Interplay of Brand Origin and Product Origin on Persuasion

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ABSTRACT

The purpose of this research is to investigate the joint effects of two types of country of origin-brand origin and product origin-on persuasion as well as the underlying psychological processes. Results from two experiments show that brand origin moderates the effect of product origin on consumer attitude. In the presence of high-quality brand origin, consumers actively process information on the product origin such that high-quality product origin leads to more positive attitudes than low-quality product origin. However, in the presence of low-quality brand origin, information on the product origin becomes less relevant and has little influence on consumer judgment. Further, consumer involvement is shown as the key driver underlying the interplay of brand origin and product origin on persuasion.

Key words: Country of origin, brand origin, product origin, involvement, persuasion

INTRODUCTION

Country of origin is an important topic in marketing and previous studies have demonstrated that it plays a critical role in consumer evaluation of products (Han, 1989; Hong and Wyer, 1989, 1990; Johansson, 1989; Maheswaran, 1994). In addition to its theoretical significance, country of origin has far-reaching managerial implications, especially in a global economy (Elliott and Hamin, 2005). With an increasing number of corporations manufacturing their products overseas, country of origin has gained even more strategic significance. Further, the recent recession has prompted many companies to rely on outsourcing as a means to reduce costs and weather the economic headwind (Ferguson, 2009). According to a consumer union poll, 92% of consumers find the country-of-origin label useful and informative (Quittner, 2007).

Although prior research shows that consumers make inferences about products based on country of origin, the term could be used to describe either brand origin (Batra et al., 2000; Han, 1989) or product origin ( Gurhan-Canli and Maheswaran, 2000; Hong and Wyer, 1989, 1990; Maheswaran, 1994). Whereas the former refers to country of origin of the brand (e.g., Apple is a U.S. brand), the latter refers to country of origin of the manufacturer. Both types of country of origin are important. Despite their potential connection, however, previous research on country of origin has typically focused on one type or the other. Little is known about how brand origin would interact with product origin and vice versa. The purpose of this research is to disentangle these two types of country of origin and to examine the interaction between brand and product origin as well as the underlying processes.
COUNTRY OF ORIGIN AND PERSUASION

A multitude of studies have demonstrated the role of country of origin in marketing (Bilkey and Nes, 1982; Han and Terpstra, 1988; Johansson et al., 1985; Peterson and Jolibert, 1995). It has also emerged as an important area of research in consumer behavior, with findings suggesting that consumers use the information on country of origin to evaluate advertisements (Ryu et al., 2006), to infer product quality (Han, 1989; Hastak and Hong, 1991; Johansson, 1989) and to construct product evaluations (Gurhan-Canli and Maheswaran, 2000; Hong and Wyer, 1990; Maheswaran, 1994). Nevertheless, a common missing link in those studies is that they do not clearly distinguish the two types of origin-brand origin and product origin-within country of origin. It is important to note that product origin often differs from brand origin as the global economy becomes increasingly intertwined. While the importance of country of origin is well documented, it remains unclear whether brand origin and product origin moderate each other in determining brand attitude and, if so, what the exact nature of such interaction is.

Brand origin: Brand origin refers to the home country of the brand in which the headquarters of the brand is located, regardless of the country in which the product is actually manufactured (Thakor, 1996). Prior research has demonstrated that brand origin is an important determinant of consumer attitude and behavior (Batra et al., 2000; Han, 1989). For example, Han (1989) demonstrates that brand origin serves as a “halo” for product quality and affects consumers’ attitudes toward the brand. Similarly, Thakor and Lavack (2003) find that brand origin is an influential factor when consumers examine the product.

Brand origin matters because consumers often develop stereotypical beliefs about specific countries of origin which in turn shapes brand evaluations (Hong and Wyer, 1989, 1990; Maheswaran, 1994). Stereotype which refers to a knowledge structure based on inferences across products, has long been established in social psychology as an important factor that influences judgment and choice (Devine, 1989; Greenwald and Banaji, 1995). For example, some consumers have developed stereotypical perceptions of quality engineering in Germany and such a stereotype may lead to positive evaluations of German brands of automobiles. Although such stereotypical beliefs may not always be accurate, they nevertheless serve as an important basis in product evaluation and attitude formation, especially in complex decision settings (Maheswaran, 1994).

