

Should companies still rely on a geographic origin to differentiate from competition and attract customers ?

Marketing and Globalization (Chapter 11)

Aurelia Durand, Associate Professor in International Business, HEC Montréal

aurelia.durand@hec.ca

Why ask?

- Globalization and its ambivalence
 - Yes, the origin increasingly helps with making a decision
 - No, not relevant anymore or too difficult
- New trends

To answer the question, we need a deeper understanding of:

- The origin effect
- Place marketing/
branding



Effect of Origin: Definition

- One of the most-researched area in international marketing since the 1960s
- Country level of analysis with the country-of-origin effect (COE):
 - the influence that the country of manufacture, assembly, design (or any other association with an origin) has on consumer perceptions
- Extending this definition to encompass other territories than countries, we propose to define the “effect of origin” as:
 - **the influence that the attitude towards a place (favorable/unfavorable) has on behaviors**

References: Lu, Heslop, Thomas, & Kwan, 2016; Cateora, Gilly, & Graham, 2015; Papadopoulos, el Banna, Murphy, & Rojas-Méndez, 2012.

Effect of Origin: Explanation

- Theories with a focus on:
 - Cognition, perception and image, emotion, motivation, attitude and persuasion, choice and behavior

Categorization theory, information processing theory, attribution theory, information integration theory, elaboration likelihood theory, signalling theory, accessibility-diagnostics theory, assimilation-contrast theory, associative memory network theory, cognitive response theory, selectivity theory, conversion theory, social judgment theory, cue consistency theory, cue utilization theory, social identity theory, self-image congruence theory, optimal distinctiveness theory, reference group theory, approach-avoidance theory, emotional attachment theory, congruity theory, tri-component attitude theory, balance theory, and theory of reasoned action/planned behaviour, utility theory, agency theory, equity theory.

References: Lu, Heslop, Thomas, & Kwan (2016)



Actual Examples of the Effect of Origin?

Individual level of analysis

Attitude
towards place

Effect of origin

*Favorable/ unfavorable,
evolving overtime*

Corporate level of analysis

Origin-Based
Marketing

*The strategic use of the
origin cue by companies
(to communicate about,
emphasize or tone down
the place/s of origin)*



Das Auto.





Canada Goose



Branta canadensis

Who: Canada Goose

Since: 1957

What: Apparel and textile products

From: Canada

Sales (Bn USD): 0.2

Employing (people): 1,192

Manufacturing in (countries): 1

Selling in (countries): 37

References: Canada Goose (2016, 2017); CBC News (2017); Financial Post (2012); Hulan (2003); New York Post (2015); The Globe and Mail (2010, 2013); The Star (2013)



1957



1985



2001



Montebello



Dawson



Victoria

“We picked Canada Goose because of the affinity that people have for Canada, not just in Canada, but around the world. We’re lucky that we live in a country that people love and romanticize.”

Dani Reiss, CEO (2001)



1909 - 1921

ELSENER
SCHWYZ



VICTORIA
JNOXYD



VICTORINOX

- Nationality included in the name of two of its distinctive products: the 'Swiss Army Knife' and the 'Swiss Card' (credit card shaped 10 function instrument)
- Logotype featuring the iconic cross and shield emblem, often presented in white on red, a direct reminder of Switzerland's flag
- Official pocket knife for around 15 armies around the world, including the US military

References: Bloomberg (2014); CH24.PL (2013); Ivey W14574 (2014); Luxury Activist (2014); Pizzini (n.d.); The Guardian (2007); The Local (2013); Victorinox (2017).

