

SCHOOL OF ECONOMICS AND MANAGEMENT
Lund University

Bjorn again – A new opportunity for Björn Borg to conquer the U.S.

A case study on how two Swedish fashion companies can use their
country of origin for benefit when expanding internationally

Authors: Ludvig Blom, Eric Malm

Supervisors: Björn Carlsson, Roland Knutsson

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Authors: Ludvig Blom and Eric Malm

Supervisor: Björn Carlsson and Roland Knutsson

Key Words: Country of origin, Brand Equity, Fashion marketing, Corporate storytelling, The Uppsala internationalization model, Push and Pull theory, National stereotypes.

Purpose: The purpose with this study is to examine the importance of country of origin and the attitudes towards it at Swedish fashion companies acting on foreign markets.

Methodology: A comparative case study design is applied, based on semi-structured interviews. The empirical data is analysed through our analytical framework.

Theoretical perspectives: The country of origin theory is our primary target. In addition, the Uppsala internationalisation model and the Push and Pull theories are applied within our analytical framework.

Results: We found that Swedish fashion companies are ambivalent towards enhancing or concealing their country of origin. Although brand managers acknowledge Swedish country of origin effects as positive in general, their marketing communication is sometimes more focused on positioning the brand as an international label without boundaries. Generally, Björn Borg tries to capitalize on their Swedish country of origin. Resteröds rather enhance tradition and authenticity. This conflict caught our interest. Furthermore, financial muscles provide important flexibility and control of the brand when a Swedish fashion company enter a foreign market. Smaller companies have to minimize the risks and work more closely with local partners and distributors. Finally, we discovered some interesting methods about how they manage their country of origin.

Preface

Throughout this paper we had the opportunity to work with two interesting Swedish fashion companies, Björn Borg and Resteröds. Their brand names - both of them include the Swedish letter ö - and corporate storytelling clearly indicates that these companies have a profound national heritage. Björn Borg has also been covered in media several times recently during our working progress. It has been very interesting to follow their progress regarding their attempt to establish the brand in the biggest and most competitive market the U.S. one.

We have worked approximately 10 weeks with this paper and this has provided us with deeper knowledge about what challenges fashion companies in Björn Borgs and Resteröds' position are facing in their attempts to enter a highly competitive foreign market.

First of all, we would like to thank our tutors Björn Carlsson and Roland Knutsson for their patience and advice for our working progress with this thesis.

Secondly, we want to thank Peter Klagsmark at Björn Borg for taking his time to perform our interview and for sharing his knowledge about the expansion in U.S. Without him, this thesis would not have been possible to accomplish.

Furthermore, we would like to express our appreciation to Andreas Drugge at Resteröds, Hampus Ahlqvist at Julian Red and Spencer Phipps at Marc Jacobs for sharing their experience and knowledge about the fashion industry and the U.S. market. Finally, we also want to express our gratitude towards our school mates who provided support and came up with critical opinions and advice.

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Ludvig Blom

Eric Malm

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1. Introduction

1.1 Background

In the world of marketing, the ability to stand out is everything. A glimpse on the ever ongoing competition on the global market shows that there are numerous ways of attaining that ability. Some methods might be better than others, but there is one particular that has caught our interest; differentiation through nationality. In economic theory a brand or product's national heritage is often discussed in terms of the country of origin effect, commonly abbreviated as COO. The impact of COO is discussed in terms of positive or negative effects for a brand or product when figuring on a foreign market. Previous studies such as those by Chattalas et al., Pecotich and Ward, and Pappu et al. all give significance to the COO in a number of areas.¹ Branding, brand equity and consumers' brand perception are in these studies considered to be subject to COO effects.² Anthony Pecotich and Steven Ward describe a world which is steadily growing smaller through globalization.³ In the wake of this globalization consumers receive the ability to choose the best products from anywhere in the world, resulting in preferences on the COO, which in the consumers mind is linked with the perception of the product's quality.⁴ This tendency among consumers to attach national perceptions of i.e. quality with the products stemming from that country makes it interesting, if not necessary, to explore these attitudes towards certain products and their COO. These attitudes have been studied among others by Heslop and Papadopoulos and Chattalas, Kramer and Takada. Heslop and Papadopolous found that the COO effect itself is subject of nationality and culture and that it is less significant in some markets than others.⁵ Chattalas et al. list a number of findings that studies, both their own and others, have shown. COO effects tend to vary with the product type and also show a negative correlation with consumer involvement, decreasing when the involvement increases.⁶

We were intrigued by the fact that a number of studies seemed to show substantial COO effects on brands and products, yet this seemed rarely to be taken into account when evaluating the success of Swedish products going on export. A common area of interest for us is the fashion industry. Interestingly enough, this is an industry where recently - in Sweden probably more than abroad – Swedish companies have been labelled “Swedish fashion

¹ Ward, Steven & Pecotich, Anthony (2007): *Global branding, country of origin and expertise*, Chattalas, Kramer & Takada (2008): *The impact of national stereotypes on the country of origin effect – A conceptual framework*, Pappu, Quester & Cooksey (2006): *Consumer-based brand equity and country of origin relationships*.

² Pappu, Quester & Cooksey (2006)

³ Ward, Steven & Pecotich, Anthony (2007)

⁴ Ward, Steven & Pecotich, Anthony (2007)

⁵ Heslop, Louise A. & Papadopoulos, Nicolas (1995): *Product-Country Images: Impact and Role In International marketing*.

⁶ Chattalas, Kramer & Takada (2008)

wonders”.⁷ Through pioneers such as Filippa K and J.Lindeberg, Swedish fashion has grown renowned internationally, paving way for the expansion of other Swedish fashion brands. Where both Filippa K and J.Lindeberg bear a hint of nationality - not necessarily perceived as Swedish abroad - many recent Swedish fashion brands have used more international or English-sounding brand names. This is a common denominator among all the new “wonders” that constitute the Swedish fashion export; namely Acne, Julian Red, Nudie and We are the Superlative Conspiracy (WeSC). As these names hardly give any clue as of their COO, an American consumer for instance will probably not know their COO unless his involvement in the product is high. As consumer involvement supposedly reduces the effect of COO it would be little or no use in studying these brands in terms of COO effects.

We have however recognized two Swedish brands, in the area of fashion, that might pose as interesting objects of study. The first one, Björn Borg, was recognized by us as a candidate for the most Swedish brand name, thus qualifying by far for a study on COO. Another brand, Resteröds, fit well into such a study, as it share many things with Björn Borg, even though it might not be perceived as just as Swedish as the name Björn Borg. Both are primarily underwear brands, they both act on an international level and interestingly they both share the typical Swedish letter “ö”. Usually, it might not be a relevant fact for a comparative study that both parts share a same letter in their brand names, but for this study we hope to show that this is in fact of importance. The letter “ö” is as mentioned above, typical for Sweden and some other, primarily Nordic, countries and thus a rare figure in international brand names - even in national Swedish brand names. Many fashion companies have chosen internationally known letters or names in order to avoid complications and make it more appealing to consumers i.e. Diesel. Their founder Renzo Rosso explains: “*We wanted something that didn’t sound Italian; that had an international feel.*”⁸ Some Swedish companies, such as Julian Red have chosen to use this strategy. Both Björn Borg and Resteröds have however chosen to keep the letter ö in their brand names although there is a probability that this will present problems in other countries that the companies may expand. The fact that the letter ö is absent on most computer keyboards outside Scandinavia is one simple thing that indicates the complications that can arise.

Apart from presenting difficulties however, our supposition is that the letter in both the company’s brand names also will contribute to a conception of these brands on international markets as a non-national brand (i.e. conceived as non-British in Britain, etc.) or maybe even as Swedish from the beginning. Björn Borg with its brand name reminiscent of the former pro tennis player will probably be perceived as a Swedish brand among the majority of consumers internationally, while Resteröds, lacking the obvious national connection, in most cases will appear simply as a foreign, maybe somewhat exotic brand. No matter how exactly the both brands will be perceived on different international markets it is relatively clear that they will stand out as foreign (i.e. non-domestic) brands. Being in this position, it seems to us that both companies already through their brand names have attained that highly desirable goal of

⁷ Svenska Dagbladet (2007) http://www.svd.se/kulturnoje/nyheter/artikel_17490.svd

⁸ Tungate, Mark (2008): *Fashion Brands: Branding Style from Armani to Zara*, 2nd edition, pp. 34.

differentiation. Is this in fact something that can be used as a shortcut to success when expanding internationally? We wanted to put our preconceptions of these brands and their Swedish identity in the light of marketing theories concerning COO. The Swiss Federal Institute of Technology in Zürich compiles an annual ranking on globalization by nation, on which Sweden lists as third for 2008⁹. This listing means that when it comes to cultural, economic and political cross-border activity, Sweden is the third most active in the world. Measuring only economic globalization, Sweden is still a top actor, listing as sixth¹⁰. This position as a top ranking nation in globalization, and especially the economic area of it, has caught our interest. If global potential is high for Swedish companies in general, can Swedish fashion companies capitalize on this potential?

In a second stage of the study, it is of course interesting to us to examine if this proposed connection to Sweden that consumers could identify in the brand names are of benefit or harm to the brands. For this question to be answered there are several areas that need to be explored. First of all, even if you can differentiate yourself through your nationality, is it a positive thing? What are the conceptions about Swedish design and fashion among international consumers? Why would a Japanese or American consumer pick a pair of Swedish underwear instead of American produced underwear for instance? What sort of emotions and attitudes can Swedish fashion create among consumers? We needed to find out if being Swedish means being desirable on the global market. Secondly we had to see if this were something brand managers in Björn Borg and Resteröds would pay attention to. Do they see themselves as specifically Swedish brands? Do they use their national heritage for benefit internationally, etc? We also had to specify that there are different circumstances involved when acting on a foreign market than on the domestic or “home market”. If not, the whole idea of presenting yourself as a foreign brand would be quite hollow.

1.2 Problem Discussion

The question of COO effects is no new topic in the field of international marketing. The subject has been studied in particular regarding negative effects that might affect products and brands from countries that bear negative stereotypes in certain areas of business or production.¹¹ Using the COO as a critical factor, that sometimes needs to be masked in order to succeed when acting on international markets, holds a definite relevancy. Judging from how national stereotypes seem to flourish in most parts of the world, there is even a possibility that COO effects are studied in lesser extent than preferable.¹² Taking into account how national stereotypes usually are not considered trustworthy facts there might be a resistance in academic circles to put too much effort into this subject. Studies that have been

⁹ KOF Index of Globalization – Swiss Federal Institute of Technology, http://globalization.kof.ethz.ch/static/pdf/rankings_2008.pdf

¹⁰ KOF Index of Globalization – Swiss Federal Institute of Technology, http://globalization.kof.ethz.ch/static/pdf/rankings_2008.pdf

¹¹ Ying Fan (2008): *Country of origin, branding strategy and internationalisation: the case of Chinese piano companies*.

¹² Pappu, Qvester & Cooksey (2006)

done however, show that the perception of foreign goods in positive or negative terms is heavily dependent on what stereotypes exist about a country or people.¹³ The name Björn Borg itself inhibits characteristics creating an unavoidable connection with Sweden; the letter “ö” as well as it being the name of world renowned tennis player Björn Borg. Presuming that these characteristics are recognized as Swedish on foreign markets, a brand name like Björn Borg is bound to spark notions of Swedish stereotypes in consumers’ minds. What effect these notions will have on a pending market expansion is depending on whether the connotations are positive or negative. The connotations can of course differ from market to market. For the case of Björn Borg, the relevant market in which to analyze national stereotypes is the U.S. market for mainly two reasons. U.S. is the world’s biggest importer of clothes and Björn Borg launched their brand in the fall 2008.¹⁴ While looking more in depth on Björn Borg’s expansion on the U.S. market, we also wanted to use Resteröds as some kind of frame of reference. Resteröds is a smaller company in the same underwear business sharing the typical Swedish letter ö. They are also present on the Japanese market which is almost as fierce as the U.S. Björn Borg is a company with an unavoidable connection to Sweden through its brand name and Resteröds is also indicating a foreign brand. Our assumption was that these companies would somehow show interesting attitudes about their COO and also in terms of using it in different entry strategies.

1.3 Current Research

The brand name of Björn Borg clearly indicates a strong national identity unlike many other fashion brands which tend to use an international name. We found that this is interesting to analyze in terms of their international expansion. As mentioned above, COO effects have been studied before, even in terms of negative effects.¹⁵ Our assumption is that the COO effect in our case might be positive for the brand in terms of recognition and reception on the U.S. market. Previous work by such as Chattalas et al, Kramer and Takada have covered COO with focus on effects, thus making our study in no way unique in this aspect.¹⁶ Our unique position is instead in the choice of the study itself; are Swedish brand managers aware of the COO effects? And is it of vital importance during an expansion? As far as we are aware, no previous studies have been done regarding COO effects in the field of fashion. Studies on Swedish brands with apparent COO are also unknown to us, making this case interesting in itself. The study does also involve a comparative design between Björn Borg and Resteröds, adding further case related

Theories concerning COO do not solely comprise our theoretical framework. Our study involves the mechanisms of internationalization, as well as perceptions of COO. Consequently economic theories on global expansion have been important to us. As with these theories, such as the model put forth by Uppsala professors Johanson, Vahlne, and

¹³ Chattalas, Kramer & Takada (2008)

¹⁴ Swedish Trade Council, <http://www.swedishtrade.se/usa/?objectid=3166&pageid=4363>

¹⁵ Ying Fan (2008)

¹⁶ Chattalas, Kramer & Takada (2008)

Wiedersheim-Paul among others¹⁷, they generally do not build upon industries such as the fashion industry, but rather more production orientated industries. However, this theory combined with expansion motivated theories such as Push and Pull are also relevant to our study in terms of COO. Brand equity and brand image has been examined before in terms of effective brand management.¹⁸ COO has also been recognized as an important factor for truly understanding the value of the brand and especially about consumers' perceptions of the brand image.¹⁹ These researchers have suggested that COO affects consumers' perceptions of brands through effects that can create associations about certain qualities. However, these studies are using the definition of COO as where the product is made.²⁰ Today, consumers are aware that most products are not made in a single country but rather a complex process. However, researchers still acknowledge that the source of COO is still something that brand managers have to take into account for managing and controlling the brand effectively. This is essential when for brands that operate across international borders.²¹

1.4 Questions at Issue

Is country of origin of importance when a Swedish fashion company decides to enter a foreign market?

