Make It ‘til You Break It
- A Study of If and How Country-of-Origin Incongruence Affects Consumer-Based Brand Equity

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Abstract

**Title**
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**Summary**
As companies are focused on and capable of creating brand images aimed at supporting their brands, some choose to strategically associate them with specific countries or regions in hopes of attaining perceivably higher consumer-based brand equity. Although such a strategy could prove itself effective in the sense of increasing the amount of positive consumer perceptions, it might also result in harmful effects if the marketed country-of-brand origin is not in congruence with the brand’s other country-of-origin constructs.

With regards to what theory implies and what this study’s results suggest, this thesis analyzes the effects of country-of-origin incongruence on consumer-based brand equity in the case of Lexington. What this thesis uncovers is that the country-of-origin incongruence of Lexington does not, contrary to theory, have negative consequences on its consumer-based brand equity. Yet, what is suggested is that further research should focus on whether these results are simply restricted to this study’s exact settings or would be attained even in another setting in which consumer ethnocentrism would not play a significant role.
1 Introduction

In this introductory part of the thesis, a background discussion regarding the use of brand images and the implications of such strategies will be presented. Following this, a problem discussion will seek to introduce the concerns implicit to the use of country-of-origin constructs in marketing, in turn, presenting this study’s research object as well as objective.

1.1 Background

It is today not unusual for different national and cultural backgrounds to exist within one single company as mergers and acquisitions have become more common (Budhwar et al., 2009, p. 89). Furthermore, as products are produced using world-class technology, branded on a global scale and sold throughout the world (Usunier & Cestre, 2007, p. 66), it becomes more difficult for companies to develop a unified brand image reflecting only one national or cultural background rather than a multitude of such. The difficulty could lie in determining which one of those backgrounds should be chosen as representative for the brand, as this would imply the favoring of one background over others, and how to justify that choice.

On the other hand, companies also exist upon which such choices are not forced, but which choose to build a brand image reflecting a national or cultural belongingness. What is of interest to note is that such a brand image can be designed to reflect either the actual background from which a company stems or a background to which the company is foreign. In the case of a company originating from a generally positively perceived country, or even from a country to which its specific product category is commonly associated, marketing its brand with its country’s image seems to be a rather validated choice. The opposite argument also holds up. If a company originates from a country which is either negatively or neutrally evaluated, or even from a country to which its specific product category is not generally associated, then choosing to market its brand as stemming from another background is not only an understandable, but also a strategically sound choice (Usunier & Cestre, 2007, p. 64). The latter scenario, although attainable, would most likely pose a major challenge for marketers as they lack a complete understanding of the background which they are trying to convey. In other words, marketers originating from a culture other than the desired, and hence lacking the necessary cultural insight, might find it difficult to design strategies portraying images of that culture. It can be argued though that, just as consumers far removed from a
brand’s conveyed culture might be more susceptible to believe such images (Tahkor & Kohli, 1996, p. 28), marketers closer to the culture which they are attempting to portray might find such a task to be of relatively simple nature. What it might just come down to is that the cultural distance (Hofstede, 1983) between both marketers and the desired background as well as consumers and the conveyed background is a determining variable in the applicability and success of such a marketing strategy.

Despite the potential obstacles met throughout the process, in terms of either having to choose one national or cultural background out of several to belong to, or creating such belongingness from scratch, companies could rake great benefits from marketing their brands using a specific country’s images. If created and applied correctly, such a marketing strategy could positively influence consumers’ perceptions of their brands (Zeugner-Roth, Diamantopoulos & Montesinos, 2008, p. 578). In line with this, and remembering that one of the main purposes of marketing efforts is to try to influence consumers’ purchasing behavior, it is ultimately within the consumers’ perception that marketing efforts attain value. Hence, it is up to the consumers to decide whether or not the brand image put forth by marketing efforts is believable or not and, in turn, determine the brand’s equity (Keller, 1993).

1.2 Problem Discussion
It is suggested that the concept of country-of-origin has developed into being one just as important as any of the original four elements of the marketing mix (Baker & Currie, 1993, p.1), even rivaling price and product attributes in the creation of consumer perception (Han, Maheswaran, Gürhan-Canli & Maheswaran, cited in Aurier & Fort, 2007, p. 55). The concept of country-of-origin is one of a multifaceted nature as it incorporates different constructs of origin definitions under its umbrella. As this concept has received much attention (Obermiller & Spangenberg, 1989, p. 454) and has become a popular marketing tool, it is essential that it should be applied with caution due to the increased risk of transparency made possible by improved consumer knowledge. Put differently, as information accessibility continuously increases, consumers could become more aware of the brand which stands behind the products which they are buying.
Besides the brand images intentionally conveyed by the marketers, information regarding for example the production, ownership and the headquarters’ locations may reach consumers through other channels. Although the seizing of such information might, in any case, cause consumers to question the company’s brand-image consistency, the consequences of such action might vary in severity depending on the extent to which such information correlates with the intentionally conveyed brand image. In the case of such uncovered information simply highlighting aspects of a brand which are true, it seems reasonable to argue that the consequences would not entail much more than increased brand awareness amongst consumers. Although there is a desire to argue that the exact opposite scenario would yield the exact opposite consequences, namely that the uncovering of a brand’s fictional belongingness would in fact have negative effects on consumer-based brand equity, one must question if this would actually be the case.

However, it is here impossible to discuss the potential consequences of such a scenario without touching upon the concept of congruency, a theoretical concept which, in the case of this study, seeks to highlight the correlations between different country-of-origin constructs and the effects of such on consumer-based brand equity. Due to a perceived lack of literary discussions regarding this interconnectedness, it is of interest to explore in which way, shape or form consequences might present themselves and, ultimately, to assess whether or not country-of-origin incongruence could be a determinant of consumer-based brand equity. Although literature assesses the various concepts of country-of-origin constructs, congruency theories and brand equity theories, it appears to discuss these concepts rather separate from each other and not as interlinked concepts in a cause-and-effect relationship.

1.3 Lexington

The Lexington Company AB (henceforth Lexington) is a home interior design company which seeks to sell an American east coast dream by providing products reflecting the classic New England style (E24 Karriär, 2009). The company was founded in Sweden in 1997 after the acquisition of an already existing Lexington brand (E24 Karriär, 2009) and has since then maintained both its Swedish ownership (E24 Karriär, 2009) and its Swedish headquarter location (Lexington, 2010). Just as the company operates internationally by selling its products on 19 markets (E24 Entreprenör, 2009), Lexington also sees to involve suppliers
from several locations in both Europe and Asia (The Lexington Company’s Annual Report 2009).

1.4 Research Objective
This thesis’ research objective is to assess if and how country-of-origin incongruence affects the consumer-based brand equity of Lexington. In order to enable for such an analysis, this thesis must first seek to identify the country-of-origin incongruences which exist in the case of Lexington.

1.5 Limitations
As this study’s research objective is to assess the effects of country-of-origin incongruence on the consumer-based brand equity of Lexington, it is necessary to mention that no attempt will be made at accurately and scientifically determining the measures of consumer-based brand equity of Lexington, and that only the potential variations in the company’s consumer-based brand equity will be observed.

Another limitation for this study concerns the choice of not taking The Lexington Clothing Company AB into consideration and only focusing on The Lexington Company AB as a home interior company. This choice is based on the idea to only see to the company in its fundamental form, even though the two companies share the same ownership and headquarters. Furthermore, this thesis’ aim is to see only to the case of Lexington and not to attempt to generalize its results in order for conclusions about other brands to be drawn.
2 Literature Review

In this literature review part of the thesis, the concept of brand equity will serve as a reference point for theoretical concepts such as those of country-of-origin constructs, consumer knowledge and congruency to be related to. Thereafter, this study’s analytical framework will seek to establish the potential relationship between these four main concepts.

2.1 Brand Equity

One of the most basic ideas within marketing is the one of a brand adding value to consumer goods by providing meaning (McCracken, cited in Thakor & Kohli, 1996, p. 27). In turn, it is said that brand equity is a mirroring of such consumer-assigned meaning, and therefore reflects the position which a product holds in the minds of consumers (Yasin, Noor & Mohamad, 2007, p. 39). Moreover, it is argued that brand equity is solely based on the perceptions consumers have of products or brands (Keller, 1993, p. 1). Furthermore, the concept of brand equity can be broken down into two categories of which one is the financial asset-based brand equity and the other one is the consumer-based brand equity (Lassar, Mittal & Sharma, 1995, p. 12). Although the financial asset-based brand equity is of importance as it concerns both discounted future cash flow (Biel, 1997, p. 201) and discernible value in stock prices (Loomis, 1998), the consumer-based brand equity is of greater value seen from a marketing perspective and could potentially have an indirect impact on both cash-flow and stock prices in the end. It is argued that consumer-based brand equity can be expressed in terms of the marketing effects assigned to a brand (Keller, 1993, p.8). While some research indicates that brand equity should be viewed as a useful measure of the success or failure of both products and brands, regardless of marketing efforts (Gardner & Sidney, 1955, p. 39), brand equity is also said to be a good indicator of the effectiveness of certain branding strategies (Lin & Kao, 2004, p. 37).

