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### 3 Promoting products from developing countries: roles of brand name and spokesperson

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#### INTRODUCTION

The globalization of the world economy has led to a substantial increase in the number of firms from developing countries entering the US market. Many of these firms from developing countries such as China, India and Mexico tend to focus on competitive prices. Nevertheless, these firms also must develop effective promotion strategies for their product offerings. Since most existing studies focus on how US companies should promote products in other countries, the marketing literature provides little guidance for firms from developing countries that plan to promote their products in the US market. This study advances the literature by investigating the roles of the *brand name* and *spokesperson* in moderating the impact of *country-of-origin* information on product evaluation in the US market for firms from developing countries advertising in the American market.

#### BACKGROUND

##### **Country-of-Origin Effect**

Researchers recognize the influence on consumer product evaluation of the product's country-of-origin (COO) information (e.g. Bilkey and Nes, 1982; Chuang and Yen, 2007; Hong and Wyer, 1990). At the most basic level, COO refers to the place in which the product was manufactured. Yet the COO concept has been extended to encompass the country of design, the country that assembled the product, or the country that houses the brand's headquarters (e.g. Agrawal and Kamakura, 1999; Chao, 1993). Moreover, the COO literature reports that despite product-specific variations, consumers in developed countries often hold less favorable views of products produced in developing countries. For instance, Johansson and Nebenzahl (1986) show that US consumers consistently

rate Germany as the best car-producing country and the Philippines as the worst.

A strong brand image, however, has been found to have a shielding effect against low-quality country-of-origin in global manufacturing (Jo et al., 2003; Lee and Ganesh, 1999). Hence, firms from developing countries that plan to enter the US market may attempt to mitigate or even change an unfavorable product image through advertising or other means. Both branding and product endorsement research suggest that using an effective brand name and spokesperson might help.

### **Brand Name**

An effective brand name can identify the sources of a product, differentiate the product from its competitors, and serve as a proxy for quality in the absence of other quality indicators (Aaker, 1991; Keller, 1998). Firms that elect to introduce their products into foreign markets typically consider two brand naming options. The first option is to enter a foreign market with the firm's existing brand name. Alternatively, the firm may register a completely new name. The first option offers the advantage of possibly leveraging the brand name in the global market. However, there is a risk that the existing brand name may be inappropriate for the new market. Inappropriate names, even for a perceived high quality product, can be detrimental. For example, GM's inability to sell its NOVA car model in Latin America provides a classic example of inappropriate brand naming (Zhang and Schmitt, 2001).

The firm may also select the second option to establish its presence in a foreign market quickly by promoting a completely new and effective brand name. For instance, a British electronics firm attempted to exploit the favorable image of Japanese electronic products by entering foreign markets with the Japanese-sounding brand name, Matsui. Although the British firm assembled its products in countries all over the world, other than Japan, the perceived Japanese brand name helped the firm succeed in various markets (Bergiel and Bergiel, 1999).

There are many examples of firms using both brand naming strategies successfully. For instance, the Korean company Samsung Electronics successfully entered the US market with its original brand name, Samsung, on all its products, while Sunbeam entered the Italian market with several respected brands it obtained when it acquired local companies (e.g. Rowenta, Oster). Since there is evidence that firms have succeeded with both brand naming strategies, the more important question is how to promote either the existing or new brand effectively.

## Spokespersons

Research has shown that the appropriate selection and use of a spokesperson can be an effective strategy for brand promotion. However, there are important strategy decisions to be made should a firm elect to use a spokesperson, such as whether the firm should use a celebrity or common spokesperson. Ohanian (1991) finds that celebrity spokespersons often solicit more favorable responses to an advertisement than anonymous spokespersons. On the other hand, celebrity spokespersons can be expensive, and the results are equivocal. For example, researchers demonstrate that consumers view an advertisement or product unfavorably if incongruity exists between the product characteristics and the physical attractiveness of a celebrity spokesperson (e.g. Kamins, 1990).

Hence, an important question for companies promoting products in the US market is whether or not to use a spokesperson in the advertisement. If so, which spokesperson alternative (i.e. common person or celebrity) works best with brand naming strategy? The literature provides little guidance on this topic to firms in developing countries that wish to promote their products in US markets. This study attempts to fill that void by examining specifically the interaction between COO information and spokesperson alternatives when the product adopts a foreign-sounding brand name vs. when the product uses an American-sounding brand name.