1.5 Purpose

The purpose with this study is to examine the importance and attitudes of country of origin for Swedish fashion companies when they enter a foreign market.

1.6 Fundamental Notions

During the course of this paper some fundamental notions will be used frequently. Thus, we will clarify these notions in order to simplify the course for the reader. Definitions for the notions will be stated below.

Brand equity is considered a key indicator of the state of the value of a brand. Monitoring the brand equity is essential for effective brand management.

Country of origin is another important variable setting the influence of consumers' perceptions of brands. A more concise definition is the country in which the product is made

¹⁷ Johanson & Wiedersheim-Paul: *The Internationalization of the Firm — Four Swedish Cases*, Johansson & Vahlne: *The Mechanism of Internationalization*.

¹⁸ Aaker, D.A. (1991): *Managing Brand Equity*, Capitalizing on the value of a brand

¹⁹ Hulland, J.S. (1999): *The effect of country-of-brand and brand name on product evaluation and consideration: a cross-country comparison* and Ahmed, Z.U., Johnson, J.P., Ling, C.P., Fang, T.W. and Hui, A.K. (2002): *Country-of-origin and brand effects on consumers' evaluations of cruise lines*

²⁰ Thakor & Katsanis (1997): *A model of brand and country effects on quality dimensions: issues and implications*.

²¹ Shocker, A.D., Srivastava, R.K. and Ruekert, R.W. (1994): *Challenges and opportunities facing brand management: an introduction to the special issue*.

or the country of the brand. When we discuss our case study objects, the country of brand will be used.

Country of origin effect is the impact on consumers' perception or evaluations of products. Researchers have suggested that country of origin effects might impact the brand equity by generation secondary associations for the brand. Thus, a foreign-sounding name will affect will affect a brand's equity.

Fashion is a term frequently used in this paper. The perceived meaning of the word might differ, which is why we recognize the need to clarify our use of the term. Without regard to any popular distinction between levels of fashion, we have used the term fashion as to describe any type of clothing designed with the ambition to be in style.

1.7 Delimitations

This paper's approach is to examine whether COO is a comparative advantage or not when a Swedish fashion company is trying to enter a highly competitive foreign market such as the U.S market or the Japanese market. The COO effects of brands on the consumer behaviour have been researched before within the marketing field but not within the fashion industry. Swedish know-how is often connected with skills in design and our fashion industry has recently been covered in media because of the successful expansion of many new interesting jeans brands abroad.²² Our ambition is to explore how these COO effects play their part during the launch on an international market for a Swedish fashion company combined with their entry-strategy in general. Several studies have already been done about the product-country image in terms of the country's technology development and the image of the people in a service and competence aspect. Our paper will not examine these aspects on a deeper level. Our case primary study object Björn Borg is highly associated with a single person, the famous Swedish tennis player Björn Borg. The other company, Resteröds, share the same unusual letter ö in their brand-name which also indicate a strong national identity. Our goal is to explore how both companies deal with their national heritage during their process to expand globally. Within fashion, some concepts such as trends and image are very common. Therefore, we will also discuss whether a well-renown Swedish fashion and design image could contribute to Björn Borg's and Resteröds launch on the international market.

During an early stage of our working progress, we took the decision to restrict our research from evaluating the consumer's attitudes toward the products of our case companies. The focus is on the brand image and the national identity as a part of its recent expansion on the international market. Today's international marketers need to understand the impact and sources of their brands. Brands are no longer focusing on their domestic markets but are often being made available to consumers in other countries. Increasingly, researchers have realized this and advocate extending the international consumer research to include brand equity and awareness across borders. This is essential if the brand-managers want to monitor their brands

²² Realtid.se, Sofia Coppola choses Swedish jeans, 2004.

effectively.²³ However, our intentions are not to accomplish any extending brand equity study for our case companies. Although, finding of these measurement would provide deeper knowledge about their expanding situations.

2. Methodology

2.1 Research design

The most basic design of a case study includes a detailed description of a single case.²⁴ Case study research explains the complexity and nature of the specific case. The object of study can be a place of work, a division, management or the organization itself. The researcher has a tendency to focus on the environment inside the organization.²⁵ Commonly, case studies are associated with qualitative studies, but this is not always the case. However, most case studies are based on qualitative research using unstructured interviews because this method seems to be appropriate when gathering detailed information of the case. Some researchers mean that a case study using different qualitative studies and combining these, are the most suitable method, instead of using one single method. Although, case studies often include a quantitative study as well. We have chosen a qualitative study more appropriate for our purpose since we mainly explore attitudes about COO effects. In some situations, a case study which only includes a quantitative study makes it hard to tell if it's a case study or a cross-section design. This counts for case studies with only qualitative studies as well. What separates a case study from other methods is that the researcher is trying to highlight unique characteristic for the specific case.²⁶ In this paper, we use Björn Borg and Resteröds as case study objects and their attitudes about COO. What separates Björn Borg and Resteröds from other Swedish fashion companies is the fact that they use a corporate storytelling indicating a clear national heritage. Furthermore, their brand names are highly associated with Sweden. Björn Borg uses the founder and former professional tennis player from Sweden as a branding tool, which clearly indicates its COO. The process of Björn Borgs launch on the U.S market started in the fall 2008 but there isn't a lot of data available and their marketing strategy is relatively confidential. Thus, a trust between the researchers and the company is clearly necessary in order to draw any significant conclusions about their challenge. In our case studies, we have solely worked with qualitative studies. Although, we are aware of that a quantitative study could be a strong contribution to our study (for instance, if we had the data to compare sales for the first years in US, with former markets). Another interesting quantitative study would be to explore foreign consumer's attitudes toward Swedish fashion through a survey.

²³ Shocker, A.D., Srivastava, R.K. and Ruekert, R.W. (1994)

²⁴ Bryman, Alan & Emma Bell (2005): *Företagsekonomiska forskningsmetoder*.

²⁵ Bryman, Alan & Emma Bell (2005)

²⁶ Bryman, Alan & Emma Bell (2005)

2.2 Data gathering

Methods or procedures of gathering information in a study must provide the researcher with appropriate and relevant data regarding the hypotheses or purpose formulated in the introduction. Considering our resources and purpose for our chosen case study with only two organizations, a qualitative research seemed to be the most appropriate. Furthermore, a qualitative study provides us with a more profound data gathering regarding our limitations. There are some major differences that occur to the researcher in making a qualitative study compared to a quantitative research. The interviews in a qualitative research have a tendency to be less structured. The methods in quantitative studies are much more structured because of the importance of reliability and validity in the measurements. In qualitative research, the focus is on general attitudes and the interviewee's personal reflections and views. A common method is to let the interviewee move into different directions while the researcher is more distanced and supportive of the divergence. Sometimes, it becomes necessary to follow up the initial question with new question so the researcher can compile a deeper knowledge or attitude. Consequently, qualitative research is more flexible and the purpose is to achieve comprehensive answers.²⁷ Initially, in our process with this case study, we formulated a relatively undetermined purpose which has been evolving to be more specific during our gathering of information and compilation. This is often the case when the researcher is using a qualitative study since some gathered data results in modifications of the initial purpose or hypothesis, according to Backman.²⁸ Commonly, the purpose is evolving simultaneously with the data gathering process. Since our study is strongly in favour of a qualitative study as argued above, we decided to use two semi-structured interviews with brand managers at Björn Borg and Resteröds and two semi-structured interviews with a key person in another Swedish fashion company facing a global expansion of their brand and an American designer with profound knowledge about the fashion industry in U.S.. Furthermore, in addition to these interviews we have used phone interviews with experts and branch organizations in the Swedish fashion industry. Even open interviews have been added to our case study in order to gather interesting insights and understanding for the complexity of our purpose. The common denominators of these individuals are that they all work closely in the fashion industry with international marketing strategies for their respective companies. Their experience is undeniable but they provided different thoughts about our core problem we tried to examine.

Our semi-structured interview regarding questions of fairly specific issues still provided every interviewee plenty of room for their own reflections. Bryman supports this way of making interviews.²⁹ Initially, what we really wanted to explore was how a small fashion company from a relatively small country such as Sweden could expand its brand on a highly competitive market such as U.S. During the process of this paper it became more obvious how complex this question is. The purpose of these semi-structured interviews is mainly about capturing attitudes and how this could be achieved. Our interviews have been in both in Swedish and English since the U.S. market has been in focus. Eventually, the main task

²⁷ Bryman, Alan & Emma Bell (2005), p 361

²⁸ Backman (1998): *Rapporter och Uppsatser*.

²⁹ Bryman, Alan & Emma Bell (2005), p 72

became how we could gather these empirical studies in order to draw any conclusions about the importance of COO for Swedish fashion companies facing expansion.

2.2.2 Phone interview

Since our interviewees Peter Klagsmark at Björn Borg and Andreas Drugge at Resteröds were not available for a personal interview we held the interviews as phone interviews. Normally, phone interviews are held during marketing surveys and personal interviews are preferred during research but since we didn't had any option, we made phone interviews. However, there are some advantages with phone interviews compared to personal interviews.

- Phone interviews are less time-consuming and cheaper. Peter Klagsmark was very busy with their launch in U.S. during the process of this paper and didn't have the time to set up our interview in Stockholm.
- Phone interviews are easier to monitor and control. Especially when more interviewers are involved so one of them can avoid that questions are formulated in an incorrect way etc.
- The distance that is connected to a phone interview generates positive benefits. Sometimes during personal interviews, the interview has a tendency to provide suitable answers because of the interviewer's gender, class, age, ethnical background or just his or her presence. This will highly affect the answers and results in negative bias that affect the research. The fact that the interviewer is not presence might avoid this bias since the interview can't get affected.

However, there are also some disadvantages with phone interviews compared to personal interviews.

- During a phone interview, the interviewers can't see the interview. Therefore, they can't discover any reactions or facial expressions which might send signals of fear and concern when the interviewee answers particular questions. During a personal interview, the interviewer has the possibility to discover these reactions and clear those questions.
- The interview is usually held with one specific key person at the company. This person is normally not replaceable in the interview because of the special knowledge or position within the company this key person possesses. Therefore, a phone interview can result in that the wrong person is interviewed.
- A phone interview can't use visual means like graphs, pictures or diagrams to explain certain question at issues.

These advantages and disadvantages have to be taken into consideration when making a phone interview. In our case, we had some difficulties to get in contact with the right person in the beginning. We tried to set up a meeting in Stockholm at Björn Borgs head office but

since our case study object was involved in an important phase of expansion the time limit made it impossible. Finally, we got in contact with Peter Klagsmark who works closely with their U.S. expansion but he is not their head manager in U.S. If we had more time and resources, a personal interview would be better preferred for this paper. Mainly, because this method provides more details a let the interviewer discover attitudes in a more convenient way. The fact that the interviewer and the interview are not face-to-face makes it impossible to process further around difficult questions that show any facial expressions for instance.³⁰

2.3 Information gathering process

Our first step in gathering information before setting up our interviews was to contact the experts in the Swedish fashion industry with deeper insight. We held interviews with the branch magazine Habit in order to get a broader and independent picture of the industry. We realized that a case study with two single organizations would be of limited interest unless we had something to compare with. Habit gave us examples of both successful and unsuccessful Swedish fashion companies in their attempts to enter the U.S. market. Their contribution haven't affected our case study but provided us with some information about the industry in general.

Before setting up the interviews with our case study objects, our ambition was to gather opinions and knowledge from other resources attached to our examination. First of all, we contacted Hampus Ahlqvist, PR executive for the up and coming Swedish jeans brand Julian Red and also a successful male model for clients like Dolce & Gabbana, Versace, and Alexander McQueen with great experience from the fashion industry. Hampus provided us with interesting insight concerning the challenge of being a small Swedish fashion brand and their attempt to become a global fashion brand. Both phone interviews and a semi-structured interview was held in order to achieve detailed information. Furthermore, our ambition was to gather deeper perspectives about the U.S. market and the attitudes among American consumers of Swedish fashion and design in general. Therefore, we contacted Spencer Phipps an interesting new designer with great experience from the New York fashion industry, working as a designer for Marc Jacobs. Their contribution has been a huge asset for our case study and they have provided us with profound expert knowledge. Finally, a brand manager at Björn Borg behind the launch in U.S., Peter Klagsmark, was contacted with a semi-structured phone interview. This interview was recorded in written down and contributed an invaluable asset to this paper. All semi-structured interviews were held in the end of our process in order to prevent any discrepancy during the process. The advantage with this method was that we could focus on the empirical study in the end of our working process.

³⁰ Bryman, Alan & Emma Bell (2005), p 140.

2.4 Compilation of the information

The major part of the collected information in this paper has been compiled and evaluated in a late stage of our working process. The purpose was to avoid that some data got lost during the process. When the classification of our data was finished, we found some interesting discrepancy in the answers. Furthermore, the result was categorized in three different groups: expansion potential, expansion motivation and expansion behaviour. The main reason behind this was to facilitate our theoretical syntheses based on our different theories that we used in this paper. Partly, the selection of questions has been based on these theories but some questions have been of a more general character. Finally, the gathered information has been compiled in a general model with the ambition to cover the complexity of our purpose with the case study.

2.5 Alternatives

Our ambition was to apply a qualitative design on a unique and interesting case that hadn't been examined before. Initially, we discussed the possibility of a comparative design. For instance, using one Swedish jeans company in their attempts to enter a foreign market and compare their progress and method with another jeans company that were already present in that market. This method is practical when the researcher wants to achieve a deeper knowledge about two comparing cases and situations, according to Bryman.³¹ Our study is mainly based on the country of origin effect and since Björn Borg and Resteröds inevitable are Swedish, both share brand name with the Swedish letter ö. Since this clearly implies a foreign identity, our ambition was to generate a study that explored how Swedish fashion companies can use their heritage simultaneously with their expansion in order to become a global brand. Filippa K for instance, another Swedish brand with a Swedish brand name is already present in the U.S. market but we choose to avoid a comparative design with Filippa K since they have a clear ambition to avoid enhancing their Swedish-ness in their marketing communication. Fashion as a phenomenon is highly associated with trends and there has been a lot of attention in the media lately about the Swedish jeans hype with successful companies like Odd Molly, Acne, Nudie etc. However, this paper does not have the ambition to cover phenomena such as trends within fashion.

