Nation Equity: Incidental Emotions in Country-Of-Origin Effects

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Different from past research that focused on cognitive factors, this article examines the impact of incidental emotions and the cognitive appraisals associated with these emotions on country-of-origin effects. Experiment one examined the use of country-of-origin information under anger and sadness. Country-of-origin influenced evaluations only in the angry (vs. sad) condition where human (vs. situation) control was high. Experiment two replicated such finding by varying the agency control related to frustration. Based on these observations, this article suggests that like brands, countries also have equity associated with them termed “Nation Equity” that has both performance and emotional components.

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SESSION OVERVIEW

The objective of this session is to present multiple theoretical perspectives to examine the concept of brand equity. Extant research has mostly focused on individual brand equity, but relatively little is known about equity associated with variables that extend beyond the brand such as the country-of-origin or about multiple brand equities such as brand alliances. Recent research has identified the importance of going beyond individual brand equity. For example, with the decrease in trade barriers and increase of contemporary borderless consumption, there is a rising need to further understand the meaning and the impact of brand equity when consumers’ evaluations towards a brand go beyond the product perceptions and brand attributes, and are highly influenced by global brand equity. For example, the image of the country of origin will be closely linked with a brand in a global market and becomes an embedded component of brand equity. Similarly, recent research on brand alliances, where two brands combine to create a joint brand (e.g. brand alliances, co-branding and ingredient branding) with the intention of improving the joint brand equity, has shown that co-branded products are evaluated more favorably than single-branded products. However, the findings on the impact of co-branding on individual brands are not well understood. There is a need to better understand the effect of co-branding on constituent brands given the growing use of co-branding strategies. The proposed session builds on the brand equity literature, country of origin literature and co-branding literature by demonstrating the dynamic nature of brand equity and by introducing an important concept “Nation Equity” and examining its antecedents and consequences and investigating.

All three papers included in this session present completed empirical work. Each paper in the session examines a different facet of brand equity. In addition, each paper adopts and develops a different theoretical lens to study the concept. Specifically, the three papers examine 1) the multiple dimensions of brand (nation) equity of Thailand; (2) impact of incidental emotions on nation equity (3) the impact of co-branding on ingredient brand equity.

Nuttavuthisit’s paper explores the concept of a country’s brand equity (i.e. Thailand) and the way in which consumers around the world perceive the notion of Thai-ness via the essential qualities of Thai products and services. Focus group and in-depth interviews, together with an online survey, were conducted over a period of one year, resulting in the following four major descriptions of Thailand’s brand equity: Fun, Fulfilling, Friendly and Flexible. The proposed framework of Thai-ness demonstrates the dynamic of brand equity and moves beyond the previous concept that emphasises the consistency and reliability of brand equity.

Maheswaran and Chen’s paper focuses on the impact of incidental emotions and the cognitive appraisals associated with these emotions on country-of-origin effects. Two experiments examined the effects of a series of discrete emotions: anger, sadness, and frustration. Experiment one examined the use of country-of-origin information under two emotions, anger and sadness, that differ in their cognitive appraisal dimension, agency control. In the angry condition where human control was high, country-of-origin information influenced evaluations. Alternately, in the sad condition where situation control was high, country-of-origin did not have any effect on evaluations. Experiment two, uniquely identified the effects of agency control in the context of a different emotion, frustration. Country-of-origin influenced evaluations only when human (vs. situational) control was high. These findings suggest that like brands, countries also have equity associated with them, termed “Nation Equity” that go beyond product perceptions and may also have an emotional component. “Nation Equity” may be vulnerable to incidental emotions and agency attributions arising from events that are beyond the immediate purview of a company.

Maheswaran and Mathur focus on the impact of co-branding on the constituent brands. They investigate the case of ingredient branding, where an ingredient in the product is branded (e.g. Betty Crocker cake mix with Hershey’s Chocolate Chips, Dell with Intel processor). They find that the level of information processing impacts the evaluation of the ingredient brands. Under low motivation conditions that engender heuristic processing, ingredient brands are evaluated more (vs. less) favorably when they are co-branded with a more (vs. less) favorably evaluated host brand. Under conditions of high motivation that engenders systematic processing, ingredient brands are evaluated more (vs. less) favorably when they are co-branded with a less (vs. more) favorably evaluated host brand. In Study 2, they show that this effect holds for search attributes (vs. experience attributes). Their findings suggest that being associated to a favorably evaluated host brand may not always enhance ingredient brand equity. Taken together the three papers provide new insights into the impact of brand equity, nation equity and brand alliances on brand evaluations.
addition, past research show that motivational (e.g., involvement) or cognitive (i.e., capacity) factors moderate country-of-origin effects. For example, Gürhan-Canli and Maheswaran (2000b) demonstrate that the processing goal and the type of information would determine whether country-of-origin is utilised in evaluations. Yet, there is evidence suggesting that the emotions consumers feel may also influence the use of country-of-origin in product evaluations (e.g., Klein, Ettenson and Morris 1998).

