Country of Origin Effect in International Business
Strategic and Consumer Perspectives

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Introduction
The Country-of-Origin (COO),
Country-of-Origin (COO) Dimensions, and
Country-of-Origin Effect (COE) – General
Overview and Theoretical Approaches

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Introduction


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Introduction

Various tendencies in the global economy, such as intensifying internationalization of firms, ever-expanding international sourcing resulting in a growing number of hybrid products, and mergers and acquisitions (M&As) of foreign firms and brands, raise the question of whether place-of-origin, and especially national origin (country-of-origin – COO), country-of-origin image (COI), and country-of-origin effect (COE) still matter in contemporary international business (IB). Although some authors state that it is becoming less relevant (Andéhn, L’espoir Decosta, 2018, p. 889), in literature there is rather a consensus that it matters (De Nisco, Oduro, 2020), especially as new concepts related to it are emerging, e.g., country-of-origin ecological image (CEI) (Dekhili, Crouch, Moussawel, 2021), and all of these are evolving. Considering new, emerging dimensions of COO, the main focus should be on the country-of-operation (COOP) (Lee, Oh, Shu, 2017). Especially in the context of Russia’s aggression in Ukraine, its importance is evidenced by the actions of companies withdrawing from the Russian market out of concern for their image, which is due to the broad consumers’ reaction and their boycott of those entities and brands that have not decided to take this step (CELI, 2023).

The issue of COO and related concepts is not just a recent development, as even in ancient times it was observed that with reference to silk, for example, China had positive renown as a manufacturer, and especially silk originating from there was desired worldwide (Silk Road, 2023), and a need for assigning products to certain origins in a broad sense was common. Since the 1960s, COO, COI, and COE have been considered among the most important issues in IB, especially in international marketing and branding (Usunier, 2006). Initially, they were understood narrowly as one-dimensional constructs and identified with the “made-in” label and country-of-manufacturing (COM) only (Schooler, Sunoo, 1969; Nagashima, 1970). However, for many years they have been recognized as multi-dimensional constructs including various dimensions, such as country-of-assembly (COA), country-of-parts (COP), country-of-brand-origin (COBO), and country-of-corporate-origin/country-of-corporate-ownership (COCO), with Bilkey and Nes (1982) as one of the pioneers in advocating such a multi-dimensional approach.
This introductory chapter presents an overview of the streams of research on the national origin of companies/products/brands, as well as on the concept of COO and its dimensions, COI, COE, and related terms and concepts, such as “LOO”, the “made-in” label, and GIs. Moreover, various perspectives that can be adopted when considering this occurrence are discussed too.

Referring to the presented overview of the key research streams, terms, and theoretical concepts, this chapter summarizes the key areas of interest of the authors that they discuss in particular chapters, using an interdisciplinary approach, as well as the structure of the monography.

**Country of Origin – Research Streams, and Related Terms, and Concepts**

The issue of the national origin of enterprises, products, and brands has been one of the key facets in literature on international economics, including international trade, IB, international management (IM), marketing and branding, and international tourism, as well as in publications on the law, including customs law and intellectual property protection (Dobrucalı, 2019; Magnusson, Westjohn, 2011; Polański, 2018; Felbermayr, Teti, Yalcinc, 2019).

Research on the national origin of companies/products/brands covers a number of streams, including:

1. The origin of goods from a specific country/economic grouping (economic nationality of goods) as a factor determining the measures and instruments of trade policy applied to a given product, especially customs duties and restrictions, and the related rules of origin (ROO), as well as the rules for documenting the origin of goods (e.g., binding origin information) (Cadot, Estavadeoral, Eisenmann, Verdier, 2006; García-Santana, Puccio, Venturini, 2018; Felbermayr et al., 2019);
2. The role and importance of the COI as a country-specific advantage (CSA) (Agrawal, Kamakura, 1999; Majid, 2017), considered from the perspective of (1) an outsider (external) (Zeugner-Roth, Bartsch, 2020); and (2) an insider (internal – national stakeholders) (Suter, Munjal, Borini, Floriani, 2021);
3. The process and tools of COI creation (Miyamoto, Shimizu, Hayashi, Cheah, 2023; Zeugner-Roth, Zabkar, 2015), as well as COI and COE management at different levels, also through public-private cooperation (Ryan, 2008; Suter, Borini, Coelho, de Oliveira, Machado, 2020);
4. LOO (Bartlett, Ghoshal, 2000), i.e., disadvantages that emerge as a consequence of the national origin of a company in host countries that can impact a firm’s performance, for example, through organizational imprinting, organizational identity, image, capability development, and resource scarcity (Ramachandran, Pant, 2010), as well as the impact of the country perceptions associated with levels of legitimacy (Bell, Moore, Al-Shammari, 2008), and the influence of COO on the acceptance of foreign subsidiaries in host countries and the ways of overcoming it (Moeller, Harvey, Griffith, Richey, 2013);
The role of the “national bias” in evaluating companies, products, services, and brands based on their place-of-origin (country, region, city, continent) (Tavoletti, Stephens, Taras, Dong, 2022), and taking into account contexts such as consumer behaviour (Andéhn, Nordin, Nilsson, 2016; Cheah, Zainol, Phaua, 2016), including the COE antecedents and moderators, e.g., consumer materialism or ethnocentrism, socio-demographic profile (Motsi, Park, 2020; Witek-Hajduk, Grudecka, 2021), and industrial marketing and purchase decisions (Wang, Zhou, Mouc, Zhao, 2014; Dobrucalı, 2019), corporate policy and performance (Noorderhaven, Harzing, 2003; Elango, Sethi, 2007), including the COE in MNEs’ global staffing/HRM practices (Pudelko, Harzing, 2007; Lee, Yoshikawa, Harzing, 2022), travel/tourism (Lindblom, Lindblom, Lehtonen, Wechtler, 2018) – whose perspective is linked to the concepts of COO, its dimensions, COI, and COE;