### Verbal vs. Visual Information Congruity

When all three elements (COO, brand name and spokesperson) are included in the advertisements, a key issue that affects consumer evaluation of the advertised products is the congruity (or the lack of) among the elements. Often COO information and the brand name are categorized as verbal information, while spokesperson is categorized as the visual information. Past research has been inconsistent regarding the effect of verbal and visual information congruity. Some have found a superiority effect for the information congruity. For example, Edell and Staelin (1983) demonstrated that consumers recall brand-related information in ads with framed pictures (i.e. ads in which verbal information relates the picture to the brand) better than in ads with unframed pictures. Similarly, based on the associative network model (Schmitt et al., 1993), ads containing relations among three ad components (brand name, copy and picture) are better remembered than ads presenting unrelated components or ads with relations between only two components.

In contrast, some studies have shown a superiority effect for the

information incongruity framework. For example, based on the expectation-disconfirmation model, Houston et al., (1987) argue that information that is inconsistent with a prior expectation leads to more elaborative processing and is remembered better than the expectancy-consistent information. Their empirical results demonstrated that consumers remember the brand name and product class information better for ads with discrepancy between copy and picture than for ads with consistency between copy and picture. A similar effect was also found in a recent study of utilitarian products (Ryu et al., 2006). This study found that a consumer's evaluation of a product is more favorable when the ad contains a spokesperson whose ethnicity is incongruent with the product COO than when the ad contains a spokesperson whose ethnicity is congruent with the product COO. However, the opposite effect (information congruity superiority) was found for hedonic products.

Other researchers argue that the effect of information congruity (or the lack of) on consumer response is neither simple nor linear. The specific effect varies with the consumer's motivation to resolve incongruity, which is heavily influenced by contextual variables such as the complexity of the focal task and respondent's information processing goals (Mandler, 1982; Stangor and McMillan, 1992). Consistent with this reasoning, Meyers-Levy and Tybout (1989) demonstrated the existence of an inverted-U relationship in high involvement scenarios where moderate incongruity leads to more favorable product or brand evaluations than either congruent or extreme incongruence situations. Yet under low involvement scenarios, the relationship between congruity and evaluation is linear. For instance, congruent scenarios lead to higher evaluations than incongruent scenarios. Maoz and Tybout (2002) reported a similar effect in consumers' evaluation of brand extensions.

These studies provide conceptual guidance for our examination of the integrative effects of COO, brand name and spokesperson in promoting products from developing countries into developed markets.

## STUDY 1

### **COO and Brand Name Effects**

Previous COO and brand name research reports that consumers respond more favorably to products from countries that the consumers view favorably (Bilkey and Nes, 1982; Peterson and Jolibert, 1995). More specifically, consumers in developed countries view products from developing countries as having lower quality, while consumers in developing countries

tend to view products from developed countries as having higher quality (Wang and Lamb, 1983).

The literature also reports that the linguistic component of a brand name, such as easy pronunciation, should foster a sense of familiarity with the brand and increase the consumer's ability both to process and retrieve information related to the brand (Charmasson, 1988; Kohli and LaBahn, 1997). Consequently, American consumers may find traditional, American-sounding brand names both more familiar and easier to pronounce than foreign-sounding brand names, as demonstrated by Samiee et al. (2005). We suggest that this perceptual advantage may be attenuated when combined with unfavorable COO information. First, information incongruity is likely to exist when an advertisement promoting an American-sounding brand name also includes unfavorable COO information. The perceived contradiction may further increase the negative effect of the unfavorable COO among consumers, which should lead to an unfavorable product evaluation (Kirmani and Shiv, 1998; Mandler, 1982). Alternatively, an advertisement promoting a foreign-sounding brand name that also contains an unfavorable COO cue should result in information congruity. This congruent alignment of unfavorable COO and foreign brand name should neutralize the negative effect of either the foreign-sounding brand name or the unfavorable COO information. This logic implies an interaction effect between brand name and COO on consumers' product evaluation.

*H1: Brand name moderates the effect of COO on consumer product evaluation such that the unfavorable COO effect of a developing country is attenuated when the product adopts a foreign-sounding brand name compared with when it adopts an American-sounding brand name.*

### **Spokesperson and COO Effect**

Existing research has found that promotions that utilize a spokesperson attract consumer attention and enhance consumer product evaluation to a greater extent than promotions with no spokesperson. However, the spokesperson advantage may be neutralized or even reduced when unfavorable COO information appears along with the spokesperson. Every product must carry some form of brand name in its advertising, so our study considers the combined effects of an American spokesperson and unfavorable COO information in American- and foreign-sounding brand name scenarios.