Who: Victorinox

Since: 1884

What: Army, professional and pocket knives, sport tools, multi-tools, cutlery, timepieces, travel gear, fashion, and fragrances

From: Switzerland

Sales (Bn USD): 0.5

Employing (people): 1,800

Manufacturing in (countries): N/A

Selling in (countries): 100



 **WENGER**



"It's about the stories our customers experienced in which our products played a vital role: stories about memorable moments of adventure and expeditions on earth, in the sky, and in space. Dramatic stories in which our products contributed to solutions and saved lives" Karl Elsener

ERLAND), 2005

BRAKE

gion of Puschlav, our train stopped suddenly. The driver had disembarked the train, discussing rapidly disappeared. After a while, one of them came back out my Victorinox Swiss Army Knife. A few minutes later returned my Swiss Army Knife, saying he'd se. He thanked me excessively – as if I were a hero. ways (SBB) that all members of the train crew be

products, tell us about it at victorinox.com



IRACH (SWITZERLAND), 1891
COURAGE



SULAWESI (INDONESIA), 2002
THE GASP OF RELIEF



TON BAY (USA), 1999
RESCUE



BEIJING SHOOTING CENTER (CHINA), 1998
THE CHAMPION

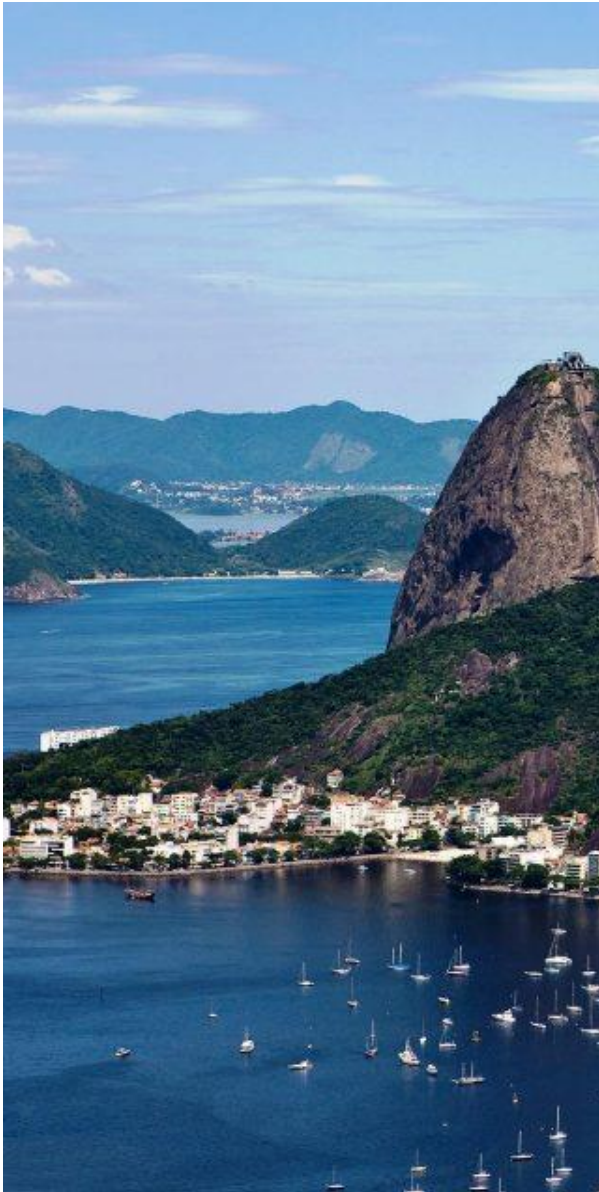


OPENER

リ書き、一安心する間もなく、私は彼
さされたのでした。また彼方のある
半分速の車の互換の車へと向かいま
てきた時、列車の係員を待っていた
喜びもつかぬ、車庫所にはカン
に打ちのめされ、目の前のあ
すでした。その時私はビクトリ
ットにあることに気が付きま
したのです。私はスイスアー
海りの方達の信には安堵
緊急避難所では大卒の
たされたようです。

レックスの製品にま
力をお寄せください。





IKEA

Ingvar Kamprad + parents' farm:
Elmtaryd + hometown in Småland:
Agunnaryd

International influence of Swedish design on
modern architecture and interior furnishings
since the early XX century

"IKEA is doing more for the image of Sweden
than all governmental efforts combined."

