INTERPRETING COUNTRY-OF-ORIGIN EFFECTS IN HIGH- AND LOW-CONTEXT CULTURE SOCIETIES

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ABSTRACT

Title: Interpreting Country-of-Origin Effects in High- and Low-Context Culture Societies

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Key words: Country-of-origin, culture, brand, international marketing, high-context culture, low-context culture

Purpose: To explore and describe how country-of-origin has its effect towards both high- and low-context culture societies.

Theoretical perspectives: Country-of-origin effect, cultural context, international marketing.

Methodology: A comparative study using six focus group discussions to obtain differences and similarities on country-of-origin effect in both high- and low-context culture societies.

Empirical foundation: In order to equally study high- and low-context cultural societies, three brands and its country-of-origin. Empirical examples are chosen based on a pre-study conducted towards forty-six people.

Conclusions: Country-of-origin effects such as cognitive, affective and normative all exist within high- and low-context societies to a certain different degree. The main differences are associated to one’s cultural context upbringing where high-context culture values a brand and its country-of-origin under the imposed social hierarchy, as opposed to the low-context culture that focuses more on the segmented individual life.
### TABLE OF CONTENTS

1. **CHAPTER I - INTRODUCTION** ......................................................... 7
   1.1. Background ................................................................................. 7
   1.2. Literature review ........................................................................ 9
   1.3. Problem formulation ................................................................. 12
   1.4. Aim of study ............................................................................... 13

2. **CHAPTER II - THEORETICAL FRAMEWORK** ............................... 15
   2.1. International Marketing .............................................................. 15
   2.2. Country-of-Origin .................................................................... 17
   2.3. Cultural context ......................................................................... 21
   2.4. Conceptual map ......................................................................... 25

3. **CHAPTER III - METHODOLOGY** ..................................................... 27
   3.1. Research Design ......................................................................... 27
   3.2. Pre-study .................................................................................... 29
   3.3. Sampling .................................................................................... 29
   3.4. Data collection ........................................................................... 30
   3.5. Operational framework .............................................................. 32
   3.6. Data analysis ............................................................................. 33
   3.7. Validity and reliability ............................................................... 34
   3.8. Study limitations ....................................................................... 35

4. **CHAPTER IV - EMPIRICAL CASE** ................................................ 37
   4.1. Pre-study procedures ................................................................. 37
   4.2. Brand business structures ......................................................... 38

5. **CHAPTER V - DATA ANALYSIS** .................................................. 42
   5.1. Cognitive effect ......................................................................... 42
   5.2. Affective effect ......................................................................... 53
6. CHAPTER VI - CONCLUSION & DISCUSSION ............................................. 63
   6.1. Conclusion .................................................................................. 63
   6.2. Discussion ................................................................................... 64
   6.3. Theoretical and methodological contribution ................................. 65
   6.4. Practical contribution .................................................................. 66
   6.5. Recommendations for future research ......................................... 66

7. REFERENCES ....................................................................................... 68

APPENDIX 1 ......................................................................................... 80
APPENDIX 2 ......................................................................................... 82
APPENDIX 3 ......................................................................................... 86
APPENDIX 4 ......................................................................................... 87
APPENDIX 5 ......................................................................................... 88
APPENDIX 6 ......................................................................................... 89
APPENDIX 7 ......................................................................................... 90
APPENDIX 8 ......................................................................................... 91
APPENDIX 9 ......................................................................................... 92
# LIST OF FIGURES AND TABLES

Table 2-1 Mechanism for Country-of-Origin Effects .................................................. 20
Table 3-1 International Marketing Variables ................................................................. 32
Table 3-2 Country-of-Origin Effect Variables ................................................................. 32
Table 3-3 Cultural Context Variables .............................................................................. 33
Table 5-1 Summary of Cognitive Effect Analysis ............................................................. 52
Table 5-2 Summary of Affective Effect Analysis ............................................................... 57

Figure 2-1 A Theoretical Framework for Country-of-Origin Effects............................. 18
Figure 2-2 High- and Low-Context Culture Dimension .................................................. 22
Figure 2-3 Conceptual Map Illustration .......................................................................... 25
Figure 4-1 L’Oréal Business Structure ........................................................................... 39
Figure 4-2 Emirates Business Structure .......................................................................... 40
1. CHAPTER I - INTRODUCTION

1.1. Background

The global market is expanding on a high rate and represents significant shares of the gross domestic product in most countries. In addition, due to the rapid development of technology, awareness on brand, multinational firms, products and prices across the globe spreads with faster pace (Gillespie & Hennessey, 2011). In 2011, the World Trade Organization announced latest figures of world merchandise trade value at $18.2 trillion and world commercial services exports amounting to $4.1 trillion (Unger & Dougherty, 2013). Furthermore, the International Trade Statistics 2012 records many market sectors that experience an increase in the number of technical regulations and certification procedures (World Trade Organization, 2012).

The numbers above relate to the practice of marketing and how it operates in an international context. The American Marketing Association (AMA) defines international marketing as the “multinational process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives” (Onkvisit & Shaw, 2004, p.3). This definition implies that marketing activities are done in the global market; several countries and coordinated across nations. The market has thus become a space for both local and foreign brands alike.

According to Gillespie and Hennessey (2011), there are several reasons why companies become involved in international markets; responding to order from abroad, less domestic opportunity in cases of mature countries and even domestic competitive shock with foreign brands. It is needless to say that the aim of many firms in entering the global market is to search for international opportunities to increase sales and profit as it offers the freedom of almost unlimited growth potential (Czinkota, 2005). This leads for international competition and globalization to exist with improved product accessibility and market integration. Friedman (1999) provides the following definition of globalization:
The inexorable integration of markets, nation-states, and technologies to a degree never witnessed before - in a way that is enabling individuals, corporations, corporations and nation-states to reach around the world farther, faster, deeper and cheaper than ever before, and in a way that is enabling the world to reach into individuals, corporations, and nation-states farther, faster, deeper and cheaper than ever before (p. 7-8).

Globalization gives the opportunity for companies to distribute their brands all over the world, and presents different types of product for consumers to choose. It is signalled that due to globalization, consumers experience more difficulty in distinguishing a brand’s origin (Dikčius & Stankevičienė, 2010). The source country or a brand’s country-of-origin has long been deemed as an important determinant for purchase (Hulland, 1999). It becomes an important factor to how and why people associate a brand (Kwok, Uncles & Huang, 2006), as well as how it influences consumer behaviour in the buying decision process (Balabanis & Diamantopoulos, 2004; Papadopoulos & Heslop, 2002; Strašek, 2010; Vukasović, 2009). Furthermore, it is also considered as an indicator for quality in having an impact on international marketing (Rezvani, Dehkordi & Rahman, 2012). Consequently, country-of-origin is a significant subject when examining consumer purchase behaviour.

There are many definitions when it comes to understanding the term country-of-origin. In a global market, it becomes more complex when where the brand origin differs from where its products are designed, manufactured and assembled (Chao, 1993; Baker & Michie, 1995). Such issue has been widely discussed in the context of globalization (Congressional Record, 2007; Klein, 2000; Wight & Morton, 2007). Johansson, Douglas and Nonka (1985) argue that headquarters’ location along with its marketing team define a brand’s country of origin. Meanwhile other scholars such as Lee and Schaninger (1996), Papadopoulos (1993), as well as Yasin, Noor and Mohamad (2007) believe that a country-of-origin is the country where goods are produced. Hence country-of-origin may appear by the name of ‘country of assembly’ and ‘country of design’ (Rezvani, Dehkordi, Rahman, Fouladivanda, Habibi & Eghtebasi, 2012). These differences are subtle and vary according to how the case is
put forward. In this research, country-of-origin is understood as where the brand and its ideas originally come from.

Along with globalization, international marketers can invest in the poorer world market and increase their revenue while at the same time improving the economic establishment of a region (Czinkota, 2005). Although international marketing offers many opportunities for a firm’s survival, it also requires careful attention. One of the main tasks of a global marketer is to address the many cultural differences in the international setting. Culture differences are widely discussed on the topic of international marketing, mainly to explain how it affects international businesses (Hill, 2012). The notion is for foreign marketing to succeed through cultural sensitivity, “being attuned to the nuances of culture so that a new culture can be viewed objectively, evaluated and appreciated” (Ghauri & Cateora, 2010, p. 85). In order to understand how a brand’s country-of-origin is perceived by consumers, the research adopts to what Hall (1989) regards as high- and low-culture context.

Differences of culture contexts have mainly been explored in studies related to cross-cultural communication (Gudykunst & Nishida, 1986; Okabe, 1983) and business structures (Guffey & Loewy, 2011; Keegan, 1989; Neelankavil & Rai, 2009). However, there are limited studies on culture context in regards to understanding the notion of a brand’s country-of-origin. This in particular has triggered the interest for the present research.

1.2. Literature review

The following literature review consists of previous studies on the country-of-origin effect within high- or low-context culture societies in Asia, Europe and the United States. Furthermore, there is an interesting trend in regards to how brands from developed economies are seen as more superior than less affluent countries (Wang & Lamb, 1983). Hence generally consumers in less developed countries favour products and brands from more developed countries (Bailey & Pineros, 1997; Batra, Ramaswamy, Alden, Steenkamp & Ramachander, 2000). According to this view, the focus of the following literature review is to understand the way people perceive a
foreign brand in a particular country, thus displaying differences between the two cultural contexts.

1.2.1 Country-of-origin study in Asia

High-context culture is understood to consist of countries, such as Japan, China, and most part of Asia, as well as some part of Middle East (Krizan, Merrier, Logan & Williams, 2011). In China for instance, the traditional view would be to say that Western foreign brands gain more preference over local brands due to its symbolical social meaning that portrays higher quality, sophistication, modernity, novelty and prestige (Kim, Pan & Park, 1998; Li, Fu & Murray, 1997; Sin, Ho, & So, 2000). This perception of high value in international brands is shown when research proves the success level of local brands to be obtained by imitating or using a global look (Chang, 2008; Ille & Chailan, 2011).

Interestingly in Malaysia, a study conducted by Ghazali, Othman, Yahya and Ibrahim (2008) indicates that the average Malaysian consumers do not place a country-of-origin as a priority attribute. Yet similarly, they are inclined to consider foreign brands from Western developed countries to possess better quality. This general preference for foreign brands is also found in other Asian countries including Vietnam (Schultz, Pecotich & Le, 1994). Furthermore, another study by Tse (1996) has also illustrated that Asians place more social value in brands than Westerners do. Associating the country-of-origin in Asia is especially important because according to Trendwatch (2006), Asia has not had a long history of manufacturing quality products.

Another possible explanation to why such preference is stronger in most developing countries is the symbolic acquisition of social status by consuming distinguished brands (Douglas & Isherwood, 1979). The latter is seemingly important because of the closer interpersonal relationship one has with another person and the desire to alienate oneself in class from the majority (Ger, Belk & Lascu, 1993). Hence a country’s economic development that is considered to be in transition portrays income disparity and high status mobility (Belk, 1988; Kottak, 1990).
Apart from the interesting findings on how Western foreign brands are perceived in Asia, some intriguing discoveries were also found for Asian brands in Asia where strong positive perception is required for the country-of-origin to succeed (Trendwatch, 2006). In recent years, some high-context culture countries from East Asia such as Japan and South Korea experience great economic development (Ohno, 2002). A study in Malaysia by Sohail and Ahmed (2006) provides that South Korean brands and products are able to gain favourable preference due to its advantage in style and technology. It goes similarly with Japanese and South Korean cosmetic brands (Oyama, 2009). Although differences are shown in a variety of product categories, the general notion for Asian consumers toward developed country-of-origin brands remains steadfast.

1.2.2 Country-of-origin study in the United States and Europe

Generally, low-context culture societies include the United States and European countries such as Germany, the Netherlands and the U.K (Hofstede & Hofstede, 2005). These countries are as a rule more developed than the rest of the world. Thus the study on country-of-origin in developed countries predominantly signal consumers’ tendency to evaluate their own countries products more favourably than imported ones (Chao & Rajendran, 1993; Kaynak & Cavusgil, 1983).

Several reasons for this phenomenon to occur are due to its quality, market maturity and high patriotism (Han & Terpstra, 1988; Niss, 1995). An example of such preference is done through a research in the United States showing consumers to prefer its own domestic meat products (Schupp & Gillespie, 2001), and a positive willingness-to-pay for own brands’ country-of-origin (Feuz, Umberger, Calkins & Sitz, 2004). Similar finding was also encountered in both Western and Eastern European countries where Finland, France, Germany, the Netherlands and Hungary rate higher rankings for their own domestic products compared to foreign ones (Baumgartner & Jolibert, 1978; Papadopoulos, Heslop & Beracs, 1990).

In terms of how developed countries perceive brands and goods from fellow affluent nations, Cattin, Jolibert and Lohnes (1982) conducted a research on how consumers in the United States favour brands and products that originate from West Germans, as
opposed to those coming from France and the U.K. Interestingly, when faced with Asian brands, Papadopoulos, Heslop and Beracs (1990) affirm both Western countries including Germany, France, the Netherlands, Canada, UK, and Hungary, as well as Eastern countries to share similar positive attitudes towards Japanese brands and products.

In relation to this, Bannister and Saunders (1978) argue that country stereotyping is formed whenever a brand’s country-of-origin is involved. Their study indicate that U.K consumers segmented country images into three groups where favourable images are attached to West Germany and Japan, mediocre images to Italy and France, and very poor brand images to Russia. Nevertheless, such phenomenon is utterly different for brands and goods originating from less developed countries as consumers give lower product quality evaluation (Al-Sulaiti & Baker, 1998).

1.3. Problem formulation
The problem formulation aims to delimitate and describe the study focus in a clear manner. Furthermore, the following section also serves to establish an overall purpose of the research.