Based on such an argument, one must touch upon the different aspects of the strategies which can create such consumer-based brand equity. One of these aspects concerns the use of regional- and country images. Although some research hints at the fact that the relationship between consumer-based brand equity and country (Pappu, Quester & Cooksey, 2004, p. 727) or region (Ittersum, Candel & Meulenberg, 2003, p. 215) images might be of ambiguous nature, some other research draws upon the effect which country image conceptions could have on final consumer purchase decisions, and hence points to the influence which such
might have on the consumer-based brand equity (Yasin et al., 2007, p. 40). Furthermore, as country images have influence on the overall equity of a country (Shimp, Samiee & Madden, 1993, pp. 327-328), a brand which originates from and markets a particular country would be assigned either the intangible assets or liabilities inherent to that country in consumers’ minds (Kim & Chung, 1997, p. 367).

2.2 Country-of-Origin
In order to be able to speak of country-of-origin constructs, one has to first see to the, already mentioned, fundamental concepts of region image as well as country image as these are prerequisites in determining both the meaning and applicability of such constructs. What these concepts imply are that some product categories can be strongly related to certain regions or countries, and some even to a variety of regions and countries; product categories such as wine (Ittersum, Candel & Meulenberg, 2003, p. 215) with California or Bordeaux, vodka with Russia and cars with Germany, Japan or the U.S. respectively (Usunier & Cestre, 2007, p. 32). The region image is a concept built upon particular area images which in turn determine the region from which a brand stems (Ittersum, Candel & Meulenberg, 2003, p. 215) whereas the country image serves to indicate the specific country from which a brand originates. The country image, as a multidimensional construct (Cattin et al., Jaffe & Nebenzahl, Han & Terpstra, Johansson & Nebenzahl, Nagashima, Narayana, White, cited in Roth & Romeo, 1992, p. 478) may stem from representative products and nation-specific characteristics as well as from economic, political, historical and traditional backgrounds (Lin & Kao, 2004, p. 38). Furthermore, country image may also be built upon the perceptions, or stereotypes (Darling & Kraft, 1977, p. 520) of innovativeness, design, prestige and workmanship associated with a country (Roth & Romeo, 1992, p. 480). These links serve to establish a picture which consumers choose to attach to brands originating from a specific country, in turn again contributing to shaping the overall country image (Nagashima, 1970, p. 68).

Ultimately, country-of-origin information serves to determine consumers’ attitudes and their behavior (Samiee, Shimp & Sharma, 2004, p. 380) in regards to their perceived dimensions of quality, brand-related attitudes, purchase intentions and perceived value (Thakor & Lavack, 2003, p. 396).
2.2.1 Country-of-Origin Constructs

In the traditional sense, the concept of *country-of-origin* only included the idea of *country-of-production*, also referred to as *country-of-manufacture* (Chen, Thakor & Lavack, Ulgado, cited in Pharr, 2005, p. 40) or *made-in-country* (Schooler, cited in Nes & Gripsrud, 2010, p. 3). Furthermore, the traditional definition of country-of-origin may be broken down into the concepts of *country-of-design* (Lim & O’Cass, 2001, p. 122), *country-of-parts* and *country-of-assembly* (Quester et al., Chao, Insch & McBride, cited in Pharr, 2005, p. 39, Papadopoulos, Lee & Schaninger, cited in Lim & O’Cass, 2001, p. 122). In this sense, one can speak of the development of hybrid products. In the modern marketplace it is not unusual for product stages, in terms of design, manufacture and assembly, to occur in a variety of countries (Chao, 1993, p. 292). As this idea has introduced the thought of a product having perhaps multiple countries-of-origin, the traditional definition of this construct is no longer applicable and is today argued to serve as a rather misleading framework for the evaluation of quality (Lim & O’Cass, 2001, p. 123).

A further development, in terms of the changes in conceptualization of country-of-origin constructs (Pharr, 2005, p. 39), has been the addition of the *country-of-corporate ownership* construct as a determining variable in consumers’ evaluation of brand quality (Thakor & Lavack, 2003, p. 402). Furthermore, although the country-of-production has an effect on consumer evaluation in some cases, such a construct is found to be of no significance and has no impact on brand quality evaluations when information regarding the country-of-corporate ownership is available. This development signifies a shift in the determining factors of brand quality perceptions, from the traditional country-of-production construct to a concept which entails the idea of the location of brand ownership (Thakor & Lavack, 2003, p. 403). In correlation with this development, the construct of *country-of-corporate headquarters* has been introduced into the country-of-origin framework. The basic idea behind this construct is that information regarding the headquarter location of a company marketing a brand is a determining factor in consumers’ ultimate evaluation of quality (Johansson, Douglas & Nonaka, 1985). In this sense, both the ownership and headquarters constructs contribute to consumers’ evaluations of brand quality as they interpret corporate ability with the help of attributes such as company-specific expertise and customer orientations (Chen, 2001, p. 443).
Contrary to the three already mentioned country-of-origin constructs, the *country-of-brand origin* construct is created solely through the use of country image cues. These cues incorporate strategically assembled country-of-origin associations (Keller, 1993, p. 11) meant to enhance consumer perceptions of a brand. One of the many applicable cues concerns the use of language cues, also known as the foreign branding of brand names through the spelling or pronunciation of the name in a foreign language. The applicability of foreign branding can be judged along two dimensions, the first being the ease at which the brand name can be recalled from memory, and the second being the extent to which a foreign-sounding brand name can support its products’ strategic positioning on the market (Leclerc, Schmitt & Dubé, 1994, p. 263).

Although the classic country-of-origin concept (i.e. country-of-production) is primarily concerned with analyzing the effects of perceived country associations on product quality, country-of-brand origin rather focuses on the intentional integration of certain origin cues into the overall brand image. With this in mind, country-of-brand origin as an actively maintained country-of-origin construct would remain unchanged even if the manufacturing location of a product would change (Thakor & Kohli, 1996, p. 32). Hence, what is of interest to note is that a country-of-brand origin, as a cue of country belongingness amongst target consumers (Thakor & Kohli, 1996, p. 27), can be created without further regard to constructs such as those already mentioned. Yet, remembering that such belongingness can be designed, it is important that a brand is not associated with a variety of countries-of-origin, as such would result in difficult and chaotic brand mismanagement (Samiee, Shimp & Sharma, 2004, p. 381). On the other hand, if such brand image design is managed correctly, brands are capable of masking their true background (Thakor & Kohli, 1996, p. 28) and perhaps enhancing their strategic positioning on a market.

*Figure 1: Summarizing figure of country-of-origin constructs. Own design, Fridjonsson & Mersmann, 2010.*
Conclusively, the four country-of-origin constructs, although different in conceptualization, have one characteristic in common as they all contribute to consumer perceptions of overall brand quality. The country-of-production construct contributes to the assessments of the more specific product quality (Khachaturian & Morganosky, cited in Lim & O’Cass, 2001, p. 121) whereas the constructs of both country-of-corporate ownership and country-of-corporate headquarters supply consumers with perceptions of ownership and management qualities through conveying corporate ability (Chen, 2001, p. 443). Lastly, the country-of-brand origin construct creates perceptions of the brand quality as it is, at least supposedly, a reflection of all which a brand stands for (Thakor & Kohli, 1996, p. 27).

2.3 Consumer Knowledge

One of the most determining variables in the creation of branding strategies is the one of consumer knowledge. Some argue that consumers’ prior brand knowledge could have significant influence on consumer-based brand equity (Kamakura & Russel, 1993, p. 10) as it drives their judgments of product quality, assesses brand attitudes and distinguishes choice behavior in the marketplace (Samiee, Shimp & Sharma, 2004, p. 379). Although much literature bases its arguments upon the statement that consumers have accurate information regarding brands prior to exposure, much of the research has also shown that consumers’ knowledge is of a rather modest scale (Samiee, Shimp & Sharma, 2004, p. 391). On that note, it is suggested that consumers, due to their lack of knowledge of brand origins, do not assign great value to the use of country-of-origin information within marketing (Samiee, Shimp & Sharma, 2004, p. 379). It is also argued that the actual place from which a brand originates is of little importance as consumers’ perceptions of such origins may differ greatly due to ignorance, a lack of particular origin information, or the intentional masking of country-of-origin information by companies (Thakor & Kohli, 1996, p. 28). Yet, regardless of these arguments, it is believed that consumers are still capable of determining country-specific product categories based on information gained by, amongst others, language cues and recognized stereotypes (Usunier & Cestre, 2007, p. 66).