The usage of indications referring to the place-of-origin, such as indications of origin (indications of source), denominations of origin/appellations of origin, designations of origin, and GIs, as well as economic justification, benefits, and obstacles to their use from the perspective of enterprises, buyers, and the economy at the local, regional, national, and international level (Hajdukiewicz, 2020; Goudis, Skuras, 2021);

The approaches to incorporating references to the place-of-origin, especially to the COO/its dimensions, in the foreign expansion of companies from both developed and emerging/developing countries (Herstein, Berger, Jaffe, 2014; Witek-Hajduk, Grudecka, 2021);

The country/region/city/continent-of-origin marketing/branding aimed at communicating the positive COI vs. overcoming a negative origin effect/neutralization of a negative COI (Aichner, 2014; Witek-Hajduk, Grudecka, 2023), and the issue of rebranding in the response, e.g., to the (negative) COE (Guercini, Ranfagni, 2012), as well as semiotic/anthropological aspects of COO marketing/branding communication, especially in the form of advertising, using, for instance, language elements or national colours or symbols to create associations related to the particular COO (Brijs, Bloemer, Kasper, 2011), considering also consumer behaviour with reference to the above (Carnevale, Luna, Lerman, 2017);

Legal aspects of the use of various indications referring to the place-of-origin, such as the COO (“made-in” label), indications of origin (or source), denominations of origin, designations of origin, appellations of origin, and GIs, as well as other ways of referring to the place-of-origin, especially to the COO (Charlier, Ngo, 2007; Polański, 2018); considering also potential challenges and related pitfalls (Wolfgang, Ovie, 2008; Fabio, 2020);

Relationships between COO and corporate social responsibility (CSR) and sustainability, with a special focus on comparison of activities undertaken by companies from developed vs. emerging markets (Orudzheva, Gaffney, 2018; Tran, Paparoidamis, 2020), and consumers’ perceptions with reference to the above, including the country’s ecological image (Dekhili et al., 2021).
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Thus, research on national origin has been conducted from various perspectives, including the perspective of the institutional environment (Moeller et al., 2013; Polański, 2018; Dobrucali, 2019), as well as the perspective of companies (strategic/management) (Herstein et al., 2014; Witek-Hajduk, Grudecka, 2023), and customers, including the consumer perspective (Tran, Paparoidamis, 2020), and refers to various countries, both developed and emerging/developing ones, and companies/consumers originating from these markets (Chen, Su, 2012; De Nisco, Oduro, 2020).

Moreover, in research on national origin, different, although related, terms/concepts, and constructs are applied, such as COO and COO dimensions, COI, nation equity, and COE, LOO/liability-of-country-of-origin, CEI, and indications of origin (indications of source) (e.g., “made-in”), denominations of origin/appellations of origin, designations of origin, and GI.

From the perspective of international trade, the origin of goods from a specific country or economic grouping (economic nationality of goods) is treated as a key factor determining the measures and instruments of commercial policy, especially customs duties and restrictions, applied to a given product. The general rule in foreign trade and international trade policy of countries and groupings is that the origin of goods is not defined as the country from which the goods were shipped. The “national source” (COO) of an imported product is specified based on the ROO covering the laws, regulations, and procedures, as well as the criteria applied. ROO include both the preferential and non-preferential ROO that determine whether goods qualify as originating from certain countries for which special arrangements/agreements apply based on which goods are eligible to be imported with lower duty rates or at zero rate. For instance, according to the regulations in the European Union (EU) (EU, 2013), the general rule is that if a product is wholly obtained in a given country or territory, it is considered to originate from that country or territory, while goods whose production involves more than one country or more than one territory are considered to originate from the country or territory in which the goods underwent the last significant, economically justified processing or treatment, in an enterprise adapted for this purpose, which resulted in the manufacture of a new product or constituted a significant stage of manufacturing.

