

## HOME COUNTRY EFFECT ON LUXURY BRAND NAME ASSESSMENTS: AN EXPERIMENTAL STUDY

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**Abstract:** This study investigates the effect home countries pose on the assessment of luxury brand names, a theory involving the stereotype consumers shape in their minds as of a negative or positive image they hold about the country products are manufactured influencing their assessment of brand names. From a methodological standpoint, an experiment employing advertising stimuli under three contexts was conducted: first, with a negative home country effect (featuring a stereotyped poor manufacturing quality image); the second, with a positive home country effect (known for its good quality in manufacturing); and a third stimulus that did not mention the country of origin. Data was collected via a printed questionnaire that was answered by a 330 people sample. Results indicated that positive country of origin effect stimuli did not influence the assessment of luxury brand names but did positively influence that of non-luxury. The negative home country effect impacts both luxury and non-luxury brand names though more significantly the latter. Luxury brand assessments were hardly impacted by the absence of reference as to the country of origin but the stimuli did raise non-luxury brand name evaluations when this outcome was compared to the results gathered involving negative home country effects.

**Key words:** Marketing strategy; Luxury brand names; Country of origin effect

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## Introduction

The demand for luxury goods rampantly increases at emerging economies, particularly in Asia and in Brazil. Strehlau (2008) believes this derives from a suppressed demand and the enrichment of a portion of the population. Although varied industries resort to luxury marketing strategies, these are quite different from those practiced to address mass or non-luxury markets. Nevertheless, according to Wiedmann and Hennigs (2013), not only segments that sell luxury products resort to them but also industries that set out to deliver more value for less money.

Kapferer and Bastien (2013) for instance advocate that a person that decides to order a dress at Chanel's *maison* would not show a regular seamstress what they have in mind. Some companies chose to implement their strategies beyond the frontiers set by luxury item cornerstones (heritage, authenticity and the value of exclusivity) and thus focus on premium strategies such as that employed by GM to market its Saab automobiles.

Although the luxury brand's market strength sustains itself, there are other factors that might influence the success of marketing strategies designed for products that feature this kind of profile. The underlying reason for this rests on the fact that luxury product characteristics distinguish the same from other kinds of goods given the personal distinction and differentiation component. This is corroborated by scholars such as Okonkwo (2009) Strehlau and Huertas (2006) and Allèrés (2006) who state that an assortment of factors may influence the success of luxury product strategies, amongst which, the country of origin effect. Giraldi (2006) advocates that the country of origin effect consists in the stereotypes people tend to develop in relation to countries and consequently, in relation to products that are manufactured at these locations. This in turn may determine brand name assessments, purchase intent and consumer behaviour. Furthermore, according to Aiello et al (2009) and Festcherin and Toncar (2009) the notion shapes as of consumers assuming that a given country is specialized in certain products and this enhances the country's credibility. Sohail (2005) additionally coined what came to be known as the halo effect whereby the product or service that relates to a given country is evaluated by consumers much the same way the same perceives their quality image.

One also comes across the very opposite: a given country might be stereotyped as a low quality producer and this negatively impacts the credibility of products manufactured at that location. However, when one deals with mass markets, the country of origin effect must be understood as a possible moderator in consumer assessments since the image one has of the country where the product was manufactured promotes a cognitive effect that might influence the very product's overall evaluation (CHYSSOCHOIDIS; KRYSTALLIS; PERREAS, 2007; FETSCHERIN; TONCAR, 2009).

According Yu, Park and Cho (2007) and Sohail (2005) particularly when it comes to luxury brand names that feature international standings, stereotypes may present the following profiles: a) negative country of origin effect (with a stereotyped negative image that results from local poor manufacturing quality); b) positive country of origin effect (known for its good quality in manufacturing). The relevance of this study rests in the fact that it investigates a market niche – that of luxury brand names – which, despite having already almost attained 12 billion dollars' worth of revenue, according to Dall'Olio (2012), is scarcely mentioned in brand name research.

This study's objective is to pinpoint the country of origin effect in luxury brand name assessments.

To this effect, an experimental study was conducted whereby luxury brand name product advertisements were evaluated and compared to non-luxury product advertisement assessments,

within different country of origin contexts, a notion that as mentioned earlier on, refers to stereotypes people coin as to a country's good (or bad) reputation in producing given products.

This study's prime contribution was the mapping of the weight the country of origin effect has on luxury brand names and the implications this poses on the perception of the home country's quality image when evaluating this brand name category.

Emphasis must be placed on the fact that empirical studies centred on luxury brand names as object of investigation is incipient and justifies the use of books to cornerstone a portion of this study's theoretical framework.