In line with this, it is argued that the higher the level of correct country-of-brand origin recognition, namely the extent to which consumers are capable of identifying the country from which a brand markets itself to stem from, the greater is the importance of applying strategies which seek to only make use of advantageous information. From another
perspective, the lower the level of correct country-of-brand origin recognition, the more significant it is for brands to compete in terms of quality assessments. Hence, what can be argued is that only if country characteristics are recognizable as well as advantageous will there be a gain to be made (Samiee, Shimp & Sharma, 2004, p. 380) from incorporating such information into a brand. Furthermore, as recognition can be argued to be dependent upon consumer awareness of country characteristics, another point to make in the discussion of consumer knowledge concerns itself with the extent to which consumers are influenced by their own experiences with, and distances to, a brand. It seems reasonable to argue that individuals far removed from a brand, in terms of both geographical and cultural distances, would perhaps not be capable of recognizing such information as quickly as individuals close to that brand. On the one hand, origin cues may be too specific to be influential from a distance, whereas other origin cues, on the other hand, may be so broad as to only be influential from a distance (Thakor & Kohli, 1996, p. 28).

Furthermore, the consumer knowledge could be discussed in terms of country brand heterogeneity, a concept which points to the consumer knowledge of several brands within the same product category stemming from the same country as an influential variable in consumers’ evaluations of country-brand match (Obermiller & Spangenberg, 1989, p. 455). If consumers believe a compilation of brands to represent attributes which they value highly, then the idea is that those attributes will, automatically, be assigned to the brand in question.

Keeping this in mind, it is of interest to explore in which sense consumer knowledge actually influences consumer-based brand equity; either in a cognitive, an affective or a normative way. As for the cognitive aspects of country images, research has shown that this psychological mechanism serves as an indicator of product quality (Li & Wyer, Steenkamp, cited in Verlegh & Steenkamp, 1999, p. 524), and hence applies to a rather restricted level of influence. On the other hand, the affective mechanism has been proven to have a wider range of effects as it touches upon the symbolic and the emotional value of a country, such as social status and national pride, to consumers (Askergaard & Ger, Batra et al., cited in Verlegh & Steenkamp, 1999, p. 524). In line with this, the normative mechanism has been proven to also have greater effects on consumers’ perceptions as they attribute social and personal norms to a country and would for example regard purchasing domestic products as the correct behavior.
(Shimp & Sharma, cited in Verlegh & Steenkamp, 1999, p. 524) and purchasing products from countries with questionable activities and regimes would be judged as incorrect behavior (Smith, Klein, Ettensohn & Morris, cited in Verlegh & Steenkamp, 1999, p. 524). Moreover, such behavior could be explained with the help of consumer patriotism, a concept which seeks to argue that consumers are sometimes more likely to purchase domestic rather than foreign products, and perhaps tend to evaluate domestic products more favorably than foreign ones (Han, 1988, p. 26).

Continuing along this line of thought, some research even considers the possibility of consumer ethnocentrism as an influential variable in the discussion of consumer behavior. As it states that consumers might believe that their own culture, or any such close to their own, is superior to other cultures (Orth & Firbasova, 2003, p. 140), these consumers would support as well as defend brands originating from their own culture. It is suggested that the emotions inherent to this concept could even override rational thinking and persuade consumers to look beyond any measures of quality and simply see to the common national good which their ethnocentric behavior would cause (Orth & Firbasova, 2003, p. 141). Furthermore, highly ethnocentric consumers are said to be rather ignorant of country-of-origin information and hence support the point that such country-of-origin information might be overestimated in terms of the influence it has on consumer behavior (Orth & Firbasova, 2003, p. 149).

2.4 Congruency Effects on Brand Equity
As it is argued that the development of global branding strategies, which carry the same message and position internationally, is of necessity in order to develop a global brand (Meffert & Althans, Rutigliano, Hill & James, cited in Samiee, Shimp & Sharma, 2004, p.380), the concept of congruency in terms of potentially undesirable and inconsistent brands becomes of concern (Samiee, Shimp & Sharma., 2004, p. 381). As the consumer-based brand equity is, on some level, assessed in terms of the consistency of the meaning conveyed in the message, the concept of congruency becomes central to the discussion of consumer-based brand equity. If a brand consists of various images, then congruence can be defined as the extent to which those images share contextual meaning with each other (Keller, 1993, p. 3). Moreover, as brand images can reflect country-of-origin constructs, then congruence entails the extent to which different country-of-origin constructs correspond. Hence, it is difficult to
discuss congruency without touching upon the, already mentioned, different country-of-origin constructs.

### 2.4.1 Country-of-Origin Congruency

It can be argued that it does not matter whether or not a brand is associated with a positive country image, if such associative claims are proven to be false as this will result in the increased risk of negative perceptions (Thakor & Kohli, 1996, p. 38). In terms of congruency, although perceived congruency might positively influence consumer-based brand equity, incongruence between, for example, the country-of-production and the remainder of the country-of-origin constructs could also affect the consumer-based brand equity (Lin & Kao, 2004, p. 37).

When it comes to perceived congruency, it is important to realize that no single country-of-origin construct stands by itself, and that it is only the relationship between certain constructs which will have an influence on the final consumer perception of congruency. Seeing to the relationship which exists between the perceived location of the source of product components, here also referred to as perceived country-of-production, and the perceived country-of-brand origin, results indicate that there is a significant correlation between the two constructs (Thakor & Lavack, 2003, p. 400). This correlation is reflected in the idea that brands would suffer from a known incongruence between the perceived country-of-brand origin, indicated by for example a brand name, and the actual country-of-production (Thakor & Kohli, 1996, p. 38). In the case that the perceived country-of-brand origin is of exceptional importance to the brand image, a brand name which is supposed to indicate a specific country-of-origin, yet does not reflect the true background (Thakor & Lavack, 2003, p. 394), could expose incongruence and have a negative effect on the consumer-based brand equity as the brand image would appear inconsistent and confusing. Therefore, it can be argued that foreign branding would only serve a purpose until consumers gain either direct experience with the brand itself or receive additional country-of-origin information (Leclerc, Schmitt & Dubé, 1994, pp. 266-269). Hence, although a foreign-sounding brand name can substantially contribute to positive consumer perceptions (Aaker, Charmasson, cited in Leclerc, Schmitt & Dubé, 1994, p. 263) if applied correctly, it could also lead to brand image confusion and inconsistency (Leclerc, Schmitt & Dubé, 1994, pp. 266-269).
Additionally, seeing to the congruency between the perceived country-of-corporate ownership and the other country-of-origin constructs, results strongly indicate that the perceived country-of-corporate ownership will affect the perceived country-of-brand origin (Thakor & Lavack, 2003, p. 400). In other words, as perceptions of corporate ability are argued to affect perceptions of brand quality, and perceptions of country-of-brand origin, in terms of country images, are also argued to influence the evaluations of brand quality, a possible incongruence in the assessment of brand quality depending upon these two country-of-origin constructs would ultimately affect the consumer-based brand equity. Although it is a difficult task to identify which country-of-origin incongruence has which kind of impact on consumer-based brand equity, it is irrefutable to state that such incongruences do in fact affect the overall consumer-based brand equity (Keller, 1993, p. 8).

2.4.2 Product-Country Congruency
Other aspects of congruency which should be considered are the ones of product-region and product-country matches. In relation to country-of-origin construct congruency, product-country matches (Roth & Romeo, p. 477) can serve as either validations of country-of-origin information in the case of congruency, or even as saviors in the case of country-of-origin incongruences. If there, for example, exists a country-of-origin incongruence between the perceived constructs of country-of-production and country-of-brand origin, a relationship based on the assumption that consumers unquestionably believe the two constructs to be of the same origin (Häubl & Elrod, 1999, p. 201), then a positive product-country match can serve to save the consumer-based brand equity by highlighting the positive aspects of the uncovered country-of-origin information. What this might imply in reality is that cars, as a product category, would benefit more from a positive product-country match than would televisions as cars are argued to be more vulnerable to the effects of country-of-origin information than are televisions (Pappu, Quester & Cooksey, 2004, p. 736). Hence, a positive country-product match could either restore lost or create new positive perceptions amongst consumers and therefore influence consumer-based brand equity.
2.5 Analytical Framework

An analytical framework has been developed in order to, not only summarize the wide range of theoretical concepts, but to point to the interconnectedness between the variety of terms and theories. The main objective of this framework is to highlight the fact that all theoretical concepts, only if interlinked with each other, would allow for this thesis’ research objective to be undertaken. Moreover, the analytical framework seeks to explain how the existence of congruency is dependent upon the variable of consumer knowledge, as such influences consumers’ interpretation of information regarding, in this case, the different country-of-origin constructs. Conclusively, as literary discussions regarding the relationship between country-of-origin congruency and consumer-based brand equity appear to be lacking, this framework aims to highlight the potential relationship between these two concepts.