Since the 1960s, starting with the articles of Dichter (1962), Schooler (1965), and Schooler and Sunoo (1969), the COO concept has been the most widely studied concept in IB literature, especially in IM and consumer behaviour publications (e.g., Peterson, Jolibert, 1995; Aichner, 2014; Andéhn, L’esper Decosta, 2018; Dobrucali, 2019), as well as one of the most often researched phenomena affecting the assessment of products and brands (Kumara, Canhua, 2010). Dichter (1962, p. 162) was one of the first to underline the significant influence of COO on the acceptance of products, and Schooler (1965) was the first to confirm the occurrence of the COE, taking into account the “made-in” label as the only criterion for product evaluation, while Schooler and Sunoo (1969) were the first to research consumer perception of products from the perspective of the “made-in” label.

In early papers, the term “country-of-origin” was understood as one-dimensional, identified with the “made-in” label (Schooler, Sunoo, 1969), and linked
Introduction: Country-of-Origin – General Overview and Theories

Numerous changes in the global economy in recent decades, including the location of production in overseas markets, the commissioning of the manufacture of products and components/parts to foreign partners, and the development of international trade, as a result of which more than one country is usually involved in the production of many products, make it more and more difficult to identify the COO of a given product definitively (Tjiptono, Tiana, Andrianombonana, 2016).

Therefore, many scholars, including Chao (1993), who was one of the first, criticized the original understanding of COO as only the country in which a product is manufactured (“made in”), suggesting that it should be conceptualized as a multi-dimensional construct, taking into account the various constituent dimensions. Moreover, some researchers, such as Jaffe and Nebenzahl (2006, p. 29), postulate defining COO from the perspective of the origin perceived by consumers as “the country with which the consumer associates certain products/brands as their source, regardless of where the product is actually produced”.

Table 0.1 shows the COO dimensions identified in literature and their definitions, according to the chosen pioneers or their initial followers.

As presented in Table 0.1, the researchers state the COO dimensions, including the following: COM, COP, COCO, country-of-design (COD), COA, country-of-brand (COB), COBO, culture-of-brand (CuOBO), country-of-association (COAS), country-of-service-origin (COSO), COOP, country-of-person (COPS), country-of-technology/innovation-origin (COTO), country-of-technical-culture (COTC), country-of-service-network-location (COSNL), country-of-organizational-culture-origin (COOCO), country-of-brand-launching (COBL).

Among the key dimensions of the COO identified by researchers are those related to the origin of the brand, i.e., COBO, COB, and CuOBO. The COBO construct was postulated first by Thakor and Kohli (1996) and defined as the place, region, and country where the brand, according to customers, comes from, “to which the brand is perceived to belong”. In turn, Lim and O’Cass (2001) focus on the “cultural dimensions” of the brand origin and operationalize this construct using two components: (1) the original culture behind the brand and (2) ethnocentrism. Researchers emphasize that consumers more easily recognize the cultural origin of brands than COO of a product in the traditional sense (Lim O’Cass, 2001).

