
Original Article

Country-of-origin fit: When does a discrepancy between brand origin and country of manufacture reduce consumers' product evaluations?

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ABSTRACT Country of origin (COO), which may refer to where a brand is based (brand origin) or where a product is manufactured (country of manufacture), is an important cue consumers consider when evaluating products. For products offered by bi-national or multi-national brands, brand origin and country of manufacture are often different, and we assert that this difference can act as a source of ambiguity that reduces consumers' product evaluations. We refer to this consistency or lack of consistency between brand origin and country of manufacture as COO fit. In two studies, we demonstrate that a lack of fit between brand origin and country of manufacture can reduce consumers' new product evaluations, even when the brand origin and country of manufacture are equally capable. In the first study, we establish this effect and show

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that it is moderated based on consumer traits. In the second, we identify brand positioning strategies that can shield brands from the ill effects of a lack of COO fit.

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INTRODUCTION

Country of origin (COO) has increasingly become a cue for informing product appraisals. As reported by a recent Forbes article (Webb, 2015), consumers are demanding more information about where branded products are manufactured and most consumers consider COO when making purchases. Consistent with this understanding, prior research has examined the influence of COO on consumers' product evaluations (Maheswaran, 1994; Peterson and Jolibert, 1995; Insch and McBride, 2004) and has shown it to influence the products consumers are willing to purchase and how much they are willing to pay (Koschate-Fischer *et al*, 2012); brand managers, thus, often emphasize COO on brand packaging and in marketing communications. Unfortunately, though COO information is recognized as both theoretically and managerially important, 'the determinants of COO evaluations are not well understood' (Gurhan-Canli and Maheswaran, 2000, p. 96).

We argue that this limited understanding is partly due to the multi-dimensional characteristics of the COO construct. Initially conceptualized as a unidimensional construct, COO can be represented as the country in which a brand is based (Samiee *et al*, 2005), where a product was manufactured (Nagashima, 1970; White and Cundiff, 1978), or the potentially multiple countries where the value-creation processes occurred (Hamzaoui and Merunka, 2006). The Apple brand, for example, is based in the United States, but its supply

chain is global. Of its eighteen assembly facilities, two are in the United States, fourteen are in China, one is in Brazil and one is in Ireland (Apple, 2015). Sony, well-known for being based in Japan, manufactures half of its in-house electronics products outside of Japan: 25 per cent of its manufacturing occurs in Asia (not including Japan or China), 20 per cent of its production occurs in China, and about 5 per cent is in the Americas and Europe (Sony Corporation, 2012). For companies like Apple, Sony and others, manufacturing outside of the brand origin allows them to take advantage of legal, manufacturing, tax and wage differences associated with these countries. As any company may manufacture or assemble its product(s) in either the same country or a country, or countries, other than where the brand is based, COO is often regarded as multi-dimensional. Research has examined how the abilities of different countries can be either synergistic or incompatible, but has not investigated if providing multiple COO cues (for example, when the brand origin and country of manufacture are different) may adversely affect consumers' product evaluations compared with when all value-creation activities occur in one country.

To address this gap, our research introduces the concept of COO fit, which refers to whether brand origin and country of manufacture are the same or different. When they are the same, we assert that this congruence leads to a perceived fit; whereas, a lack of fit simply means the brand origin and country of manufacture are different.

We propose that perceived COO fit affects ambiguity, which in turn, affects consumers' product evaluations. In the remainder of this article, we review the COO literature and present two studies that examine this effect. Study 1 supports our hypothesizing by providing evidence that a lack of COO fit negatively affects product evaluations, an effect moderated by consumers' thinking styles. In Study 2, we demonstrate that companies can develop communication strategies to amplify the benefits of COO fit or develop branding strategies that aid consumers' acceptance of the ambiguity associated with a lack of COO fit.

LITERATURE REVIEW AND HYPOTHESES

COO is an important cue used by consumers to infer product quality and make product evaluations (Johansson *et al*, 1985; Han, 1989; Hong and Wyer, 1989, 1990; Johanson, 1989; Maheswaran, 1994; Insch and McBride, 2004; Usunier and Cestre, 2007; Kumara and Canhua, 2010) and affects how much consumers are willing to pay for products (Koschate-Fischer *et al*, 2012). It also influences consumers' perceptions of advertising claims (Verlegh *et al*, 2005) and purchase intentions (Berry *et al*, 2015). Because managers recognize the importance of COO, and because of product labeling legal requirements, COO information is present on most consumer products and is among the most important cues that consumers use in making product evaluations (Bilkey and Nes, 1982); most consumers actively seek out COO information and believe that brands should provide more of it (Webb, 2015).

