. As stated by Hilton, Choi, and Chen (2004), a significant proportion of market value in clothing and accessories industries derive from their designs, and by frequent, seasonal design changing, designers are trying to limit the impact of imitating and counterfeiting. Since the designs of the motifs which appear under the Croatia brand have not been protected, imitations by competitors are commonplace. For example, various national producers sometimes sell ties with the design of the braid. There is evidence from the past about several foreign producers who used the motif of the Dalmatian dog in the design of their ties. There have been numerous cases in

which the braid design has been imitated by foreign country producers. Even an imitation of the motif of St. Euphrasius' basilica in Poreč was also uncovered. The control and protection of the Croata motifs on international markets are more problematic due to the fact that Italian business partners hold the clichés used in the application of designs created by the Croata designers. The design application is done entirely in Italy due to the lack of appropriate technology in Croatia. Therefore, consistency in the quality of the product, innovation and originality of designs, the constant building of the brand image, as well as its competitive positioning in the minds of the customers, are the basic elements of utmost importance which can help the Croata brand to deal successfully with imitators and counterfeiters.

DISCUSSION AND MANAGERIAL IMPLICATIONS

The case study indicates that the potentials of the Croata brand are still to be exploited. The analysis of the past and current marketing activities reveals that the following factors have distinguished themselves as differentiating elements, and therefore should be strengthened over time:

a) Apart from the admirable functional, technical, and technological features, Croata brand possesses tangible and intangible components, created both by a synergy of the fashion and culture of clothing and Croatian history combined with popular culture appreciation.

b) As a leading product in the assortment, the Croata tie reflects the aesthetic, historic, and cultural characteristics of its origin, and, as such, it conveys not only the universality of the product, but also the individuality of the person wearing it.

c) The brand expresses the idea of products made in Croatia that are Croatian by origin. Therefore, the brand could positively

influence the image of Croatia in the world and enhance the self-esteem of Croats as a nation.

The case study findings suggest that the greatest potential to maintain and exploit the brand competitive advantage on the national market, as well as its successful penetration and affirmation abroad is related to the emotional brand management. As defined by Roberts (2004), the consumer-centric, relational, and story-driven approach of emotional branding helps make deep and lasting affective bonds between customers and the brand. Having in mind the existing features of the Croata brand, it can be concluded that a solid ground for future emotional branding is present. Consequently, Croata brand managers should consider concentrating their efforts in enhancing brand meaning, which will eventually result in passionate and loyal customers. A future strategic brand management policy based both on historical traits and emotional appeals could help develop distinctive brand personality and move the brand up the ladder of brand identity towards the ability of creating desirable brand image, even a luxury brand, distinctively based on an affirmative country-of-origin image.

Several useful directions for strategic thinking, marketing, planning, and implementation of different marketing activities include:

a) Enhancing of relevant and substantial intangible and tangible features of the Croata brand that will serve as unique, distinctive, and meaningful differentiators.

b) Building brand personality having in mind the relationship to the personality types of consumers, i.e., relationships between self-image and brand preferences.

c) Brand positioning that enables clear and lasting impressions in the minds of the customers, connected with brand values and country-of-origin.

d) Constant enrichment of the communication efforts of the company with its customers based on interactive marketing com-

munication efforts of the company with its customers based on interactive marketing communications possibilities (brand communities, social media, mobile marketing, location-based mobile marketing, etc.).

e) Considering connection of the brand with well-known Croatian endorsers who enjoy positive image internationally, with extreme attention given to the selection and characteristics of the endorsers.

f) Strengthening the alliance with the Academia Cravatica, which studies, preserves, and improves the cravat as a part of Croatian and world heritage.

Finally, it can be concluded that despite the vast body of marketing literature and numerous research studies on emotional branding and country-of-origin image *per se*, the phenomenon of their relationships still remains under-researched. Therefore, future conceptual development and empirical research in this area are needed and welcome.

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Relationships between Brand Perception, Ideology and Consumer Ethnocentrism in Post-Communist Romania

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ABSTRACT. The present study seeks to test empirically the relationship between ideological orientation, consumer ethnocentrism, brand perception, and demographic factors in Romania. Since previous studies have not empirically examined these relationships, the present study therefore contributes to filling this research gap. The study results show a strong link between communist ideology and consumer ethnocentrism and between the ethnocentric tendency of the Romanian consumers and their brand perception. Furthermore, demographic characteristics, like gender, age, and education, seem to moderate the ideological orientations as well as the degree of ethnocentrism and brand perception. Additionally, the decomposition of the ethnocentric statements in the CETSCALE into 3 component factors adds value to existing research knowledge in the field since previous studies have been based on uni-dimensional or two-factor estimates.

KEYWORDS. Brand perception, ideology, consumer ethnocentrism, Central and Eastern Europe.

INTRODUCTION

The collapse of the Soviet Union has been heralded by some scholars as a victory for market-driven economic systems (see Marinov et al., 2001; Coulter, Price, & Feick, 2003; Schuh & Holzmüller, 2003; Petrovici & Marinov, 2007; Schuh, 2007; Strasek, 2010). The resulting transition from a centrally planned system to a free market economy in the countries of Central and Eastern Europe (CEE) has provided an opportunity for companies from Western economies to re-establish business presence in these markets (Marinov

et al., 2001; Beverland, 2001; Keller & Moorthi, 2003; Al-Khatib Robertson & Lascu., 2004; Reiner et al., 2008). During the early post-communist era, some scholars believed that, with time, consumers in these countries would adopt Western consumption patterns and behavior, and Western firms could conveniently apply marketing strategies that have proved successful in the capitalist economies within the CEE countries as well (Naor, 1990; Lascu, Manrai & Manrai, 1996).

But the “winds of change” initiated in 1989 with the fall of the Berlin Wall have not translated fully into a total eradication of

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communism in the mental fabrics of the citizens of the CEE countries. Recent research suggests that an increasing number of citizens in these societies yearn for a return to the communist era, and nationalistic tendencies seem to appear in consumer preferences (Gellner, 1993; Verdery, 1993; Molchanov, 2000; Marinov et al., 2001; Demirbag, Sahadev & Mellahi, 2010; Siemieniako et al., 2011).

The emergent ethnocentric tendencies among consumers in CEE countries have, moreover, become a major concern for Western companies which are operating in these markets (Beverland, 2001; Pecotich & Rosenthal, 2001; Dmitrovic, Vida & Reardon, 2009). The challenge for most of them is to design strategies that ensure superior performance in spite of consumer preferences for local products. Multinational firms that are eager to use standardized strategies tend to wonder if local adaptations of their strategies are actually worth the incremental costs (Lascu, Manrai and Manrai, 1996). Some firms operate with the view that adaptations are necessary. For example, Beverland (2001) found that New Zealand companies frequently allowed their distributors in CEE countries to repackage New Zealand products and sell them under local brand names. The use of context-specific variables (including ideology) for market segmentation and product positioning strategies has also been suggested by other scholars (see, for example, Saffu & Walker, 2005).

In spite of the emerging evidence of ethnocentric tendencies among consumers in CEE countries, their determinants and marketing strategy implications are not understood well. There are some suggestions that ideology may be among the causes of ethnocentrism, since some previous studies have shown links between ideology and consumer intentions and behavior (Schwarzkopf, 2011). There is a dearth of empirical knowledge on the nature and strength of the relationships (Saffu, Walk-

er & Mazurek, 2010). Since brand image has been found to be a strong predictor of consumers' attitudes to foreign products, investigations into the link between ideology and brand perceptions have also been considered useful (Yagci, 2001). This study contributes to diminishing the extant research gap.

The structure of the study is as follows. First, we examine the premise that there are links between ideology, ethnocentrism and consumer brand perception in the former communist economies. Further on, we have developed a conceptual model to illustrate the relationships based on earlier studies by such scholars as Crockett and Wallendorf (2004), and O'Reilly (2006). Second, by studying consumer perceptions and intentions in Romania, the study provides empirical evidence for the insights from our model and offers some suggestions for subsequent research in other emerging market economy contexts.

In specific terms, the empirical part of the paper seeks to address the following questions:

1. Does communist ideology relate to consumer ethnocentrism in Romania?
2. Does communist ideology impact Romanian consumers' perceptions of imported brands?
3. Do Romanian consumers' ethnocentric orientations influence their brand perception?

In section two of the paper, we have briefly reviewed the extant literature on ideology, consumer ethnocentrism, and brand perception in order to develop a conceptual model for the present study. We then formulate hypotheses for the empirical investigation in section three, again drawing on knowledge from the existing literature. These are followed by a presentation of Romania covering the context of the empirical investigation in section four. In section five, the methodological approaches used for the empirical investigation and data materials are presented. Section six presents the results of the empirical analyses. Section seven discusses the findings, points out their im-

plications for marketing strategy formulation as well as the limitations of the present study.

LITERATURE REVIEW AND MODEL DEVELOPMENT

Political science scholars have long acknowledged the importance of political values and ideologies in understanding the worldviews of various social groups (Crockett & Wallendorf, 2004; O'Reilly, 2006). Crockett and Wallendorf, (2004) define ideology as "a world-view readily found in a population, including sets of ideas and values that cohere, that are used publicly to justify political stances, and that shape and are shaped by society" (p. 512). These authors use the term "political socialization" to describe the processes by which people come to acquire political values and ideology. Hirschman (1993) suggests that political ideologies tend to shape not only the views and attitudes that people hold on government but also on economic management processes. Different political ideologies may coexist and complement rather than challenge each other in pluralistic societies. However, each ideology is usually championed by the most powerful members of the society who seek to propagate their tenets through cooption and/or coercion.

In recent years, business scholars have shown some interest in the relationships between ideology, values, and marketing practices (Crockett & Wallendorf, 2004; O'Reilly, 2006). Adorno et al. (1950) published a book entitled *The Authoritarian Personality* in which they described the links between ideology, on the one hand, and the cognitive orientations of individuals in societies on the other. They also suggested that there existed a relationship between these variables and the ethnocentric dispositions of people in the societies. They saw ethnocentrism as part of a broader right-wing ideological orientation that reflected conservative attitudes toward social issues generally. Fifty-seven years later, Col-

lins, Steg, and Koning (2007) studied the relationships between values and consumer behaviour and found that individuals who hold collective, society-directed values are more likely to demonstrate environmentally and socially responsible orientations than those who hold individualist, self-directed values. Furthermore, scholars such as Hirschman (1993); Cunningham, Nezlek, and Banaji (2004); and Arnould and Thompson (2005) argue that consumers tend to defend their dominant interests and political ideologies in their societies through their purchase decisions and other economic actions. For example, in the 1980s and 1990s, Hirschman (1993) studied the masculine and feminine ideologies and their impact on the consumer behavior in the U.S.A. Similarly, Crockett and Wallendorf (2004) studied how cultural values and political ideology might undergird the consumption attitudes of African-Americans in the U.S.A.

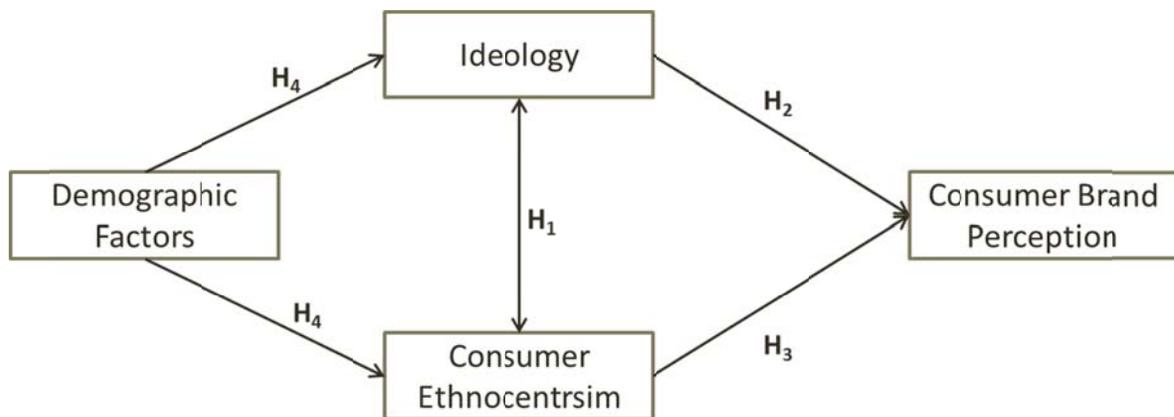
Building on previous studies, we argue that there are links between ideology, consumer ethnocentrism, and branding strategies. Our arguments are also based on recent studies calling for multidisciplinary research on consumer behavior. For example, Askegaard (2006) argued that branding strategies can gain much from insights into various disciplines as sociology, politics, and anthropology. Moreover, Schroeder (2009) suggests that "if brands exist as cultural, ideological, and sociological objects, then understanding brands requires tools developed to understand culture, ideology, and society, in conjunction with more typical branding concepts such as brand equity" (p. 124). In other words, an awareness of the association between ideology, politics, ethnocentrism, and brand perception would enable a firm develop and position its marketing communication tools more effectively.

Some scholars have investigated empirically these links. For example, Samiee, Shimp, and Sharma (2005) showed that variables such as socioeconomic status, ideology,

foreign language skills, and degree of international exposure influence U.S. consumers' knowledge in recognizing foreign brands and subsequent brand perception. Furthermore, some scholars have suggested that a brand's country of origin is an important factor in underlying brand equity, consumer judgments, and choice processes (see, for example, Bilkey & Nes, 1982; Keller, 1998; Thakor & Lavack, 2003).

Based on the discussions above, we propose a conceptual model, which presents the link between brand perception, ideology, and consumer ethnocentrism. We also argue that demographic factors such as gender, income, education, and occupation may moderate the impact of the other variables on consumer brand perception. The theoretical rationale for this suggestion is presented below. This model has also guided our hypothesis formulation.

Figure 1. Conceptual Model



HYPOTHESES

Ideology and Ethnocentrism

Previous studies have suggested a link between consumers' ideological preferences and their degree of ethnocentrism. The prevailing understanding in the literature is that ideology feeds nationalism and thereby ethnocentrism. Thus, Han (1989) suggests that ethnocentrism may have its roots in nationalism. Consumer behavior scholars have, therefore, used ethnocentrism to describe consumers' belief that locally produced products are superior to imported products (Shimp & Sharma, 1987; Herche, 1992; Saffu & Walker, 2006; Saffu & Scott, 2009).

Other scholars suggest that ethnocentrism is positively associated with other domination ideologies such as xenophobia and social dominance orientation (Keillor & Hult, 1999; Wang, 2005; Altintas & Tokol, 2007). Similarly, Shankarmahesh (2006) argued that socio-psychological constructs, such as animosity, materialism, and dogmatism, as well as economic and political parochialism, reflect consumer ethnocentrism. According to Marinov et al. (2001), economic and political factors have shaped the post-communist ideologies of consumers in the CEE countries of Bulgaria, Romania, and the Ukraine. We therefore hypothesize the following:

H₁: *Communist ideology has direct impact on Romanian consumers' ethnocentric dispositions.*

ETHNOCENTRISM AND BRAND PERCEPTION

Some existing studies have uncovered a strong link between consumer ethnocentric orientations, brand perception, and/or buying behavior (e.g. Bilkey & Nes, 1982; Peterson & Jolibert, 1995; Verlegh & Steenkamp, 1999; Pecotich & Rosenthal, 2001; Papadopoulos & Heslop, 2002; Kaynak & Kara, 2002; Pharr, 2005; Vida & Reardon, 2008). Consumer ethnocentrism (CE) may lead to exaggerating the quality of locally made products while undervaluing that of foreign-made products (Huddleston, Good, & Stoel, 2001; Erdogan & Uz Kurt, 2010). These perceptions tend to be guided by rational, emotional, and even moral considerations. In other words, ethnocentric consumers are inclined to view purchasing of imported products as wrong because it hurts the domestic economy and is not congruent with their in-group feelings of patriotism and belonging to their societies (Shimp & Sharma, 1987). For example, Netemeyer, Durvasula, and Lichtenstein (1991) found that consumers in such countries as France, Germany, Japan, and the U.S.A. had negative attitudes toward imports. Other studies found negative consumer attitudes towards products imported in Canada (Wall & Heslop, 1986), China and Russia (Klein, Ettenson & Krishnan, 2006), and the Netherlands (Nijssen, Douglas, & Bressers, 1999). Kucukemiroglu (1999) uncovered that non-ethnocentric consumers had more favorable beliefs, attitudes, and purchasing intentions toward imported products than did ethnocentric consumers.

