

# Strategic Localization of Global Brands: Choosing Brand Names to Minimize the Impact of Consumer Animosity and Leverage Positive Country-of-Origin Perceptions

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## Short Abstract

Geopolitical disputes often trigger consumer animosity, turning a foreign brand's otherwise positive country-of-origin perception into a serious impediment to its success. Building on psycholinguistic research, we propose a theoretical framework elucidating how consumers react to different types of brand naming strategies. We demonstrate that brand names localized via certain strategies not only benefit from the positive aspects of their country-of-origins but also are immune to animosity. We also show that consumer animosity is not necessarily a generalized, chronically stable construct as extant research suggests; rather, consumers disapprove of foreign brands only when the exporting nation's misdeeds are made salient.

## Extended Abstract

With the advent of globalization, foreign brands increasingly pervade every facet of consumers' lives. Research suggests that brands' (perceived) country-of-origin (COO) can positively impact consumer preference (e.g., Leclerc, Schmitt, and Dubé 1994). Nonetheless, because of consumer animosity stemming from current or past geopolitical conflicts (Klein, Ettenson, and Morris 1998), COO can become a serious impediment to global brands' success. For example, American consumers boycotted French brands when France opposed the US's war against Iraq in 2003. But is there a way to take advantage of the positive aspects of COO yet make a brand immune to consumer animosity? In this article, we fill the gap in the literature and address this strategic question.

Research on how firms localize their brand names for foreign markets has been scarce (Zhang and Schmitt 2001). In the context of COO, brand localization strategies can perhaps be categorized according to whether the original brand's COO is explicitly revealed and the extent to which foreignness (or domesticness) is emphasized. A foreign branding strategy is used when consumers can easily infer the COO from the brand name's localization, whereas an indigenization strategy is deployed when consumers perceive that the brand is domestic. Furthermore, a hybrid strategy can be used to increase the domesticness of a brand by prefixing (or suffixing) to it, another lexical component that signals that the brand is associated with consumers' own country. But how does each type of localization strategy fare in the face of consumer animosity?

Psycholinguistics research suggests that consumers may engage in two types of interpretive processing when they encounter hybrid brand names. Consumers can map or transfer the attributes of one concept to the other (Murphy 1990; Wisniewski 1996). This process, however, may not necessarily lead to a meaningful interpretation, because consumers are constrained by the amount of knowledge they have about the components and because not all mapping and transference are logical (Gagné 2002). Thus, consumers often need to engage in a different type of interpretive processing—

infer the thematic relationship between the lexical components (Gagné and Shoben 1997). Consumers' conceptual knowledge encompasses not only individual concepts but also the relations linking the concepts. This repertoire of relations is acquired through prior experience with similar stimuli in other situations (e.g., other brand names). When consumers interpret a hybrid localization, the thematic relations "compete with one another such that relations that are more frequently used with the modifier are more likely to be used to link the constituent concepts than are less frequently used relations" (Gagné 2002, p. 554). For example, when interpreting "Zhonghua-Yamaguchi" (a prefix-hybrid localization of the Japanese brand "Yamaguchi," where "Zhonghua" means the Chinese nation), Chinese consumers may infer from frequent prior exposures to domestic brand names such as Zhonghua Cigarettes that the two constituent concepts have a possessive relation, i.e., Zhonghua's (Chinese nation's) Yamaguchi. Thus, to the extent that brand names localized using hybrid strategies signal their associations with consumers' own country, consumers are less likely to exhibit animosity against these brands than those localized via a foreign branding strategy (e.g., Yamaguchi). Furthermore, given that hybrids signal the brands' foreign origins, they can benefit from the positive aspects of COO and thus may be preferred over brands localized via a domestic branding strategy (e.g., Zhonghua).

Suffixing (as opposed to prefixing) may lead to a different interpretation, as a different thematic relation may be selected to link the constituent concepts. For example, when interpreting the suffix-hybrid "Yamaguchi-Zhonghua," Chinese consumers may infer from their frequent exposures to foreign brand/firm names such as Microsoft China that the two components have a locative relation, i.e., Yamaguchi in China. Hence, in comparison with Zhonghua-Yamaguchi, Yamaguchi-Zhonghua may appear more foreign and less domestic. Moreover, the suffix-hybrid puts Zhonghua at a secondary position, which further decreases its domesticity. Thus, when animosity against Japan is triggered, Chinese consumers' evaluation of Zhonghua-Yamaguchi are likely less affected than their judgment of Yamaguchi-Zhonghua.

Furthermore, extant research suggests that consumer animosity is a chronically stable construct that can impact consumer decision making across consumption situations (Klein et al. 1998). However, the dependent measures used in that research could have spontaneously primed consumer animosity. In this research we examine the effects of animosity in conditions where the animosity is made salient versus conditions in which we take care to avoid any priming of animosity. Following the accessibility-diagnostics framework (Feldman and Lynch 1988), we suggest that the extent to which negative feelings and cognitions about the animosity towards a country are accessible should determine animosity's influence on brand evaluations: only when feelings and cognitions related to animosity are salient will consumers exhibit animosity and disapprove of brands associated with the offending nation—brands localized via a foreign branding strategy.

We tested our hypotheses in two experiments in China. In Experiment 1, participants were randomly assigned according to a 2 (animosity accessibility: prime vs. no prime)  $\times$  3 (brand localization strategy: foreign-branding vs. indigenization vs. prefix-hybrid) between-subject design. Those in the animosity-prime condition were asked to read the description of a movie on Japanese invasion of China in WWII and evaluate three posters of the movie. Those in the no-prime condition completed similar tasks involving a neutral film. All participants were then told that the first study was completed and they would participate in an unrelated task later. After a

short break, participants were asked to evaluate two magazine ads, one of which was the target stimulus—an electric sedan ad. The brand name was manipulated such that participants in the foreign-branding, indigenization, and hybrid conditions received an ad with the brand “Yamaguchi,” “Zhonghua,” and “Zhonghua-Yamaguchi,” respectively.

As hypothesized, participants in the hybrid condition were not affected by animosity; their evaluations of the ad and brand remained the same regardless of whether the animosity was primed. However, those in the foreign-branding condition reported lower ratings when animosity was activated. Furthermore, without animosity prime, no significant difference was found between the ratings of the foreign and hybrid versions, which were both higher than those of the indigenized version. With animosity activated, however, the hybrid became the most favored, and the indigenized the second.

In Experiment 2, we investigated the difference between prefix and suffix hybrid. Participants were randomly assigned according to a 2 (animosity accessibility: prime vs. no prime)  $\times$  2 (hybrid localization strategy: prefix vs. suffix) between-subject design. The procedure and stimuli used were identical to those of Experiment 1, except that participants in the suffix condition saw an ad with the “Yamaguchi-Zhonghua” brand. Analyses showed that although participants rated the ad and brand similarly when animosity was not primed, they evaluated the prefix-hybrid “Zhonghua-Yamaguchi” more positively when animosity was activated.

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