1.3.1 Problem discussion
Previous studies have mainly discussed country-of-origin effect in isolation, meaning to study one particular group either in Asia or Europe. Most research from Asia for instance are conducted or feature China as an emerging country (Chen, Su & Lin, 2011; Kwok, Uncles, & Huang, 2006; Ille & Chailan, 2011; Sin, Ho & So, 2000). However, in high-context culture, countries belonging to this group also include other Asian nationalities (Krizan et al., 2011). Similarly, researches involving countries from low-context culture is prevalent for Western European countries (Baumgartner & Jolibert, 1978; Feuz et al., 2004; Papadopoulos, Heslop & Beracs, 1990), while few discuss the northern part of Europe such as Sweden.

Furthermore, little research has been done in regards to understanding country-of-origin in a cultural context. The number of studies related to country-of-origin effect in consumer behaviour and marketing efforts far exceeds that of cultural differences (Al-
Sulaiti & Baker, 1998). Cultural context is of great interest since it is what underlies the various perceptions arising on the notion of country-of-origin, as well as how international marketing in a globalized market is conducted differently across the world.

Finally, this thesis seeks to contribute previous studies on country-of-origin effect and to extend the analysis in a cultural setting. Hence the research will study both high- and low-context culture societies as stated by Hall (1989) in unison. The study subjects involve Indonesians to represent the high-context culture and Swedes to represent the low-context culture. To maintain objectivity and a fair distance within the continuum of high- and low-context culture, both groups are faced with a common set of foreign brands that are defined by Onkvisit and Shaw (1993) to originate from middle-context culture countries.

1.3.2 Research question
To gain an understanding of how a brand’s country-of-origin is perceived differently, the current thesis is built upon the following research question:

How does a brand’s country-of-origin affect people from high- and low-context culture societies?

1.4. Aim of study
The aim of this research is to explore and describe Hall’s (1989) notion of culture context in how people interpret and react toward a foreign brand’s country-of-origin. The focus is not to solely study how country-of-origin affect both societies, but also why these different groups perceive the foreign brand in a particular way that may not apply to the other opposite society. In this regard, the social and cultural contexts for country-of-origin effect are more apparent for further analysis.
1.4.1 Managerial implications
The present study in general contributes to practitioners in the field of business administration when dealing with international marketing. Marketers in the globalisation era are constantly faced with cross-cultural interaction during market expansion. Having to deal with many cultures that are foreign to where a brand originates from, this research may be found useful to further understand how different societies perceive a certain brand’s country-of-origin according to their cultural background.

1.4.2 Research implications
The study contributes to earlier literature and research related to country-of-origin that extends beyond the scope of marketing and consumer behaviour. It seeks to further understand the country-of-origin effects by Obermiller and Spangenberg (1989) in the context of cultural societies as described by Hall (1989).
2. CHAPTER II - THEORETICAL FRAMEWORK

The theoretical framework contains three main concepts; international marketing, country-of-origin by Obermiller and Spangenberg (1989) and cultural context societies by Hall (1989). These theories are interrelated with each other in such manner as designed through a conceptual map depicted at the end of this chapter.

2.1. International Marketing

With the increasing market globalisation, it is unavoidable to understand marketing without the global context. To further follow the logic of international marketing and its interrelation to culture, several definitions are explained. According to Ghauri and Cateora (2010), “international marketing is the performance of business activities that direct the flow of company’s goods and services to consumers or users in more than one nation for a profit” (p.7). As explained, location is key to defining the scope of an international marketing activity. This understanding is in line with what Paul and Kapoor (2008) states on the notion for firms that go beyond national frontiers to market goods and services. Furthermore Hill (2012) describes “the globalization of markets refers to the merging of historically distinct and separate national markets into one huge global marketplace” (p.6). All of the elaborated definitions indicate that practices of international marketing require a structure to support the worldwide expansion explained as follows.

2.1.1 International business structures

Managing firms in a global market is complex and requires deep understanding of how integration has its effect. International business divisions in organizational structure takes different forms and can be seen in two main dimensions, vertical and horizontal differentiation (Hill, 2012). He explains that vertical differentiation strategy refers to the location of decision-making responsibilities where firms pursuing an international expansion tend to maintain centralized control for research and development, while decentralizing marketing and operating decisions to foreign subsidiaries.
Along the same line, Levitt (1983) describes that global marketing orientation has its focus on marketing activities at a global level, with the aim to drive towards converging commonality. Upon this notion, firms seek to standardise much of its effort on a worldwide basis yet pricing, advertising or distribution channels may differ in different countries (Ghauri & Cateora, 2010).

Secondly, the horizontal differentiation strategy refers to the formal division of an organization into subunits (Hill, 2012) entailing for an international division to be developed in a worldwide area structure where the world is divided into areas consisting of countries or a group of countries. Upon this understanding, each area is responsible for its operational and strategic decision activities. This structure facilitates local responsiveness such as customized offerings, marketing activities and business strategy. This approach is otherwise known as a multi-domestic market orientation (Ghauri & Cateora, 2010), and is usually considered if a company recognises the importance of differences in overseas market. Finally Hill (2012) concludes that a firm guided by this concept operates on a country-by-country basis with separate marketing strategies. Not only are the products differently adapted, but so are the communication materials and campaigns.

2.1.2 International communication

Standardized advertising spreads across many countries and aims to project one single image of the brand to avoid confusion caused by local campaigns (Czinkota & Ronkainen, 2007). It offers a main advantage in lowering advertising cost. However, the greatest downfall is to disregard cultural differences between nations that threaten the message to have its impact. In dealing with country differences, firms opt to customize the communication effort by including some fixed elements across its campaign while localizing other features (Gillespie & Hennessey, 2011). This strategy follows a pattern advertising approach, a global advertising strategy with a standardised basic message yet allowing a certain degree of modification for localized attributes (Hill, 2012). By doing so, an international brand image is possible to build while addressing concerns on different cultures.
2.2. Country-of-Origin

One of the main theoretical frameworks used in this paper is the country-of-origin that is first introduced by Schooler in 1965 with more than 400 peer-reviewed articles published in the subject since (Usunier, 2006). From the beginning, country-of-origin is defined as the country of manufacturing (Usunier, 2006). Due to the globalized world of today in which manufacturing can take place in multiple countries, country-of-origin can be defined by three different metrics among others; country of design, country of assembly or country of ownership (Kwok, Uncles & Huang, 2006; Li & Scott, 2000).

Usunier (2006) puts an example that many brands are being manufactured in Asia even though they originate from other parts of the world. The same logic works for origin of design. These definitions would therefore fail to include the variables needed to conduct this study. For that reason, the definition for country-of-origin in this paper is decided to be the country where the company or brand is first established (Li & Scott, 2000; Usunier, 2006). Widely accepted, this understanding pertains to the country in which a brand in consumers’ views originates from (Melnyk, Klein & Völckner, 2012).

There are however a tradition within marketing to use foreign brand names in order to imply a different country-of-origin (Melnyk, Klein & Völckner, 2012). Examples of these are Häagen Dazs where the brand name implies a northern European origin but that originally comes from America, or the Japanese designer who gives his perfumes French names in order to draw on the French luxurious legacy. Bearing this in mind and for the purpose of current study, the brands used cannot parasite on another country’s national brand.

Obermiller and Spangenberg (1989) explored the effects of country-of-origin labels in their study, particularly arguing on information processing framework to consist of three types of effects. These effects are shortly described as “cognitive--the traditional hierarchy of effects, affective--an emotional response to country stereotypes that influences attitude directly without intervening belief changes, and normative--a direct
effect on behaviour” (Obermiller & Spangenberg, 1989, p. 454). Isen (1984) further explains that these three processes are interrelated during consumer decision-making process. Hence in order to facilitate the use and understanding of country-of-origin and the above mentioned different effects, the model developed by Obermiller and Spangenberg is used and explained throughout this paper.


Firstly, the cognitive process is believed to be the most frequently used procedure that is based on personal preconceived idea or stereotype of a country’s people, product, culture and national symbols (Askegaard & Ger, 1998; Nagashima 1970; Obermiller & Spangenberg, 1989; Reierson, 1967). These impressions are also commonly known as country images. France as a country epitomizes this process clearly as French-sounding brand names generates immediate association to fashion and design (Leclerc, Schmitt & Dube, 1994).
Similarly, Roth and Romeo (1992) formulate the relationship between consumers’ preference for a country’s product and the perception of that particular country’s economy, culture and politics. They argue that a certain country is preferred over another when its perceived strength matches the skill needed for producing a certain product category. Under this notion, country-of-origin has been found to influence a decision in two dimensions: product quality and perception of purchase value (Ahmed & d’Astou, 1993; Khachaturian & Morganosky, 1990). German cars may for instance be preferred over cars from other countries as Germany is widely known to be an advanced society with a favourable perception of its engineers’ workmanship (Verlegh, 2001).

Secondly, affective process means that the brand triggers an emotional response which may not necessarily have a direct link to the cognitive aspect of a brand’s country-of-origin (Obermiller & Spangenberg, 1989). People obtain emotional links toward certain nationalities due to experiences and encounters with the countries and its citizens (Verlegh, 2001). Such incidence influences consumers’ attitudes. Obermiller and Spangenberg (1989) use American of Arab descent as an example, by which positive reaction on a brand from Israel is not always favourable but that its high quality and tool precision are recognized.

Affective processes relate more towards ethnic identities, the feelings of status and pride thus acting as an expressive as well as image attribute (Batra et al., 2000; Botschen & Hemetsberger 1998; Fournier 1998; Hirschman 1985). Expressive motives include esteem, social and self-actualization needs (Mittal, Ratchford & Prabhakar, 1990), whereas image expresses product or brand ownership that associates a person to a particular group, role and self-image in the society (Lefkoff-Hagius & Mason, 1993).

Finally, the normative process lays on the premise that “the effect of the country-of-origin label would intervene between evaluation and behavioural intention” (Obermiller & Spangenberg, 1989, p. 456). They further explain the normative process as either social or personal norm that a consumer holds when purchasing brands or goods. For instance, purchasing a country’s product to support the nation’s
economy or when Jewish consumers refrained from buying German brands because of the holocaust (Verlegh, 2001). Furthermore, another type of norm in recent movement is to buy domestic as opposed to foreign products, widely known as consumer ethnocentrism (Shimp & Sharma 1987). The latter has been studied extensively in regards to the increasing patriotism in consumer behaviour that several countries possess (Hamelin, Ellouzi & Canterbury, 2011; Kipnis, Kubacki, Broderick, Siemieniako & Pisarenko, 2012; Xiaoling, 2013).

To summarize the important elements of the discussed country-of-origin effects, Verlegh (2001) presents the following mechanism.

Table 2-1  Mechanism for Country-of-Origin Effects

<table>
<thead>
<tr>
<th>Mechanism</th>
<th>Description</th>
<th>Major findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cognitive</td>
<td>Country-of-origin is a cue for product quality</td>
<td>Country-of-origin is used as signal for overall product quality and quality attributes, such as durability</td>
</tr>
<tr>
<td>Affective</td>
<td>Country of origin has symbolic and emotional value to consumers</td>
<td>Country-of-origin is an image attribute that links the product to symbolic and emotional benefits, such as status and national pride.</td>
</tr>
<tr>
<td>Normative</td>
<td>Consumers hold social and personal norms related to country-of-origin</td>
<td>Purchasing domestic products may be seen as appropriate because it supports domestic economy. By the same token, consumers may refrain from buying goods from countries with objectionable policies and regimes.</td>
</tr>
</tbody>
</table>

(Source: Verlegh, 2011, p. 9)

Country-of-origin has for a long time been seen as an important factor for consumers when choosing brands (Hulland, 1999). Studies on country-of-origin effects have however come to different conclusions with a lack of consistency on how and in what way it is able to affect people (Kwok, Uncles & Huang, 2006; Usunier, 2006). An example by Kwok, Uncles and Huang (2006) shows that a shift is taking place in China where foreign brands were previously favoured by Chinese consumer. Other studies conducted during the same period show a different conclusion and Usunier (2006) accuses the high variation of models and data collection methodology to increase this gap in the field of country-of-origin.
This inconsistency hampers the research value and increases the difficulties in theory development of country-of-origin effect. Therefore, the current study attempts to straighten out a few of these inconsistencies by comparing high- and low-context cultures simultaneously. By applying the same method and procedure for both societies, the validity is expected to be higher than when comparing previous studies to paint the whole picture of country-of-origin effects.

2.3. Cultural context

Business success in different countries requires a cross-cultural literacy, an understanding of how cultural differences across nations affect the way businesses are practiced. Edward T. Hall (1989) proposes the notion of high- versus low-context cultures as a means to understand various culture orientations. Quite differently from the usual anthropological approach, Hall (1989) describes culture as men’s medium:

This means personality, how people express themselves, the way they think, how they move, how problems are solved, how their cities are planned and laid out, how transportation systems function and are organized (p.16-17).

Respectively, Hofstede (1991) along with Namenwirth and Weber (1987) provide a framework of culture as a system of values and norms that are shared among a group of people and that together stands as a design for living. Hence three qualities of culture are possible to mention; it is not innate, but learned; the various facets of culture are interrelated; it is shared and defines the boundaries of different groups (Hall, 1989).

Apart from culture, Hall (1989) also states the importance of context, by which in its simplest form is a way of understanding how people look at and pay attention to things. According to him, it is “the degree to which a person is aware of the selective screen that one places between himself and the outside world” (p. 86). The importance of context is rooted in the belief that it is a complex matter to evaluate and derive meaning from a person’s behaviour and language. Hence he believes
everything must always be read in context because it is impossible to separate humans from the environment where they function.

Proceeding from the environments surrounding human beings, people behave in regards to timing and space. Under this notion, Hall (1989) argues for two types of systems that human beings follow; polychromic and monochromic time. The first emphasizes on a society dominated by schedule, segmentation and promptness while the latter is characterized by many things happening at once for the people involved. He mentions that polychronic time societies emphasize on people and how a task is completed as opposed to predefined schedules. The use of time and space are further elaborated and relate to cultures within a continuum.