Previous research has revealed that when consumers lack information about a product, they tend to rely on the brand name as an indicator of the product's quality (Ahmed et al., 2004). Furthermore, brand image has been found to be a strong predictor of consumers' attitude toward foreign products (Yagci, 2001). Ethnocentric consumers are therefore

likely to reject foreign brands, not so much because of their knowledge of the specific attributes of the products in question, but due to their brand image. In this regard, ideology and ethnocentrism can jointly influence consumer brand perception and buying behavior. These considerations justify the following hypotheses:

H₂: There is a positive association between the ideological preferences of Romanian consumers and their attitude towards foreign brands.

H₃: The more ethnocentric Romanian consumers are, the more likely it is that they will have negative perception of foreign brands.

Demographic Characteristics, Ethnocentrism and Brand Perception

Previous studies disclose that demographic factors such as age, education, income (Watson & Wright, 2000; Erdogan & Uz Kurt, 2010), gender (Sharma, Shimp & Shin, 1995), and occupation (Carauna & Magri, 1996; Othman, Ong, F.S. & Wong, 2008; Ramsaran-Fowda, 2010; Hamelin, Ellouzi & Canterbury, 2011) impact consumer ethnocentrism. Other studies have shown that socio-psychological factors including patriotism and nationalism (Vida & Fairhurst, 1999; Yelkur, Chakrabarty & Bandyopadhyay, 2006; Javalgi et al., 2005) influence consumers' ethnocentric dispositions considerably. With respect to age, it has been shown that while older shoppers are more hardened in their brand loyalty and consequently more difficult to switch to other brands, including foreign brands (Auty & Elliot, 1998), younger consumers show a stronger inclination to buy foreign products (Sharma, Shimp & Shin, 1995; O'Cass & Lim, 2002; Wang, Siu, & Hui, 2004; Hsu & Nien, 2008). Levels of education also impact attitudes to foreign goods. The available empirical evidence suggests that the higher the educational level of con-

sumers, the more positive their attitudes will be towards foreign or imported products (Good & Huddleston, 1995; Ueltschy, 1998; Erdogan & Uzkuurt, 2010). Certain prior studies have identified that high income levels are directly related to positive attitudes towards foreign products (e.g., Wall et al., 1990), whereas other studies ascertained no such relationships (refer for instance to McLain and Sternquist, 1991).

Studies of the relationships between gender and ethnocentrism have produced inconclusive results. Thus, Schooler (1971) found out that customers belonging to the female gender tend to rate foreign-made products more favorably than their male counterparts. All the same, studies by Vida and Fairhurst (1999), Balabanis et al. (2001, 2002), and Javalgi et al. (2005) have uncovered that female customers are more ethnocentric in their consumption decisions than male buyers. Similarly, studies testing the degree of association between occupation and consumer brand perception have produced no consistent results. Caruana and Magri (1996), Ramsaran-Fowda (2010), as well as Hamelin, Ellouzi, and Canterbury (2011), found no statistically significant links between occupation and ethnocentrism. However, Wei (2008) has found that in China, respondents' occupations do have an impact on ethnocentrism. For example, Wei's research noted that farmers among all the occupational groups are the most ethnocentric customers. Othman, Ong, and Wong (2008) conducted a study on urban consumers in Malaysia, as a result of which the authors concluded that consumers with clerical and production occupations showed a higher tendency for ethnocentric behavior.

These considerations justify the following hypothesis:

H4: *There is a positive association between the demographic profiles of Romanian consumers and their attitude towards foreign brands.*

RESEARCH CONTEXT

Romania is one of the 17 CEE countries. It has a population of above 21 million people, making the country the second largest national market in the region after that of Poland. It was part of the communist block of nations during the Cold War era and commenced its transition to free market economy in December 1989 after the collapse of communism marked by the fall of the then Romanian president, Nicolae Ceaușescu. The Romanian transition has been turbulent. During the 1990s, there was an economic downturn, more significant in the first transition years (1990-1992), in which the economy shrank by 27%. The period between 2000 and 2008 brought a clear economic recovery, with an annual growth rate of above 6%. Romania joined the European Union on 1 January 2007. The adoption of free market economic policies has opened the country to foreign companies seeking to sell their products in the country (Marinov et al., 2001). Consequently, foreign products flooded the Romanian market in the 1990s (Lascu, Manrai, & Manrai, 1996). A study conducted by Manrai, Lascu and Manrai (1999) indicated that Romanian consumers felt that the availability of products and services increased in the post-communist era.

The past years have brought variations in consumers' attitudes to products originating from Western countries. Some consumers found their consumption as evidence of social mobility while others consider their purchasing unpatriotic (Milanova, 1999).

METHODOLOGY

Survey Instrument

Data were collected using questionnaires consisting of a 31-item scale, scored on a 5-point Likert-type scale ranging from "strongly disagree" to "strongly agree". Of the identi-

fied 31 items, 9 relate to brand perception, 5 to ideological orientation, and 17 to consumer ethnocentrism. The items measuring ethnocentrism are based on those developed by Shimp and Sharma (1987) and generally referred to as Consumer Ethnocentric Tendencies Scale (CETSCALE). The CETSCALE has been tested in various countries including the U.S.A., France, Germany, Republic of Korea, and Japan, as well as in some CEE countries (see Netemeyer, Durvasula, & Lichtenstein, 1991; Huddleston, Good, & Stoel, 2001; Lindquist et al., 2001; Saffu & Walker, 2006, Saffu & Scott, 2009). The results from the previous tests have confirmed its validity and reliability in different socio-cultural settings, hence its use in this study.

Data Collection Process

The questionnaire was first written in English, translated into Romanian by one of the authors who is Romanian, and then back-translated to English by another Romanian fluent in both English and Romanian. Consequently, questionnaire translation into Romanian was finalized. The questionnaire was then pretested on Romanian students studying at Aalborg University in Denmark. The questionnaire was then administered to respondents in Bucharest, Cluj-Napoca, and Sibiu, the capital and two major cities in Romania. A mall intercept method was used to sample 325 respondents for the study. The mall intercept approach has been used in a number of previous consumer ethnocentricity studies (Saffu & Walker, 2006). Data quality from previous studies was found comparable to telephone interviews (Bush & Hair, 1985).

Respondents filled in nearly 90% of the questionnaires without assistance from the researchers. The data were screened for univariate outliers and data editing was performed in order to identify omissions and errors in the responses. Eight questionnaires were deleted in the process, leaving 317 ques-

tionnaires for final analysis. Table 1 provides a descriptive profile of the 317 respondents.

Table 1. The Percentage Distribution of the Socio-demographic Profile of the 317 Respondents

Demographic characteristics	%
Gender	
Female	57.4
Male	42.6
Age in years	
< 26	33.1
26 - 45	42.9
> 45	24.0
Education	
Primary	6.3
Secondary	28.1
University	46.4
Post University	19.2
Occupation	
Students	26.2
Unemployed	16.1
Employee	11.0
Employed with Higher Education	34.1
Employer	12.6
Monthly income ^a	
Zero	20.2
< 1501	38.8
1501- 2500	23.3
> 2500	17.7

Note:^a in RON; 1 RON = 4.4 EUR

Data Analysis

The data analysis was conducted in five steps. First, we did a descriptive analysis to get an overview of the respondents' replies to the items in the questionnaire. Second, we used the Cronbach alpha to analyse the internal consistency for all items. Third, we steered confirmatory factor analysis of the items describing the four constructs in our model: ideological preferences, consumer ethnocentrism, demographic characteristics, and consumer brand perceptions. The aim was to reduce the responses to a smaller number of well-defined variables for further

analysis. Fourth, a one-way analysis of variance (ANOVA) was used to investigate whether or not the individual demographic characteristics moderate respondents' brand perception, ideology, and ethnocentrism. Finally, we conducted hierarchical multiple regression analysis to test our hypotheses. All analyses were done using the SPSS version 19.

RESULTS

The Ideological Orientations of Romanian Consumers

The distribution of the responses for the 5-item ideology statements are presented in Table 2. The results showed that over a third of the respondents were of the opinion that products produced during the communist regime were better than those produced in Romania in the recent years. At the same time,

79.2% of the respondents believed that government regulations were needed to control the monopoly of the companies in the country. Respondents' attitudes to a free market economic system were somewhat unclear. On the one hand, 60.6% of the respondents agreed to the statement that a free market economy would lead to economic prosperity. On the other hand, nearly half of them (47.6 %) agreed to the statement that a free market economy was exploitative and unfair towards the working class. The composite mean score for all the items was 3.55, suggesting a more than average ideological orientation among the respondents.

The confirmatory factor analysis (CFA) conducted on the 5 items showed that 3 of the items (items 3, 4, and 5) related to "communist ideology". Item 1 conveyed "anti-monopoly" sentiment while item 2 reflected "free market" sentiment. An inter-item correlation test recommended by Pallant (2005)

Table 2. Percentage Distribution of Respondents Scores for the Ideology Constructs
(n = 317)

Number and statement Items ^a	Totally agree	Rather agree	Neutral	Rather disagree	Totally disagree	Mean	Std.
1. Government regulations are needed to control monopolies.	45.1	34.1	11.7	4.4	4.7	4.10	1.08
2. A free market economy (no business regulations) is the best way to ensure prosperity and fulfilment of individual needs.	19.6	41	18.3	12.3	8.8	3.5	1.2
3. People are basically good, but they can be corrupted even under communism.	35	35.3	16.4	8.5	4.7	3.87	1.12
4. The free market economy is exploitive, so unfair towards the working class.	19.2	28.4	21.1	19.6	11.7	3.24	1.3
5. The products offered in the communist regime were better than the ones offered nowadays in terms of quality and taste.	13.6	23.3	31.9	14.5	16.7	3.03	1.26
Composite Ideology measure						3.55	1.19

Notes: ^aThe response format is a five-point Likert-type scale (1= strongly disagree, 5= strongly agree.)

was done for the three "communist ideology" items. The results showed that all three items

measured the same construct. Furthermore, the results of the Kaiser-Meyer-Olkin meas-

ure of sampling adequacy was 0.603 (i.e., slightly above the commonly recommended value of 0.6), and Bartlett’s test of sphericity was significant ($\chi^2 = 48.566, p < 0.000$). We therefore retained the three factor solution for

the 5 items—i.e., (1) “communist ideology”, (2) “anti-monopoly”, and (3) “free-market economy”. The results of these analyses are presented in Table 3.

Table 3. PCA Factor Loadings for the 3-items Measuring the “Communist-Ideology” Items ($n = 317$).

Number and statement items	Component Factor loadings “Communist Ideology” ^a
3. People are basically good, but they can be corrupted.	.688
4. The free market economy is exploitive, so unfair towards the working class.	.724
5. The products offered in the communist regime were better than the ones offered nowadays in terms of quality and taste.	.692

Note:^a Principal Component Factor loadings. Only loadings with a value of greater than 0.5 are of relevance.

Degree of Ethnocentrism among Romanian Consumers

The distribution of Romanian consumers’ responses to the 17-item CETSCALE statements is presented in Table 4. Cronbach’s alpha overall reliability test of the items produced a reliability coefficient of 0.94, well above the recommended coefficient of 0.70. This indicates that the CETSCALE was a reliable measure of ethnocentrism among Romanian consumers.

We have also conducted a confirmatory factor analysis (CFA) of all 17 items. The results are presented in Table 5. The initial factor loadings of all the 17 items were higher than 0.5, indicating that all variables measured the same concept of consumer ethnocentrism. However, the rotated varimax solution (with Kaiser normalization) suggested that items 6, 7, 8, 9, 10, 11, 13, and 16 loaded on two components. Therefore we decided to do two sets of principal component analysis for the two groups of items: one for items 1, 2, 3, 4, 5, 12, 14, 15, and 17, and another for items 6, 7, 8, 9, 10, 11, 13, and 16.

The results of the analysis of the first group of items produced 2 factor components.

The first factor contained items 5, 12, 14, 15, and 17. Together, these 5 items expressed a strong nationalistic attitude, suggesting that the respondents endorsed the view that imposing high taxation on imported items would benefit the Romanian economy. We therefore labelled this factor “taxing imports”. The second component contained items 1, 2, 3, and 4. These statements are relatively softer in their tones and simply express Romanian consumers’ desire to buy domestic products. We label it “buy Romanian products” (See Table 6).

The other 8 items (i.e., 6, 7, 8, 9, 10, 11, 13, and 16) produced a single factor. All these items relate to the view that the purchase of Romanian products amounts to supporting the Romanian economy. We therefore labelled this factor “support Romanian economy”. The results are presented in Table 7.

Romanian Consumers’ Brand Perception

Table 8 provides descriptive statistics on the respondents’ brand perception. The analysis shows that 66.3% agree that brands make it easier for them to choose a product. It further shows that 81.4% of the respondents

Table 4. Percentage Distribution of Respondents Scores and Mean Scores for Ethnocentric Statements (n=317)

Number and CETSCALE items ^a	Totally agree	Rather agree	Neutral	Rather disagree	Totally disagree	Mean	Std.
1. Romanian people should always buy Romanian-made products instead of imports.	29.1	19.3	19.6	19.9	12	3.24	1.301
2. Only those products that are unavailable in Romania should be imported.	27.8	34.2	11.7	14.2	12	3.58	1.393
3. Buy Romanian-made products and keep Romania working.	61.5	25.6	7.3	3.5	2.2	4.41	.929
4. Romanian products, first, last, and foremost.	15.8	31.5	24	20.8	7.9	3.26	1.185
5. Purchasing foreign made products is un-Romanian.	5.7	14.9	22.2	25	32.3	2.37	1.234
6. It is not right to purchase foreign products, because it puts Romanians out of work.	9.8	20.6	24.1	25	20.6	2.74	1.268
7. A real Romanian should always buy Romanian-made products.	16.1	19.3	18	21.8	24.7	2.80	1.419
8. We should purchase products manufactured in Romania instead of letting other countries get rich of us.	26.2	23.3	16.1	21.8	12.6	3.29	1.388
9. It is always best to purchase Romanian products.	18.6	28.7	16.1	22.7	13.9	3.15	1.340
10. There should be very little trading or purchasing of goods from other countries unless out of necessity.	24.7	20.6	15.8	22.8	16.1	3.15	1.432
11. Romanian people should not buy foreign products, because this hurts Romanian business and causes unemployment.	11.7	23.2	21.6	23.2	20.3	2.83	1.312
12. Restrictions should be put on all imports.	6	10.4	14.8	20.8	47.9	2.06	1.259
13. It may cost me in the long run, but I prefer to support Romanian products.	11.7	24.7	19.6	24.4	19.6	2.84	1.313
14. Foreigners should not be allowed to put their products on our markets.	3.8	8.5	13.6	26.8	47.3	1.95	1.136
15. Foreign products should be taxed heavily to reduce their entry into Romania.	11.7	16.1	18.6	28.4	25.2	2.61	1.331
16. We should buy from foreign countries only those products that we cannot obtain within our own country.	25.6	24.9	15.5	18.3	15.8	3.26	1.422
17. Romanian consumers who purchase products made in other countries are responsible for putting their fellow Romanians out of work.	6.6	8.5	25.9	18.9	40.1	2.23	1.245
Composite CET measure						4,75	1.31

Note: ^aThe response format is a five-point Likert-type scale (1= strongly disagree, 5= strongly agree).