The study was structured into five portions, including this introduction. Chapter 2 provides a review of literature, particularly that which generates the hypothesis herein emphasized. The third chapter introduces the experiment that was conducted, the outcomes of which are discussed in the subsequent portion, i.e., Chapter 4. Finally, Chapter 5 completes the investigation by presenting the study's final conclusions.

### **Theoretical framework**

This topic comprises the core luxury brand name and country of origin effect concepts.

### **Luxury brand concept**

Etymologically, the term luxury features greatness and dissolution, excess and sumptuousness connotations, encompasses material, concrete (large expenses, costly) notions and also intangible aspects (superfluous, pleasure, ostentation). Tangible senses such as a product's scarcity, rareness or high quality reflect in the same's high price and cohabit with luxury alongside symbolic and subjective values.

Allèrés (2006) explains that the word luxury - from Latin *luxus* - means excessive sumptuousness, pomp, wealth. The term prestige - from Latin *praestigiū* - means seduction, a person or something's attractiveness. If one admits that luxury is not commonplace or necessary but rather rare and desired, one may note that it belongs to a more mental than material universe. The concept of luxury associates with both objects and codes and also pertains to behaviours, aesthetic and life style values (CASTARÈDE, 2005).

This same author informs that the luxury market is linked to a luxury concept that is represented by objects, codes, behaviours, and aesthetic and lifestyle values. Therefore, the notion can be materialized in the form of products, within the very brand name or in services that are offered together with the purchase of the brand name's products. In any event, luxury derives from the existence of social class distinction.

When can a brand name be deemed as one of luxury? Strehlau (2008) declares that there has been no agreement as to where this market's boundaries lie. Nevertheless, Lipovetsky and Roux (2005) do state one can identify an assortment of levels of luxury within the niche.

Luxury products become known for their manufacturer's name. Brand name assumption is in marketing's best interest because consumers will then be able to identify it and differentiate the same from others. Bellaiche, Mei-Pochtler and Hanisch (2010) explain that when it comes to luxury products and this kind of strategy, this characteristic becomes increasingly less imprint on the object itself and in its functional category and more present in the brand name and its

symbolism. In other words, as Das *et al.* (2010) reinforce, the consumer's interest is augmented by the manufacturer of the product since luxury brand names represent more than the traditional dose of quality and reliability but rather offer those who have the product the opportunity of self-fulfilment, identity and self-expression.

Thus, Castarède (2005) understands luxury brands as being those that over time may justify a high price, i.e., one that rests above products that feature tangible equivalent functionalities.

Luxury brands evoke exclusivity, identity via a well-known brand, notoriety and quality. Luxury brands may also be defined as those whose prices and quality rest above the market's average, whilst prices in particular tend to be significantly higher than those of similar offers (VIGNERON; JOHNSON, 2004; STREHLAU; HUERTAS, 2006).

Vigneron and Johnson's (2004) study separates luxury brand names from that non-luxury via five brand pertaining dimensions, namely: notoriety, singularity, quality, hedonism and extension of the self. In truth, there are some brand names that in given categories are deemed luxury and in others, non-luxury. There is also a distinction between brands that are associated with higher sophistication levels and others that fall into a less sophisticated grade. A brand name may be defined as being of luxury but not all luxury brand names may come to be deemed as equal. Some may feature a higher perceived sophistication level, others less whilst a given brand name may be perceived as being more sophisticated in a certain product category and less sophisticated in another (VIGNERON; JOHNSON, 2004).

### **Luxury consumer behaviour**

Brands often feature functions that go beyond simple usefulness or need. Consumers may acquire products that represent their social identity. Brand names may also impact people's perception in different ways. This suggests that brand names socially interact with people, i.e., there are some that employ them as an extension of their personality much the same way there are those that do so to impress others (DAS *et al.*, 2010). Luxury brand name products carry an intense symbolic and emotional load. If one admits that luxury items express human desires and emotions, one may become acquainted with the values, beliefs and attitudes of consumers via the same (GALHANONE *et al.*, 2008; HUSIC; CICIC, 2009).

The purchasing process employed by consumers that buy these brand names is still deemed enigmatic (DUBOIS; PATERNAULT, 1995). It seems to be particularly difficult to explain and predict the conditions, which consumer dreams will emerge and furthermore, which will materialize into purchases (DUBOIS; PATERNAULT, 1995; VAN OSSELAER; JANISZEWSKI, 2001).