Moreover, some scholars (e.g., Papadopoulos, Heslop, 1993) criticize the COO construct as too “narrow and misleading” assuming a single place-of-origin of a product, and suggest applying a COI construct, taking into account the multidimensional nature of products and brands and the multiplicity of places involved in manufacturing. Roth and Diamantopoulos (2009) identify the following constructs relating to COI: (1) country image (COI), understood as a set of affective and cognitive associations related to a given country, which influences the general customer’s perception of products from a given country and is shaped based on the perception of production/marketing strengths and weaknesses (Roth, Romeo, 1992); (2) product-country image (PCI), understood as an image attributed to various places (countries/regions) with which customers and suppliers can associate a product (Papadopoulos, Heslop, 1993); (3) country-related product image, interpreted
<table>
<thead>
<tr>
<th>COO/COO dimensions</th>
<th>Definition</th>
<th>Sources</th>
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</thead>
<tbody>
<tr>
<td>Country-of-manufacturing (COM)</td>
<td>The country which appears on the “made-in” label is the country where a product is manufactured</td>
<td>Johansson (1989); Ulgado, Lee (1993)</td>
</tr>
<tr>
<td>Country-of-parts/key components (COP)</td>
<td>The COO of the key components of the product the COO of some or all parts of the product</td>
<td>Han, Terpstra (1988); Chao (1993); Tse, Lee (1993)</td>
</tr>
<tr>
<td>Country-of-corporate-origin/ Country-of-corporate-ownership (COCO)</td>
<td>The country where the headquarters of a company selling the product or brand are located is the home country of the parent company, regardless of the current place of manufacturing of the product</td>
<td>Ozsomer, Cavusgil (1991); Thakor, Lavack (2003)</td>
</tr>
<tr>
<td>Country-of-design (COD)</td>
<td>The country where a given part or product is designed</td>
<td>Chao (1993)</td>
</tr>
<tr>
<td>Country-of-assembly (COA)</td>
<td>The country where the product is assembled</td>
<td>Chao (1993); Tse, Lee (1993)</td>
</tr>
<tr>
<td>Country-of-brand-origin (COBO)</td>
<td>The country to which the brand is attributed by the target consumers</td>
<td>Takor, Kohli (1996); Iyer, Kalita (1997)</td>
</tr>
<tr>
<td>Culture-of-brand (CuBO)</td>
<td>The culture to which a brand is attributed by the target consumers</td>
<td>Lim, O’Cass (2001)</td>
</tr>
<tr>
<td>Country-of-association (COAS)</td>
<td>The country that consumers associate with a given product or brand, regardless of the actual “made-in” location</td>
<td>Nebenzahl, Jaffe (1997)</td>
</tr>
<tr>
<td>Country-of-service-origin (COSO)</td>
<td>The country in which the service provider is physically located</td>
<td>Thelen, Honeycutt Jr, Murphy (2010)</td>
</tr>
<tr>
<td>Country-of-operation (COOP)</td>
<td>The country in which a company operates</td>
<td>Lee et al. (2017)</td>
</tr>
<tr>
<td>Country-of-person (COPS)</td>
<td>The country from which a service provider is from; where they were born or trained</td>
<td>Aruan, Crouch, Quester (2018)</td>
</tr>
<tr>
<td>Country-of-technology/innovation-origin (COTO)</td>
<td>The country from which technology or innovations originate from which production processes were transferred</td>
<td>Witek-Hajduk, Grudecka (2019)</td>
</tr>
<tr>
<td>Country-of-technical-culture (COTC)</td>
<td>The country from which the technical culture of production originates</td>
<td>Witek-Hajduk, Grudecka (2019)</td>
</tr>
<tr>
<td>Country-of-service-network-localization (COSNL)</td>
<td>The country where the repairs are made, including the warranty service, and where the spare parts are available</td>
<td>Witek-Hajduk, Grudecka (2019)</td>
</tr>
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(Continued)
Table 0.1 (Continued)

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<tr>
<th>COO/COO dimensions</th>
<th>Definition</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country-of-organizational-culture-origin (COOCO)</td>
<td>The country from which the organizational culture of a given company originates</td>
<td>Witek-Hajduk, Grudecka (2019)</td>
</tr>
<tr>
<td>Country-of-brand-launching (COBL)</td>
<td>The country perceived as the first one in which the brand was sold</td>
<td>Witek-Hajduk, Grudecka (2019)</td>
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<tr>
<td>Country-of-processing (COPR)</td>
<td>The country where raw materials are processed</td>
<td>Aizaki, Sato (2020)</td>
</tr>
<tr>
<td>Country-of-growing (COG)</td>
<td>For food products – the country where raw materials grow</td>
<td>Aizaki, Sato (2020)</td>
</tr>
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</table>

Source: Own elaboration.

as customers’ opinions on the perceived quality of goods and services manufactured in different countries (Nes, Bilkey, 1993). To measure COI, researchers apply scales including various dimensions of COI (Martin, Eroglu, 1993), such as: (1) political dimension, including: democratic vs. dictatorial system, capitalist vs. communist system, civilian vs. military, pro-western vs. pro-communist, and free market vs. centrally planned system; (2) economic dimension: standard of living, stability of the economic environment, quality of products, existence of a welfare system, and level of labour costs; (3) technological dimension: industrialization, level of technological research, level of literacy, and mass production compared to hand-made products. Askegaard and Ger (1998) develop the construct of PCI in the direction of the contextualized approach, i.e., the contextualized product-place image (CPPI). They consider the variety of connotations and stereotypes that should be considered when formulating images associated with particular products and places, taking into account the cultural context. They assume that all of this should be perceived from the perspective of the relationship between the imagery of the local market and, e.g., consumption patterns. This means that the impact of images of products and places-of-origin is context-specific and is determined by factors such as customers’ motivations, their symbolic values, etc.

