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Country of Origin

Using country -of -origin to strengthen a brand on a foreign market
–a case study of the Italian food industry on the Swedish market

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Abstract

Master Thesis Title: Country of origin- Using country -of -origin to strengthen a brand on a foreign market-a study of the Italian food industry on the Swedish market.

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Five key words: Country of origin, brand management, consumer behavior, ethnocentrism, trust.

Purpose: To <u>describe</u> and <u>measure</u> the effects of country of origin in low involvement Italian products on the Swedish markets.

Method: Quantitative study with a hypothetic- decuctive method. The research was carried out by web surveys where the respondents were directed to a webpage in order to answer to the questions.

Theoretical Perspective: In order to conduct this research I have made use of the theories on country of origin, brand management and consumer behavior.

Empirical foundation: The empirical data was collected through a web survey prepared on www.thesistools.com.

Conclusions: The principal findings of this research consist of:

1) Country of origin does play a role in low involvement products
2) Country of origin affects brand identity & image
3) Country of origin affects brand equity
4) Country of origin affects trust establishment in foreign companies

Preface

This master thesis constitutes the end of my studies (Civilekonomprogrammet) at Lund University. I want to especially thank my girlfriend, Elin Gabrielsson who has supported me during all the difficult moments that I have had while conducting this research. I also want to thank my supervisor Annette Cerne for her valuable help and supervising.

Ervis Gjoka

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1 Introduction

In this introduction chapter the background and the problematization will be presented. Further on, on the basis of the background and problematization, the aim with this study will be outlined. Lastly, this chapter goes through the limitations of the study and presents its disposition, in order to provide the reader with a clear overview.

1.1 Background

As the world markets are becoming more and more dynamic with the increase of globalization, there is a need for companies to differentiate their products and their brands in order to survive. The important role that brands play in the minds of the consumer has been recognized for some time now by researchers as Aaker (1991), Kapferer (2004) and Urde (1997). According to Keller (1993), brand equity is defined in terms of different marketing effects that are accredited to the brand. These effects can be used by marketers in order to differentiate their products and brands in order to compete in the dynamic markets of today- and the future.

One strategy of differentiation when it comes to consumer-based brand equity is the usage of the so called country of origin as a tool to create a new and original image of the product or brand in the mind of the consumers. Several studies have shown that country of origin affects the perceptions that consumers have of a product or a brand. That is, the way consumers feel about the identity of a product or service. According to Ness and Gripsrud (2010) brand equity increases if country of origin is used in the positioning strategy of the company as long as the country image is in analogy with the brand personality. In other words, the effects that the brand name has on consumers increases when it is in correlation with the set of human characteristics associated with a brand (Aaker, 1997).

This can be seen especially when it comes to luxury products, where consumers tend to connect certain brands with the country from which they originate (Aiello *et al.,* 2010). The decisions that consumers make are highly complicated as high involvement products are expensive, contain a high risk and are ego-related. However, the role that country of origin plays when strengthening the position of foreign brands in international markets needs deeper research as the decisions that consumers make everyday mostly concern low

involvement products (Kassarjian, 1981). That is, products that are not very expensive and that require less time in order to make a decision.

The role that country of origin plays can be used by international marketers in order to minimize the information that consumers can retrieve from country of origin if the image of the country is negative, or increase this information if the country of origin image is positive. Furthermore, companies operating in international markets can adapt their branding strategies by purchasing or adopting brands that are associated with countries that have a positive image in a specific market. Yet, most of the studies concerning country of origin effects on consumers' decisions have been focused on high involvement products such as the car industry. However, the internationalization of markets and the free trade agreements between different countries such as NAFTA and the European Union, gives companies a new opportunity to act in different areas and branches (Ahmed, 2002).

The food industry is an important area where consumers associate different brands with the country where these goods originate from. Therefore the country of origin concept could be important from several different viewpoints.

On the one hand, increasing safety concerns have raised people's awareness about where the food they eat was produced, as they relate this information to production security levels that differ from country to country as a consequence of the working conditions. On the other hand, the country of origin plays an important role in people's choice of food products and brands as they tend to associate certain countries and cultures with certain food cultures and traditions. However, the country of origin concept can affect consumers' attitudes towards a brand and their purchasing decisions asymmetrically. According to Verlegh and Steenkamp (1999) the "made in" label has a bigger effect on perceived quality of a brand than on the purchasing decision that consumers make when they actually acquire a brand.

1.2 Swedish consumers' relationship with food

Food, water and air are the three basic requirements for human life. If we would be deprived of all our other possessions, these three components would be the most crucial ones to ensure our survival. Hence, food, as a basic life ingredient affects everything that we do. However, beyond this need of food as a central biological necessity for human life, food is also part of our culture and society (Eastham *et al.*, 2001).

Over the last few years, the general Swedish consumer has gone from having a more functional relationship with food, considering food mainly as a necessity towards increasingly viewing food as a sociable and enjoyable activity. Italy is widely known and appreciated for its deeply rooted food culture where the social context is just as important as the taste, and where cooking plays a central role in everyday life. This impression of the Italian food culture is widely dispersed also in Sweden, where the Italian cuisine tends to have positive connotations in the eyes of most Swedish consumers.

In 1994, a study was conducted to measure the changes that have taken place in the habits of Swedish consumers when it comes to food consumption (Kocturk 1994). According to Kocturk (1996), the habits of the Swedish consumer have changed in the last 50 years as a result of the internationalization that has taken place. On the one hand, the first labor immigration from Italy to Sweden brought with it a new food culture that did not exist previously in Sweden. On the other hand, package holidays have also encouraged the dispersion of foreign food culture towards which Swedish consumers tend to have a positive attitude to (Kocturk 1996). This means that there have been changes in the relationship that the general Swedish consumer has with food and that country of origin has come to play an important role in the consumer's perception of different foreign brands and especially Italian food brands.

The fact that there is evidence from previous research indicating that incorporating the country of origin concept in brand positioning can have a positive effect due to the positive values that Italian food culture has come to represent in the Swedish market of today, means that this area is relevant for further research, as it offers a valuable dimension to Italian companies trying to position themselves on the Swedish market.

The value that this information constitutes to Italian companies suggests that it is relevant to shed further light on this dimension of brand positioning. At the same time, the way that

Italian companies have used and continue to use the country of origin aspect successfully in their branding is by no means unique to the Italian case, but could probably be imitated by other companies, increasing the successfulness of their brands in international markets.

1.3 Problematization

While it has been established in several previous studies that country of origin can affect –in both positive and negative ways- the brand image, and while this *per se* is not something new in the field of international marketing, a lot of the research has been focused mostly on high involvement products (Jimenez and Martin 2009, Johansson *et al*., 1985). The findings from the studies based on high involvement products cannot be used to draw generalized conclusions that apply to all types of products, since the values of different types of products depend on the attributes of the specific product.