In contrast with 'the traditional COO research paradigm which typically assumes that a product can be specifically tied to a country in which it is made' (Chao, 1993, p. 292), and, although it remains common for researchers to conceptualize COO based

on a single dimension (Piron, 2000), firms manufacture their products in countries other than where their brand is based for reasons including lower manufacturing costs and tax incentives (Hamzaoui and Merunka, 2006, p. 145). The proliferation of bi-national and multi-national products has made it less clear if a brand's product is associated with one or multiple countries. For instance, BMW automotive is based in Germany and manufactures its 3-series sedan there, but the BMW X3 sports activity vehicle is manufactured in South Carolina (United States).

Thus, research that conceptualizes COO as a one dimensional construct leaves managers without a comprehensive understanding of the multi-dimensional nature of how COO affects consumer decisions (Obermiller and Spangenberg, 1989; Özsomer and Cavusgil, 1991). As a result, researchers have examined the importance of various COO cues on product evaluations including: brand origin (Batra *et al*, 2000; Samiee *et al*, 2005); country of design (Brodowsky, 1998; Chao, 2001; Hamzaoui and Merunka, 2006); country of manufacture (Nagashima, 1970; Hamzaoui *et al*, 2011, p. 973); and country of assembly (Brodowsky, 1998; Chao, 2001). To summarize, COO is a multi-dimensional construct that focuses on (i) where a product is designed or where the brand is based, and (ii) where the product is manufactured or assembled. We focus on brand origin and country of manufacture, as they are two of the most discussed COO dimensions (that is, Hui and Zhou, 2003; Srinivasan *et al*, 2004; Hamzaoui *et al*, 2011).

Given the multi-national character of the modern supply chain, researchers have explored how multiple COO cues affect consumers' product evaluations. Because countries differ in branding and manufacturing capabilities, Chao (1993) demonstrated it can be important to link country capabilities to the parts of the supply chain

related to a country's abilities. Tse and Gorn (1993) found that when a well-known brand is described as manufacturing its products in a developing country with a poor reputation for quality, consumers evaluate those products lower than when the brand manufactures in a country with a stronger reputation. Chinen *et al* (2000) found that US consumers preferred Japanese cars manufactured in the United States, a country with a strong manufacturing reputation, over Mexico which has a lower manufacturing quality reputation. Hamzaoui *et al* (2011) demonstrated that both brand origin and country of manufacture contribute to consumers' evaluations.

However, research has not investigated whether consumers evaluate products produced in a single country differently than a product with an inconsistency between the brand origin and country of manufacture. We focus on countries with equivalent capabilities because research has shown that manufacturing in countries with higher or lower capabilities can improve or reduce product evaluations (Hamzaoui and Merunka, 2006), but has not examined if a discrepancy between brand origin and country of manufacture affects evaluations. We hypothesize that reduced evaluations will result as a consequence of the lack of consistency between brand origin and country of manufacture, an effect that we hypothesize emerges because people prefer consistency and simplicity over inconsistency (Aaker and Keller, 1990; Park *et al*, 1991; Becker-Olsen and Hill, 2006) or ambiguity (DeRoma *et al*, 2003; Tsirikas *et al*, 2012) when making evaluations. Cognitive simplicity (processing fluency) improves consumers' ability to process and categorize information, and increases positive responses (Lee and Aaker, 2004). By contrast, a lack of consistency in product information is a source of disfluency that reduces consumers' product evaluations (Becker-Olsen and Hill, 2006).

Likewise, product evaluations are influenced based on the relationship, or 'fit', between brand and product information (Aaker and Keller, 1990). When consumers face ambiguity and are unable to successfully categorize new information with a brand, they may become frustrated and evaluate products unfavorably (Meyers-Levy and Tybout, 1989). As consumers categorize countries based on stereotypes (Suh and Smith, 2008; Herz and Diamantopoulos, 2013), a lack of fit between the brand origin and country of manufacture increases ambiguity. Hence, we hypothesize:

Hypothesis 1: Product evaluations will be greater when the brand origin and country of manufacture are the same versus different.

Consumers may, however, respond differently to brand information depending on their thinking styles. Of potential relevance to COO fit, ambiguity tolerance is a perceptual personality variable that relates to whether or not people are comfortable with ambiguity (Frenkel-Brunswick, 1949). Ambiguity tolerance affects consumers' acceptance of complex, vague, inconsistent or contradictory situations (Budner, 1962, p. 30; Norton, 1975), which, in turn, can moderate consumers' purchasing decisions for products for which ambiguity is present (Zhu *et al*, 2012). Broadly, individuals are considered as either ambiguity intolerant or ambiguity tolerant. Those who are ambiguity intolerant tend to interpret ambiguous situations as threatening and seek to avoid them (Budner, 1962). Ambiguity intolerant individuals desire structure, making unstructured situations difficult for them (DeRoma *et al*, 2003; Tsirikas *et al*, 2012) such that they avoid purchasing unfamiliar new products (Blake *et al*, 1973), resulting in a negative relationship between product newness and purchase intentions (Hoffmann and Broekhuizen, 2010). By contrast, those who are ambiguity tolerant

are comfortable with a lack of structure and inconsistency.