To understand the impact of emotions on the country-of-origin effects, we build on the incidental emotion literature that examines the cognitive appraisal dimensions associated with these emotions (Lerner and Keltner 2000; Tiedens and Linton 2001). Previous research has demonstrated that the agency control dimension related to an incidental emotion influences the weight given to human factors (vs. situational factors) in a subsequent judgment (e.g., Keltner, Ellsworth and Edwards 1993). Thus, emotions varying on the dimension of agency control (human-control or situation-control) can influence the use of country-of-origin on evaluations differently. Specifically, if the emotion a consumer experiences makes one feel that someone else (human factors) should be responsible for the situation, the consumer is more likely to attribute product performance to the people who they think are responsible for manufacturing the product and thus, the country-of-origin effect should be stronger. Two experiments are conducted to examine this hypothesis by comparing three discrete incidental emotions.

In the first experiment, we examine anger and sadness, two emotions that differ in terms of agency attribution (Smith and Ellsworth 1985). People who feel angry feel strongly that other people can influence the situation or are responsible for the situation. Hence, angry people tend to blame someone else (human factors) for the negative consequences. In contrast, sad people tend to believe that the event is beyond human control and are more prone to attribute the negative consequences to the situational characteristics. Therefore, we expect that in the anger condition, participants should be influenced by country-of-origin information more and will evaluate a product more favorably when its country-of-origin information is favorable (vs. unfavorable). Whereas in the sad condition, country-of-origin information would not affect their evaluations.

Two hundred and ten participants received partial course credit and were run in small groupsessions. They learned that they would be participating in two unrelated studies. The first study manipulated emotion by asking the participants to write down an emotional experience. The second study featured a new digital camera (model SDM 1500) ostensibly manufactured either in Taiwan or in Japan. The participants subsequently read a report prepared by an independent agency that depicted the camera as being either superior or inferior to two leading brands. Then, the participants proceeded to complete the dependent measures that asked them to evaluate the digital camera. We found a significant emotion by country-of-origin interaction on the product evaluation. Consistent with our hypothesis, the evaluations were significantly higher when the country-of-origin was Japan (vs. Taiwan) for angry participants but did not differ for sad participants. In order to uniquely identify the agency control as the underlying cognitive appraisal dimension that explains the impact of incidental emotions on the country-of-origin effect, we use only one emotion in experiment two: frustration. Frustration is found to be in the middle of the agency control dimension and can be accompanied by either a high situational (impersonal) control or a high human control. One hundred and eighty-one participants were randomly assigned to conditions in a 2 (agency control: situation vs. human) x 2 (country-of-origin: Japan vs. Taiwan) x 2 (argument strength: strong vs. weak) between-subjects design. The experimental procedures and major dependent measures were identical to those in experiment one. Supportive of the findings of the experiment one, experiment two again revealed a significant control by country-of-origin interaction. Consistent with our hypothesis, human agency participants evaluated the target product more favorably when the country-of-origin was Japan (vs. Taiwan). However, country-of-origin did not influence the evaluations of the situational agency participants.

This research extends current literature on the country-of-origin effects and also enriches our understanding about the cognitive appraisal dimensions associated with incidental emotions. Our findings also suggest that like brands, countries also have equity associated with them, termed “Nation Equity”. Nation equity can go beyond product perceptions and may have both a performance and an emotional component. More important, we show that incidental emotions that are unrelated to the product performance may lead to a focus on the nation where the product originated. This implies that “Nation Equity” may be vulnerable to incidental emotions and agency attributions arising from events that are beyond the immediate purview of a company.