Product origin: Product origin refers to the country of the manufacturer in which the product is actually made (Hamzaoui-Essoussi et al., 2011; Samiee, 1994). This term often describes the final place of product assembly (Samiee, 1994). While it is possible that the parts inside the product are from multiple sources (Chao, 1998), the origin of the final product is most visible to consumers as such information typically appears on the package. Research shows that product origin influences consumer attitude (Gurhan-Canli and Maheswaran, 2000). In general, high-quality product origin leads to more positive attitudes than low-quality product origin. In addition, Hong and Wyer (1989) show that product origin leads consumers to think more extensively about product information and its implications by stimulating their interests. Although the country-of-origin effect is quite robust, early works do not clearly differentiate product origin from brand origin. One notable exception is the recent work of Hamzaoui-Essoussi et al. (2011). Although they show that both types of country of origin matter independently, they do not examine any potential interaction between them. In
contrast, this article suggests that brand origin moderates the effects of product origin on attitudes because stereotypic beliefs on brand origin change how consumers process the information on product origin.

Although consumers often use the information on product origin in their evaluations, the usefulness of such information may vary according to brand origin. For brands originating from a high-quality country, the stereotypical belief is that these brands correspond to quality, reputation and prestige (Batra et al., 2000; Han, 1989; Maheswaran, 1994). This is why consumers are interested in these brands in the first place. For example, Batra et al. (2000) show that consumers prefer the brands from developed countries not only because of perceived quality but also because of the social status attached to these brands. In such cases, product origin is particularly informative because, in the absence of objective quality ratings, consumers may use product origin to judge whether the product conforms to the high expectations on quality and prestige. For example, Swiss brands of watches are known for their quality and symbol of status. Such stereotypes would lead consumers to pay close attention to product origin. If the watch is manufactured in Switzerland, this product origin would reaffirm the stereotypical belief of quality and prestige. However, if it is made in a different country with low quality perception, the watch (though still a Swiss brand) may lose its luster.

Conversely, for brands originating from a low-quality country, the stereotypical belief is that these brands are economical and designed for value (Maheswaran, 1994). Research shows that consumers purchase products from low-quality brand origin mainly for utilitarian reasons rather than status and prestige (Batra et al., 2000). In such cases, consumers are less likely to use product origin as a proxy to evaluate quality and prestige, because such criteria are less relevant in evaluating these brands. For example, Malaysian brands of watches are not particularly renowned for their quality or prestige. Consumers may be attracted to them because of competitive price. Whether the watch is made in Malaysia or a different country should have little relevance on consumer evaluations. As a result, the role of product origin may be mitigated. This reasoning leads to the following moderation hypothesis:

- **H1**: Brand origin moderates the relationship between product origin and attitude toward the product, such that high-quality product origin leads to more positive attitudes than low-quality product origin when the brand originates from a high-quality country but not when the brand originates from a low-quality country

**Consumer involvement**: Throughout the above reasoning, it is argued that brand origin influences the way consumers process information on product origin. When the brand is of high-quality origin, consumers should carefully analyze the information on product origin because such information is useful in product evaluation. Consumers may be particularly interested in brands with high-quality product origin because they conform to high-quality brand origin and bolster prestige of the brand. In contrast, when the brand is of low-quality origin, product origin should be less relevant in product evaluation. As a result, consumer involvement with the product may be independent of its product origin. Research in the attitude literature further suggests that increased elaboration is likely to enhance persuasion if the arguments are reasonably strong (Miniard et al., 1991; Petty and Cacioppe, 1986; Petty et al., 1983). Karmarkar and Tormala (2010) demonstrate that increased involvement leads to stronger attitudes. Together, these arguments
support the mediating role of involvement, such that brand origin and product origin jointly influence consumer involvement which in turn drives attitudes toward the product. More formally:

- **H2:** Consumer involvement mediates the interactive effects of brand origin and product origin on attitudes toward the product

**STUDY 1**

**Methods:** Study 1 used a 2 brand origin (high-vs. low-quality country of origin) × 2 product origin (high- vs. low-quality country of origin) between-subjects design. Sixty-one undergraduate students participated in the experiment and imagined that they were going to a store to purchase a personal computer. Both the brand origin and the product origin of the computer were manipulated in the study. Consistent with prior research (Hong and Wyer, 1990), Japan was used as the high-quality country of origin and the Philippines as the low-quality country of origin. Participants were told that the parent company for the personal computer was from either Japan or the Philippines; that is, it was either a Japanese or a Philippine brand (i.e., brand origin). They were further told that before buying the product, they read the label on the personal computer and found that it was manufactured in either Japan or the Philippines (i.e., product origin).