The continuum of cultural context is a line of high- and low-context cultures lying opposite each other (Hall, 1989). He believes no culture is one or the other exclusively, yet some are predominantly high while others are low. Onkvisit and Shaw (1993) put together countries such as China, Korea and Japan at the high end of the continuum, while others such as Switzerland, Sweden and Norway at the low end. Towards the middle are countries such as France, Spain, Africa and the Middle East.

![High- and Low-Context Culture Dimension](Figure 2-2)
As derived from the previous figure, the continuum in general shows how the world is divided between two major groups of Eastern and Western countries. Respectively, high-context includes the Eastern societies, whereas low-context pertains to the Western societies. In the following explanation, some major concepts in terms of culture and communication for both high- and low-context cultures by Hall (1989) are discussed.

### 2.3.1. Social orientation
Hall (1989) describes the high-context culture or the Eastern part of the world to exercise apparent social hierarchy. He explains the society to be intimate, cohesive in nature and deeply involved with each other. The intimacy starts during childhood in family and later extends far beyond the home territory. Due to this reason, Eastern societies tend to make greater distinction between insiders and outsiders for there is a deep need to be in close bond in order to feel secure and comfortable. A series of change course is seldom and hard to achieve since most beliefs are rooted in the past and trickles down through generations. In addition, conformity and group orientation are also widely recognized. Thus having a same or common view to maintain social harmony and social face saving are common practice. Contrastingly, Hall (1989) notes the bond in low-context culture to be somewhat fragile and people easily withdraw when things are not going well. Mostly, it is due to the fact that social hierarchy imposes less on individual lives, hence people live fragmented and alienate oneself from another.

### 2.3.2 Confrontation
In high-context culture, Hall (1989) adds that avoiding direct confrontation is preferable whenever problems arise, often through repressing self. The latter is essential for people to avoid and reduce open or direct disagreement. Thereby, cordiality and face-saving are highly regarded (Tse, Lee, Vertinsky & Wehrung, 1988). Even when individuality and minor clashes of personality happen, pretension is often accepted as the best solution. Disagreement and criticism are expressed in a subtle manner in hopes of not interfering with the social harmony.
In contrast, Hall (1989) sees low-context culture to be more able in dealing with confrontations at the expense of defending and expressing self. It is therefore acceptable to handle criticism in a direct manner and recorded formally. Although direct confrontation is common practice, he also notes that low-context culture societies impose great emphasis on self-control and distance. There is a preference to hide inner feelings and alienate such personal attachment during a point of contention. With such course of action, problems are easier to foresee and treat.

2.3.3 Communication
Conveying messages are means of human interaction. Extending the notion of culture, Hall (1989) states that high-context communication places information either in the physical context or internalized in the person. Information is provided through inference, gestures and even silence (Samovar, Porter & McDaniel, 2010). Very little is coded, explicit or even transmitted as what is not said carries more meaning (Czinkota & Ronkainen, 1990). Words and sentences tend to collapse and are shortened due to intimacy. As a consequence verbal exchange is fast, economical, and considered efficient. People from high-culture context are very much aware of their surroundings thus being able to express and interpret feelings without stating them verbally (Samovar, Porter & McDaniel, 2010). The high level of intimacy has made such culture able to derive more meaning through friends and family.

On the other hand, Hall (1989) explains low-context culture to treat information in a non-personal and explicit code including words, sentences and grammars. Upon this understanding, less information is put about the character, background, values and norms of the participants (Keegan, 1989). What is important is what is said as opposed to how and within what environment it is conveyed (Onkvisit & Shaw, 1993). The manner of communication for low-context culture is distinct in that more is being spoken with greater pace and often through raised voices (Lynch & Hanson, 2011).

The main elements of cultural context society are useful in order to help understand the research question at hand. It is imperative to look at country-of-origin from a cultural perspective as underlying factors that drive the society to perceive matters differently. In the present study, cultural context by Hall (1989) helps provide a
framework into how the two different subject units, Indonesian and Swedish society, understand a brand’s country-of-origin. The focus is not to solely study how country-of-origin affects both societies from high- and low-context cultures, but also why these different groups perceive the foreign brand in a particular way that may not apply to the other society.

2.4. Conceptual map

The conceptual map encompasses all the stated theoretical substances in order to address the research question. It is “the system of concepts, assumptions, expectations, beliefs, and theories that supports and informs a research” (Maxwell, 1998, p. 222). Miles and Huberman (1994) support the notion that concept mapping is a valuable tool for understanding the connections between theories and concepts according to what is being researched. In line with the stated explanation, the present study follows the conceptual mapping.

The research is built within a greater theme of international marketing where companies are present in many countries. Such companies own brands targeted to consumers across the world. In this research, the brands are regarded in terms of their country-of-origin. According to Obermiller and Spangenberg (1989) as well as numerous studies on country-of-origin, the assumed effects on consumers are visible
in three different forms; cognitive, affective and normative. Each one describes the process on how consumers evaluate brands according to its country-of-origin. Furthermore, the present study also tries to understand how country-of-origin effect is linked within a cultural context. The latter is associated to Hall’s (1989) thinking on high- and low-culture context because the two cultures differ from one another in terms of how the society works. This is considered to be of great interest considering that the perceived country-of-origin effect may be different between the two cultures in regards to social orientation, and the way they confront and communicate ideas about the brand’s origin.
CHAPTER III - METHODOLOGY

This section specifically addresses the procedure used in order to answer the research question at hand. It introduces the methodology chosen, along with the research design and data collection method that are deemed appropriate.

3.1. Research Design

In order to introduce the methodology of this study, it is important to recall the research question addressed:

**How a brand’s country-of-origin affect people from high- and low-context culture societies.**

Bearing this in mind, the research follows a qualitative approach in order to capture and discover the meaning of social context by generating data that comes in the form of words or images (Neuman, 2003). In line with Matveev (2002), the present study considers the use of a qualitative approach due to its strength in:

a. Obtaining a more realistic feel of the world that is hard to be experienced within numerical data and statistical analysis used in quantitative research;

b. The flexibility to perform data collection, subsequent analysis, and interpretation of collected information;

c. Providing a holistic view of the phenomena under investigation;

d. The ability to interact with research subjects in their own language and on their own terms;

e. Descriptive capability based on primary and unstructured data;

More importantly, the study places people’s attitude, interaction and interpretation as focal points within the researched theme (Kvale, 2007). It is not solely a matter of how a brand’s country-of-origin is interpreted by people from high- and low-context culture, but also to describe the reasons behind such attitude to appear and form
within the society. A qualitative methodology thus allows the acquisition of respondents’ own perspective and experience (Patton, 1990).

3.1.1 A descriptive nature
The research follows a descriptive nature in methodology in order to “describe, explain and interpret conditions of the present theme” (Descriptive Research, 2011, p. 70). It is accordingly concerned with “conditions, practices, structures, differences or relationships that exist, opinions held, processes that are going on or trends that are evident” (Descriptive Research, 2011, p. 70). Furthermore, descriptive nature is deemed appropriate because the research at hand has its basis on many prior country-of-origin studies. Thereby, the researchers have a considerable amount of ideas in the phenomenon and intend to describe it with further details (Neuman, 2003). Hence the present study aims to extend the notion of country-of-origin in a cultural context. It depicts how a brand’s country-of-origin affects people from both high- and low-context cultures, as well as describing what differences and similarities exist.

3.1.2 Comparative study
Comparative study is a type of descriptive research since it describes conditions that already exist in the social reality (Descriptive Research, 2011). According to Bryman and Bell (2003) as well as Hantrais (1996), a comparative design seeks explanation, reasons, and causes for any similar or different issues or phenomena within a different sociocultural setting. Moreover, it is also possible to have a better position to establish whether a theory will or will not hold (Yin, 1984; Eisenhardt, 1989).

A comparative design implies that two or more cases are compared (Bryman & Bell, 2011). A comparative study requires two groups of participants. They need to differ in that one group has a trait that the other does not, and each group need to share a similar trait but with a certain degree of difference. Consequently the present research is comprised of two different groups, namely students from Indonesia and Sweden. Upon the understanding of Hall (1989), these countries possess different cultural context in that Indonesia has a high-context and Sweden has a low-context. Nevertheless, based on the pre-study conducted within this research, both
nationalities are aware of the three brands to be used as well as their country-of-origin.

3.2. Pre-study
In order to assure the fair use of brands within the study, it is deemed appropriate to follow Hall’s (1989) segmentation of countries within the cultural context continuum. Based upon this line, Onkvisit and Shaw (1993) mention another group in between the high and low continuum which he labels as the middle-context culture. This group involves areas such as Spain, France, Middle East and Africa. In order to make the brands as equally familiar as possible for both Swedish (low-culture context) and Indonesian (high-culture context) participants, the study has been made with brands from middle-context cultures.

The pre-study aimed to help decide which brands are fairly used from the segmented areas above. It is constructed as an online questionnaire and includes respondents from both high- and low-context culture societies. Three brands appear to be the most commonly known; Zara, L’Oréal and Emirates. Further explanation on how the pre-study was conducted is provided within the empirical case section.

3.3. Sampling
Country-of-origin studies are mostly conducted within the framework of consumer buying process. Based on previous research, a common pattern of countries as subject analysis are either affluent nations such as Germany, the US and Canada (Baumgartner & Jolibert, 1978; Papadopoulos et al., 1990; Feuz et al., 2004) or highly developing countries such as China and India (Chen, Su & Lin, 2011; Ille & Chailan, 2011). Bearing this in mind, it has turned to be of great interest to pursue a research involving less studied high- and low-context culture countries such as Indonesia and Sweden.

The use of student sample in this research is primarily driven by the focus on studying young consumers and convenience for data accessibility. In addition, the research focuses on theoretical developments in extending the country-of-effect analysis within
a cultural context. Based on the cross-national theoretical focus, the use of student sample or other homogeneous groups are preferred and justified (Sternthal, Tybout, & Calder, 1994, p. 208). However, due to limitations on both time and money, the study needs to be conducted within social groups in Sweden even for the high-context culture society. Upon this notion, both Swedish and Indonesian students residing in Sweden are chosen in a non-probability manner with each representing the low- and high-context culture respectively. Within the idea of a non-probability sampling, Bryman and Bell (2011) as well as Schiffman and Lazar (2000) argue for the researcher’s ability to choose individuals by means of accessibility.

Based on the understanding of a non-probability approach, the method by which participants are chosen follows a purposive sampling. The latter according to Babbie (2011) is choosing samples on the basis of knowledge of the people, its traits and the purpose of the study. It is the researchers who consider qualities of each participant and put the effort to reach as many as possible to participate (Oppenheim, 1998). Hence a set of students from Indonesia and Sweden are selected by means of acquaintances. These students are both male and female, range from nineteen to twenty-seven years of age, and are currently studying in Sweden. While cultural influences are different from one person to another, it is imperative for the Indonesian participants to not have stayed in Sweden for more than two years to obtain low-context culture insights.

Furthermore, another inclusion criteria for being able to join the research is those who have previously joined the pre-study on the three brand’s country-of-origin awareness as explained in the empirical case section. This assures for proper brand awareness and familiarity due to previous consumption or visual exposure.

3.4. Data collection

3.4.1 Primary data
Primary data are “original works of research or raw data without interpretation that represents an official opinion or position” (Cooper & Schindler, 2000, p. 282). It is prepared in accordance with the research problem and applies to the exigencies of the
existing study (Ghauri & Gronhaug, 2002). In this research, the primary data is collected through focus group discussions, a method of interviewing a group of people for a specific theme to see how they respond and interact to each other’s view (Bryman & Belle, 2003).

Focus group discussion is seen ideal in circumstances where group dynamics are required (Babbie, 2011). Cultural context as described by Hall (1989) will only function in a setting where a group of people exist. Some advantages that the study is expected to obtain by generating data through focus groups, are the socially oriented nature to be captured, the high level of flexibility and the higher number of result for a relatively restricted timeline (Krueger, 1988). Moreover, focus group discussions are also able to bring out aspects of the researched theme that may not have been anticipated.

Bearing the stated explanation and advantages in mind, six groups consisting of four participants the least are included. This is due to the ideal size of a focus group that ranges from four to eight people (Babbie, 2011). Participants of a focus group are characterized by homogeneity yet with enough variations to allow contrasting opinions. Three groups represent the high-context culture from Indonesia and another set of three groups of the low-context culture from Sweden. Each focus group discussion follows a set of questions aiming to answer the problem statement of uncovering the country-of-origin effect within a cultural context. In order to assure the quality of each focus group discussion, observing tools such as a voice recorder is used.

3.4.2 Secondary data
Secondary data serves as complementary facts to support the outcome and discussion of a research. As explained by Wrenn, Stevens and Loudon (2002), secondary data is interpretation of previous primary data that are gathered for some other purposes. This research mainly uses two types of secondary data; literature reviews obtained from books and online articles accessible at Lund University such as Emerald and JSTOR and online desk research for gathering information on brand profile, business
structures and marketing activities of the selected three brands; Zara, L’Oréal and Emirates.

3.5. Operational framework

According to Lofland and Lofland (1995), a qualitative interview is prepared to give response on what particular issue is puzzling within the researched context. Some basic elements in order to prepare for an interview guide is by creating “a certain amount of order on topic areas” (Bryman & Bell, 2011, p. 475). McMillan and Schumacher (2001) refer to this as categorizing a generally broad set of subjects prior to interviews and observation to ease further analysis. Topic areas of the present study stems from the theoretical framework section, thus involving concepts such as international marketing, country-of-origin effects and cultural context. These three topic areas are further formulated by narrowing down the concepts until it becomes feasible enough to become a series of guideline in addressing the research question.