2.6 Methodological discussion

All economic research must fulfil certain criteria such as validity, reliability and replicability. In the following text, we will examine and investigate these important criteria.

2.7 Reliability

Reliability explains how reliable the study is considering if the study would be repeated or affected by some random variables or circumstances. The criterion is used based on

³¹ Bryman, Alan & Emma Bell (2005).

consistency when researchers are investigating measurement within the economic field such as efficiency of teams, motivation of employees and performance of organizations. Since this paper focus on attitudes towards COO as a comparative advantage, our result is highly depending on the selection of our case study objects. We are aware that these attitudes might differ among Swedish fashion companies. However, our selection of Björn Borg and Resteröds was made as mention above since both companies have brand names that imply a clear national heritage. Therefore, we believed that they had strong opinions about whether COO is something that can be used as a comparative advantage or not.

The concept reliability is most applicable though in terms of quantitative investigations when the researcher wants to find out whether the result is reliable or not. However, even in a qualitative research this has to be taken into account. If a researcher develops a test and the same person is doing the test several times with different outcome every time, the test wouldn't be considered reliable and consistent. In order to decide whether a measure is consistent or not, you have to take three factors into account.

- Stability proves if the result is consistent over time and if different selections making the test have approximately the same outcome. If a certain group is making a test about their attitudes about a product two times in a row, the result should be about the same. Thus, there might be a discrepancy in the result depending on our selection of brand managers for instance.
- Internal reliability, if the researcher is using a test, it's important that the questions are consistent and reliable in terms of scale and index so they don't have effect on each others outcome. We have tried to be consistent with our questions but in some cases discrepancy had to be accepted - i.e. our case study companies operate on different markets.
- Assessment reliability, if there are subjective or open questions in a questionnaire with many observers, then the answers have a tendency to have a large spread which makes it complicated when the researcher has to translate the data to different categories.³²

2.8 Replicability

This criterion is highly connected to reliability. Sometimes researchers find the original study and result incomplete or just not in order with other current studies. If this is the case, it's necessary that the replication is possible to repeat of the study. Obviously, if a former researcher hasn't described his method in his work with his study, this makes it impossible for another researcher to replicate the study. This is fundamental for the trustworthiness of the study. There are no obstacles to replicate our study since we used a qualitative research design with semi-structured interviews. Our result will be based on our selection of case study objects and their views of our questions. Björn Borg and Resteröds can be replaced by other companies and the purpose to find out whether COO can be a comparative advantage is easily replaced as well.

³² Bryman, Alan & Emma Bell (2005) p 49.

2.9 Validity

Another important term is validity which stipulates whether the conclusions of the study are related or not. This term is categorized into four different criteria:

- Assessment validity, this criterion is mainly used on quantitative studies.
- Intern validity (credibility), describes if a causal relation exist for a result between two or more variables. If we state that X affect the variation in Y, can we then be really sure that this is the case or do we have another variable that affects Y?
- Extern validity (transferability), explains if the result from the study is possible to generalise. In this case, the researcher has to motivate why they pick i.e. a certain selection of individuals from an organization in a study. Our selection of Björn Borg and Resteröds will hereby be motivated since they we believe that they fit our purpose of this study.
- Ecological validity, this criterion describes if the result is applicable in peoples natural and social environment. For instance, can these attitudes, values, knowledge and opinions we want to explore be used in our case study objects daily business environment? Our ambition in the beginning of this paper was to use our result as knowledge for Swedish companies who want to expand abroad. We are aware though that our resources are very limited and this type of research might need a quantitative research design.³³

Validity and reliability are valued differently whether the researcher is making a quantitative or a qualitative study. Within qualitative research, it's impossible to estimate the reliability with digits. Furthermore, it's important for the researcher to explain how he or she gathered the information and how the result and process has been evolving.³⁴

³³ Bryman, Alan & Emma Bell (2005), p 50.

³⁴ Forskningsmetodik – Kvantitativa (statistiska) och kvalitativa ansatser, <http://www.infovoice.se/fou/bok/10000035.htm>

3. Theory

This section contains a presentation of the theories relevant to our study. Our study is mainly based on country of origin theory due to its emphasis on national heritage but a couple of other theories have also been employed to explore how Swedish companies can use their COO in order to expand their brand internationally.

3.1 Country of origin theories

There is no single COO-theory, but rather many different works and theories by many that together constitute a framework of COO-theory. These theories all have in common that they deal with issues regarding a product's or service's country of origin. There are also some general assessments that can be made in regard to COO-theory. The COO-theories we have worked with in this study share these assessments and have thus been employed as a single theory of COO. One of these assessments and a central theme for COO-theories is that they emphasize the importance of the COO of a product when being introduced on a foreign market. General conceptions of a country or nationality are according to this theory important to take into account when introducing products and brands on a foreign market.³⁵ Another theme in COO-theory is issues relating to the difficulty in many cases to decide a specific country of origin. Some researchers acknowledge COO as the country in which the company's head office for marketing and final production is located. Others like Papadopoulos et al. acknowledge a product's COO as the country where it is manufactured.³⁶ Nowadays, it is not unusual that these countries are not the same, making for a hard time deciding the origin of the product. The products marker "Made in" can be used as a definition of COO, but for the industry we are studying, this marker is practically useless. Most clothes in fact are designed in one country, and manufactured in another, often due to less expensive force of labour.³⁷

For this study, it is important to stress that it is the design that is vital. It is of course of importance where the clothes are manufactured, especially as there might be talk of the quality of Swedish craftsmanship and so forth when discussing COO-effects for Swedish products. We make the assumption however that when it comes to fashion it is the design that is primary, making the manufacturing process secondary. This view is supported by Bhaskaran and Sukumaran who claim that "*(c)ustomers tacitly assume that the country where the product is designed is where quality control is managed and, therefore, the country of design is the surrogate country of manufacture.*"³⁸ Accordingly, we use the definition for COO as for where the brand's head office for marketing and final design is located.

³⁵ Chattalas, Kramer & Takada (2008)

³⁶ Heslop, Louise A. & Papadopoulos, Nicolas (1995)

³⁷ Masson, Ron, Iosif, Laura, MacKerron, Grant & Fernie, June (2007): *Managing complexity in agile global fashion industry supply chains*

³⁸ Bashkaran, Suku & Sukumaran, Nishal (2007): *Contextual and methodological issues in COO studies*

Following sections dealing with COO-theory will contain a closer look on COO effects in regards to fashion products, national stereotypes, brand image and brand equity. There will also be a separate section exploring the concept of Country of Origin Image (COI).

3.1.2 Country of origin effects for fashion products

There are studies showing that different product types receive different COO effects. An example is the study by Kaynak and Cavusgil, which showed that technical products with Japanese origin receive beneficial COO, while Japanese food products do not³⁹. This indicates that the same nation can be associated with both positive and negative COO effect at the same time. One way to elaborate how this can be is through the Stereotype Content Model, where the distinction between Hedonic and Utilitarian products are made. The Stereotype Content Model (SCM) by Fiske et al. is a model brought forth to deepen the understanding of COO-effects, and specifically how the same nation can receive different COO effect on different products⁴⁰. The model uses two dimensions, perceived competence and perceived warmth. The perceived competence is a measurement of traits such as competence, efficiency and intelligence. Perceived warmth measures traits such as good intentions, trustworthiness and warmth⁴¹.

*“Although the two dimensions are assumed to be independent, the model posits that stereotype contents are frequently mixed between these two dimensions, resulting in stereotypes that combine higher warmth with lower competence or higher competence with lower warmth.”*⁴²

The table below shows how countries can be categorized in the dimensions of high/low competence and warmth. The table also includes services, but as our study is not involving services we will not elaborate on that subject.

³⁹ Kaynak, E. and Cavusgil, S. (1983): *Consumer attitudes towards products of foreign origin: do they vary across product classes?*

⁴⁰ Fiske, Susan, Cuddy, Amy J C & Caprariello, Peter A (2009): *Social Structure Shapes Cultural Stereotypes and Emotions: A Causal Test of the Stereotype Content Model*

⁴¹ Chattalas, Kramer & Takada (2008)

⁴² Chattalas, Kramer & Takada (2008)

National Stereotype Dimension	Lower Warmth	Higher Warmth
Higher Competence	Mixed Position: Best Fit for Utilitarian Products and Low-Contact Services (e.g., United Kingdom)	Most Desirable Position: Need to Maintain (e.g., France)
Lower Competence	Least Desirable Position: Need to Reposition and/or make country more familiar by promoting higher Competence and/or Warmth (e.g., Belgium)	Mixed Position: Best Fit for Hedonic Products and High-Contact Services (e.g., Italy)

Table. Chattalas, Kramer & Takada.

The table illustrates the different positions nations can achieve in terms of national stereotypes according to the SCM-model. All positions are desirable except the lower left showing low competence and low warmth. The most desirable position is the upper right, where scores are high on both competence and warmth. This position is really hard to accomplish as most nations are perceived either as warm or competent. One preposition for this model is that the perceived competence is going to relate to the consumer's cognition, while the perceived warmth is closer connected with the consumer's affection.⁴³ Both positions are good in terms of COO-effects and it is possible for a nation to fit in both categories simultaneously.

However, different products are more or less likely to be connected with warmth or competence. As with the example of the Japanese technical products, they can be assumed to receive positive COO due to Japan being perceived as a competent nation in the SCM-model. At the same time, Japan might not be perceived as "warm" nation in the same model, causing Japanese food products to receive less positive COO.

The SCM-model uses different factors to determine how these different perceptions of COO can come to be. For our study, the most important of these is the separation between hedonic and utilitarian products.

Chattalas et al. explain the difference between these types of products as following:

⁴³ Chattalas, Kramer & Takada (2008)

“Utilitarian products reproduce a ‘work mentality’ that reflects the economic and functional benefits they provide, while hedonic products mirror an experiential view relating to the affective responses elicited by a product”⁴⁴

In other words, a utilitarian product is one chosen depending on price and the functional benefit the product provides. A hedonic product on the other hand is chosen because of its affective appeal. This distinction is important to note as the objects for our study are fashion products. It can be assumed that a regular pair of underwear from a generic brand would be a utilitarian product. The consumer’s buying decision in this case is probably motivated by getting the best quality of underwear at the lowest price. According to our stipulation however, a *designer’s* pair of underwear is not chosen in the same manner. This view can be supported by studies claiming greater COO-effect for hedonic products, where fashion products were explicitly named: *“Specifically, the magnitude of the COO effect was found to be larger for technically complex, fashion-oriented, or expensive products.”⁴⁵* Thus it can be determined that we for this study are more interested in hedonic than utilitarian products. It is still of course of interest to examine the difference between the product types when it comes to the national stereotyping suggested by the SCM model.

Chattalas, Kramer and Takada explain:

“Given that the perceived competence dimension consists of intellectual and functional traits describing a country’s people, whereas the perceived warmth dimension consists of social and affective traits describing a country’s people, it is hereby posited that perceived competence has a stronger effect on the evaluation of utilitarian products and that perceived warmth has a stronger effect on the evaluation of hedonic ones.”⁴⁶

If this is true, the stereotypical position a nation should attain in the SCM model in order for its fashion products to obtain the best possible COO effect would be one with higher perceived warmth. Another interesting mention on this subject would be the study by LeClerc et al, which showed that products of French sounding brand names were perceived by consumers as more hedonic than the same products from a non French sounding brand name⁴⁷. Since our case companies both have significantly Swedish sounding names, this could be in favor for their brands, if, that is, Sweden is adhered with the same type of stereotypes as France, and in this case specifically stereotypes connected with higher perception of warmth. Although we would like to think that there is such a connection, no study until date has proven a similar connection for Swedish brand names.

⁴⁴ Chattalas, Kramer & Takada (2008)

⁴⁵ Liefeld, J. (1993), *Experiments on country of origin effects: review and meta-analysis of effect size*

⁴⁶ Chattalas, Kramer & Takada (2008)

⁴⁷ Leclerc, F., Schmitt, B.H. and Dube, L. (1994): *Foreign branding and its effects on product perceptions and attitudes.*

3.1.3 National stereotypes

The distinction between hedonic and utilitarian products and how these products are received differently by consumers depending on images attached to COO, shows that it is important to distinguish which stereotypes are connected with what country. Important names in COO theory such as Heslop and Papadopoulos, contribute national stereotypes for a considerable portion of the impact of the COO effect⁴⁸. First however it is important to notice the difference between national stereotypes and regular stereotypes. According to Chattalas, this difference can be conceptualized as following:

“In particular, we propose an original conceptualization regarding the relationship between national stereotypes on the one hand and COO-based consumer evaluations of products on the other. Stereotypes represent individuals’ cognitive associations and expectations about any societal (i.e. national) group (Fiske and Taylor, 1991), while national stereotypes are qualities (whether accurate or not) perceived to be associated with a nation’s people (Schneider, 2005).”⁴⁹

A national stereotype can accordingly be considered as a general perception of a nation and its people. Such perceptions contribute to consumers having preferences on what products they want to buy from which nation in accordance to common opinions on that nation’s qualities. It is of course important to ask the question if these supposed traits that nations are given have any effect over consumer preferences. According to Heslop and Papadopoulos, they do:

“Furthermore, the Heslop and Papadopoulos (1993) study found that both the belief and affect factors significantly correlated with product performance evaluations as well as with consumers’ willingness to buy. The authors (p. 67) state that:

‘. . . overall then, good products come from countries whose industrial prowess we respect [a trait clearly akin to competence] and whose people we like [a trait clearly akin to warmth] and admire.’⁵⁰

For companies in Asia e.g., who try to compete on Western markets where Asian labour is often perceived as cheap, this has the undesired effect of their brands being less attractive on western markets. Although there might be little or no factual difference in quality between European and Asian craftsmanship, Asian products are often associated with low quality and poor performance due to stereotypes on cheap Asian labour.⁵¹ These mechanisms can be recognized in a number of industries and product types:

“For instance, despite potentially large differences in price, consumers are likely to prefer French to Austrian champagne; Italian to Finnish fashion; German to Chinese cars; and Japanese to Mexican electronics.”⁵²

⁴⁸ Chattalas, Kramer & Takada (2008)

⁴⁹ Chattalas, Kramer & Takada (2008)

⁵⁰ Chattalas, Kramer & Takada (2008)

⁵¹ Ying Fan (2008)

⁵² Chattalas, Kramer & Takada (2008)

COO can also have a positive effect when national stereotypes are gainful for a certain product. Where Chinese or Korean firms would try to mask the origin of their product by adapting a westernized name, a Swedish company could draw gain by bringing out its heritage. The theory of COO is highly relevant to our study since our aim is to explore attitudes towards the importance of their national heritage among our case study objects. The aspect of national stereotype and COO is closely connected with the theory of country of origin image (COI) which is explored further in section 3.2.