Although some studies have been done on low involvement products such as e.g. coffee and bread (Ahmed *et al.,* 2002), this area could benefit from more studies shedding light on various factors that may play a role for the effectiveness of country of origin in low involvement products. More specifically, this study of country of origin in low involvement products will also focus on a couple of additional factors which may be affected by the effects of country of origin, in an attempt to obtain a more detailed picture of how country of origin operates. At present, only few researchers have focused on the social factors investigated in this study: *ethnocentricity* and *trust* (e,g. Ahmed et al., 2002). Thus, this field could benefit from more research incorporating these social factors. In addition, this study also includes two other factors: *brand equity* and *brand identity & image*, which could improve its contribution to previous research further by constituting an additional dimension.

The research topic relates to the theory on country of origin and thus has a theoretical character. At the same time, it is of a practical nature as well and can be used in practice, contributing in the formation of a positioning strategy for companies that deal with low involvement products operating in an international context. To the best of my knowledge, no study has been done so far on the usage of country of origin as a part of the brand strategy among Italian companies dealing with low involvement products on the Swedish market.

Research questions:

-How and to what extent does Italy as a country brand affect the attitude of the Swedish consumers toward Italian food products?

-How are the social factors ethnocentricity and trust related to the effects of country of origin on consumer attitudes concerning low involvement products?

1.4 Aim of the thesis

The aim of the thesis is to <u>describe</u> and <u>measure</u> the effects of country of origin in low involvement Italian products on the Swedish markets. The effect of association with country of origin on branding will be analyzed. Moreover, two social factors -trust and ethnocentricity- will be analyzed in relation to country of origin as well as in relation to each other.

The aim is both to measure the importance of country of origin in low involvement products and also to increase the understanding of what social and other factors that may condition this importance.

1.5 Delimitations

The study will be carried out on two types of low involvement products within the food sector: pasta and pesto. The fact that the study focuses only on these two products means that it is harder to generalize the conclusions that will be drawn concerning the effects of country of origin on consumer attitudes. Another limitation of the research is that it will be conducted online, which might result in the sample consisting predominantly of younger people and thus not be fully representative of the Swedish population as a whole. Moreover, the use of familiar brands like Barilla and Pesto Genovese may have an influence on consumer behavior as consumers tend to relate to familiar brands and be more skeptical about brands they are not familiar with.

1.6 Theoretical and practical contribution

The theoretical contribution of this study lies mainly in the fact that it is focused on the importance of country of origin in low involvement products, especially within the food industry, which has been far less explored than has the importance of country of origin in high involvement products. Hopefully, this study will also constitute a practical contribution

to businesses world-wide dealing with low involvement products, as they can use the findings of this empirical study in order to strengthen their brands in the international markets.

1.7 Definitions

In this section, some of the commonly used jargons are clarified so as to make it easier for the reader to follow and understand the thesis. In some cases many of these terms may sound quite similar and the distinction between them might be blurry due to some terms often being wrongly used. By clarifying on which definitions I will base my usage of the terms throughout the thesis, it will make it easier and less time consuming for the reader to follow the argumentation.

Country of origin effect: According to Ghauri and Cateora (2010), the effects that country of origin has are defined as the influence that the country where the products are manufactured has on the positive or negative perception of the consumers concerning the product. A dominant characteristic of the market place of today is that companies' production is spread all over the world and, the country of origin of these products may influence the behavior of the consumers as they use country of origin of a product as an information cue on quality, among other things.

Low/high involvement products: Low involvement products are defined by the glossary of marketing as "…*low-priced product for everyday use that is bought by consumers without giving much thought to brands*." (www.marketing.org.au). The products that will be used in this research fall into the frame of this definition, as most of the food products fulfill this criteria. High involvement products, on the other hand, are defined according to the same marketing glossary as "…*high-priced or high-tech product that is carefully considered by a consumer before being bought*." (www.marketing.org.au). This study will not focus on high-involvement products as this area has been heavily explored by other researchers in terms of country of origin effects. However, seeing as they constitute a large part of the theoretical base in this area, some of these studies will be brought up in the literature review.

Brand identity: According to Aaker (1996), brand identity is a special set of brand associations created by the brand managers. It shows what the brand in question represents

and what pledge the company transmits to the consumers. In this study, the concept of brand identity is important, as country of origin can be of fundamental importance for the companies that decide to use it in their marketing strategies when they enter new markets in order to transmit what the company stands for.

Brand equity is defined by the online business dictionary as *"A brand's power derived from the goodwill and name recognition that it has earned over time, which translates into higher sales volume and higher profit margins against competing brands."* (www.businessdictionary.com). That is, in other words, how much a brand is worth.

Brand personality is defined by the online business dictionary as "…*human traits or characteristics associated with a specific brand name."(www.businessdictionary.com)*. It is something that consumers can relate to and have something in common with the brand. Consumers that have the same or similar personalities as a brand are more likely to buy this brand than other consumers whose personalities do not match the brands personality.

1.8 Thesis outline

The thesis will be outlined as follows:

- In chapter 1, the background of the thesis is presented, followed by the problematization, which has been built up in the background. Thereafter, the aim of the thesis is outlined. Further on, the delimitations with the study are set out and some jargon is defined.

- In chapter 2, the theoretical sources are presented. The theories concern country of origin, consumer behavior and brand management. After each relevant theory, a hypothesis is formulated.

- In chapter 3, the methodology chosen for conducting this study is presented. Further on, the motives for choosing this method are clarified. Moreover, there is also a discussion about the quality of the thesis.

- In chapter 4, the empirical data is presented. The collected data is put into context and sorted out. All the strategic episodes of the process of collecting and sorting out the empirical data are presented in this chapter.

- In chapter 5, the empirical data presented in the previous chapter is analyzed. The theories from chapter 2 and the empirical data from chapter 4 are integrated with each other and the hypotheses are tested.

- In chapter 6, the results of this study are presented and discussed. A proposal for further research is also presented.

2 Theory

This chapter will provide the reader with the theoretical frame of reference and systematically go through the theoretical areas that are important for this study. The areas of country of origin - brand management and consumer behavior together constitute the principal theoretical base of the research. This chapter will thoroughly explain each of these theories as well as the relationship between them.

2.1 Introduction

The first study claiming the importance of country of origin was done by Ditcher (1962). He argued that country image was important in order for products to be accepted and to be prosperous in international markets. Schooler (1965) made the first empirical research on the importance of country of origin in product evaluation. In this study it was found that there were a number of differences in the way consumers evaluated products based on the "made in" label shown on the package.

