

What are the potential effects of COO ambiguity and actual and implied COO cues on consumer decision making?

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Marketing and Consumer Behaviour Group (MCB)
Femke Hartman
920310-309-100
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Supervisor: Dr. D.J.B. Hofenk



WAGENINGEN UNIVERSITY
WAGENINGEN UR

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Summary

This study investigated on the potential effects of COO ambiguity and actual and implied COO cues on consumer decision making. Previous research about the effects of COO cues and ambiguity on product quality, brand image and purchase intentions was analysed. It was known that COO cues have an influence on the consumer decision making, but it appeared that there exists a gap in literature about implied COO cues. Therefore theory about deceptive advertising was analysed and applied to implied COO cues. The effect of actual and implied COO cues will only differ if consumers notice the difference between both cues. This probability will raise when the consumer is involved in central processing. In that case the consumer is motivated to search for reliable information. During peripheral processing rely consumers more on heuristics and will therefore be more influenced by outstanding COO cues. Since COO ambiguity will appear when consumers perceive contradiction between actual and implied COO cues, has the appearance of COO ambiguity a higher probability during central processing. COO ambiguity has a negative effect on the consumer decision making process, because they will form a negative bias towards the brand due to broken trust. Managers have due to the ambiguity aversion of consumers to be very careful when implying COO cues and have to be aware of the mode of processing in which consumers are involved during the decision making process.

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1. Introduction

When a company wants to enter new markets, it is important to consider which markets they should enter and if they should use a foreign, local or global branding strategy (Douglas and Wind, 1987). Foreign branding is the strategy of spelling or pronouncing a brand name in a foreign language. Klarbrunn waters is for example not, as the name suggests, mineral water from the German Alps, but water bottled in Wisconsin in the U.S. (Leclerc et al., 1994). Choosing a brand name can be fundamental for the success of the product (Keller and Lehmann, 2006), so the company has to be sure to make the good decision. In particular for experiential products like mineral water and ice cream a name can make a substantial difference for the brand equity (Aaker, 1991). Even if the brand name sounds unfamiliar or is less retrievable in memory or hard to pronounce in another language, it still may have positive contributions to the evaluations of consumers of the product. Brands using a French name, for example, benefit from the stereotypes of France as aesthetic sensitivity, refined taste, sensory pleasure, elegance, flair and sophistication (Leclerc et al., 1994).

There are many previous studies investigating on the effect of country-of-origin (COO) on consumer behaviour. A cue for the actual COO is the made-in label on the product. Several researches exist about those made-in labels (Balabanis and Diamantopoulos, 2004). These researches show, for example, that the made-in labels can create differential advantage (Sheth, 2011). Even though previous research gives information about the effects on consumer behaviour of COO and made-in labels on products, less is known about the effects of ambiguous COO information on consumer decision making. This research will shed a light on the question: What are the potential effects of COO ambiguity and actual and implied COO cues on consumer decision making? (Melnik et al., 2012).

The origin of a brand is an important cue for consumers in evaluating a brand's image (Thakor and Lavack, 2003), determining consumer attitudes, purchase intentions and behaviour (Gürhan-Canli and Maheswaran, 2000). Miller (2011) states that one-quarter of the consumers bases their purchases on COO information. Another research in Asia shows that U.S. brands were rejected based on their COO by 13% of the respondents in China, 19% of the respondents in Indonesia and even 36% of the products were rejected based on their COO in India. However consumer attitude is not the same as the actual consumer purchasing behaviour. A survey by Leo Burnett Worldwide in five Asian countries shows that 65% of the respondents buys the brands they like regardless their COO (Madden, 2003).

Research of Samiee et al. (2005) also shows that brand origin plays a little role in many consumer decision making processes, because the average consumer is not aware of the actual COO. Due to incorrect perception of the COO of a product, consumers might judge the brand based on a different COO than the real COO that is stated on the made-in label. If consumers have a low brand origin recognition accuracy, this might imply that for the relevant segment brand origin recognition is not that important in the brand decision process. Such consumers are not brand driven and will show less accurate recall regarding an important attribute in choice processes than brand-driven consumers (van Osselaer and Alba, 2000). Even if the brand origin is a country with positive equity, the brand's COO might not represent a type of brand association that influences the judgement or purchase decision of the consumer. This may occur when a brand association is meaningful only to the extent that the association is categorized somewhat strongly and is accessible at the time when a brand-related judgement is made (Keller, 1993, 2003).