Table 3-1 International Marketing Variables

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Sub-dimension</th>
<th>No. Operational definitions to be observed</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Business structures</td>
<td>Vertical (Global Market Orientation)</td>
<td>How Zara, L’Oréal and Emirates are structured in terms of business units</td>
</tr>
<tr>
<td></td>
<td>Horizontal (Multi-domestic Market Orientation)</td>
<td>2. Centralized control for R&amp;D, and decentralization for marketing and operations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Intention to drive towards commonality in business strategy and client service</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. The existence of one formal international division of countries or group of countries</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Different marketing effort (pricing, promotion, place, product) across region/countries</td>
</tr>
</tbody>
</table>

Table 3-2 Country-of-Origin Effect Variables

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Sub-dimension</th>
<th>No. Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Cognitive process</td>
<td>Country stereotype / image</td>
<td>How do you perceive Spain, France and Middle East in general?</td>
</tr>
<tr>
<td></td>
<td>Country’s strength</td>
<td>Can you provide examples that support your statement?</td>
</tr>
<tr>
<td></td>
<td>Brands or product quality attributes</td>
<td>What do you think each country is most famous for?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Explain if you think that it shows in the following brands: Zara, L’Oréal and Emirates?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>When you hear the brand Zara, L’Oréal and Emirates, what is the first thing that appears on your mind?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Would you know that these brands come from Spain, France and Middle East respectively?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Does it matter for you that these brands come from these countries?</td>
</tr>
<tr>
<td>b. Affective process</td>
<td>Expressive attribute (reputation and self-actualization)</td>
<td>Why do you consume or purchase Zara, L’Oréal and Emirates?</td>
</tr>
<tr>
<td></td>
<td>Image attribute (Self image, group or social acknowledgement)</td>
<td>How do you make you feel when you buy/use these brands?</td>
</tr>
<tr>
<td>c. Normative process</td>
<td>Norms</td>
<td>How do you think people want to achieve by buying/use these brands?</td>
</tr>
<tr>
<td>d. Intersubjectivity</td>
<td></td>
<td>What do you think people want to achieve by buying/use these brands?</td>
</tr>
</tbody>
</table>

PAGE 32 OF 92
The use of the stated topic areas shown on the tables are divided into three main functions. Firstly, variables on international marketing serves as a secondary data, thus generating valuable information for the brands’ empirical case from a company’s perspective. Secondly, variables on country-of-origin effects are question guidelines during focus group discussions. Lastly, variables on cultural context serve as a comparative element in analysing the country-of-origin effects between the two societies.

### 3.6. Data analysis

A basic principle of qualitative approach is for data analysis to be simultaneously conducted during data collection (Coffey & Atkinson, 1996). This assures for central attention on focus groups and observation towards the emerging conclusion. One of the general strategies of qualitative analysis is used for the present study.

Categorizing strategy in qualitative research is also known as coding. The goal is to fracture and rearrange the vast amount of data from transcripts or texts into categories to further facilitate possible comparisons (Maxwell, 1998). It eases the process of generating themes to understand a certain phenomenon. Guba (1978) suggests the use of field notes and observations during systematic categorization. The process starts by searching for pattern and regularities in data. These patterns are sorted out into categories in which data belonging to one category should hold together in a meaningful way (Patton, 1990). The researcher then works back and forth between data and the classified categories to sort out greater themes.
A category itself may be derived from various sources such as theories, inductively during research, or from the people studied (Maxwell, 1998). In the present study, sources of categorization are mainly derived from theories described in theoretical framework and from the people studied. Furthermore, planning how to analyse within categorization strategy is narrowed down into what is known as organizational category (Maxwell, 1998). This focuses on providing chapter or section heads in presenting the results. However, organizational category is not sufficient in making sense of what occurs in a social reality. In order to provide insight into what is going on, the following step is to conduct substantive category. The latter is primarily descriptive in a sense that includes participants’ beliefs and concepts to develop a more general conception on what is happening (Maxwell, 1998).

3.7. Validity and reliability

Validity is a measurement that explains how well the data collected matches the conclusions and findings (Bryman & Bell, 2011). In order for the study to have a value, the findings need to be argued in a correct persuasive manner. According to Bryman and Bell (2011), among the most important drivers to estimate the stability are for the findings to not fluctuate over time and be similar if the study were to be done again in the future. In cases of qualitative method, Ghauri and Gronhaug (2002) explain three types that are found to be coherent in the present study:

a. Descriptive: The information gathered attempts to be true to its nature. The analysis is therefore rigidly attached to what respondents are conveying through the use of direct quotations.

b. Interpretative: The researchers adopt a neutral position in order to carry out objective interpretation of the collected data.

c. Theoretical: Theories on the conceptual framework are considered satisfactory and sufficient to develop the study at hand. Previous research is therefore advised to be studied in order for the researchers to be familiar with the topics.

For the reliability to be at a sufficient level, the surroundings need to be stable in order for future research to arrive at the same conclusions (Bryman & Bell, 2011).
There are however indicators that suggest that when surroundings are changing, the reliability can decrease. This is in line with the fact that a global development result in a rapidly changing environment indicating that the same study conducted in the future may have different conclusions. This means that a change in perception regarding country-of-origin in the future may result differently from current study. In order to secure the reliability of this study, it is of high importance that the approach is thoroughly explained (Bryman & Bell, 2011). The conducted study is in a high degree specialized and based on the comparison between Sweden and Indonesia towards middle-context culture brands. Changes in any of these circumstances may affect the final conclusions.

3.8. Study limitations

Proceeding to discuss study limitations, several restraints of the present work should be noted. Firstly, conducting a qualitative study provides rare case of replication and is not necessarily representative towards the population of interest (McDaniel & Gates, 1998). This study deliberately emphasizes two specific countries in which both represent either the high- or low-context culture. Having stated this, it requires caution when findings in each country are generalized to a wider level of the whole context culture, for instance Sweden towards the whole low-context culture societies. Although some traits are similar within Hall’s (1989) continuum, it is upon the consideration that samples on this study are limited in scope and size due to the restricted time frame, as well as chosen in a non-probability manner thus limiting the possibility of case generalization.

Another important aspect to point out is though the study requires a smaller amount of sample as opposed to a quantitative research, the process of analyzing and interpreting data with open-ended questions are relatively complex and time consuming (Brace, 2004). Interpreting meaning and significance of the collected data can be difficult since connecting relevant context is highly inferential (Hatch, 2002). The country-of-origin effect study in regards to cultural context depends largely on the researcher’s ability of segmenting and understanding in order to provide answers for the research question.
Thirdly, focus groups also come with certain challenges as a data collection tool. Krueger (1988) notes the lesser control held by researchers during focus groups as opposed to individual interviews. It becomes a major challenge to control group dynamics while ensuring for every respondent to participate. In many cases, the tendency for one speaker to dominate the conversation is also possible. This in particular requires for the researcher as a moderator to possess certain communication skills to lead ongoing discussion (Krueger, 2008).

Related to focus groups, assembling a number of people with different schedules and priorities add to the complexity of having a homogenous team. Reflecting upon the current study, it approximately takes more than one week in order to assemble the required focus groups. Moreover, it has become a valuable insight that the use of language for non-English native speakers matters greatly. In the case of Indonesian participants, discussion flow, expression of ideas and exchanged meanings are more abundant when using Bahasa Indonesia as their native language. This is in line with what Trakas (2008) emphasizes on the use of local language for participants’ comfort and convenience. Nevertheless, for the use of this study and public accessibility, the transcripts are translated into English. As for samplings, though the use of students is widely accepted for testing theories they are also known to be more susceptible to ideas and views of other cultures than the older segment (Calder, Phillips & Tybout, 1981).

Further research is advisable in order to explore the comparative study of both cultural contexts under the notion of country-of-origin. A wider sample involving more nationalities within the cultural context continuum by Hall (1989) may provide deeper and more extensive analysis. Additionally, a shared trait of personal characters between the two cultures also warrants future research as it questions the empirical foundation of high- and low- context study.
4. CHAPTER IV - EMPIRICAL CASE

4.1. Pre-study procedures

The conducted pre-study is based on figures from brandirectory.com, while the collection of its data has been done by Brand Finance (Brandirectory, 2013). Brand Finance is the leading brand valuation agency dedicated to measuring brands and companies’ intangible assets (Brand Finance, 2013). Additionally, brand valuation score is a widely known tool to estimate the value of a brand. Hence the pre-study is constructed with ten most valuable brands that derive from middle-context cultures such as France, Spain, Africa and the Middle East (Onkvisit & Shaw, 1993). The pre-study is made in order to make sure that the brands involved in this research are known to both high- and low-context cultures, which in this study refers to Indonesia and Sweden.

The pre-study is conducted in a systematic manner by choosing ten brands from each group of countries with the highest brand valuation score (see appendix 1). The following step is to construct an online survey on top-of-mind brands out of these selected forty brands. The aim is to reduce the number until four brands from each group of countries are deemed as the most familiar ones. The survey is issued through an online device known as Survey Monkey (see appendix 2) because an electronic tool offers the advantage of an efficient distribution (Baker & Hart, 2008). Link to the online survey is distributed through social networking sites and is open for a duration of one week. At the end of the period, forty-six respondents participated with twenty-one Swedes and twenty five Indonesians respectively.

The results show that three brands from Spain, France and the Middle East are most familiar to both target groups (see appendix 3). These are Zara from Spain, LOréal from France, and Emirates from the Middle East. Brands from Africa were generally unknown hence not included throughout the research. The three selected brands are both valuable and possess high recognition in the regarded countries and have therefore acted as our base in this study.
4.2. Brand business structures

In order to ensure the validity of the research and to provide a better picture of data analysis in the next chapter, an introduction to the brands and their companies is made. In addition, dissection of the market positions that each brand has is also discussed. The three brands are most recognized for both Sweden and Indonesia according to the pre study.

4.2.1 Zara

Zara is a Spanish clothing and accessory company owned by Inditex and is present worldwide in more than 90 countries (Zara, 2010). It is one of the largest companies in its field with a turnover of almost nine billion euros during 2012 (Marketline, 2013). Zara differentiates itself in regards to its biggest competitors by having a short timeframe between developing a product and its entrance to the stores, spending a minimum amount on advertising and owning most of its garment factories (CNN, 2001; Hansen, 2012). The brand is a high street fashion company with a clear aim to satisfy consumers and is able to do so by having most of its production in-house and applying a short production cycle in which they can alternate in regards to what the consumers are willing to buy (Phin, 2013; Roper, 2013).

Zara worldwide shows the same pattern in addressing its consumers. As a retailer, prime locations are chosen with high convenience for their consumers amid fellow expensive stores and brands (Ghemawar & Nueno, 2003). It has a homogenous strategy and sells a global product. The difference between countries in regards to how they market is therefore small or non-existing (Ghemawar & Nueno, 2003). The conclusion for Zara being both a manufacturer and retailer has thus proven beneficial.

4.2.2 L’Oréal

L’Oréal is a French conglomerate as well as the biggest cosmetics and beauty company in the world with sales of 22,5 billion euros during 2012 (L’Oréal, 2012a). It runs a vast number of brands with high differentiation from mass products to professional series. In their annual report, L’Oréal clarifies its aim to provide beauty for every woman in the world with brands in all possible market segments (L’Oréal,
2012b). Further claimed, the brand is all about making people believe that “beauty is universal”.

Being a worldwide operating company, the business is structured according to the different group of countries, mainly Asia Pacific, North America, Latin America, Africa, the Middle East and Europe (L’Oréal, 2012a). Each group of countries is managed by an executive vice-president responsible for overlooking the brand management and operational activities as shown in figure 4.

![L’Oréal Business Structure](source)

**Figure 4-1 L’Oréal Business Structure**
(Source: Adapted from L’Oréal Annual Report 2012, p.12-13)

L’Oréal markets a wide range of sub-brands that differ from one zone to another according to its consumer needs. As an example, Yue Sai is only marketed in China (Jing, 2012). Furthermore, each group of countries has different winning brands and products due to its high adjustment to local needs, for instance; Garnier dark spot corrector for North America zone, La Roche Posay for Latin America zone, Maybelline and Garnier Men for Asia Pacific zone and Armani fragrance for the Middle East zone (L’Oréal, 2012a). It can be concluded that the claim ‘Beauty is Universal’ in this context is done through local adaptation, and that L’Oréal is a company with a
horizontal strategy or otherwise a multi-domestic-market-oriented firm (Ghauri & Cateora, 2010).

4.2.3 Emirates

Emirates from the United Arab Emirates is one among the fastest growing international airlines in the world (Emirates, 2013). It is part of the Emirates Group conglomerate which also operates cargo freight, ground handling, engineering, catering, IT and retailing (Emirates Group, 2012). It is owned by the United Arab Emirates government and operates with Dubai as its main hub. The airline operates in more than 120 countries worldwide with a turnover of 1.9 billion dollars in 2012 (Emirates Group, 2012). The business is run globally with a structure as shown in figure 4.2.

With such structure, the business implements a centralized brand management in its headquarter. Furthermore, the airline positions itself more than just an air transport service. It stands for a global lifestyle brand that connects peoples’ dreams, hopes and aspirations (O’Reilly, 2012; Shearman, 2011). Several studies and articles in combination with the slogan that Emirates uses ‘Hello Tomorrow’, as well as the expressed goal to become a global lifestyle provider ensure that the airline uses a global strategy (Emirates, 2013a; Emirates, 2013b; Emirates Airlines Blog, 2012).
Drawn from the above descriptions, the pre-study is conducted to obtain three brands as a tool to study the country-of-origin effect between high- and low-context societies alike. It is also done to make sure that all brands comply with the requirements of this study and is able to provide satisfying result. Moreover, the explanation of each brand’s business structure is to be found useful during data analysis. It illustrates how each brand approaches the international marketing, and thereby possible differences in how a brand and its country-of-origin are perceived between the two studied cultures. In sum, the pre-study strengthens the brands’ adequacy for epitome and therefore increases the validity of this research.
5. CHAPTER V - DATA ANALYSIS

The analysis congregated during data collection is the first step towards presenting qualified information for marketers (Baker & Hart, 2008). The structure is based on general themes and patterns observed during focus group sessions both within the high- and low-context cultures. Aiming to do a congruent study, the data analysis is consistently being referred to the theoretical framework provided in chapter two, namely country-of-origin effects in relation to cultural context societies. Thus the flow of analysis is primarily based on which country-of-origin effect is most prevalent in both societies, and further elaborated on how culture has its role in influencing the way a brand’s country-of-origin effect is formed. In total, 28 respondents with equal distribution of high- and low-context cultures participated. Within the separated cultural-context societies, they are distinguished from each other by the use of numbers from respondent 1 to respondent 14.