Figure 2: Analytical Framework developed for this thesis. Own design, Fridjonsson & Mersmann, 2010.
3 Research Methodology

_In this part of the thesis, the various aspects of the methodology, reaching from the choice of academic literature, the determining of the research object, the use of specific data collection methods to the data analysis process, will be discussed. Although all aspects will continuously be challenged, a summarizing critique of the applied methodology will finalize this section._

3.1 Research Plan

3.1.1 Academic Literature

Since the problem discussion within this thesis arises from a suspicion regarding a lack of analytical identification of the relationship between the concepts of congruency and brand equity, it seems only reasonable to discuss the methodology used in reference to the academic literature. Although much literature exists which deals with the concepts of country-of-origin constructs, consumer knowledge, congruency theories and brand equity, it appears that these concepts are often treated as rather separate ideas and that not much literature seeks to actually link these to each other. With this in mind, the initial method used to derive a research objective stemmed from a desire to explore what appears to be a gap in the reviewed academic literature concerning the relationship between the concepts of congruency and consumer-based brand equity. In the end, due to the specific nature of the research objective, the analytical framework presented in this thesis does not seek to touch upon some of the more basic ideas within the fields of marketing and branding. Rather, the academic literature used in this study aims to define the extent to which the more specific theories within these fields might be interconnected. Hence, the literature review is based on the assumption that the readers of this thesis possess prior knowledge about the reasonably basic marketing and branding theories.

3.1.2 Research Strategy

In order for the research objective to be met, this study sought to explore the extent of country-of-origin incongruence existent within the case of Lexington through a gathering of qualitative data, as well as describe and explain if and how such incongruences would affect the consumer-based brand equity of Lexington by accumulating quantitative data. To gain such insight, it was thought that a single-case study would be preferable as such a method allows for the observation and analysis of variables specific to a case like this one which
appears to be rather unexplored. The triangulation of data attained through different collection
techniques challenges the consistency of such findings as well as highlights both the
complementary and contradicting information, hence enabled for a wider picture of the
studied case to be painted.

3.1.3 Choice of Research Object
A prerequisite in the choice of research object was that it would have to meet a variety of
criteria as the objective of the analytical framework was set. The criteria entailed both the
existence of country-of-origin construct information and country-of-origin incongruence.
Furthermore, it appeared necessary for the research object to originate from Sweden as this
would allow for easier access to data, yet even more importantly, that the object would be
operating internationally since the country-of-origin constructs would therefore be of greater
complexity and interest. A research object which met these criteria is the company of
Lexington. Although the company actively projects itself as American, it is in fact of Swedish
origin. This situation lays the appropriate groundwork for the discussion of the concepts of
country-of-origin constructs and country-of-origin congruency.

3.2 Data Collection Methods
Three different data collection methods were applied in order to gain access to data necessary
for fulfilling the research objective. Although a fourth data collection method, namely the one
of on-site interviews with the management of Lexington, was desired to gain insight into the
company’s own take on the research objective, this was not attainable due to a lack of time-
and resource commitment by Lexington. Yet, the three methods were applied so that they
would each answer to different aspects of the research and in the end hopefully complement
each other and make triangulation possible.

3.2.1 Documentation
In order to explore which types of country-of-origin incongruences exist in the case of
Lexington, a documentation method was chosen. The information gathered through a review
of the official Lexington web-page, one of the company’s annual reports as well as published
articles, in which Lexington representatives have participated, allowed for a reference point
for the other data to be created.
3.2.2 Observation

The observation method served as a tool in order to gather information which could not be obtained through the documentation method. The observation method’s main objective was to gain information as to the products and specific production locations of Lexington. The observation took place in the, by-Lexington authorized, retail store of Trolltyg in Uppsala.

3.2.3 Survey

As the third data collection method, a survey approach was chosen. Performing a survey was supposed to focus on gathering information, in a quantitative sense, regarding both consumers’ actual knowledge of Lexington’s country-of-origin and their points of view on the effects of country-of-origin incongruence on the consumer-based brand equity. Realizing that survey answers would be of no use if the survey questions were formulated either incorrectly or misleadingly, test surveys were performed twice on ten individuals in order to identify the faults and discrepancies prior to the actual survey.

Prior to conducting the survey, it was concluded that a minimum amount of eligible respondents, as the sample size, should be 300 based on the judgment that this study’s population could potentially consist of all consumers in Sweden familiar with the brand of Lexington. Although an even greater sample size would have been preferred, the lack of both time and resources restricted this study from being performed on such a scale. Although it would be rather impossible to survey even a fraction of the population required to generalize, a minimum of 300 eligible responses would allow for tendencies to emerge and possible conclusions to be drawn. On that note, it is of interest to define the term of eligible responses as those given only after answering yes to the question of whether or not one is familiar with the brand of Lexington. The non-responses would, in this study, be composed by those who did communicate knowledge of Lexington but who chose not to participate in or complete the survey. Yet, as no exact reasoning behind the choice of not participating is known and no surveys were answered incompletely, this survey’s non-response rate is equal to zero.

The surveyed were first given the opportunity to state from which country they believe the brand of Lexington to be originating, but were then asked to state the effect which the country-of-origin incongruence information had on the consumer-based brand equity. Lastly,
the surveyed were also asked to rank, on a scale from one being the least influential to four being the most influential, which country-of-origin construct matters the most when generally assessing from which country they believe a brand to stem. Moreover, some of the survey questions were open-ended in order to receive non-guided answers whereas some were simple multiple-choice questions aimed at retaining more factual responses (see appendix I).

The plan was to conduct the survey randomly in order to gain access to consumers from multiple backgrounds, ages and genders which would not have been previously aware of this research. As a result, women of the age group 18-30 were overrepresented in this survey even though people of different genders and age groups were asked to partake. Moreover, this overrepresentation might be explained due to a perhaps greater interest in this branch and hence greater knowledge of this industry. Furthermore, it was intentionally planned to not send or give out the survey to acquaintances as such would all most likely represent the same age and gender category and be biased in their participation. Another precaution taken prior to conducting the survey was the choice to conduct the survey in a variety of public locations and not approach consumers outside of, or nearby, any Lexington retailer as they would most probably just have been exposed to certain brand information.

The chosen locations for this survey were mainly both Stockholm- and Uppsala city centers complemented by a variety of Uppsala universitet campuses home to departments unrelated to business and economics, such as the departments of education, natural and social sciences, medicine and law. Although it is believed that the survey results were not affected by this, it is worth mentioning that some surveys were filled out by the participants themselves when the situation allowed for them to do so, yet that the remaining surveys were not physically filled out by the participants as the context restricted them from doing so. Once the survey was performed, all the individual survey answers were registered in an online database and statistically compiled. As for the open question responses, the answers provided by the participants were categorized in order to enable the cross tabulation of the gathered data, in turn allowing for even more information to be extracted as the data could be viewed from different perspectives.
3.3 Data Analysis

Keeping in mind that a single-case study of Lexington was performed, applying a within-case analysis seemed to be most reasonable as this enables a comparison between the collected qualitative and quantitative data. Just as the triangulation of data within this study allowed for a greater picture to be painted, the within-case analysis permitted separately attained information to be put in relation to each other. The aim was to identify emerging tendencies amongst the gathered information and put such in correlation with the developed analytical framework.

Within any analysis, the aspect of interpretation becomes of central concern. In terms of the qualitative data in this study, the information gathered, with the help of the documentation and observation method, served as sources from which data were extracted. In turn, the compiled quantitative data gathered through the survey provided rather factual consumer-based information for the analysis.

3.4 Critique of Methodology

While discussing the reliability of any method, it is essential to question the consistency of findings. To begin with, critique must be raised in regards to the data collection methods. In terms of a documentation process, one must remember that not all data can be included, and that the selection of information might therefore not be completely objective. Furthermore, a main critique concerns the risk of design faults, in terms of for example leading questions or the order in which questions are asked, existing even within this survey. One such fault lies in the placement of the question regarding the ranking of country-of-origin constructs, as such can be discussed to have served a better purpose if asked at the very beginning of the survey or have been tainted by the preceding questions. Yet another critique lies in the possibility of participant errors having arisen throughout this survey. In addition to being misled, participants might also have misinterpreted the questions and hence not provided accurate information. Additionally, one must take into consideration the possibility of participant bias, in terms of for example a personal relationship with the company, yet it seems unlikely that such bias did play a great role in how the participants responded as they remained anonymous. Furthermore, there also exists a risk of the participants associating the survey to The Lexington Clothing Company AB, which could have affected the survey outcome.
Another area of the methodology which must be critically reviewed is the one of interpretation within the data analysis method. The interpretation of all the data might have changed appearance as such could have attained slightly different meanings when translating them from Swedish into English. It is widely acknowledged that even if a word is directly translated, the same word in different languages might carry different intonations. Furthermore, the risk of observer error and bias should be mentioned in correlation to the data analysis methods. The thought behind this critique is the idea that one should always question whether or not one’s own judgments and ambitions might indirectly influence the direction of a study. The interpretation of the documentation data might have been limited whereas the interpretation of given survey answers might have been tainted by preference.
4 Empirical Results and Data Analysis

In this empirical results part of the thesis, the data attained throughout this study of Lexington will be put in relation to the, for this thesis, specifically developed analytical framework in order to then make way for the remaining discussion- and conclusion sections of this thesis.