An important concept related to COO is also the COE, whose precursors were Nebenzahl and Jaffe (1997). COE is identified with the impact of the image of a given country or region on the perception and assessment by buyers of products or brands originating from it (Andéhn, L’espoir Decosta; 2018; De Nisco, Oduro, 2021). This may translate into the purchasing behaviour of buyers. The occurrence of COE is strongly related to overt, declared, or implicit attitudes towards a given country and its inhabitants because stereotypes about a given country affect its image, which translates into the perception of brands and products from that country (Verlegh, Steenkamp, 1999) and attitudes towards firms, products, or brands originating in that country (Andéhn et al., 2016).

The concepts of COO/COE are also related to the concept of LOO/liability of country-of-origin (LOR), which refers to disadvantages faced by companies in the
host foreign countries due to their national origins (Ramachandran, Pant, 2010), as COO can become for a company either a source of advantages or liabilities (Møller et al., 2013).

In turn, Maheswaran and Chen (2006) introduce the concept of nation equity, incorporating COE and integrating different facets of country perceptions by consumers. The concept of nation equity is that each country, similar to brands, has equity, and this follows not only from the COE created based, for instance, on a country’s performance components (resulting predominantly in its reputation based on its products’ quality, i.e., product-related COE) but also from consumers’ incidental emotions and appraisals associated with these emotions with reference to a given country. Such incidental emotions within a more general mood can impact, for example, the influence of message persuasion or consumers’ evaluations of products originating from a given country (Maheswaran, Chen, 2006; Chen, Maheswaran, Wei, Saxeba, 2015).

Moreover, a number of terms referring to the product origin associated with a specific geographical area are also related to the issue of national origin, such as indications of origin/indications of source, denominations of origin/appellations of origin, designations of origin, and GIs (Charlier, Ngo, 2007; Moschini, Menapace, Pick, 2008). According to Hajdukiewicz (2020), indications of origin refer to the country or place in a given country as the place of the geographical origin of a product and not necessarily the origin of a company that manufactures the product (e.g., labels such as “made in”, but also terms such as Brazilian coffee, Indian tea, Swiss cheese, etc.). These indications constitute the broadest and most general category of indications of the geographical origin of goods from a particular country or region, but they are not GIs.

In turn, according to the Agreement on Trade-Related Aspects of Intellectual Property Rights of the World Trade Organization (TRIPS, 1994), GIs are defined as “indications which identify a good as originating in the territory of a Member (of the World Trade Organization) or a region or locality in that territory, where a given quality, reputation, or other characteristic of the good is essentially attributable to its geographical origin”. This document also defines general standards for the protection of GIs for all types of products, including agri-food products. Products with a protected geographical indication (PGI) are produced, processed, or prepared in the geographical area from which they take their name and have a particular quality, reputation, or other feature attributable to the geographical origin concerned.

In turn, denomination of origin (also known as appellation of origin) is a subtype of GI. According to the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration of 1958 (Lisbon Agreement, 1958), as amended, appellation of origin is “the geographical denomination of a country, region, or locality, which serves to designate a product originating therein, the quality or characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors” (e.g., Prosciutto di Parma – a name of ham produced in the province of Parma, the Emilia-Romagna region in Italy and using exclusively pigs from that area, wherein each step of production is monitored and controlled by the Istituto Parma Qualità, which qualifies the ham as
Parma ham) (PdO, 1992). Products bearing an appellation of origin label owe their quality and characteristics to the environment of the geographical area, including its natural and human factors, such as climate, soil, topography, local know-how, traditional production methods, etc. Both appellations of origin and GIs require a qualitative link between the product they identify and its place-of-origin and inform customers about a product’s geographical origin and a product’s quality/characteristics related to this place-of-origin.

Thus, there are two types of GIs: (1) a simple one, which conveys only simple, qualitatively neutral information about the origin of goods from a specific geographical area and does not refer to the reputation of goods or their specific quality characteristics related to the geographical origin (e.g., Brazilian coffee, Indian tea); and (2) a qualified GI, for which there must be a genuine link between the geographical origin of the goods and their reputation, quality, or other characteristics (e.g., Prosciutto di Parma, Gruyère, Roquefort). In addition, GIs are divided into: (1) direct indications, which include geographical names, e.g., names of towns, regions, countries, etc., which directly state the place-of-origin of the goods (e.g., German sausages from the state of Thuringia – Thüringer Rostbratwurst, Polish buns, originating from the area of Lublin, made of yeast dough with onion – Cebularz lubelski, French wines from northern France – Champagne or British whisky, i.e. Scotch whisky); and (2) indirect indications, which do not directly state a specific geographical origin, but contain elements enabling specific goods to be associated with a specific geographical place (e.g., Greek cheese made of a particular combination of milk types – Feta, Polish croissants made of half puff pastry with white poppy inside, prepared in Poznań to celebrate Saint Martin’s Day – Rogal świętomarciński).