The results of this study will give managers more insight in when COO cues have an effect on consumer decision making and how these cues can be used to maximize the positive effects on consumer decision making.

First the theoretical background, research hypotheses and the conceptual framework will be offered. Then the managerial implications and some limitations of the research will be noted and recommendations for further research will be discussed.

2. Literature review

2.1 Actual and implied COO cues

In this research an actual cue will be defined as a cue on a product that indicates the real COO, the country in which the product was manufactured. An implied cue will be defined as a cue on a product that initiates a favourable COO that is not the real COO of the product. The effect of actual COO cues on purchase behaviour depends on whether or not the consumer notices the cue at the time of purchase (Okechuku, 1994). COO associations with a brand relate more to the country in which the brand was originated than the actual COO of the product itself. This country does not necessarily have to be the actual COO of the brand, consumers may presuppose the COO rather than actively analyse it at the time of purchase. Thakor and Kohli (1996) defined brand origin as “the place, region or country, where a brand is perceived to belong by its target consumers” (p. 27). If the actual and implied COO cue contradict each other, ambiguity could occur. In this research will COO ambiguity be defined as the perceived contradiction by consumers between COO cues and the actual COO of a product or brand.

2.2 What are the COO effects on brand image and product quality?

Before investigating on the potential effects of COO ambiguity, the effects of COO on brand image are identified. To make use of the country image of foreign countries many brands choose foreign brand names to overcome a negative COO effect or to initiate positive COO effects as stated in the introduction. However foreign brand names do not have the same effect for all brands. 60 percent of the variance in brand image is explained by COO effects and brand familiarity (Diamantopoulos et al., 2011). Strašek (2011) argues that the influence of COO cues is at least equal to other factors of the marketing mix, price and promotion for example, on the perceived brand value. Language is an important cue in implying a COO, according to Usunier (2006) are language and the linguistic cues of a brand name even the most important COO cues. The importance of language and linguistic cues could possibly explain why 80 percent of the consumers know that Audi is a German brand, whereas only 8 percent identifies Philips as a Dutch brand (Magnusson et al., 2011). Brand names that are linguistically incongruent with the brand’s domestic country lead to lower recognition rates (Balabanis and Diamantopoulos, 2008). The example of Klarbrunn waters that was mentioned in the introduction does not suggest the United States as COO due to the choice for a foreign brand name.

Lower recognition rates of the domestic country could be favourable when the actual COO does not have the characteristics that the brand desires. Consumers do not only associate the image of a country with the capabilities of specific products or industries, but also with the capabilities of the brand (Diamantopoulos et al., 2011). A positive COO effect is therefore very important. If one product of the brand is associated with a country with a negative country image, this could also affect the attitude of consumers towards other products of the brand. If consumers become or are made more aware of the true COO of the product, the COO can even have a higher influence than the brand name in evaluating the product. In that case a strong brand name cannot overcome the negative country image (Han and Terpstra, 1988). Ahmed et al. (2002) also argue that a strong brand cannot overcome a negative country image, however they also found that a weak brand can be

stimulated by a favourable country image. On the contrary Lampert and Jaffe (1998) found that it is also possible that the brand image can influence the perception of the COO. It seems that brand image can influence the country image, but the influence is not strong enough to overcome a negatively country image. It seems that it only can influence consumers that are not strongly biased about a country.

2.3 When does COO have an effect on product quality, brand image and purchase intentions?

2.3.1 The association of COO with brand image and product quality

Many consumers use COO as a cue to define the product quality. A few examples are Italian olive oil, French wine, Japanese automobiles etc. The COO cue is used by consumers, because they cannot determine the actual quality of the product before they have consumed it. Therefore COO is used when other product information is missing (Lusk et al., 2006), Essoussi and Merunka (2007) also argue that consumers pay particular attention to the COO when they have little else to base their decision on. Roth and Romeo (1992) found higher consumer willingness to buy for products with a COO that has a good reputation than the same product with a COO that has a bad reputation.