If our theorizing is correct, ambiguity tolerance should moderate the effect of COO fit on product evaluations, thus providing convergent support to our assertion that a lack of COO fit represents a source of ambiguity that reduces evaluations. We assert that COO fit represents an unambiguous situation that matches the preference of consumers who are ambiguity intolerant while a lack of COO fit increases ambiguity and will reduce evaluations made by ambiguity intolerant consumers. On the other hand, consumers who are ambiguity tolerant are unlikely to view COO fit, or a lack of it, as an important cue for making product evaluations. We hypothesize:

Hypothesis 2: The effect of country of origin fit on consumers' product evaluations will be moderated by consumers' ambiguity tolerance such that consumers who are ambiguity intolerant will evaluate products with COO fit more favorably. Among consumers who are ambiguity tolerant, COO fit will not be important in their product evaluation process.

STUDY 1

Pretest

In order to provide a baseline condition that ensured that perceptions of two different countries were equivalent, a pretest was conducted using two hypothetical countries, thus controlling for consumers' existing perceptions that could affect consumers' evaluations of the product used within this study, mobile phones. The pretest focused on whether a mismatch between brand origin and country of manufacture – independent of other factors – affects consumers' product evaluations in cases in which two countries have equivalent capabilities.

To test Hypothesis 1, 78 students participated in a two-condition between-subjects design in exchange for extra credit. In the COO fit condition, the brand origin and country of manufacture were the same. In the no fit condition, the countries were different. Participants began by reading that they were considering the purchase of a mobile phone and encountered a phone offered by Global brand, a hypothetical brand based in country J. Next, participants read that the mobile phone was manufactured either in the same country J (COO fit) or that the phone was manufactured in country K (a lack of COO fit). When the brand origin and country of manufacture were the same, country J was described as a country with a reputation for producing good quality cell phones. By contrast, when there was a lack of COO fit, respondents read that 'both Country J and K are known for producing good quality cell phones'.

Participants reported their purchase intentions with a two-item 5-point scale ('I will purchase the cell phone described above the next time I need a cell phone' and, 'I will definitely try the cell phone described above', disagree = 1, agree = 5; Dodds *et al.*, 1991, $\alpha = 0.87$). In support of Hypothesis 1, a 2 (COO fit: fit versus no fit) between subjects ANOVA revealed participants were more likely to purchase the mobile phone with COO fit as compared with the mobile phone without COO fit ($M_{\text{COO Fit}} = 3.56$, $M_{\text{COO No Fit}} = 3.09$; $F(1,76) = 4.02$, $P < 0.05$).

Research method

To provide support for Hypotheses 1 and 2, 179 participants from an online panel of paid US consumers recruited using Amazon MTurk were recruited. Participants read a scenario which asked them to imagine that they were considering purchasing a cell phone offered by WR7 brand, a brand described as based in either Japan or Germany.

Table 1: Least-squares regression result

	Criterion P.E. (1)		Criterion: P.E. (2)	
	B	T	B	T
COO fit	0.653	2.428*	0.634	2.385*
Ambiguity intolerance	-0.076	-0.981	-0.056	-0.728
COO fit X philosophy	-0.207	-2.667**	-0.201	2.611**

* $P < 0.05$; ** $P < 0.01$; *** $P < 0.001$.

COO fit: Country-of-origin fit where fit represents COO and country of manufacture being the same while no fit represents different countries. P.E. (1) represents the product evaluation scale used in Study 1, which was reverse-coded; P.E. (2) represents a second product evaluation scale which is not reverse-coded.

Participants were next told that the phone was manufactured in Japan or Germany. The countries were selected because they benefit from similarly favorable reputations in the electronics domain (Hong and Wyer, 1989). Hence, four combinations of brand origin and country of manufacture were created: Japan/Japan, Germany/Germany, Japan/Germany and Germany/Japan.