3.1.4 Country of origin effects on consumers

How is the COO-effect affecting consumers? According to Li & Monroe, there are five motives behind the purchase decision of a product when the consumer evaluates products from a country compared to products from other countries. The following motives are; authentic causes, exotic causes, personal causes, patriotic causes and an enforcement of the social status. The first four motives are emotional causes and the last is due to social norms.⁵³

Authentic causes; Within this category, the consumer values a product due to the heritage and national origin. The ownership provides the consumer with a feeling of owning an “authentic” product.

Exotic causes; The consumer gives a preferential treatment to products within this category because its national heritage provides the consumer with a feeling of something exotic and different. The preferential treatment can also be due to that the consumer thinks he or she purchase a part of that culture. The product itself represents this foreign culture.

Personal motives; Some products are favoured by the consumer because they are hand-made. This provides a feeling of belonging with the producer and thus the product becomes more personal for the consumer. The effort and knowledge of producing this product creates an incitement for the consumer to appreciate the product even more.

Patriotic motives; The attitude towards product domestically produced are sometimes more positive than imported products. The patriotic causes are based on the consumers’ eagerness to support the domestic industry or a sense of belonging to domestic producers.

Social status enforcement; Some consumers prefer products which increase their social status. Through the possession of product from a respected country which is known for its distinguished products, the consumer’s social status can increase. The relationship between social status and eminent products can explain why consumers value shoes from Italy or watches made in Switzerland.

Li & Monroe explain why consumers have a preferential treatment of some products from a specific country compared to other products from other countries. These motives are based on

⁵³ Li, W.K., Wyer, R.S. Jr (1994), *The role of country of origin in product evaluations: informational and standard-of-comparison effects*

the values and attributes that the consumers find important for a product. The researchers' contribution is important but their findings can't explain why the COO-phenomena exist to its full extent. Some product groups have a preferential treatment among consumer even though they don't have the characteristics such as authenticity, exotic, patriotic or status enforcer. However, fashion and clothes are often connected with these characteristics, especially as social status enforcement. Veblen introduced the term conspicuous consumption in the end of the 19th century which is still relevant in the marketing literature. Veblen used the term to depict how the upper class used the accumulated wealth to manifest their social power and status.⁵⁴ The term is still broadly applied due to the improvement in living standards and emergence of the middle class in the 20th century. If a consumer can afford designer clothes for instance from France or Italy, he is making a statement, presumably of how wealthy he is. However, consumers who buy Swedish underwear and clothes are probably more driven by exotic causes than conspicuous consumption correlated causes, according to their lower price levels compared to their French and Italian counterparts.

3.1.5 Country of origin effects on the brand equity

Brand equity has been conceptualized before in the marketing literature and is considered a multidimensional construct. Brand equity is regarded as the health of the brand and brand managers have to monitor their brands in order to achieve effective brand management. Brand equity can be described in terms of financial and consumer-based brand equity, although for our study This paper will only take the consumer-based brand equity into account, not the financial one. The consumer-based brand equity is defined as "the value consumers associate with a brand, as reflected in the dimensions of brand awareness, brand associations, perceived quality and brand loyalty".⁵⁵ Researchers Pappu, Quester and Cooksey made a study how country of origin may affect the brand equity or more precise, the consumer-based brand equity. They followed Aaker's conceptualization of brand equity except the dimension of brand loyalty. The researchers regarded this dimension as an attitudinal dimension instead of a behavioural dimension, meaning the consumer's tendency to buy the brand as a primary choice instead of other brands. Their major findings showed that COO has an impact on brand equity. It also lends support to the argument that the equity of a brand may be enhanced or detracted by the brand's associations with new and different countries of origin. They argued that COO effects are a part of the brand equity since COO leads to associations in the minds of consumers. Different attributes such as reliability and durability are associated to countries by consumers to a different extent and degree. Consumer perceptions of Swedish fashion brands are today not explored in a satisfactory way. The researchers state that some brands clearly indicate their COO and that this also could tarnish a brand name unless it has favourable associations to consumers.⁵⁶ The consumer-based equity of brands from some countries (e.g. the USA) has more favourable associations than brands from (e.g. Mexico). Our case study companies have a clear indication of being Swedish brands and both are

⁵⁴ Veblen, Thorstein. (1899) *Theory of the Leisure Class: An Economic Study in the Evolution of Institutions*.

⁵⁵ Aaker, D.A. (1991).

⁵⁶ Pappu, Quester and Cooksey (2006)

enhancing their corporate storytelling. During our analysis, our mission is to find out how marketing managers view their brands COO.

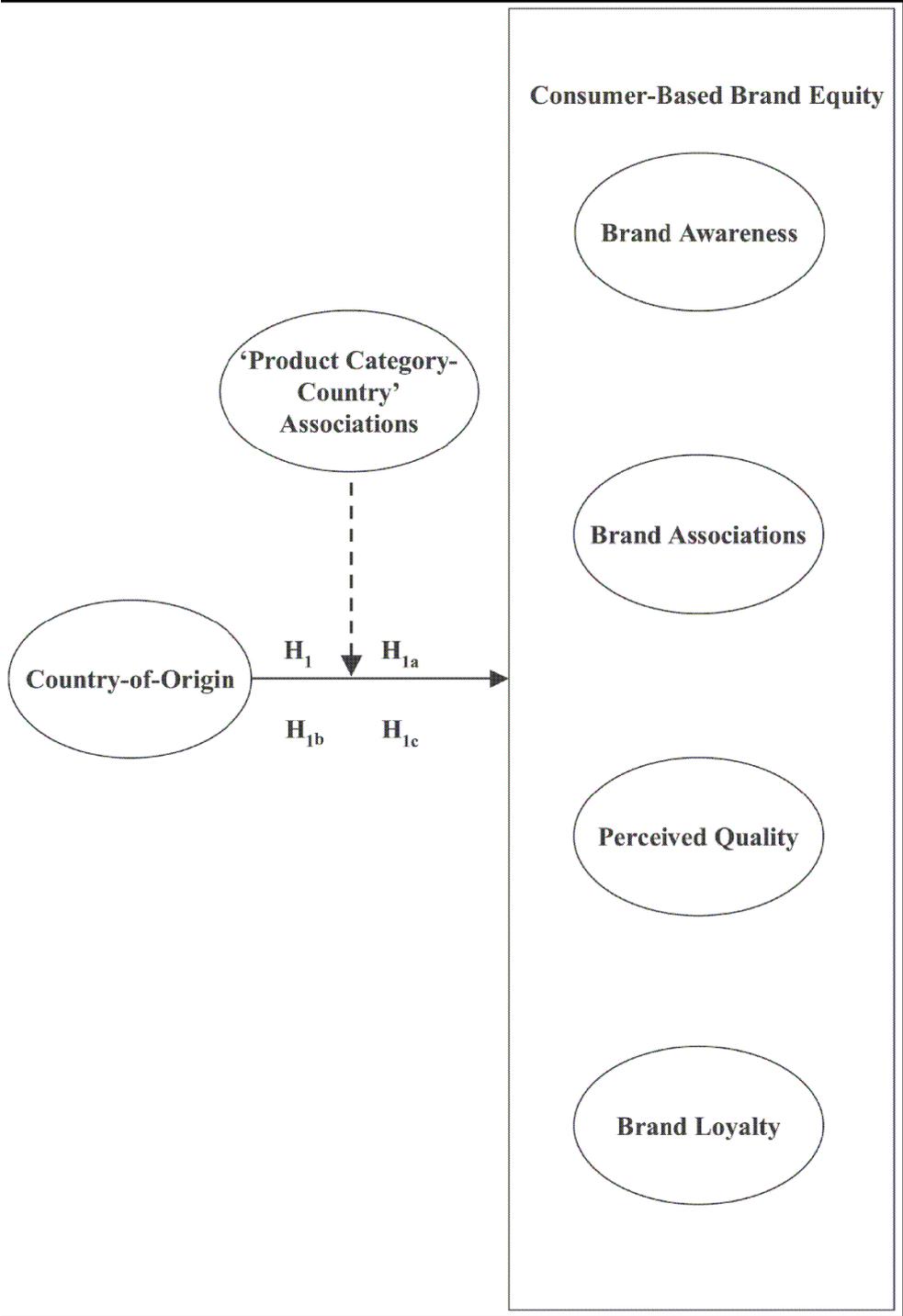


Figure. A model of COO effects on consumer based brand equity.

However, these finding were based on product specific categories such as cars and television on the Australian market. The researchers found empirical evidence that car and television manufactures and their brands varied significantly according to its COO in this market. In accordance with television and cars, our product category is also containing brands offered on the international arena. Previous research has also indicated the same result, namely that COO

have an impact on brand equity.⁵⁷ Although, it is easy to state that brand managers have to take this into account and that COO is an important variable which can affect the brand equity. The question is how can managers incorporate their COO into their brand equity effectively and practically? Should they enhance or conceal their COO depending on what market they are trying to enter and keep tracking this in every host country? Furthermore, the definition of COO as where the product is made in not longer very relevant for multinational companies operating on a global market because of the availability of cheap labour. Most companies have moved their manufacturing to cheaper labour countries such as China, who are not strongly associated with product categories such as clothing. Cost reductions and comparative advantages seem to play a bigger part than COO effects in these terms.⁵⁸ Although, this might lead to an erosion of the brand equity. Some countries are better off than other for the location of manufacturing if the marketing manager is afraid of eroding the brand equity. The importance of COO seems obvious when it comes to branding. English or western sounding names are sometimes used in order to mask the origin of the product, thus minimizing the effect of COO.⁵⁹ Björn Borg and Resteröds have brand names that highly indicate a strong national heritage. Is this something that makes it more interesting among international consumers or do they prefer global brand names? As mentioned above, another branding strategy might be employed if COO is positive. By using a brand name that highlights the COO, its positive effect can be used to its full extent.

3.2 Country of origin image

Country of origin image (COI) is a conceptualization of the national stereotypes discussed in section 3.1.3. According to Pecotich and Ward the COI “*helps to simplify judgments when information is lacking or when there is an overload of information*”⁶⁰. In other words, the COI is a tool the consumer uses when put in a situation where a decision is needed to be made but where the consumer has a hard time to distinguish between the alternatives.

COO reinforces and affects the initial perception of a product among consumers. Subsequently, COO facilitates product evaluations for consumers. How can consumers otherwise be aware if a product has following attributes such as high quality, a reasonable price or attractive design? It’s been proved that these attributes often descend from the image of the products COO.⁶¹ “Made in Japan” is associated with high quality. “Made in Germany” is often connected with reliability, precision and punctuality. “Made in France” is associated with elegance and design. Swedish products are often associated with durability and

⁵⁷ Thakor, M.V. and Katsanis, L.P. (1997), “A model of brand and country effects on quality dimensions: issues and implications”, *Journal of International Consumer Marketing*, Vol. 9 No. 3, pp. 79-100.

⁵⁸ Jaffe, E.D. and Nebenzahl, I.D. (2001), *National Image and Competitive Advantage: The Theory and Practice of Country-of-Origin Effect*, Copenhagen Business School Press, Copenhagen.

⁵⁹ Ying Fan (2008).

⁶⁰ Ward, Steven & Pecotich, Anthony (2007)

⁶¹ Johansson: *Missing a strategic opportunity: managers’ denial of country of origin effects*, 1992.

functionality.⁶² Many companies choose to enhance their COO in their marketing communication in order to enforce these attributes.⁶³ The following table shows how these expressions for the products COO arises to the consumer.

Verbal elements		Non-verbal elements		
Direct reference	Indirect reference	Figurative sense	Acoustic	
Made in Japan Made in Sweden				“Made in” - marker
Björn Borg, Resteröd	Lamborghini, Christian Dior etc.			Brand name and/or company name
COO becomes obvious through the logo, packaging, ads etc.	COO is obvious through the use of foreign language in text or name	Buildings, personalities, colours, animals associated with the country, geographical places etc.		Logo and package
			Mozart, Jazz etc	Advertisement and sales promotion

Table. Different expressions for a products’ COO (Weiss Richard, pp. 38, 2003.)

According to Weiss, COO can be exposed to the consumer during different expressions. These can be categorized into verbal and non-verbal elements. Beside the “made in” – marker, brand names and company names can work as a direct or indirect reference to the COO of the product. In addition to the direct and indirect verbal elements, non-verbal elements as figurative and acoustic have to be taken into account. Non-verbal elements that the consumer can associate to a certain country can be colours, buildings, famous people and typical animals, geographical places and music for the country. These elements are exposed through logos, packaging or advertising. The famous tennis player Björn Borg for instance is highly associated with Sweden and figures in Björn Borgs’ marketing communication. When discussing COO it’s also necessary to involve a concept like image. The image of a country can be considered as a learning process for the individual. The origin and change of that

⁶² De Mooij, Marieke (1994): *Advertising worldwide: Concepts, theories and practise of international, multinational and global advertising*

⁶³ De Mooij, Marieke (1994)

image is the result of all information that individual has gathered of his/her own country and other countries. The information can be based on physical aspects (climate, mountains, lakes etc.) and cultural aspects (products, music, film, buildings and monuments etc.) and social aspects as people (politicians, athletes, writers etc.) and interactions (traditions and values). Furthermore, it is important to separate between direct and indirect experience. Direct experience is when the individual gather information through interaction directly with image object. Indirect experience is gathered through a third part, often through mass medial sources.⁶⁴

3.2.1 Country of origin image in consumer product evaluation

Several studies have been conducted about consumers' country image views. In general, these studies show that consumers have significantly diverse country images and evaluate products differently from different countries. Most of the studies have shown that consumers view the country image through a "halo construct" which they use to asses the quality of a foreign brand. Recent studies found that the country image affect the consumers' view of the product attributes but not their overall evaluation of products.⁶⁵ According to Min, this Halo construct has serious limitations because it maintains that consumers use the halo in product evaluations when they are not familiar with a country's products. The question is what if consumers are familiar with the products? Will the country image no longer have any affect on product evaluations? According to Min country image could behave more like brand image as a summary construct when affecting evaluation on familiar products. The halo construct is based on that consumers are unable to detect true quality. Therefore, they use the country image as a tool to conduct this problem. Shapiro put clothes as an example when consumers are unable to detect if the garment will fade or shrink. Furthermore, he points out that the increase in complexity of products has increased the importance of information about the origin of these problems.⁶⁶ Furthermore, the other implication of the halo construct, country image affects consumers' view of the attributes of the product.⁶⁷ These findings show that country image affects consumers' opinions about attributes and also overall evaluation of the product. Thus, the halo construct shows the following relationship: country image → beliefs → brand attitude.