5.1. Cognitive effect

Cognitive effect in accordance with the study of Obermiller and Spangenberg (1989) is based on changes in belief, attitude and intention towards the country’s stereotype, images and strength. The hierarchy of effect stems from consumers’ ability to relate a brand with its country-of-origin, hence three main sub-themes appear to be very noteworthy during data collection in regards to country-of-origin’s cognitive effect. They are namely perceived association to a country’s image, product quality, and the reason-to-buy.

5.1.1 Perceived association to country image

According to Askegaard and Ger (1998), the first sub-theme is based on personal preconceived idea or stereotype of a country’s people, product, culture and national symbols otherwise known as country images. Hence the country image plays an important role in influencing targeted consumers. The brands used in the study has shown to have different meaning to low- and high-context cultures as well as the meaning and the degree of the associations in regards to their countries.
Among the Swedish respondents, none of the participants has a strong association with Spain when relating it to Zara. As explained by respondent 5, “Zara [has a] higher fashion sense ... I would rather say it is like French or Italian, maybe Scandinavian even.” This is the general perception of Zara for most relate Spain to being a poor country, soccer, food, vacation, good weather, sun and siesta. All of these traits are far associated with the fashion industry and as stated by respondent 11, "I knew it from before but not, to be honest I don’t, it is not like IKEA for example that you know is Swedish. But maybe it also is because you know Spain is not that well known for fashion.” One visible trait among Swedish respondents during focus group sessions is the organized flow of communication both either during agreement or disagreement (see appendix 4). This is in line with what Hall (1989) notes for low-context culture to be a monochronic society. According to his statement, monochronic signals for one activity to flow accordingly after another in an organized manner.

Respectively, the same preconception on Zara and Spain exist within Indonesian respondents. Thirteen people out of fourteen refuse to say that Zara has strong associations to its country-of-origin since there are no specific traits visible within the brand. An explanation for this is due to the seemingly global strategy that the company is trying to aim, hence for the universal trait it bears across country. This finding is in line with respondent 7 who maintains, “If they [Zara] try to show the image of its country-of-origin, I think it’s difficult ... they have sub-contractor, like they make the clothes elsewhere and sell it elsewhere”, respectively respondent 12 adds that, “What it’s [Zara] doing is not to relate the brand with its country, by being global”. Discussions on the notion of no association for Zara and Spain result in agreement among respondents. Yet different from the low-context society, high-context culture respondents behave in what Hall (1989) mentions as polychronic timing society, that in this research is reflected when people communicate. He explains polychronic to be the act of doing multiple activities within the same time frame. The high-context respondents tend to immediately speak in the same time or cut and add another speaker if he or she agrees to the notion, as it happened when respondents 1, 2, 3, 4, and 5 agree that Zara’s design is considered to be uniform across countries (see appendix 7).
To further support findings on no association between Zara and Spain, the majority of Indonesian respondents relate the country with sport and culture as opposed to fashion and beauty. Thereby, in order to increase Zara’s credibility as a Spanish brand, respondent 1, 2 and 5 suggest more colourful apparels as this trait better reflects the country, “Yes more colour, because Zara is not so.” In addition, apparently eight respondents also perceive Spain with unfavourable images such as laziness, theft, and slum areas. These perceptions do not align to Zara as a fashion brand, because as respondent 11 puts it, “Zara is a brand that looks elegant, yet in my mind, I think Spain has a lot of slum areas”, added by a statement of respondent 3, “Yes, Zara is for the upper class.”

Proceeding with the following brand, L’Oréal’s country-of-origin is more clearly perceived among Swedish respondents. L’Oréal and France are described to have a close connection with general opinions on France surrounding Paris, fashion, its rich culture, in addition to champagne and wine. Respondent 11 clearly points out this statement, “Yes a lot of their commercials are in French or they say something in French like ‘You’re worth it’ … the name is pretty solid giveaway.” It seems that L’Oréal is in a much higher degree than Zara in trying to portray itself through its country-of-origin. It prospers from being a French brand and manages to gain competitive advantage over other beauty brands.

Nevertheless, this proximity is not always crystal clear and as explained by respondent 14, “They could be associated with any big city”. The answers in regards to L’Oréal show that the gap with France is wide. After delving more into the discussion and been able to think thoroughly, most of the Swedish respondents place it as a French brand as explained by respondent 12 “Maybe if I really had to think about it … I would have thought about France because of the name.” This explains that though the country-of-origin is more closely connected to France than Zara is to Spain, most people do not immediately have the preconception that L’Oréal originates from France.
A similar indication occurs within Indonesian respondents where thirteen out of fourteen people mention L’Oréal to be highly related with France because of its distinct brand name. Respectively, France is associated several times with the beauty industry as respondents mention perfume, cosmetics, fashion and art. Thus the relation between L’Oréal and its country-of-origin is prevalent. Different from the Swedish group, a highlighted occurrence pertaining to Indonesian participants surrounding this topic is the use of laughter when everybody on the third focus group agree that L’Oréal is evident to originate from France (see appendix 9). Laughter in this context emerges as a form of cohesiveness in social orientation. It translates into a sense of relief and security for not having different opinion and that people are generally on the same side.

Finally, the highest connection of a brand to its country-of-origin for Swedish respondents is Emirates. Although a few associate the Middle East with conflict and an extreme belief in religion, a large part of the respondents correlate it with oil and great resources. However, it seems that the scope of Middle East as a region is too big thereby differing too much among its countries. This was shown by a change in response when focusing solely on the United Arab Emirates by respondent 10, “Luxury, tall buildings and Emirates airline actually, it kind of stands out of the rest of the Middle East in that way for me.” The awareness and obvious link of the brand compared to its country-of-origin is to an extent greater as respondent 11 explains, “But to be honest I associate the Arab emirates more with the airline than the other way around because I don’t know anything about the country, but I know about the airline”.

Correspondingly, the brand Emirates also trigger for concurrence among Indonesian respondents due to the use of country name in the brand itself. Unlike the Swedish participants, Middle East in general does not retrieve positive recall as many associate the region with conflict, Indonesian immigrant workers, heat, social segregation and bad temper as respondent 8 reminisce, “I have seen once, people arguing, and suddenly he was just hit by the other guy. Yes, like temperamental people because of the heat I suppose”, and supported by respondent 12, “A series of demonstration in Arabic countries, from Libya, Egypt, Syria, to rule out the government.” Nevertheless,
there are a few who associate Middle East to its oil welfare, wealth and over-the-top luxury.

In contrast with the Swedish respondents, the fact that many Indonesian immigrant workers are headed for Middle East adds to the complexity of perceiving Emirates with the prosperous aspects already mentioned. Discussions on the immigrant workers are far associated to the world of luxury both for Emirates and the Middle East as respondent 8 says, “But my experience with Etihad, Qatar and Emirates, I will always meet TKW [Indonesian immigrant workers].” An interesting observation on the heated discourse on immigrant workers, is the accompanied laughter and the frequent use of jokes (see appendix 8). It turns out to be a well-understood attitude that Indonesian immigrant workers are of the lower class society, hence laughter suggests that the Indonesian participants feel secured for belonging to the same class with other focus group members.

From the previous analysis on perceived association to a country’s image, Swedish respondents show a fairly common response to the Indonesian participants in agreeing that Zara as a brand does not possess strong links to Spain. The same feedback is also evident for both L’Oréal and Emirates to be easily associated with its country-of-origin. Yet there are differences in favourability when perceiving the associated image of the Middle East with Emirates.

5.1.2 Product quality

Roth and Romeo (1992) formulate the relationship between consumers’ preference for a country’s product and the perception of that particular country’s economy, culture and politics. A country is more likely to be preferred over another when its perceived strength matches the skill needed for producing a certain product category. Under this notion, country-of-origin has been found to influence a brand’s product quality.

Most Swedish respondents perceive Zara as a relatively cheap brand with basic quality and even compare it to a local clothing line, H&M. This is line with what respondent 3 says, "I do think that I put Zara in the same category as H&M. If I am in Sweden and I can find a cheap t-shirt at Zara and I can find it in the same store next door at
H&M”, and further supported by respondent 13, “Well I bought something from Zara once but then I feel that when I wear it, feel it wasn’t that expensive.” The pricing factor develops into the perceived product quality, where many thought it was a good deal due to the affordable price as when respondent 6 mentions, “Well maybe it’s not good, or the best quality, but I think it is decent quality”, and added by respondent 5, “I would say that something you would maybe wear for like one semester.”

However, such basic and functional perception does not occur among Indonesian respondents towards Zara. In fact ten out of fourteen people point out Zara as a brand with expensive price and sophisticated design, thus not always affordable to be bought in Indonesia. Respondent 10 adds to this statement, “Because I feel it suits me. And I think the design is nice. But I don’t buy that often because it’s quite expensive in Indonesia.” Although not directly link to its pricing, knowing that Zara is a foreign brand increases its acknowledgement and perception. This is in line with a remark from respondent 2 as agreed by respondent 3, “If it’s from Europe then it’s better quality.” Moreover in terms of quality, Zara is ranked quite high among Indonesian respondents. They believe in Zara’s quality control management to provide trusted products though acknowledging the issue of using less affluent countries as manufacturing locations.

Based on the same token, though the brand is currently known to origin from Spain, more than six respondents consider Zara to come from other European countries as noted by respondent 9, “Maybe you can see that it’s from Europe, but not necessarily from Spain.” This supports the first sub-theme of perceived country image that has an effect towards the brand’s quality, as Spain for many Indonesians is not recalled for fashion and beauty. To respondent 8, the image of Spain even degrades Zara, “I mean for me, when I hear Zara and I know that it is a good brand, I would give it 10 in score. But when I know that it’s from Spain, I would give 9 or perhaps 8.” Interestingly, this remark triggers for disagreement. Yet in line with being a high-context culture society, it is observed that confrontations occur simultaneously among other participants to a level that each word is impossible to transcribe (see appendix 8). Such act of mass confrontation is aligned to the polychronic society Hall (1989) describes where in this particular case, people responded not as individuals but a
group who shared common response in refusing or questioning someone else’s answer.

Proceeding with the second brand, the perception of L’Oréal in regards to quality and price fall either as a value-for-money item or within the medium segment among many Swedish respondents. Though it is argued for L’Oréal’s exclusivity based on its sophisticated brand name, many doubt if that is truly the case. For instance, respondent 8 argues against the use of commercial and celebrities as it enhances mass consumption. Respectively, respondent 1 from the Indonesian group also adds upon this view of L’Oréal, “Because you know that in Indonesia especially, if something is advertised, it’s not that exclusive.”

Extending the discussion based on the pricing range with Swedish groups, respondent 5 declares the brand as being cheap and supported by respondent 11 who maintains, “I mean they are usually sold in convenience stores so they are not a premium brand definitely.” Based on observation, the reason for such widespread perspective is due to the company being multinational with many sub-brands available in the beauty care segment, thus ranging from a low-budget line to the more expensive ones. This is in line with a statement from respondent 13, “I feel that L’Oréal has so many products so I feel that some products make it less good because they have so much product lines.”

Finally, Emirates is regarded as a high-end airline to all Swedish participants. Nonetheless, this perception is shown to be based on other metrics than by using the brand considering only one out of fourteen respondents has previously flown with Emirates. In this case, respondent 5 has a different view based on her experience when she mentions, “Yes I thought it was more luxurious than it actually was.” Different from other non-user Swedish participants, she therefore experiences minor shift in how she perceives the airline. This is an interesting discovery on how a brand is perceived among non-users, for judgment on Emirates by Swedish participants rely greatly on external factors such as its country-of-origin. The latter has previously been described to be associated with luxury, tall buildings and technology.
Considering many attributes do not fit the product quality sub-theme, Emirates among Swedish respondents is discussed further in the affective effect section.

Accordingly, most Indonesian respondents regard Emirates’ attributes to be reflected from its country-of-origin down to the smallest details including food menu, stewardess uniform, and flight safety instruction. However, any service excellence qualities provided by Emirates is not necessarily associated to its country-of-origin. Respondent 10 for instance mentions, “Emirates is the only airline that allows your baggage to reach 30 kg”, and added by respondent 14, “They have the biggest seat space. You can see it in seatguru.com.”

During heated discussion that forces the consideration of a country image, some Indonesian participants explain the underlying factor of country names embedded into most airline brands. They argue that the use of country name in airlines does not always transcend quality trait from its country-of-origin. Respondent 13 mentions the need for shareholder funding acknowledgement, “So in most countries, it’s less likely that an airline industry starts from entrepreneurial thinking. It must have been supported by the government funding.”

From the previous analysis, it can be understood that it is debatable for a country image to influence the perceived quality of a brand. This is prevalent in two cases of both Zara and Emirates. Zara provides no direct association towards Spain as its country-of-origin thus different outcome between the two societies is observed; Indonesian respondents highly regard the product quality as opposed to Swedish participants who consider it to be basic and cheap. In the case of Emirates, Swedish respondents highly regard the brand to be somewhat premium whereas Indonesian respondents rely more on the expected service excellence within an airline business category.

5.1.3 Reason-to-buy
In the context of country-of-origin effect, reason to buy is the last chain of what results from the perceived association of a country image and its product quality (Ahmed & d’Astou, 1993). This sub-theme is strictly analyzed within the cognitive
effect as to understand if both product quality and country image produce favourable consumer behaviour for purchase.