In the case of an American-sounding brand name, the presence of information about an unfavorable COO creates information incongruity.

Adding an American spokesperson does not reduce this incongruity and may actually increase information incongruity by introducing a potential discrepancy between the American spokesperson and the unfavorable COO information. Thus, compared to an ad with no spokesperson, an ad with an American spokesperson, an American-sounding brand name, and an unfavorable COO should lead to consumers' product evaluation either remaining the same or possibly deteriorating. However, in the absence of unfavorable COO information, adding an American spokesperson to the advertisement with an American-sounding brand name should result in information congruity. Hence, compared to no spokesperson, adding an American spokesperson should elevate the consumers' evaluation of the product. This notion suggests that an interaction effect exists between the American spokesperson and unfavorable COO on consumers' product evaluation.

In contrast, in the case of a foreign-sounding brand name, the presence of information about an unfavorable COO should lead to information congruity. However, adding an American spokesperson to the advertisement, which has a foreign-sounding brand name and unfavorable COO information, disrupts this congruity. The resulting incongruity exists between the foreign-sounding brand name and the American spokesperson. It also exists between the unfavorable COO and the American spokesperson. These incongruities should lower consumers' product evaluation. However, in the absence of the unfavorable COO information, adding an American spokesperson to the promotion with a foreign-sounding brand name results in information incongruity. The resulting incongruity should lower product evaluation, though not as much as when the promotion also includes COO information. This again implies an interaction effect between the American spokesperson and unfavorable COO on consumers' product evaluation.

*H2: Spokesperson moderates the effect of COO on consumer product evaluation such that the unfavorable COO effect of a developing country becomes favorable when no spokesperson is used compared with when an American spokesperson is used, particularly when the brand name is foreign sounding.*

## **Method**

### **Design**

The study scenario features a Chinese company entering the US market. China provides an interesting case since the COO literature shows that US consumers typically have an unfavorable attitude toward products

made in China (Choe and Cho, 1999). The recent recalls of products (e.g. toys, dog food) produced in China has perpetuated this perception. A  $2 \times 2 \times 3$  between-subjects design involving unfavorable COO information (revealed and unrevealed), brand name (American-sounding and foreign-sounding), and spokesperson (celebrity, common person, no spokesperson) is employed.

### **Stimuli**

A pre-test with 21 students was conducted to select focal stimulus products. Four products (pocket PC, digital wristwatch, CD player and alarm clock radio) were found to have high experience scores ranging from 5.19 to 5.90 on a 7-point scale. The digital watch was the product that respondents indicated that they would most likely repurchase even if they currently owned one. Hence, the digital wristwatch was chosen for the study.

Since COO information is part of the product description in the advertisement, the experimental ad copy uses the more natural phrase 'The top brand from China', rather than 'made in China'. Further, because COO is a key manipulation in this study, the COO information appears at the beginning of the advertising narrative to increase the likelihood that the respondents will detect the statement.

To minimize brand knowledge contamination, we selected a brand name that was dissimilar to existing watch brands in the US market. Bilingual experts provided three candidates for the American-sounding brand name and another three for the Chinese-sounding brand name. A test with 12 students verified the perceived foreignness of the Chinese name. Ultimately Eagle was selected for the American-sounding brand name and Mingda was selected for the foreign-sounding brand name.

The spokesperson manipulation consisted of three levels: a celebrity, a common person, and no spokesperson. Tommy Lee Jones was selected as the celebrity, and a male model similar in age and appearance to Tommy Lee Jones was selected from the internet to serve as the common spokesperson. A test with 10 students revealed that all participants could correctly identify Tommy Lee Jones, but none recognized the common person. For the 'no spokesperson' scenario, an image of the watch replaces the spokesperson to assure similarity in the ad layout.

### **Procedure**

Undergraduate business students participated in the study for extra course credits. In total, 332 students participated. Approximately 53.2 per cent were women and 91.5 per cent are between the ages of 20 and 24 years. Twelve different booklets were used to assign the respondents randomly to the twelve different conditions. The students were instructed to read the

booklets that included two ads and a series of questions. One ad contained the focal stimuli (digital watch), and the other ad was for tennis shoes, which was used to increase realism and disguise the study purpose. While the questions followed the ads, the order of the two ads was counter-balanced. The study was conducted in classrooms.