Not all brands are equally associated with their COO. The brand itself has a major impact on the association of their brand with the COO (Thakor and Kohli, 1996). There are products from emerging countries that have a foreign brand name that implies a developed COO, while on the made-in label an emerging COO is stated (Melnik et al., 2012). In this way made-in labels could create a differential advantage (Sheth, 2011). Due to globalization borders are blurred and the production of one product is often located in several countries. This situation gives managers more control about choosing the countries that will be associated with their product. To avoid resistance towards the brand due to a negative country image a brand could replace the manufacturing to a preferred country (Okechuku, 1994). However more recent studies argue that the manufacturing origin becomes more irrelevant for most product categories due to globalisation (Samiee et al., 2005; Usunier, 2006; Samiee, 2010) and more brands are initiating a favourable product origin by implied COO cues (Liefeld, 2004). In line with this theory Phau and Prendergast (2000) claim that consumers get used to the fact that products of the same brand not necessarily need to have the same COO.

Brands have to especially use COO information strategically in product categories in which few domestic alternatives are available and for public goods (Essoussi and Merunka, 2007). However they have to be careful with making use of the effects of country characteristics, because consumers do not perceive all products from the same country similar (Ettel and Walker's, 1974). The examples of Italian olive oil and Japanese automobiles that were mentioned before do both have preferable COO cues. However if the products would be sold as Italian automobiles and Japanese olive oil, the same COO cues would probably be less effective in influencing the quality perception of consumers.

2.3.2 Country image of COO

Research of Papadopoulos and Heslop (2003) states that there are seven dimensions which form the view of consumers about products from different countries. These factors are nation's level of advancement, feeling about a country's products, desire for closer links with a country, quality, price, the level of market penetration of a country's products and prior satisfaction with a country's products. Verlegh and Steenkamp (1999) also studied the COO effect and they argue that the COO

effect is influenced by cognitive, affective and normative mechanisms. If a brand takes these factors into account they could determine if it is favourable for their brand to have very outstanding COO cues on their products. If the actual COO does not positively influence the attitude about the product they could refer to the country of design of the product instead of the country of manufacturing if the country of design has more favourable characteristics. In that case the country stereotypes of the country of design are used to build the brand identity regardless the country of manufacture (Thakor and Lavack, 2003).

If a firm consciously chooses to make use of the stereotypes of a country, the brand makes use of the 'country equity', a term proposed by Shimp et al. (1993). They proposed the term country equity as "a more precise way of thinking about country image in its role either as a halo construct or as a summary construct" (pp. 327-328). Country equity is influenced by many factors and therefore cannot be controlled by one firm like brand equity (Lusk et al., 2006). The country equity of the home country of consumers used to be valued higher than the equity of foreign countries.

Studies of Nagashima (1970) and Kaynak and Cavusgil (1983) suggest that consumers tend to evaluate domestic products more favourable than foreign products, this is called consumer ethnocentrism. The strength of the consumer ethnocentrism varies between different social groups. Especially older people with a lower education level and a low income are more influenced by ethnocentrism. Also women tend to be more ethnocentric than men are. Young and high educated people appeared to be the less influenced by ethnocentrism (Mayda and Rodrik, 2005). When a brand is unknown a negative COO effect often cannot be compensated by other product attributes and therefore will have a negative impact on the consumers' evaluations of the product (Essoussi and Merunka, 2007). If these quality perceptions interact with ethnocentrism, COO labels can override and even bias perception of quality (Lusk et al. 2006).

2.3.3 COO and information processing mode

The strength of the influence of the COO varies between product categories. A study of Melnyk et al. (2012) showed that in the case of an utilitarian product 75.2% of the respondents could identify the actual COO whereas 85.4% of the respondents could identify the actual COO in the case of a hedonic product. When consumers are looking for information about utilitarian products for example, most consumers pay less attention to heuristic cues. This could be clarified by the elaboration likelihood model (Petty and Cacioppo, 1986). If consumers have to make a decision about the purchase of an utilitarian product they are processing central and therefore are thinking actively about arguments and want reliable, detailed information. However central processing does not automatically indicate that consumers make an accurate decision. As mentioned before show the results of Melnyk et al. (2012) that in the case of an utilitarian product less consumers were able to identify the actual COO than consumers who were looking for a hedonic product. Consumers that are processing central are highly involved in the decision making process, but their deliberate decision can still be biased.