3.2.2 Country of origin image as a summary construct

Within the summary construct view, a consumer recalls attributes from a country's products from earlier experience. Through this view, consumers can judge the country image through earlier beliefs and experiences and then judge the brand image. The summary construct conclude that consumers recode and sum up individual elements of information to bigger chunks. This kind of information is easier for the consumer to memorize in a long term

⁶⁴ Weiss Richard: *Struktur und Stabilität von Landesimages* p 69, 2003.

⁶⁵ Han, C. Min (1989): *Country Image: Halo or summary construct?*

⁶⁶ Shapiro, Carl (1982), *Consumer Information, Product Quality, and Seller Reputation*

⁶⁷ Erickson, Gary M., J. K. Johansson, and P. Chao (1984), *Image Variables in Multiattribute Product Evaluations*

perspective. The consumer adds pieces of information about the country's products and creates a specific country image. The products have the same country of origin but different brand names. Swedish jeans brands could work as an example where the attribute of tight silhouettes and same price segment creates a specific country group in the consumers mind, although this is not necessarily the case for all Swedish jeans brands.⁶⁸ Earlier experience does not have to be personal, because the individual is also highly affected by experiences from other people in his/her network and information through media. Thus, according to Han, the individual has certain assumptions about the attributes which affects the country image. Subsequently, the country image affects the brand image according to the following relationship: beliefs → country image → brand image. Thus, the summary construct separates itself from the halo construct under two important aspects. First of all, the summary construct states that the consumer transfer earlier beliefs about product attributes to the country image. Contrary to the halo construct which states that the consumer builds beliefs about product attributes from the view of the country image. Secondly, the country image affects the brand image in a direct way, according to the summary construct, instead of throughout the beliefs about the product attributes.

3.2.3 Country of origin image as a combined construct

The researchers Jaffe and Nebenzahl created a model which combined the summary construct and the halo construct. In the first step of the model, before any real experience has been gathered by the consumer, the country image works as a halo effect through affection of beliefs of the expected product attributes. This results in attitudes towards the product or brand. During the second step, after the purchase decision, experience works as a factor of modified knowledge about the product attributes. Subsequently, this might modify the country image. If the country image is based mainly on the real experience, the halo construct has a tendency to transfer into a summary construct. In the final step, the modified country image works as a platform for the creation of expectations of the product attributes. It's hard to say which model that describes the reality best but the model made by Jaffe and Nebenzahl shows a more dynamic process in how consumer can change their country image. Supposedly, consumers in general have a positive opinion about Sweden as a country. They might consider this due to our neutral position in world politics or for whatever reason. Thus, expectations might be high on the product attributes of our clothes. However, if the brand or quality does not live up to the expectations the country image might be modified. During the next purchase decision, the consumer will take his experience into account and might choose another product from another country. The summary construct and the halo construct is more rigid in their structure and doesn't take the purchase and post-purchase decision into account. Therefore, a combination of the two constructs seems to illustrate the reality better.

⁶⁸ Han, C. Min (1989)

3.3 Theories concerning international expansion

There are numerous theories concerning the subject of firms' international expansion. We have identified a couple of these as especially relevant to our study. During our interviews with the marketing managers we wanted to explore how they applied their COO effects when they entered a foreign market. Therefore, we found it necessary to combine theories about COO with international expansion in order to make it more interesting how COO effects actually are applied in practice. Why can you buy Björn Borg underwear in U.S. but not in Brazil? These are the kind of questions we tried to explore further on a deeper level.

3.3.1 The Uppsala Internationalization Model

The Uppsala Internationalization Model stems from studies on a number of Swedish manufacturing firms in the 1970's conducted by a number of Uppsala professors, namely Johanson, Vahlne and Wiedersheim-Paul.⁶⁹ The model builds on the notion that international expansion in most cases is gradual, being a process that happens through one small step at a time.⁷⁰ These small steps are identified to be the step from no regular to export through independent representatives or sales agents. The second step is to establish a sales subsidiary in the country of export. The final step of internationalization is to start production or manufacturing in the country of export.⁷¹ This model also explains the direction of expansion in terms of psychic and physical proximity; with expansion more likely to take place the closer the target country is in terms of culture, politics etc., as well as geography.⁷² Furthermore, the model deals with the direction of expansion, which is explained in terms of proximity and market information. Expansion is more likely to take place where market information is high.⁷³ Expansion is also more likely to take place in a place that is in a close proximity to the expanding firm. This proximity is not limited to that of geographical nature, Vahlne and Wiedersheim-Paul describe expansion in places with *psychic* proximity to the firm, i.e. countries that share language, culture, political system and so forth.⁷⁴ They also show that expanding firms gradually become more prone to expand into markets with less psychic proximity when they have grown strong on more proximate markets.⁷⁵

⁶⁹ Johanson & Wiedersheim-Paul: *The Internationalization of the Firm — Four Swedish Cases*, Journal of Management Studies, Vol 12, No. 3, 1975., Johansson & Vahlne: *The Mechanism of Internationalization*, International Marketing Review, Vol 7, No. 4, 1990.

⁷⁰ Johansson & Vahlne: *The Mechanism of Internationalization*, International Marketing Review, Vol 7, No. 4, 1990.

⁷¹ Johanson & Wiedersheim-Paul (1975).

⁷² Johansson & Vahlne (1990).

⁷³ Johansson & Vahlne (1990).

⁷⁴ Vahlne and Wiedersheim-Paul: "Economic Distance. Model and Empirical Investigation" in Hömell et al: *Export and Foreign Establishments*, Norstedts, Stockholm, 1973.

⁷⁵ Johansson & Vahlne (1990).

3.3.2 The Push and Pull Theory

There are many different theories that in some way describe firms' motivation for expanding their brands globally in terms of Push and Pull factors.⁷⁶ Push factors are such as saturation on the domestic market, regulations, adverse trading conditions and other factors making the domestic market less profitable. Pull factors can be described as marketing opportunities making an expansion more likely to be beneficial.⁷⁷

An attempt to combine many of these into a single coherent theory has been made by Nicholas Alexander.⁷⁸ He identifies four different positions that can be held by firms in the initial phase of expansion.

1 – The *Autochthonic* position. This is where saturation in the domestic market is of less importance at the same time as global potential is low.

2 – The *Reactive* position. Saturation in the domestic market is important while global potential is low.

3 - The *Expansive* position. Saturation in the domestic market is important and global potential is high.

4 – The *Proactive* position. Saturation in the domestic market is less important but global potential is high.⁷⁹

Internationalization can occur at any of these positions but is more likely if saturation and global potential coincide.⁸⁰ As such, most of the evidence from the works cited above tends to support the view that initial markets are chosen because of their geographical or cultural proximity to the domestic market. Clearly, companies try to minimise business risk through gaining experience of like markets by organic growth or acquisition rather than higher risk markets which may be targeted by franchising or joint ventures.⁸¹ This has been in accordance with Björn Borgs recent entry strategy on foreign markets such as Denmark and Holland.

3.4 Country of origin applied on the American fashion market

In the following text, we will introduce the reader to the U.S. market. We found this relevant since both marketing managers consider U.S. as the biggest and most lucrative market but also with the fiercest competition for Swedish fashion companies. As mentioned earlier, Björn Borg launched its brand in U.S. in the fall 2008 and we have followed their progress with

⁷⁶ Fernie et al: *Brands without boundaries – The internationalisation of the designer retailer's brand*, European Journal of Marketing, Vol 34, Issue 8, 2000.

⁷⁷ Fernie et al (2000).

⁷⁸ Alexander: *Expansion within the single European market: a motivational structure*, The International Review of Retail, Distribution and Consumer Research, Vol. 5, No. 4, 1995.

⁷⁹ Alexander (1995).

⁸⁰ Alexander (1995).

⁸¹ Fernie et al (2000).

great interest. United States is the world largest importer of textiles and the value of the import is estimated 70 billion dollars.⁸² There is a demand of Swedish design but the Swedish representation is moderate. The U.S. market for textiles is very competitive, the importance of imported products is growing and trends indicate an increasing demand for high-end contemporary design. New materials and techniques will have a direct impact on the evolution of design. There is a potential demand for Swedish design, but a lack of availability and visibility. The supply structure is complex with manufacturers using multiple channels to reach the end consumer. The Swedish Trade Council in United States provides recommendations when a company is trying to establish its brand in the market. They point out the importance of the focus on consumer and industry publications in order to reach the market segment, being aware of cultural differences, major design centres are located in a few major urban areas, the long term strategy is to build a brand and offer product and service excellence, marketing and availability.⁸³ Björn Borg decided to launch its brand in the U.S. market in the fall 2008, through a subsidiary. They have promoted their brand through ads in the well respected magazine DNR, which covers the whole menswear industry, and in magazines like Nylon which targets a younger group of consumers. They have also open a showroom in the SOHO district in New York. DNR wrote an article about Björn Borg in August 2008 where they pointed out that they will debut with their underwear business before expanding into other categories. One of the reasons behind launching its brand in a larger city like New York might be that consumers in urban areas tend to be more enthusiastic about European fashion to other cities of the country. Although, the tennis player Björn Borg never won a U.S masters, it is tempting to examine if he is still known among Americans both for his professional merits but also for his extraordinary lifestyle. However, the competition for underwear and clothes is fierce because all of the top fashion companies are located in New York. In order to be a global fashion brand which is Björn Borgs vision, it is necessary to be present in one of the international fashion capitals like New York, London, Milan or Paris. According to the British Fashion Council, the editors of the international fashion magazines and journals, a clear agreement was reached of the characteristics of being a global fashion brand. These companies have in common:

- A bi-annual fashion show in one of the international fashion capitals.
- Being established in the fashion design business for at least two years.
- Retail merchandise either through outlets bearing the designer's name (or an associated name), and/or within other outlets within two or more countries.
- Marketing their own label merchandise⁸⁴

Obviously, Björn Borg still has some checkpoints ahead before it can call itself a global fashion brand but expanding in New York is a major step in the right direction in accordance

⁸² Swedish Trade Council, <http://www.swedishtrade.se/usa/?objectid=3166&pageid=4363>

⁸³ Swedish Trade Council U.S.A., Report, March 2008

⁸⁴ Fernie et al (2008)

with its vision. They set up annual fashion shows in Stockholm but doing the same thing during New York fashion week is a much larger investment. Björn Borg has competitors like Calvin Klein and Diesel but their underwear differentiates from its counterparts. Björn Borgs underwear is highly decorative with a mix of different colours and patterns. New Yorkers might find this niche appealing and Björn Borg believes this is a critical success factor.⁸⁵ However, they also have an underwear line with more bland and simple colours and patterns. Tomas Gad, writer of 4 Dimensions of branding enhance the importance of the spiritual dimension of the brand for a company.⁸⁶ This dimension of the brand makes the consumer to feel part of something larger than them selves. Recently, Björn Borg came out with a television ad promoting gay marriage. Other marketing communication activities include promoting “Love for All” which is a dating program on their website where they also raise money for causes like global peace. These marketing activities are important attempts in being a global brand and it strengthens their spiritual dimension for the brand. Especially, promoting for gay marriage seems to be a smart move when you consider that the gay community is well represented in the fashion industry in New York. This could lead to important PR through fashion blogs in New York but might be less appealing in more conservative cities.

4. The Empirical Section

In the following section, our interviews will be discussed and introduced. Some questions have been followed up with another question when we noticed something that we wanted to clarify during the interview. If the marketing manager told us for instance that a particular market is important, then we immediately asked why they considered it important and to further explain what they meant. This is sometimes favourable in order to discover hidden attitudes and motivations.

4.1 Interviews with representatives of our case companies

4.1.1 About Björn Borg

Björn Borg is a fashion company established in Sweden in the early nineties. The brand is associated with quality products and a creative and innovative design. The brand also rests on the legacy of the famous tennis player Björn Borg. The essence of the brand is compiled as: sporty, stylish, sexy and comfortable. Except clothes and shoes, they also provide bags, perfume and eye-wear, but over 85 % of their sales are from their underwear segment. Their business is managed through a network of product companies and retailers, either within the company or separated. They operate in fourteen international markets, where Holland and Sweden are the largest. Their business model makes it possible for the company to limit the risk and tied up capital. Furthermore, their network include concept stores either their own or

⁸⁵ Björn Borg, Annual financial report, p 18.

⁸⁶ Gad, Tomas (2000), p 17.

through franchising. But the brand control is within the company based on a strong brand image platform.⁸⁷

4.1.2 Interview with Peter Klagsmark, brand manager at Björn Borg

Our interviewee Peter Klagsmark works closely with the expansion in the U.S. market together as marketing manager with their executive Michael Mohn. He is deeply involved with their progress on the U.S. market. Björn Borg launched its brand in the U.S. market on a fair in Las Vegas in August 2008. Peter Klagsmark describes this expansion as part of a larger undertaking, where Europe is still most important. At the moment, most efforts are put into the Italian, German and Spanish markets where the brand has just started growing. Klagsmark remarks, *“We haven’t conquered Europe yet”*. Björn Borg has employed the strategy of using a subsidiary when entering the U.S. market. Peter Klagsmark describes Björn Borgs usual strategy of going through retailers, and explains that the choice of a subsidiary is a test of the brand’s strength. *“Smaller companies do not use this strategy. We wanted to see if we were big enough to do this!”* Klagsmark talks about the commitment on the U.S. market as somewhat of a test for the Björn Borg brand. The launch was not motivated by either market opportunities or saturation on previously entered markets. *“The decision was taken in regards to the strong position of the brand. Of course, there was a different market situation two and a half years ago when the decision was made, but this does not influence our current commitment.”* One of the reasons to enter the U.S. market was an existing network of contacts on this market. Klagsmark stresses the importance of business relations before venturing on a foreign market.