Table 5. First PCA Initial and 2 Component Factor Loadings for the 17-items Measuring the “Ethnocentrism” Based on CETSCALE (n = 317)

Number and CETSCALE items	Initial Factor loadings ^b	Rotated loadings ^b for component 1	Rotated loadings ^b for component 2
1. Romanian people should always buy Romanian-made products instead of imports.	.675	.251	.782
2. Only those products that are unavailable in Romania should be imported.	.610	.355	.696
3. Buy Romanian-made products. Keep Romania working.	.457	-.051	.674
4. Romanian products, first, last, and foremost.	.595	.225	.738
5. Purchasing foreign made products is un-Romanian.	.517	.632	.343
6. It is not right to purchase foreign products, because it puts Romanians out of work. ^a	.556	.623	.411
7. A real Romanian should always buy Romanian-made products. ^a	.684	.510	.651
8. We should purchase products manufactured in Romania instead of letting other countries get rich of us. ^a	.624	.537	.580
9. It is always best to purchase Romanian products. ^a	.682	.488	.667
10. There should be very little trading or purchasing of goods from other countries unless out of necessity. ^a	.660	.592	.557
11. Romanian people should not buy foreign products, because this hurts Romanian business and causes unemployment. ^a	.676	.686	.453
12. Restrictions should be put on all imports.	.711	.823	.183
13. It may cost me in the long run but I prefer to support Romanian products. ^a	.546	.485	.557
14. Foreigners should not be allowed to put their products on our markets.	.788	.875	.148
15. Foreign products should be taxed heavily to reduce their entry into Romania.	.553	.691	.275
16. We should buy from foreign countries only those products that we cannot obtain within our own country. ^a	.626	.482	.627
17. Romanian consumers who purchase products made in other countries are responsible for putting their fellow Romanians out of work.	.647	.794	.128

Note: ^a Items with complex loadings. ^b Only loadings with a value of greater than 0.5 are of main relevance.

agree to the statement that well-known brands are of good quality. Two-thirds of the sample (i.e., 66.6%) think that foreign brands are of good quality.

The confirmatory factor analysis of the data (together with the rotated varimax solution) produced three component factors which explain 76.3% of the total variance.

Table 6. Second PCA Initial and 2 Component Factor Loadings for the 9-items Measuring the “Ethnocentrism” Based on CETSCALE ($n = 317$)

Number and instrument items	Initial loading	Rotated loading ^a for component 1: “Taxing imports”	Rotated loading ^a for component 2: “Buy Romanian products”
1. Romanian people should always buy Romanian-made products instead of imports.	.746	.304	.809
2. Only those products that are unavailable in Romania should be imported.	.627	.388	.690
3. Buy Romanian-made products. Keep Romania working.	.566	-.036	.752
4. Romanian products, first, last and foremost.	.589	.263	.721
5. Purchasing foreign made products is un-Romanian.	.538	.636	.366
12. Restrictions should be put on all imports.	.733	.840	.167
14. Foreigners should not be allowed to put their products on our markets.	.822	.896	.139
15. Foreign products should be taxed heavily to reduce their entry into Romania.	.599	.716	.294
17. Romanian consumers who purchase products made in other countries are responsible for putting their fellow Romanians out of work	.674	.812	.122
Variance explained in %		50.0	15.5

Note: ^a Only loadings with a value of greater than 0.5 are of main relevance.

Table 7. Third PCA 1 Component Factor Loadings for the 8-items Measuring the Ethnocentrism

Number and CE instrument Items	Factor loading ^a “Support Romanian products”
6. It is not right to purchase foreign products, because it puts Romanians out of work..	.739
7. A real Romanian should always buy Romanian-made products..	.855
8. We should purchase products manufactured in Romania instead of letting other countries get rich of us	.821
9. It is always best to purchase Romanian products.	.834
10. There should be very little trading or purchasing of goods from other countries unless out of necessity.	.831
11. Romanian people should not buy foreign products, because this hurts Romanian business and causes unemployment.	.834
13. It may cost me in the long run but I prefer to support Romanian products.	.754
15. We should buy from foreign countries only those products that we cannot obtain within our own country.	.785

Note: ^a Only loadings with a value of greater than 0.5 are of relevance.

The Kaiser-Meyer-Olkin measure of sampling adequacy was 0.736, and Bartlett's sphericity test was significant ($\chi^2 = 990.056$, $p < 0.000$).

The first factor, with items 4, 6, 7, and 9, is related to the statements emphasizing the advantages in buying branded products. Consequently, we label this factor "buying branded products". The second factor, covering items 1, 2, and 3, is related to brand quality. So we labelled it "quality of branded products". Items 5 and 8 have the highest factor loadings in the third factor component. They relate to consumers' perception that Romanian brands are of good quality. We label this factor "Romanian brands". The results are presented in Table 9.

Results of the Hierarchical Regression Analyses

As mentioned earlier, we used hierarchical regression models to examine the links between communist ideology, consumer ethnocentrism, and brand perception. According to Kahane (2001), hierarchical regression models allow researchers to control for the possible effect of a set of variables and then investigate if other variables can predict a significant amount of variance in a dependent variable. For example, in this study, we need to control for "anti-monopoly" and "free market economy" factors while we investigate the link between "communist ideology" and consumer ethnocentrism in Romania. This accounts for our choice of the hierarchical regression model. The estimated functional form for our first model is as follows:

$$Y_{ijk} = \beta_0 + \gamma_k Z_{ik} + \beta_j X_{ij} + \varepsilon_{ijk}$$

Where i represents an individual respondent; Y is a vector of components factor scores of interest. β_0 is the grand mean; Z_k are first level independent variables of interest; X_j are the second level variables of interest. The β_0 , β_j and γ_k are the parameter coefficients to be estimated and ε_{ijk} the error term assumed to be

normally distributed $N(0, \sigma^2)$. This general model is specified for ethnocentric constructs: "taxing imports", "buying Romanian products", and "supporting the Romanian economy," and for brand perception constructs: "buying branded products", "quality of branded products", and "Romanian brands".

The results for the ethnocentric constructs are presented in Table 10. They show that Romanian consumers with communist ideological preference turn to support "taxing imports", "buying Romanian products", and "supporting the Romanian economy". The sizes of the unique R^2 for these relationships are 7.9%, 7.8% and 15.4% for "taxing imports", "buy Romanian products", and "support Romanian economy" respectively. That is, when we disregard consumer "anti-monopoly" and "free market" ideological preferences, consumers' communist ideological preferences account for about 8% of the variations in consumer ethnocentric tendencies reflected in consumers' attitudes to "taxing imports" and "buy Romanian products" as well as 15% of the variation in "support Romanian economy".

Furthermore, we found that consumers with anti-monopoly ideological orientations are likely to exhibit ethnocentric tendencies expressed in terms of "buy Romanian products" and "support Romanian economy". The unique R^2 of these relationships are 4.6% and 1% respectively. Finally, the relationships between consumers' "free market" ideological dispositions and ethnocentric tendencies expressed in "taxing imports" and "support Romanian economy" are negative. Their unique R^2 are 1.2% and 2.7% respectively. These findings, therefore, support hypothesis 1, stating that the communist ideology has a direct impact on Romanian consumers' ethnocentric dispositions. But the impact was not as strong as expected.

The results of the combined impact of ideology and ethnocentrism on brand perception are presented in Tables 11 and 12.

Table 8. Percentage Distribution of Respondents Scores and Mean Scores for Brands Perception (n = 317)

Number and instrument items ^a	Totally agree	Rather agree	Neither agree nor disagree	Rather disagree	Totally disagree	Mean	Std
1. Well-known brands are of good quality	23	58.4	10.1	7.6	0.9	3.95	0.848
2. Foreign brands are of good quality	21.5	45.1	20.8	11	1.6	3.74	0.970
3. Unknown brands are of low quality	4.1	19.6	39.4	28.4	8.5	2.82	0.978
4. I usually buy branded products	15.5	49.5	18.3	13.6	3.2	3.61	1.006
5. Romanian brands appeal to my national feeling	24	36	19.2	11	9.8	3.53	1.241
6. I prefer buying well-known brands	25.2	44.8	18.3	10.7	0.9	3.83	0.960
7. Brands influence my choice of purchase	24.6	43.8	14.2	4.1	13.2	3.72	1.100
8. If I had the choice, I would buy only Romanian brands	24.6	26.8	20.8	16.4	11.4	3.37	1.319
9. Brands make it easier to choose the product	21.8	44.5	19.2	8.5	6.0	3.68	1.090

Note:^a The response format is a five-point Likert-type scale (1= strongly disagree, 5= strongly agree.)

Table 9. PCA and Identified Components for Consumer Perception of Brands (n = 317)

Number and instrument items	Initial Factor loading ^a	Component 1 "Buy branded products"	Component 2 "Quality of branded products"	Component 3 "Romanian brands"
1. Well-known brands are of good quality	.633	.261	.743	.113
2. Foreign brands are of good quality.	.710	.133	.832	.013
3. Unknown brands are of low quality.	.358	.069	.594	.021
4. I usually buy branded products.	.656	.787	.164	-.098
5. Romanian brands appeal to my national feeling.	.850	.062	.026	.919
6. I prefer buying well-known brands.	.708	.808	.234	.026
7. Brands influence my choice of purchase.	.765	.873	.053	.016
8. If I had the choice, I would buy only Romanian brands.	.844	-.075	.096	.911
9. Brands make it easier to choose the product.	.745	.847	.161	.047
Variance explained in %		40.2	21.8	14.1

Notes:^a Only loadings with a value of greater than 0.5 are of relevance.

They show that there is a positive and statistically significant relationship between consumers' communist ideological dispositions and their willingness to "buy Romanian brands" ($p < 0.001$. See Table 12, Model 1). Those with an "anti-monopoly" orientation also show a moderately significant link with the "buy Romanian brand" ($p < 0.06$).

A further breakdown of the analysis (model 2) shows that the relationships between "communist ideology", "anti-monopoly", and "free market" dispositions on the one hand, and "buy Romanian brands" on the other, are rather weak. Furthermore, consumers with strong "communist ideology" and those with "anti-monopoly" orientations tend to be completely indifferent to the issue of brand quality. As expected, there is a positive and significant association between consumers with "free market" ideological orientation and their views that foreign brand names signify good quality products ($p < 0.01$). These findings support hypothesis 2 confirming the existence of a link between ideology and brand perception.

But consumers favoring "taxing imports" and "buy Romanian products" tend to have a negative association with the view that branded products signify good quality ($p < 0.001$; $p < 0.05$). Furthermore, contrary to our expectations, the results also show that consumers who endorse "support Romanian economy" tend to have positive and statistically significant association with the view that foreign brands signify high quality products ($p < 0.005$). They also have a positive and significant ($p < 0.05$) relationship with the "buy Romanian brands" factor. The relationship with "buy branded products" in general is negative and not statistically significant. A possible explanation for these findings is that although Romanian consumers may generally consider branded products (especially foreign brands) to be of high quality, this does not necessarily imply that they would buy them.

Hypothesis 3 is, therefore, only partially supported.

With regard to the demographic characteristics, the results presented in Table 13 indicate that male respondents exhibit positive dispositions towards communist ideology but are not ethnocentric. They are indifferent concerning buying both foreign and Romanian branded products. The female respondents exhibit opposite dispositions. These associations are, however, not significant.

The results also show that respondents' ages have a statistically significant association with ideology, ethnocentrism, and brand perception ($p < 0.05$). Consumers above the age of 45 years consider branded products to be of superior quality. They also endorse communist ideology and show higher preference for Romanian products in general and for Romanian brands in particular.

We also found education to impact ethnocentric orientations and brand perception. Consumers with university education (i.e., 46.4% of respondents) compared to those with lower educational levels do not agree to the statement that well known or foreign brands necessarily signify good quality. They also have negative dispositions towards buying Romanian brands (Table 13). But they are indifferent to both communist and free-market ideologies. Thus, apart from education and age, the demographic factors do not seem to have any significant impact on ideology, ethnocentrism, and consumer brand perception in Romania.

DISCUSSION

The present study seeks to examine the extent to which communist ideology continues to impact consumer ethnocentrism and brand perception two decades after the collapse of communism in Romania. The results show that those consumers in our sample who shared a communist ideological orientation are more likely to support policies that

Table 10. Regression Estimated Impact of Decomposed Ideology Components on Ethnocentric Components

Dependent variables: - Ethnocentric compo- nents	Tax on Imports - CEFscore					Buy Romanian Products - CEFscore					Support Romanian Economy - CEFscore				
	B	SE	Beta	P	UR ²	B	SE	Beta	P	UR ²	B	SE	Beta	P	UR ²
Model 1: R ²	2,0					6,4					5,6				
(Constant)	0,350	0,186		0,06		-0,45	0,182		0,01		-0,00	0,183		0,99	
Anti-monopoly	-0,073	0,089	-0,05	0,42	0,2	0,37	0,087	0,23	0,00	5,3	0,20	0,087	0,13	0,02	1,6
Anti-regulation (Free Market)	-0,164	0,068	-0,14	0,02	1,8	-0,13	0,066	-0,11	0,05	1,1	-0,24	0,066	-0,20	0,00	4,1
Model 2: R ²	9,9					14,2					21,0				
(Constant)	0,352	0,179		0,05		-0,45	0,175		0,01		0,00	0,168		0,99	
Anti-monopoly	-0,100	0,086	-0,06	0,24	0,4	0,34	0,084	0,21	0,00	4,6	0,16	0,080	0,10	0,05	1,0
Anti-regulation (Free Market)	-0,131	0,065	-0,11	0,05	1,2	-0,10	0,064	-0,08	0,13	0,6	-0,20	0,061	-0,16	0,00	2,7
Communist-Ideology Fscore345	0,282	0,054	0,28	0,00	7,9	0,28	0,053	0,28	0,00	7,7	0,40	0,051	0,40	0,00	15,4
R ² change	7,9					7,8					15,4				

B = Un-standardized Coefficients; Beta = Standardized Coefficients; SE = Standard Error; UR² = Variable specific unique R²; P = Significant level

Table 11. Distribution of Respondents and Mean Estimates of Brand Perceptions by Ideology and Ethnocentrism

	Respon- dents	Buy Romanian Brands Component 3			Quality of Brand Products Component 2		Buy Brand Products Component 1	
		%	Mean	SE	Mean	SE	Mean	SE
Total	317	100	0	0,056	0	0,056	0	0,056
Ideological Preferences								
<i>Communist-ideology component</i>								
High-non-communist	50	15,8	-0,214 ^b	0,138	0,006	0,142	0,142	0,117
Less-non-communist	127	40,0	-0,112 ^b	0,093	0,001	0,088	0,035	0,083
Less-communist	83	26,2	0,066 ^{ab}	0,095	-0,114	0,105	0,007	0,113
High-communist	57	18,0	0,341 ^a	0,135	0,158	0,141	-0,213	0,159
<i>Anti-monopoly component</i>								
Disagreed	29	9,1	-0,385 ^b	0,174	-0,226	0,206	0,013	0,185
Neutral	37	11,7	-0,016 ^b	0,167	-0,131	0,134	-0,019	0,159
Agreed	251	79,2	0,047 ^a	0,063	0,045	0,064	0,001	0,064
<i>Anti-regulation component</i>								
Disagreed	70	22,1	0,185	0,132	-0,174 ^b	0,127	-0,400 ^b	0,133
Neutral	55	17,3	-0,057	0,128	-0,221 ^b	0,138	-0,160 ^b	0,122
Agreed	192	60,6	-0,051	0,070	0,127 ^a	0,069	0,192 ^a	0,068
Ethnocentric Tendencies (CE)								
<i>Tax on Imports, component 1</i>								
High-non-CE	50	15,8	0,220 ^a	0,095	0,234	0,150	0,340 ^a	0,128
Less-non-CE	122	38,5	-0,171 ^b	0,096	0,033	0,091	-0,001 ^a	0,082
Less-CE	94	29,6	0,003 ^b	0,106	-0,092	0,096	-0,151 ^b	0,102
High-CE	51	16,1	0,189 ^b	0,142	-0,137	0,142	-0,054 ^a	0,174
<i>Buy Romanian Products, component 2</i>								
High-non-CE	53	16,7	-0,842 ^d	0,126	-0,075	0,145	0,061	0,130
Less-non-CE	95	30,0	-0,370 ^c	0,090	-0,089	0,107	0,115	0,097
Less-CE	118	37,2	0,315 ^b	0,079	0,094	0,087	0,036	0,084
High-CE	51	16,1	0,835 ^a	0,080	0,025	0,140	-0,362	0,176
<i>Support Romanian Products, component 3</i>								
High-non-CE	66	20,8	-0,503 ^c	0,113	0,063 ^a	0,140	0,119	0,114
Less-non-CE	101	31,9	-0,172 ^b	0,094	-0,032 ^a	0,102	0,120	0,090
Less-CE	90	28,4	-0,031 ^b	0,101	-0,173 ^b	0,093	0,010	0,097
High-CE	60	18,9	0,890 ^a	0,081	0,245 ^a	0,119	-0,349	0,163

Table 12. Regression Estimated Impact of Decomposed Ethnocentric and Ideology Components on Brand Perception Components