When buying luxury brand name items, the consumer seeks to distinguish him/herself from others and expresses the search for the exclusivity attribute (one of the characteristics of this kind of brand name), a phenomena known as "Consumer Need for Uniqueness". The luxury brand name product thus takes on a role within the interpersonal and social influence system since it allows an individual to demonstrate that it owns desired and widely acknowledged objects, uses rare products and can do as he or she pleases with them (STREHLAU; HUERTAS, 2006; GOLDSMITH; CLARK, 2008).

Luxury brand name products are probably those that best represent the complexity of choosing an object or of the purchasing act itself (ALLÉRÉS, 2006, p.75) since its buyers

“simultaneously feature all of the most rational purchase factors (quality and originality) and those most irrational (quest for distinction, liking for the brand name’s items)”. Goldsmith and Clark’s (2008) studies evidenced that the consumer acquires luxury brands to belong to given groups he or she aspires. Thus, there is the underlying understanding that luxury brand name products favour the obtaining of esteem and distinction, ensure originality, generate admiration and serve as a symbol of power and ostentation (ALLÈRÉS, 2006; GOLDSMITH; CLARK, 2008; STREHLAU, 2008; CHRISTODOULIDES; MICHAELIDOU; LI, 2009).

On occasion a brand name may proclaim to be of luxury and the company may make use of this statement to serve the mass production market. Markets are not static; brands can migrate according to consumer perception and consumers in turn may deem the same more or less luxurious (STREHLAU, 2008).

Allèrés (2006) states that three large social classes can be distinguished according to their use and consumption habits. At the base of the pyramidal hierarchy one finds luxury products that the middle class can afford and these individuals may, via their purchase, attempt to raise their status. The next level accommodates an intermediate luxury hierarchy that pertains to product categories professional classes are able to afford. At the top of the pyramid rest inaccessible luxury products which one associates with the social-economic elite. Products that fit into this level are extremely expensive and offer buyers significant social prestige. Chart 1 summarizes this proposition.

Social class category	Consumption profile and habits
Class A	From an economic standpoint, the highest. Chooses the rarest, most expensive objects and those known as models that are newer and even more inaccessible. Motivated by the concern in sustaining differences and privileges and if need be, of choosing very expensive objects to ensure exclusive distinction.
Class B- Intermediate	Economically well off, springs from the bourgeois and sustains itself thanks to their professional success. Seeks to blur the frontiers that separate it from the far better off class by engaging in the consumption frenzy and choosing traditional and selective objects but also new objects that the media promotes. When compared to its origins - mid XX <sup>th</sup> . Century post-war generations – this class features a sound average income. It is at ease with exponential consumption and copies all better off or socially marking classes; seeks series products such as perfumes, fashion accessories as substitutes of more refined and inaccessible objects and products. These usually are democratized products which are simplified by employing easily recognizable symbols (such as logotypes).
Class C- Middle	Has a good average income when compared to mid XX <sup>th</sup> . Century post-war generations from which it originates. Likewise used to exponential consumption, this class copies those better economically off or that are socially marking and seeks series objects such as perfumes and fashion accessories as substitutes for more inaccessible objects and products.

**Chart 1: Social class categories per consumption habits**

**Source:** Prepared by authors as of Allèrés (2006)

Further in as much as Chart 1 is concerned, Allèrés (2006) states that when acquiring substitute objects, the consumer adheres to the brand name’s cultural heritage and feels he or

she belongs to the same's territory. One must keep in mind that since consumers transform themselves over time, a given product or brand name that once was acknowledged as a luxury distinction becomes commonplace.

### **Luxury brand name marketing**

Luxury brand name marketing has become an increasingly complex task since, in addition to conveying an image of quality, performance and authenticity, it must sell an experience that relates with its consumers' lifestyle. New marketing approaches for luxury brands perceive consumers as emotional beings who seek pleasuring experiences and who are not, as traditional standpoints advocate, merely rational decision makers focused on product characteristics and benefits (ATWAL; WILLIAMS, 2009).

Luxury brands comprise different levels of prestige, i.e., perceived luxury dimensions are different. To evaluate such differences, Vigneron and Johnson (2004) developed a scale known as the Brand Luxury Index (BLI) which subsequently was tested by Christodoulides and Michaelidou (2009) and Strehlau, Lopes and Freire (2012). To avoid this grey zone of brand names that are not starkly operating in the luxury market, choice fell upon researching the range's extreme portions: those clearly luxury and non-luxury.

### **The home country effect**

The country of origin effect results from the stereotypes people tend to develop in relation to countries and consequently, in relation to products that are manufactured at these locations which in turn may determine brand name assessment, purchase intent and behaviour (GIRALDI, 2006). Information on the country where the product was manufactured has a cognitive effect that may interfere in the image consumers carry on a given product (SOHAIL, 2005; CHYSSOCHOIDIS; KRYSTALLIS; PERREAS, 2007; FETSCHERIN; TONCAR, 2009).

