The impact of image-based brand–country fit on global branding

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Abstract
This research introduces a new diagnostic metric to evaluate global branding strategies: image-based “brand–country fit.” The metric measures the extent to which consumers perceive a brand image as consistent with a country image. The authors conceptualize and empirically analyze the brand–country fit for more than 1000 brands and three countries using Young & Rubicam’s Brand Asset Valuator database and additional consumer survey data. Furthermore, they examine the impact of the proposed new metric on brand performance and find a significantly positive association between both constructs. This research thus provides managers with a new metric that helps them identify appropriate geographic markets for their brands and offers key information about whether a global branding strategy is appropriate or if a brand’s positioning needs to be adapted to new target markets using a regional or local branding strategy.

Keywords: Global brand positioning; Competition between global, regional, and local brands; Global brand management and performance; Brand–country fit
1. Introduction

The globalization of markets is an indisputably powerful trend (Alden, Steenkamp, & Batra, 2003; Holt, Quelch, & Taylor, 2004) that has prompted many multinational corporations to shift their brand portfolios in favor of global brands (e.g., Schuiling & Kapferer, 2004). A global branding strategy is characterized by a standardized and often uniform positioning and marketing strategy across all countries (Aaker & Joachimsthaler, 1999). In contrast, local and regional brands adapt their positioning and marketing activities to specific national (or smaller) markets (Douglas, Craig, & Nijsen, 2001; Özsomer & Simonin, 2004; Schuiling & Kapferer, 2004).

A particular challenge for global branding strategies is whether the standardized positioning fits well with consumers’ expectations in each country in which the global brand appears. International marketing theory generally proposes that companies should enter new markets that appear similar to their home countries (e.g., Stöttinger & Schlegelmilch, 2000), because they will enjoy the benefits of minimal perceptions of psychological distance in terms of cultural distance (Banerjee, 2008; Evanschitzky & von Wangenheim, 2006). This concept also transfers to the context of international branding strategies: The more similar the brand and its values are to the country and the country’s values, the more readily consumers will accept it, and the more likely the international branding strategy is to succeed.

This research introduces and empirically tests a new diagnostic metric to evaluate global branding strategies, which we refer to as image-based “brand–country fit,” to measure the extent to which consumers perceive consistency between the brand and the country image. Perceived similarity or fit between two entities is a crucial concept in branding literature (e.g., Aaker & Keller, 1990; Gupta & Pirsch, 2006; Gwinner & Eaton, 1999; Simonin & Ruth, 1998; Völckner & Sattler, 2006). For example, in the context of brand extensions (i.e., using an existing brand to introduce a new product in a new category), empirical studies show that consumers assess the fit of the brand with the new category, taking into account their own images of both the brand and the category (Batra, Lehmann, & Singh, 1993; Park, Milberg, & Lawson, 1991). Image-based fit drives brand (extension) success (Batra, Lenk, & Wedel, 2009); because the internationalization of a brand involves extending it into new geographic markets (i.e., “geographic brand extension”), we posit that the image-based fit between the brand and a new geographic market similarly affect the brand’s performance in that market.

We contribute to international branding literature by introducing our new diagnostic metric, image-based “brand–country fit”. Specifically, we conceptualize and empirically analyze the fit between a brand’s and a country’s image for more than 1000 brands and three countries (a Germanic (Germany), a Romanic (France), and an Asian (China) country) using Young & Rubicam’s Brand Asset Valuator (BAV) database, along with additional consumer survey data. Furthermore, we examine the impact of the proposed new metric on brand performance, which we assess using recently suggested survey-based measures based on the five “brand asset pillars” of the BAV (e.g., Lehmann, Keller, & Farley, 2008). Such an analysis of the image-based fit between existing brands and potential countries for entry can help managers identify appropriate geographic markets for their brands and offer key information about whether a global branding strategy is appropriate or if the brand’s positioning should adapt to new target markets using regional or local branding strategies.

Our empirical analyses show that image-based brand–country fit is significantly and positively associated with brand performance. This result holds even when we control for the perceived country of origin of the brand. We thus provide managers with a new diagnostic metric to help them predict the international target markets they should enter and make better decisions about appropriate international brand positioning strategies (i.e., standardization versus adaptation). Building a global, standardized brand can be promising if the brand’s image fits reasonably well with various country images, but in low brand–country fit
situations, international brand adaptation or repositioning strategies in the specific countries offer stronger brand performance.