4.1 Country-of-Origin Constructs and Consumer Knowledge

In order to see to the impact which each of the country-of-origin constructs has on consumers’ evaluation of a brand’s background, it is of interest to identify which one of these constructs consumers choose as the determining variable in any general case. The survey results identify the country-of-brand origin construct as the most influential construct pointed out by 40.1 percent of the participants. Following this, 31.7 percent of the survey participants ranked the construct of country-of-corporate ownership as the second most influential construct, which in turn was closely followed by the country-of-corporate headquarters construct in third place with 25.0 percent of the votes. Last but not least, and in line with the theoretically predicted shift in construct influence (Lim & O’Cass, 2001, p. 123), the country-of-production was ranked the least influential construct of all with 44.0 percent of the answers.

![Survey results of the different country-of-origin constructs' level of influence in determining a brand's background. Own design, Fridjonsson & Mersmann, 2010.](image)

Figure 3: Survey responses of the different country-of-origin constructs' level of influence in determining a brand’s background. Own design, Fridjonsson & Mersmann, 2010.
Furthermore, 52.7 percent of the surveyed believed Lexington to be originating from the U.S., 26.3 percent from Sweden, 20.3 percent from Great Britain and 0.7 percent from another country, including that of France.

Figure 4: Survey responses to the question of from which country the participants believe the brand of Lexington to be originating from. Own design, Fridjonsson & Mersmann, 2010.

In regards to the country-of-production construct, little evidence exists in the intentionally conveyed information from Lexington regarding the more specific details of their products’ country-of-production (Lexington, 2010; Observation, 12/17/2010) in terms of country-of-manufacture (Chen, Thakor & Lavack, Ulgado, cited in Pharr, 2005, p. 40), country-of-design (Lim & O’Cass, 2001, p. 122), country-of-parts and country-of-assembly (Quester et al., Chao, Insch & McBride, cited in Pharr, 2005, p. 39, Papadopoulos, Lee & Schaninger, cited in Lim & O’Cass, 2001, p. 122). Furthermore, such information was almost unattainable and rather ambiguous at best, simply stating Europe and Asia as supplier origins (Lexington Annual Report 2009) and therefore indicating hybrid products (Chao, 1993, p. 292). Furthermore, not even the observation performed allowed for any information regarding the country-of-production to be gathered (Observation 12/17/2010). This apparent lack of information is, in this study, perhaps reflected in the result of none of the surveyed indicating any attributes, such as production capabilities and facilities or product quality, in relation to country-of-production as determinants of Lexington’s background.
As for the country-of-corporate ownership and country-of-corporate headquarters concepts, almost the same reasoning is applicable. Although not intentionally conveyed, information regarding the ownership and headquarter locations of Lexington were more attainable than the country-of-production information. In other words, a quick search for this information on the Internet provided a short review of the company history (E24 Karriär, 2009), and contact information for the in-Sweden located headquarters (Lexington, 2010). Similarly to the survey results attained in respects to the country-of-production construct, none of the surveyed mentioned attributes, such as corporate ability, regarding ownership and headquarters’ location as determinants of the Lexington origin.

The country-of-brand origin construct, as a marketing tool, is one of many ways in which either just a part of, or an entire, brand image can be designed (Samiee, Shimp & Sharma, 2004, p. 381). Regardless of the fact that this construct can be used to communicate a brand image enhanced by country-of-brand-origin information specific to the brand’s true origin, or one displaying information which actually coincides with an origin other than the brand’s, the use of defined region or country images will always take place. In the case of Lexington, such country images was found to occur repeatedly in terms of the American flag as both a textile print and a reoccurring prop in the background of many advertisements (Lexington, 2010), as well as the printed logo on each product label (Observation, 2010/17/12). The logo, although a slightly modified version of the American flag made to incorporate the brand name instead of the original 50 stars (Lexington, 2010), demonstrates the use of nation-specific characteristics (Lin & Kao, 2004, p. 38) present in the brand’s marketing.

In line with this, 28.4 percent of the surveyed proceeded to answer that the American flag, in whichever way used, was a determining origin cue. Additionally, 13.0 percent of the surveyed stated that the repeated use of the colors red, white and blue in Lexington’s product color schemes served as an indication as to which country the brand belongs to. It is here of interest to note that of those 13.0 percent, 64.1 percent believed that Lexington had an American origin whereas 30.8 percent thought the brand to originate from Great Britain. Interestingly enough, even 2.6 percent of those who saw to the color scheme as a determining variable thought Lexington to originate from France as these colors also make up the French flag. Furthermore, the brand name was, throughout the survey, mentioned by 23.3 percent to be a
strong indicator of the brand’s origin, hence reflecting the strength of language cues (Usunier & Cestre, 2007, p. 66) in the creation of country belongingness.

In line with this, Lexington makes use of region cues, indicators as to the geographical location from which a brand originates (Ittersum, Candel & Meulenberg, 2003, p. 215), in the sense that it actively uses the northeastern region of New England in the U.S, as a source of inspiration for its products (DN Ekonomi, 2008). In this case, the use of the New England reference, as a cue can be interpreted as a representative (Nagashima, 1970, p. 68) cue of the American country image. This generally assumed interconnectedness between the specific New England style and the American country image was reinforced as 8.6 percent of the survey participants explained their answer of country belongingness to depend on this specific design style.

Contrary to all the surveyed which assigned Lexington to belong to the U.S., Great Britain or even France, the ones which actually assigned a Swedish background to Lexington did so with certainty as almost all of them (96.2 percent), prior to the conducting of the survey, had received specific information regarding Lexington’s Swedish background.

4.2 Country-of-Origin Congruency
Although the concept of congruency is argued to have an effect on consumer-based brand equity, in terms of congruency resulting in positive brand equity, and incongruence resulting in the opposite (Keller, 1993, p. 8), the results of the conducted survey indicate otherwise. The majority of the surveyed did in fact state that receiving information regarding Lexington’s true Swedish origin did not have any effect on the consumer-based brand equity of Lexington. Of these, a dominant 51.1 percent expressed that their perceived lack of effect was due to the fact that they did not care for the country-of-origin incongruence. However, and in line with the theoretically predicted negative effects of incongruence caused by the lack of contextual meaning shared between different conveyed brand associations (Keller, 1993, p. 3), the greater part of the surveyed which indicated any perceived effects stated that such were of negative sort. As a matter of fact, of those who stated a perceived negative effect, 36.0 percent did so because of reasons in line with false marketing and 29.7 percent due to their personal feelings of being deceived. On the other hand, of those 18.7 percent who
did express a perceived positive effect, 76.8 percent cared to mention their positive perception of the Swedish country image (Cattin et al., Jaffe & Nebenzahl, Han & Terpstra, Johansson & Nebenzahl, Nagashima, Narayana, White, cited in Roth & Romeo, 1992, p. 478) as well as their support of domestic companies and goods indicating their sense of either consumer patriotism (Han, 1988, p. 26) or consumer ethnocentrism (Orth & Firbasova, 2003, p. 40) and Swedish country brand heterogeneity (Obermiller & Spangenberg, 1989, p. 455), as the reasons behind their opinion. More specifically, 17.9 percent of those expressed their positive perceptions to rely upon Lexington’s corporate ability (Chen, 2001, p. 443).

![Pie chart](image)

**Figure 5: Survey responses of the Lexington-country-of-origin incongruence’s effect on its brand equity. Own design, Fridjonsson & Mersmann, 2010.**

In hopes of more specifically exploring the reasons as to why the survey participants answered the way they did in regards to the perceived effects of the country-of-origin incongruence information, the participants themselves should be viewed out of two different perspectives. To begin with, the participants’ answers should be analyzed in relation to how they ranked the different country-of-origin constructs in influence. In this sense, 44.2 percent out of those who ranked the country-of-brand origin (Keller, 1993, p. 11) to be the most influential construct also stated that the country-of-origin incongruence information of Lexington did not affect their perceptions of the brand. Even out of those who ranked the country-of-brand origin construct as the second most influential construct, 43.3 percent expressed that such information did not have any effect on the consumer-based brand equity.
of Lexington. In turn, these findings support the idea that the provision of such information should not impact the consumer-based brand equity when the country-of-brand origin construct is predominantly used as an assessment variable as this, in turn, would imply the downgrade in significance of the other constructs (Lim & O’Cass, 2001, p. 123). On the other hand, 46.9 percent out of those who ranked the country-of-corporate ownership (Thakor & Lavack, 2003, p. 402) to be the most influential construct were negatively affected by the country-of-origin incongruence information. This may be due to the fact that the country-of-corporate ownership construct, unlike the country-of-brand origin construct, solely contains one aspect, namely that of ownership and will therefore be completely reconstructed if information correcting this perception is distributed (Thakor & Lavack, 2003, p. 400).