Consumers often build country-related stereotypes, mentally forming a stereotyped image of the country and the products it manufacturers (YU; PARK; CHO, 2007). Previous studies unveil inter-country and inter-product category variations (SOHAIL, 2005; YU; PARK; CHO, 2007; AIELLO *et al.*, 2009; FETSCHERIN; TONCAR, 2009) and some demonstrate that products that are manufactured at developed countries are far better assessed than those manufactured at under developed countries (YASSIN; NOOR; MOHAMAD, 2007; FETSCHERIN; TONCAR, 2009).

When consumers are not acquainted with given products they shall resort to the country of origin image factor as a criteria for assessment purposes. Brand names that spring from countries that carry positive images are expected to be more readily accepted when compared to those that carry a negative image. Similarly, this correlation is often noted when it comes to brand name loyalty (YASSIN; NOOR; MOHAMAD, 2007; AIELLO *et al.*, 2009).

Yassin, Noor and Mohamad (2007) suggest that consumers shall make their choices based on "made in" information that one finds in the product's packaging and shall evaluate the product as being superior or inferior according to the perceptions they shape of that country. In contrast, Chrysochoidis, Krystallis and Perreas (2007) state that international studies on the country of origin effect subject matter involving consumer assessments of assorted products revealed diverse and even contradictory outcomes, possibly in light of the different sampling combinations, countries and products that were studied. Most studies emphasize the country of origin effect's multidimensionality. The information that packaging offers on where the product

was manufactured influences the consumer's perception of quality. However, the magnitude of this effect depends on both the product's category and specific attributes.

Giraldi (2006) introduces Verlegh and Steenkamp's (1999) study that between 1980 and 1986 conducted a meta-analysis involving 41 previous investigations on the country of origin effect. Amongst varied findings three are worthy of special mention, namely: a) no significant differences between the effect of hybrid products (designed in one country and manufactured at another) and those non-hybrid; b) the between-subjects type experimental design studies where participants who position themselves in relation to only one product, promote lower country of origin influence levels than within-subject type studies, where the same respondents assess multiple products; and c) the impact of the country of origin effect does not differ in studies that either employ students or general consumers in surveys.

The country of origin effect relates to the stereotype people shape as to a given locality which, as time goes by, developed a good (or poor) manufacturing reputation involving certain products. Thus consumers tend to generalize and develop a positive (or negative) association when the product's origin is made available amongst evaluated information. The following hypotheses were formulated to relate the concepts of luxury brand names and country effect:

H1. The negatively stereotyped consumer perception (*versus* that positively) in relation to a given country will negatively (*versus* positively) influence the assessment of a luxury brand name that comes from that country.

H2. The negatively stereotyped consumer perception (*versus* that positively) in relation to a given country will negatively (*versus* positively) influence the assessment of a non-luxury brand name that comes from that country.

H3. The negative country effect shall be greater in non-luxury brands (*versus* luxury brand names).

As proposed in the formulated hypotheses, during the study's empirical investigation phase, effort centred in verifying the influence the country of origin effect poses on luxury brand named products. To pinpoint whether the home country effect would prove to be different for this brand name category (luxury brands), the country of origin effect was also checked when involving the assessment of a well-known, yet non-luxury, brand name. The next section introduces the stimuli that were employed throughout this experiment.

## **Method**

This section's objective is to present the methodological procedures that were employed during the study's empirical phase.

### **Stimuli definition**

A men's wrist watch was chosen as the object of this experiment's advertisement. Pre-tests bedrock this decision whereby the level of acquaintance university level students – the future experiment's sample – featured when assessing this product category was verified.

To define brand names a brainstorming session was conducted with university level students (n=6) attending a Business Administration course who were asked to list men's wrist watch brand names. The outcome consisted of a list of 14 brand names that was submitted to

another group of university level students ( $n=30$ ) who were asked to evaluate each brand name's perceived luxury level by means of a 10 point scale (anchoring in 1= this is a non-luxury brand name and 10= this is a luxury brand name).

Student's t test for paired samples indicated that there was a difference between the level of perceived luxury of the highest averaging brand name ( $M_{\text{Rolex}}=9.7$ ) and the second best assessed ( $(M_{\text{Ferrari}}= 8.56; t_{(29)}= 2.984; p<1\%)$ ). Observations also revealed that the highest average scoring brand name's (Rolex) figures were far higher than the assessment outcome of the lowest average scoring brand name ( $M_{\text{Orient}}=4.6, t_{(29)}=10.45; p<1\%$ ). This result set Rolex as the luxury brand name and Orient as the non-luxury one.