Most respondents from Sweden show little or no extra benefit from buying items at Zara. The products are seen as very basic and functional. As mentioned earlier, the prices are comparable to those of H&M. Respondent 11 supports this notion, "I like the way they look anyhow, and it is the same with the jeans, they are cheap." Therefore, other than having nice design and models, it is observed that low prices are among the main consideration for purchase. Agreement upon the notion is conveyed in an orderly manner from one person after another during the allotted time frame (see appendix 7).

On the other side, ten out of fourteen Indonesian participants do not answer their reason to buy Zara under the context of cognition. It is an exceptional case within the high-context focus group for respondent 4 to solely base her judgement of Zara on quality as she says, “I still go for the quality. I mean I don’t care where it comes from. I just care for the quality. I read review, but I just pay attention to the quality.” Hence further analysis on Zara among Indonesian participants belongs to the affective effect section.

Proceeding with the second brand, the discussion of L’Oréal under the purchase sub-theme does not trigger for many words exchange among the Swedish respondents. The attributes explaining L’Oréal are in a high extent similar to those of Zara where there is a tendency to perceive the brand as low budget or medium segment. Nevertheless, the many product lines owned by L’Oréal appear to be an explanation to why consumers purchase the brand. This is as uttered by respondent 11, “Like they own so much of that particular niche-market, so I mean it’s going to be hard not to buy anything from them.”

Contrastingly within the beauty product industry, all fourteen Indonesian respondents agree that skin sensitivity is the biggest factor whenever deciding which brand to use. For instance, respondent 5 mentions, “If it’s good in our skin then yes. It depends on the skin type”, and further supported by respondent 11, “Because maybe it suits their
skin? Because sometimes cosmetic really depends if it suits your skin or not.” Interestingly, at a time when agreement occurs in this topic, respondent 1, 2, 3, 4 and 5 share their laughter (see appendix 7). It is further observed that the context is not due to a humorous ambience, but rather to the shared experience they have in perceiving the beauty product industry. The use of laughter is once more highlighted as a sense of relief for having common views on a particular subject.

Finally, the brand Emirates for the Swedish groups has been mentioned to pertain under the affective part of this analysis. However, interesting findings on Emirates are exhibited among Indonesian respondents as they differ greatly to earlier responses from the Swedish participants. Based on observation during focus groups, Emirates and several other Middle Eastern airlines are exceptionally well-known among price sensitive segments such as Indonesian students and immigrant workers for travelling across Asia and Europe. This preference has its reasoning in terms of cost. Correspondingly every Indonesian in the study agrees that Emirates offers great price as argued by respondent 6, “Because back then it was the cheapest alternative compared to Qatar”, and respondent 14, “Best deal in my opinion. Because when I went back from Spain, they [Emirates] have the exact same price like Qatar.” By the same token, ongoing heated discussion on disagreement in perceiving Emirates as a premium brand results in polychronic communication among respondent 6, 7, 8 and 9 with no words being able to be transcribed (see appendix 8).

In the concurrence that Emirates is familiar for its affordable fare, respondent 14 tries to point out the underlying factor, “To me, I would try my best to use Middle Eastern airlines. Because I know they are supported by the government funding and therefore they can offer us better price but with a good service.” In addition, transit time convenience also comes into play as Emirates is known to provide well-timed flight schedule. These prior statements provide a base for most Indonesians’ preference toward the brand. It signals the cognitive decision a person consider whenever choosing airlines as a mean of transport.

From the previous analysis on reason-to-buy, cognitive effect seems to have a bigger role among Indonesian respondents when it comes to the airline and cosmetic
industry as shown through Emirates and L’Oréal. Contrastingly, Swedish respondents use their cognitive decision more when purchasing Zara. On the other hand, differences between the two societies are evident for both Zara and Emirates since functionality in the former brand applies only to Swedish respondents, whereas functionality in the perception of transport as opposed to travel in Emirates solely applies to Indonesian respondents.

5.1.4 Summary for cognitive effect
According to Obermiller and Spangenberg (1989), cognitive effect is the traditional hierarchy of influence starting from a preconceived idea about the country-of-origin that triggers for a change in belief, attitude and intention. This notion is greatly reflected on both Indonesian and Swedish respondents during group discussions, and is transferred even further until the purchasing decision as summarized in the following table.

Table 5-1 Summary of Cognitive Effect Analysis

<table>
<thead>
<tr>
<th></th>
<th>Low-Context Culture</th>
<th>High-Context Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associated country image</td>
<td>Zara is not linked to Spain. L’Oréal is linked to France.</td>
<td>Zara is not linked to Spain. L’Oréal is linked to France.</td>
</tr>
<tr>
<td></td>
<td>Emirates is favorably linked to the Middle East and especially United Arab Emirates.</td>
<td>Emirates is unfavorably linked to the Middle East.</td>
</tr>
<tr>
<td>Product quality</td>
<td>Zara is considered basic. L’Oréal is mostly considered cheap.</td>
<td>Zara is considered premium. (L’Oréal) Beauty product’s quality relies on skin sensitivity.</td>
</tr>
<tr>
<td></td>
<td>Emirates is considered premium service (means of travel).</td>
<td>Emirates is considered basic service (means of transport).</td>
</tr>
<tr>
<td>Reason-to-buy</td>
<td>Zara due to functionality (low price). Emirates due to perceived luxury.</td>
<td>Zara due to perceived luxury. Emirates due to price affordability.</td>
</tr>
<tr>
<td>Cultural context</td>
<td>Monochronic timing during communication.</td>
<td>Polychronic timing during confrontation and communication.</td>
</tr>
<tr>
<td></td>
<td>Group orientation through the use of laughter and jokes.</td>
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</tbody>
</table>

Firstly, similarities between the Indonesian and Swedish respondents are discussed. Both societies perceive Zara to not have close associations to Spain as its country-of-origin. Yet both manage to find links between L’Oréal and Emirates to France and the
Middle East respectively. Moreover, the two respondent groups also exhibit functionality such as price and skin suitability to be the underlying factor in beauty product purchases regardless of the brand and its country-of-origin.

Secondly, differences are highly visible in Zara and Emirates when it comes to product quality and reason-to-buy. The two societies show opposite way of thinking in perceiving both brands. For instance, Indonesian respondents consider Zara to be expensive and of high quality product though produced elsewhere from its country-of-origin, and the reason-to-buy is not necessarily based on the quality itself. Contrastingly, Swedish respondents perceive Zara as an affordable brand with basic quality products to an extent that it is similar with an existing local brand, H&M. Based on the same token, Emirates is simply a best-priced means of transport for the Indonesian respondents. However, the airline is considered somewhat premium and defined as a means of travel by the Swedish respondents.

Thirdly, the reasoning to these differences correlates to how both societies perceive each of the brand’s country-of-origin. It is observed that the degree of favourability associated to a country is mostly transferred in its brands as shown with similar results for L’Oréal and opposing outcomes for both Emirates and Zara between the Swedish and Indonesian participants. Thus the cognitive effect argued by Roth and Romeo (1992) on preference for a country’s product and the perception of that particular country’s economy, culture and politics are aligned.

5.2. Affective effect

According to Obermiller and Spangenberg (1989), affective effect is an emotional response to country stereotypes that influences attitude directly without intervening cognition or belief changes. The brands would therefore trigger an emotional response and ethnic identities toward certain nationalities due to experiences and encounters with the country-of-origins (Verlegh, 2001). Thereby the sub-themes aligned with this analysis are self-actualization and self-image. Based on data collection, only two brands portray the affective effect, Emirates among the Swedish respondents, and Zara among the Indonesian groups.
5.2.1 Self-actualization

The general opinion about Zara and L’Oréal among Swedish respondents show no or little emotions attached. The focus groups are not able to find patterns on an emotional level in regards to these brands, either through positive or negative associations. There are however answers that reflect the perceived luxury of Emirates. Several participants argue that it could add an extra value as explained by respondent 12, “I can't see the difference [if you use these brands or any other], maybe if you fly with Emirates. I’ve heard that it’s luxurious”, and respondent 10, “The same with emirates airlines I think about luxury and class.”

As mentioned earlier, Emirates is known by all Swedish respondents although literally only one has past direct experience by flying with the airline. Despite most participants being non-users, Emirates is still perceived to be luxurious and offers good service. However this is disregarded by respondent 5 who explains her past experience, “I didn’t think about it [the level of the airline in regards to previous perception] that much to be honest, but maybe it was a bit less luxurious than I thought in the beginning.” It is observed that the general perception of Emirates is mostly based on commercials and the country as a billboard for luxury, shopping and technology. An exceptional case that supports this notion occurs in one Indonesian participant. Respondent 8 explains, “If I see in Soekarno-Hatta [Indonesian international airport] the list of airlines about to depart, then if I compare Emirates with Malaysian Airlines for example, or Garuda, I would definitely think that Emirates is more exclusive, even if in reality the price is cheaper.”

Given the account of its country-of-origin, there seems to be an aligned perception among Swedish respondents between the favourably associated Middle East to Emirates. For instance most respondents relate to oil as its greatest welfare resource, followed by respondent 2 who mentions, “Extreme behaviour [over-the-top] due to large amount of money.” Thereby, the country image transcends to the brand in a way that triggers for emotional response upon perceiving Emirates as luxurious. This is clearly visible though most of the Swedish participants are non-users as respondent 6 utters, “I’d feel good definitely [referring to how he would feel if he went with Emirates]”. 
Delved further into discussion on why most airlines tend to have a country as part of the brand name, three different reasons emerge; firstly, it relates to where the airline comes from, secondly the culture and knowledge of that area and thirdly, government ownership. Respondent 8 discusses this statement, “They want to relate it to the country and what you can expect from the country”, or by respondent 6 who mentions, “It is the travelling business so it makes sense to have the country in the name, because like Thai airways I think most of their flights goes to Thailand so if you want go to Thailand okay Thai airlines”.

All in all both Emirates and its country-of-origin is seen as premium. Nevertheless, upon the topic of affective effect, only one Swedish respondent points out the use of Emirates to be closely linked with status symbol. The remaining thirteen participants only reflect the brand towards the prosperous country image. Thereby, the affective effect of Emirates among Swedish groups is not projected for their self-image within the society, but more on self-indulgence. As respondent 4 and 3 put it, “[Emirates is about] travel more than transport.”

5.2.2 Self-image
Zara has been discussed previously in the cognitive effect to not have any direct association to Spain. Nevertheless Zara is recognized to origin somewhere across Europe, and in terms of further discussion on country-of-origin, the clarity of its production label seems to have low influence. Most of Zara’s country production labels state “Made in China”, “Made in Bangladesh” or “Made in Turkey”. In regard to this context, most respondents agree that it has a diminishing effect towards the overall image of Zara. Yet they also acknowledge for any current big brands in the globalized world to locate their production facilities within the third world countries. Hence countries in production labels are generally disregarded if compared to where the brand originally comes from.

Proceeding to discuss the notion of self-image, all fourteen Indonesia participants openly agree that Zara represents prestige and pride. Respondent 11 admits, “I think it’s pure prestige”, as agreed by respondent 2, “Because Zara is more exclusive. No?” This further leads the conversation into discussing underlying factors that make
Indonesians in general to perceive the brand as exclusive. Respondent 12 maintains that the high-priced products and positioning among the upper-middle class are pervasive, hence “If it’s Zara, because their location is in PS [a local Indonesian shopping center] for the middle-class up.” Once more during such an agreement, respondent 6, 7, 8 and 9 throw their ideas into the heated discussion that overlap with each other as they speak (see appendix 8). Even more, laughter is prevalent upon this topic as it is widely known among the Indonesian society to care more about prestige and image rather than their basic needs (see appendix 8 and 9). Thus laughter in this context shows the respondents to possess a common shared value in perceiving others.

Moreover, there seems to be an additional phenomenon when it comes to the perceived luxury of Zara. Indonesian participants discuss the notion of their society to be especially sensitive on issues surrounding group acknowledgement. The conversation evolves into making sense the mushrooming fake brands phenomenon at local shopping centers. Respondent 6 points out, “But I would say, even for people in the middle-lower class, they would rather buy products from Tanah Abang [local shopping center] that are fake. As long as it says LV and Gucci, they will still buy it though its fake.” In line with this statement, respondent 7 explains “I have a friend near my house, and her parents or siblings. They live so much more a luxurious lifestyle than we do. (laugh). They always want the most up-to-date and prestigious brands.” Partly, such behaviour has a correlation to Indonesia as being an emerging market in the current globalized world. Hence social acknowledgement is considered of great importance to establish oneself securely among others through the brands they use. This is line with respondent 6 when she mentions, “We are an emerging market, so basically consumerism is number one for us.”

Based upon the elaborated arguments, Indonesia as pertaining to the high-context culture society exhibits the importance of self-image for group acknowledgement. This is in line with respondent 13 when she notes, “But maybe it’s also about the prestige. Like, even if one does not have an intention to buy clothes, why do they still enter Zara?... They just wander around to show where they belong or usually go. For prestige purposes ... It is as if you are a part of them when entering, though you don’t
buy anything.” Interestingly, the need to be accepted and be part of a bigger group is even visible when respondent 1 explains his hesitation in wearing Zara due to lack of conformity among his peer group, “I have my friends, they live a cheap life. They eat for five thousand to ten thousand rupiah [lower than the average]. So for me, if I wear Zara in front of my friends, I don’t feel proud, I feel like ashamed ... It makes me feel like I don’t belong in this community.”

5.2.1 Summary of Affective Effect

Based on the previous analysis of affective effect, it is observed that the two societies portray different emotional response towards the country-of-origin for both Zara and Emirates. Verlegh (2001) postulates that this emotional link toward certain nationalities is due to experiences with the countries. Consequently this is summarized in the following table.