Later on, many studies have been conducted acknowledging the existence and the effects of country of origin. However, the estimated magnitude of the effect was not the same in all the studies. In fact, it varied significantly based on a number of study characteristics (Peterson and Jolibert 1995). The study conducted by Roth and Romero (1992) underlined that the buying behavior of consumers and country image were strongly related to whether a country image matched essential product attributes. In this study it was found that consumers have a tendency to or are willing to buy products that have country image-product category matches.

The study was very important as it identified the associations that consumers make between different countries and product categories. It showed under which conditions country of origin was an important tool in defining a company's marketing strategy and at the same time under which conditions country of origin was not relevant or even, at times, harmful to the product image (Gripsrud and Nes 2010).

The study conducted by Roth and Romero (1992) concerns the product category and the discussion about the Swiss brands is an example of the importance of linking country of origin theory to brand theory. Switzerland is famous for being the origin of many famous brands as Rolex, Omega and Nestle and the role of the Swiss country image in these brands is of significant importance (Gripsrud and Nes 2010). Swiss products have a reputation of

being qualitative and precise, and that applies not only to any single brand but too many brands that originate from this country (Silverstein, 2009).

Following this path of reasoning, it is clear that country of origin and brands are related to each other in specific product categories. In order to understand how country of origin relates to brand management, this chapter goes through the different brand strategies that -linked to country of origin theory- may result in benefits for companies that operate in international markets.

However, before going through the literature concerning brand management, a literature review of country of origin effects is done. More specifically, the relevant literature on the effects of country of origin concerning low involvement products is presented, as it is this part that is more important for the aim of this research.

2.2 Country of origin

The price of a product and the brand name has been shown to influence consumers' behavior and their intentions of buying a product. However, with the globalization of markets another important factor that has come to play an important role in consumers' perceptions of imported products is the country where these products were manufactured (Ahmed et al 2002).

Bilkey and Nes (1982), among other researchers, have shown that consumers in international markets use the country of origin of the product in their product evaluation. As many countries have opened their gates for international trade and since companies produce and sell their products worldwide, studying the effects that country of origin has on international consumers has become of fundamental importance (Netemeyer et al 1991).

Since the existence of country of origin effects on consumer behavior was established with the first empirical research conducted by Schooler (1965), a number of studies have been done within this field, to some extent supporting the statements of Schooler.

In his literature review of country of origin, Dinnie (2003) divides the research that has been done within this field into three different chronological periods. The first period starts with the establishment of the existence of country of origin effects by Schooler (1965) and Reierson (1966) and ends with Bilkeys and Nes' (1982) qualitative research on country of origin effects on product evaluations. During this period, the research approach was

developed from having country of origin as a single factor to more complex investigations, introducing other cues in order to generalize the effects of country of origin.

The second period, according to the classification of Dinnies (2003), was characterized by the questionings of previous research and of its findings on the effects of country of origin. Johansson *et al.* (1985) argued that the effects of country of origin on consumer behavior had been given too much weight. A later study by Ettenson *et al.* (19988) supported what had been proposed by Johansson *et al.* (1985) and argued that other factors, such as the quality of the products and their price, might be more relevant than country of origin when it comes to the evaluations that consumers make of a product.

The third period in Dinnie's (2003) classification, covering the period from 1993 to 2004, was characterized by a spread in the research of country of origin. In this period, researchers such as Thakor and Kholi (1996) tried to develop the concept of country of origin in terms of brand origin. They were the first ones to introduce the notion of brand origin -described as the country where the brand is perceived to originate from by the target customers of the brand- into the country of origin literature.

At the end of this third period, a study was conducted by Zafar et al (2004) on the importance of country of origin effects on low involvement products. Until that time, most of the studies had been concerned with high involvement products, especially involving the car manufacturing industry. The findings were then generalized in order to be applicable to all sectors. It was not until Romeo and Roth (1992) that it was shown that different product categories could have positive connotations with specific countries.

2.2.1 The effects of country of origin

Hong and Wyer (1989) argue that there are two ways of observing the effects of country of origin on consumers' behavior when consumers are presented with factors as country of origin or other factors as brand image or the price of the product. These two ways include:

1. The halo effect
2. The summary construct

The halo effect, according to Johansson *et al.* (1985), is what happens in the mind of the consumers when they are not familiar with the products that come from a certain country. What happens is that the image of the country in question acts as a "halo" by directly

affecting the beliefs of the consumers about the products in question. This would later indirectly influence the general evaluation of the products coming from this country.

If, on the other hand, consumers are familiar with the products that originate from another country, the summary construct model is activated and consumers rely on the information they know about the product in order to create an image of the country in their minds. This would then indirectly affect brand attitudes (Han, 1989). This country image created in the consumers' minds would later be used as an indirect guide and would influence the brands attitudes and the product attributes (Ahmed et al 2004).

2.2.2 Country of origin and product category

Country image has an important role influencing how consumers around the world perceive certain products. This has been shown by the research that has taken place over the last 50 years. However, very little research had focused on the linkage between country of origin dimensions and product category, before the research made by Roth and Romeo (1992). They mean that stereotyping of product- and country quality does exist and that the managers that work for companies that operate in international markets can benefit from their study.

Roth and Romeo (1992) suggested a framework based on country image dimensions and the product features. They came to the conclusion that there are four possible matches or mismatches between the country of origin image dimension and the product category dimension:

Favorable Match

If consumers perceive that a specific country image has positive connotations and at the same time the product features originating from this country are viewed as important, it can be said that there is a favorable match between the country of origin and the product category. In this case, managers should use country of origin in their marketing strategies as the brand name reflects the country of origin image. It was also suggested that packaging of the product should include country of origin and the company should promote the brands country of origin (Roth and Romero 1992).

Unfavorable Match

On the other hand, if consumers perceive that the dimensions of the country image are negative while the product features are important to the consumer, this is regarded to be an unfavorable match. In this case, managers should accentuate benefits other than the ones coming from the country of origin. The marketers and the brand managers cannot use country of origin in their branding strategy. However, they should take action and through communication campaigns try to improve the image of their country (Roth and Romeo 1992).

Favorable Mismatch

A third option is the case of a favorable mismatch. This occurs when the country image is perceived positively by the consumers but the product features are not seen as favorable in the eyes of the consumers. Thus, regardless of the positive connotations of the country of origin in the eyes of the consumers, it cannot be used in the marketing strategies as the product would not gain any benefits from it. If this scenario is the case, the marketing and brand managers should attempt to transform the product category image, e.g. by accentuating the importance of the product features (Roth and Romeo, 1992).