“We have a considerable network in the fashion industry and are quite comfortable in this. We wouldn’t just rush into a market head over heels.”

Klagsmark describes the U.S. market as different from the markets where Björn Borg previously has expanded their brand. One of these differences lies in the attitude among consumers towards underwear: *“Underwear is a fashion accessory in Europe but a generic product in the U.S.”* Klagsmark explains that fashion boutiques in the U.S. do not sell underwear in the same way as done in Europe. U.S. consumers buy their underwear at department stores, niche boutiques or through e-shopping. As a consequence of this, one of the goals Björn Borg has is to raise the interest in designer underwear. The most interesting cities in the U.S. for Björn Borg are Los Angeles, New York, San Francisco, Miami and other larger cities. Klagsmark describes consumer behaviour in these cities as somewhat close to that of European consumers, and generally more shopping orientated than in smaller American cities.

While asked about the brands connection with the famous person Björn Borg, Klagsmark is very clear to point out that the brand is proud of its heritage. Even if he recognizes that some of the younger consumers are not aware of the person Björn Borg, he believes that his popularity on the U.S. market is significant. *“It opens doors. The brand Björn Borg might not*

⁸⁷ Annual financial report 2007

be known by everyone, but the Tennis player is". Klagsmark says that Björn Borg will try to use this heritage more in the U.S. market than previously done in Europe. Speaking of the strength of a Swedish brand name on the U.S. market Peter Klagsmark points out the efforts done by brands such as H&M, IKEA and Ericsson, which all have contributed to Swedish firms generally being received in a positive way.

"Swedish fashion is not large in the U.S. market. But well respected."

For Björn Borg, its name itself creates a position where the COO cannot be masked. Although, Klagsmark notes that they do not want to emphasize it either. *"We don't want to fall into the 'Swedish niche", and be a victim of the hype. At the same time, our name is Björn Borg. It will always be there, but we don't want to make a thing about it."* Björn Borg has the ambition to be an global fashion brand, not just a Swedish one. Even if the Swedish connection is important, and used in the U.S. through Björn Borg-ambassadors (usually Swedish celebrities in the U.S. endorsing the brand), Klagsmark clarifies that this is not something used in marketing the brand.⁸⁸

4.1.3 About Resteröds

Resteröds was founded almost seventy years ago in Ljungskile by the Mattson brothers. Resteröds still use the same knitwear factory as back then and produce knitwear of highest quality. Tradition and quality are two important factors that make their underwear attractive to consumers. The product range is distributed within jeans stores, athlete clubs and outdoor stores. Resteröds is one of few still existing manufacturers of authentic lahman-knitwear. The low knitting tempo is their key success, according to Resteröds. The only way to produce this kind of tricot is to use English knitting machines from the twenties. The result is clothes that do not shrink or twist and have a natural stretch making them unusually comfortable to wear. Today, Resteröds Trikåfabrik produces an entirely new collection with both clothes and underwear. The tricot comes with a brand new design. They operate in sixteen international markets and 33 % of their sales are comprised by underwear. 60 % of their total turnover comes from export.⁸⁹

4.1.4 Interview with Andreas Drugge, marketing executive at Resteröds

Andreas Drugge works as an executive at Resteröds. He holds responsibility for the brand and its international expansion. Resteröds recently entered the Japanese market which is the second biggest market in the world after the U.S. market, according to Drugge. On their website it is even possible to read the text in Japanese.⁹⁰ Drugge confirms that Japan is an important market for them because of the volume. Although, he admits: *"It's really hard to find the right product on the Japanese market. We hold 15 % of the Swedish export, J. Lindeberg holds 66 %, but in total is only 30 million SEK. Nudie and Cheap Monday are on*

⁸⁸ Peter Klagsmark, phone interview

⁸⁹ <http://www.resterods.com>

⁹⁰ <http://www.resterods.com>

the verge now since they have found right partners and we expect the Swedish fashion export to increase.”

Whether there is a difference between European and Japanese consumer behaviour, Drugge responds: *“Swedish and Japanese design is quite similar – functionalistic and minimalistic. The major part of Japan consumers are always looking for odd brands. This is favourable for us.”* When he is asked about American consumer behaviour, Drugge responds: *“In U.S. consumers are extremely exposed to commercial messages. It’s necessary to build your brand. In order to do this, you need a huge machinery of marketing.”*

Drugge believes it is possible to survive only on the Scandinavian market and he points out the importance of the deep knowledge and engagement it takes to enter a foreign market. *“While entering a foreign market, it’s absolutely necessary to have a deeper knowledge and a major engagement in order to succeed.”* Furthermore, he points out: *“A rule of thumb is: it gets harder to successfully enter a new market the further away it is. Denmark is far enough to realize the difficulties.”* Finding the right partner is also absolutely necessary, according to Drugge: *“While entering a new foreign market, finding the right distributor is vital for a successful expansion.”* When he responds on why they chose Japan before U.S., finding the right partner was the major reason. He still consider the U.S. market as a potential future market for the brand but he points out: *“We don’t have the resources to open up our own office. We will wait and see if we find the right partner for us.”*

Drugge has been reflecting over the brand name Resteröd and especially the Swedish letter “Ö”. *“Resteröd is not a commercial name but if you find the right stores, the right corporate storytelling, the right product it is possible to succeed with the expansion.”* Nonetheless, he admits: *“Sometimes it’s necessary that consumers can pronounce the brand name. Japanese consumers recognize it as a European brand name rather than Swedish. They like it in Japan but European consumers don’t care about it.”* Drugge continues: *“In Europe, consumers find the letter slightly ironic, like a funny symbol of the Scandinavian market. In Japan, consumers regard it as a cool letter.”*

When Drugge is asked about the importance for Resteröd of being a Swedish brand, he responds: *“In general, it’s important when you enter a market outside Scandinavia. But Resteröds comes in a package as a Scandinavian brand rather than a Swedish brand.”* He believes that Scandinavian design rather than Swedish design is known abroad. *“Our fashion and design, thanks to Filippa K and such have given us a positive COO. People are now discovering Scandinavian fashion. Resteröds benefits from this fashion wave.”*

Sweden is relatively unknown, according to Drugge, except in Holland and Germany. He still believes that the Sweden as a brand is positive and that international buyers are now willing to go to Stockholm and Copenhagen. In general, it is positive to have a Swedish origin. Furthermore, Drugge believes Resteröds has a strong connection to Sweden and that they also use this in their marketing communication and corporate storytelling. *“We enforce our Swedishness in all our marketing communication and corporate storytelling. Nowadays, it’s absolutely important to be an authentic brand with a long history behind. This is necessary in order to position the brand in the fierce competition. We benefit from this since we have a*

long history in Resteröd that goes back to 1935.” He can only see benefits and no disadvantages from enhancing their Swedish origin while expanding abroad. He considers Resteröds already as a global fashion brand since they have conquered market after market, according to Drugge. Whether there exists a hype about Swedish fashion abroad, Drugge responds: “It has been a hype a couple of years now. The recession will make some of them to disappear but Swedish fashion is here to stay.”⁹¹

4.2 Interviews with experts in the fashion industry

Since both Peter Klagsmark at Björn Borg and Andreas Drugge at Resteröds are in an all but objective position towards their own fashion brands, we wanted to have some other voices in the fashion trade heard. Key markets for Björn Borg and Resteröds are the U.S. and the Japanese markets respectively. We were lucky enough to get in touch with Spencer Phipps at Marc Jacobs, NY, for some insight on the American market. Finding someone with a good notion of the Japanese market proved to be harder. However, Hampus Ahlqvist on Julian Red, which we had initially thought of as a subject for a case study, showed to be better involved in the Japanese market than many others. As Julian Red are readily establishing themselves in Japan we found Hampus to be our expert on this market.

4.2.1 About Spencer Phipps

Spencer Phipps is an up and coming designer in New York, former graduate from Parsons School of Design. In an early stage, he realized that he wanted to become a designer and work with fashion. During his final school year he won a prize for best male designer in his school which gave him the opportunity to hold his own fashion show. Shortly after graduation, he started to work for Marc Jacobs as a designer but his intention and long term ambition is to continue with his own label in the fashion industry.

4.2.2 Interview with Spencer Phipps, designer at Marc Jacobs, New York.

Spencer Phipps has a positive view on Swedish fashion, and finds it to be “*generally, quite cool*”. He feels Swedish fashion is well received in the U.S. fashion community. Prices are generally quite low and the fashion is not extravagant. Phipps only concern with Swedish fashion is a lack of individuality among the brands and he feels that the clothes sometimes can come across as too plain. Phipps experience of Swedish fashion is that it in style and design often resembles that of New York or London, and this is why he feels Swedish brands could gain from bringing out their heritage.

“I find knowing a product is Swedish in design does make it more sellable. Sweden is a well liked country, known globally as a place that produces innovative design, so it seems logical to use it almost as a branding tool to enhance design”, he says.

⁹¹ Andreas Drugge, phone interview.

Generally, due to the considerable clutter of brands in the U.S. market, Phipps feels that any possible way to stand out is a good way and that *“being Scandinavian is definitely something that could be used in a positive sense”*. Phipps has a good awareness of Swedish brands in the U.S. market, naming among others, Acne, Filippa K, H&M, Sandra Backlund and J.Lindeberg. He has also noticed Björn Borgs entry on the market because of advertisement in many magazines and he has also visited their store in Soho, which is near where he works. Even if it is not his top-of-mind underwear brand at the moment he finds the brand very interesting, partly due to its name: *“Björn Borg is one of the most obvious examples I can think of that marked Sweden as a cool place to be from”*.

Phipps is aware of a current trend in Swedish fashion and especially denim, but even if this trend would pass he does not believe this will affect Swedish brands in general: *“Scandinavian design goes back much further than just skinny jeans. Product design, graphics, architecture, cars etc. are all world renowned”*, he notes. Phipps is not very familiar with the brand Resteröds, or it being Swedish, but he does not think they have anything to gain from masking their origin.

As for heritage I think it only adds character to a brand, if the product is good it should speak for itself. People shouldn't try to hide where they are from. Don't change any names or do anything to mask nationalities.” This said, he also notes that nationality should not be ‘rubbed in a customer’s face’ and there needs to be more to the brand than just its country of origin.⁹²

4.2.3 About Hampus Ahlqvist

Hampus Ahlqvist works as a PR executive at Julian Red, a Swedish jeans brand, founded in 2002 by Mattias Lind. He has been listed as one of the most influential people in the industry by the Swedish fashion magazine King. Nowadays, Julian Red consider themselves more than just a denim brand. The company is expanding their conceptual collections and is turning more and more into a fashion brand.⁹³

4.2.4 Interview with Hampus Ahlqvist, public relations at Julian Red

Hampus Ahlqvist is a PR manager for Julian Red, a rapidly growing Swedish fashion brand that has gained success on both the U.S. and the Japanese market.⁹⁴ He describes the company as a small firm relying on the ability to change market strategy following changes in the market. In harsh times, such as these, they take on the position of the underdog, adjusting their production to existing market demand. Ahlqvist talks of the firm’s current strategy as aggressive and creative. Because they have no real market position to defend they can push the brand in different areas, creating an identity of an avant-garde firm. The down sides of this strategy is according to Ahlqvist the extra work effort required from the management staff, describing it as *”sometimes unbearable [...] making us slow in some areas, such as the ability to*

⁹² Spencer Phipps, Skype interview, 2009-01-07

⁹³ King Magazine, <http://www.kingmagazine.se/Markeslistning/?designer=23499>

⁹⁴ http://www.storefico.com/julian_red

reach out to international customers and developing our customer relations.”

Julian Red has a history of activity on the U.S. market. Hampus Ahlqvist describes this activity as successful, especially in terms of PR, being noticed in a number of magazines and their clothes being worn on stage by the rock band Rapture. The entry on the U.S. market has been carried out in the firm’s avant-gardistic manner, trying to create a buzz by promoting the brand on fashion weeks and in edgy boutiques. The long term strategy is to find the way into the more esteemed department stores such as Barney’s. The market entry has been managed from the firm’s head office in Stockholm and there are no current plans for the establishment of subsidiaries. A market opportunity for opening a Julian Red store in New York has come about through the decreasing level of rents in the New York area, but the firm has decided not to grasp this opportunity. Ahlqvist believes that the firm needs to grow some financial muscles before such an expansion can be successful. There is however a long term goal of establishing a store in New York within the next ten years. The global expansion strategy of Julian Red is to use fashion fairs to attract interesting business partners and enter new markets. The control of the brand is of crucial importance to Julian Red, Ahlqvist notes.

“We do not use PR agents either home or abroad because we are still keen on controlling the development of Julian Red. It could probably be a faster procedure [the expansion] to consult agents, but it could hurt the important identity of the fashion brand.”

In terms of branding, Hampus Ahlqvist explains why Julian Red does not try to emphasize the brands country of origin:

“I don’t think the hype surrounding Swedish fashion is anything else than a fad that might pass away any time. That is why we try to avoid being labelled in that category. Julian [Red] is a long term commitment and it is not part of the company culture to achieve a quick hype that might as well fade just as quick. Swedish fashion is successful, but at the same time quite dull. We don’t feel comfortable being bunched together with our Swedish competitors. We want to do our own thing.”

Speaking generally about Swedish fashion brands Ahlqvist does not believe they are more successful than those of other countries, implying that fads do not count as successes.

“It has been proven that five years is the critical time a fashion brand needs to determine if it’s going to be successful or not. If you survive these five years you will be a lasting player, but most brands don’t.”

Speaking specifically on Swedish fashion on the Japanese market Hampus is very unobtrusive. He notes that there are very few Swedish fashion brands that have made it on this market. He believes that for a fashion brand to have the slightest chance of succeeding on this market they need to work closely with someone really cunning in Japanese lifestyle.

He concludes that not even Julian Red is a safe player on this market:

*“The Japanese are original, self-assure and seeking. This market is delicate for any brand to handle, even Julian Red.”*⁹⁵

⁹⁵ Hampus Ahlqvist, phone interview, 2009-01-06

5 Analysis

In this section the results of our empirical study is analyzed through our theoretical framework. The COO will be discussed in terms of the following categories: expansion potential, expansion motivation and expansion behaviour.