To select the country of origin stimulus, six university level students of the Business Administration course were asked to name countries that reminded them of high perceived wrist watch manufacturing quality and another six were asked to so do for countries that they associated with low manufacturing quality perceptions involving the same product. Two lists were compiled into a single form and yet another group of graduate students ( $n=30$ ) was asked to assess the country names using a 10 point scale (1= the quality of watches manufactured at this country is terrible and 10= the quality of watches manufactured at this country is great). It's worth noting no single student took part in more than one stage of the stimuli development process, nor participated in the final experiment itself.

The country that was selected as representing the top wrist watch manufacturing quality level was Switzerland ( $M= 9.0$ ) since the paired sample t test indicated there was a significant difference in this country's manufacturing quality assessment and the second best evaluated country ( $M_{\text{Italy}}= 8.6; t_{(29)}= 1.293; p<1\%$ ). On the other hand, the country that presented the lowest average manufacturing quality score was Mozambique ( $M=3.1$ ), followed by South Africa ( $M=3.3$ ) and Paraguay ( $M=3.6$ ). The paired sample t test indicated that there was a significant difference between Mozambique's ( $M=3.1$ ) and South Africa's ( $M=3.3; t_{(29)}= 0.745; p<0.05$ ) evaluations.

Thus, luxury (Rolex) and non-luxury (Orient) brand name and negative (Mozambique) and positive (Switzerland) effect country stimulus were defined.

### **Experimental design and measures**

To address the planned experimental design classified as full factorial between-subjects employing a 3 x 2 format (whereby there are 3 home countries [high quality stereotype, low quality stereotype and no home country] *versus* 2 brand names [luxury and non-luxury]) (KARDES, 2002; MALHOTRA, 2005), six advertisements were coined presenting an image of a men's dress style wrist watch that took up approximately 50% of the available space. The rest contained information advising readers that a new feature was being introduced enhancing the product's quality which was merely used to justify the very existence of the advertisement. The space also contained the product's logotype (Rolex or Orient) and in the bottom of the advertisement there was information as to the product's origin (Manufactured in Mozambique, Manufactured in Switzerland or no information of this kind at all).

In addition to the advertisement, the data collection form contained three questions to check the manipulation's efficiency asking respondents to indicate, via a Likert type 5 point scale (varying between 1=Fully disagree and 5=Fully agree), the brand name's acknowledgement (I certainly know this wrist watch brand name), the brand name's perceived luxury level (This advertisement's wrist watch brand name is luxurious) and the manufacturing quality of the country that was mentioned in the advertisement's "made in" information (The country of

origin where this wrist watch was manufactured conveys a high quality image in wrist watch manufacturing).

The dependent variable (Assessment) was measured via five items (This wrist watch brand name is great; I'd certainly buy this brand of wrist watches; I'd recommend this wrist watch brand name to a friend; This wrist watch brand name addresses my needs; I trust this wrist watch brand name) that were adapted from Lopes, Silva and Hernandez (2013), employing a Likert type 5 point scale, namely (varying between 1=Fully disagree and 5=Fully agree).

To analyse data, a univariate variance analysis (Anova) was employed using SPSS 18.0.

### 3.3 Sample and field procedures

This experiment's sample was built by university level students that attend nine courses (Foreign Trade, Business Administration, Accounting Sciences, Nutrition, Quality Management, Logistics, Managerial Processes and Economy) at two large university centres located within the State of São Paulo. This approach was elected so as to mitigate the possible existence of pre-existing concepts that might pertain to specific groups (MEDEIROS; CRUZ, 2006).

To avoid biases, the questionnaires were distributed in alignment with the instructions Kardes (2002) called full between-subjects randomization. They were randomly mixed so as to allow any one of the six models to be replied by any given student. Despite this caution, the sample must be deemed as being non-probabilistic by convenience (MALHOTRA, 2005).

Advertisement presentation and questionnaire application occurred within the very class room environment and was conducted by one of this study's authors. Students received the advertisement and the questionnaire in a hard copy format and were asked not to exchange any information whatsoever during the assessment of the advertisement.

## Results

The experiment's sample comprised 330 students, whereby 185 (56.2%) were women with an average age of 24 years ( $s=6.79$ ). Amongst respondents, 62% ( $n=204$ ) studied during the morning or afternoon and 91.1% ( $n=300$ ) also engaged in some kind of paid activity (70.8%,  $n=233$ , with salaries of up to R\$ 2.000, 00/month).