When they are looking for hedonic products it will be more likely that they will be peripherally processing. In this process consumers are not willing to spend too much time on the information search and therefore base their decision on cues and heuristics to make quick decisions. It is not feasible for example to study all the information on the labels of the products in the supermarket to make the optimal decision for each product. It will take too much time, so in that case most decisions about the products will be peripherally processed. The COO effect has a stronger influence on perceived product quality for public goods with symbolic meanings and status for example (Essoussi

and Merunka, 2007). Other people who see the public good do not know the exact product specifics, so they might judge the product on stereotypes. Therefore the owners of the public products prefer products with cues that rely on positive stereotypes.

If messages are ambiguous it is more likely that biased processing based on heuristic cues occurs (Chaiken and Maheswaran, 1994). Due to the peripheral processing consumers will pay more attention to COO cues and will be more influenced by them. This also clarifies why consumers of utilitarian products are affected less by ambiguity in COO cues than consumers who are looking for hedonic products (Melnyk et al., 2012). Since prestige brands are a subcategory of hedonic products, does this theory contradict the findings of Park et al. (1991) who found that prestige brands are less affected by ambiguous extensions than functional brands. Prestige brands are defined as brands that are used as status symbols. This contradiction could be explained by the fact that the purchase decision of prestige brands strongly depends on the opinion of people in the groups which the consumer is joining or would like to join (Han et al., 2010).

2.3.4 COO effect on purchase behaviour

COO can influence the consumer decision making process as stated before, but not all consumers notice the COO of a product during the purchase. The made-in label is rarely very outstanding displayed at the packaging of the product. If consumers do not notice any COO cue, both actual and implied COO cues will not influence the consumer decision making process. Most of the consumers are not motivated to search for the COO of the product and therefore make their decision based on other indicators of quality, such as the price of the product for example, which is often well displayed on or near the product (Okechuku, 1994).

2.4 What is the influence of COO cues during the consumer decision making process?

Even though strong biases about COO's are hard to influence, it is important to take into account that they influence the consumer decision making process. Previous studies showed that COO is an important cue for the evaluation of the quality of a product or a brand, but are consumers aware of the COO during their decision making process? In surveys of Liefeld (2004) on the use of COO as an informal cue the majority said that the COO was not a relevant attribute in the decision making process between alternatives. Only a few respondents said that COO possibly could influence their product choice. It seems that consumers are not really aware of the COO and the influence of COO in their decision making process. This could be clarified by the theory that COO cues could serve as heuristics when there is no other information available for consumers to base their decision on as explained before. If there is sufficient other information available then the COO cue is processed like any other attribute (Leclerc et al., 1994).

The COO can influence the decision making process in two ways. First, as mentioned before, to determine the quality of the product, because consumers prefer some countries over another country due to perceptions of better tasting or safer products for example. Secondly the COO can also influence the consumer decision making process due to ethnocentrism as explained before (Lusk et al., 2006). The justification of the purchase plays also an important role in the consumer decision making process. When consumers buy a product they start to think about reasons that can justify their decision (Simonson and Nowlis, 2000). Product attributes like brand name frequently influence

the justification that was made, but also the easiness of making a justification can influence the cues that are used for justification (Park and Kim, 2005). Since brand name is a frequently used cue for COO, COO could indirectly influence the justification that consumers make.

The theory that was discussed before suggests that COO effect can have a strong influence on quality perceptions in some product categories, but the effect on real purchase behaviour seems to be less smaller. Miller (2011) found that about a quarter of the consumers make purchase decisions that are based on COO information. For a brand it is not only desirable to create a positive attitude of consumers towards the brand, but it is also important that consumers really purchase their products. Jian and Guogun (2007) found that the real COO does not significantly influence the consumers purchase intention. The results of their research indicate that the effect of COO on the evaluation of the product quality not surely affects the consumer's purchase intention. This is also clarified by a study of Verlegh and Steenkamp (1999) who found that studies which had measured the relationship between COO and quality perception found a stronger COO effect than studies that measured the relationship between COO and the attitudes or purchase intentions of consumers. Even though COO has an influence on consumer decision making, the effect on the purchase behaviour seems to be smaller.