After reading the scenario, participants were asked to recall the brand origin and country of manufacture to ensure that they understood the manipulation. They next completed a product evaluation scale where they were asked their opinions of the cell phone ('Very bad/Very good', 'Very unfavorable/Very favorable', 'Unpleasant/Pleasant', 'Not worth owning/Worth owning', 'Awful/Great', 'Undesirable/desirable', Batra and Ray, 1986, $\alpha = 0.96$). Finally, participants self-rated their ambiguity tolerance ('Nothing gets accomplished in this world unless you stick to some basic rules', 'Usually, the more clearly defined rules a society has, the better off it is', and 'I prefer the certainty of always being in control myself', Norton, 1975, $\alpha = 0.70$).

Results

Of 179 responses, six were removed as a result of incorrect recall. Two analyses were conducted on the data: first, a regression was conducted to examine the interaction between COO fit and consumers'

ambiguity tolerance; and second, to examine the directional effects of this interaction, an ANOVA was conducted. In the regression analysis, COO fit data was collapsed such that data was classified as either fit or no fit. Specifically, a product designed in Japan (Germany) and manufactured in Germany (Japan) was classified as no fit. Products designed and manufactured in the same country were classified as fit. Table 1 contains the unstandardized regression models in which the main effects of COO fit and the interaction between COO fit and consumers' ambiguity tolerance is represented. The results provide evidence both for the main effect of COO fit on product evaluations and, more importantly, provide evidence for the predicted interaction between COO fit and consumers' ambiguity tolerance. Therefore, the results suggest that COO fit is moderated by consumers' ambiguity tolerance.

To simplify interpreting the results, a 2 (brand origin: Japan, Germany) \times 2 (country of manufacture: Japan, Germany) \times 2 (ambiguity tolerance median split: low, high) ANOVA was conducted and revealed a significant interaction on consumers' product evaluations ($F(1, 160) = 8.90$, $P < 0.01$). Further analyses were conducted to clarify this interaction. For consumers self-classified as ambiguity intolerant, a significant interaction between brand origin and country of manufacture emerged ($F(1, 160) = 11.20$, $P < 0.001$), which indicated that COO fit is

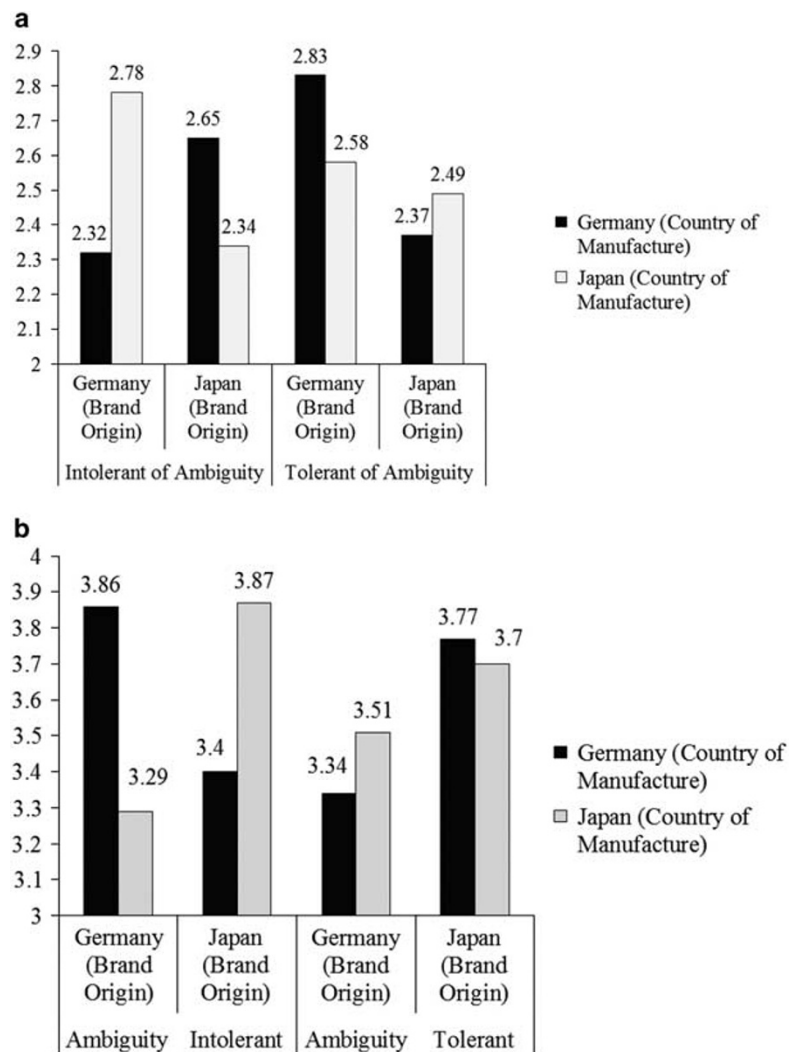


Figure 1: Product evaluations. (a) Reverse-coded product evaluation scale; (b) Product evaluation scale.