Stimuli assessment was balanced since 165 students evaluated luxury brand name advertisements whilst another 164 assessed the non-luxury brand name ones. Chart 2 represents the distribution of exposure to stimuli.

Country of origin	Luxury brand name		Non-luxury brand name		Total	
	n	%	N	%	n	%
High Quality Stereotype	55	33.3%	55	33.5%	110	33.4%
Low Quality Stereotype	56	33.9%	55	33.5%	111	33.7%
With no Country of Origin Information	54	32.7%	54	32.9%	108	32.8%
Total	165	100.0%	164	100.0%	329	100.0%

**Chart 2: Experiment advertising assessment distribution**

Source: Prepared by the authors

Results analysis indicated that stimuli manipulation was adequate. There was a significant perceived luxury difference between the luxury brand name ( $M_{\text{Rolex}}=4.5$ ) and the non-luxury brand name ( $M_{\text{Orient}}=3.47$ ,  $t_{(328)}=9.60$ ;  $p<5\%$ ) however, as intended, there was no significant difference in as much as brand name acknowledgement ( $M_{\text{Luxury}}=4.3$  and  $M_{\text{Non-luxury}}=4.2$ ;  $t_{(327)}=0.65$ ;  $p>10\%$ ) is concerned.

Likewise, the perceived wrist watch manufacturing quality was statistically different between the countries that were employed in the study ( $M_{\text{Mozambique}}=3.0$  e  $M_{\text{Switzerland}}=4.2$ ,  $t_{(219)}=7.50$ ;  $p<5\%$ ).

The score aggregate of the five assessment items (Cronbach's Alpha = 0.79) was employed for variable dependent purposes. This widely employed in factorial experiment design procedure (MALHOTRA, 2005; LOPES; SILVA; HERNANDEZ, 2013) allows researchers to conduct the univariate variance analysis (ANOVA).

Anova identified the brand name's prime effect ( $F_{(1,323)}=36.17$ ;  $p<1\%$ ) and that for the country of origin ( $F_{(1,323)}=5.49$ ;  $p<1\%$ ). This allows researchers to conclude that both the brand name and the country of origin moderate assessment changes. However, the interaction effect between the brand name and the country of origin was not identified ( $F_{(2,323)}=0.63$ ;  $p>10\%$ ), suggesting that there is no significant change in assessments when one observes the interaction of independent variables.

In contrast to that stated in H1, luxury brand name evaluations did not present significant difference in whatever country of origin scenario irrespective of the perceived quality ( $M_{\text{Switzerland}}=3.7$ ,  $M_{\text{Mozambique}}=3.4$  [ $t_{(109)}=2.11$ ;  $p>5\%$ ] and  $M_{\text{No country}}=3.7$  [ $t_{(107)}=0.52$ ;  $p>10\%$ ]). Even if brand name evaluations were less positive when a low perceived quality country of origin was employed, the encountered difference was not significant.

On the other hand, as foreseen in H2, the non-luxury brand name evaluation was more positive when a high perceived quality country of origin quality was taken into account ( $M_{\text{High quality}}=3.2$ ,  $M_{\text{Low quality}}=2.7$ ,  $t_{(107)}=3.04$ ;  $p<5\%$ ).

The absence of information on the country of origin did not significantly improve the brand name's assessment when compared to the scenario informing manufacturing had taken place at a low perceived quality country of origin ( $M_{\text{Low quality}}=2.7$ ,  $M_{\text{No country of origin}}=2.9$ ,  $t_{(107)}=1.02$ ;  $p>10\%$ ).

*Post hoc* tests further indicated that the luxury brand name is better assessed than the non-luxury brand name under whichever scenario (all with significant difference at 1%), confirming that foreseen when H3 was formulated. Chart 3 summarizes the outcomes of the hypotheses test.

Hypotheses		Result
H1	The negatively stereotyped consumer perception ( <i>versus</i> that positively) in relation to a given country will negatively ( <i>versus</i> positively) influence the assessment of a luxury brand name that comes from that country.	Rejected
H2	The negatively stereotyped consumer perception ( <i>versus</i> that positively) in relation to a given country will negatively ( <i>versus</i> positively) influence the assessment of a non-luxury brand name that comes from that country.	Not rejected
H3	The negative country effect shall be greater in non-luxury brands ( <i>versus</i> luxury brand names).	Not rejected

### Chart 3: Hypotheses test results

Source: Prepared by the authors

So as to ensure greater clarity as to the empirical results of this study, Figure 1 graphically introduces the averages the experiment unveiled.