### Measure

Consumer product evaluation is captured by two items, assessing the consumer's attitude toward the focal brand. Respondents were asked to indicate their agreement (1 = strongly disagree and 7 = strongly agree) with the statements 'I believe (Brand name) has higher quality compared to similar products by other manufacturers' and '(Brand name) is distinctive compared to other brands in the market'. Cronbach's alpha for the scale is .71.

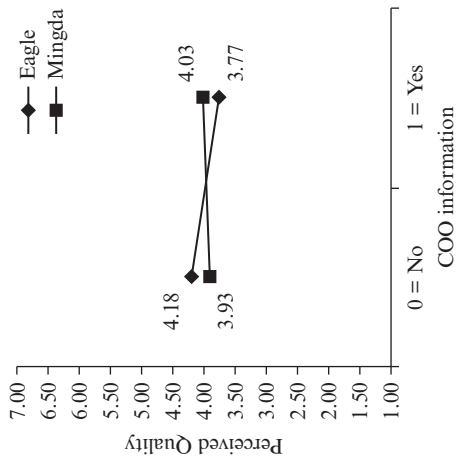
### Results

As shown in Figure 3.1a, the interaction effect between brand name and COO is significant ( $F(1, 318) = 4.80, p = .03$ ). When the product uses an American-sounding brand name (Eagle), the presence of unfavorable COO information results in a significant reduction in product evaluation (4.18 to 3.77,  $F(1, 169) = 5.04, p = .03$ ). This reduction was expected, since products associated with China are known to carry an unfavorable image among US consumers. In contrast, when the product uses a foreign-sounding brand name (Mingda), the unfavorable COO effect is attenuated such that there is no difference in product evaluation for advertisements without and with COO information (3.93 to 4.03,  $F(1, 157) = .39, p = .53$ ). These results support H1.

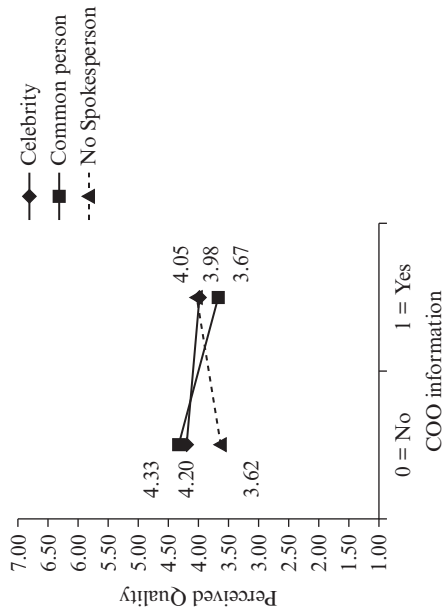
Our empirical results show that the interaction between spokesperson and unfavorable COO is significant ( $F(2, 318) = 7.58, p = .001$ ). As illustrated in Figure 3.1b, when there is an American spokesperson in the advertisement consumer product evaluation decreases if the unfavorable COO information is revealed for the celebrity condition (4.20 to 3.98,  $F(1, 110) = 1.32, p = .25$ ) and for the common person condition (4.33 to 3.67,  $F(1, 105) = 12.12, p = .001$ ). Interestingly, the results also reveal that when the advertisement includes no spokesperson, consumer evaluation actually increases when the unfavorable COO information is revealed (3.62 to 4.05,  $F(1, 109) = 3.73, p = .05$ ).

To dissect the interaction effect between spokesperson and COO further, we examined the results in each brand naming condition. When the brand name is American-sounding (Eagle), the spokesperson  $\times$  COO interaction is significant ( $F(2, 165) = 3.27, p = .04$ ). Specifically, as illustrated in Figure 3.1c, when the ad contains a spokesperson, consumers' product