A protected designation of origin (PDO) is a type of GI in the EU and the United Kingdom aimed at preserving the designations of origin of food-related products and to designate products that have been produced, processed, and developed in a specific geographical area, using the recognized know-how of local producers and ingredients from a given region, from which they take their name. In turn, traditional specialties guaranteed (TSG) are products manufactured from traditional raw materials or which feature a traditional composition or method of production/processing, with a specific characteristic which differentiates them from other agri-food products in the same category (Hajdukiewicz, 2020).

Country-of-Origin – The Theoretical Frameworks

The COO, COI, and COE, as well as the related concepts, have been researched in reference to various theoretical frameworks, such as means-end theory, signalling theory, information processing theory, information integration theory, the brand-origin-recognition-accuracy (BORA) concept, country halo effect, summary construct effect, product attribute effect, default heuristic effect, schema congruity theory, institutional and legitimacy theory, and semiotic theory.

A means-end theory is applied in the research on COE (Reynolds, 2001; Adina, Gabriela, Roxana-Denisa, 2015; Olson, Xiao, Guo, D’Ambra, 2017). According to this theory, consumers evaluate products/brands by linking their attributes to the
perceived consequences in a hierarchical way, and a hierarchical consumers’ decision-making model consists of three interconnected levels (Olson, Reynolds, 2001; Dibley, Baker, 2001): (1) a product’s/brand’s attributes (features and properties); (2) consequences of use (effects of a product’s/brand’s use); and (3) personal values. Thus, COE is shaped based on the following mechanisms: (a) cognitive – COO is a cue referring to the experience of a given country in the production of specific product categories, which affects perceptions of functional attributes; (b) affective – the COO’s symbolic/emotional values may have led to affinity oranimosity towards products/brands; and (c) normative (social/personal) variables that affect the overall perceptions of products/brands originating from a given country and consumers’ willingness to buy them (Adina et al., 2015; Xiao et al., 2017; Motsi, Park, 2020). Han (2020) states also that consumers may formulate new knowledge by applying inferential thinking instead of referring to their actual experiences, and some associations may be automatically and unintentionally activated. Rashid (2017) suggests that depending on the product parameters considered by consumers together with the COO cues, a product’s evaluation follows either cognitive, affective, or normative processing. He explains that even an affective reaction may occur without any cognition, and a consumer’s judgement made on this basis may be more confident. This is because these mechanisms are partially independent and impact each other, and consumer decisions also depend on what type of information is accessible when making evaluations.

A signalling theory is applied to describe behaviour when two parties (organizations or individuals) have access to different information. This concept is based on the prerequisite that an individual is rational and risk-averse, and thus both the sender (e.g., the company) and the receiver (e.g., the customer) of signals have an interest in reducing information asymmetry. Therefore, the COO cue applied by a firm (e.g., “made-in” label, a foreign-brand-name, GI) may be treated as a signal aimed at reducing customer uncertainty about the quality of a product, while the customer, as the receiver of this signal, makes the cognitive effort to interpret it to limit risk (Kirmani, Rao, 2000; Erdem, Swait, Valenzuela, 2006). Thus, according to the signalling theory, a company may reduce the noise caused by the negative COI and increase the effectiveness of its marketing/branding by using various signals in the form of the COO cues associated with a country enjoying a positive image (Magnusson, Haas, Zhao, 2008).

An information processing theory explains how information is encoded into memory and is based on the idea that individuals do not merely respond to stimuli from the environment but rather process the received information, i.e., they perceive, analyze, use, and remember, and do not “just respond” to the signal (Bloemer, Brijs, Kasper, 2009; Siahtiri, Lee, 2019; Motsi, Park, 2020; Oh, Lee, Lee, 2021). Thus, according to this theory, information referring to COO (e.g., a “made-in” label, a foreign-brand-name, GI) serves as an extrinsic cue in consumers’ information processing (Han, 2016).

Somehow similar to the above is the information integration theory proposed by Anderson (1971), assuming that customers integrate information from various sources to formulate attitudes and make an overall judgement. First, they evaluate
them, then integrate them, e.g., with their subjective values, and finally – respond to them, i.e., act. Moreover, they assign weights and values to each piece of information. This approach is also adopted as a theoretical framework for various studies on COO (Lang, Crown, 1993; Chu, Chang, Chen, Wang, 2010).