(Olle Wästberg, Director-General of the Swedish Institute
and former Sweden Member of Parliament, State Secretary
of Finance, and Consul-General in New York, 2010)

References: Business Insider (2013); Edwards
(2008); IKEA (2016, 2015, 2008); Public Diplomacy
Magazine (2010); The Guardian (2008)



Who:	Ikea
Since:	1943
What:	Home furnishing products
From:	Sweden
Sales (Bn USD):	39
Employing (people):	163,000
Manufacturing in (countries):	~11
Selling in (countries):	28



GULLIVER crib
\$159.00



Catch the Swedish Light - IKEA

For sweet dreams and safe sleeping

Rigorously tested so you can sleep well too



KRUMMELUR
Foam mattress for crib
\$59.99



SKÖNAST
Foam mattress for crib
\$79.99



JÄTTETRÖTT
Pocket spring mattress for crib
\$119.00



Strong product-country image of Germany when it comes to car manufacturing due to the following positive associations:

- Germany has the know-how and capacity to produce heavy machinery
- German engineers receive first-class education
- values in the country include performance, attention to detail, inventiveness, and reliability

References: Business Insider (2016); Car And Driver (2009); Chao (1993); Lawrence, Marr, and Prendergast (1992); Times Free Press (2011); Volkswagen Aktiengesellschaft (2017)

Who:	Volkswagen
Since:	1937
What:	Car manufacture
From:	Germany
Sales (Bn USD):	217
Employing (people):	~625,000
Manufacturing in (countries):	~30
Selling in (countries):	~150



Volkswagen



That's the Power of German Engineering.



Isn't it time for German engineering?



Das Auto.

Vorsprung durch Technik



Volkswagen



Audi



SEAT



ŠKODA



BENTLEY



Commercial
Vehicles





JANUARY 25, 2018

The New 2018 Volkswagen Passat GT, an American-born Sport Sedan

[View key info](#) ?

“Made-with”

“Born-in”



Attitude
towards place

Effect of origin

*Favorable/ unfavorable,
evolving overtime*

Effect of
Origin:
Outcomes

Behavior

Individual (customer) level of analysis

- Purchasing/Visiting/Investing /Immigrating decision
- Product/service evaluation
- Willingness-to-pay

Corporate level of analysis

- Procurement
- Internationalization strategy
- Sales management
- Human resources management
- Financing