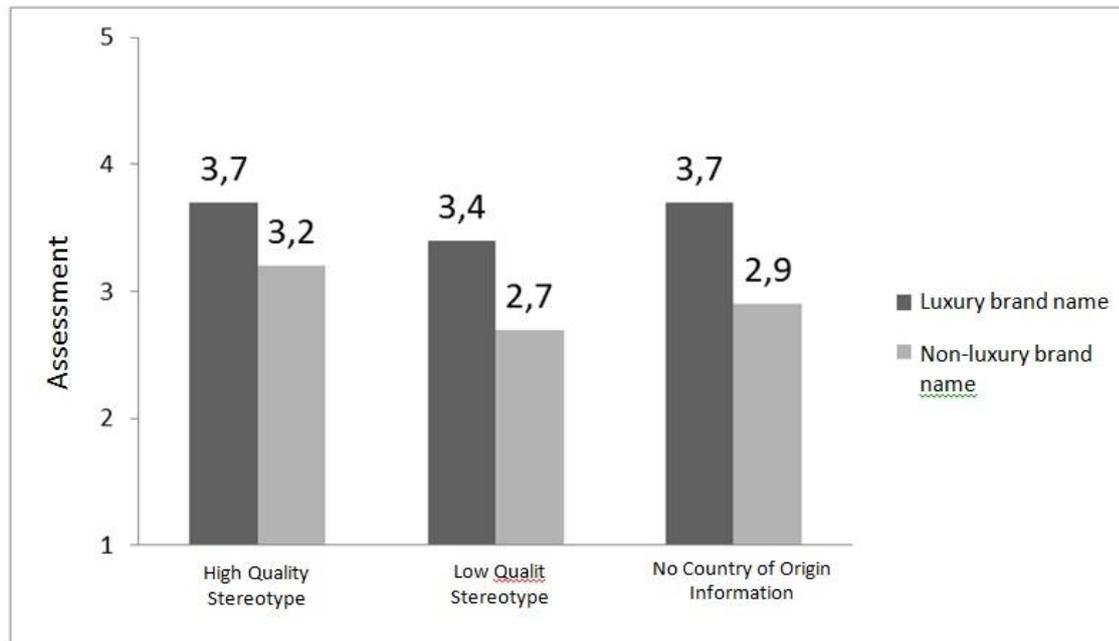


Figure 1: Averages identified via variance analysis

Source: Prepared by the authors

### Discussion of the study's outcomes

The experiment investigated the phenomena involving the country of origin's assessment effect in the perception of advertised product quality as pertaining to luxury and non-luxury brand names. This experiment identified that the consumer's positively stereotyped perception of a given country shall not positively influence the assessment of a luxury brand name that comes from that country. Results of luxury brand names with a positive country of origin effect and without the country of origin effect are close for this brand name category, which sustains itself in the consumer's mind-set, irrespective of associating the same or not with the country of origin's quality image.

Outcomes suggest that the country of origin effect is stronger when one evaluates a non-luxury brand name. In this context, no significant difference was encountered between the negative country of origin effect and the absence of information as to the name of the country where products were manufactured.

On the other hand, trace evidence that a luxury brand name's assessment can be deteriorated when associated to a country of origin that features low perceived quality was encountered despite this study having revealed that impacts were not significant.

In contrast with that expected, a luxury brand name does not benefit from a positive country of origin effect. This phenomenon only holds true when non-luxury brand names are evaluated. On the other hand, the negative country of origin effect did not significantly impact luxury brand name assessments.

The country of origin effect was greater in non-luxury brand name assessments and this is in line with Aiello et al.'s (2009) findings whereby luxury brand names are more important than their origin.

One can also infer that the consumer's negatively stereotyped perception as to a given country might negatively influence the assessment of a luxury brand name that comes from that country. Even though results prove this effect was not significant, there is trace evidence suggesting this might be so. Likewise, one can deduce that the consumer's negatively stereotyped perception in relation to a given country shall negatively reflect in the assessment of a non-luxury brand name that comes from that country since the assessment's average is lower when negative country of origin effect information is included in advertisements.

Results confirm that the country of origin effect, defined by Giraldi (2006) as the stereotypes people tend to shape in relation to countries and consequently before products that are manufactured at the same might influence brand name assessments when it comes to both luxury and non-luxury brand names. The author is likewise supported by Fetscherin and Toncar (2009) and by Aiello *et al.* (2009).

## **Conclusions**

This study's prime objective was to verify from the consumer's standpoint, the country of origin effect in luxury brand name assessments. To this effect, an experiment testing a set of formulated hypotheses ground on theory centred on this subject matter was conducted.