2.5 What are the effects of COO ambiguity on brand image?

COO ambiguity occurs when consumers perceive a contradiction between actual and implied COO cues. Consumers can only perceive this contradiction if they notice both cues. As mentioned before have consumers who are processing central a stronger motivation to search for actual COO cues and therefore it will be more likely that they perceive ambiguity. Consumers that are peripheral processing will rely more on heuristics and therefore be more influenced by implied COO cues that are more outstanding displayed on the packaging than actual COO cues. The occurrence of ambiguity is more probable during central processing.

Due to the lack of existing literature on the effect of implied COO cues on consumers, previous studies about deceptive advertising were analysed. A deceptive advertisement is defined as one that causes incorrect beliefs about a product or brand (Olson and Dover, 1978). The findings of these studies are applied to implied COO cues and applied to perceived ambiguity.

Deceptive claims imply certain characteristics of a brand or product which it does not possess. Deceptive advertising can break the trust of consumers in the brand and therefore could cause a negative attitude towards the brand. This makes further persuasion very hard, because honesty is a basic norm in communication and the whole brand can be considered as untrustworthy after deceptive advertising (Pollay 1986). Darke and Ritchie (2007) also argue that the awareness of deceptive advertising of consumers makes further advertising very hard. When consumers viewed another advertisement of the same product or brand that had deceptive claims before, the consumers switched to biased processing. Besides the negative attitude towards the source of the deceptive message, consumers feel fooled and will activate self-protective goals to minimize the probability of being fooled again. However the negative bias does not occur when consumers are observing other consumers that are being deceived. The effects of deceptive information only affect consumers that were personally involved in the process. The biases of consumers can also have a

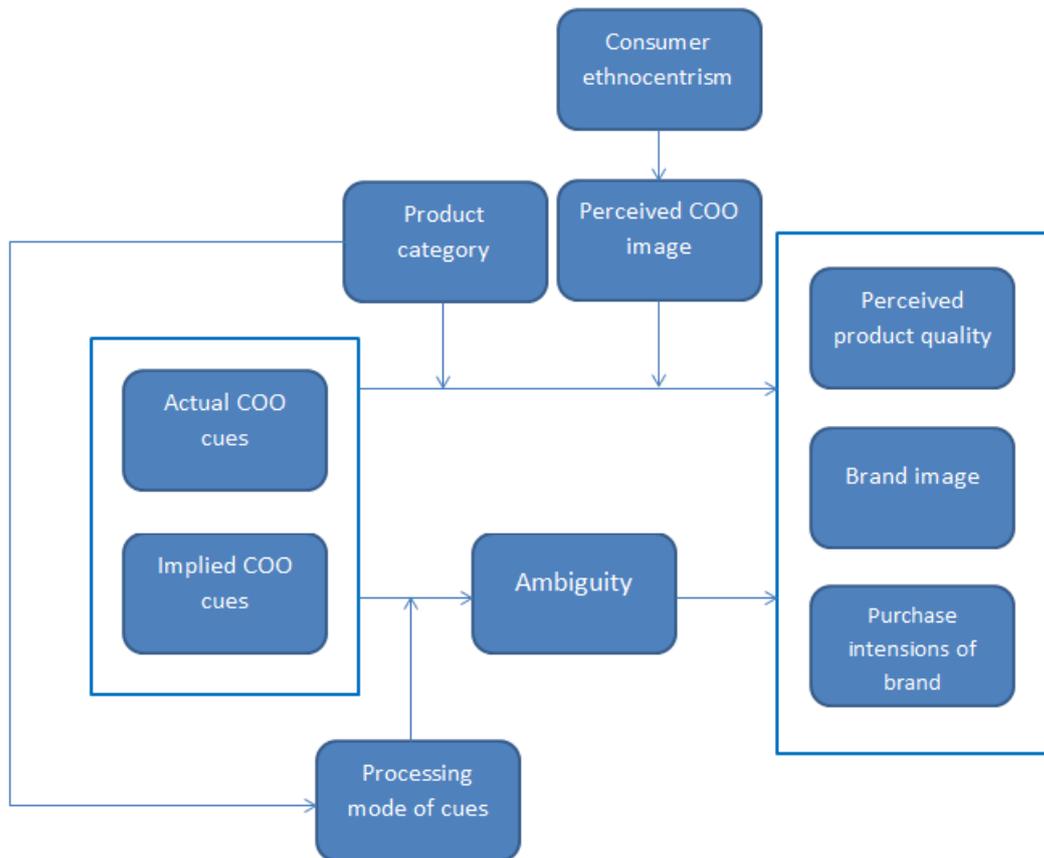
positive effect. If previous messages were very clear and had strong arguments consumers tend to evaluate later advertising messages as more positive. Darke and Ritchie (2007) conclude that deceptive claims have to be avoided not only for the fairness towards consumers but also for maintaining the reliability of the brand in the future.