Success

Corporate level of analysis

- Revenues
- Financial performance
- Reputation
- Competitiveness

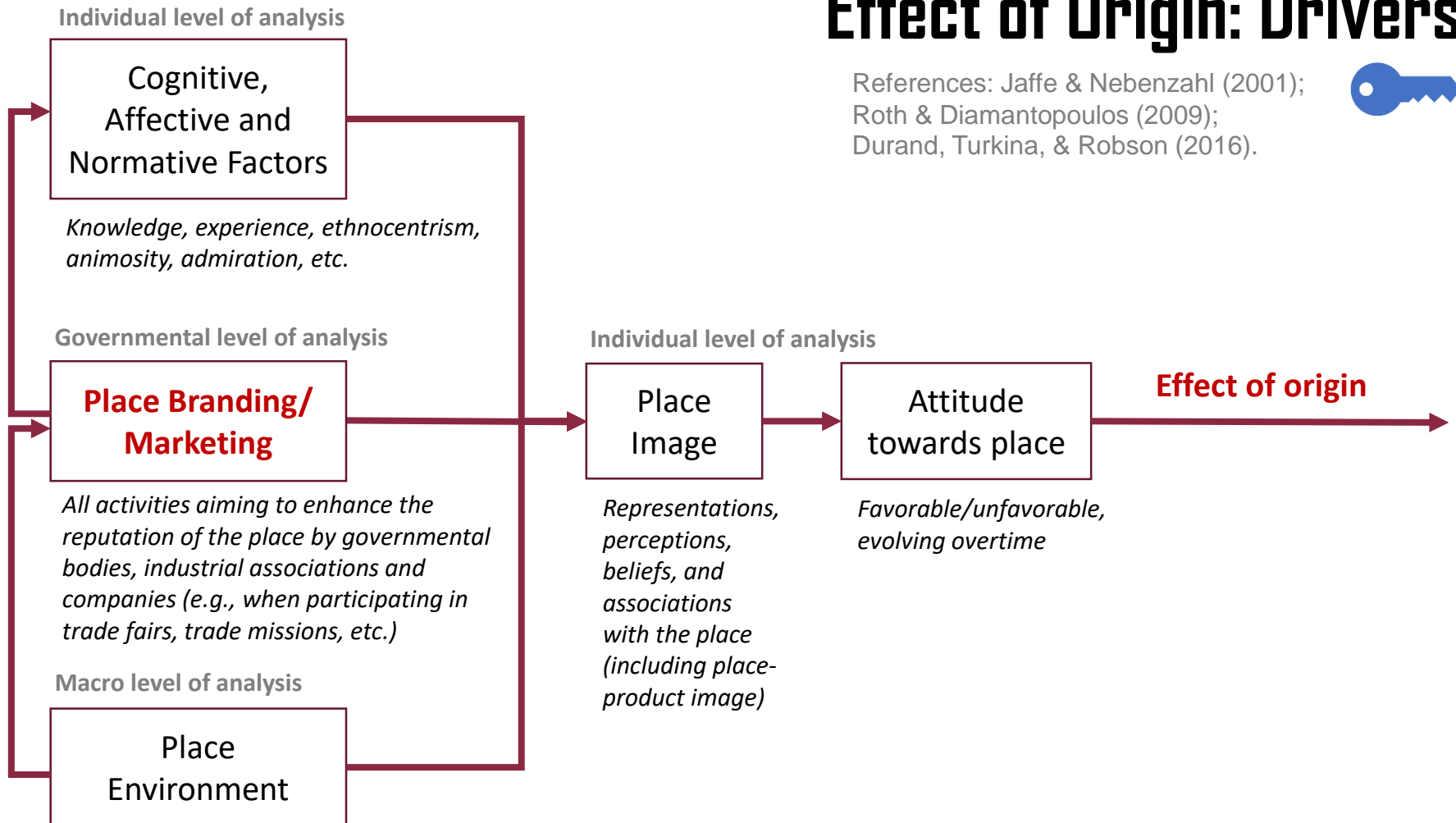
Macro level of analysis

- Revenues
- Reputation
- Competitiveness

References: Koschate-Fischer, Diamantopoulos, & Oldenkotte (2012); Durand (2016).

Effect of Origin: Drivers

References: Jaffe & Nebenzahl (2001);
Roth & Diamantopoulos (2009);
Durand, Turkina, & Robson (2016).



Set of political, legal, administrative, economic, socio-cultural, technological, and geographic factors characterizing a place (whether a regional block, country, state, province, region, county, city, neighborhood, etc.). Important economic factor: presence of successful companies (or lack thereof). Important socio-cultural factor: presence of successful people (activists, artists, athletes, intellectuals, politicians, scientists, etc.).

Place Branding/Marketing: Definition

- In the 1990s, researchers started to theorize about the long-lasting practice of promoting places under the name “place marketing”:
 - “[...] all the activities promoting the values and images associated with a place in order for potential users to know about its distinctive advantages.” (Kotler, Haider, and Rein 1993b:18)
 - “Marketing designed to influence target audiences to behave in some positive manner with respect to the products or services associated with a specific place” (American Marketing Association’s Dictionary, n.d)
- In the 2000-2010s, ‘place branding’ becomes fashionable:
 - the **“broad set of efforts by country, regional and city governments, and by industry groups, aimed at marketing the places and sectors they represent”** (Papadopoulos 2004:36)

Examples of country branding?