Dependent variables: Brand perception components	Component 3 Buy Romanian Brands					Component 2 Quality of Brand Products					Component 1 Buy Brand Products				
	B	SE	Beta	P	UR ²	B	SE	Beta	P	UR ²	B	SE	Beta	P	UR ²
Model 1: R2	5,5					2,8					6,8				
(Constant)	-0,17	0,18		0,37		-0,48	0,19		0,01		-0,42	0,18		0,02	
Communist_Ideology	0,19	0,06	0,19	0,00	3,4	0,02	0,06	0,02	0,68	0,1	-0,08	0,06	-0,08	0,16	0,6
Anti-monopoly	0,17	0,09	0,11	0,06	1,1	0,14	0,09	0,09	0,11	0,8	0,01	0,09	0,00	0,95	0,0
Anti-regulation (Free Market)	-0,09	0,07	-0,07	0,20	0,5	0,17	0,07	0,14	0,01	2,0	0,29	0,07	0,24	0,00	5,8
Model 2: R2	36,6					6,1					7,6				
(Constant)	0,08	0,15		0,62		-0,45	0,19		0,02		-0,43	0,19		0,02	
Communist-Ideology	-0,01	0,05	-0,01	0,88	0,0	0,02	0,06	0,02	0,70	0,0	-0,04	0,06	-0,04	0,53	0,1
Anti-monopoly	-0,04	0,07	-0,02	0,61	0,1	0,12	0,09	0,07	0,21	0,5	0,03	0,09	0,02	0,75	0,0
Anti-regulation (Free Market)	-0,01	0,06	-0,01	0,88	0,0	0,18	0,07	0,15	0,01	2,2	0,28	0,07	0,23	0,00	4,9
Tax on Import	-0,08	0,08	-0,08	0,33	0,2	-0,30	0,09	-0,30	0,00	3,2	-0,03	0,09	-0,03	0,79	0,0
Buy Romanian Products	0,48	0,07	0,48	0,00	9,0	-0,17	0,09	-0,17	0,05	1,1	-0,06	0,09	-0,06	0,54	0,1
Support Romanian Economy	0,20	0,10	0,20	0,04	0,9	0,34	0,12	0,34	0,00	2,5	-0,04	0,12	-0,04	0,70	0,0
R ² change	31,1					3,3					0,8				

B = Un-standardized Coefficients; Beta = Standardized Coefficients; SE = Standard Error; UR² = Variable specific unique R²; P = Significant level

emphasize “taxing imports”, “buying Romanian products” and “support Romanian economy”. In other words, the results suggest a strong association between communist ideology and Romanian consumers’ ethnocentric orientations. Thus, contrary to popular expectations, free market ideology has not, as yet, won over communist orientations in this part of the world.

These results are consistent with past findings from studies on the attitudes of CEE consumers a decade ago. For example, Witkowski (1993) observed from a study of shopping activities in Poland in 1992 that “the transition from a centrally planned communist society to a free-enterprise democracy is not universally applauded in Poland. Very conservative attitudes persist in rural areas and among older people and the lower classes” (p. 16). Similarly, Milanova (1999) concluded from her study of Bulgarian consumers’ behaviour in 1998 that “the experience of Bulgarian consumers with low quality foreign goods that flooded the market in the early 1990s brought about a shift in attitudes towards the qualities of the goods produced in the country. At present Bulgarians demonstrate preference towards local brands as far as food, clothing, and footwear are concerned” (p. 430). Furthermore, Lascu, Manrai, and Manrai, (1996) advised that the communist abhorrence of ostentatious consumption persisted among Romanian consumers in the 1990s, and individuals who were better off than their neighbors tended to downplay that fact. The communist ideological orientations were also found to influence consumers’ perceptions of brand quality. Thus, Huddleston, Good, and Stoel (2001) reported that Polish consumers found domestic products to be of equal or superior quality to many similar international brands.

Contrary to Witkowski’s (1993) findings in Poland, the results of this study suggest that the influence of communist ideology on ethnocentrism and brand perception in Roma-

nia and probably other CEE countries can be an urban rather than rural phenomenon. Furthermore, the results must not be taken to mean that non-communist ideologies will never gain acceptance among consumers in CEE countries. Parts of our analysis have shown that when free market ideology is fully embraced by consumers, they are likely to accept foreign branded products. Some of the demographic characteristics of consumers such as gender, age, and education seem to moderate their ideological orientations as well as their degree of ethnocentrism and brand perception. The younger generation in Romania as well as the women and university educated respondents tend to have weaker attachment to the communist ideology and are less ethnocentric than their male and older counterparts as well as the relatively poorer consumer segments. The results are, therefore, consistent with the studies conducted by other scholars such as Sharma, Shimp, and Shin (1995); Ueltschy (1998); Watson and Wright (2000); and Erdogan and Uzkuurt (2010), who found that younger consumers have more open attitudes towards foreign products, and are less ideologically disposed (O’Cass & Lim, 2002; Wang, Siu, & Hui, 2004; Hsu & Nien, 2008).

Another finding of this study is that it provides additional empirical confirmation for the multi-dimensionality of the CETSCALE (see Saffu & Walker, 2006). Earlier studies have presented the CETSCALE as loading on a single factor at a time (see Shimp & Sharma, 1987; Netemeyer, Durvasula, & Lichtenstein, 1991; Sharma, Shimp, & Shin, 1995; Kaynak & Kara, 1996; Watson & Wright, 2000). Our principal component analysis on the 17 items of the CETSCALE showed that they could be decomposed into 3 component factors. Our findings, therefore, corroborate the results from Marcoux, Eilictrault, and Cheron’s study (1997).

Table 13. Estimated Mean for Demographic Characteristic by the Components of Consumer Brand Perception, Ideological Preferences and Ethnocentrism

	N	%	Perception of Brands			Ideology			Consumer Ethnocentrism		
			Buy Branded Products	Quality of Branded Products	Buy Romanian Brands	Communist ideology Fscore	Anti-monopoly	Anti-regulation (Free market)	Tax on Imports CE_FS	Buy Romanian CE_FS	Support Romanian CE_FS
			Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean
Total	317	100	0,000	0,000	0,000	0,000	1,700	1,385	0,000	0,000	0,000
Gender			ns	ns	ns	ns	ns	ns	ns	ns	ns
Female	182	57,4	-0,081	-0,056	-0,029	-0,013	1,720	1,297	0,049	0,056	0,025
male	135	42,6	0,110	0,076	0,039	0,018	1,674	1,504	-0,066	-0,076	-0,034
Age[#]			ns				ns	ns			
< 26	105	33,1	0,098	-0,288 _c	-0,347 _c	-0,079 _b	1,648	1,314	0,165 _a	-0,209 _b	-0,067 _b
26 - 45	136	42,9	0,003	-0,002 _b	-0,025 _b	-0,101 _b	1,735	1,463	-0,104 _b	-0,071 _b	-0,179 _b
> 45	76	24,0	-0,141	0,402 _a	0,525 _a	0,289 _a	1,711	1,342	-0,041 _{ab}	0,416 _a	0,413 _a
Education[#]			xx	x	x		ns	ns	ns	ns	xx
Primary	20	6,3	-0,121 _{bc}	0,289 _a	0,374 _a	0,122 _a	1,750	1,250	0,216	0,202	0,390 _a
Secondary	89	28,1	-0,274 _b	0,215 _a	0,161 _a	0,389 _a	1,663	1,281	0,124	0,167	0,313 _a
University	147	46,4	0,180 _{ac}	-0,059 _b	-0,176 _b	-0,143 _b	1,674	1,442	-0,034	-0,123	-0,148 _b
Post (University)	61	19,2	0,005 _{bc}	-0,267 _b	0,067 _{ab}	-0,262 _b	1,803	1,443	-0,171	-0,013	-0,228 _b
Income[#]			xxx	ns	xx		ns	xx	xx	xx	xx
Zero	64	20,2	0,097 _b	-0,169	-0,380 _b	-0,284 _b	1,688	1,359 _{bc}	0,104 _a	-0,305 _a	-0,197 _b
< 1501	123	38,8	-0,278 _b	0,043	0,230 _a	0,423 _a	1,634	1,163 _b	0,330 _a	0,226 _b	0,409 _a
1501 2500	74	23,3	0,048 _b	-0,005	-0,064 _b	-0,119 _b	1,797	1,500 _{ac}	-0,230 _b	0,037 _b	-0,121 _b
> 2500	56	17,7	0,437 _a	0,106	0,015 _a	-0,446 _b	1,732	1,750 _a	-0,539 _b	-0,197 _a	-0,515 _b
Occupation[#]			xxx	xxx	xxx						
Students	83	26,2	0,022 _b	-0,212 _b	-0,463 _c	-0,128	1,663	1,265	0,154 _a	-0,187 _b	-0,014 _b
Unemployed	51	16,1	-0,526 _c	0,337 _a	0,835 _a	0,439	1,784	0,980	0,190 _a	0,724 _a	0,800 _a
Employee	35	11,0	-0,136 _b	0,212 _a	0,142 _b	0,539	1,514	1,771	0,287 _a	-0,046 _b	0,228 _b
Employee with high education	108	34,1	0,051 _b	-0,221 _b	-0,063 _b	-0,162	1,750	1,407	-0,067 _a	-0,134 _b	-0,248 _{bc}
Employer	40	12,6	0,606 _a	0,421 _a	-0,057 _{bc}	-0,329	1,700	1,750	-0,633 _b	-0,131 _b	-0,520 _c

[#] Same alphabet within each variable for each colon are not significantly different; ns =variable is non-significant; xxx =p<0.001 xx=p<0.01 x=p<0.05.

The study has implications for marketing practice. The findings confirm that Romanian consumers have not, as yet, rejected the communist legacy and its economic trap-pings. Many consumers still entertain nostalgic sentiments to life under communism. Thus, foreign companies operating in the bigger cities of Romania must seriously consider adapting their marketing strategies to fit local requirements. This observation is consistent with results from consumer culture researches showing that although consumers may react positively to global consumer cultural symbols and signs, they do so in relation to their local cultural discourses (Kjeldgaard & Askegaard, 2006; Hung, Li, & Belk, 2007; Torres, 2011). For example, this explains Coca-Cola's decision to feature the Russian "firebird" myth and heroes of folk legends in its ads in Russia (Money & Colton, 2001).

It is also strategically purposeful for managers (both local and foreign) to pay attention to the ethnocentric dispositions of consumers in positioning their products and developing advertising messages. It may be useful for them to de-emphasize the country of origin of their products and emphasize their quality attributes instead. For example, our results suggest that consumers with "free market" ideological dispositions are willing to buy good quality products irrespective of the country of origin. Consumers with other ideological dispositions appear indifferent. Thus, by emphasizing the quality of their products, foreign firms are most likely to reduce the negative country of origin associations that some Romanian consumers may have about the product.

Foreign companies may also consider adopting corporate social investment strategies to counteract possible negative effects of consumer ethnocentric tendencies. This may help them build and sustain an image of supporting the Romanian economy, a factor highly regarded in Romanian consumers' attitudes to foreign products.

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Do National Identity and Religiosity Antecede Customer Based Brand Equity in a Developing Multinational Country?

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ABSTRACT . The present study conceptually proposed and empirically tested the influence of national identity and religiosity on brand equity in the context of a selected country from South Eastern Europe, which is heterogeneous in terms of nationality and religion. The main purpose was to empirically investigate relationships between these concepts, and to compare models in terms of local and global brand equity. Empirical data were collected among citizens of Bosnia and Herzegovina. A total of 371 cases were used to assess overall fit of the proposed model and to test hypotheses using covariance-based structural equation modeling. The results support the proposed conceptual model, showing that national identity and religiosity play important role in terms of brand equity of the local brands. However, the situation is much different when it is about global brands. In those circumstances, religiosity and national identity do not significantly influence brand equity. Therefore, the study contributes to the existing literature reporting the findings on brand equity, with evidence from South Eastern Europe. Implications of the results are discussed, and recommendations for future research are made.

KEYWORDS. Brand equity, national identity, religiosity, Bosnia and Herzegovina

INTRODUCTION

This paper is concerned with the brand equity concept within countries that are heterogeneous in terms of nationality and religion. Whereas there are countries whose homogeneous populations have become mixed in ethnic terms due to immigration and recent demographic changes (including the majority of Western European countries and North America), and those that are mostly dominated by homogeneous population in terms of nationality and religion (Eastern European countries, Japan), some countries have a long history and tradition of mixed populations in

terms of nationality and religion. One of these is Bosnia-Herzegovina, a small country in the Western Balkans. Its mix of nationalities, religions, and different/similar languages creates an interesting field for specific consumer attitudes and behavior towards local and international brands.

The region of the Western Balkans is usually portrayed as a turbulent area, with a history full of skirmishes, wars, and frequent changes to its political and geographic maps. Even though this picture is a bit unjust towards historical facts, it is true with regard to recent events and the dissolution of Yugoslavia at the end of the twentieth century.

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The current map of the region covers an area with a population of more than 20 million people, with eight independent countries, three dominant religions, and six ethnic groups. The large majority of the population uses languages that are nominally different, but mutually intelligible.

The region's recent history and ethnic and religious mix may explain the specific behaviors and attitudes of customers. Of particular interest is the brand equity concept, which seemingly is applied differently according to the country of origin effect and the different acceptance of brands coming from local and/or global companies.

We share the already established belief that Bosnia and Herzegovina (BH) is an excellent setting for multinational (multiethnic) research (Vida et al., 2008). Currently, the country is comprised of two entities (the Federation of Bosnia and Herzegovina with 10 Cantons, and the Republika Srpska), and one district (Brčko District) and three constitutive ethnic groups: Bosniaks, Croats, and Serbs. The Federation of Bosnia and Herzegovina is dominated by two ethnic groups, Bosniaks and Croats (who share the ethnicity and sense of nationality of the neighboring state of Croatia), and two religions (Islam and Catholicism), while on the other hand, the Republika Srpska is dominated by Serbs (who share the ethnicity and sense of nationality of the neighboring state of Serbia) and one religion (Eastern Orthodoxy). However, all three ethnic groups and other minorities, as well as all three dominant religions, exist in both entities (European Commission, 2012). Additionally, there are three official languages in use: Bosnian, Croatian, and Serbian, as well as both the Cyrillic and Latin script. Having in mind all mentioned diversities, we believe that BH can be taken as representation of the region. Some studies (e.g., Brečić et al., 2013) about brand preferences and brand equity in the region, in Croatia and Serbia in

particular, have detected significant differences in the image of the former Yugoslavia-era brands between their home and foreign markets. Variations are linked to the cultural context of newly (re)emerging states with high ethnocentrism, animosity, and uneasy political relationships. Transnational brands, however, appear immune to much consumer ethnocentrism. In addition, we believe that different religions also play a role in those variations. Moreover, Gallup International (2012) shows that religion plays an important role in social, cultural, and family life in less developed countries, a category within which most countries from the region fall. Accordingly, we believe that the region and topic are worthy of exploration, since, in general, there has not been much research on religiosity and national identity relating to brand equity. We also believe that the results could contribute to a better understanding of brand equity by building on its antecedents with distinctions between global and local brands, and by giving guidelines in managing brands and brand equity within multiethnic countries.

In this paper, we first examine the theoretical background by analyzing research on national identity, religiosity, and customer-based brand equity and by placing it into a context important for our research. We then present the conceptual model of our research and hypothesis development. In the third section, our research design and results are presented and discussed. Finally, we conclude the paper with its potential implications, limitations, and recommendations for further research.

THEORETICAL BACKGROUND AND CONCEPTUALIZATION

Customer-Based Brand Equity

We would dare to say that brand equity is one of the most widely used marketing terms

of the past two decades. Due to the fact that the art and science of branding became so widely accepted in practice and in academia, understanding of brand equity has increased. Brand equity can be interpreted from two perspectives: the company-based perspective and the customer-based perspective. The first perspective observes brand(s) and brand equity from a resource-based view, as intangible assets of the company. This stream also considers and analyzes customer value, customer lifetime value, customer equity, and their measurement within a firm (Aaker, 2009; Blattberg, Getz, & Thomas, 2001; Drèze & Bonfrer, 2009; Gupta, Lehmann, & Stuart, 2004; Gupta & Zeithaml, 2006; Leone et al., 2006; Lindgreen, Beverland, & Farrelly, 2010; Simon & Sullivan, 1993). However, the focus of our paper is on the second perspective, which is analyzed in detail below.