Unfavorable Mismatch

The last product-country image match is the so called unfavorable mismatch. It occurs when consumers have negative perceptions about a country image and at the same they regard the product category features that originate from this particular country as unimportant. If this is the case, the marketing and brand managers should ignore country of origin of the product as this would not be helpful in promoting the brand (Roth and Romeo 1992).

2.2.3 Country of origin and Low-involvement products

Research has shown that companies all over the world use country of origin as a factor to position their brands in international markets. This is why the effects of country of origin in marketing strategy have raised many questions and much research has been done on these effects in order to facilitate the work of marketing and brand managers (Ahmed *et al.*, 2004).

However, most of the research is based on high involvement products as luxury products (Aielo *et al.*, 2009) or the car manufacturing branch (Jimenez and Martin, 2010). The study

conducted by Ahmed *et al.* (2004) on the importance of country of origin effects concerning low involvement products was one of the first within this particular field and definitely one of the most influential. In this study, Ahmed *et al.* (2004) studied the effects of country of origin on consumers' purchasing decisions concerning two products: bread and coffee.

While country of origin was found to play a role in consumers' purchasing decisions, the magnitude of the effect was, however, not very high. Even though there was an effect of country of origin, it was found that consumers pay more attention to other cues apart from country of origin. Consumers showed a tendency to purchase out of habit and familiarity with the products (Ahmed *et al.*, 2004).

Their research also found that country of origin influences the evaluation of low involvement products in the same way that it influences the evaluations of high involvement products. When a foreign country image was perceived as favorable by the consumers and was projected onto the food products investigated in this study (bread and coffee), this improved the chances of effectively entering the new market and gain an important market share (Ahmed *et al.*, 2004).

Another important finding from their research was that the perceptions of consumers on the quality of the products originating from other countries varied between different product categories (Ahmed *et al.*, 2004). This also supported the findings of Roth and Romeo (1992) on product category-country image implications.

2.3 Strategic brand management

Brand management is one of the cornerstones of this study, which is why this second part of the theory chapter will be concerned with the principal contributions that have been made on the subject. Much has been written and explored within the area of branding since the 1980's when organizations understood that the most important company asset is the brand name itself (Kapferer, 2007).

2.3.1 What is branding

According to Kapferer (2007), brands are the direct outcomes of a company's strategy of segmenting the market and the way they decide to differentiate their products. Consequently, branding consists of more than just trying to tell the market and consumers that a specific product or service is made by a specific company. Kapferer (2007) argues that in order for it to be successful for a company or organization, branding needs long term

participation from the organization at the same time as a high level of resources and skills have to be involved.

While making the literature research for this study, I found that there could be misunderstandings when it comes to the use of the word brand and trademark. Urde (1997 page 95) explains the difference between these concepts: *"Trademark is the heart of the brand"* and at the same time it is the juridical definition of the brand. On the other hand, *the brand* refers to the product brand entirely.

In his PhD dissertation, Urde (1997) presents a conceptual model for a product brand called the *brands pyramid*. In the foundations of the pyramid there is the organization and the control that it implies. Urde (1997) argues that as branding is generally chosen from the company according to the type of product and since the positioning starts with both the product and the brand, the foundation of the pyramid will be strong. That is why the role of the organization and the control to manage brands and products lie at the bottom of the pyramid.
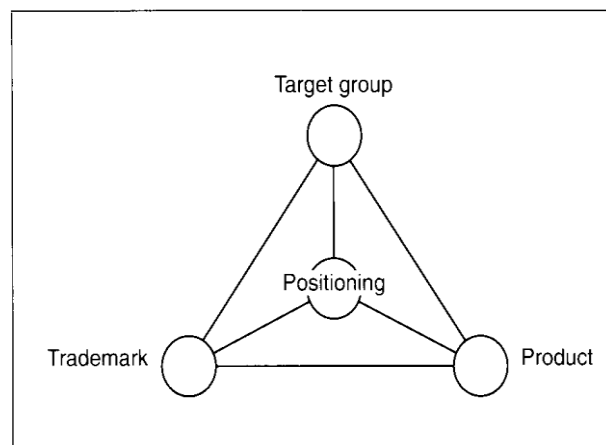
Figure 1: *Brand pyramid, Urde (1997: 94).*

The brand has an important role in the brand pyramid as it represents the product and can possibly create the needed prerequisites for customers to buy and re-buy the products. One important prerequisite can be the added value that the company -through their brand- can transmit to the customers. From a customer perspective the added value is a combination of the benefits given from the product, the brand and the positioning of the brand. The benefits can, among other things, have an emotional and a symbolic value for the customer (Urde, 1997).

This can be of fundamental importance to companies operating in international markets and using country of origin in their branding strategy. If there are positive connotations associated with the country of origin of a product, it can be possible for the company to achieve the added value by communicating the origin of the product to the customers. In this way, not only the company would achieve success when entering new markets but they would lay the foundations for positioning their products differently from the other competitors in the market.

The company's positioning of their brand is done according to the competitor situation in the market. In order for the company to create and communicate an added value of their products to their customers, the company may rely on the emotional factors that the country of origin of their offered product plays in the mind of the consumers. Communicating this added value is of fundamental importance as this would create interest among customers, which would lead to customer loyalty towards the brand (Urde 1997).

Hence, if the foreign company believes there are positive connotations associated with the country of origin of their products, then the usage of country of origin in their positioning strategy may be a determining factor in order to position their products in a way that their competitors cannot do. The competition may copy the product but it will not be able to copy the added emotional value of country of origin that the brand will transmit to the customers.

This, according to Urde (1997), is a way of viewing brands as a resource for the companies that need to be taken care of, developed and at the same time protected. Another way to describe brands and branding is the so called brand-equity model. In the next subparagraph this concept will be explained and the relation to country of origin theory will be clarified.

2.3.2 Brand equity

Brand equity refers to how much a brand is worth (Urde , 1997). There are principally two reasons for using the term brand equity. First of all, it is important for the financial estimation of the company and of the brand itself. This may be especially relevant when the company is about to be sold or a fusion with another company is about to take place. The second reason for using the brand equity term in an organization is to rationalize the company's market activities (Urde 1997).

There are different models for the usage of brand equity to measure a company's value. The first model that was developed is the one introduced by Aaker in 1991. This model identifies four important asset categories that are associated with the brand in order to increase or minimize the value that they add to the company or to the company's clients.

The effect that country of origin has on brand equity is one of the fundamental aims (is of central focus in this study) of this research. Thus, in this section the categories included in brand equity are explained. After this theoretical review, the hypotheses are developed. The theory is then used to create relevant survey questions to obtain the necessary answers to analyze the effects of country of origin on brand equity.