Argentina MÀS DE UNA
RAZÓN



2004



Chile

All Ways Surprising

2005

I FEEL
SLOVENIA

2007

A graphic for the Australia logo consisting of two stylized, orange, arrow-like shapes pointing towards each other, forming a central space.

Australia
UNLIMITED

2009



Marca País Argentina

Marca País

Compartir en redes sociales



- ENSURING THE PUBLIC CHARACTER OF THE GOVERNMENT
- PROMOTION OF SLOVENIA**
- COMMUNICATION PROJECTS
- MEDIA ROOM
- ABOUT US

WWW.UKOM.GOV.SI / PROMOTION OF SLOVENIA

Country Brand: I feel Slovenia

Publications

Promotional Events

Multimedia

PROMOTION OF SLOVENIA

PowerPoint

PowerPoint presentation »SLOVENIA - The hidden treasure of Europe« in different languages: English, French, Italian, Japanese, Chinese, Hungarian, German, Portuguese, Russian, Slovenian, Spanish, Turkish. [More>>](#)



Helping Refugees



Work of the government

Country brand

Website slovenia.si

Promotional publications

I FEEL

SLOVENIA.SI

FACTS ABOUT

Fundación Imagen de Chile



La institución que gestiona la Marca Chile

Imagen de Chile es el organismo que tiene como misión promover la imagen de Chile a nivel internacional para contribuir a su competitividad a través de la gestión de la marca país.

Manual

Conoce más sobre los lineamientos de la marca país Chile.

Descarga #Recetas

De las cocinas de Chile a la palma de tu mano.

Australian Trade and Investment Commission

Australia's lead government agency for international trade promotion and investment attraction