Discussion of customer-based brand equity was initiated with Keller's (1993) seminal paper on the topic. Customer-based brand equity is conceptualized through brand knowledge, brand awareness, and brand image. To date, there have been many studies following Keller's discussion, which mainly have tried to contribute toward building and defining brand equity and its antecedents and consequences (Atilgan et al., 2009; He & Li, 2010; Huang & Sarigöllü, 2012; Round & Roper, 2012; Yoo, Donthu, & Lee, 2000), measuring brand equity (Buil & de Chernatony, 2009; Cuneo, Lopez, and Yague, 2012; Dolekoglu et al., 2008; Kuhn, Alpert, & Pope, 2008; Moradi & Zarei, 2012; Pinar, Girard, & Eser, 2012; Tong & Hawley, 2009; Yoo & Donthu, 2001), and managing brand equity (Anselmsson, Johansson, & Persson, 2007; Besharat, 2010; Glynn, 2010; Kapferer, 1997).

Customer-based brand equity could be defined as a uni-dimensional or multi-dimensional construct. As this paper does not analyze the inner structure of the customer-based brand equity construct, we focus on

overall customer-based brand equity, which is a uni-dimensional construct, and we follow the definition of Yoo and Donthu (2001):

Consumers' different responses between a focal brand and an unbranded product when both have the same level of marketing stimuli and product attributes. The difference in consumer response may be attributed to the brand name and demonstrates the effects of the long-term marketing invested into the brand. (p. 1)

National Identity and Religiosity

There are many factors that influence and shape consumer values. This research focuses on national identity and religiosity as determinants of values and, ultimately, of consumer perceptions and behavior (Sood, 1995). Moreover, a recent study proved that there are differences when consumers from different nations and religions in multinational Balkan countries observe brands (Bræviæ et al., 2013).

National identity belongs to concepts that are ambiguous and hard to define. It refers to "an individual's identification with the nation-state...It also refers to a person's sense of uniqueness, historical heritage, and pride at the nation/country level" (Vida, Dmitrovic, & Obadia, 2008, p.338). Some researchers even link national identity with corporate identity (Melewar, 2003).

Religion and religiosity are both fostering and limiting factors in society today. We are all witnesses that religion holds both the highest values and behavioral norms, while at the same time, it can be a source of discrimination and even a reason for unrest. There have been many attempts to define religion itself (Tylor, 1958; Horton, 1960; Spiro, 1966; Schiffman & Kanuk, 2000), and a unique and accepted definition still does not exist. In this research, we will not attempt to search for this definition. We rather register religious orientation and focus on religious commitment. From the consumer behavior perspective, religion as an

aspect of culture greatly influences values, attitudes, and other behavioral outcomes (Delener, 1994). Hence, religion plays an important role in analyzing consumer behavior (Hirschman, 1983) and managing brands (Rice & Al-Mossawi, 2002). In this research setting, we focus on the relationship between religious commitment and customer based brand equity. Religious commitment is defined as “the degree to which a person adheres to his or her religious values, beliefs, and practices and uses them in daily living” (Worthington et al., 2003, p. 85). Although this definition is used more for counseling and clinical purposes (Gartner, 1996; Worthington, 1988), we regard it as applicable for analyzing differences in the perceptions of more and less religious consumers, as well as accounting for non-religious consumers (Vida et al., 2008). Religious commitment has two dimensions, intra-personal and inter-personal, and is in line with the notion that people may be intrinsically motivated by religion and genuinely committed to their faith, as well as extrinsically motivated and focused on the use of religion (Swimberghe, Sharma, & Flurry, 2011).

On the one hand, national identity and religiosity are formed out of a set of values and serve as a lens through which individuals perceive themselves. On the other hand, customer-based brand equity is basically a perception that a customer holds of a particular brand. Therefore, we believe that national identity and religiosity must be interrelated with consumer-based brand equity, especially in circumstances when it is about a local brand, which adds more significance to the brand itself. Therefore, we propose the following conceptual model to be tested as shown in Figure 1.

We believe that national identity and religiosity antecede customer-based brand equity when it comes to brands that could be identified as originating from a certain national or ethnic group. Hence, such brands are used to

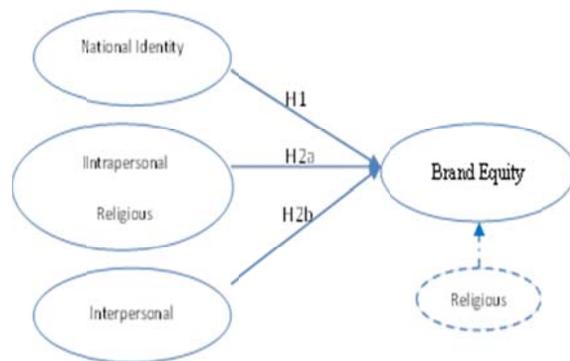
mark a group or a culture, and brand equity should be built accordingly. Therefore, we propose hypotheses as follows:

H1: National Identity has a significant effect on customer-based brand equity for local brands

H2a: Intrapersonal Religious Commitment has a significant effect on customer-based brand equity for local brands

H2b: Interpersonal Religious Commitment has a significant effect on brand equity for local brands

Figure 1. Conceptual Model



On the other hand, when it comes to brands that are not linked to any specific group (i.e., global brands), all groups unite and group characteristics do not represent an important factor. The influence of religion is not part of our hypotheses, and rather serves as a control variable, as we believe that it will have a significant influence only when the model is tested for local brand equity, while it should be irrelevant for global brand equity.

RESEARCH DESIGN

Sample and Data Collection

In order to test the proposed conceptual model, data were collected through an Internet-based self-reported questionnaire built with Limesurvey (2010). Given that the questionnaire included sensitive questions (i.e.,

concerning nationality, religiosity) a snowball sample (Malhotra et al., 2011) was deemed appropriate.

After treating the data for outliers, as suggested by Field (2005), the missing data were analyzed following the rule of thumb, and all cases with more than 10% missing data were

discarded. The rest of the data was imputed using the expectation maximization method suggested by Olinsky et al. (2003). The process yielded a total of 371 usable questionnaires. The demographic characteristics of respondents for the entire sample are given in Table 1.

Table 1. Demographic Characteristics of the Sample

Gender	%	Monthly Income of household in BAM*	%
Female	60.7%	Less than 800,00	17.3 %
Male	39.2%	From 801,00-1.600,00	37.2 %
		From 1.601,00-2.400,00	18.6 %
		From 2.401,00 – 3.600,00	14.6 %
		More than 3.601,00	7.3 %
Religion	%	Education	%
Catholic	28.0 %	High school	53.9 %
Orthodox	7.0 %	Undergraduate degree	27.2 %
Islam	49.3 %	Master's degree	8.9 %
Other	9.4 %	Ph.D. degree	4.3 %

*The Currency Board keeps Konvertibilna Marka (BAM) pegged to the Euro at the exchange rate €1.00= BAM 1.95583 (average).

Questionnaire Development

In order to operationalize the constructs used in this research, an extensive literature review was conducted. We paid special attention to identify scales that are psychometrically sound in the present cross-cultural contexts. Scales for the selected constructs were drawn from the literature. All pre-established and pre-tested scales used in this study were originally developed in a foreign language (English). That is why the questionnaire was initially developed in English and afterwards translated into the Bosnian/Croatian/Serbian language. As suggested by Herche, Swenson, and Verbeke (1996), improvement of scales transferability was made through evaluation beyond standard back-to-back translation. This method has been widely used in marketing literature (Jaramillo & Marshall, 2004). Special attention was given to the language of the questionnaire. Language issues are extremely im-

portant for the selected country because Bosnian, Croatian, and Serbian languages differ in nuances only, which, however, serve as markers of ethnic, religious, social, and political differentiation (Vida, Dmitrovic, & Obadia, 2008). An early version of the questionnaire in the local language was provided to two academics in the field of marketing. The language of the research instrument was improved based on their feedback.

Items for the measurement of the Intrapersonal and Interpersonal Religious Commitment subscale were adopted from the Religious Commitment Inventory-10 (RCI-10) scale (Worthington et al., 2012). We selected six RCI items that we thought to be appropriate and comprehensible for the present cultural context. Three of these items concerned Intrapersonal Religious Commitment, and three items concerned Interpersonal Religious Commitment. We used a five-point scale anchored at 1 = “not at all true for me” and 5 = “totally true for me”. The national identity

construct was measured using selected items from Keillor et al.'s (1996) NATID scale. We used the same National Identity questions as Vida et al. (2008) in their study about ethnocentrism in Bosnia and Herzegovina. In order to measure brand equity, we adopted items of overall customer based brand equity from Yoo and Donthum (2001).

Measurement and Structural Model Assessment

Following the two-step approach proposed by Anderson and Gerbing (1988), the reliability and validity of each construct for both samples were evaluated. Scales analysis included: item analysis (i.e., the analysis of inter-item correlations and item-scale correlations), exploratory factor analysis (EFA) using SPSS 20, and confirmatory factor analysis (CFA) using LISREL 8.71 with a covariance matrix as input.

Before going into further analysis, the obtained data were tested for common method variance. Nevertheless, it is important to mention that prior to the research, several steps were taken in order to diminish potential common method bias. Respondents were instructed that there were no correct or incorrect answers, and reflected only their personal opinion.

In addition, the questionnaire design followed the recommendations of Malhotra et al. (2011) for reducing common method bias. After obtaining the data, the widely used technique (Podsakoff, MacKenzie, Podsakoff, & Lee, 2003) of Harman's single factor test in CFA was applied, offering a poor model fit: χ^2 (d.f.) = 2479.54 (65); $p = 0.000$; Root Mean Square Error of Approximation (RMSEA) = 0.317; Non-Normed Ft Index (NNFI) = 0.577; and Comparative Fit Index (CFI) = 0.647.

EFA, using principal axis factoring with an Oblimin rotation in SPSS 20, was used for pretesting. Items with subscale factor loadings below 0.4 (Hair et al., 2010) were excluded from further analysis. Furthermore, CFA, which is an appropriate analytical technique to ensure the reliability and validity of the constructs (Anderson & Gerbing, 1988), has been used. The CFA model consisted of observed variables that are hypothesized to measure one or more latent variables (Schumacker & Lomax, 2010). The CFA model obtained appropriate model fit: χ^2 (d.f.) = 101.19 (59); $p = .00005$; RMSEA = 0.044; SRMS = 0.035, NNFI = 0.989; and CFI = 0.991.

In addition, convergent validity was assessed by examining the t-values of indicator loadings in the measurement model (Anderson & Gerbing, 1988). All the t-values of the loadings of measurement variables on respective latent variables were statistically significant (as shown in Table 2), which therefore supports the convergent validity of the measures (Bagozzi & Yi, 1988).

Besides Cronbach's Alpha, Fornell and Larcker (1981) offered additional measures of reliability, Construct Reliability (CR) and Average Variance Extracted (AVE), which are derived from the CFA results. In calculating CR and AVE, completely standardized solutions of indicator loadings and error variances are used as in the formulas presented in Equation 1 and Equation 2.

Equation 1. Formula for Calculating Composite Reliability (CR)

$$CR = \frac{(\sum_{i=1}^n L_i)^2}{(\sum_{i=1}^n L_i)^2 + (\sum_{i=1}^n e_i)}$$

Equation 2. Formula for Calculating Average Variance Extracted (AVE)

$$AVE = \frac{\sum_{i=1}^n L_i^2}{n}$$

Table 2. CFA Measurement Model Results

Factor	Items	St. loadings	T-value	CR	AVE	Alpha	Mean	St. Deviation
National Identity	A citizen of Bosnia and Herzegovina possesses certain cultural attributes that people of other countries do not possess.	0.780	4.44	0.731	0.478	0.717	4.74	1.15
	Bosnia and Herzegovina has a strong historical heritage.	0.664	4.30					
	The citizens of Bosnia and Herzegovina are proud of their nationality.	0.520	-					
Intrapersonal Religious Commitment	My religious beliefs lie behind my whole approach to life.	0.881	19.64	0.900	0.750	0.896	4.18	1.98
	Religious beliefs influence all my dealings in life.	0.909	20.38					
	It is important to me to spend periods of time in private religious thought and reflection.	0.804	-					
Interpersonal Religious Commitment	I make financial contributions to my religious organization.	0.763	15.72	0.863	0.679	0.863	3.37	1.84
	I enjoy working in the activities of my religious affiliation.	0.907	19.02					
	I keep well informed about my local religious group and have some influence in its decisions.	0.795	-					
Brand Equity (local)	It makes sense to buy X instead of any other brand, even if they are the same.	0.969	46.19	0.985	0.942	0.985	4.62	2.16
	Even if another brand has the same features as X, I would prefer to buy X.	0.984	51.02					
	If there is another brand as good as X, I prefer to buy X.	0.977	48.7					
	If another brand is not different from X in any way, it seems smarter to purchase X.	0.951	-					

Where, Σ - the mathematical symbol for sum; i - number of item; n - total number of items; L_i - standardized factor loading; e_i - error variance for a factor.

To indicate reliable measurement, CR should be greater than 0.6 (Bagozzi & Yi, 1988) or 0.7 (Steenkamp & Van Trijp, 1991), while the AVE value has to be above the 0.5 threshold (Fornell & Larcker, 1981). Following the results presented in Table 2, it is evident that the CR values presented were above the suggested threshold, suggesting acceptable validity and reliability. Inspection of the AVE values showed that one factor (National Identity) had poor validity, since the AVE value is below the 0.5 threshold. We acknowledge this as a limitation of the study, but reserve it for further discussion for the sake of this paper.

The next step was to test the structural relationships between the variables in the proposed model. The goal of structural equation modeling (SEM) is to combine path and factor analytic models in order to determine the extent to which the theoretical model is supported by sample data (Schumacker and Lomax, 2010). Hypotheses are tested using the maximum likelihood estimation method implemented through LISREL 8.71. Paths were assessed through standardized estimates, and the associated t -values are presented in Table 3. Given that all the hypothesized relationships in the model were one-directional, the conservative critical t -values of 1.282, 1.645, and 2.325 were used for $\alpha = 0.10$, $\alpha = 0.05$, and $\alpha = 0.01$, respectively.

The first step was inspection of fit indices. We observed fit indices of Model 1 and Model 2, comparing the results for local and global brands. The chi-square (χ^2) test was significant for all models, while all other fit heuristics ($1 < \chi^2/df < 3$, NNFI, GFI, CFI > 0.9) showed that the models fit the data at an appropriate level. In addition, RMSEA values that reflect the residual differences between the input and implied matrices were all lower than 0.08, proving good model fit (Hu &

Bentler, 1999). However, it is apparent that both models showed much better fit when they were tested for local brands compared to the fit of both models when tested for global brands. In addition, the fact that the R^2 statistic (i.e., the reduced form of multiple square correlation as was produced in the LISREL output) showed a higher level of variance (0.012 for Model 1 for global brands compared to 0.123 from Model 1 for local brands; 0.018 for Model 2 for global brands compared to 0.133 from Model 2 for local brands) was explained in the models' assessments for local brands. Specifically, Models 1 and 2 using local brands explained a satisfactory 12.3% and 13.4% of variance, respectively, even as we did not have the intention to aim for explanatory power in the model, since the aim of this research is to establish relationships in the context of antecedents of brand equity for local and global brands in Bosnia and Herzegovina. Indeed, comparing Models 1 and 2, which were assessed in terms of local brands, a better explanatory power was achieved with Model 2, which included religion as a control variable. Therefore, for further discussion, we use the Model 2 assessment for local brand (Last column in Table 3).

Following the results obtained through SEM assessment (Model 2), our hypothesis H1 (i.e. National Identity has a significant effect on brand equity for local brands) is confirmed ($\gamma = 0.17$; $t = 1.72$; $p < 0.05$), meaning that we proved that national identity for BH inhabitants strongly influence brand equity of the local brand. It is interesting to notice (following Models 1 and 2 for global brands) that at the same time, national identity is irrelevant when consumers are asked about global brands.