The four important categories included in the model proposed by Aaker (1991) include:

Brand name awareness concerns how strongly a brand is present in the mind of the consumers. Thus, it concerns to what extent the consumer is aware of a specific brand. According to Aaker (1996), consumers use a number of different ways to remember a brand, and these ways can be used to evaluate brand awareness.

Brand recognition is one of the ways that is used to measure brand awareness. Brand recognition is associated with the familiarity that consumers have with a product. Brands that suffer from a familiarity handicap compared to more visible and established competitors may need awareness building in order to minimize the problem.

Brand recall is, according to Aaker (1996), another factor that may influence consumers' shopping lists. It can be said that consumers recall a specific brand when a product category is mentioned and the first brand that comes to mind for the consumer is your company's brand. Thus, for companies, in order to make it into the consumers' shopping lists, they have to strive to increase their brand awareness through investing so as to increase brand recall among consumers.

Brand name dominance is the highest level of brand awareness that can be achieved by a company. When consumers hear about a product category, the only brand name that comes to their mind is this specific brand. Achieving brand name dominance can be the ultimate success for a company when they try to increase their brand awareness. However, it can be risky as well since sometimes brands names become so common that it becomes difficult for the company to protect it (Aaker , 1996).

According to Aaker (1996), companies need to create recall and recognition among consumers in order to create awareness. There are two important factors that play a determinant role for companies faced with these difficulties. Firstly, a large sales base is needed as it is difficult for firms to sustain brands that have a small unit sale. Secondly, companies need to operate outside the normal channels in order to find new and cheap ways of advertising.

Increasing brand recall and getting consumers to recognize a company's brand may increase the company's brand equity and thus profitability. One thing that managers have to keep in mind while working with brand awareness is that brands have to be remembered for good reasons (Aaker 1996).

Perceived quality is defined by the online business dictionary as *'Consumer's opinion of a product's (or a brand's) ability to fulfill his or her expectations'.* The perceived quality is based on the image of the company, the experience that consumers have had with the company's other products as well as the influence that opinion leaders project onto the consumers. Hence, it may have very little to do with how good the product in question actually is (www.businessdictionary.com, 4 may 2011).

According to Aaker (1996), perceived quality is one of the most important assets for a company investing to increase brand equity. Kotler and Keller (2009) maintain that the quality of a product will raise consumers' satisfaction, resulting in an increase in profits for the company. There are a number of reasons why companies should invest in a way that make the consumers perceive the company's products as qualitative.

Firstly, perceived quality is one of the brand assets that have been proven to increase the financial performance of a company. Even though it is difficult to measure the ROI of any intangible asset, some studies have shown that perceived quality increases a company's profitability. Secondly, perceived quality is a principal driver of business as it is at the center of what consumers are buying. Furthermore, it can be said that when the perceived quality of a brand is high or rising, all the other perceived brand elements rise simultaneously (Aaker 1996, Baker and Hart 2008).

To achieve perceived quality of a brand among customers in order to increase brand equity, one has to keep in mind that it would be very difficult to do so unless the products actually deliver the claimed quality. Therefore, in order to generate higher quality, managers have to

understand what is perceived as quality in the target segment. However, having created a qualitative product does not automatically mean that a company has created a quality perception among consumers as well, since consumers may be influenced by past images of the brand which were linked to low quality. Other reasons may be that the company creates a quality in its offer but that this is in a different dimension compared to what consumers need and want. At the same time, consumers do not always have all the information about the product and its quality and they will use one or two indicators in order to make their choice (Aaker 1996).

It is the job of the manager to find these indicators that are important to consumers and manage them in the right way in order to make consumers perceive the company's products as qualitative. Here, the use of country of origin may be helpful for companies that operate in international markets, as consumers might use the country where the product comes from as a quality stamp in their purchasing decisions.

Brand loyalty is, according to Urde (1997) and Aaker (1991), crucial for the value of a brand, as it reflects the relationship that the brand has with its customers. The relationship that is created between a customer and a product of a company can have an impact on the other products that the company provides. This kind of loyalty that is created between the customer and the company can provide the company with opportunities to further develop and improve its brand. This would increase the brand equity in the overall picture.

The value generated by loyal customers is of substantial importance in many aspects. When considering buying or selling a brand, the loyal customer base of the brand can play a decisive role. It has been shown by previous research that it is less expensive to maintain the loyal customer base than to try adding new customers to your base. From a marketing point of view, this can be decisive when estimating the costs of the different marketing campaigns that companies undertake in order to maintain the competitiveness of their brand (Aaker 1996).

Thus, trying to increase brand loyalty among customers can be an important strategy for the companies in general and especially for those who operate in international markets. According to Aaker (1996), brand loyalty can be achieved by increasing brand awareness and the perceived quality among customers as well as through the loyalty programs that many companies have come to use in order to keep their customers satisfied. These

strategic factors together with a strong brand identity could be decisive to achieving this purpose.

Brand associations

According to Aaker (1991), brand associations are the brand assets and its liabilities, consisting of everything that is related to a brand. Keller (1998) describes brand associations as important junction points in order to link a brand to consumers' memories. Brand associations may be used by marketers when working with positioning and differentiating a brand in order to try to create and implement a winning marketing strategy. Consumers, on the other hand, make use of brand associations in order to process, arrange or obtain information that exist in their memory and use them as help when making purchasing decisions.

Hypothesis 1: Positive associations with a country of origin will positively influence the brand equity and thus strengthen the brand.

2.3.3 Brand identity

As explained in section 1.7 of the first chapter, the purpose of brand identity is to clarify and stipulate the meaning of a brand, the aim it has and the reflection of its self image (Kapferer 2007). According to Kapferer, brand identity comes before brand image when it comes to brand management, as first of all the company has to know what they want their image to be like. The company has to be clear of the signals that they want to send to the receivers through the image that they later on will create.

For companies operating in the Swedish food industry it is highly important that they first know what their brand identity is in order to create an image that would appeal to their target customers. For Barilla and Zeta, using Italy as a country of origin as part of their identity has enabled them to later on create a brand image that reflects this connection with the country of origin.

2.3.4 Brand image

Brand image, on the other hand, concerns the way consumers and other stakeholders see a brand. It is about the outside world, and as such it is thus on the receivers side (Aaker 1991 and Kapferer 2007). The way a company build the image of its brand when entering new markets can be of high importance considering what the organization want to transmit to its

target customers. Armstrong and Kotler (2007) point out that, for a company to achieve a competitive advantage in a market, one of the many possible ways is to try to differentiate the image of the brand from the competitors. They argue that the company and the brand image should communicate the unique benefits and the positioning of a product.