Events

5 Dec 2018



News

5 Dec 2018

4 Dec 2018

Argentina



2005

Argentina

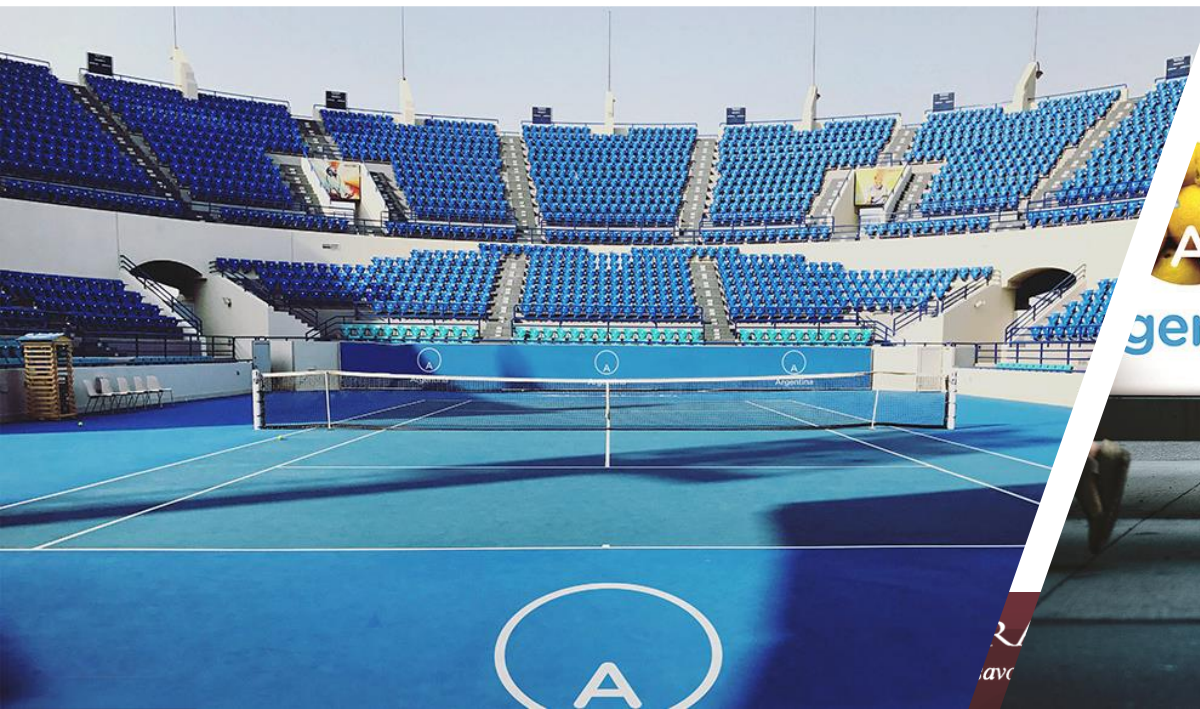


2012



2018

See [Brand Book](#)







THE SPREAD POLO

The opening of our first store in Buenos Aires in 1985... and we never stopped, opening more than 85 stores worldwide and in 2015 we were rewarded as MARCA PAÍS Argentina.