important for these consumers. Participants evaluated a Japanese branded product manufactured in Japan more favorably than a Japanese branded product manufactured in Germany (3.87 versus 3.4; $F(1, 160) = 4.53$, $P < 0.05$). Alternatively, when the brand origin was Germany, participants preferred a product manufactured in Germany versus Japan (3.86 versus 3.29; $F(1, 160) = 6.81$, $P < 0.01$). Hence, the results support Hypothesis 2 and showed that consumers who are ambiguity intolerant registered reduced evaluations for products that have a different brand origin and country of

manufacture. On the other hand, consumers who are ambiguity tolerant seemed unconcerned with the fit between brand of origin and country of manufacture, as indicated by the lack of interaction between brand origin and country of manufacture ($F(1, 160) = 0.7$, $P > 0.10$) (Figures 1(a) and (b)).

STUDY 2

Study 1 provides evidence in support of our hypothesizing that a lack of COO fit reduces consumers' product evaluations. By showing that this effect is moderated by

ambiguity tolerance, the study provides evidence to show that this effect stems from unease consumers experience when they encounter ambiguous COO information. Thus, it demonstrates that a lack of COO fit can reduce consumers' evaluations of a brand's products and provides evidence for the process underlying this effect. Even if brand managers recognize that costs are associated with a lack of COO fit, many will continue to manufacture or assemble their products in countries other than where their brand is based for reasons including cost advantages associated with cheaper labor, proximity to end-user markets and tax incentives (Hamzaoui and Merunka, 2006, p. 145). Economic pressures linked to the recent global economic downturn, for example, led many brands to shift production to countries with lower costs – in 2008 alone, outsourcing deals increased by 33 per cent (Ferguson, 2009).

More recently, Sony began manufacturing many of its flat screen televisions in India, a country with a poor reputation for product quality relative to Sony's home country (Japan) or Germany, the countries used in Study 1 because of their similarly high country reputations. In choosing to manufacture in India, Sony is able to take advantage of the growing Indian market, which accounts for about 25 per cent of its flat-panel TV sales (Bhuyan, 2015). Cost differences associated with labor, electricity and natural gas that affect overall manufacturing costs were likely also factors in Sony's decision to manufacture in India. Statistics provided by the Boston Consulting Group indicate that, relative to Japan, manufacturing costs are about 22 per cent lower in India and 9 per cent higher in Germany (BCG Perspective, 2014).

Whatever reason(s) motivate brand managers to manufacture their products in other countries, brands may communicate their COO associations based on local or global associations (Özsomer, 2012).

Or, alternatively, global brands may choose messages that either position their company based on their brand's origin or based on a multi-national positioning strategy. For example, many global liquor companies use Russian names for vodka brands, as Russia is known for high quality vodka (Ries, 2014). Similarly, BMW proudly links its brand to Germany because consumers associate Germany with expertise in the area of automobiles, but it can either choose to describe its brand as a German brand, or as multi-national brand based in Germany. The company chooses the latter strategy on its Website by describing itself as a brand headquartered in Germany 'which covers over 150 countries' (BMW USA, 2015). Lindt Chocolate packaging in the United States includes the message 'Master Swiss Chocolatier since 1845', a strategy that links the brand to the favorable associations with Swiss Chocolate. However, Lindt's 40 000 square foot US manufacturing plant allows the company 'to control the entire chocolate production process, from bean to finished product, at the Lindt USA manufacturing facility' (PR Newswire, 2014), thus fully separating the brand origin from the country of manufacture. Brands thus commonly position themselves based on individual countries or based on their global footprint. We propose that a brand's global versus national positioning will moderate consumers' responses to COO fit.

To examine how a global versus a national branding strategy can affect COO evaluations, we draw again upon branding research. Consumers' abilities to link a brand to its product are instrumental in determining product evaluations (Aaker and Keller, 1990; Park *et al*, 1991), and their abilities to link categories are influenced by brand breadth. Consumers are able to rationalize a broad brand's entrance into a wider range of categories (Broniarczyk and Alba, 1994), as they find it easier to access

brand information when evaluating less similar products (Meyvis and Janiszewski, 2004). Hence, brand associations become less relevant for narrow brands when a product is dissimilar to the core product category (Meyvis and Janiszewski, 2004; Wu and Yen, 2007). On the other hand, narrow brands can provide greater value for very similar products (Boush and Loken, 1991; Wu and Yen, 2007).