Therefore, country of origin can assist brand managers that operate in international markets when they decide what the image of their brand will be in this specific market. At the same time, managers should firstly investigate the general perceptions about the country of origin of their product, since in some cases negative connotations with a country might damage the image of the brand. From all the factors that affect the image of a brand, country of origin is one of the most important ones when it comes to companies that operate in international markets (Ghauri, 2010).

Hypothesis 2: Positive associations with a country of origin will positively influence the brand identity and the brand image and thus contribute to strengthening the brand itself.

2.4 Consumer behavior

Consumer buying behavior is, according to Armstrong and Kotler (2007), the behavior of the end consumer, i.e. the individuals or households who purchase products or services for their personal use. In order to be successful in a business it is necessary to understand the way consumers behave, as they vary in many ways depending on age, education and tastes. Consumers' purchases are often influenced by different factors such as their culture, the social class and their personalities. Many of these factors are difficult for marketers to influence but in order to be successful they have to understand them and take them into account (Armstrong and Kotler 2007).

Understanding the behavior of the consumers is a relatively complex task for marketers, as the answers are inside the consumers heads. It is hard enough for companies to understand the buying behaviors of the consumers inside one country and it is even harder for companies that operate in international markets. Even though consumers from different countries may share some similarities, their behaviors often vary significantly (Armstrong and Kotler 2007).

The challenge of marketers is to create a marketing strategy that appeals to the needs of the consumers in the international market by either adapting their offering to the needs of the consumers, or standardizing their production (Armstrong and Kotler 2007). Both of

these strategies have their pros and cons, as adapting the offering would mean higher costs and standardizing their production could lead to a rejection from the international consumers. However, a positive country image could be an important asset for companies that operate on the international arena.

This paper argues that when perceptions about a country image are positive and when they are employed in the right way by marketers in their marketing strategies in order to create a relationship with consumers, this can positively influence international consumers to accept the foreign product. For that to happen, marketers and brand managers have to focus on relationship marketing so as to increase the trust in the product, the brand and the company (Gruen 1995).

Hunt *et al.,* (2006) have investigated the role of relationship marketing and the importance of trust in a relationship between a company and its consumers. In their study, it is shown that consumers enter into relationships with companies if they perceive that the benefits that would come out of the relationship would be greater than the costs. One of the cornerstones for the customers that engage in relationships with companies is the trust that is created between them.

On the other hand, consumer ethnocentrism related to country of origin may reduce the trust that can be created between companies and international consumers. One of the jobs of the marketers would be to first identify whether the target market is showing feelings of animosity towards the country of origin of the company, i.e. if the consumers in a particular interested market for the company are showing ethnocentric feelings (Jimenez and Martin, 2010).

In the following two subparagraphs, the concepts of developing consumer trust as well as the phenomena of ethnocentricity are described according to the previous research conducted on these concepts. Following this, two hypotheses regarding how these two phenomena (trust and ethnocentricity) associated with country of origin effects may influence consumer attitudes in international markets are formulated.

2.4.1 Trust

In order for a company to develop trust with consumers they must show that they have the ability to do their work well through their know-how. A company can say that they have earned the trust of their consumers when they can feel trusted even if they make some

unexpected changes in their relationship as the consumers would trust in the decision taken by the company (Reynolds, 1997).

According to Hunt *et al.* (2006), consumers want to enter into relationships with companies that they can really trust, as trusted associates reduce the risks. They argue that if a company does not show integrity, competence and reliability, the trust will never develop in a relationship between a company and its customers. Another factor that is important to consumers in order to engage in a relationship is the values of the company. Consumers tend to develop trust in companies that share the same values as they do.

These aspects of developing trust can be important for companies that use country of origin in their marketing and brand strategies: if they manage to transmit their values to the consumers they can achieve the desired trust and be able to establish a relationship. For the food industry, these factors may be decisive as companies are not just selling food products but a way of living, as well. Consequently, companies should be concerned not only with achieving trust but also with sustaining it.

2.4.2 Establishing trust

According to Shaw (1997), there are three factors companies have to think upon and implement when trying to develop and sustain trust among their consumers. These include: *achieving results, acting with integrity* and *demonstrating concerns.* In order for the companies to establish trust in a relationship with their customers, the company has to understand and apply these three factors. However, the significance of these factors in establishing trust with customers may differ depending on the situation.

2.4.2.1 Achieving results

Companies have to fulfill the commitment that they make to their customers. In order to establish a relationship with the consumers based on trust, a company has to materialize their promises. Given that consumers build expectations about a company and/or their brand, they expect the company to fulfill these expectations through their actions. This is a fundamental aspect and a starting point for companies striving to have a relationship with their customers based on trust. For this to happen, everyone working for the company has to do their job properly (Shaw, 1997).

2.4.2.2 Acting with integrity

Fulfilling what one has promised encourages other people to trust the person or the company that has delivered what they promised. Shaw (1997) argues that, if a company wants to gain the trust of its customers, they have to be honest, reliable and straightforward. According to a study conducted by Posner (2001), some important values that are aligned with integrity are the requirements that companies have to be honest, not cheat and match their actions with the values that they claim to stand for and, most importantly, to keep the promises they make. If the consumers feel that the company they are about to establish a relationship with acts with integrity there are good chances that they will fully trust the company.

2.4.2.3 Demonstrating concern

Consumers need companies to show concern on their behalf. Therefore, for companies to gain consumers trust, they have to display concern. This, according to Shaw (1997), can be achieved by showing understanding and care. The companies have to show that they are not there only to sell their products but that, simultaneously, they actually care about the well-being of their customers, that their needs and wants are fulfilled and that they are satisfied by the relationship with the company.

Jimenez and Martin (2009) have, among other things, investigated the relationship that trust plays when combined with country of origin in consumer behavior. Their study supports the view that a good reputation of firms, associated with country of origin, can increase consumers trust in a company and in their products. Thus, for companies operating in international markets, an important factor in achieving long lasting relationships with their consumers is to try to establish trust with them.

Hypothesis 3: Association of a product with its country of origin will increase consumer trust in the foreign company.

2.4.3 Consumer ethnocentrism

The concept of ethnocentrism was firstly introduced by Sumner (1906). Shimp and Sharma (1987) refer to Levine and Campbell (1972) in stating that ethnocentrism is a sociological concept that distinguishes between so called *ingroups* and *outgroups*, where *ingroups* refers

to the kind of groups that and individual identifies with, while *outgroups* are the groups that *ingroups* consider to be their direct opposite.