The evaluation of ambiguous information and deceptive claims is an automatic process for the brain. The brain identifies the validity of the claims by analysing potential threats in deceptive information and reasons about the underlying purpose of the claim (Craig et al, 2012). Deceptive claims can evoke ambiguity. To avoid this ambiguity consumers tend to choose for more established brand names. The probability of being picked by the consumer enlarges by greater brand credibility (Erdem and Swait, 2004), therefore it is favourable for brands to ensure that their brand is valued as credible by consumers. Brand credibility relies on the consistency and clarity in the positioning of products (Muthukrishnan, 2009).

The attitude of consumers towards deceptive claims varies in response to for example the strength of the deception. Moderately deceptive claims are evaluated in the similar way as believable claims under high cognitive processing. However under heuristic processing moderately deceptive advertisements are valued as more unreliable and more similar to highly deceptive claims (Craig et al., 2012). Chaiken and Maheswaran (1994) argue that the credibility of the COO cue can have a strong impact on the judgement of messages if they are ambiguous. If a product has an unfavourable COO, extremely favourable claims will be perceived less credible than moderately claims on the same product. These moderately favourable claims will reduce the ambiguity from the consumer's perspective (Verlegh et al., 2005). Highly deceptive claims will have a higher probability of evoking ambiguity by consumers.

When applying the findings of the studies about deceptive advertising it could be argued that implied COO cues could negatively affect the brand perception. It is hard to recover the brand image once the reliability of the brand is damaged. It is possible that introducing an implied COO cue to favour positive COO effects to support the brand image can backfire and even can cause a negative impact on the brand. Once the trust is damaged in a brand it is hard to recover it, therefore implied COO cues have to be implemented very carefully. The probability of consumers feeling fooled can be reduced by implying cues that are moderately ambiguous. Claims with high ambiguous information tend to be perceived as more unreliable than moderately ambiguous claims. It seems that brands can imply cues to benefit from positive biases, but on the other hand need to build trust between the brand and their customers.

3. Conceptual framework



A conceptual framework of the analysed theory was made and the following hypotheses were derived:

H1. Consumer ethnocentrism influences the perceived COO image of a foreign country negatively and the COO image of the domestic country positively

In case of consumer ethnocentrism do consumers have a positive bias towards their home country and a negative bias towards foreign countries. The negative bias towards foreign countries will override the positive characteristics of the foreign country. The country image of foreign countries will therefore be negatively influenced by ethnocentrism. It is hard to overcome the negative attitude that consumers have towards foreign countries and the positive attitude that they have towards the products of their home country.

H2. The strength and nature of the COO effect on perceived product quality, brand image and purchase intentions of the brand is influenced by the perceived COO image

Previous studies stated that COO cues have an effect on perceived product quality, brand image and purchase intentions of the brand. However the strength and the way in which these factors are influenced depends on the COO image of the product. As expected leads a positive COO image to a positive perceived product quality, brand image and a positive influence on and purchase intentions of the brand. If products wear a COO cue of a COO with a positive image, the consumer will rely on

the stereotypes of the COO and the COO effect will be positive. Ethnocentrism as mentioned before or perceived technological distance between the home and foreign country for example, could cause a negative COO image. Products that wear a COO cue of a country with a negative COO have to deal with the negative bias towards the product

H3. The effectiveness of COO cues on perceived product quality, brand image and purchase intentions differs between product categories

Before the effect of COO cues can be measured, the COO cues need to be noticed by the consumers. Previous studies showed that in the case of hedonic products more consumers were able to identify the actual COO than consumers of utilitarian products. Consumers of hedonic products pay more attention to heuristic cues and will therefore be more influenced by the COO cues. Products whose competitive advantage relies on stereotypes will also perceive a higher influence of COO cues. These products are often public goods from prestige brands. The consumers of these products want to show off with this product and the stereotypes of the COO are an easy cue for others to determine the quality.