Similar to how a broad brand can extend into further domains, we assert that a brand that develops products lacking COO fit may benefit from communicating the multi-national positioning of its brand instead of its national origins, as this broader positioning strategy may make it easier for consumers to rationalize the brand's decision to manufacture its product outside of its brand origin. By contrast, a global image may be less helpful because it is comparatively less relevant when all of a brand's activities are completed in a single country. When a brand is defined more narrowly by a single country, the consistency within brand information may amplify the value of COO fit. Hence, we hypothesize that:

Hypothesis 3: The influence of COO fit on product evaluations will be moderated by COO breadth. When a product is introduced by a brand with COO fit, it will be evaluated more favorably when it is introduced by a narrow brand versus a broad brand. When a product is introduced by a brand lacking COO fit, it will be evaluated more favorably when it is introduced by a broad brand versus a narrow brand.

Research method

Two hundred forty-eight participants were recruited using the MTurk online consumer panel. Participants were told they were shopping for a washing machine and

encountered LeaVo Clean, a fictitious brand described as based in Japan (brand origin). To manipulate whether the brand had a broad or narrow brand origin positioning, participants read information about the company's Japanese tradition as an admired Japanese company (narrow Japanese brand) or read equivalent information about the brand's multi-national image (broad global brand). Participants were then informed that the product was either manufactured in Japan (COO fit), or was manufactured in Germany or India (no fit). These countries were selected based on research indicating that Germany and Japan have similarly favorable images in the washing machine category while India's reputation is less favorable (Rosenbloom and Haefner, 2009). Next, participants completed the product evaluation scale used in Study 2 ($\alpha=0.96$) and were asked to recall where the brand was based and where the product was manufactured. Sixteen participants failed this recall, leaving two hundred thirty-two participants.

Results

To test the hypothesis that the effect of COO fit on product evaluations would be moderated based on a brand's communication of its narrow brand origin reputation or broad global reputation, a 2 (reputation type: a Japanese brand with a narrow Japanese reputation, a Japanese brand with a broad global reputation) \times 3 (country of manufacture: Japan, Germany, India) ANOVA model was conducted on consumers' product evaluations. Supporting Hypothesis 3, ANOVA revealed a significant interaction on product evaluations ($F(1, 226)=3.43, P<0.05.$)

First, we evaluated conditions in which a Japanese brand highlighted its Japanese brand origin (narrow brand). Contrasts revealed that the washer was evaluated more favorably when it was manufactured

in Japan versus Germany ($M_{\text{Japan}} = 3.92$, $M_{\text{Germany}} = 3.32$; $F(1, 226) = 10.91$, $P < 0.01$) or India ($M_{\text{Japan}} = 3.92$, $M_{\text{India}} = 2.98$; $F(1, 226) = 31.17$, $P < 0.001$). It was also evaluated more favorably if it was manufactured in Germany versus India ($F(1, 226) = 3.64$, $P = 0.058$).

Next, we evaluated the condition where a Japanese brand highlighted its global (broad) brand associations. In support of Hypothesis 3, the differences between the Japanese and German manufacturer disappeared ($M_{\text{Japan}} = 3.64$, $M_{\text{Germany}} = 3.69$; $F(1, 226) = 0.09$, $P = 0.76$). The India-manufactured washer was evaluated less favorably than a Japanese- ($M_{\text{India}} = 3.12$; $F(1, 226) = 8.72$, $P < 0.01$) or German-manufactured washer ($F(1, 226) = 9.94$, $P < 0.01$). Finally, we examined why these effects occurred. When a Japanese brand manufactured its product in Japan, consumers evaluated the product more favorably when it communicated its Japanese (narrow) associations versus global (broad) associations ($M_{\text{Japan, Japanese (narrow) associations}} = 3.92$, $M_{\text{Japan, global (broad) associations}} = 3.64$; $F(1, 226) = 2.76$, $P < 0.10$). Alternatively, when the Japanese brand manufactured its product in a country viewed equally favorably (Germany), evaluations of the product without COO fit were more favorable when global versus country associations were communicated ($M_{\text{Germany, multi-national associations}} = 3.69$, $M_{\text{Germany, Japanese associations}} = 3.32$; $F(1, 226) = 3.78$, $P = 0.05$). However, when the Japanese brand manufactured the product in a country with a weak reputation (India), consumers evaluated the product equally negatively independent of whether the associations were country-based or global ($M_{\text{India, Japanese associations}} = 2.98$, $M_{\text{India, multi-national associations}} = 3.12$; $F(1, 226) = 0.55$, $P = 0.46$). Hence, the results of Study 2 provided support for Hypothesis 3. Specifically, when consumers evaluated a product produced by a brand in which the brand origin and country of manufacture were the same (COO fit), it was

evaluated more favorably when it was introduced by a narrow brand. By contrast, when the brand origin and country of manufacture were different (that is, when the Japanese brand produced a product in Germany), the product was evaluated more favorably when it was produced by a broad brand versus a narrow brand. However, this study also demonstrated that the reduction in product evaluations associated with using a country of manufacture with a poor reputation led to a significant reduction in evaluations, independent of a brand's broad or narrow positioning (Figure 2).