Ethnocentrism is generally referred to as a natural tendency for people to place their own group at the center of the universe as well as letting themselves be influenced by their own group in their assessment of people from other social units. Furthermore it also incorporates the tendency to accept, without questioning, people of their own culture and to reject other, culturally divergent groups of people (Both 1979 and Worchel and Cooper 1979 in Shimp and Sharma 1987).

Consumer ethnocentrism is developed by highly ethnocentric consumers as they perceive buying products that originate from other countries than their own as simply unpatriotic. Moreover, ethnocentric consumers believe that it is immoral to buy imported products as that would result in job losses which would damage the economy of their own country (Shimp and Sharma, 1987).

On the other hand, non-ethnocentric consumers see imported products as items that have to be considered in relation to their own value, without regards as to their country of origin. Sometimes, non-ethnocentric consumers regard foreign products as even more favorable, precisely for the reason that these products are not manufactured in their own country (Shimp and Sharma, 1987).

Hence, it is important to establish relationships with customers based on mutual trust. Moreover, it could be relevant to analyze the effects that ethnocentricity in target segments have on companies operating in international markets and using country of origin in their positioning strategy. Establishing trust through implementation of the three determinant factors mentioned above and through a low score of ethnocentricity in a foreign target market will lead to a broader acceptance of the foreign product. The evidence outlined above lead to the following hypothesis:

Hypothesis 4: Low levels of ethnocentricity in a society will positively influence consumers trust in foreign companies and thus contribute in strengthening the foreign brand.

3 Method

This chapter begins with an outline of the two main scientific approaches used in research, followed by a clarification of the study's approach to the subject as well as the theoretical reference, which describes how the subject relates to theory. At the end of the chapter, the data search and the quality of the study will be discussed.

3.1 Introduction

The concept of country of origin and its effects has received quite a lot of attention over the last decades (e.g. Nagashima, 1977, Bilkey & Nes, 1982). However, the fact that most of the studies made have been carried out on high involvement products leaves space for further research. I wanted to choose a method that could be applicable both from a theoretical point of view at the same time from a more practical point of view.

3.2 Scientific approach

There are today, two principal directions of scientific approaches: positivistic- and hermetic approach. The positivistic approach looks at the knowledge as absolute and ideal. It attempts to base itself on certain (positive) knowledge and this knowledge is seen as having only two sources: the human senses and human logic. Positivism draws conclusions based on three different approaches: induction, deduction and the hypothetic deductive method which combines the first two. These three ways of drawing conclusions will be discussed more in detail later on in this chapter (Eriksson and Widersheim-Paul 2001).

The hermetic approach, on the other hand, has a relativistic view of knowledge. Unlike positivism, which is based on formal logic, the hermetic approach is based on interpretation and the word means *science of interpretation.* It was originally developed in response to the need to interpret and understand historical texts within the theological and humanistic sciences (Eriksson and Widersheim-Paul 2001).

In this study, I will try to find out the importance that country of origin plays in consumer behavior when it comes to low involvement products, collecting empirical data through a survey. Therefore, a positivistic approach is the most suitable for the purpose of this study.

3.2.1 Quantitative research method

Firstly, the decision to choose a positivistic approach in order to conduct this study influenced the choice of the type of method as well. A quantitative research method is the most suitable one when choosing to conduct the research through a positivistic approach. Secondly, the collection of empirical data in this study will be carried out through surveys that will be carried out online by the respondents, after which the answers will be analyzed with statistical methods in order to find connections between the phenomena of country of origin and the relevance that it has for consumer behavior. This way of collecting data and analyzing results constitutes a quantitative research method.

3.2.2 Inductive and deductive method

There are principally three ways for drawing conclusions according to the positivistic approach to the subject, the inductive method, the deductive method and a third one that combines the first two called the hypothetic-deductive method.
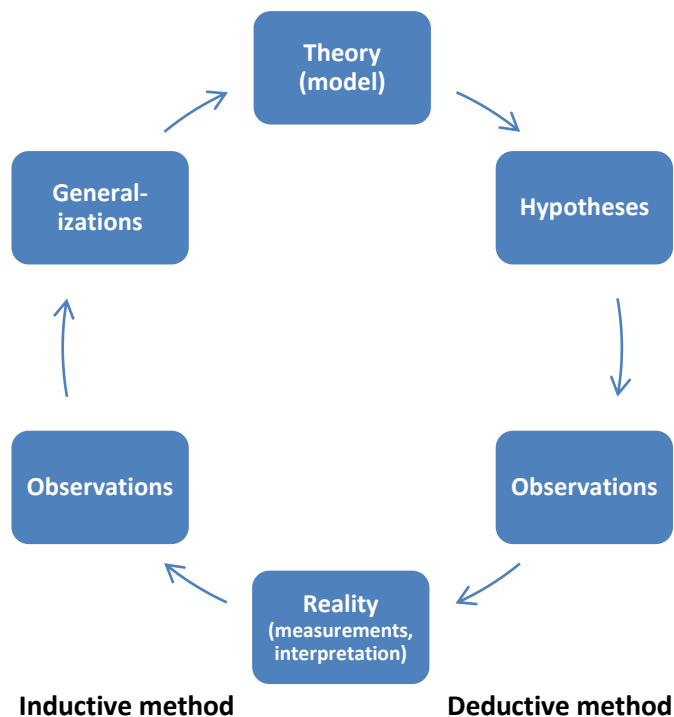

Figure2. Inductive and deductive methods, Eriksson and Weidersheim-Paul, p.220

In order to draw conclusions, some prerequisites are given and judgment is made through an inductive or a deductive approach (Eriksson and Widersheim-Paul 2001).

The inductive method of drawing conclusions means that conclusions and generalized predictions are made on the basis of collected empirical data and observations of reality. In this way theories and models are formed. The deductive method of drawing conclusions means that based on theories, hypothesis are formed which consist of propositions concerning reality that can be tested (Eriksson and Widersheim-Paul, 2001).

The third method of drawing conclusion is a combination of the two previous methods, called the hypothetic-deductive method. This method formulates prerequisites as hypothesis which it is possible to test the validity. This method draws conclusion about the reality through a deductive inference, which later on are tested empirically. Thus, it combines empirical data with logic (Eriksson and Widersheim-Paul 2001).

I have chosen to use the hypothetic-deductive method for my research. This decision was made because I start with a hypothesis about the importance that country of origin has on consumer behavior when it comes to low involvement products, which will then be tested empirically through statistical methods. The hypothesis will be drawn later in the next chapter after each relevant theory and their relation to country of origin theory will be explained.