After reading the scenario, participants evaluated the product using the attitudinal measures adapted from Hong and Wyer (1989), Li et al. (2002) and Maheswaran and Chen (2006). They responded to a series of 10 seven-point scales, anchored by “negative/positive”, “not at all favorable/very favorable”, “bad/good”, “very poor/very good”, “very unfavorable/very favorable”, “unappealing/appealing”, “unpleasant/pleasant”, “unattractive/attractive”, “boring/interesting” and “dislike/like”. Given satisfactory reliability among these items (Cronbach’s α = 0.95), a composite measure of attitude toward the product was created.

To validate the manipulation of country of origin, a pretest was conducted with 88 participants. Half the participants reported their assessment of either Japan or the Philippines as a product origin for personal computers and the other half evaluated the two countries as a brand origin. Using measures adapted from Maheswaran (1994), participants evaluated each country in terms of product quality, technology superiority and reputation on three nine-point scales which were later combined into a single measure of quality perception (Cronbach’s α = 0.88). In addition, participants reported their overall quality perception on a 1-100% scale (Maheswaran, 1994).

**Results**

**Pretest:** For product origin, participants perceived personal computers made in Japan as of better quality (M = 6.36) than those made in the Philippines (M = 4.68; F (1, 42) = 21.03, p<0.0001). Similar results emerged in the measure of overall quality perceptions. Participants reported a higher probability that personal computers made in Japan were of good quality than those made in the Philippines (74.23% vs. 57.19%; F (1, 41) = 19.23, p<0.0001). In terms of brand origin, participants perceived the Japanese brand of personal computer as of better quality (M = 6.11) than the Philippine brand (M = 4.08; F (1, 41) = 42.78, p<0.0001). Participants also rated the Japanese brand higher in probability of good quality than the Philippine brand (71.32 vs. 48.52%; F (1, 41) = 37.46, p<0.0001). Thus, the manipulations of product origin and brand origin were as expected and successful.
Fig. 1: The interactive effects of brand origin and product origin on persuasion (Study 1)

**Product evaluation:** Participants’ attitudes toward the product were subjected to a 2 brand origin×2 product origin analysis of variance (ANOVA). The main effect of brand origin was not significant (F (1, 57) = 1.57, n.s.), nor was the main effect of product origin (F<1). These results suggest that brand origin and product origin alone do not have a direct effect on consumer attitude. More important, there was a significant interaction of the two types of country of origin on product evaluation (F (1, 57) = 4.41, p<0.05; Fig. 1), consistent with H1. When the brand originated from a high-quality country, product origin had a significant effect on consumer attitude, such that higher-quality product origin led to more favorable attitudes toward the product (M = 4.75) than lower-quality product origin (M = 4.21; F (1, 57) = 3.30, p<0.05, one-tailed). In contrast, when the brand originated from a low-quality country, the effect of product origin was no longer significant (F (1, 57) = 1.29, n.s.).

**Discussion:** Results suggest that the role of product origin in product evaluation is contingent on brand origin. When the brand originates from a high-quality country, product origin is influential in consumer judgment. In such cases, it is imperative that the product is manufactured in a high-quality country. However, for brands that originate from a low-quality country, the role of product origin is substantially mitigated and consumer opinion is no longer swayed by manufacturing sites. Nevertheless, these results were obtained using a single country pair (Japan vs. the Philippines) in a single product class (personal computers). To enhance the generalizability of the findings, Study 2 was designed to test the interactive effect of brand origin and product origin with a different country pair (Germany vs. Malaysia) and a different product category (digital cameras). In addition, consumer involvement was examined as an underlying mechanism through mediated moderation analysis.