Secondly, results should be viewed out of a perspective which puts the guessed country-of-origin of Lexington in relation to the reaction to the country-of-origin incongruence information. Put differently, it is of interest to see how the nature of the perceived influence of country-of-origin information stands in correlation to the originally assumed country-of-origin. Of those 73.7 percent which guessed Lexington to be originating from a country other than Sweden, 57.4 percent stated that the country-of-origin incongruence information had either positive or no effect on the consumer-based brand equity, whereas 42.5 percent stated a negative effect. Furthermore, when the U.S. had been selected as Lexington’s country-of-origin, 41.1 percent stated that such information had no effect on the consumer-based brand equity. However, when Sweden was indicated as the brand’s country-of-origin, 57.0 percent maintained that such incongruence would not affect the consumer-based brand equity.

In terms of being positively affected by the incongruence information, 15.8 percent of the U.S. answers and 21.5 percent of the Swedish answers indicated such effects. Yet, what is of greater interest though, is the fact that 43.0 percent of the surveyed answering the U.S. were negatively affected by the incongruence information whereas only 21.5 percent of the surveyed who believed Sweden to be the country-of-origin reacted negatively. These results are in line with the main ideas of the concept of consumer ethnocentrism (Orth & Firbasova, 2003, p. 40) as the low percentage of negative answers provided by those who guesses Lexington to stem from Sweden could be explained by the fact that all surveyed have some sort of connection to Sweden and hence would most likely assign greater value to the brand as
they learned it to be Swedish. Furthermore, the concept of country-product match comes to mind when analyzing these results. For instance, some surveyed mentioned Swedish design capabilities, as part of their positive country image perception (Yasin et al., 2007, p. 40), as a reason for their choice of non-negative effects on brand equity and therefore pointed out the effects of their perceived country-product match (Roth & Romeo, p. 477) on the consumer-based brand equity (Yasin et al., 2007, p. 40) of Lexington.
5 Discussion

In this part of the thesis, the empirical findings of the conducted study of Lexington will be challenged from different perspectives in order to then make way for conclusions to be drawn.

5.1 Consumer-based Brand Equity and Consumer Knowledge

As it is argued that perceptions of the various aspects of brand quality are, on the one hand, the underlying measures of consumer-based brand equity (Keller, 1993, p. 1) and are, on the other hand, ultimately composed of consumer perceptions, it appears rather expected to discuss the nature of the relationship between consumer knowledge and consumer-based brand equity. It seems reasonable to argue that consumer knowledge is a fundamental variable in the formation of consumer perceptions of brands (Samiee, Shimp & Sharma, 2004, p. 379), and that consumer knowledge therefore affects the reception of applied marketing strategies. In turn, consumer knowledge can be reasoned to impact consumer-based brand equity as such is ultimately an assessment of marketing strategies (Kamakura & Russell, 1993, p. 10).

As the success of marketing strategies which, for example, incorporate origin cues (Thakor & Kohli, 1996, p. 32) can be reasoned to reflect the extent to which consumers interpret those cues, and such interpretation, in turn, is dependent upon consumer knowledge of such origins, then the measures of consumer-based brand equity should mirror consumer knowledge based on the distance (Thakor & Kohli, 1996, p. 28) at which consumers are removed from those origins. In other words, it can be reasoned that the shorter the distance between consumers and country-of-brand origin is, the more knowledge consumers should have. The opposite argument should also hold, namely that the further consumers are from the origin incorporated into a brand image, the less knowledge, and therefore also the less true reference-points for interpretation, they have of that origin. In the case of this study, this reasoning could be exemplified by how the probable lack of the Swedish consumers’ knowledge about the U.S., and more specifically American interior design, could allow Lexington to incorporate certain American origin cues into its brand image without being questioned and, in turn, possibly negatively affecting its brand’s consumer-based equity. If Lexington was to expand its business to the American market, the risk of negative consequences might increase as consumers would most likely have greater knowledge of the specifically American attributes which Lexington attempts to imitate and can therefore more
critically review the use and applicability of those attributes. With this in mind, it appears rather impossible to argue that consumer knowledge does not stand in direct correlation to consumer-based brand equity. Hence, what serves as the point of departure for this discussion might just be the argument that brand equity is ultimately affected by the extent of knowledge amongst consumers.

5.1.1 The Extent of Information and Consumer Knowledge

Based on the previous argument that consumer knowledge has an effect on consumer-based brand equity, another point of interest arises when seeing to analyze the various aspects of consumer knowledge. Put differently, discussion arises here in terms of the specific aspects of knowledge which should be considered while examining the relationship between consumer knowledge and consumer-based brand equity. Consumer knowledge, in this sense, could be defined in multiple ways.

On the one hand, such might imply the knowledge which consumers have independent of a specific brand regarding for example country-specific production facilities and capabilities or country-specific and culturally-bound company management abilities (Chen, 2001, p. 40). Moreover, such knowledge might also imply the extent to which consumers are aware of, amongst others, language cues (Leclerc, Schmitt & Dubé, 1994, p. 263) and country image representatives (Lin & Kao, 2004, p. 38) such as country-specific flags and color schemes. Keeping in mind that this type of knowledge is acquired throughout various life experiences and is limited to consumers’ minds, marketers would have little, or no, influence on how consumers would choose to apply their knowledge to their interpretation of the brand image.

On the other hand, although marketers cannot control the extent to which such information is applied, it can be reasoned that marketers should only make use of the information which they believe to be the most beneficial, and leave out the information which they believe could be harmful for the brand image. In the case of Lexington, specific information is conveyed in a variety of ways, namely through the brand image as well as the company’s voluntary participation in public media (DN Ekonomi, 2008; E24 Karriär, 2009; E24 Näringsliv, 2009; Lexington, 2010). Whereas the brand image is aimed at conveying an American lifestyle, the communicated information in media rather focuses on telling the story behind the company.
and includes information regarding ownership and marketing strategies. This might suggest an information incongruence which, strangely enough, is created by the company itself. As branding theories argue that brands should, in order to fill their purpose, convey consistent images and complementary information (Keller, 1993, p. 3), Lexington’s contradicting actions appear questionable. Moreover, the question arises as to why Lexington would intentionally communicate information contradictory to its brand image.

Although the initial reaction might be to criticize such actions which, according to theory (Keller 1993, p. 8), should negatively affect Lexington’s consumer-based brand equity, results from this study hinder from doing so as they suggest that consumers with knowledge of Lexington’s Swedish background are actually less negatively affected by the incongruence information. In other words, the seemingly contradicting and, according to theory (Keller, 1993, p. 8), mismanaged information conveyance actually results in a rather positive effect on the consumer-based brand equity of Lexington. Whereas 43.0 percent of the survey participants who believed Lexington to be American were negatively affected by Lexington’s country-of-origin incongruence information, only 21.5 percent of those who knew the brand to be Swedish stated a negative effect. Compared to each other, the amount of negative effects of the incongruence information was cut in half when participants were aware of Lexington’s Swedish background prior to the survey. Whether or not the low percentage of negative effects amongst those who possessed the correct information was due to the lack of interpretation of that incongruence or if it was due to genuine negative feelings caused by the perception of such incongruence remains uncertain. However, what this might conclude is that the more informed and knowledgeable consumers are regarding Lexington’s true background, the less are the negative effects of the incongruence between the brand image and other conveyed information. Although it can be argued that less non-brand image information and less consumer knowledge would do less harm to consumer-based brand equity, this study seeks to argue the opposite, namely that completely masking a brand’s true origin information (Thakor & Kohli, 1996, p. 28) might ultimately result in greater negative effects as consumers might feel more deceived by the intentional covering of information than by the simple discovery of brand image incongruence.
Furthermore, if theoretical predictions were to be correct (Keller, 1993, p. 8), then the results of this study should support the idea that country-of-origin incongruence information should negatively affect the consumer-based brand equity of Lexington. Yet, the results almost indicate the opposite as the majority, 57.4 percent, of those who assumed Lexington to be originating from either the U.S., Great Britain or even France, were not negatively affected by the incongruence information. Although the previous discussion on consumer knowledge and consumer-based brand equity sparked the thought that more information and greater consumer knowledge might result in less harmful effects, analyzing the total amount of participants believing Lexington to be of an origin other than Sweden that were not negatively affected by such information led to the belief that even less information and less consumer knowledge might result in similar effects. Put differently, results indicate that even consumers which are less informed and less knowledgeable of the Lexington brand, namely those who guessed Lexington to be from any other origin than Sweden, do not perceive the brand equity to be negatively affected by incongruence information. With regards to common sense, which might suggest that any consumer who’s belief is proven wrong by the incongruence information might react negatively and perhaps feel deceived, one cannot help but wonder why those 57.4 percent of the surveyed which were wrong about Lexington’s background stated the country-of-origin incongruence to have either a positive or no effect on the consumer-based brand equity of Lexington, and why a mere 42.5 percent indicated a negative effect. Yet again, the question arises as to how the amount of non-negative effects overcasts the amount of negative effects assigned to the country-of-origin incongruence information.