DISCUSSION

When initially introduced, COO was conceptualized as a unidimensional construct and was discussed based on where a product was manufactured. However, 'intense worldwide competition and rapid growth in global sourcing' (Srinivasan *et al*, 2004, p. 66) has resulted in the proliferation of bi-national products, those manufactured in a country different from the brand origin. This proliferation of bi-national and multi-national products complicates how consumers evaluate products based on COO, as consumers may encounter discomfort resulting from inconsistent COO information. We hypothesized and found that an inconsistency between brand origin and country of manufacture information can adversely affect consumers' product evaluations, even when the countries benefit from similarly favorable reputation levels.

Our research is important because, although prior research had investigated how various COO cues can interact to affect consumers' product appraisals (Johansson *et al*, 1985; Insch and McBride, 2004; Usunier and Cestre, 2007; Kumara and Canhua, 2010; Koschate-Fischer *et al*, 2012), none specifically investigated how an inconsistency within COO information can affect consumers' product evaluations.

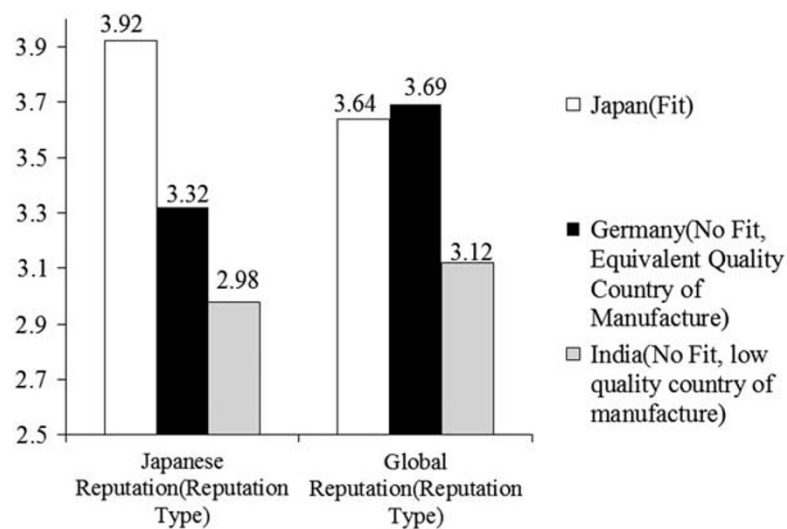


Figure 2: Product evaluation scale.

Rather, prior research had focused on, for example, how different COO cues (Hamzaoui *et al*, 2011), cost synergies between countries (Srinivasan *et al*, 2004) or naming strategies (Leclerc *et al*, 1994; Häubl and Elrod, 1999) affect product evaluations. Our research introduced and examined the concept of COO fit (the match or mismatch between brand origin and country of manufacture), which expands COO to a construct which recognizes that perceived inconsistencies within a company's supply chain can affect consumers' product evaluations. We first investigated the relationships between COO fit and consumers' product evaluations within the context of a hypothetical brand and hypothetical countries and then with real countries with similarly favorable reputations. As hypothesized, we found that consumers rate products more favorably when the brand origin and country of manufacture are the same country versus different countries, even when the brand origin and country of manufacture had similarly favorable reputations. Hence, our findings suggest that COO fit results in more favorable product evaluations. Consistent with prior findings that have

shown that processing fluency can reduce product evaluations, this research showed that a lack of COO fit can lead to less favorable evaluations (Meyers-Levy and Tybout, 1989).

The first study also provided support for our hypothesizing that consumers' evaluations were reduced based on the discomfort experienced from encountering inconsistent information, by introducing a personality variable that accounts for consumers' comfort with ambiguity. Specifically, those who are ambiguity intolerant find ambiguous situations threatening and try to avoid them (Budner, 1962), whereas people who are ambiguity tolerant don't view ambiguity as undesirable. By introducing ambiguity tolerance as a moderating variable of the effect of COO fit on product evaluations, we were able to provide support for our hypothesizing that the inconsistency associated with a lack of COO fit represents a source of ambiguity that adversely affects consumers' product evaluations. As hypothesized, our findings suggest that consumers who are ambiguity intolerant prefer COO fit, whereas evaluations made by consumers who are ambiguity tolerant are unaffected by COO fit.