3.1a Brand name x COO on perceived quality



3.1b Spokesperson x COO overall effect across two brand names

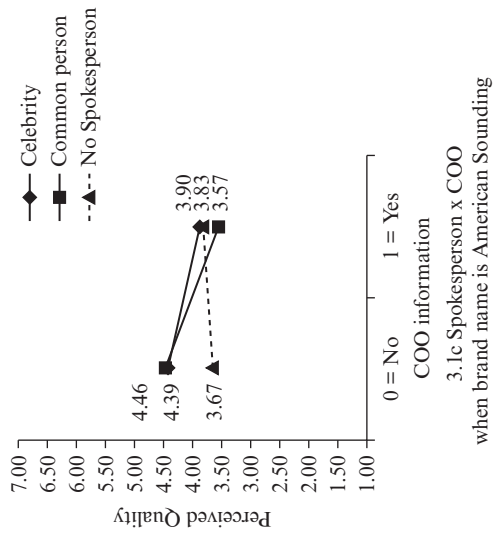
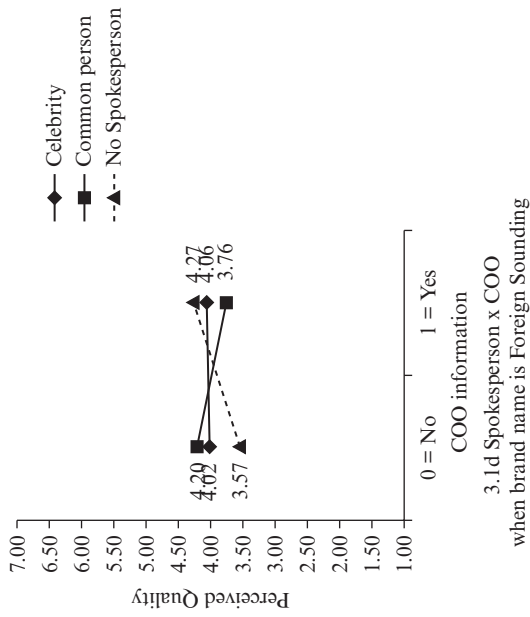


Figure 3.1 Interaction effects in Study 1

evaluation decreases when the COO information is revealed, although the decrease is not significant for the celebrity condition (4.39 to 3.90,  $F(1, 55) = 2.21, p = .14$ ), and is only significant for the common person condition (4.46 to 3.57,  $F(1, 53) = 9.44, p = .003$ ). However, when there is no spokesperson, adding unfavorable COO generates little change in consumers' product evaluation of the product (3.67 to 3.83,  $F(1, 57) = .37, p = .54$ ). In other words, the unfavorable COO information did not hurt consumers' product evaluation when the ad contains no spokesperson.

When the brand name is foreign-sounding (Mingda), the spokesperson  $\times$  COO interaction is also significant ( $F(2, 153) = 4.53, p = .01$ ). Specifically, Figure 3.1d illustrates that, when a celebrity spokesperson is used in the ad, the change in consumers' product evaluation is minimal, whether or not the unfavorable COO is revealed (4.02 to 4.06,  $F(1, 53) = .04, p = .84$ ). When a common spokesperson appears in the ad, consumers' product evaluation decreases when the unfavorable COO is revealed (4.20 to 3.76,  $F(1, 50) = 3.03, p = .09$ ). However, when no spokesperson appears in the ad, consumers' product evaluation increases significantly when the unfavorable COO information is revealed (3.57 to 4.27,  $F(1, 50) = 4.40, p = .04$ ). That is, the unfavorable COO effect actually becomes favorable in the ad with no spokesperson when the unfavorable COO information is revealed. These results support H2.

In addition, our results reveal that, when the ad contains an American-sounding brand name (Figure 3.1c), the unfavorable COO effect becomes manifest in ads with the common spokesperson but not in ads with celebrity or no spokesperson. In contrast, for ads containing the foreign-sounding brand name (Figure 3.1d), the unfavorable COO effect is evident when a common spokesperson is used, but the effect completely disappears when the ad contains a celebrity spokesperson. Finally, the unfavorable COO effect reverses itself when the ad contains no spokesperson. Apparently, the COO effect varies depending upon the presence of other peripheral cues such as brand name or spokesperson type. This finding is consistent with previous research (e.g. Verlegh et al., 2005).

## Discussion

Study 1 illustrates that consumers tend to evaluate products as lower quality when there is incongruity between two pieces of verbal information (e.g. COO and brand name) and when there is incongruity between the visual and verbal information (e.g. spokesperson and COO). In addition, as shown in Figure 3.1b, in the absence of incongruity, ads with a spokesperson generate a more favorable consumer evaluation of products than ads without spokesperson (celebrity  $4.20 > 3.62, t(111) = 2.99, p =$

.003; common  $4.33 > 3.62$ ,  $t(108) = 3.71$ ,  $p = .0001$ ). This finding is consistent with extant product endorsement literature (e.g. Ohanian, 1991). However, the spokesperson advantage disappears when there is incongruity between spokesperson and verbal information. As shown in Figure 3.1b, when the country of origin information is revealed, consumers are indifferent to ads with a spokesperson (celebrity or common person) and ads without a spokesperson. This indifference is inconsistent with recent research by Ryu et al. (2006), who found that consumers have a more favorable response to advertisements when the endorser's ethnicity is a mismatch with the product's country of origin. One explanation for this inconsistency is that the study by Ryu et al. (2006) used a favorable COO (Japan), while the current study used an unfavorable COO (China).