THE DYNAMIC OF BRAND EQUITY
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In a world of borderless production and consumption, the role of branding has become more essential with competition between products and services from different places. The branding concept is applied to many things, ranging from businesses to places, people, and even nations. Country branding may refer to the identification of competitive positioning, or to a promise to deliver a specific set of benefits and values to the global market. A country’s brand equity can be reflected in the way in which consumers perceive the quality of products, services, and their countries of origins.

In 2001, the Government of Thailand initiated a Branding Thailand project with the objective of finding out about Thailand’s brand equity from the perceptions of prospective consumers towards Thailand and its major industries, namely cuisine, fashion and tourism. The goal of the project is to enhance current understanding of Thailand’s brand positioning in the global market and ultimately contribute to the development of a more comprehensive national marketing strategy.
The research for the Branding Thailand project was carried out over a one-year period (April 2002 – May 2003) on a diverse consumer base that may or may not be users of Thai products or services. This was done to capture as many different experiences and perceptions as possible and also to represent the true nature of the market. Through one hundred focus group and in-depth interviews in the United States, and 1,000 online surveys with consumers in thirty countries that yielded a 12% response rate, the Branding Thailand research provided a detailed qualitative account of consumer perspectives toward the essential qualities of the country.

The differing responses elicited the four emergent themes of Thailand’s brand equity: Fun, Fulfilling, Friendly, and Flexible. As an example, one participant mentioned the notion of Thai-ness as being flexible: “I think Thailand is about freedom. Because I see a contrast between high-rise businesses and very poor circumstances there” yet “people don’t seem to be that agitated”. He stated, “I was pretty amazed with this relaxed attitude in Thailand. It seems to me that they feel free to live as they like.”

Another participant remarked on the nature of Thai food, which “can represent the warmth of Thai family” as “they have a meal together with a lot of foods in the center.” These four major themes of Thailand’s brand equity are somewhat represented in products or services, such as in tourism where there is a variety of fun entertainment, fulfilling natural scenes, friendly home stays, and a flexible spirit of adventurous discovery.

It should be noted that Thailand’s brand equity appears in a “fusion” form, rather than as rigid beliefs, opinions or attitudes, because of the multi-layered meanings of Thai individuality, history, society, and culture. This juxtaposition of fun, fulfilling, friendly and flexible illustrates a mix of the active and passive traits of the Thai people’s lifestyles and places in Thailand. By using a “structuralist approach”, similar to that of Hirschman (1987) and Levy (1981), this article proposes a “Thai-ness” framework that incorporates these interrelated concepts of people (lifestyle) and places. During the research project, consumers mentioned the values that defined Thailand as a brand by referring to the eclectic place (e.g. “a city of life”) and the peaceful place (e.g. “a soothing vacation destination”). Moreover, they illustrated the lifestyle in Thailand by describing the dynamic living (e.g. “a constant negotiation everywhere”) and the relaxed lifestyle (e.g. a “laid-back” people). Crossing these two dimensions yields the four major themes of Thailand’s brand equity [figure 1].

**FIGURE 1**
A Framework of Thailand’s brand equity

![Diagram of Thailand's brand equity framework]

Within this framework the dynamic of Thailand’s brand equity is emphasised, as consumers perceive the differences of values ranging from excitement to tranquility and from tangible to intangible. Triandis and Gelfand (1998) elaborated on the contradictions and tensions of the values seen to define Thai culture, while Fieg (1976) and Gannon (2001) also associated Thailand with being a land of diversity. Moreover, the dynamic of Thailand’s brand equity denotes the case where each consumer can perceive different values depending on how they interact with each context (i.e. place and people). One participant noted “Thailand is an amazing place. Amazing in a sense that you have this juxtaposition of everything” and he claimed “I can’t just pick one thing and have that be representative of Thailand because that’s not. The notion of Thailand is diversity. For me, that’s an amazing sensation.”

One outcome of this research project has been that not only does it illustrate the underlying structure of consumers’ perspectives towards Thailand’s brand equity, but also promotes a greater insight into the concept of branding. The dynamic of Thailand’s brand equity demonstrates a development beyond the traditional concept of brand equity that puts an emphasis on the consistency and reliability of values in order to promote strong brand awareness and loyalty. The proposed framework of Thai-ness represents broadening, interactive and integrative attributes in the contemporary world of borderless consumption. Moreover, the dynamic of brand equity enhances the individual experiences of co-creative consumers, who appreciate the diversity that Thailand has to offer based on the inter-related influences of their own demands and local, national and regional factors.