On the other hand, consistent with our hypothesis, consumers who are ambiguity tolerant did not appear concerned with the fit between brand origin and country of manufacture. Hence, the study provided further evidence to suggest that a lack of consistency between brand origin and country of manufacture affects product evaluations because it provides a source of ambiguity that causes discomfort to consumers – though the level of discomfort consumers experience is moderated based on a personality variable linked to culture and demographic variables.

In the second study, we explored an important branding strategy that companies use to position their brand's country of origin based on a national or multi-national positioning strategy (Özsomer, 2012), which we assert is a form of brand breadth. Brand breadth can influence consumers' ability to categorize information (Broniarczyk and Alba, 1994; Meyvis and Janiszewski, 2004): broad associations facilitate consumer processing of less consistent information while narrow brand information provides valuable information for products that match well with the core brand. We find that when brands introduce products lacking COO fit, consumers' product evaluations are more favorable when the company's COO information is positioned in a broad, global perspective as compared with a narrow brand-origin-oriented perspective. On the other hand, when companies introduce products that are manufactured in a company's brand origin, our research suggests that messages promoting the company's brand origin will lead to more favorable evaluations as compared with messages promoting the company's multi-national footprint. This is an important area to investigate, as companies often link their products to their home country while simultaneously manufacturing their products elsewhere. These findings suggest that corporations that separate their supply

chains among multiple countries may benefit less from associating their products with a single country – even if the country has a strong reputation – because the positive effect of this positioning may be undercut when consumers attempt to reconcile the inconsistency between the brand origin and country of manufacture. These findings, however, assume that the countries representing the brand origin and country of manufacture both have similarly favorable reputations. More commonly, however, firms choose to manufacture their products in developing countries for cost advantages. Unfortunately, developing countries often have less favorable reputations and our research suggested that when a company moves its manufacturing away from a favorable brand origin into a country with a poor, consumers' product evaluations may decrease independent of whether the COO information is narrow or broad.

MANAGERIAL IMPLICATIONS

When consumers evaluate products, country of origin information is an important evaluative cue. But as branding and product manufacturing have become increasingly global, bi-national and multi-national products have proliferated. Brand managers may either manufacture their products in the country where the brand is based or they may choose to have their products manufactured elsewhere, thus complicating consumers' evaluations of COO information. When products are manufactured outside of the brand origin, this inconsistency can increase ambiguity. As consumers generally prefer simplicity over complexity (Aaker and Keller, 1990; Park *et al*, 1991; Becker-Olsen and Hill, 2006), our research demonstrates that the ambiguity associated with an inconsistency between the country of origin and country of manufacture can lead to reduced product evaluations compared with a situation in

which the country of origin and country of manufacture are the same.

Brand managers should thus carefully consider risks and rewards when considering where to produce their products. Although managers may choose to manufacture their products in different countries based on cost benefits, it is important to consider the negative reactions that consumers may have when a product lacks country of origin fit. Together, these findings suggest that managers can alter their strategies based on the types of consumers to whom they offer their products and based on how they communicate their COO information to consumers. First, managers should consider their consumers' characteristics, as some consumers are more sensitive to inconsistencies in information than others. For instance, consumers' ambiguity tolerance has been shown to differ based on consumer characteristics such as ethnocentrism (Block and Block, 1951), social political ideology (Sidanius, 1978), and the countries consumers live in (Swierczek, 1994). Finally, while intolerance of ambiguity represents an individual difference variable (Zhu *et al*, 2012), it is related to uncertainty avoidance that represents a society's reliance on social norms to adapt to future unpredictability (House *et al*, 2004, p. 30), constructs that are often treated interchangeably (Shane, 1995; Finney, 2008). Thus, while not studied in this research, it is likely that societies with higher uncertainty avoidance may have a higher concern for COO fit than societies with lower levels of uncertainty avoidance.

From a managerial perspective, brand managers can alter their messaging strategies depending on whether their product is produced in a single country or is produced in multiple countries. We identified branding strategies that brand managers can use to reduce consumers' perception of ambiguity when they encounter products lacking COO fit and additionally demonstrated that

highlighting a company's brand origin may be valuable when the company manufactures its products in its brand origin. Specifically, when a product's brand origin and country of manufacture are the same, managers should seek to highlight the favorable COO associations of the single country that the product's production can be associated with. However, when a product is produced in multiple countries, our research suggests that brand managers would improve their product's probability of success on the market by communicating a more global brand image in which the brand origin is made less salient. Thus, consumer characteristics and brand messages can help consumers recognize synergies between countries when there is a lack of COO fit. For brand managers, it will be important to consider whether further establishing their brand's link with their home country by branding and manufacturing their product in a single location will be more or less valuable than tax advantages or reduced manufacturing costs associated with manufacturing their product in another country.

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