H4. Product category has an influence on the mode of processing

As discussed with hypothesis 3 has product category an influence on the effect of COO cues. Besides the direct influence of product category on the COO effect on perceived product quality, brand image and purchase intentions of the brand could the category of a product also influence the mode in which COO cues are processed by consumers. As mentioned before can COO cues serve as a heuristic if no other information is available and do consumers pay less attention to heuristic cues when they are looking for utilitarian products. The decision making process of utilitarian products will therefore be based on central processing most of the times, whereas the decision making process of hedonic products often relies on heuristic processing.

H5. The combination of actual and implied cues causes ambiguity

It could be reasoned that actual and implied cues have the same effect on consumers, until they notice that the implied cue is not the real COO. If the consumer did not notice the ambiguity of the implied cue, the consumer will consider the implied cue as an actual cue and therefore will be processed the same as an actual cue. However if they notice the ambiguity between the actual and the implied cue the consumers evaluate the brand image negative, because their trust in the product or brand is already damaged due to the perceived ambiguity of the implied COO. Possibly will both the implied and the actual COO cue not have a strong influence in case of COO ambiguity, but will the ambiguity have a major impact on the consumer decision making.

H6. The perceived COO ambiguity is influenced by the mode in which COO cues are processed

As stated before are not many consumers aware of the influence of COO cues on their decision making process. Probably do consumers notice the COO cues, otherwise they could not influence their decision, but do not actively look for them. This theory can be connected with the theory that COO cues are often processed as a heuristic. During heuristic processing consumers do not need strong arguments to make and justify their decision. This could clarify why consumers in heuristic processing do not notice the actual COO and also do not perceive ambiguity. However in the previous part was also mentioned that due to a lack of heuristic cues the processing mode could switch to central processing. In that case consumers do look for valuable information and strong

arguments so there will be a higher possibility that the actual COO will be noticed by the consumer and therefore will perceive ambiguity.

H7. Ambiguity has a negative influence on perceived product quality, brand image and purchase of brand

When messages are ambiguous it is more likely that the consumer decision making process will be based on heuristic cues. Due to the heuristic processing consumers will be more influenced by COO cues than in the central processing mode. Established brand names will therefore be preferred by the consumers to avoid ambiguity. The brain identifies ambiguity in the COO cues by analyzing potential threats in ambiguous information. Consumers are ambiguity averse in general, but the attitude of consumers towards deceptive claims varies in the strength of ambiguity. If a product has extremely favourable claims but a negative COO image, the claims will be perceived as less credible than moderately favourable claims. Consumers relate ambiguous information with an unreliable brand and will therefore develop a negative attitude towards the brand. Ambiguity will influence the consumer decision making process in a negative way.

4. Discussion

4.1 Conclusion

This study has elaborated on the question: What are the potential effects of COO ambiguity and actual and implied COO cues on consumer decision making?

It can be concluded that actual and implied COO cues can only cause ambiguity if the consumer notices the difference between both cues. It is more likely that consumers notice the difference between both cues when consumers are centrally processing, because then they are looking for reliable information. If consumers are peripherally processing during their decision making process they will rely on heuristics and therefore COO cues will have a larger influence. If consumers perceive COO ambiguity they will form a negative bias towards the product or brand due to broken trust. If consumers do not notice the difference between both cues there will be no perceived ambiguity and implied and actual cues will have the same effect on the decision making. In that case the COO effect will be influenced by the country image of the COO.

4.2 Managerial implications

Brand image is influenced by the country image of the COO, but a brand cannot control the country image of their COO. If this results in a positive association it could be favourable for the brand to use outstanding COO cues on the packaging of their products to show the real COO. The willingness to buy of consumers is after all higher for products from a COO with a good reputation. It is important for a brand to be associated with a COO that has a positive country image. If one product of the brand has a COO image that negatively influences the brand, the attitude of consumers towards other products of the brand could also be affected. Even if the brand has a strong brand name it is not possible to overcome the negative country image. The brand cannot control the image of the COO, but it can control the brand image to some extent. To create a positive brand image and to overcome negative COO effects the brandmanager could decide to make use of implied COO cues as foreign brand names or other linguistic cues for example.