2. The brand–country fit concept

We define brand image as perceptions of the brand, as reflected by the brand associations held in consumer memory (Keller, 1993). Likewise, consumers attach certain ideas and images to countries, according to their experiences and knowledge about the country. The resulting country associations, held in the consumer’s memory, constitute the country image. We thus define country image as “the total of all descriptive, inferential, and informational beliefs [that a consumer] has about a particular country” (Martin & Eroglu, 1993, p. 193). This definition implies that consumers also associate certain values with a country, such that residents of one country should share a common idea about the values epitomized by their culture and country (e.g., Derr & Laurent, 1989; Hofstede 1980, 1991; Schwartz 1997, 1999; Steenkamp, 2001).

With these construct definitions, it is not surprising that existing brand image and country image measurement scales overlap. In her seminal work, Aaker (1997) identifies brand traits, such as “down-to-earth” or “original,” that also describe cultural values (so-called instrumental values, Rokeach, 1973) and specific attributes, such as “hard-working,” which often appears in country image measurement scales (e.g., Laroche, Papadopoulos, Heslop, & Mourali, 2005).

In line with this reasoning, the BAV is based on the premise that both brand image and country image (as perceived by residents of that country) are multi-attribute constructs that can be measured through customer assessments of a set of \( k \) image items. We can characterize each brand and each country by computing overall item scores across respondents for all \( k \) image items.\(^1\) For brand \( b \) (country \( c \)), \( \xi_{bk} (\xi_{ck}) \) is the vector of overall item scores for the \( k \) image items that identifies the brand’s (country’s) location in a \( k \)-dimensional image space. We then can conceptualize image-based brand–country fit as the measure of distance from each brand to each country location in the \( k \)-dimensional image space. Specifically, we employ the Euclidean distance (Hair, Black, Babin, & Anderson, 2009), which in this case is the root of the sum of the squared distances between the item score for the brand and the item score of the country across all \( k \) image items. The image-based brand–country fit measure increases as distance decreases.

We do not ask customers directly about their (dis)similarity judgments of specific brand–country pairs on a set of image items. Rather, our image-based brand–country fit metric is an indirect, multi-attribute measure (e.g., Sirgy et al., 1997). This multi-attribute approach offers insights into the underlying reasons for high (versus low) image-based fit between brand \( b \) and country \( c \).

3. Method

3.1. Data

We use Young & Rubicam’s BAV, which monitors 41 brand image attributes (e.g., trustworthy, down to earth, traditional). The BAV image attributes are not category specific but rather measure universal brand characteristics (Mizik & Jacobson, 2008). Furthermore, the BAV data cover image assessments with respect to not only brands but also countries, such that respondents from a specific country indicate whether they perceive a brand as “authentic,” “traditional,” “fun,” and so on, as well as whether they perceive their country as “authentic,” “traditional,” “fun,” and so on, on binary (yes/no) scales (Mizik & Jacobson, 2008).

\(^{1}\) The survey scale for the image items is binary (yes/no). The overall score for image item \( k \) for brand \( b \) (country \( c \)) is the percentage of respondents who indicate “yes” in response to that item with respect to brand \( b \) (country \( c \)).
The image items are identical for brands and countries. In addition, Young & Rubicam monitors five “brand asset pillars” to assess a brand’s performance in the market (Table 1; for applications in other fields, see Lehmann, Keller, & Farley, 2008; Mizik & Jacobson, 2008): differentiation (i.e., perceived distinctiveness of the brand), relevance (i.e., personal relevance and importance of the brand), knowledge (i.e., level of regard consumers hold for the brand), esteem (i.e., overall familiarity), and energy (i.e., brand dynamism).

<table>
<thead>
<tr>
<th>Brand Asset Pillar</th>
<th>Underlying Metric</th>
<th>Survey Scale</th>
<th>BAV Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differentiation</td>
<td>1. Unique</td>
<td>Yes/no</td>
<td>% responding “yes”</td>
</tr>
<tr>
<td></td>
<td>2. Distinctive</td>
<td>Yes/no</td>
<td>% responding “yes”</td>
</tr>
<tr>
<td>Relevance</td>
<td>1. Relevant to me</td>
<td>1-7 scale</td>
<td>Average score</td>
</tr>
<tr>
<td></td>
<td>2. Leader</td>
<td>Yes/no</td>
<td>% responding “yes”</td>
</tr>
<tr>
<td>Esteem</td>
<td>1. Personal regard</td>
<td>1-7 scale</td>
<td>Average score</td>
</tr>
<tr>
<td></td>
<td>2. High quality</td>
<td>Yes/no</td>
<td>% responding “yes”</td>
</tr>
<tr>
<td></td>
<td>3. Reliable</td>
<td>Yes/no</td>
<td>% responding “yes”</td>
</tr>
<tr>
<td>Knowledge</td>
<td>2. Familiarity with the brand</td>
<td>1-7 scale</td>
<td>Average score</td>
</tr>
<tr>
<td>Energy</td>
<td>1. Innovative</td>
<td>Yes/no</td>
<td>% responding “yes”</td>
</tr>
<tr>
<td></td>
<td>2. Dynamic</td>
<td>Yes/no</td>
<td>% responding “yes”</td>
</tr>
</tbody>
</table>

Table 1: Young & Rubicam’s brand asset pillars
Source: Adapted from Mizik & Jacobson, 2008.