<table>
<thead>
<tr>
<th></th>
<th>Low-Context Culture</th>
<th>High-Context Culture</th>
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<tbody>
<tr>
<td>Self-actualization</td>
<td>Emirates (the Middle East) as means of travel (indulgence)</td>
<td>-</td>
</tr>
<tr>
<td>Self-image</td>
<td>-</td>
<td>Zara (Europe) as a status symbol</td>
</tr>
<tr>
<td>Cultural context</td>
<td>Social orientation: individuality</td>
<td>Social orientation: group conformity</td>
</tr>
</tbody>
</table>

Based on the understanding of country-of-origin’s affective effect, Batra et al. (2000) state ethnic identities to be projected as either expressive and image attribute. The former include self-esteem and self-actualization needs (Mittal, Ratchford & Prabhakar, 1990). This is clearly projected by the Swedish respondents in regards to Emirates since the perceived luxury attached to the brand is highly link towards favourable and prosperous associations with the Middle East. Nevertheless, it is observed that the affective effect appears to be in a form of indulgence and self-actualization, hence not necessarily due to social scrutiny. This puts an emphasis on Swedish respondents as belonging to the low-context culture, for Hall (1989) highlight individuality and group detachment as a visible trait among the society.
Another ethnic identity projected under the affective effect is image attribute, which expresses product or brand ownership that associates a person to a particular group, role and self-image in the society (Lefkoff-Hagius & Mason, 1993). Indonesian respondents highly project this trait in regards to Zara as a European, thus foreign perceived brand. Yet different from the Swedish participants, the emotional link attached is particularly important for the individual self to establish status among the society. An emphasis is somehow more focused on the notion of group acknowledgement. This in turn is also aligned with how high-context culture see themselves within a social orientation. As noted by Hall (1989), high-context culture is cohesive in nature and works under a social hierarchy thereby enforcing the importance of how others perceive the individual.

5.3. Normative effect

According to Obermiller and Spangenberg (1989), normative effect focuses on a direct influence towards behaviour. It lays on the premise through either social or personal norm that a consumer holds in regards to brands and its country-of-origin. In the following discussion, Swedish respondents show little or no normative effect on the brands and countries examined. Issues on sweatshop, pollution, child labour and animal testing do affect the Swedes in general, although admitted to last for a short period of time. Yet an intriguing insight is preference over one’s own country-of-origin when respondent 5 explains, “Zara doesn’t have good policies for their staff” and further added by respondent 11, “Zara is the same way and you know H&M got the same problem, but at least H&M is Swedish.” This finding is in line with previous study on how Europeans favour their brands’ country-of-origin compared to others (Chao & Rajendran, 1993; Kaynak & Cavusgil, 1983).

On the other hand, Indonesian respondents uncover interesting insights on the notion of normative effect toward brands from a certain country. Though widely accepted for a worldwide company to have its production facilities in most third world countries, some nations are highly perceived as sensitive to an extent that may alter their purchase decision. This is especially true for Malaysia as respondent 6 says, “That’s why all plantations are present in the third-world-country, because they can have
cheap resources. ... If it’s Malaysia, I’m out of here [unwilling]”, further added by respondent 5, “If the product like, Zara is from Malaysia ...I won’t buy it, never... I don’t want to make them happy with my money.”

Such sensitivity dates back to the ongoing political tension between the two countries, with a strong influence so as to affect a brand and its country-of-origin. Respondent 7 explains that the predicament with Malaysia has become a matter of principle for any brand, and that it is widely shared among many other Indonesians. Though not directly linked to a recent movement in favouring domestic products, sentiment against other nationalities is part of consumer ethnocentrism under the normative effect (Shimp & Sharma 1987). By the same token, consumers may refrain from buying goods from countries with objectionable policies, regimes and history.

Nevertheless, there is one Indonesian respondent who favours functionality when faced with options involving Malaysia. He mentions, “Even when you say about Malaysian brand, I think I still won’t care, and buy it. I’ll give you an example, when it comes to flying, if Air Asia [Malaysian airline] is cheaper; I will still take Air Asia compared to Lion [Indonesian brand]. Even if I know for sure that it’s Malaysian.” This remark however is preceded with his own laughter before followed by the rest of focus group members (see appendix 8). His laughter suggests the effort in reducing possible tension and disagreement among fellow respondents upon his view on Malaysia as a brand’s country-of-origin.

Another important aspect for discussion is in line with recent patriotism movement in consumer behaviour (Hamelin, Ellouzi & Canterbury, 2011; Kipnis, Kubacki, Broderick, Siemieniako & Pisarenko, 2012; Xiaoling, 2013). Indonesian respondents are also highly conscious of their nationality in foreign brand production labels. This is visible when respondent 11 says, “It’s just like me when I saw a doll in IKEA that says “Made in Indonesia”, I will not buy it.” National pride in this context is mixed with self-pity upon seeing their own country. It is observed that such feeling is projected due to admitting the drawback of belonging among the third world country hence further associated with less power in the globalized market.
5.4. Cultural context interrelation to country-of-origin effect

The country-of-origin effect by Obermiller and Spangenberg (1989) as analysed previously is further discussed in regards to the cultural context explained by Hall (1989). The three effects cognitive, affective and normative are studied between two culturally different societies being the Swedish and Indonesian groups. The study has shown to provide intriguing results between the two groups in that both cognitive and affective effects are evident for further analysis. Yet it applies for different brand and based on different reasons that are possible to explain under the notion of cultural context. Differences in terms of cultural context are observed and noticed in the way respondents convey their answers. Swedish groups pertaining to the low-context culture are initially discussed followed by the Indonesian groups that pertain to the high-context culture.

The Swedish participants generally portray cognitive effects for Zara and L’Oréal, while affective effect is prevalent for Emirates. Not much on functionality under the notion of cognitive effect can be explained in terms of cultural context. Nevertheless, it is observed that the Swedish groups follow a certain low-context culture element as stated by Hall (1989) in regards to confrontation and communication. During discussion that triggers for agreement or disagreement to happen, the Swedish group convey their ideas in an orderly manner without overlapping or cutting someone else as they speak. This is in line with the monochronic timing Hall imposes on low-context culture, thereby signalling that conversations within the Swedish society to be less clamorous. The Swedish participants are also seen as more straightforward as they speak. Though several statements are in opposition to others, there is no implicit code behind their response when disagreeing.

Furthermore, affective effect is prevalent for the brand Emirates under the notion of self-actualization. The idea of exclusivity for most Swedish respondents is not based on social scrutiny, but a level of their self-satisfaction. Drawing towards the cultural context analysis, Hall (1989) once more highlights the low-context culture as significantly individual beings living fragmented lives. The red thread within the Swedish culture is its law of Jante (Jantelagen), which focuses on not overexposing
self about one’s accomplishment. This explains the many responses upon perceiving Emirates as a luxurious brand from a wealthy country, but without the desire to be labelled alike.

The normative effect for Swedish respondents portrays a different trigger through patriotism. The tendency to acknowledge one’s own country as better than others is observed to be the result of a mature market. This is aligned once more with what Hall (1989) mentions as the low-context culture that relies more on the individual self. Not only does this apply in the personal level, yet it is also portrayed nationwide through the many strong brands Sweden has to sustain themselves.

On the other hand, cognitive effect amongst Indonesian groups is evident for Emirates and L’Oréal. In terms of perceived country association and product quality, the pattern follows what Verlegh (2001) notes as deriving from the county-of-origin in a manner that changes one’s belief. Similar to that of the Swedish groups, functionality within the cognitive effect is not explicitly coded in the response. Nevertheless, pertaining to the high-context culture, the Indonesian participants are observed to exhibit polychronic time management where many activities are done within the same time frame (Hall, 1989). This is particularly apparent during confrontation and communication. Whenever agreeing or disagreeing to another respondent’s answer, many messages are delivered simultaneously and overlap with others as they speak.

In addition, high-context culture also portrays cohesiveness in nature by being deeply involved with each other (Hall, 1989). This further adds to mass behaviour during confrontation since high-context culture individuals rely more on the crowd and group orientation when pointing out contrasting ideas. Another interesting finding is the use of laughter and jokes that do not solely serve as a reaction towards funny remarks. Even more, it communicates a hint of intimate bond. The use of laughter to suggest cohesiveness is visible during focus group discussions when respondents convey a shared experience. Even more, laughter is also understood as social face saving whenever there is a need to reduce tension due to contrasting ideas (Tse, Lee, Vertinsky & Wehrung, 1988).
The importance of group orientation is also evident under the notion of affective effect where Indonesians emphasize the idea of prestige in Zara. The need to make a statement for pertaining to a certain class is advisable. Self-image in this case is among the main reason for its purchase and therefore aligns to what Hall (1989) describes for the high-context culture to be more affected by the social hierarchy. Furthermore, similar to the Swedish groups, normative effect for Indonesians has its base in patriotism. Nevertheless, the majority of responses do not focus on patriotism based on one’s own nation, but mainly on the competitive aspect triggered by another country. Such behaviour affirms to the notion that high-context culture makes great distinctions between insiders and outsiders (Hall, 1989).

Based on the analysis above, it is clearly seen that both high- and low-context cultures as represented by Indonesians and Swedes respectively show different results in the country-of-origin effect. This is of great importance to further understand international marketing as related to each company’s strategy for expansion. Not only will global market orientation and multi-domestic market orientation differ in how it affects the targeted audience, but more importantly, culture as part of a nation’s identity somehow plays a great role in how one particular brand and its country-of-origin are perceived differently.
6. CHAPTER VI - CONCLUSION & DISCUSSION

6.1. Conclusion

The conclusion drawn from this study answers the research question stated in the first chapter as recalled:

How does a brand’s country-of-origin affect people from high- and low-context culture societies?

The brands’ country-of-origin effect in this study is projected through Zara, L’Oréal and Emirates as preselected through an empirical pre-study. The notion of the three brands’ country-of-origin is further applied on two different societies being Indonesia and Sweden representing the high- and low-context cultures respectively. Upon the notion of country-of-origin effect from Obermiller and Spangenberg (1989) and cultural context from Hall (1989), several highlights are drawn in the conclusion below.

1. Country-of-origin effects such as cognitive, affective and normative all exist within both societies to a certain different degree.

2. The different degrees are due to that cognitive effect in both societies is the least associated to one’s cultural context upbringing, while the affective and normative effects are observed to origin highly from the cultural context of each society.

3. The main difference in country-of-origin between high- and low-context cultures lies on the affective effect, specifically the importance of self-image in high-context culture and self-actualization in the low-context culture.

The conclusion highlight above is supported by other more detailed differences in terms of how both high- and low-context culture deliver their message in regards to social orientation, communication and confrontation. These differences further lead to
the importance of looking into culture not only as means of communication, but of international marketing strategy whenever a company decides to expand worldwide.

6.2. Discussion

As stated before, the theoretical frameworks used in this study are wide and the research could have been conducted in many different ways. It is however to the authors’ strong belief that the chosen approach has led to interesting findings with a methodology different from previously conducted studies. The process of writing this thesis has showed that there is more than one way to conduct a research under the same chosen topic. This has been especially true hence constantly challenging the authors to weigh different methods against each other, a process that has been really educational in itself.

Many studies on country-of-origin have been researched in the past yet solely under the notion of marketing. This is true for both studies involving the Eastern and Western market as discussed previously in the literature review. A similar pattern among these studies is the focus on one or several countries within the same region upon certain brands. In fact, some current findings on Indonesian participants who represent the high-context culture exhibit similar results with a study conducted in China. Both result in how Western foreign brands gain more preference over local brands due to its symbolical social meaning that portrays higher quality, sophistication, modernity, novelty and prestige (Kim, Pan & Park, 1998; Li, Fu & Murray, 1997; Sin, Ho, & So, 2000).

In addition, similar findings are also shown among the developed country, which in the present study is covered by the Swedish market. There is a high favourability towards ones’ own brands and products, either due to quality, market maturity or high patriotism (Chao & Rajendran, 1993; (Han & Terpstra, 1988; Kaynak & Cavusgil, 1983; Niss, 1995). Such similarities show that the present study on country-of-origin is consistent with how previous researchers postulate their ideas.
Nevertheless, in order to delve further and provide novel findings on the country-of-origin effect, the study also approaches the research differently in many ways. Firstly, the nature of a comparative study has enabled comparisons between two opposing markets. The latter can be put as a comparison between a developed and emerging market, the Western versus the Eastern market, and lastly as aligned with this research, the low- versus the high-context cultures.

Secondly, the study uncovers the reason behind different country-of-origin effects between the two countries under the notion of cultural context. This is deemed as essential due to the less visible influence culture has on peoples’ lives. The approach on seeing how culture roots back to how a society is organized may shed a light upon understanding the way consumers behave differently across countries and regions. Lastly, the current study opens up new opportunities for further research in order to garner more insights with a higher level of validity.

6.3. Theoretical and methodological contribution

The study offers a bridge in understanding country-of-origin effect as stated by Obermiller and Spangenberg (1989) with the cultural context societies by Hall (1989). Clear comparisons between the high- and low-context cultures have enriched the view upon understanding country-of-origin in general. Based on the same token, the involved notion of culture has enabled the study to contribute to earlier literature on country-of-origin that extends beyond the scope of marketing. Furthermore, it has also been proven that the closer one gets to the culture, the more information there is to be obtained. This is in line with the use of native language among the Indonesian respondents during focus group discussions.
6.4. Practical contribution

The thesis offers findings and insight in international marketing, specifically relating to country-of-origin in regards to how consumers perceive a brand and its country differently. It also provides help for marketers to delve further into the company strategy within a globalized market, and to understand how consumers react differently due to their cultural upbringing. Bearing this in mind, it is possible to already pinpoint some important differences between the high- and low-context culture, simply known as the Eastern and the Western part of the world. Most high-context culture are emerging countries where consuming brands and knowing where it originates from signals for social class distinction whereas most low-context culture are mature markets with a different principle in consuming brands towards self-actualization. Hence the practical contribution does not solely serve as a tool to understand how to communicate differently, but most importantly, how to rationalize the culturally different consumer behaviours for international marketing purposes.