The BORA concept (Samiee, Shimp, Sharma, 2005) refers to the knowledge that potential consumers store in their minds and can use when assessing and making decisions about brands and products and serves to explain the influence of brand names, especially foreign branding, on consumer behaviour. Samiee, Shimp and Sharma (2005) define BORA as the consumer’s ability to correctly identify the COO. In contrast to many authors assuming that consumers are aware of the origin of brands, which affects their assessment of product quality, attitudes towards a brand, and purchase intentions, the authors listed above assume that consumers have little knowledge about the COO and that consumers’ ability to recognize the COO is based mainly on associating the brand name with a language suggesting its origin. Thus, according to the BORA concept, by choosing a specific brand name or logo (characteristic colours, symbols), a company can suggest a specific COO to consumers, although, according to Usunier (2011), linguistic suggestions related to the choice of a brand name can lead to both correct and incorrect categorization of brands by consumers due to their national origin, which is influenced, among other things, by the brand dominance, name of a company, and its products, as well as specific features of a given language.

The influence of the COO on consumer behaviour is reflected in the form of a country’s halo effect, a summary construct effect, a product-attribute effect, and a default heuristic effect (Han, 2020). The country’s “halo effect”, first described and named by Johansson, Douglas and Nonaka (1985), refers to consumers who are not familiar with products/brands originating from a given country. Therefore, the image of this country acts as a “halo”, directly affecting their attitudes towards the product/brand and, eventually, indirectly influencing the overall evaluation of products or brands from that country that the consumer comes across in the future (Bloemer et al., 2009). Zbib, Ghadder, Samarji and Wahbi (2021) note that consumers have access to various types of information, so the decisions they reach may depend on mental shortcuts resulting in perceptual distortions such as stereotypes and the halo effect.

In turn, the summary construct effect occurs when consumers are already familiar with products/brands originating from a specific country and they draw conclusions regarding COO based on their knowledge of all products originating from that country. Thus, a consumer’s knowledge or perception (sum of previous impressions) of products/brands originating from a specific country indirectly influences attitudes towards other products/brands from that country and simplifies the evaluation of these products (Johansson, Douglas, Nonanka, 1985; Han, 1989; Hong, Wyer, 1989; Ahmed, Johnson, Yang, Fatt, Teng, Boon, 2004). It is also a shortcut to making a purchase decision (Johansson, 1989). Thus, the summary construct, which allows consumers to directly evaluate a given product without verifying additional information, can positively enhance the overall COI (Park, Park, Dubinsky, 2011).
In turn, according to the product-attribute effect first described by Hong and Wyer (1989) and confirmed also by the results of the research conducted, e.g., by Li and Wyer (1994) and Hadjimarcou and Hu (1999), the COO of a product/brand arouses a consumer’s interest in its quality and thus contributes to the inclusion of additional attributes in the decision-making process.

The default heuristic effect is considered a middle-ground approach between the halo effect and the summary effect, as it combines elements of both the halo and summary construct effects (Bloemer et al., 2009). According to this concept, information about a product’s/brand’s COO is processed during decision-making together with additional information about a given product/brand, and this results in an interactive and interconnected effect on the product evaluation by the consumer. Thus, various COO cues mutually effect their interpretation (Manrai, Manrai, Lascu, Ryans Jr., 1998).

A schema congruity theory is applied in research on a country’s information influence on the evaluation of products and brands (Allman, Fenik, Hewett, Morgan, 2016; Cheah et al., 2016). According to this concept, congruity is a state between at least two objects that have equally valenced evaluations, and thus – within such a schema, it is easy for a consumer to process information as it does not require huge cognitive effort. Such a situation occurs if, for instance, the images (positive) of the COBO and COM correspond to each other (Carvalho, Samu, Sivaramakrishnan, 2011). Otherwise, if incongruity emerges, consumers seek to resolve this, for example, by changing the existing schema and mental assumptions, etc. If this is not possible or too demanding, it leads to negative evaluations, e.g., of a brand originating from a particular country with a positive image being manufactured in a poorly perceived one, as consumers cannot understand why a “strong brand” is manufactured in a “weak country”. With reference to the above, the COO is a form of stereotype that simplifies information processing, contributes to reducing consumer risk aversion, and thus supports the purchase decision (Carvalho et al., 2011; Cheah et al., 2016).

An institutional theory and legitimacy theory perspective are also applied in studies on COO (Wang et al., 2014; Lin, Huang, Lin, Chuang, 2019). According to institutional theory, institutional norms, governmental policies, and resources applied in order to secure them play an important role, such as in the shaping of norms and bounds in a society and business ethics (Einwiller, Ruppel, Schnauber, 2016). Thus, consumers’ perception of a given country’s legal institutions (those formal and informal ones) and activities undertaken by them affect both the COE (Einwiller et al., 2015) and COI (Lin et al., 2019), resulting further, for instance, in preferences towards companies, products, or brands originating from particular countries. In turn, the key assumption of the legitimacy theory is that a company acts in a desired and proper manner to meet social norms, values, and beliefs and thus accounts for stakeholders’ interests as well (Schiopoiu Burlea, Popa, 2013). Therefore, COI results from consumers’ recognition and judgement of, e.g., a product’s legitimacy, considering the country it originates from (Wang et al., 2014).