- ENG
- LOGIN
- STORE LOCATOR
- LA MARTINA
- HERITAGE
- LIFESTYLE
- AMBASSADORS
- EVENTS
- VIDEO
- POLO EQUIPMENT



POLO
Life Style

POLO
Player

DRAG TO EXPLORE OUR WORLD

Nigeria
Good People Great Nation
2009

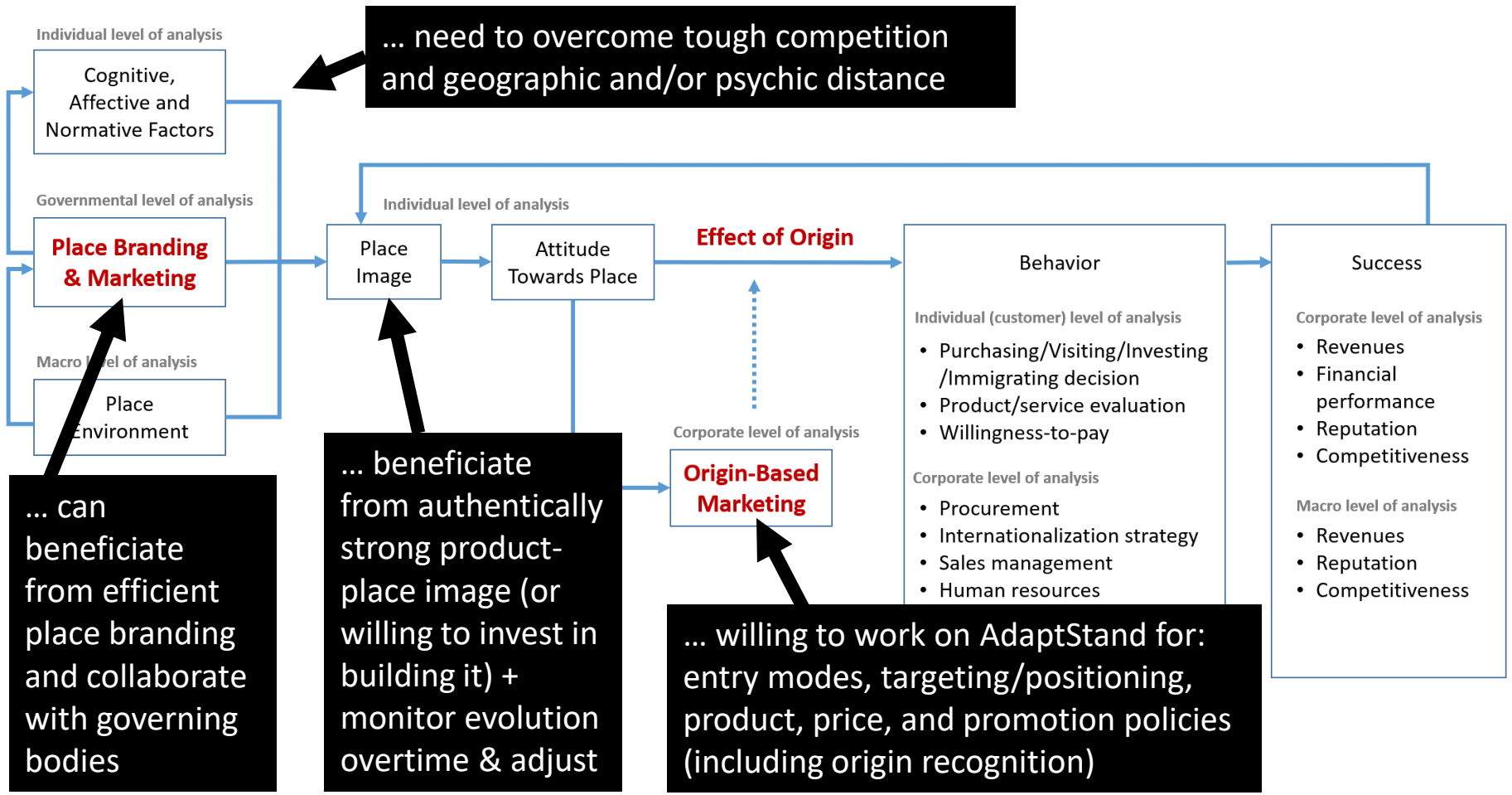


2012



2012

Conclusion: Companies should still rely on their origin WHEN...





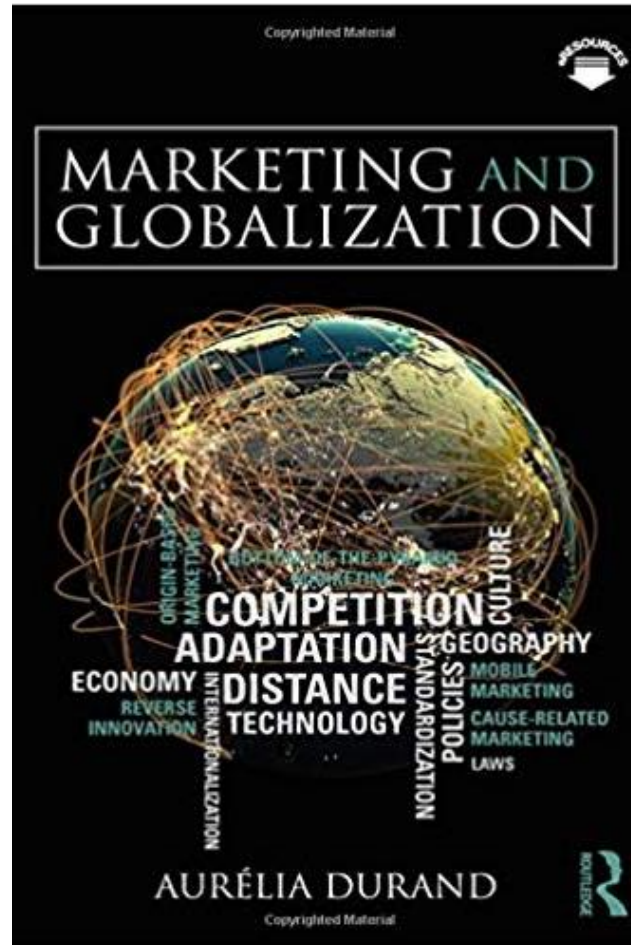
Current research: City branding

QUESTIONS ADDRESSED IN THE BOOK:

TRADITIONAL STEPS IN THE INTERNATIONAL MARKETING PLAN:



Should companies rely on a geographic origin to differentiate from competition and attract customers?



Thank you.