**STUDY 2**

**Methods:** A similar design was used in the second experiment, in which 101 undergraduate students participated in a 2 brand origin×2 product origin between-subjects study. In contrast with Study 1, digital camera was the product category in Study 2 and country of origin was manipulated using a different country pair, with Germany as the higher-quality country and Malaysia as the
lower-quality country (Hong and Wyer, 1990; Pappu et al., 2007). To assess product evaluation, the same set of attitudinal measures was used as in Study 1 (Cronbach’s \( \alpha = 0.96 \)). To test the underlying mechanism, involvement was measured using three seven-point scales adapted from Lee and Aaker (2004), anchored by “not at all involved/very involved”, “skimmed it quickly/read it carefully” and “paid little attention/paid a lot of attention” (Cronbach’s \( \alpha = 0.82 \)). Furthermore, to rule out an alternative explanation, participants were asked to rate processing fluency on six seven-point scales. These were anchored by “not at all easy catching/very eye catching”, “not at all attractive/very attractive”, “not at all fluent/very fluent”, “difficult to pronounce/easy to pronounce”, “difficult to follow/easy to follow” and “not pleasant at all/very pleasant,” with the first two items adapted from Labroo and Lee (2006) and the rest developed as part of this study (Cronbach’s \( \alpha = 0.85 \)).

Similar to Study 1, a pretest was conducted with 46 participants to validate the manipulation of country of origin. Half the participants evaluated the product origin and the other half assessed the brand origin. Using the same set of measures of quality perception as in Study 1, participants reported their perceptions of Germany and Malaysia (a within-subject factor), with the order of the two countries counterbalanced.

Results

Pretest: The pretest data on product origin were subjected to a 2 country×2 order mixed ANOVA, with country as a within-subject factor and order as a between-subjects factor. There was a main effect of country (F (1, 21) = 7.41, p<0.05); participants perceived Germany as a higher-quality country in manufacturing digital cameras (M = 5.48) than Malaysia (M = 4.30). In terms of overall quality perceptions, participants perceived German-made digital cameras as having a higher probability of good quality than those made in Malaysia (67.13 vs. 54.26%; F (1, 21) = 7.95, p<0.05). Neither the main effect of order nor its interaction with country was significant. Similar analyses were performed for the data on brand origin. The results showed that participants perceived the German brand as of better quality (M = 6.00) than the Malaysian one (M = 3.94; F (1, 20) = 21.65, p<0.001). Participants also perceived the German brand as having a higher probability of good quality than the Malaysian brand (67.91 vs. 45.14%; F (1, 20) = 17.31, p<0.001). Order was not significant in all analyses. These results indicate that the manipulations of product origin and brand origin were successful.

Product evaluation: Participants’ evaluations of the product were analyzed using a 2 brand origin×2 product origin ANOVA. Consistent with Study 1, a significant brand origin by product origin interaction emerged (F (1, 97) = 5.30, p<0.05; Fig. 2). When the brand origin was of a high-quality country, higher-quality product origin resulted in more favorable product evaluations (M = 4.89) than lower-quality product origin (M = 4.16; F (1, 97) = 7.18, p<0.01). In the case of low-quality brand origin, there was no significant effect of product origin (F<1). Thus, H1 was fully supported.

Involvement: Participants’ involvement was subjected to a 2 brand origin×2 product origin ANOVA. A significant brand origin×product origin interaction emerged in the analysis (F (1, 97) = 7.48, p<0.01), such that there was a significant effect of product origin in the case of higher-quality brand origin (F (1, 97) = 8.30, p<0.01) but not in the case of lower-quality brand origin (F<1). To further test the role of involvement, a mediated moderation analysis was conducted.
Fig. 2: The interactive effects of brand origin and product origin on persuasion (Study 2)

using the procedures of Muller et al. (2005). As mentioned previously, there was a significant brand origin × product origin interaction on both attitudes toward the product ($F(1, 97) = 5.30, p<0.05$) and the mediator involvement ($F(1, 97) = 7.48, p<0.01$). In the final model, with main effects of the two types of origin, their interaction and involvement as the independent variables and attitude toward the product as the dependent variable, the brand origin × product origin interaction was substantially weakened ($F(1, 96) = 2.71, p>.1$), while the effect of involvement remained significant ($F(1, 96) = 5.39, p<0.05$). Using bootstrapping procedures (Preacher et al., 2007), a 95% confidence interval was computed for the indirect effect through involvement. Consistent with H2, involvement fully mediated the interactive effects of brand origin and product origin on product evaluations (95% CI: 0.01–0.17 with 5000 bootstrap resamples).