Figures 3.1c and 3.1d reveal that the pattern of common spokesperson effect on consumer product evaluations is consistent with information incongruity theory. For instance, the spokesperson's effectiveness was vastly reduced once respondents learned that the common spokesperson (a Western male) is promoting a brand from China (incongruity). However, this effect was absent in the celebrity spokesperson case despite the existence of information incongruity. In other words, incongruity derived from including either an American-sounding or foreign-sounding brand name in an ad for a brand from China has no impact on the consumer's evaluation when the spokesperson is a celebrity. Thus, it appears that a celebrity spokesperson carries some special characteristics that mitigate the negative impact of information incongruity. There is little evidence to suggest what this special characteristic might be and why it works.

Attribution theory provides one possible explanation. Attribution theory suggests that individuals tend to seek explanations for unexpected events or behaviors. However, individuals may develop different responses depending on their assessment of the causes of the events and behaviors (Weiner, 1992). In the case of a common spokesperson who is an unknown American, learning that the common spokesperson is promoting a Chinese brand presents an unexpected cue that reduces the consumer's product evaluations. Since the spokesperson is unknown to the consumer, the consumer has little incentive to pursue an alternative view. In the case of an American celebrity spokesperson promoting a Chinese brand, some consumers may discount the incongruity associated with the unexpected cue because of the spokesperson's celebrity status. The celebrity is evaluated differently because they are popular and well liked by a specific constituency. For these consumers, their product evaluations may remain the same or decrease only slightly. As a result, the overall reduction in consumers' product evaluations is not as large as when a common spokesperson is used. This possibility of celebrity-related 'incongruity

discount' is examined in Study 2, where celebrity information is directly manipulated.

## STUDY 2

Given that consumers are accustomed to celebrities serving as spokespersons for a variety of products and services, consumers are likely to form the reasonable assumption that the celebrity will use positive information to sell the product. Additional information presented to the consumer that confirms this expectation is likely to have little impact on the consumer's evaluations of the product. However, information that disconfirms the consumer's prior assumptions will motivate consumers to increase their attention to the advertised product itself which may lead to a different evaluation of the focal product. So in Study 2, we design a  $2 \times 2$  experiment. A celebrity is described as either 'likes products from China' or 'dislikes products from China'. As in Study 1, the celebrity acted as a spokesperson for the Chinese brand Mingda, with the COO information either undisclosed or disclosed.

### **Priming Effect**

It is expected that whether the celebrity spokesperson likes or dislikes the product from China will be irrelevant when the COO information is undisclosed. In other words, the consumer's product evaluation will be the same for both scenarios. However, the spokesperson's favorable or unfavorable attitude towards the products becomes relevant when the COO is disclosed.

It should come as no surprise to the consumer when the product is from China and the celebrity is described as liking products from China. The additional information that the celebrity likes products from China merely confirms the consumer's assumption that the celebrity says that he/she likes the product in order to sell the product. Thus, there should be little or no change in the consumer's evaluation of the product when the COO is disclosed.

Information incongruity should exist when the focal brand is from China and the celebrity spokesperson is described as disliking products from China. Since consumers assume that celebrity spokespersons provide positive and relevant information to sell products, the incongruity imposed in the ad will spur respondents to perceive the celebrity spokesperson as being credible, which leads the consumer to have a more positive attitude toward the advertisements and a higher evaluation of the

product. Therefore, there should be an interaction between the celebrity's like or dislike for products from China and the presence of the COO in the advertisement.

*H3: The priming of celebrity product liking description and COO has an interactive effect on consumer product evaluation so that:*

- a) When the celebrity is described as liking products from the focal country, disclosing the COO or not does not affect consumers' product evaluations.*
- b) When the celebrity is described as disliking products from the focal country, disclosing the COO increases consumers' product evaluation as opposed to when COO is undisclosed.*