5.1.2 Does Incongruence Only Have an Effect in the State of Awareness?

As it seems that consumer knowledge, displayed in whichever way, undoubtedly affects consumer-based brand equity, one would want to analyze whether or not the aspect of consumer knowledge plays any significant role in the assessment of incongruence effects. The argument here might be that country-of-origin incongruence only exists in theory, and that such a concept and its effects might not be either as harmful as predicted by theory or even exist in reality unless consumers are capable of acknowledging and distinguishing amongst the various conceptual country-of-origin constructs inherent to the incongruence within this study. Consumers’ extent of knowledge might therefore constitute a variable necessary for
marketers to take into consideration while assessing the possible effects of incongruence on marketing efforts.

With this in mind, a reason as to why country-of-origin incongruence might not have as severe negative effects on consumer-based brand equity as predicted by theory might just be that consumers are either ignorant (Thakor & Kohli, 1996, p. 28) to the more detailed aspects of brands or simply not capable of determining amongst such aspects. In other words, the lesser effects of incongruence might be due to a lack of either interest or knowledge amongst consumers.

Although one might assume that today’s consumers are more aware of and informed about the brands which they support, one can, on the other hand, also discuss the extent of more specific consumer knowledge (Samiee, Shimp & Sharma, 2004, p. 391) of country-of-origin constructs. What this implies is the questioning of consumers’ ability to identify brand qualities and distinguish between constructs in regards to production capabilities and strategies such as outsourcing, ownership structures such as market-shared ownership as well as mergers and acquisitions and, furthermore, management qualities such as marketing efforts and branding strategies. More specifically, would consumers today consider the fact that production could occur outside the specific country from which a company originates or even markets itself to originate from?

Additionally, it can be discussed whether or not consumers are capable of realizing that the corporate headquarter location might not be synonymous with that of corporate ownership. Although those familiar with business practices might assume that such a distinction is self-evident, this study brings forth the idea that perhaps not everybody finds it self-explanatory. In the case of Lexington, survey participants interestingly enough ranked the country-of-corporate ownership construct to be more influential in the determination of a brand’s origin than the country-of-corporate headquarters. What is of interest to note is that these results could suggest that a greater amount of the survey participants believe the country-of-corporate ownership to be synonymous with, or at least to clearly indicate, the management practices and perhaps original corporate culture associated to the background from which the brand of Lexington originates, whereas it today is not certain that the management reflects the
ownership. In reality, if a consumer acquires information which leads him or her to believe that a brand is in, for example, German ownership, he or she might believe that this brand is in fact managed in the style typically inherent to the German culture.

Another reason as to why country-of-origin incongruence, in this study, might not have had the by-theory predicted negative effects could lie in the potential presence of consumer patriotism (Han, 1988, p. 26) or consumer ethnocentrism (Orth & Firbasova, Balabanis & Diamantopoulos, cited in Pharr, 2005, p. 36). Just as incongruence, at least throughout this discussion, is viewed out of a perspective which focuses on consumer psychology and is, therefore, argued to perhaps influence consumer-based brand equity solely from a psychological viewpoint, it can be reasoned that the effects of consumer ethnocentrism on consumer-based brand equity should also be analyzed out of this perspective. Furthermore, just as the discussion on the extent of consumer knowledge points to the idea that consumers might not be as informed and knowledgeable as predicted, or even hoped for, the influence which consumer ethnocentrism might have should perhaps also be considered a type of unforeseen variable capable of ultimately affecting consumer-based brand equity. It can be reasoned that consumer ethnocentrism, in the case of Lexington, is exemplified in the results which state that the majority of the survey participants which believed the brand of Lexington to originate from a country other than Sweden still stated to not be negatively affected by the country-of-origin incongruence information which they received.

Moreover, these results might suggest that consumer ethnocentrism might be provoked by purely psychological reactions to certain information, and perhaps, more specifically, linked to consumer knowledge. As for the psyche of the consumer, consumer ethnocentrism might be derived from either the affective or the normative mechanisms (Verlegh & Steenkamp, 1999, p. 524) in which national pride represents the symbolic and emotional value which consumers assign to a country, and the purchase decisions of domestic products over foreign ones represent the social and personal norms attributed to a country, respectively. Some research even indicates that the presence of consumer ethnocentrism is capable of overriding consumer’s rational thinking and hence influence any purchase behavior (Orth & Firbasova, 2003, p. 141). Although it might appear reasonable to argue that some consumers choose to support their domestic brands based solely upon their embedded national pride, it is, in turn,
possible to question if such psychological mechanisms are, to some extent, influenced by the knowledge consumers have in relation to their own country images.

Throughout the survey, the influence of consumer ethnocentrism becomes evident as a staggering 76.8 percent of the participants who reported a positive effect of the country-of-origin incongruence information stated that variables associated to their positive perceptions of the Swedish country images were the determinants in their responses. Furthermore, even in the large group of no influence responses, it can be discussed if consumer ethnocentrism acted as a bumper preventing at least some of these survey participants from negatively evaluating the Lexington brand.

With this in mind, the knowledge which would stand in relation to consumers’ perceptions of their country image might be derived from various sources of information. One of these sources can be found in the country brand heterogeneity (Obermiller & Spangenberg, 1989, p. 455) information, by which consumers’ knowledge of several brands within the same product category and stemming from the same country triggers their subconscious assignment of attributes inherent to those positively perceived brands to the brand in question. Hence, consumers might assign the quality and innovative attributes which they associate to the German car brands of Mercedes and Audi to another brand within the same product category stemming from Germany. Furthermore, with regards to the product category of home interior design and the contributions of the product-country match concept (Roth & Romeo, p. 477), Swedish consumers might ascribe Lexington the attributes of product quality and innovative design as such are commonly associated with other Swedish design brands such as, the formerly Swedish-owned brands of Orrefors and Kosta Boda, as well as the design house of Svenskt Tenn. Although country brand heterogeneity serves to explain how consumers’ knowledge of various brands within the same product category can influence the formation of their perceptions of a brand within the same product category and originating from the same country, the question arises as to if such knowledge could also influence consumer perceptions of brands not representative of the same product category. For instance, it appears reasonable to argue that Swedish consumers might assign attributes to Lexington which are not only represented by the already mentioned home interior design brands, but also represented by brands perhaps within the product categories of clothing, jewelry and textiles.
Moreover, perceptions of all Swedish brands can be argued to affect Swedish consumers’ perceptions of the their own country’s images which, in turn, have an effect on Lexington as well as any other domestic brand.

In addition, the extent of effect which consumer ethnocentrism might ultimately have on consumer-based brand equity should be analyzed in a setting in which consumer ethnocentrism would be missing. For instance, if the country-of-origin incongruence information of Lexington was to be acquired by consumers on markets outside of Sweden, consumer ethnocentrism as a type of savior or bumper might not exist. Therefore, those 76.8 percent of the positively affected survey participants would hypothetically not assign a positive effect in response to the incongruence information, and might convert to the groups of either no or negative influence. Hence, if foreign consumers would somehow discover that the Lexington brand did in fact originate from Sweden and not from the U.S. as marketed, then greater consequences in terms of not only a loss in sales, a merely financial outcome, but a more detrimental negative impact on consumer-based brand equity would seem likely. With this in mind, one cannot help but wonder if the outcomes of incongruence as predicted by theory would actually coincide with realistic outcomes, and would therefore support the idea that consumer ethnocentrism might significantly affect consumer-based brand equity, if this study of Lexington was to be conducted outside of Sweden.
6 Conclusion and Further Research

In this final part of the thesis, conclusions will be drawn in order to answer this thesis’ research objective. Suggestions for future research will also be presented.

6.1 Conclusion

In order to fulfill this thesis’ research objective of assessing the effects of country-of-origin incongruence on the consumer-based brand equity of Lexington, the nature of present incongruences had to be examined. What this analysis has come to conclude is that country-of-origin incongruence exists in regards to the various country-of-origin constructs as the country-of-brand origin of Lexington is the U.S., whereas the remaining three constructs of country-of-production, country-of-corporate ownership and country-of-corporate headquarters are of other origins. Interestingly enough, the analysis of this incongruence has led to the discovery of information incongruence caused by the company itself as it has shared information regarding its Swedish origin with consumers.