This investigation's outcomes corroborate prior studies by demonstrating that there are differences in luxury brand name consumer assessments (AIELLO et al., 2009; STREHLAU, 2008; STREHLAU; HUERDAS, 2006; amongst others).

In as much as the country of origin effect is concerned one notices that in the absence of identifying information, luxury brand name assessments, as expected, are higher than those of non-luxury brand names, likewise confirming the findings of earlier studies (HUSIC; CICIC, 2009; STREHLAU; LOPES; FREIRE, 2012).

Amongst academic contributions made by this study special mention is made to the null influence of country of origin effects in luxury brand name assessments. The identification of countries that have high quality images promotes the same assessment levels encountered when no country of origin information is supplied to consumers. On the other hand, the association of a brand name to a country of origin that is deemed to feature high manufacturing quality only impacts non-luxury brand names. This finding indicates that a brand name's perceived luxury is the most significant influential factor in consumer assessments.

A significant difference in luxury and non-luxury brand name assessment differences when the negative country of origin effect is employed was observed. In contrast, the positive country of origin effect is greater on non-luxury brand names: home countries that feature a positive stereotype do have a moderating effect on brand name assessments.

Luxury brand name literature has progressed, exploring their peculiarities and relationships with consumers. From an academic standpoint, the study further enabled the analysis of the country of origin effect on this kind of brand name. Thus, authors understand that this study contributed with the existing theoretical framework in as much as it demonstrates

that brand name theoretical assumptions have not been confirmed in the case of luxury brand names. Therefore, this is an issue that future studies may explore.

In as much as contributing with marketing managers is concerned, the study confirms the strength luxury brand names have irrespective of the country where its products are manufactured. On the other hand, recommendations include managers use the country of origin effect when developing and managing non-luxury brand names. It is quite probable that if the strategy of anchoring the brand name with the product's manufacturing at a country that is well reputed for its manufacturing capabilities is adequately employed, more positive assessments will be gathered for both products and brand names.

Another matter that pertains to managers is the use of country effect strategies in product projects or quality references. For instance: even if a product's manufacturing process is conducted at a country that is poorly reputed for its quality in production activities, managers may resort to seals or statements such as "designed in" or even "Made in <country of manufacture> under the quality monitoring of <country of high manufacturing reputation >". However, future study tests may or shall confirm this suggestion.

It is important to emphasize that the study is a momentarily picture representing a perception of a specific segment. Furthermore, as Aiello et al. (2009) indicated, young people tend to be more interested in brand names and their nationality. Therefore, another suggestion for future investigation comprises understanding differences based on respondent age range.

Longitudinally cut new studies may change new research outcomes. They may reveal a perception of a larger number of segments over a given period. Longitudinal studies would enable given segments' endorsement effect and country of origin effect luxury brand name advertisements' perception monitoring, across assorted periods.

This study does not intend to fully comprise and exhaust the subject matter particularly since this is the role of academic investigations. It does however intend to instigate other researchers to the effect of pondering the fact that not all existing literature on brand names can be applied to those of the luxury segment. Hope rests in having addressed this intent.

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## **EFEITO PAÍS DE ORIGEM NA AVALIAÇÃO DE MARCAS DE LUXO: UM ESTUDO EXPERIMENTAL**

**Resumo:** Este estudo investiga o efeito país de origem na avaliação de marcas de luxo, teoria sobre o estereótipo formado na mente do consumidor a partir de imagem negativa ou positiva do país de origem de produção de um bem, influenciando a avaliação da marca. Metodologicamente, foi realizado experimento com estímulos publicitários em três situações: primeiro, com país de origem negativo (com imagem estereotipada pela má qualidade de manufatura); o segundo, com efeito país de origem positivo (conhecido pela boa qualidade em manufatura); e um terceiro estímulo, sem mencionar o país de origem. Foram coletados dados por meio de questionário impresso, respondido por amostra de 330 pessoas. Os resultados indicam que estímulos com efeito país de origem positivo em nada influenciam a avaliação de marcas de luxo, mas influenciam positivamente as de não luxo. O efeito país de origem negativo afeta as marcas de luxo e não luxo, porém com maior efeito sobre as últimas. No estímulo em que não foi mencionado o país de origem, a avaliação da marca de luxo pouco foi afetada, mas elevou a avaliação de marcas de não luxo em comparação aos resultados do estímulo com efeito país de origem negativo.

**Palavras-Chave:** Estratégias de marketing; Marcas de luxo; Efeito país de origem

*Submitted on: 03/31/2014*

*Accepted for publication on: 08/06/2014*