5.1 Theoretical framework

The purpose of this study has been to examine the given importance and attitudes towards country of origin effect for Swedish fashion companies acting on foreign markets. Our proposition has been that there might be desirable position in being Swedish in the fashion industry and we wanted to find out if this was recognized by the Swedish fashion brands themselves. We chose two Swedish brands, Björn Borg and Resteröds, both primarily underwear-manufacturers to explore these attitudes. We chose these two because of the fact that their national heritage was not masked, they did not have to do much in order to promote their country of origin. Still, do they employ a strategy of Swedishness?

With evidence from our interviews our purpose here is to analyze how Björn Borg and Resteröds regard their country of origin in terms of market potential. We also want to create a platform for discussion on how they could work differently with these issues, on the basis of material from our theory section. Our theory sections provides evidence that a fashion brand may gain benefit from its country of origin given certain circumstances. As fashion products fit in the category of hedonic products a fashion brand would benefit from playing on its country of origin if this country is adhered by consumers with warmth. There is support for Sweden being adhered with both warmth and competence. We lack of course a specific study on consumer opinions on Sweden in preferably the U.S. and Japan. However, we have through additional interviews with two persons in connection with the U.S. and Japanese market established that Swedish country of origin effect is positive for fashion brands acting on these markets.

5.2 Expansion Potential – Country of origin

We have applied the COO theory in order to be able to determine a company's potential of a successful brand expansion. Most important for this paper is obviously the COO theory, but the Push and Pull-theory and the Uppsala internationalization model show that a company's opportunities to succeed with a brand expansion is also determined by other factors. Our interviews have revealed different opinions about the importance of COO effects. It's difficult to draw conclusions about the single most important factor when entering a foreign market. Nonetheless, we apply the COO-theory with the purpose to determine whether or not it can be used favourably in a brand expansion. One interesting aspect of our qualitative study exposed some interesting attitudes among our two interviewed companies. Björn Borg are aware that their "Swedishness" is inevitable and something that they have to take into account. According to Resteröds, foreign consumers rather considered them as "Scandinavian".

Moreover, certain ambivalence was discovered during the interview about the potential usage of COO, especially while discussing being a global fashion brand or a Swedish brand.

5.2.1 Applying the Expansion Potential framework on Björn Borg

Björn Borgs strategy is to enhance the legacy of the famous tennis player to a higher extent in the U.S. compared to their other markets. The logical reason behind this is that Björn Borg is widely renowned among American consumers, according to Peter Klagsmark. Spencer Phipps confirms this view of Björn Borg. He even considers him as a fashion icon and a benefit for Swedish COO-effects. Furthermore, the brand of the famous tennis player indicates credibility and strength and works as a door-opener. Obviously, Björn Borg wants to capitalise on this legacy. On the other side, they removed labels with made in Sweden signs from their collections. Presumably, the explanation behind this is in accordance with their vision to become a global fashion brand and not a Swedish brand. Recently, they opened up their own shop in the SOHO area in New York. The importance of their presence in a fashion capital like New York is of great significance, according to Klagsmark. This speaks for a strong expansion motivation in their case. Thus, both *verbal elements* and *non-verbal elements* are exposed to the consumer about the COO of Björn Borg, which indicates that they try to leverage the COO-effects of being Swedish. The exception is the “made in Sweden” marker which earlier seemed to work against their vision of becoming a global fashion brand.⁹⁶ Klagsmark also mention how other Swedish companies have clear the path in U.S. like IKEA, H&M and Ericsson. This indicates that the country image is positive among American consumers because the *cultural aspects* (products) provide credibility. He also considers the tennis player Björn Borg (*social aspects*) as an asset in order to reach out to the American consumers. Fortunately for Björn Borg, cover in daily newspaper fashion magazines like DNR will also contribute to conquer the American consumers (*indirect experience*).⁹⁷

Obviously, Klagsmark finds underwear to be a generic product in U.S. Thus, American consumers do not buy underwear as a *social status enforcer* like in Europe. However, this is something Björn Borg is trying to change, according to Klagsmark. They clearly want to change the consumer behaviour in U.S. but he doesn't mention how they will do it. This is probably information Björn Borg wants to keep within its organization. Whether underwear products will turn to a *conspicuous consumption* product in U.S. is hard to predict.⁹⁸ Moreover, they also want to draw gain of the COO effects of the tennis player's lifestyle both on the court and outside the court. Therefore, their products also seem to motivate consumers about *exotic causes*.⁹⁹

Whether consumers evaluate Swedish product through a halo or summary construct, we believe that a combined construct seems to describe the reality better. As Klagsmark notes, American consumers might already have positive beliefs about the country image of Sweden

⁹⁶ Weiss Richard: *Struktur und Stabilität von Landesimages* p 38, 2003

⁹⁷ Weiss Richard: *Struktur und Stabilität von Landesimages* p 69, 2003.

⁹⁸ Veblen, Thorstein. (1899) *Theory of the Leisure Class: An Economic Study in the Evolution of Institutions*.

⁹⁹ Li, W.K., Wyer, R.S. Jr (1994), "The role of country of origin in product evaluations: informational and standard-of-comparison effects", *Journal of Consumer Psychology*, Vol. 3 No.2, pp.187-212.

because of successful companies such as IKEA, H&M and Ericsson on the U.S. market.¹⁰⁰ However, there is no evidence that American consumers in general actually are aware of these companies national heritage. H&M and IKEA could origin basically from anywhere. When adding purchase and post-purchase situations to the model, a more dynamic process is taking form. Suppose, Americans in general don't put that much effort in buying underwear, which Klagsmark clearly indicate. Although, they obviously are aware that Björn Borg is a Swedish brand and if they detect satisfaction with they quality and service. This could enforce a chain of positive beliefs about Swedish underwear for later product evaluation through word-of-mouth etc.¹⁰¹ However, even this model has severe implications. It obviously simplifies the purchase procedure – more factors than detecting quality and country image should be taken into account. The strength with the model is probably within the *summary construct*. It states that consumers also gather earlier experience from a particular brand, recode it and sum up individual elements to bigger chunks of national attributes for that product category. Swedish fashion for instance is often categorized as minimalistic and functionalistic. This is also something that our empirical data confirm.

Clearly, Björn Borg consider their brand name as a strength for their *consumer-based brand equity*. They push their legacy of the famous tennis player harder in U.S. compared to other markets. Especially *brand association* and *brand awareness* are two key factors they obviously trying to capitalize on in U.S.¹⁰² Heslop and Papadopolous confirm Klagsmark view that national stereotypes have a considerable impact on the COO effect and that brand managers can use this as a comparative advantage.¹⁰³

5.2.2 Applying the Expansion Potential framework on Resteröds

Resteröds have a different approach to their COO. First of all, they regard their brand name as a non-commercial name. Resteröds rather emphasize the importance of finding the right partnership, stores and distributor during a brand expansion. Secondly, Drugge even concede the importance of pronouncing the brand name to the consumer, although he notes that i.e. Japanese consumers find their brand name appealing. According to Drugge their COO is viewed as Scandinavian rather than Swedish. However *verbal elements* are used in their marketing communications apart from the Swedish brand name such as their heritage from the small Swedish town Ljungskile. Even *non-verbal elements* such as their old machinery park in Ljungskile is exposed to consumers in order to remind them about the COO.¹⁰⁴ And Drugge points out the importance of authenticity and tradition of the brand rather than the COO. Drugge still believes certain COO-effects are affecting the consumers. First of all, the *authentic causes* are mention. Resteröds are aware that “Established since 1935” in the branding is a major asset while positioning the brand. “*There is a PR-value in branding our history and past. In an industry where brands come and go, not many can state “Established*

¹⁰⁰ Han, C. Min (1989) 222-229 pp.

¹⁰¹ Jaffe, E.D. and Nebenzahl, I.D. (2001).

¹⁰² Aaker, D.A. (1991)

¹⁰³ Chattalas et al (2008):

¹⁰⁴ Weiss Richard (2003) p 38

since 1935". Our long history as manufacturer is an asset which increases the authenticity – no matter if we are exposed in Ljungskile or Galeries Lafayette." ¹⁰⁵

Secondly, *exotic causes* are revealed to consumers through the brand name. According to Drugge the Swedish letter "Ö" is a cool letter at least for Japanese consumers and it has a positive COO-effect. However, these COO-effects don't affect European consumers in the same way. It is a matter of what market you are trying to enter. Björn Borg also makes this difference between European and American consumers when using COO-effects. In U.S. they highlight the legacy of the Swedish tennis player but in Europe this legacy plays a minor part. Even *Personal motives* are discovered since Resteröds uses old producing methods in order to provide a feeling and make the product more personal to the consumer.¹⁰⁶ According to Drugge Resteröds is associated as Scandinavian rather than a Swedish COO among consumers, except in Holland and Germany. Moreover he believes that consumers use a *summary construct* as they regard Scandinavian fashion as minimalistic and functionalistic. He tributes the Swedish fashion brand Filippa K for this as a positive wave of COO-effects for Scandinavia. Furthermore, he claims that Resteröds can capitalize on this wave.¹⁰⁷ Spencer Phipps confirms this view but according to him there is a risk of being to plain in fashion. Obviously, Resteröds regards their COO-effects to be more positive than negative for the *brand equity*. Drugge can't see any risk with using a strategy that enhances their COO – only comparative advantages. According to Drugge there has been a major demand for Swedish fashion lately and this is an asset for Resteröds in their brand expansion attempts. The major factors behind this positive effect on the *consumer-based brand equity* are perceived qualities of Scandinavian design such as minimalistic as functionalistic features, according to Drugge. Moreover, authenticity and a strong co-operate storytelling play a major role in order to position their brand and retain *brand awareness*.¹⁰⁸ Our interview with Drugge is full of contradictions when he on one side claims that Resteröds is a non-commercial name and on the other side emphasises their positive COO and *national stereotype*.¹⁰⁹ Furthermore, he concludes that finding the right partner is more vital for a brand expansion than a strong COO. The COO is positive and used frequently by Resteröds but it works more as an enforcement of their authenticity and corporate storytelling while positioning the brand. Tradition is obviously their trademark and to conclude this analysis "Established since 1935" seems to play a bigger part than "Made in Sweden" for Resteröds.

5.3 Expansion Motivation – Push and Pull factors

Our theoretical framework for the level of expansion motivation is comprised by the theory of Push and Pull. This theory highlights different explanations as what is most important for companies' decisions to expand into another market.

¹⁰⁵ <http://www.teko.se/Textil--Mode/Nyheter/Galeries-Lafayette-ger-Resterods-fransk-draghjalp/>

¹⁰⁶ Li, W.K., Wyer, R.S. Jr (1994) pp.187-212.

¹⁰⁷ Jaffe, E.D. and Nebenzahl, I.D. (2001)

¹⁰⁸ Aaker, D.A. (1991)

¹⁰⁹ Ying Fan (2008)

5.3.1 Applying the Expansion Motivation framework on Björn Borg

In the interview with Peter Klagsmark, he was clear to point out that the expansion into the U.S. market is not due to saturation on any of the European markets. He describes the expansion as a test of the Björn Borg brand's strength, and thus not really a decision made because of arising business opportunities on the U.S. market. In fact, Klagsmark notes that the condition on the U.S. market today is far from optimal.¹¹⁰ Accordingly, only one push nor pull factor – *the autochthonic position* - seem to have been decisive aspects of Björn Borgs decision to expand into the U.S. market. He notes: “*We haven't conquered Europe yet*”.¹¹¹

On the subject of brand expansion Björn Borg has, according to Klagsmark, a good network in the U.S. fashion industry. Whether this network was built in order to establish a grip on the market or whether it existed before the expansion decision was made, was first unclear. But later Klagsmark confirmed that they have been following their business plan and establishing a network was in line with this strategy. Although Klagsmark mention their trial-and-error approach with their expansion with subsidiary he is very clear that knowledge and network is of vital importance during a brand expansion.

5.3.2 Applying the Expansion Motivation framework on Resteröds

According to Drugge there are no obstacles for a Swedish fashion company just to be represented on their domestic market in order to survive. It seems like Resteröds approach a *Proactive position* and Drugge notes how their exports are growing, at the moment 60 % of turnover. Recently, the famous department store in Paris Galeries Lafayette and Topshop in London started to sell Resteröds. According to Drugge these partners consider their brand as an exciting and innovative brand from Scandinavia. Although Resteröds increase their sales abroad and gets involved in new partnerships, domestic market is still important and has high potential. Their head office in Ljungskile has been developed to a commercial store since its located along the high way where many tourist are passing by.¹¹² He also considers a brand extension with interior design in the selection. Two of their most important brand values - tradition and authenticity - are exposed in their new outlet store with photographs of the brands history, manufacturing methods and the old machinery park. Drugge concedes that enhancing their corporate storytelling is of major commercial value, no matter if shown in Ljungskile or Galeries Lafayette. In terms of COO, tradition and authenticity obviously affect consumers about Resteröds COO. Moreover, it seems to play a major part in as a branding tool. The *global potential* is accordingly high and these attributes helps Resteröds to position its brand in the global competition.¹¹³

¹¹⁰ Peter Klagsmark, phone interview

¹¹¹ Alexander: *Expansion within the single European market: a motivational structure*, The International Review of Retail, Distribution and Consumer Research, Vol. 5, No. 4, 1995.