As for the research objective of this thesis, it can be concluded that country-of-origin incongruence does, in fact, affect the consumer-based brand equity of Lexington. However, it can also be concluded that such incongruence, contrary to the theoretical predictions of this thesis’ literature review, does not affect Lexington’s consumer-based brand equity that negatively, but rather results in a majority of non-negative effects. Furthermore, contrasting theory with the survey results suggests that various explanations are in line for these findings. Firstly, results suggest that the more knowledgeable consumers were of Lexington and its Swedish origin, the less likely were those consumers to assign negative effects of the country-of-origin incongruence information on the consumer-based brand equity. Although this thesis is not able to conclude exactly why this reasoning applies, it can argue that the lacking element of surprise for the survey participants in terms of being introduced to the country-of-origin incongruence information might have contributed to such results. Secondly, results also insinuate that consumers with less, or no knowledge or interest of Lexington and its Swedish origin tended to state non-negative effects of the country-of-origin incongruence information on the consumer-based brand equity of Lexington. This perhaps surprising statement can possibly be explained by the presumed lack of consumer knowledge in regards to the ability to distinguish amongst the various country-of-origin constructs and how such a lack would
allow for the subconscious generalization of the various construct aspects as all being of Swedish origin. Yet another potential explanation concerns itself with the presence of consumer ethnocentrism inherent to this study. This thesis suggests that consumer ethnocentrism played a determining role in the participants’ evaluations of the country-of-origin incongruence information’s effect on the consumer-based brand equity of Lexington as even those respondents who incorrectly guessed Lexington’s origin and should, perhaps, therefore feel negatively for the brand, chose to predominantly not do so.

Conclusively, this thesis seeks to argue that Lexington should continue to develop its brand image by applying branding strategies which incorporate imitated American origin cues, but to simultaneously do so with caution due to the fact that consumer ethnocentrism as a saving variable is not to be relied upon on any market outside of Sweden. Hence, *make it ‘til you break it* implies that Lexington can keep on making its strategies work, but needs to be aware of the risk of breaking its consumer-based brand equity as country-of-origin incongruence information could potentially be harmful in a different setting.

### 6.2 Suggestions for Further Research

It has become evident that consumer ethnocentrism is one of the most influential variables in the effects of country-of-origin incongruence on consumer-based brand equity in the case of Lexington. Keeping this in mind, it would be of interest to conduct the same type of study in a country other than Sweden where consumer ethnocentrism would not affect the consumer-based brand equity of Lexington. Furthermore, if consumer ethnocentrism is impossible to be present for Lexington, further research should attempt to determine what other variable could significantly affect the consumer-based brand equity of Lexington in a similar way. For instance, would the concept of product-country match serve as a mediating variable for Lexington even if country-of-origin incongruence information was presented?
7 References


Appendix I a: Survey Questions

1. Kön och Ålder
   - Man 18-30
   - Man 31-40
   - Man 41-50
   - Man 51-60
   - Man 61+
   - Kvinna 18-30
   - Kvinna 31-40
   - Kvinna 41-50
   - Kvinna 51-60
   - Kvinna 61+

2. Från vilket land tror Du att varumärket Lexington kommer ifrån?

3. Vad baserar Du föregående svar på?

4. Faktum är att Lexington är svenskt. Hur påverkar denna information Din uppfattning om varumärket?
   - Positiv påverkan
   - Ingen påverkan
   - Negativ påverkan

5. Motivera gärna Ditt svar.

6. Var god ranka de nedanstående alternativen enligt de Du tycker har störst inflytande på din uppfattning av vilket land ett varumärke kommer från. 1 = minst inflytande, 4 = mest inflytande.
   - Placering av tillverkning
   - Ägarskapsnationalitet
   - Placering av huvudkontor
   - Enbart varumärket
Appendix I b: Survey Questions (English Translation)

1. Gender and Age
   - Male 18-30
   - Male 31-40
   - Male 41-50
   - Male 51-60
   - Male 61+
   - Female 18-30
   - Female 31-40
   - Female 41-50
   - Female 51-60
   - Female 61+

2. From which country do you believe the brand of Lexington to be originating?

3. What do you base the previous answer on?

4. The fact is that Lexington is Swedish. How does this information affect your opinion of the brand?
   - Positive effect
   - No effect
   - Negative effect

5. Please elaborate on your previous answer.

6. Please rank the following options according to the ones you believe have the most influence on your perceptions of from which country a brand originates. 1 = least influential, 4 = most influential.
   - Placement of production
   - Ownership nationality
   - Placement of corporate headquarters
   - Only the brand itself
## Appendix II: Data Collected Throughout Survey

### 1. Gender & Age

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Man 18-30</td>
<td>20.0%</td>
<td>60</td>
</tr>
<tr>
<td>Man 31-40</td>
<td>2.0%</td>
<td>6</td>
</tr>
<tr>
<td>Man 41-50</td>
<td>2.0%</td>
<td>6</td>
</tr>
<tr>
<td>Man 51-60</td>
<td>1.0%</td>
<td>3</td>
</tr>
<tr>
<td>Man 61+</td>
<td>0.3%</td>
<td>1</td>
</tr>
<tr>
<td>Female 18-30</td>
<td>61.0%</td>
<td>183</td>
</tr>
<tr>
<td>Female 31-40</td>
<td>5.3%</td>
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<tr>
<td>Female 41-50</td>
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<td>12</td>
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<tr>
<td>Female 51-60</td>
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<td>9</td>
</tr>
<tr>
<td>Female 61+</td>
<td>1.3%</td>
<td>4</td>
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</table>

**answered question** 300  
**skipped question** 0

### 2. From which country do you believe the brand of Lexington to be originating?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>The U.S.</td>
<td>52.7%</td>
<td>158</td>
</tr>
<tr>
<td>Great Britain</td>
<td>20.3%</td>
<td>61</td>
</tr>
<tr>
<td>Sweden</td>
<td>26.3%</td>
<td>79</td>
</tr>
<tr>
<td>Other</td>
<td>0.7%</td>
<td>2</td>
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</table>

**answered question** 300  
**skipped question** 0

### 3. What do you base the previous answer on?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Flag</td>
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<td>41</td>
</tr>
<tr>
<td>The Flag in the Logo</td>
<td>14.7%</td>
<td>44</td>
</tr>
<tr>
<td>The Colors</td>
<td>13.0%</td>
<td>39</td>
</tr>
<tr>
<td>The Name</td>
<td>23.3%</td>
<td>70</td>
</tr>
<tr>
<td>New England-style</td>
<td>8.3%</td>
<td>25</td>
</tr>
<tr>
<td>New England-region</td>
<td>0.3%</td>
<td>1</td>
</tr>
<tr>
<td>I have heard/read</td>
<td>25.7%</td>
<td>77</td>
</tr>
<tr>
<td>Do not know</td>
<td>1.0%</td>
<td>3</td>
</tr>
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</table>

**answered question** 300  
**skipped question** 0
4. The fact is that Lexington is Swedish. How does this information affect your opinion of the brand?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive effect</td>
<td>18.7%</td>
<td>56</td>
</tr>
<tr>
<td>No effect</td>
<td>44.3%</td>
<td>133</td>
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<tr>
<td>Negative effect</td>
<td>37.0%</td>
<td>111</td>
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</table>

answered question 300  
skipped question 0

5. Please elaborate on your previous answer.

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feeling deceived</td>
<td>11.0%</td>
<td>33</td>
</tr>
<tr>
<td>False marketing</td>
<td>13.3%</td>
<td>40</td>
</tr>
<tr>
<td>Feeling confused</td>
<td>7.0%</td>
<td>21</td>
</tr>
<tr>
<td>Negative opinion of company</td>
<td>1.3%</td>
<td>4</td>
</tr>
<tr>
<td>Negative opinion of the U.S.</td>
<td>4.3%</td>
<td>13</td>
</tr>
<tr>
<td>Negative opinion of Great Britain</td>
<td>0.0%</td>
<td>0</td>
</tr>
<tr>
<td>Negative opinion of Sweden</td>
<td>0.0%</td>
<td>0</td>
</tr>
<tr>
<td>Positive opinion of the company</td>
<td>7.3%</td>
<td>22</td>
</tr>
<tr>
<td>Positive opinion of the U.S.</td>
<td>0.7%</td>
<td>2</td>
</tr>
<tr>
<td>Positive opinion of Great Britain</td>
<td>0.0%</td>
<td>0</td>
</tr>
<tr>
<td>Positive opinion of Sweden</td>
<td>20.7%</td>
<td>62</td>
</tr>
<tr>
<td>Do not care</td>
<td>22.7%</td>
<td>68</td>
</tr>
<tr>
<td>Do not know</td>
<td>11.7%</td>
<td>35</td>
</tr>
</tbody>
</table>

answered question 300  
skipped question 0

6. Please rank the following options according to the ones you believe have the most influence on your perceptions of from which country a brand originates. 1 = least influential, 4 = most influential.

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Placement of production</td>
<td>132</td>
<td>64</td>
<td>50</td>
<td>54</td>
<td>300</td>
</tr>
<tr>
<td>Ownership nationality</td>
<td>36</td>
<td>105</td>
<td>95</td>
<td>64</td>
<td>300</td>
</tr>
<tr>
<td>Placement of corporate headquarters</td>
<td>105</td>
<td>75</td>
<td>58</td>
<td>62</td>
<td>300</td>
</tr>
<tr>
<td>Only the brand itself</td>
<td>26</td>
<td>56</td>
<td>97</td>
<td>120</td>
<td>300</td>
</tr>
</tbody>
</table>

answered question 300  
skipped question 0