Researchers (e.g., Askegaard, Ger, 1998) also refer to stereotypes and semiotic theory, drawing on the earlier insights of Papadopoulos and Heslop (1993) on the
impact of stereotypes on product and country perception by consumers. With reference to stereotyping, the theory identifies them as shortcuts simplifying interactions with a complex environment because there are pre-existing mental representations, which are not free, however, from cognitive memory biases. In turn, semiotic theory explains how meanings are created, communicated, and transferred into one’s behaviour, also with reference to PCIs (Askegaard, Ger, 1998). Therefore, it is useful to understand how these stereotypes are created (Brijs et al., 2011). As Lotz and Hu (2001) note, sourcing also from the social stereotype theory, negative COO beliefs (stereotypes) can be minimalized or eliminated by exposing consumers to disconfirming product information, as they have the potential to change beliefs.

The Aim and Structure of this Monograph

This monograph aims at pointing out various aspects of COO/its dimensions, and COE that remain significant challenges for both consumers and companies and brands, not only from emerging and developing countries but also from developed ones. This monograph presents COO and its dimensions as complex phenomena and challenges in IB, with an interdisciplinary nature influencing both companies’ strategies and consumer behaviour (COE). Its purpose is to collect significant contributions to both the theory and practice of IB, marketing, and branding in terms of COO/its dimensions and COE, taking an interdisciplinary approach (including economic, marketing, legal, and semiotic/anthropological aspects) from both the strategic (management) and consumer perspectives. This monograph is intended to contribute to the ongoing discussion on the role of the COO/its dimensions in contemporary and increasingly globalized and complex IB. The novelty lies also in considering the perspectives of consumers and firms from both emerging/developing countries and developed ones.

This monograph consists of three parts and 12 chapters, including the introductory chapter, which presents an overview of the COO concept and theoretical approaches, as well as key research streams related to the issue of COO.

The first part of this monograph is devoted to COO in IB from a strategic perspective. It starts with a discussion on the key challenges related to COO with reference to IB, taking the strategic perspective of companies from both emerging/developing markets and developed countries. Next, the issue of managing COE through public-private cooperation is discussed, followed by the approaches to the COO issues from the relatively novel perspective of corporate responsibility and sustainability, and then – rebranding and COE, discussing predominantly the issue of rebranding in response to the challenges related to COE. Finally, the issue of semiotic persuasion, and more specifically, the communication of COO in advertising, is addressed in the first part.

The second part of this monograph considers the economic and legal perspectives of COO in IB. Firstly, the unique form of intellectual property, i.e., GIs, used not only to identify geographical origin but also, e.g., specific quality, is discussed, followed by a discussion on COO determination, one of the basic issues influencing the number of customs duties, including the issue of loopholes in customs regulations and related legal pitfalls. Next, normative imperfections putting the EU at a
disadvantage relative to its trading partners such as the United States are addressed, while also making reference to the Versace Law and Haute Couture.

The focus of the third part of this monograph is COE in IB from a consumer perspective. It starts with the impact of COO, its dimensions, and related concepts on consumer behaviour, considering those from emerging/developing markets and developed countries. Then, the impact of COO on Generation X,Y, and Z’s perceptions of luxury goods and their purchase intentions is addressed, followed by the impact of the COO and region-of-origin on consumers’ evaluation and valuation of food products, considering the moderating role of consumer ethnocentrism.

Thus, a distinguishing feature of this monograph is a multifaceted approach to COO/its dimensions and COE, including both consumer and strategic perspectives, as well as developed countries and emerging/developing markets. The strategies in response to these phenomena, including the ways of COO communication/neutralization, as well as some economic (GI’s benefits for exporters) and legal issues (pitfalls of COO determination, normative imperfections, Versace Law, and Haute Couture), and semiotic/anthropological aspects of COO communication in advertising, are analyzed. COE management through public-private cooperation, the context of corporate responsibility/sustainability, and links between rebranding and COE are also discussed. The impact of COO on consumer behaviour, including the evaluation and pricing of luxury goods and food products, and the role of consumer ethnocentrism, is also discussed.

This monograph takes a novel, interdisciplinary approach to the field, covering various aspects of COO, its implications for IB, further theoretical developments with regard to COO, and empirical evidence delivered by scholars representing different fields of science. This monograph is addressed predominantly to the academic community, i.e., academics, scholars, and upper-level students already dealing with, and those who are just becoming interested in, the discussed issues.

References


Introduction: Country-of-Origin – General Overview and Theories


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