A brandmanager has to consider if he wants to take the risk that consumers form a negative attitude towards his brand due to unreliable information to enrich his brand image by an implied COO cue. Before a manager can make a consideration about implying COO cues he has to analyse the effects of COO cues on his products. As mentioned before has product category an influence on the effect of COO cues on consumer decision making and an indirect effect on the perceived ambiguity. If his product is hardly influenced by COO cues it will not be sufficient to take the risk that consumers perceive ambiguity due to contradicting information on the packaging. It will be more effective to focus on other persuasive tools to enlarge the brand image in that case.

If the product category of his product is influenced by COO cues than the brand manager has to be aware of the country image of the product. For global companies it is important to not only analyse the country image in the domestic country of the brand, but also in other countries. The country image of the same COO could differ in other countries due to consumer ethnocentrism or cultural differences for example. If the COO has a positive country image this competitive advantage has to be utilized. There is no need for implied COO cues and the actual COO cues have to be very outstanding. If the COO has a negative country image, the manager has to consider if he is willing to take the risk to imply favourable COO cues. If he is willing to take the risk and wants to imply COO cues

he has to deliberately choose which country has a country image that will maximize the positive influence on brand image. The perceived ambiguity will be the lowest during heuristic processing, so sufficient heuristic cues have to be present to prevent consumers from central processing. These heuristic cues can be very outstanding foreign brandnames, images, use of bright colors and use of humor for example. To reduce the risk of perceived ambiguity a manager could imply a COO by locating a part of the production in a favourable country, instead of using a foreign brand name. The products are, partially, produced in that country so the COO will be actual and therefore there will be no other COO claim on the packaging that could cause ambiguity.

4.3 Theoretical implications

Previous studies provided information about the effects on consumer decision making of actual COO cues, as made-in labels for example, but less was known about the effects of COO ambiguity and implied COO cues. This study investigated on the effects of COO ambiguity and the influence of actual and implied COO cues on this perceived ambiguity. Before the influence of these cues could be analysed, more insight in the effects on implied COO cues was required. The effects of deceptive advertising were applied to implied COO cues to gain more insight in the effects of implied information on consumers. It appeared that the mode of information processing has an important influence on the evaluation of COO cues and the perceived ambiguity by consumers.

4.4 Limitations and suggestions for further research

The most important limitation of this study is the absence of a specific research design to gather empirical data to test the hypotheses. The findings are based on previous literature, but were not tested for real consumers. Another limitation of this study is the use of literature about deceptive advertising to analyse the effects of implied COO cues. Even though both deceptive advertising and implied COO cues imply unreliable information, the effects could differ. Most consumers are aware of the persuasive goal of advertising, but not all consumers will be aware of persuasive attempts of foreign brandnames for example. The effect of implied cues due to the unreliable information that was provided by the brand will probably be higher in the cases of implied cues, because the cues on products are considered as more reliable than advertising. Further research could therefore gather empirical data to test the hypotheses on consumers to gain a clear insight in the effects of implied COO cues on consumers.

The effect of consumer decision making was split up in the effect on perceived product quality, brand image and purchase behaviour. There seems to exist a positive relationship between a positive COO image and a positive effect on perceived product quality and brand image, but the effect on actual purchase behaviour seems to be smaller. Further research could investigate on the question which other factors have an influence on purchase behaviour that make consumers decide not to really purchase the product even if they have a positive attitude towards the product.

According to Samiee et al. (2005) becomes manufacturing origin more irrelevant to consumers due to globalisation, but according to Liefeld (2004) are more brands initiating implied COO cues. Further research could investigate on the question why these brands use implied COO cues if the COO effect seems to become less important to consumers. This study shed a light on the importance of the mode of processing during the decision making. In previous researches less was stated about the influence of processing of cues on the perceived ambiguity. Further research could elaborate on the effects of the processing of cues on perceived ambiguity.

As mentioned in the managerial implications could a brand decide to move a part of his production to a country with a more favourable country image. Further research could investigate if consumers perceive ambiguity if the country with favourable COO is stated as actual COO on the packing and the consumers find out that only a small part of the product was produced in the indicated country.

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