For our study, we use illustrative data and findings about brand and country image to demonstrate how image-based brand–country fit can offer strategic guidance for international target market selection and insights into the degree of potential for a brand’s global positioning. First, we compute the fit between brands and countries. Second, we examine the impact of the proposed fit metric on brand performance, which we assess with the five brand asset pillars (e.g., Lehmann, Keller, & Farley, 2008). We analyze data about more than 1000 brands and three countries, a Germanic (Germany), a Romanic (France), and an Asian (China) country. The analyses for the non-German countries are still in progress; therefore, we focus in this extended abstract on the results for the German data set, which includes Young & Rubicam’s 41 country image items for Germany, 41 brand image items, and five brand asset pillars for 408 food and beverage brands.

Brands can be more or less strongly associated with a specific country of origin (e.g., Johansson, Douglas, & Nonaka, 1985; Verlegh & Steenkamp, 1999), and the perceived country of origin of a brand might influence customers’ perceptions of its fit with a specific country. For example, German brands may fit particularly well with Germany or French brands with France (Häubl & Elrod, 1999). We therefore complement our BAV data with consumer survey data regarding perceived countries of origin. Specifically, we aim to show that the proposed image-based brand–country fit metric influences brand performance, even when we control for perceptions about the brand’s country of origin. With the help of a professional online market research firm, we collected country-of-origin data through a Web-based survey of 600 respondents (305 male, 295 female), selected according to a quota sampling procedure to represent German consumers in terms of age, gender, and region. The respondents were randomly assigned to one of 14 questionnaire versions; we also randomized the order of the brands in all questionnaire versions. Each questionnaire version covered 32 of the 408 brands. We measured the perceived country of origin on two seven-point scales, on which participants indicated their agreement or disagreement with the following statements (1 = totally disagree; 7 = totally agree): “I clearly associate this brand with Germany” and “I associate typical German characteristics such as down-to-earthness, tradition, and reliability
with the brand.” The Cronbach’s alpha is .947, and the exploratory factor analysis reveals that 97.503% of total variance can be explained. Therefore, we average the two items to build a mean index, which measures how strongly each of the 408 brands in the German BAV data set is associated with Germany as the perceived country of origin.

3.2. Analysis

We proceed through the following steps to derive the fit metric for each brand–country pair:

1. Compute for each brand \( b \) and image item \( k \) an overall item score \( x_{bk} \) across respondents. Because Young & Rubicam’s survey scale for the image items is binary (yes/no), the overall item score \( x_{bk} \) is the percentage of respondents who answered “yes” to item \( k \) with respect to brand \( b \). The respondent-level data thus are accumulated to the brand level, which is our unit of interest.

2. Compute for each country \( c \) and image item \( k \) an overall item score \( x_{ck} \) across respondents. This overall item score is the percentage of respondents who answered “yes” to item \( k \) with respect to country \( c \).

3. Derive the measure of distance between each brand and each country; image-based brand–country fit increases as distance decreases. For the Euclidean distance,\(^2\) the fit of brand \( b \) with country \( c \) is the root of the sum of the squared distances between the item score for the brand and the item score for the country across all \( k \) image items:

\[
d(x_b, x_c) = \sqrt{\sum_{k=1}^{K} (x_{bk} - x_{ck})^2}
\]

where:

\( d(x_b, x_c) = \) distance from brand \( b \) to country \( c \).

\( x_{bk}, x_{ck} = \) overall item score for image item \( k \) for brand \( b \) and country \( c \), \((k = 1, 2, ..., 41)\).