**Processing fluency**: An alternative explanation to the above results is processing fluency (Labroo and Lee, 2006; Lee and Aaker, 2004). It could be argued that the interaction effect between the two types of country of origin is not due to involvement, as reasoned in H2, but is rather a result of processing fluency, such that consumers process product information more efficiently when brand origin and product origin match each other. To examine this possibility, the measure of processing fluency was subjected to the same 2 brand origin × 2 product origin ANOVA. Neither the main effects of brand origin and product origin nor the interaction between them was significant. Therefore, processing fluency is unlikely to account for the brand origin × product origin interaction observed in the studies.

**Discussion**: Study 2 tested the interactive effect of brand origin and product origin with a different country pair (Germany vs. Malaysia) and a different product category (digital cameras). Consistent results across two studies enhance the generalizability of the findings and reinforce the notion that brand origin moderates the effect of product origin on attitude toward the product. Furthermore, results support the mediating role of involvement that underlies the interaction between the two types of country of origin while ruling out processing fluency as an alternative explanation.

**DISCUSSION**

This research contributes to the understanding of country of origin. It examines the effects of country of origin from three different angles: (1) Brand origin, (2) Product origin and (3) The
interaction between the two. Using different products and country pairs, two studies demonstrate that the effects of brand origin and product origin are not necessarily additive. Instead, results show that brand origin moderates the effect of product origin on consumer attitude, such that product origin matters for brands of high-quality origin, but not for brands of low-quality origin. Further, through a mediated moderation analysis, consumer involvement is shown as the underlying mechanism that drives the interplay of brand origin and product origin on persuasion.

This research has important managerial implications. For brands originating from a high-quality origin, consumers are particularly sensitive to product origin because such information is instrumental in their evaluations. A low-quality product origin would send the wrong signal that may potentially damage the reputation and prestige of the brand. In such cases, the firm should exercise caution when making decisions on where the product is to be manufactured. Outsourcing, though offering significant cost savings, may not be an effective strategy for these brands. In contrast, for brands originating from a low-quality origin, consumer evaluation is largely independent of product origin because such information is less indicative of these brands. As such, managers may have added flexibility in choosing manufacturing sites and outsourcing may emerge as an attractive option in such cases. Overall, this research suggests that it is imperative to consider both brand origin and product origin in managerial decisions and to analyze carefully the interplay between them.

This research may lead to several avenues for future research. Country of origin is a complex construct and this study highlights the intricacy of the country-of-origin effect through the interaction between product origin and brand origin. Additional studies are needed to fully examine the roles of different types of origin, particularly in light of other moderators. For example, recent research shows that incidental emotions moderate the effects of country of origin (Maheswaran and Chen, 2006). Because consumers perceive a higher degree of control when they are angry than when they are sad (Maheswaran and Chen, 2006), one might predict that the product origin×brand origin interaction would be more pronounced in anger than in sadness.

The role of involvement also warrants further investigation. This research demonstrates that involvement mediates the joint effects of brand origin and product origin on persuasion. In addition to its mediating roles, involvement may moderate the formation of country-of-origin evaluations (Gurhan-Canli and Maheswaran, 2000). Evidently, involvement plays a key role in multiple stages of decision making. One potential avenue for future research is to develop a comprehensive framework that incorporates both the moderating role of involvement in the formation of country-of-origin assessment and the mediating role of in-process involvement in the utilization of country-of-origin information.

Country of origin is subject to change. While firms can modify product origin with relative ease (e.g., outsourcing), brand origin is generally stable. Nevertheless, as economies become increasingly globalized, many brands have switched nationality in recent years, some from established countries to emerging economies. For example, Jaguar and Land Rover, two classic British brands, are now owned by Tata Motors of India and ThinkPad, a leading American brand of laptop, is now owned by Lenovo of China. Would consumers continue to perceive Jaguar and Land Rover as British brands and ThinkPad as an American brand? How would such changes influence the role of product origin on persuasion? While this research presents an initial step in studying the joint effects of product origin and brand origin, these and other exciting questions await further inquiries.
REFERENCES