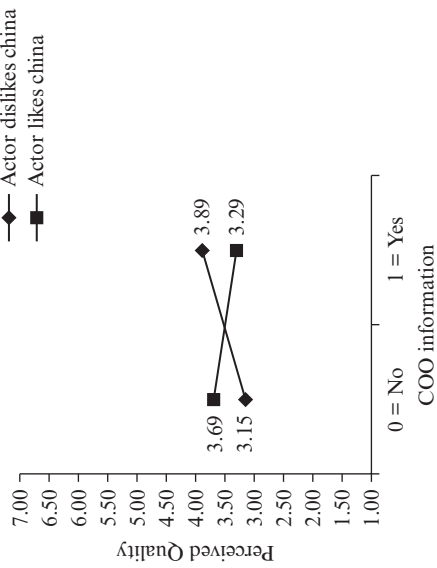
## Method

An American actor (Matt Damon) was chosen as the celebrity spokesperson. The ad copy is the same as in Study 1. In the questionnaire, a brief narrative appears first, describing the celebrity as either 'likes products from China' or 'dislikes products from China'. Next, the advertisement page appears, followed by questions on attitude toward the ad and product evaluations.

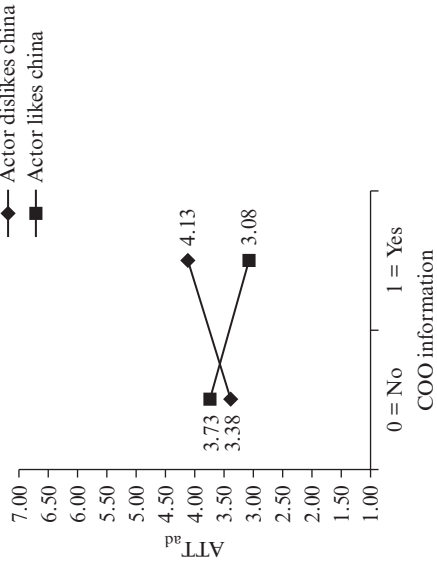
Data were collected from undergraduate students participating in exchange for extra course credits. After deleting the case with excessive missing data or yes-no answers, responses from a total of 75 subjects were obtained. As in Study 1, perceived quality was measured by two items, reaching a coefficient reliability of .82. An additional dependent variable, attitude toward advertisement, was used. It is measured by a 7-point scale comprising 3 items anchored as 1 = unattractive/7 = attractive, 1 = unlikeable/7 = likeable, and 1 = unfavorable/7 = favorable. The coefficient reliability is .75.

## Results

ANOVA analysis indicates that the celebrity description and COO information results in a significant interaction ( $F(1, 71) = 3.77; p = .05$ ). As illustrated in Figure 3.2a, when the celebrity is described as liking products from China, consumer product evaluation is 3.69 when COO is not disclosed, and is 3.29 when COO is disclosed. The difference is not significant ( $F(1, 36) = .93, p = .34$ ). This supports H3a. However, when the celebrity is described as disliking products from China, consumer product evaluation is 3.15 when COO is not disclosed, and is 3.89 when COO is disclosed. The difference approaches significance ( $F(1, 35) = 1.51, p = .08$ ), supporting H3b. This finding provides some evidence that the celebrity priming



3.1 Celebrity x COO on perceived quality



3.2 Celebrity x COO on attitude toward Advertisement

Figure 3.2 *Celebrity effect in Study 2*

description and COO has an interactive effect on consumer product evaluation.

Since we manipulated the celebrity spokesperson's attitude toward products from the focal country, a more relevant test for the product evaluation is to examine consumers' attitude toward the advertisement endorsed by the celebrity. Figure 3.2b illustrates consumers' attitude toward advertisement. The interaction effect is significant ( $F(1, 71) = 5.88, p = .02$ ). When the celebrity likes Chinese products, consumer product evaluation is the same whether or not the COO is disclosed (3.73 vs. 3.08,  $F(1, 36) = 2.79, p = .10$ ). However, when the celebrity dislikes Chinese products, consumer product evaluation approaches significance when the COO is not disclosed as compared to when it is disclosed (3.38 vs. 4.13,  $F(1, 35) = 3.08, p = .09$ ). Thus, it appears that when the celebrity is described as disliking products from China, consumers hold a more favorable attitude toward the ad when the COO is disclosed than when it is undisclosed. This pattern does not exist when the celebrity is described as liking products from China.

Another important comparison consistent with H3 ought to be that when the COO information is disclosed, describing the celebrity as disliking the products from the focal country leads to a higher evaluation than describing the celebrity as liking the products. As shown in Figure 3.2a, when COO is disclosed, consumer product evaluation when the celebrity dislikes products from China (3.89) is higher than when the celebrity likes products from China (3.29), although the difference failed to reach significance ( $F(1, 29) = 1.61, p > .10$ ). Importantly, as shown in Figure 3.2b, when COO is disclosed, consumers' attitude toward the advertisement when the celebrity dislikes products from China (4.13) is higher than when the celebrity likes products from China (3.08). The difference is significant ( $F(1, 29) = 5.21, p = .03$ ). These results provide additional support to H3.