6.5. Recommendations for future research

Future research upon current study is feasible to be done in order to delve deeper into understanding the country-of-origin effect among different cultural context societies. The authors’ opinion is that the theoretical frameworks used in this research have been able to present new and interesting results. Moreover, this research has many similar or interlinked studies that could be done to further develop and explore the notion of international marketing from a cultural perspective. The approaches that are recommended for future research are many but there is however a few that may contribute more in this field of work.

Firstly, the use of more than one brand from one specific country within different sectors to both cultural context societies is recommended. This is due to a higher degree of understanding if any results are solely based on the brands and its product category as opposed to the country-of-origin itself. This could increase the validity of the study and result in more immediate conclusions.
Secondly, a further way of future research can be to focus on only one region of cultural context with several countries. This may be done in order to increase the ability to deepen the study as well as adding a possibility to use more brands for various sectors.

Thirdly, a more similar way of research to the current study may be done by adding more representative countries from both the high- and low-context culture hence representing the distinct cultures in many ways as well as increasing the level of generalization and reliability.
7. REFERENCES


Ger, G., Belk, R. W., & Lascu, D. N. (1993). The Development of Consumer Desire in Marketing and Developing Economies: The cases of Romania and Turkey. In L.


## APPENDIX 1

Top Ten Valuable Brands from Middle-context Cultures

### France

<table>
<thead>
<tr>
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<tbody>
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<td><img src="image" alt="Logo" /></td>
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</tr>
<tr>
<td><img src="image" alt="Logo" /></td>
<td>GDF Suez</td>
</tr>
<tr>
<td><img src="image" alt="Logo" /></td>
<td>Orange</td>
</tr>
<tr>
<td><img src="image" alt="Logo" /></td>
<td>AXA</td>
</tr>
<tr>
<td><img src="image" alt="Logo" /></td>
<td>Total</td>
</tr>
<tr>
<td><img src="image" alt="Logo" /></td>
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</tr>
<tr>
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<td>Suez</td>
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<td><img src="image" alt="Logo" /></td>
<td>Carrefour</td>
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<tr>
<td><img src="image" alt="Logo" /></td>
<td>L’Oréal</td>
</tr>
<tr>
<td><img src="image" alt="Logo" /></td>
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### Spanish

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<tr>
<td><img src="image" alt="Logo" /></td>
<td>BBVA</td>
</tr>
<tr>
<td><img src="image" alt="Logo" /></td>
<td>El Corte Inglés</td>
</tr>
<tr>
<td><img src="image" alt="Logo" /></td>
<td>Zara</td>
</tr>
<tr>
<td><img src="image" alt="Logo" /></td>
<td>O2</td>
</tr>
<tr>
<td><img src="image" alt="Logo" /></td>
<td>Iberdrola</td>
</tr>
<tr>
<td><img src="image" alt="Logo" /></td>
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<tr>
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<tr>
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<tr>
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## Africa

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APPENDIX 2

Pre-Study Online Survey

Look at these logos in order to answer the first question

<table>
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<td>Santander</td>
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<tr>
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<td>Movistar</td>
</tr>
<tr>
<td>BBVA</td>
<td>BBVA</td>
</tr>
<tr>
<td>El Corte Inglés</td>
<td>El Corte Inglés</td>
</tr>
<tr>
<td>Zara</td>
<td>Zara</td>
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<tr>
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<tr>
<td>Iberdrola</td>
<td>Iberdrola</td>
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<tr>
<td>ACS</td>
<td>ACS</td>
</tr>
<tr>
<td>Eroski</td>
<td>Eroski</td>
</tr>
</tbody>
</table>

1. Rank the three most recognized brands from Spain.

2. Santander
3. Movistar
4. BBVA
5. El Corte Inglés
6. Zara
7. O2
8. Iberdrola
9. Mercadona
10. ACS
11. Eroski
12. All are unknown to me
Look at the brands below in order to answer the second question.

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<td>AXA</td>
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<td><img src="image" alt="L'Oréal logo" /></td>
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<td><img src="image" alt="EDF logo" /></td>
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</table>

∗2. Rank the three French brands that are best recognized by you.

<table>
<thead>
<tr>
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<td>2</td>
<td>GDF Suez</td>
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<td>L'Oréal</td>
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<td>10</td>
<td>EDF</td>
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<tr>
<td>All</td>
<td>All unknown to me</td>
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</table>
Look at the brands below in order to answer the third question.

<table>
<thead>
<tr>
<th>Logo</th>
<th>Name</th>
</tr>
</thead>
<tbody>
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<td>MTN</td>
<td>Vodacom</td>
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<tr>
<td></td>
<td>Standard Bank</td>
</tr>
<tr>
<td></td>
<td>ABSA</td>
</tr>
<tr>
<td></td>
<td>Nedbank</td>
</tr>
<tr>
<td></td>
<td>First National Bank</td>
</tr>
<tr>
<td></td>
<td>SASOL</td>
</tr>
<tr>
<td></td>
<td>Shoprite</td>
</tr>
<tr>
<td></td>
<td>Netcare</td>
</tr>
<tr>
<td></td>
<td>Spar</td>
</tr>
</tbody>
</table>

**3. Rank the three African brands that are best recognized by you.**

- MTN
- Vodacom
- Standard Bank
- ABSA
- Nedbank
- First National Bank
- SASOL
- Shoprite
- Netcare
- Spar
- All unknown to me
Look at the brands below in order to answer the forth question.

<table>
<thead>
<tr>
<th>LOGO</th>
<th>NAME</th>
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</thead>
<tbody>
<tr>
<td>Emirates</td>
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<tr>
<td>VTB Bank</td>
<td>VTB Bank</td>
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<tr>
<td>Akbank</td>
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<tr>
<td>Isbank</td>
<td>Isbank</td>
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<tr>
<td>Garanti</td>
<td>Garanti</td>
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<tr>
<td>Turkcell</td>
<td>Turkcell</td>
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<tr>
<td>Mobily</td>
<td>Mobily</td>
</tr>
<tr>
<td>Saudi Electricity</td>
<td>Saudi Electricity</td>
</tr>
</tbody>
</table>

4. Rank the three Middle eastern brands that are best recognized by you.

1. Emirates Airlines
2. STC
3. Etisalat
4. VTB Bank
5. Akbank
6. Isbank
7. Garanti
8. Turkcell
9. Mobily
10. Saudi Electricity
11. All unknown to me
**APPENDIX 3**

Pre-Study Result

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<tr>
<th>COO</th>
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<th>Movistar</th>
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<th>Santander</th>
<th>El Corte Ingles</th>
<th>O2</th>
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**Cognitive process**

- How do you perceive Spain, France and Middle East in general?
- 1st Group

**Country’s strength**

- What do you think each country is most famous for?

**Brands or product quality attributes**

- Do you think these brands come from Spain, France and Middle East respectively?

**Expensive attributes (comfortable and self-acknowledgment)**

- Why do you consume or purchase Zara, L’Oréal and Emirates?

**Affective process**

- Are there any personal or social value that you see is reflected within these brands?

**Image attitude** (Self image, group or social acknowledgement)

- How do these brands impact your self or social image?

**Normative process**

- How do you think other people consume these brands?

**Intended reason**

- Which country’s origin affects more important to you?

---

**1. INTERPRETING COUNTRY SCHOOL OF ECONOMICS AND BUSINESS ADMINISTRATION UNIVERSITY**

**Master’s Thesis in Globalization, Brands, and Consumption**

**School Culture Societies**

**APPENDIX 4**

**Low-Context Society Coding**

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<th>Cognitive process</th>
<th>Country’s image</th>
<th>How do you perceive Spain, France and Middle East in general?</th>
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<th>Country’s strength</th>
<th>What do you think each country is most famous for?</th>
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<th>Brands or product quality attributes</th>
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<th>Expensive attributes (comfortable and self-acknowledgment)</th>
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<th>Affective process</th>
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## Appendix 5

### Low Cost Society Coding

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<tr>
<th>Cognitive process</th>
<th>Country Image</th>
<th>Cultural context</th>
<th>Summary/Remark</th>
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<tbody>
<tr>
<td>1. How do you perceive Spain, France and Middle East in general?</td>
<td>Spain, France, Middle East: democratic, prosperous, rich countries; France: Paris, culture, history</td>
<td>Spain: Agree with RS; Middle East: Agree with R8; France: Agree with RS twice</td>
<td>Agree or disagree perception of these countries</td>
</tr>
<tr>
<td>3. What do you think each country is most famous for?</td>
<td>Spain: Football, fashion</td>
<td>France: Food; Spain: Weather</td>
<td>All agree or disagree perception of Spain</td>
</tr>
<tr>
<td>4. Explain if you think that it shows in the following brands: Zara, L’Oreal and Emirates?</td>
<td>Zara: More into fashion and modern; L’Oreal: the average person; Emirates: business travel and layover</td>
<td>Zara: Agrees with RS; L’Oreal: Agrees with R8; Emirates: The name means: It could be a potential airline.</td>
<td>Zara: No; L’Oreal: Yes; Emirates: Luxury region</td>
</tr>
<tr>
<td>5. Do you think other people consume these brands?</td>
<td>Zara: No; L’Oreal: Yes</td>
<td>Zara: No; L’Oreal: Yes; People don’t do stuff out of these brands.</td>
<td>Silent laughter in regards to Zara</td>
</tr>
<tr>
<td>6. Is it because they are more luxurious?</td>
<td>Zara: Yes; L’Oreal: Yes</td>
<td>Good price, good looking; L’Oreal: Sounds boring (R8 agreed)</td>
<td>Everybody agrees</td>
</tr>
<tr>
<td>7. When you hear the brand Zara, L’Oreal and Emirates, what is the first thing that appears on your mind?</td>
<td>Zara: Yes, L’Oreal: Yes; Emirates: Luxury region</td>
<td>Zara: Idk, I don’t know which one; L’Oreal: It’s good; Emirates: I would rather it be Spain.</td>
<td>I thought Zara was cheap, I think that’s it.</td>
</tr>
<tr>
<td>8. When you see these brands, do you think of anything?</td>
<td>Zara: Pretty high end; L’Oreal: Good advertisement for the country.</td>
<td>Zara: Don’t know what that is; L’Oreal: I don’t know for sure; Emirates: Aircraft carrier.</td>
<td>Unknown to me.</td>
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<tr>
<td>9. How does it make you feel when you see these brands in your view?</td>
<td>Zara: Not like the cause anymore; L’Oreal: Can’t buy anything; Emirates: Didn’t buy it.</td>
<td>Zara: I hate them, they don’t make sense.</td>
<td>Did not use RS to help me address because this brand is more luxurious.</td>
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### Express an attitude (esteem and self-actualization)

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<th>Summary/Remark</th>
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<tbody>
<tr>
<td>1. Why do you consume or purchase Zara, L’Oreal and Emirates?</td>
<td>Zara: The price is right; Love to talk about; L’Oreal: It’s good.</td>
<td>Zara: I don’t know what that is; L’Oreal: I don’t know what that is; Emirates: I would rather it be Spain.</td>
<td>Zara: Don’t know what that is; L’Oreal: I don’t know what that is; Emirates: Aircraft carrier.</td>
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<td>2. How does it make you feel when you buy/use these brands?</td>
<td>Zara: I hate them, they don’t make sense.</td>
<td>I thought Zara was cheap, I think that’s it.</td>
<td>Did not use RS to help me address because this brand is more luxurious.</td>
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<td>3. When you see these brands, do you think of anything?</td>
<td>Zara: Don’t know what that is; L’Oreal: I don’t know what that is; Emirates: Aircraft carrier.</td>
<td>Zara: I hate them, they don’t make sense.</td>
<td>Did not use RS to help me address because this brand is more luxurious.</td>
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### Normative process

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<td>1. Why do you consume or purchase Zara, L’Oreal and Emirates?</td>
<td>Zara: I don’t know what that is; L’Oreal: I don’t know what that is; Emirates: Aircraft carrier.</td>
<td>Zara: I hate them, they don’t make sense.</td>
<td>Did not use RS to help me address because this brand is more luxurious.</td>
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<tr>
<td>2. How does it make you feel when you buy/use these brands?</td>
<td>Zara: I hate them, they don’t make sense.</td>
<td>I thought Zara was cheap, I think that’s it.</td>
<td>Did not use RS to help me address because this brand is more luxurious.</td>
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<td>3. When you see these brands, do you think of anything?</td>
<td>Zara: Don’t know what that is; L’Oreal: I don’t know what that is; Emirates: Aircraft carrier.</td>
<td>Zara: I hate them, they don’t make sense.</td>
<td>Did not use RS to help me address because this brand is more luxurious.</td>
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### Interculturalness

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<td>1. Which country of origin effect is more important for you?</td>
<td>Spain: I think it’s more important because it’s a bit more diverse but I want to support local and handmade.</td>
<td>Zara: The brand isn’t that big for the brand.</td>
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APPENDIX 7

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**APPENDIX 8**

**High-Context Society Coding**

**INTERRUPTING COUNTRY-OF-ORIGIN EFFECTS IN HIGH-AND LOW-CONTEXT CULTURE SOCIETIES**

**Master Thesis: Globalization, Brands, and Consumption**

**School of Economics and Business Administration Ludwig**

**Page 91 of 92**
### APPENDIX 9

#### 3rd Group

**High-Context Society Coding**

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#### Cultural Context

- **Product quality or attributes**
  - Zara, L’Oréal and Middle East brands follow these brands.
  - Zara from Spain, L’Oréal from France and Middle East respectively.

- **Cultural-context statement?**
  - Why do you think other people consume these brands?
  - What do you think people want to achieve on your mind?
  - Are there any personal or social value that other people buy/use these brands?

- **Affective process**
  - Emphasizes feelings, emotions, and the way things make people feel.

- **Self image, group or norms**
  - How environmental or socially aware are these brands in your view?

- **Other people buy/use these brands**
  - You think other people consume these brands?