¹¹² <http://www.teko.se/Textil--Mode/Nyheter/Galeries-Lafayette-ger-Resterods-fransk-draghjalp/>

¹¹³ Alexander (1995):

5.4 Expansion Behaviour – Uppsala Internationalization Model

To describe the mechanisms of internationalization we have applied the Uppsala Internationalization Model. According to this model, the first step in the expansion process is to enter through joint-ventures, agents or franchising. The reason behind this strategy is to minimize the risk and avoid tying up capital in the initial phase.¹¹⁴ It is not a usual procedure to establish a subsidiary on a foreign market before expansion through agents or franchising has taken place.¹¹⁵

5.4.1 Applying the Expansion Behaviour framework on Björn Borg

The interview with Peter Klagström showed that, Björn Borg chose to enter the U.S. market through a subsidiary in the fall of 2008. Klagström explains the strategy behind the decision as a test of the strength of the brand and to find out if this is a favourable strategy in the future. He emphasizes that smaller companies do usually not work this way and that Björn Borg has previously not applied this strategy.¹¹⁶

The proximity of the U.S. market is undoubtedly not very close geographically speaking. In terms of *psychic distance*, American consumers might not however be that far from Swedish or European counterparts. Björn Borgs legacy of the famous tennis player is of vital importance in terms of credibility and appeal to the brand. American consumers are maybe not aware of the brand Björn Borg but definitely the tennis player, according to Klagsmark. The Uppsala Internationalization model states that firms are usually more urgent to expand on a less psychic proximate market when they have established themselves on more proximate market. This is not the case for Björn Borg. Klagsmark notes: “*We haven’t conquered Europe yet. We are relatively new on many Europe and markets. We must improve ourselves on sales of shoes, bags etc.*”. The U.S. expansion is part of a major expansion but Europe is still vital for Björn Borg.¹¹⁷

5.4.2 Applying the Expansion Behaviour framework on Resteröd

Resteröds expansion strategy has been clear - entry through local partnership and distributors. They are aware of the importance of cultural differences, finding the right partner and offering the right products. The company don’t mention any focus on consumer publications in order to reach the market segment or using design centres. But market knowledge in terms of consumer behaviour is of vital importance according to Resteröd.¹¹⁸ Resteröds further notes that volume was an important factor when they entered the Japanese market. Although U.S. is bigger they have to wait finding the right partner there. Furthermore, the company doesn’t have any resources in order to open their own outlet or subsidiary abroad. This is also a major factor behind entering trough local distributors. According to Resteröds, there is a rule of

¹¹⁴ Johansson & Vahlne (1990): *The Mechanism of Internationalization*, International Marketing Review, Vol 7, No. 4, 1990.

¹¹⁵ Johansson & Vahlne (1990):

¹¹⁶ Peter Klagsmark, phone interview

¹¹⁷ Johansson & Vahlne (1990)

¹¹⁸ Swedish Trade Council U.S.A., Report, March 2008

thumb: the further away the more difficult it will be to enter that market. This indicates that they are aware of the importance of *psychic* and *physical proximity*. Drugge notes the difference between American and European consumer behaviour for instance. Apparently, building the brand is much more important in U.S. because of the fierce competition of standing out. This concerns Resteröds and at the moment they don't have the resources. However, the *physical proximity* hasn't created any obstacles for Resteröds to enter countries like Canada, Australia and Japan. Finally, Drugge points out: "*we will grow gradually but first we have to be more established on our present markets.*"¹¹⁹

¹¹⁹ Johansson & Vahlne: *The Mechanism of Internationalization*, International Marketing Review, Vol 7, No. 4, 1990.

6. Discussion and Results

In the final chapter, the theoretical and empirical section will be linked together in order to create a comprehensive body. We will discuss our results from our question at issue in these sections and analyze whether COO play an important part for a Swedish fashion company or not?

The purpose with our theoretical section was to examine:

- Describe the concept of COO effects
- Investigate what a COO effect is and how it affects consumers.
- Explore how consumers evaluate these effects during their purchase decision
- Describe expansion in terms of potential, motivation and behaviour for a Swedish fashion company.

From our purpose, the following questions at issue arose as important to explore on a deeper level:

- Should they enhance or conceal their COO depending on what market they are trying to enter?
- How can managers incorporate their COO into their brand equity effectively and practically?
- How is a foreign sounding brand name received by the consumer?

COO was defined as the country of the brand, usually where head office and marketing strategies are assembled. Previous studies have shown that this affect the consumer in the product evaluation. This COO effect fluctuates depending on the individual and product. The empirical section was delimited to concern the product category fashion. Our data showed a positive COO effect of Swedish fashion. However, it is important to be careful with our results because the study has some evident limitations.

6.1 The Authors' Discussion

The answer to the question whether a Swedish fashion company should enhance or conceal its COO was unanimously clear among our interviewee's. They all believed it should be enhanced. On the other side, both case study companies have the ambition of becoming a global brand. Obviously, there is an interesting conflict with this vision since they want to be associated as global fashion brands without boundaries. At the same time, both are unequivocally Swedish, which cannot be avoided because they both hold a significantly Swedish brand name. Nobody can really tell if a jeans brand like Julian Red is Swedish or not

but Björn Borg and Resteröds have a Swedish legacy they have to take into account. There are certain Swedish product characteristics in terms of design like minimalism and functionalism. Although the Swedish COO in terms of design seems to rather be put into chunks as Scandinavian COO among foreign consumers. In terms of a Swedish fashion hype, our interviewees are rather ambiguous. The COO is in general positive but whether there is a hype is unclear. Our case company Björn Borg seems to be rather beneficial about their national identity and especially the legacy of the famous Swedish tennis player. Resteröds pointed out the importance of building a brand in U.S. This is something that Björn Borg obviously has acknowledged. They use their COO legacy for this cause to a large extent. Furthermore, a fashion company like Björn Borg with financial strength can take a bigger risk when they enter a foreign market. Entering through a subsidiary increases the company's chances to control the brand image which is of great significance since their brand image might be used differently between markets. The COO has a different affect on consumers depending on what psychic and physical proximity. Obviously, global potential is high for Swedish fashion companies and is motivating factor for expansion. None of our case study companies are concerned about saturation in their domestic market. In fact, both agree that using their COO might be of great significance while expanding globally.

How can managers incorporate their COO into their brand equity effectively and practically? Björn Borg confirms that they are proud of their national heritage and legacy. This is something they emphasize in their marketing communication in U.S. to a higher extent than in Europe. It's difficult to assess if this strategy is possible to generalize for Swedish companies in general. Björn Borg has a unique contribution to their brand building considering the famous tennis player. Resteröds are also using their legacy and national heritage but more in terms of positioning their brand. Brand values such as tradition and authenticity play a more important part compared to COO for them.

How does a foreign sounding brand name affect the consumer? According to our empirical data i. e. a Swedish sounding brand name affect consumers differently depending on what market. Resteröds states that Japanese consumers are fonder of their brand name than European consumers for instance. Drugge even states that their brand name is very non commercial. Björn Borg admits that their brand name is of vital importance since American consumers are aware of the famous tennis player. Spencer Phipps confirm this view. This COO effect is very important since it facilitates their marketing efforts in U.S. According to Klagsmark, the American consumer might not be aware of the company but the tennis player is still very recognized. This COO effect differentiates the brand in the competition and managers at Björn Borg are aware how to capitalize on it. Björn Borg seems to be a rare case and brands without these circumstances should probably focus on the product itself.

6.2 Questions at Issue

Are COO effects of importance when a Swedish fashion company decides to enter a foreign market? The answer on this question is difficult to generalize but it seems like the COO is something that is positive in general. Although, Sweden seems to have a positive COO when it comes to design and fashion, the referential company Julian Red clearly tries to mask their national identity in order to avoid trends or fads that could affect them in a negative way. Resteröds uses “Established since 1935” rather than “Established in Ljungskile” as their core value in order to position their brand. For a larger company like Björn Borg, enhancing a positive COO seems to play a significant part in their international brand expansion. Especially, on the U.S. market. However, we believe that the COO is something that could gain the company in terms of making it interesting but in the end the product has to speak for itself. It is hard to tell if there really is a hype surrounding Swedish fashion. The Swedish media likes to write about Swedish fashion wonders but according to the British Fashion Council, none of them as far as we are concerned can live up to all their criterions.

Is COO recognized by the companies themselves as an important factor when expanding into a foreign market? Is there any difference in view between Björn Borg and Resteröds? The benefit of Swedish COO is something that both companies have recognized. Both of them think that this is something that could be beneficial in their expansion strategies. A conflict arises though since both are trying to become global fashion brands. Björn Borg is proud about their national identity but they don't use this positive COO to the same extent anymore. Before, they used “made in Sweden” but this is something that they don't use anymore. However, the letter “ö” and our case companies' legacy and heritage will still be something that inevitably catches the eyes of the consumers.

6.3 Theoretical synthesis - Country of origin applied for an expansion on a foreign market

Our ambition is to combine our theoretical framework into one coherent theory body applicable on our study. By combining elements of the different theories above we hope to create a single body that explain how COO-effects are taking place during an expansion.

The Push and Pull theory and the Uppsala internationalisation model are used to explain motivation and behaviour for expansion. The COO theory on the other hand, describes factors that can be used to determine success on a foreign market. COO states that national stereotypes must be positive for a brand with a distinct national identity to succeed. The Uppsala internationalization model shows a pattern for global expansion, enabling us to compare and determine any unusual behaviour among or case study firms, thus allowing us to measure a risk factor to some degree. Push and Pull states how global potential and domestic saturation drives companies to expand abroad. The global potential factor is highly linked to COO-effects in this study. The expansion behaviour is linked with COO through entry strategies and controlling the brand. Entry through subsidiaries is one solution for this behaviour.

The model is very basic but it shows how Swedish fashion companies are thinking about expansion. They believe that Swedish COO in terms of design and fashion or other products are positive in general. Thus, motivation for an expansion is high, mainly because of the global potential in Swedish fashion. The behaviour of this expansion is explained by the Uppsala Model. This model states that due to high initial costs first level of entry strategy should be through local distributors. The following order is therefore applied: expansion potential → expansion motivation → expansion behaviour. For instance, Björn Borg acknowledge Swedish COO and believe they can capitalize on this global potential. The strength of the brand combined with the benefits of Swedish COO motivated Björn Borg to enter U.S. directly through a subsidiary, which is the second step in the Uppsala Model.

6.4 Implications for future research

The nature of this paper with a comparative research design and personal interviews has some obvious limitations which can be discussed for future research directions. In order to achieve statistical data over COO effects, the model used by Pappu, Quester and Cooksey would be of great contribution for our research.

In order to generalize the results, more than two brands are probably necessary. Our aim has not been to reach a highly generalizable result, but rather to put this subject into light. However we would like to see more research in this area. On more companies and brands, as well as on more countries.

Furthermore we would welcome quantitative studies on consumer perceptions of Swedish products and especially Swedish fashion. A large scale study in this area could hopefully determine for sure if Sweden is connected with higher perceived warmth or higher perceived competence, and perhaps for what product groups. We think data like this could be very helpful for smaller Swedish brands expanding internationally. As there seems to be some ambivalence as for to play on the national heritage or not, this could resolve when to use the COO and when not to.

The present study aims to reveal how marketing managers reason about their brands COO and if they try to benefit from it during international expansion. Another variable that could be taken into account is whether COO effects are more favourable for brands from developed countries compared to other developed countries within fashion. Future research should probably avoid comparing consumer brand equity for brands from high-developed with less-developed countries in order to receive a useful result. Previous research has shown a great difference in COO-effects between developed and less developed countries. Both our case study companies are selling products with a premium price that has to be considered as a high degree of product involvement for the consumer. Whether COO-effects exist for brands with lower-involvement could also be of great interest for researchers to examine. Future research could also include how our product category (fashion) is affected by the definition of COO of where the product is made. How are consumers responding to clothes manufactured in Italy respectively Bangladesh for instance. Is this something both multinational companies and smaller fashion companies have to take into account when they release their new collections?

Consumers today are more aware of corporate responsibility (e.g. child labour, environment etc.) and quality of products. This kind of result would be useful for companies when they decide where to locate their manufacturing. It would be very interesting to do this research of COO-effects in the fashion industry on a larger population of companies. Obviously, COO effect is something that both companies recognize and both admit that Sweden has a positive and strong COO. However, none of them are trying to enhance this in their branding strategies to its full extent. Furthermore, it would be interesting to follow up if Julian Reds apprehensions about the Swedish jeans hype will come true and how they manage this fad compared to other Swedish jeans brands. Even a follow up of Björn Borgs progress on the U.S. market and their decision to enter through a subsidiary could be of lots of interest.

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II. Interview information

In our semi-structured interviews, we have followed up some of our initial questions with more questions in order to gain deeper and more detailed answers. The initial questionnaire for each interview will be presented below. It is important to note that this only an initial template for our interviews. The factual interviews have been carried out in a semi-structured manner where we as interviewers have followed up on interesting answers from our interviewees making the interviews both longer and more interesting than stated below.

Company: Björn Borg
Interviewee: Peter Klagsmark
Semi-structured phone interviews

What is the reason behind entering the U.S. market?

What does it mean to have a brand name as Björn Borg in the U.S. market?

What is the response of Swedish products in the U.S. market in general?

Can you see any difference in consumption behaviour between American and European consumers?

How do you consider your vision of being a global fashion brand?

Of what significance is being Swedish for Bjorn Borg?

Have you noticed a hype of Swedish fashion brands in the U.S. market?

Company: Resteröds
Interviewee: Andreas Drugge
Semi-structured phone interviews

What is the reason behind entering the Japanese market?

Is it possible to survive as a Swedish fashion company only on the Scandinavian market?

What foreign markets are interesting for potential expansion for Resteröds in the future?
Would you consider expanding in the U.S.?

Can you see any difference in consumption behaviour between Japanese and European consumers?

What does it mean to have a brand name as Resteröds in the Japanese market?

What is the response of Swedish products in the foreign market in general?

Of what significance is being Swedish for Resteröds?

Do you consider Resteröds as a brand with a strong connection to Sweden and is this the case for your foreign consumers?

Does Resteröds use their "Swedishness" as a comparative advantage when the brand expands abroad? Do you believe that there exist both pros and cons in this strategy?

Do you have a vision of becoming a global fashion brand?

Have you noticed a hype of Swedish fashion brands in the foreign market?

Company: Marc Jacobs
Interviewee: Spencer Phipps
Semi-structured Skype interviews

Do you believe that Swedish fashion brands gain from enhancing their country of origin?

Do you believe that masking your country of origin is a preferred strategy if you enter the U.S. market as a fashion brand from a Swedish country?

Have you noticed that Björn Borg entered the U.S. market in the fall 2008?

Do you associate Björn Borg with the famous tennis player and his flamboyant lifestyle?

Would you associate the name Björn Borg with Sweden and positive connotations?

Would you consider Björn Borg as a fashion icon among American consumers?

Have you heard of the brand Resteröds?

What types of connotations does the name Resteröds give you?

Company: Julian Red
Interviewee: Hampus Ahlqvist
Semi-structured phone interviews

What's your opinion about Swedish fashion in general?

Do you think that Swedish brands in general are favoured by their country of origin in terms of positive connotations?

Do you believe that masking your country of origin is a preferred strategy if you enter the Japanese market as a fashion brand from Sweden?

Can you mention any examples of successful Swedish fashion brands in the Japanese market?

What has been the strategy for your company, Julian Red, when entering the Japanese market?