In addition, we also proved that in the present cultural context, religion is still important in different areas of life, even in consumption. The intrapersonal component of religion, which focuses on the individual's belief or personal religious experience, significantly

influences local brand equity ($\gamma = 0.35$; $t = 2.77$; $p < 0.01$). Therefore, companies in this region should not forget this fact, and could

use it in their promotional activities in order to boost the brand equity of particular target groups. This also confirmed our H2a.

Table 3. Hypotheses Assessment through SEM

	Global brand		Local brand	
	Model 1	Model 2	Model 1	Model 2
	<i>St. est (t-value)</i>	<i>St. est (t-value)</i>	<i>St. est (t-value)</i>	<i>St. est (t-value)</i>
H1: National Identity → Brand Equity	0.07 (0.92)	0.10 (0.94)	0.69 (3.63***)	0.17 (1.72**)
H2a: IntraReligiosity → Brand Equity	-0.01 (-0.07)	-0.01 (-0.07)	0.44 (2.66***)	0.35 (2.77***)
H2b: InterReligiosity → Brand Equity	0.09 (0.66)	0.09 (0.60)	-0.25 (-1.50*)	-0.13 (-0.93)
Control: Religion → Brand Equity	-	0.01 (0.09)	-	0.19 (1.87**)
R²	0.012	0.018	0.123	0.138
Fit Indices				
χ^2 (df), χ^2/df	180.01 (59); 3.0	191.32 (68); 2.8	101.2 (59), 1.7	122.7 (68), 1.8
RMSEA; SRMR	0.074; 0.0412	0.070; 0.037	0.044 ; 0.034	0.047; 0.033
NNFI	0.962	0.956	0.989	0.986
GFI	0.930	0.931	0.960	0.955
CFI	0.971	0.971	0.991	0.989

Note: *** $p < 0.01$ ** $p < 0.05$ * $p < 0.1$ a=critical t-values are 1.282, 1.645 and 2.325 for $\alpha = 0.1$, $\alpha = 0.05$ and $\alpha = 0.01$ respectively

Interestingly, our model revealed that the behavioral or interpersonal component of religious commitment, which concerns the level of activity in organized religious activities, does not have a significant influence on brand equity ($\gamma = -0.13$; $t = -0.93$; n.s.). This opens two possible streams of discussion. First, whether both components of religiosity influence consumers' perceptions in the same way and why the internal one (intra-personal) is more important for brand evaluation than the external one (inter-personal). Second, the inter-personal component turns out to be insignificant only when the religion dummy is introduced in the model. This might lead us to the conclusion that there are differences, according to religion, in demonstrating an external religious perspective.

CONCLUSION

The findings of this research are relevant to both brand managers of local brands and international brands in multiethnic and multicultural contexts. An important contribution of this research would be to provide answers and

guidance based on empirical evidence. The evidence supports the hypothesis that states the lack of influence of ethnicity and religion on global brands.

On the other hand, local brand perceptions appear to be largely dependent on respondents' cultural traits, which is one of the basic presumptions of this study. Building brand equity in a local context is therefore an important task for regional and local companies and their managers. How to overcome prejudices stemming from ethnic and religious differences and stereotypes would be a task worthy of exploration.

As already stated, it is not completely safe to reach general conclusions based on this research. Indeed, the AVE value for national identity constructs in our study was less than ideal. The research is exploratory in nature. Therefore, the research findings can serve as a pilot for broad analyses that could include countries at a similar stage of development. A full analysis certainly requires a greater number of respondents, and longitudinal research could be seen as additional benefit. In this respect, the paper could be used as a solid

base for future authors, since there is an obvious lack of literature and data pertaining to this topic, particularly in this region.

One of the most important limitations is that the poll itself was conducted by electronic means, and that the results would probably have been partly different had the poll been conducted in person or over the phone.

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Retailer Brand Image Building: Evidence from Two European Retailers

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ABSTRACT. In this paper, we show that the concept of retailer store image as a collection of functional attributes needs to be augmented by social and economic attributes in order to reflect the broader construct of retailer brand image. To illustrate our point, we provide an overview of the brand image building efforts of the two largest European retailers: the French retailer Carrefour SA and the British retailer Tesco PLC.

KEYWORDS. Retailer brand image, functional attributes, social attributes, economic attributes, Carrefour, Tesco

INTRODUCTION

Retailer store image has been explored in numerous research studies for well over half a century (Martineau, 1958; Kunkel & Berry, 1968; Kasulis & Lusch, 1981; Mazursky & Jacoby, 1986; Ailawadi & Keller, 2004). Much of this research has focused on various functional attributes such as merchandise assortment, physical facilities, layout, and employee helpfulness as the components of store image. Thus, the concept of retailer store image has been viewed in the literature essentially as the outcome of how retail managers manipulate or mix the various functional components of store image in a manner that would appeal to real and potential customers being targeted by the store (Kasulis & Lusch, 1981; Grewal, Levy, & Lehmann,

2004). Those retailers that are able to achieve an effective blend of functional components might gain a competitive advantage over other retailers if the store image better matches the store choice evaluative criteria used by consumers to select the stores in which they shop (Grewal, Levy, Mehrotra, & Sharma, 1999; Grewal, Krishnan, Baker, & Borin, 1998).

The traditional view of retailer store image as a conglomeration of functional store attributes projected into the marketplace by the retailer to attract customers may be too narrow a view to capture the full meaning of retailer store image in the second decade of the twenty-first century. A broader perspective that augments the traditional functional components of store image may be needed to reflect not only the store image but

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also the overall “brand” associated with any given retailer (Ailawadi & Keller, 2004; Burt & Davies, 2010; Sierra, Heiser, Williams, & Taute, 2010; Grewal & Levy, 2007). This may be especially the case given the fact that online and mobile shopping has changed the role of the physical store in making products available to consumers.

The purpose of this article is to show that the concept of retailer store image as a collection of functional attributes needs to be augmented by social and economic attributes to reflect the broader construct of *retailer brand image*. To illustrate our point, we provide an overview of the retailer brand image building efforts of the two largest European retailers: the French retailer Carrefour SA and the British retailer Tesco PLC. Each retailer has been named the most valuable retail brand in its respective country by Interbrand’s 2013 Best Retail Brands ranking. We show how these retailers built their brand images not only with functional attributes, but with social and economic attributes as well.

In the next section, we review the relevant literature. We then discuss the functional, social, and economic attributes of retailer brand image and provide an overview of the brand image building efforts of Carrefour and Tesco. We conclude with a comparison of the brand image building efforts of Carrefour and Tesco and provide suggestions for future research.

FROM RETAILER STORE IMAGE TO RETAILER BRAND IMAGE

In his seminal and widely cited article, Martineau (1958) defines retailer store image as the total conceptualized or expected reinforcement that a person associates with shopping at a particular store. This definition points to the fact that retailer store image is largely influenced by a consumer’s previous experience with a store (Kunkel & Berry,

1968; Kasulis, Morgan, Griffith, & Kenderdine, 1999). Retailer store image is affected not only by consumer perceptions of relevant retail store attributes, but also by the importance consumers attach to these attributes and the interactions among these attributes (James, Durand, & Dreves, 1976; Marks, 1976; Kasulis & Lusch, 1981). Consumers are thus able to form an overall impression of a store based on their perceptions of various store attributes (Hartman & Spiro, 2005). In this sense, retailer store image can be conceived of as a set of perceptions linked to a store, as reflected in the associations consumers hold in memory about a particular store (Grewal et al., 1998). Moreover, retailer store image “integrates not only the perceptions and beliefs about a particular store, but also the macro level of general schematic associations including the perceptions and beliefs of general categories of retailers” (Hartman & Shapiro, 2005, p.1113). In other words, retailer store image is largely affected by the associations consumers hold about other stores within the same retail category (Keaveney & Hunt, 1992; Louviere & Johnson, 1990).

The concept of retailer store image has gradually evolved into what has increasingly been referred to as *retailer brand image* (Ailawadi & Keller, 2004; Burt & Davies, 2010; Sierra et al., 2010). Retailer brands are multi-sensory and retailer brand equity is largely affected by consumer experiences with a store (Ailawadi & Keller, 2004). Retailers can thus build their brand image by helping consumers form unique associations about a retailer’s service quality, product assortment, pricing, and merchandising, among other functional store attributes. (Ailawadi & Keller, 2004). A store’s offerings and overall service level are thus closely linked to the retailer brand (Grewal et al., 1998, Ailawadi, & Keller, 2004). Although the store is a unique element

in retailer branding (Burt & Davies, 2010), store image is just one aspect of retailer brand image.

While people shop in order to purchase the products they need, shopping also fulfills consumers' higher-order needs such as a desire to socialize and entertain themselves (Tauber, 1972). The ability of a retailer to provide opportunities for socialization and entertainment to its customers is thus an important attribute of retailer brand image (Goldman, Krider, & Ramaswami, 1999; Baron, Harris, Leaver, & Oldfield 2001; Zinkhan, Fontenelle, & Balazs, 1999). For example, consumers might go to IKEA to purchase furniture, appliances, or home accessories as well as to enjoy the famous Swedish meatballs and Swedish tapas offered in IKEA's in-store eating facilities or relax in IKEA's bistro/exit café after shopping. In addition, Tesco organizes in-store promotional and non-promotional events in order to entertain consumers while shopping. The British retailer also has in-store eating facilities in some of its large store formats in order to let its customers relax after a long shopping trip.

Further, consumers, in addition to government decision makers, in both developing and developed countries are becoming concerned about the economic impact of different types of retailers. "Mom-and-pop" stores, for example, support the local community by providing employment to a certain portion of the population and by developing close working relationships with local suppliers. Modern retail chains such as hypermarkets and supermarkets stimulate retail sales, create jobs, and pay higher salaries. Modern retailers also utilize modern retail technology and possess managerial know-how, which helps them improve the efficiency and effectiveness of their operations, thus contributing to the overall economic development of a country (Paswan, Pineda, & Ramirez, 2010, Brennan &

Lundsten, 2002, Brennan & Lundsten, 2000). Moreover, modern retailers can facilitate the transfer of advanced retail technology and managerial know-how to less efficiently operated retailers (Paswan et al., 2010; Brennan & Lundsten, 2002; Brennan & Lundsten, 2000; Caves, 1974). However, modern retailers might also hurt local communities. Market entry of large-scale retailers can drive small retailers out of business because small retailers lack the resources necessary to compete against large retailers (Arnold & Fernie, 2000; Arnold & Luthra, 2000). Wal-Mart, for example, has great economic power. The retailer creates jobs when it opens a store in a given area and helps improve consumers' purchasing power because consumers can purchase products at low prices. However, Wal-Mart's market entry strategy is seen as predatory by many consumers because it often decimates local merchants in the community. Hence, Wal-Mart has developed an image as a retailer that provides decent quality products at low prices, but at the same time a reputation for hurting local retailers.

Retailer brand image thus consists not only of consumer perceptions of the functional attributes of a retailer, but also of consumer perceptions of social and economic attributes of a retailer as well. Thus, retailer brand image is comprised of (1) functional attributes, (2) social attributes, and (3) economic attributes (see Figure 1).

Functional Retailer Brand Image Attributes

In their seminal article on retailer branding, Ailawadi and Keller (2004) identify the following functional attributes of retailer brand image: (1) store access, (2) store atmosphere, (3) price and promotion, (4) cross-category assortment, and (5) within-category brand/item assortment.

Store access refers to the ease with which consumers gain access to retail stores. When

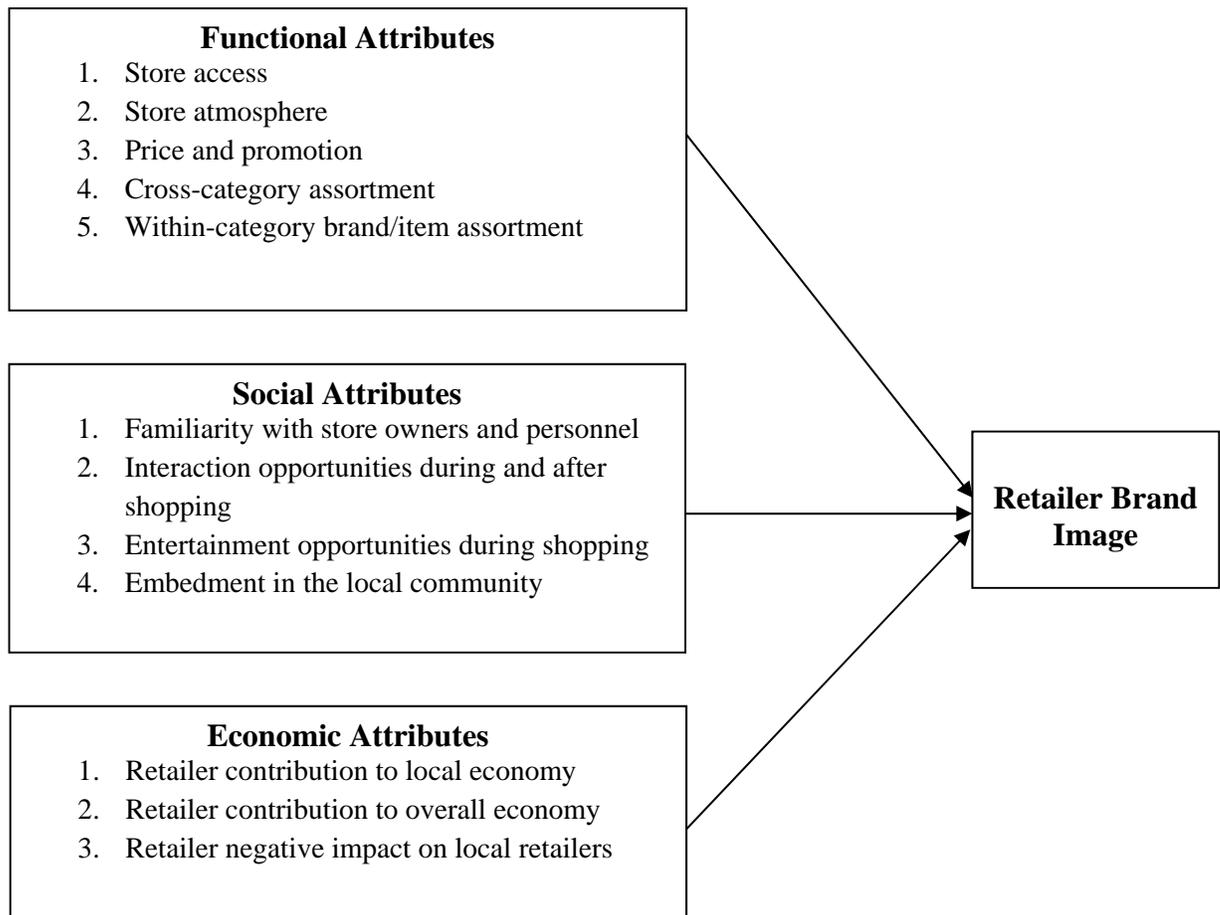
choosing where to shop, consumers seek to optimize their total shopping costs. Efforts to access the store are thus a key component in consumers' overall shopping cost (Bell, Ho, & Tang, 1998; Ailawadi & Keller, 2004).

Store atmosphere refers to a store's design, lighting, layout, music, smell, employee friendliness, and type of people who shop in the store (Baker, Parasuraman, Grewal, & Voss, 2002; Kotler, 1973). Although store atmosphere is comprised of intangible factors such as smell, music, employee friendliness, type of people who shop in a store, it also includes tangible

aspects such as a store's design, lighting, and layout and is thus perceived as a functional store attribute (Ailawadi & Keller, 2004).

Ailawadi and Keller (2004) point to three *price and promotion* areas that affect consumer perceptions of a retailer brand: (1) store price perceptions, (2) retailer pricing format, and (3) price promotion and store switching. Average price levels, store price variations over time, frequency and depth of promotion, and a retailer's positioning as Every Day Low Price (EDLP) or High-Low Promotional Pricing (HILO) can all affect retailer brand image.

Figure 1. Retailer Brand Image Attributes



Cross-category assortment refers to the breadth of different products and services a retailer offers. Increasingly, time-constrained

consumers are looking for one-stop shopping convenience (Messinger & Narasimhan, 1997, Pan & Zinkhan, 2006). Retailers that offer a

broad product assortment can not only attract consumers who have a high opportunity cost of time, but also consumers who might have shopped in another store where certain products are not available in the store they have actually decided to shop in (Ailawadi & Keller, 2004). Retailers can hence create customer value by offering convenience and ease of shopping (Ailawadi & Keller, 2004).