## GENERAL DISCUSSION

Previous marketing research contributes substantially to the understanding of effective strategies for promoting US products in markets in developing countries. Yet, the existing research offers little guidance to firms from developing countries that want to promote their products in US markets. In an attempt to fill this gap, this study assesses the impact of advertisements with alternative country of origin (COO), brand name, and spokesperson choices on US consumers' product evaluation.

Research on COO consistently indicates that consumers tend to bias their evaluations of products from countries that they view unfavorably.



Hence, when products come from countries viewed as unfavorable by American consumers, the firm should not include the product's unfavorable COO information in their advertisements. While US laws regulate that the labels for imported products must contain COO information, the regulatory requirement for COO information does not apply to product promotions. Hence, products from countries that are viewed as unfavorable by American customers rarely include COO information in their advertisements.

There are instances where a country has nation equity with both performance and emotional components, much in the same way as a brand name has brand equity (Agrawal and Kamakura, 1999; Maheswaran and Chen, 2006). Hence, a country's government and companies may elect to promote the image of their country in order to increase *nation equity*, which should benefit all products from that country. A *nation equity* building strategy would suggest that companies may volunteer to include COO information in their advertisements even when target consumers currently have an unfavorable view of the country. For example, the American consumers' unfavorable view of China often adversely affects the American consumers' evaluation of products from China. Yet Harbin Beer boldly stated its COO with the phrase, 'Harbin Lager Imported from China'. in an ad featured in the July 2007 issue of the NWA in-flight magazine. One might ask if this advertising approach is a good idea.

Our research suggests that this strategy might be a good idea. The Harbin beer ad is an example of a strategy that is consistent with findings from this study. When a product has a foreign-sounding brand name, revealing the unfavorable COO information in an advertisement with no spokesperson actually generates more positive perceptions of quality than when the advertisement includes an American spokesperson. On the other hand, when the product adopts an American-sounding brand name, companies should avoid providing the unfavorable COO information since the juxtaposition of the unfavorable COO information and an American-sounding brand name creates potentially incongruent information in the advertisement.

In advertisements that omit the COO information, the use of a spokesperson increases the consumer's evaluation of the product for both American- and foreign-sounding brand names. In contrast, the use of an American spokesperson can reduce product evaluation when unfavorable COO information appears in the advertisement, since the consumer perceives an incongruity between the American spokesperson and the unfavorable COO information (i.e. China). For a product with a foreign-sounding brand name, the highest evaluations result from ads that reveal the unfavorable COO but use no spokesperson. The perceived congruity between

the foreign-sounding brand name and the unfavorable COO information results in a favorable consumer product evaluation. This result is true for both celebrity and common spokespersons. These findings suggest that firms entering the US market from developing countries should consider a strategy of building brand equity in the global market by retaining their foreign brand names. Further, this strategy will allow the foreign firm to avoid the potentially large investment required for a celebrity or non-celebrity endorser, since ads with foreign-sounding brand names with no spokespersons generate the most positive product evaluations. However, when the firm wishes to include both an American celebrity spokesperson and its unfavorable COO, the firm should adopt a foreign-sounding brand name to minimize the consumers' perception of information incongruity and resulting negative impact on product evaluation.

Most studies report that consumers rarely use COO information as the only cue to evaluate products. Moreover, previous studies have found that the COO effect is strongest when it appears as a single cue. Yet researchers also suggest that the COO effect should vary when presented in combination with other product cues (e.g. Verlegh et al., 2005). Consequently, many researchers have called for additional COO effect studies that would include more relevant stimuli, descriptions and multiple cues (e.g. Bhaskaran and Sukumaran, 2007). Our study was conducted to respond to these calls and investigate interesting interactions involving the sounding of brand names which is a less-researched but very important cue.

Finally, our study considered only one product from one developing country. Future research is needed for generalizations. We suggest that researchers also investigate whether the use of a celebrity from the developing country that is known to US consumers (e.g. Yao Ming) offers the same advantages traditionally derived from the American celebrity endorsers. In addition, researchers may consider whether promotions that include an American celebrity who is identified with the developing country (e.g. Lucy Liu) might reduce the incongruity and restore the benefits of celebrity endorsers.

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