To assess the impact of the proposed fit metric on brand performance, we regress the brand asset pillars on image-based brand–country fit, or the Euclidean distance, controlling for the perceived country of origin of the brands. Because the five brand asset pillars use different scales (e.g., seven-point versus percentage of respondents, see Table 1), we z-standardize the ten measures and compute an overall brand asset index as a measure of brand performance, which is the equally weighted sum of the z-standardized items (Mizik & Jacobson, 2005, 2008). Our regression equation for the German BAV data therefore becomes:

\[
\text{BrandAssetIndex}_b = \text{Constant} + \beta_1 \text{BrandCountryFit}_b + \beta_2 \text{Country-of-Origin}_b + \varepsilon_b. \tag{2}
\]

4. Model estimation results

4.1. Fit measurement

Applying Equation 1 to the German BAV data produces the fit values for each of the 408 brands (\( \text{Fit}_{\text{min}} = .444; \text{Fit}_{\text{max}} = .747; \text{Fit}_{\text{mean}} = .590; \text{SD} = .060 \)). Among the brands with the highest fit values (i.e., lowest distance measures) are several German brands, such as Dr. Oetker (\( \text{Fit}_{\text{Dr.Oetker}} = .457 \)), Schwartau (\( \text{Fit}_{\text{Schwartau}} = .468 \)), and Deutschländer (\( \text{Fit}_{\text{Deutschländer}} = .471 \)). However, there are also non-German brands that achieve high perceived fit with Germany, such as the French brand Bonne Maman (\( \text{Fit}_{\text{BonneMaman}} = .444 \)). This result provides the first indication that our fit measure is not driven solely by country-of-origin effects. Among the brands with the lowest fit values (i.e., greatest distance measure), we identify Bacardi (\( \text{Fit}_{\text{Bacardi}} = .707 \)), Dom Perignon (\( \text{Fit}_{\text{Dom Perignon}} = .742 \)), and Punica (\( \text{Fit}_{\text{Punica}} = .747 \)).

\(^2\)In contrast with correlational measures, which represent patterns, distance measures best indicate the concept of proximity (Hair et al., 2009). We applied additional distance measures to the data (e.g., city-block distance) and find very similar results, so we focus on the Euclidean distance measure.
4.2. Brand performance regression analysis

Table 2 shows the results of the regression analysis for the German data. As expected, we find a highly significant and substantial effect of image-based brand–country fit on brand performance. Because brand–country fit decreases as the Euclidean distance increases, the effect also is in the expected direction. The smaller the distance between the country image and the brand image (i.e., the higher the fit of the brand image with the country image), the stronger is the brand’s performance (according to its asset index) in that country.

The effect of the brand–country fit metric also is highly significant, regardless of whether we control for the extent to which each brand is associated with Germany. Not surprisingly, the regression coefficient of the fit metric decreases from -40.747 (SD = 4.950) to -31.365 (SD = 4.627), when we include the country-of-origin measure in the regression analysis. However, we still find a substantial impact of the image-based brand–country fit on brand performance when we control for the extent to which each brand is associated with Germany.

<table>
<thead>
<tr>
<th></th>
<th>Coefficient</th>
<th>Standard Deviation</th>
<th>Standardized Coefficient</th>
<th>t-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>10.846</td>
<td>3.037</td>
<td></td>
<td>3.571</td>
</tr>
<tr>
<td>Image-based brand–country fit (Euclidean distance)</td>
<td>-31.365</td>
<td>4.627</td>
<td>-.291</td>
<td>-6.779</td>
</tr>
<tr>
<td>Country of origin (association with Germany)</td>
<td>2.023</td>
<td>.221</td>
<td>.393</td>
<td>9.151</td>
</tr>
</tbody>
</table>

***Significant at \( p < .01 \).

Notes: \( R^2 = .290 \); Adjusted \( R^2 = .286 \); variance inflation factor = 1.052.

Table 2: Results of regression analysis on brand performance

To test the robustness of our results, we also conducted a factor analysis on the 41 image items, thereby condensing similar image items into their underlying factors. The Euclidean distance, based on factor scores, results in a comparable fit ranking and a similarly significant and substantial effect of the brand–country fit metric on brand performance.

5. Discussion and implications

We introduce, with our image-based brand–country fit measure, a new diagnostic of global branding strategies. We analyze the brand–country fit for more than 1000 brands and three countries and find that the proposed new metric is significantly and positively associated with brand performance, even if we control for the perceived country of origin of the brand. Image-based brand–country fit can help managers improve their decisions regarding the appropriate international positioning strategy for their brand. Building a global, standardized brand offers a promising strategy if the brand’s image fits reasonably well with the respective country images, whereas in low brand–country fit situations, international brand adaptation or repositioning strategies in the specific countries appear more appropriate. For example, a brand such as Bonne Maman fits well with both France and Germany, whereas a brand like Dr. Oetker indicates a very high image-based brand–country fit score for Germany and probably needs to be adapted to appeal to consumers in other countries.
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