Within-category assortment refers to the depth of a retailer's assortment in a given product category. Consumers perceive greater utility when shopping in a store that offers a large number of brands, sizes, and flavors because consumers have more flexibility in their choices and are more likely to find the item they are looking for (Kahn & Wansink, 2004; McAlister & Pessemier, 1982; Kahn & Lehmann, 1991).

With the growth of online shopping, we argue that a sixth attribute should be added to a retailer's functional attributes: *online shopping experience*. Consumers today expect to shop where, when, and how they want (Rosenbloom, 2012). Consumers now expect to be able to shop online using their computers at home, as well as to shop on-the-go using their smartphones and tablets. Moreover, consumers want to be able to purchase products online and return them in stores as well as being able to order products online and pick them up in stores (Keller, 2013). Therefore, retailers that offer an integrated shopping experience are more likely to enjoy a favorable brand image (Keller, 2013). Many retailers today employ a multi-channel strategy that enables consumers to shop via traditional brick-and-mortar stores, using the Internet at home, or using their mobile devices such as smartphones and tablets (Menon & Kahn, 2002; Grewal & Levy, 2007). So, retailers will increasingly need to dedicate part of their brand-building efforts to improving online atmospherics and service in order to better respond to the changing needs and expectations of their

customers. This is especially the case because it has been shown that consumers who enjoy visiting an online store are more likely to explore the online store, examine new products, and respond to online store promotions (Menon & Kahn, 2002). Enjoyable online shopping experience also leads to greater e-satisfaction and, ultimately, higher online store patronage and online store loyalty (Evanschitzky, Iyer, Hessea, & Ahlerta, 2004; Szymanski & Hise, 2000; Wang, Minor, & Wei, 2011). Thus, retailers that can ensure a superior online shopping experience for their customers across multiple channels can enhance their brand image because consumers are more likely to form strong, favorable, and unique brand associations about such retailers (Keller, 1993).

Social Retailer Brand Image Attributes

Some consumers view shopping as a social activity and highly value the social attributes of retailer brand image, which consist of factors such as *familiarity with store owners and store personnel, interaction opportunities during and after shopping, entertainment opportunities during shopping, and a retailer's embeddedness within the community* (Goldman et al., 1999; Paswan et al., 2010; Tauber, 1972).

For example, consumers might prefer shopping in small, "Mom-and-Pop" stores and traditional retail institutions such as open air markets because they have developed a personal relationship with store owners and personnel (D'Andrea, 2010; Zinkhan et al., 1999). Personal relationships thus become essential for the exchange relationships (Zinkhan et al., 1999). Moreover, these consumers not only know the store owners and personnel and, thus, feel loyal to them, but also like interacting with other store patrons (Goldman et al., 1999; Baron et al., 2001; Zinkhan et al., 1999). In other words,

these consumers view small stores as a social outlet because the shopping environment is conducive to social interaction (Goldman et al., 1999). Zinkhan et al. (1999) argue that the *feira* (street markets in Brazil) “represent foci of cultural resistance to the homogeneity of consumption patterns”, because the *feira* is a place for meetings that foster social relationships (p. 11). Hence, small stores and traditional retail institutions, especially in developing countries, are an integral part of consumers’ lifestyles because they support national cultural values. These stores are in fact embedded in the local community, which often makes them the preferred shopping outlet for consumers (Diaz, Lacayo, & Salcedo, 2007; D’Andrea, Lopez-Aleman, & Stengel, 2006; Paswan et al., 2010).

In contrast, large, modern retailers such as supermarkets and hypermarkets often “manufacture” social attributes that are not an inherent part of their operations. For example, they may organize in-store events that provide an opportunity for entertainment and socialization with other store patrons during the shopping trip. These large retailers also offer in-store eating facilities, the purpose of which is to let consumers socialize with family and friends after shopping (Goldman et al., 1999). In addition, some modern retail chains make an effort to become part of the communities where they open stores by supporting local charities and organizations and by enhancing the lives of local consumers in a variety of ways. For example, in France, the French retailer Auchan provides support to local projects having the goal to empower youngsters, mainly those in hard conditions coming from urban environments and those adjacent to the store, to attain their desires by providing financial resources and professional experience that they need to bring their plans to completion. In addition, Swedish retailer H&M donates clothes to aid organizations in the countries in which the retailer operates.

Consumers who hold favorable attitudes towards the social attributes of a retailer’s brand are typically more likely to be loyal to a given retailer because they derive a high level of satisfaction when shopping there (Keller, 1993).

Economic Retailer Brand Image Attributes

Retailer brand image also consists of economic attributes. Small, “Mom-and-Pop” stores, for example, *contribute to the development of the local economy* by supporting the local business district. Small retailers also provide employment to certain segments of the population in many countries around the world. In Japan, for example, the government imposes strict retail sector regulations in order to protect small store owners. In transition economies (TEs), or former communist nations, many entrepreneurs opened independently owned stores at the beginning of the 1990s immediately after the fall of the Iron Curtain. Such independently owned stores provided, and still provide, employment to people in TEs. Moreover, small retailers tend to buy locally, thus supporting local suppliers.

Modern large scale retailers *contribute to the development of the overall economy*. These retailers help drive retail sales, create jobs, pay higher salaries than would be available from small retailers to store employees, utilize advanced retail technology, and possess managerial know-how which enables them to improve the efficiency and effectiveness of their operations as well as facilitate the transfer of advanced retail technology and managerial know-how to less efficiently operated retailers (Paswan et al., 2010; Brennan & Lundsten, 2002; Brennan & Lundsten, 2000; Caves, 1974). Further, modern stores offer wide product assortments and one-stop shopping convenience. So, consumers are willing to travel longer distances and buy in larger quantities. The

outcome is not only an increase in retail sales, but also improved “economic health” when measured in terms of sales taxes, real estate/property taxes, and household incomes (Arnold & Luthra, 2000; Stone, 1995; Vance & Scott, 1994). In a study examining the economic effects of Wal-Mart store openings, researchers found a positive effect of Wal-Mart entry on sales-tax revenue, retail salaries, retail employment, and per capita income in almost every country where the U.S. retailer opens stores (Vance & Scott, 1994). Moreover, some retail chains try to support smaller retailers rather than undermine their existence. For example, since 2001, the Spanish retailer Mercadona has launched a program that aims to revitalize local town markets by encouraging the coexistence of large retailers and traditional retailers and promoting the development of traditional retail formats. Finally, modern retailers possess advanced retail technology and managerial know-how that enable them to more efficiently and effectively run their retail operations. Moreover, when foreign modern retailers penetrate developing nations, they make possible the transfer of such advanced retail technology and managerial know-how to indigenous retailers, thus stimulating innovation, operating efficiency, and overall market productivity (Arnold & Luthra, 2000; Caves, 1974).

At the same time, modern retailers might have a *negative impact on local retailers* (Farhangmehr, Marques, & Silva, 2000; Jones & Doucet, 2000; McGee, 1996). The opening of large retailers in a given area usually leads to market exit by small retailers unable to compete against large retailers that have greater buying power and more resources than small stores. Large retailers often “steal” market share from small retailers (Arnold & Luthra, 2000; Seiders, Simonides, & Tigert, 2000). Thus, the economic growth driven by large retailers may well be at the expense of

small, indigenous retailers in towns and villages (Arnold & Luthra, 2000).

In sum, the economic attributes projected by small, local retailers as well as large domestic and foreign retailers can affect the retailers’ brand image both positively and negatively depending on how these attributes are perceived by consumers (Keller, 1993; Keller, 2013).

We next provide an overview of two European retailers, (1) Carrefour SA and (2) Tesco PLC, and discuss their retailer brand image building efforts and success heretofore. We selected these two retailers because they are the two largest European retailers. In addition, each retailer has established substantial international presence in Europe. Moreover, in 2013 Interbrand named Carrefour the most valuable retail brand in France and named Tesco the most valuable retail brand in the U.K.

CARREFOUR SA BRAND IMAGE

Carrefour SA is a French retailer. It is the largest retailer in Europe and the second largest retailer in the world after Wal-Mart. In 2012, Carrefour generated net sales of US\$99.52 billion and had 9994 stores worldwide. The retailer operates in 33 countries worldwide. Carrefour operates four store formats: (1) hypermarkets, (2) supermarkets, (3) convenience stores, and (4) cash and carry stores. In its 2012 annual report, Carrefour on page 8 states:

Your lifestyle and the ways you shop are changing. As a multi-format, multichannel and multi-local retailer, Carrefour has all the resources to cater to your different needs – whether you live in an urban or rural environment, are a private or a professional client, or live in France or anywhere else in the world. To better address your needs, we are modernizing our stores so that you

can shop in total comfort and enjoy the best possible service.

Functional Attributes: Store Access

Carrefour hypermarkets are large stores located in town centers, in the outskirts of cities, and in rural areas. Carrefour *market* supermarkets are smaller than hypermarkets and are located mainly in town centers. Carrefour convenience stores which operate under four banners (Carrefour *city*, Carrefour *contact*, Carrefour *express*, and Carrefour *montagne*) are smaller than Carrefour *market* supermarkets and are located close to consumers' homes. With its convenience stores, Carrefour aims to let its customers shop quickly "just around the corner.

Carrefour *city* convenience stores offer mainly ready-to-eat meals and are designed for customers on the move who are often in a hurry. Carrefour *contact* convenience stores are located at the entry to small towns and villages, or in their centers. These stores offer mainly food products and are designed to satisfy last-minute purchases.

Carrefour *express* convenience stores sell mostly essential products and are located close to consumers' homes. Carrefour *montagne* convenience stores operate in ski resorts. These stores offer a variety of products as well as home delivery. Carrefour cash and carry stores are the largest Carrefour store format and target Carrefour's professional customers. These stores are located in out-of-town areas.

Carrefour offers a variety of store formats designed to satisfy the needs of different consumer segments as well as the different needs of consumers at different times. While hypermarkets and cash and carry stores might have to be accessed by car, these two store types also allow for large basket purchases during one shopping trip due to the variety of food and non-food items offered.

Carrefour supermarkets and convenience stores, on the other hand, can be easily accessed on foot and are designed to satisfy

customers' immediate shopping needs, especially when it comes to food. Therefore, the ease of access of each store type for consumers is largely determined by the current needs of the consumers.

Store Atmosphere

Carrefour stores have a friendly atmosphere. Moreover, Carrefour's goal is to "make sure its customers have fun." Carrefour has recognized that consumers look for a new shopping experience and has started renovating its hypermarkets and launched the Carrefour *planet* store in 2010. Carrefour *planet* stores are divided up into three well-defined areas:

- (1) discount for fast-moving consumer goods,
- (2) fresh food, and
- (3) multi-specialist for non-food goods.

Carrefour *planet* customers appreciate the improved store atmosphere, circulation, and signage in these stores.

Price and Promotion

Carrefour prides itself on offering high quality products at the best prices and ensuring the "best value for money." Since August 2011, the French retailer has launched several promotional campaigns whose purpose is to guarantee low prices in its stores. Carrefour launched its "Réponses Budget Famille" campaign (Solutions for the Family Budget) and reduced, then froze the prices of 1,000 products.

The purpose of Carrefour's "Garantie Prix le plus bas" campaign (Lowest Price guarantee) is to reduce the price on more than 500 of the most popular major-brand products in Carrefour hypermarkets. Moreover, Carrefour promises its customers to reimburse them with twice the difference in product prices if they find the same product on sale at a lower price anywhere within a 15 km radius of a given Carrefour store.

Cross-Category Assortment and Within-Category Brand/Item Assortment

In its hypermarkets, Carrefour offers food and non-food products as well as national brands and Carrefour products. Product offerings in Carrefour hypermarkets meet the requirements of customers' varied lifestyles and different ways of shopping. Carrefour *market* supermarkets offer mainly food products. In fact, Carrefour states that "the variety of products on offer and the possibility of finding one's favorite brands all help develop customers' loyalty to their Carrefour *market* supermarket" (Carrefour annual report 2011, p. 18). As mentioned, Carrefour convenience stores offer a much narrower assortment of mostly food products designed to satisfy mostly consumers' last-minute purchase needs. Similar to Carrefour hypermarkets, Carrefour cash and carry stores offer a wide variety of food and non-food products alongside national brands and Carrefour products.

Carrefour has developed a number of its own high quality private label products that cater to different consumer preferences and needs. Carrefour Selection is a gourmet range whose products combine taste and culinary refinement at affordable prices. Carrefour also offers authentic products from French regions, Reflets de France, while Terre d'Italia showcases traditional Italian products. Carrefour Baby (0-36 months) and Carrefour Kids (4-10 years old) offer high-quality nutritionally balanced food products for babies and kids, respectively. Carrefour's "No Gluten" range offers a selection of gluten-free products. The Carrefour Bio and Carrefour ECOplanet ranges feature products that do not harm the environment.

Online Shopping Experience

Carrefour has invested substantial resources in providing an integrated shopping

experience for its customers. In 2011, in the Carrefour Annual Report on page 24, it is written: "By building more bridges between Carrefour's stores and the Internet, Carrefour is increasing the number of shopping options open to customers who are interested in speed, practicality and bargains."

Alongside e-commerce, consumers can now choose from drive-in facilities and mobile applications to shop in Carrefour stores. Carrefour *drive-in* is a system that enables customers to order food products online and pick them up at their local Carrefour store. Carrefour employees select the products, prepare them, and help customers load them in their cars. Carrefour also offers iPhone and Android apps that are designed to make shopping easier and keep customers up-to-date about bargains. Customers can use their smartphones to browse shopping guides, receive information about the Carrefour loyalty card, and shop online. With the mobiles apps Carrefour customers can browse stores by aisle, search for a particular product by keyword or by scanning its barcode, look up their most recent orders, and then add them directly to their shopping basket.

Social Attributes

Carrefour emphasizes the "human experience" in its stores. The French retailer carefully trains its in-store staff to ensure personal attention and one-of-a-kind in-store service for its customers. Carrefour also organizes seasonal and festive events designed to entertain consumers while shopping and, at the same time, supplement Carrefour's non-food product campaigns (e.g., gardening and outdoor product campaigns).

Carrefour also tries to integrate its stores in the communities where it operates by developing "local solidarity." The French retailer strives to be "a partner in local life." The 2012 Carrefour Annual on page 5 states:

As a multi-local retailer, we have responsibilities to the local community, wherever we operate, with our stores or our suppliers. Carrefour has to maintain close relationships with all parties. So we have to go to meet them and listen to them. And, together, work every day on creating value for the benefit of all.

Carrefour thus holds meetings with local consumers in order to better understand their needs and enables store managers to tailor product assortments to local consumer needs whenever possible. In fact, more than 75% of all Carrefour food products are sourced from local suppliers. Carrefour also supports local sport clubs and local associations and works in partnership with local communities by offering food and emergency aid. For example, in Belgium, Spain, and France, Carrefour donated fresh products withdrawn from the shelves to food banks. In addition, in the event of natural or industrial disasters, Carrefour assists humanitarian organizations with relief efforts. In 2012 Carrefour Italy encouraged its customers to help the victims of the earthquake in Emilia-Romagna.

Economic Attributes

One of Carrefour's core priorities is to be a dynamic player in employment and the local economic fabric. In 2012, Carrefour employed almost 350,000 people worldwide. Carrefour also supports youth employment, provides employment to people excluded from the workforce, and helps its employees develop their skills and careers. Carrefour also tries to ensure working conditions that are beneficial to everyone. Moreover, in 2011 Carrefour Annual Report on page 44, it is written:

Carrefour fulfills its role as a responsible retailer each and every

day. It has been committed to being a leading employer and a responsible company from the beginning. Therefore, Carrefour continually carries out actions benefiting its employees, its customers and all the stakeholders of its banners.

Moreover, on its website Carrefour points out:

Everywhere it operates, the Carrefour Group demonstrates its commitment to local economic growth. Because retail involves people, it always gives priority to recruiting people who live locally, and to training its managers and staff on site. Very often, the Carrefour Group is the premier private employer in the countries in which it operates. This is obviously the case in France, where the group was founded, but it also holds true in countries such as Brazil, Argentina, and Italy. At the same time, the Group gives priority to local supply chains. So 75% of all its food products come from local suppliers in the countries in which it operates.

Thus, Carrefour strives to foster long-lasting relationships with local companies and help these companies adopt high-quality growth strategies. For example, in 2012 in Spain, Carrefour invited more than 720 small and medium-sized enterprises to promote their products in Carrefour stores.

Carrefour also helps recruit and train franchise candidates. In Carrefour 2012 Annual Report on page 11 is written:

The baker from Poey-de-Lescar, a village in the Pyrénées-Atlantiques department (France) wanted to meet the needs of people living locally and so set up a new store combining a Carrefour contact convenience store

and his own bakery. Doing this gave a boost to the local sales dynamic which went beyond the confines of the village. These future retailers learn the trade in training stores or with employees. They learn all about retail, sourcing, dealing with fresh products, bread, as well as management and the economic aspects of the company. Carrefour provides them with support in choosing products that are appropriate for their catchment area and in arranging the shelves. They can take advantage of the Group's purchasing power and are given advice about setting sales prices that are adapted to local competition.

Finally, Carrefour adapts its supply chain management (SCM) processes to local markets in order to improve its supply chain efficiency, given local infrastructure and technological developments in the area of SCM (Cambra-Fierro & Ruiz-Benitez, 2011). Carrefour is thus able to reduce its SCM costs and ensure lower product prices for consumers.

TESCO PLC BRAND IMAGE

Tesco is a British retailer and is the second largest European retailer after Carrefour and the world's third largest retailer after Wal-Mart and Carrefour. Tesco operates in 14 countries. In 2012, it generated sales of US\$108.78 billion and had 6,224 stores worldwide. In the same year, Tesco generated 15% of its revenue and 14% of its profit from its European operations (outside the U.K.). Tesco generated 66% of its revenue and 66% of its profit from its U.K. operations.

Functional Attributes: Store Access

Tesco operates multiple store formats designed to cater to the needs of different consumer segments: (1) Tesco Extra, large,

out-of-town hypermarkets selling both food and non-food items (the stores often have a café); (2) Tesco Supercenters, large supermarkets selling both food and non-food items; (3) Tesco Metro, stores located mainly in city centers and the inner city; (4) Tesco Express, neighborhood convenience shops selling primarily food items (these stores are located in city centers as well as small residential areas and small towns); (5) One-stop, convenience stores, the smallest Tesco stores with an average area of 142 sq. m.; and (6) Tesco Homeplus, warehouse-style stores that sell a variety of non-food items.

As is evident, Tesco's store formats differ not only in terms of the type of merchandise offered, but also in terms of ease of access for consumers. For example, Tesco Metro, Tesco Express, and Tesco one-stop convenience stores are relatively easy to access by consumers because these are smaller store formats usually located in city centers and the inner city. Larger formats such as Tesco Extra, Tesco Supercenters, and Tesco Homeplus, however, tend to be located in out-of-town areas. Although these store formats might be farther away from consumers' homes and work, it might be easy for consumers who own cars to access these stores. In 2012 in Tesco's Annual Report on page 27 is written: "Our site research and property capabilities enable us to identify and develop the best sites for our stores."

Store Atmosphere

Tesco has recognized that customers expect a warmer, friendlier store look and feel and has taken the necessary steps to improve the environment in Tesco stores. Tesco notes:

We always want to provide our customers with the best shopping experience...Focusing on food first, we are making a £1 bln (US\$ 1.57 bln) commitment this year to improve the

shopping trip, driving a strong pace of improvement in the things that matter for customers – service, range, quality, price, availability and the store environment. (2012 Tesco Annual Report, p. 10)

Tesco made substantial investments to increase in-store staff, in-store personnel training, and purchasing equipment for key departments such as produce and meat. The U.K. retailer believes that by making such important investments in its in-store operations, it will ensure more staff in stores during busy times, greater staff expertise, and enhanced service across the store. Tesco further states, “We are improving the look and feel of many of our fresh departments using more engaging signage, stronger graphics, warmer colors and better lighting” (2012 Tesco Annual Report, p.10).

Tesco now uses wooden cladding and brighter signage to welcome customers in the store. The retailer is also using wooden fixtures in its Bakery department and sleek shelving and lighting in its Health and Beauty department.

Tesco has also made its produce aisles more spacious and uses counters with more engaging signage, flat glass fronts and better lighting to better show off meat, fish, cheese, and deli products.

Price and Promotions

In September 2011, Tesco launched The Big Price Drop campaign, reducing the prices of over 3,000 everyday products. Big Price Drops target products which are bought week in, week out.

Tesco recognizes that The Big Price Drop is an important step in the journey, but that there is more to do to get the blend right on price, promotions, couponing, and loyalty.

Cross-category Assortment and Within-Category Brand/Item Assortment

Tesco has experienced strong growth in food product sales, but in 2012, the retailer has also seen strong performance in general merchandise, clothing, and electrical products in Europe. Tesco sells its own private label products that encompass a broad range of products in order to satisfy diverse customer needs. In 2012, Tesco has further expanded its private label products. It has launched Venture Brands in the UK and Europe, including Chokablok chocolate and ice cream, Carousel children’s toys, Parioli authentic Italian ranges, and the Latham’s range of premium pet food. Tesco has also taken efforts to differentiate its Gourmet sub-brand as well as Tesco’s Eat Well range in its U.S. Fresh and Easy stores and Tesco’s Goodness range, a range of healthy and nutritious products for products. Tesco also plans to apply “more personalization and localization in stores to help them tailor their ranges...for their local area.” Finally, Tesco has re-launched its Tesco Value range as Everyday Value and has substantially improved the quality of products in this range.

Online Shopping Experience

Tesco has made substantial investments in making “clicks & bricks” a reality for its customers. The U.K. retailer plans to continue improving its online offer in order to adapt to its customers’ changing needs. Its long-term goal is to become a multi-channel retailer in all of its markets. Tesco further states:

We want to offer our customers convenient options to shop with us using...stores, computers and mobile devices.... Whether customers want to shop on the move using their smartphones, or take their time at home, we are innovating to help them

shop however they want, with quick and easy apps and improved platforms. (2012 Tesco Annual Report, p. 14)

Tesco has also upgraded its Tesco Direct website, the retailer's shopping website, in order to better showcase its great quality product range and offer customers improved functionality and ease of use. In addition, "Click & Collect" is a key component of Tesco's multi-channel strategy. "Click & Collect" allows customers to order online and pick up groceries in stores. In addition, Tesco clothing online offers a virtual fitting room that allows customers to create 3D digital versions of themselves from a photograph uploaded on to a virtual fitting room page (Tesco, February 29, 2012).

Social Attributes

Tesco organizes in-store promotional events that aim to not only promote a specific brand, but also to entertain customers. For example, for the launch of Call of Duty: Black Ops II, Tesco organized a series of midnight events in its stores (Tesco, November 9, 2012). During the events, Tesco's flagship Chesnutt Extra store hosted a monster truck kitted out with consoles which offered gamers the opportunity to compete for Black Ops merchandise. Other stores did giveaways and provided food and drink for fans who were queuing. In 2012 for Valentine's day, Tesco launched a "Love is in the Aisles" campaign in one of its stores in Ireland (Tesco, February 9, 2012). "Love is in the Aisles" was like a speed dating event, but with a twist. Participants were asked to go around the store and find products that best represent their personalities. Tesco also came up with other match-making games. The most compatible couple won a romantic dinner for two in one of Dublin's top restaurants. In addition, Tesco Extra stores have cafes whose purpose is to let

store customers relax and socialize after shopping.

Tesco is also dedicated to serving its local communities and, thus, tries to make its stores an integral part of the communities where they operate. In its 2012 Annual Report on page 22, the retailer states: "Our stores are important parts of local communities. We are committed to being a good neighbor and making a difference in the communities we live and work in."

Every year, Tesco donates at least 1% of pre-tax profit to local charities and good causes. Tesco has established the Tesco Charity Trust, which makes cash grants to local, national, and international charities. On a local level, the Tesco Charity Trust supports the needs of employees, customers, and communities around Tesco stores. Tesco U.K. also holds a community donation budget to help local organizations with their fundraising events. Through the donation budget, Tesco aims to provide donations and sponsorship mainly to local charities and organizations working with children's education and welfare, elderly people, and people with disabilities. Tesco has also been involved in projects with local charities in order to provide food to impoverished people for Christmas. The purpose of Tesco's "Care for the Needy" program in turn is to donate daily essentials to elderly and infirm people.

Finally, in order to better cater to the needs of its local consumers, Tesco strives to adapt its products to local tastes. In its 2012 Annual Report, the British retailer points out: "Retailing is a local business. Customers love local and regional products; we pride ourselves on having local people running our operations; and we use local knowledge to source and to allocate space to the most popular products" (p. 16).

Economic Attributes

Tesco states:

We have reinforced our commitment to be a good corporate citizen this year: as a retailer, an employer and a neighbor. We employ over half a million people worldwide, which allows us to make a real difference in the communities where we operate. Our core business involves two vital roles in the heart of the community: providing customers with safe, good quality, affordable, nutritious food and creating good jobs and careers. (2012 Tesco Annual Report, p. 7)

On the same page of the report Tesco also points out: “Our responsibility to our people is to provide them with good jobs and careers. In the last year, we have created thousands of jobs across our businesses...and have continued our work in the employment of young people, university graduates and the long-term unemployed.” Tesco is Europe’s biggest private sector employer (Wallop, 2011). In 2013 Tesco was also named one of Britain’s Top Employers (Tesco, March 22, 2013). Tesco is also dedicated not only to providing jobs, but also to helping its employees develop their careers. In addition, Tesco uses state-of-the art distribution centers and advanced technology that contribute to the efficiency of the retailer’s supply chain, which in turn allows the retailer to reduce its costs and lower product prices. Finally, Tesco works closely with local suppliers to source the best local and regional products for its stores.

The British retailer has even established supplier academies in its Central European markets in order to allow suppliers to present their products to Tesco’s buyers and, thus, support local supplier growth.

DISCUSSION

Carrefour and Tesco have built their brand images around the functional, social, and

economic attributes of retailer brand image (see Table 1 for a summary comparison of the brand image building efforts of the two retailers).

Functional Attributes

Regarding *store access*, Carrefour and Tesco operate a number of store formats targeting different consumer needs as well as different consumer needs at different times. Smaller store formats can be easily accessed by consumers because they are located in the inner city and, thus, satisfy mainly last-minute customer needs. Larger store formats, however, are located in city outskirts and target mainly large basket shoppers who look for one-stop shopping convenience.

Carrefour and Tesco have also taken a series of steps to improve their *store atmosphere* by redesigning their stores in order to make shopping more pleasant for consumers. Moreover, Carrefour prides itself on ensuring “friendly atmosphere” in its stores.

Regarding *cross-category assortment and within-category brand/item assortment*, Carrefour and Tesco offer a wide variety of national brands and their own private label food and non-food product ranges. In terms of private labels, it seems that Carrefour offers more private label ranges than Tesco, especially in food, targeting different consumer segments.

Regarding *price and promotions*, Carrefour and Tesco try to offer “the best value for money.” Given the ongoing economic crisis worldwide affecting consumer disposable income, Tesco and Carrefour have launched promotional campaigns in order to stimulate in-store sales while enabling consumers to more easily manage their budgets. Carrefour has launched the “Solutions for the Family Budget” and the “Lowest Price Guarantee” promotional campaigns while Tesco has launched the “Big

Price Drop” promotional campaign. Lastly, Carrefour and Tesco have realized the importance of providing consumers with outstanding *online shopping experience* alongside the opportunity to shop where, when, and how they want.

Carrefour and Tesco customers can thus shop online on each retailer’s website or shop

on their smartphones using Carrefour’s and Tesco’s mobile apps. Carrefour has also initiated its Carrefour *drive* program while Tesco its “Click & Collect” program. These programs enable consumers to order products online and pick them up in stores. Moreover, Tesco online clothing features 3D virtual fitting rooms.

Table 1 Carrefour vs. Tesco Brand Image Attributes Comparison

CARREFOUR	TESCO
Functional Attributes	Functional Attributes
<i>Store access</i>	<i>Store access</i>
Different store formats located in the inner city and out-of-town areas	Different store formats located in the inner city and out-of-town areas
<i>Store atmosphere</i>	<i>Store atmosphere</i>
Emphasize friendly store atmosphere	Store design improvements
Store design improvements	
<i>Price and promotions</i>	<i>Price and promotions</i>
Offers “The best value for money”	Offers “The best value for money”
“Solutions for the Family Budget” promotional campaign	“The Big Price Drop” promotional campaign
“Lowest Price Guarantee” promotional campaign	
<i>Cross-category assortment and within-category brand/item assortment</i>	<i>Cross-category assortment and within-category brand/item assortment</i>
Food and non food products	Food and non food products
National brands	National brands
Carrefour brand ranges	Tesco brand ranges
<i>Online shopping experience</i>	<i>Online shopping experience</i>
E-commerce	Tesco Direct website upgrade
Mobile apps	Mobile apps
Carrefour <i>drive</i> program	“Click & Collect” program
	Tesco clothing online features 3D virtual fitting rooms
Social Attributes	Social Attributes
Organizes seasonal and festive events to entertain consumers	Organizes in-store events to entertain consumers
Emphasizes the “human experience” in stores	In-store eating facilities

Makes stores an integral part of the local community	Makes stores an integral part of the local community
Economic Attributes	Economic Attributes
Top private employer in most countries in which it operates	Europe's biggest private sector employer
Top private employer in France	Named one of Britain's Top Employers in 2013
Local supplier support	Local supplier support
Recruitment and training of franchise candidates	Supply chain management efficiency
Supply chain management efficiency according to local market conditions	

Social Attributes

Carrefour and Tesco have also successfully utilized the social retailer brand image attributes to build their brand images. Both retailers organize events not only to promote products in stores, but also to entertain consumers. In addition, Carrefour emphasizes the "human experience" in its stores. Tesco, on the other hand, does not seem to put as much emphasis on this aspect of its social retailer brand image attributes, but one could argue that the British retailer has been more creative than Carrefour with its in-store events. Tesco also provides in-store eating facilities in some of its stores in order to allow consumers to relax and socialize after shopping. Finally, Tesco and Carrefour strive to make their stores an integral part of the local community by supporting local charities and organizations and adjusting their product assortments to local consumer tastes.

Economic Attributes

Carrefour and Tesco pride themselves on the fact that they help create jobs in the communities where they operate and that they help their employees develop their careers. Carrefour is the top private employer in most countries in which it operates. It is, in fact, the top private employer in its domestic market, France. Tesco in turn is the top

private employer in Europe and has been named one of Britain's Top Employers in 2013. Carrefour and Tesco also emphasize local sourcing of products for their stores, thus supporting local suppliers and helping local suppliers grow. Carrefour recruits and trains franchise candidates. This initiative has a positive economic impact on local communities and the surrounding areas. Finally, Carrefour and Tesco also benefit from advanced technology and state-of-the-art distribution centers that help them improve their supply chain efficiency.

CONCLUSION AND DIRECTIONS FOR FUTURE RESEARCH

In recent years, marketing scholars, as well as retail practitioners, have realized that building a strong retailer brand image that transcends the traditional store image has become an imperative in the intensely competitive global retail environment. While the main focus of research to date has been on retailers' functional attributes as the main component of retailer brand image, we argue that retailer brand image is also comprised of social and economic attributes. Using the two largest European retailers, the French Carrefour SA and the British Tesco PLC, as examples, we show how each retailer has developed and continues to develop its functional, social, and economic retailer brand

image attributes in an effort to build a strong retailer brand.

In the future, it is worth empirically examining whether retailer brand image is indeed composed of functional, social, and economic attributes. It would also be useful to find out what the outcomes of a favorable retailer brand image are. For example, do retailers that project a favorable image in the minds of consumers as a result of their functional, social, and economic attributes benefit from customer loyalty, higher sales, and customer satisfaction? In addition, it would be interesting to examine how and why some retailers are able to develop their functional, social, and economic attributes in a way that helps them improve their retailer brand image. Do factors such as retailer resources, retailer strategy, and retailer capabilities matter? Future research could examine whether functional, social, and economic attributes contribute equally to building a favorable retailer brand image and, if no, why. Finally, it would be interesting to find out whether consumers put more weight on some components of a retailer's functional, social, and economic attributes than on others when they form their perceptions about a retailer's brand image.

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P.O. Box 399
Hummelstown, Pennsylvania 17036
U.S.A

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