3.3 Approach to the subject

In the beginning, after coming up with the idea for this thesis, a lot of time was spent seeking literature about country of origin in order to get a wider overall knowledge on the subject. Having read more on the subject, the next step was to choose the products for the research. I decided to conduct this research based on two products, pasta and pesto. The companies had to be well established in the Swedish market and their products well known. One of the companies that fulfilled these requirements was Barilla group and the other one was Zeta. It was important that these companies had connections to Italy and that they tried to use Italy as a country brand in their positioning strategy. In this way, it would be easier to focus the research on the factors that affect consumer's behaviors. More about the companies and the product choice will be found later in this chapter under section 2.5 Investigation Method.

The aim with the study is to retrieve valuable information on the social and other factors that affect consumers behavior regarding country of origin in the low involvement products, by collecting empirical data through surveys that will be filled in online by consumers and by using the theory that already exist on country of origin. Statistical methods will be employed in order to associate the empirical findings of this research to already existing theories and

hopefully it will be possible to draw some conclusions based on the patterns found. The established theories and the empirical data that will be collected and analyzed, will hopefully lead to generalized statements about the importance that country of origin has in the food industry in the Swedish market.

3.4 Theoretical reference

The theoretical reference, which is fundamental to the purpose of this thesis and has been used as a point of reference throughout the whole research process, is made up of country of origin theory, brand strategy and consumer behavior theory. The scientific articles regarding country of origin theory that have been used in order to make this research are all previewed, i.e. they have been revised by other experts and have been published in different scientific journals. Only in some exceptional cases, some of the articles concerning the expansion of the Italian food culture in the Swedish market are not previewed.
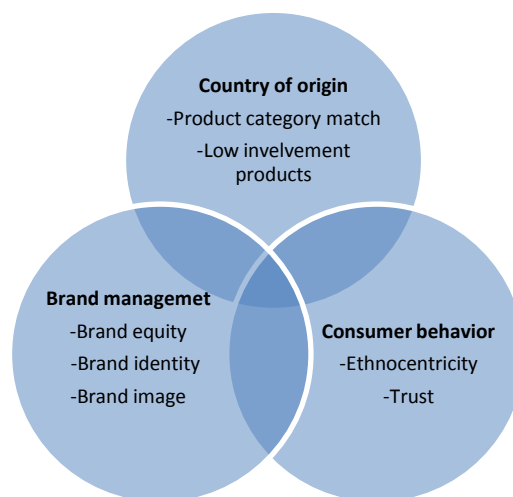
Figure 3: The reference frame of the research

3.5 Investigation method

In this section, the way the investigation was carried out is explained. In order to make it easier for the reader to follow the steps of the investigation, this section clarifies step by step the way the investigation was conducted starting with the product choice, continuing with the survey creation and finally the sample that was chosen to answer the survey.

3.5.1 The choice of products

The principal aim of this research it to understand if country of origin has any influence on consumer buying behavior when it comes to low involvement products. As it has been pointed out in the first chapter, Italian cuisine is widely known for its variety of recipes. Even though Italian cuisine is very different moving from one region to another, the one component that is found in all the regions is pasta and pesto (www.foodbycountry.com 4 may 2011).

That is, since Italy is generally associated with their cuisine, the products chosen are considered not only to reflect their Italian origin but also to represent the food sector as a whole. This resulted in two products that are representative of the country in the sense that they relate to the image that the country has abroad.

The choice of two different brands of pasta and pesto was made with an ulterior motive. Because one part of the research consists on showing how country of origin influences the branding strategy of companies, Barilla and Zeta are two companies that successfully use Italy as a country brand in positioning their products. Barilla has positioned itself in the middle segment as not too cheap not too expensive while on the other hand Zeta is all about the highest quality and obviously more expensive.

At the same time, these two companies have different stories. Barilla is founded in Italy and everything about them is typical Italian, while on the other hand, Zeta is founded in Sweden by an Italian entrepreneur Fernando Di Luca and his family. This fact is considered to be highly important for the research as we have two companies that both operate in the Swedish food industry, are positioned differently and at the same time both use Italy as country of origin in their marketing strategies in order to be successful.

3.5.2 The survey

In order to collect the empirical data a survey was created on the basis of the literature overview. The survey consists of five sections each representing an area related to the hypothesis that have been developed.

The first part of the survey consists of questions regarding the factors of brand identity and brand image. Here important and determinant factors as the reputation of the companies, product quality, features, benefits and values have been questioned regarding both of the

brands Barilla and Zeta. These factors were chosen after thoroughly having gone through the areas of brand identity and brand image.

The second part of the survey consists of questions regarding brand equity. Hopefully, the way these questions have been formulated will shed light to the perceptions that Swedish consumers have on important areas as brand associations, brand loyalty, perceived quality and brand name awareness. These questions are sorted out after having gone through the theory of brand equity and have as base the model proposed by Aaker (1997) on brand equity. This part is particularly important to investigate the relation between brand management and country of origin from a marketing point of view.

The third part of the survey consists of questions on consumer behavior. Questions about the area of consumer trust have been asked to the respondents. The important factors related to establishing consumer trust in foreign companies have been drawn out from the questions on the cultural similarities, consumer satisfaction, product attributes and goal congruence.

The fourth part of the questionnaire relates as well to consumer behavior. However, the questions asked in this part relate to consumer ethnocentrism and on how it can be a determinant factor on consumers purchasing behavior. The questions from this part of the survey are inspired from the consumer ethnocentrism scale (CETSCALE) proposed by Shimp and Sharma (1987). The CETSCALE consists of 17 questions that have to be asked to the respondents in order to evaluate the level of ethnocentricity. However I have chosen to ask only the five questions that I consider most representative. This is motivated by the limited scope of this study and the fact that this survey also includes other aspect related to country of origin apart from ethnocentricity. However I am aware that this subjective choice of five questions may have consequences for the reliability of the results.

The last part of the survey consists of questions on demographic data that are important for making the final conclusions on how the Swedish consumers behave toward foreign manufactured products. This data may be important to evaluate different segments in the population and at the same time to have a clearer picture on what the characteristics of the segments of the populations are when considering country of origin as a factor to be used in marketing strategy.

3.5.3 Why web survey

The survey was created in the form of an online questionnaire via www.thesistools.com and the link with the survey will be sent to random selection of Swedish citizens via Facebook. As the food industry involves every one of us and our everyday life, there are no special criteria of the respondents.

The advantages of creating a web survey in order to retrieve the needed data for the research are many. As for this research a quite large number of questions needed to be asked (37 in total) the web survey makes it possible to design the survey in a way that not all the questions appear in the first page and scare away the potential respondents. The web survey was divided in different pages and every page consisted of questions relevant to one category of questions as suggested by Bryman and Bell (2007).

The web pages were the surveys are created also arrange the responses that are gathered and that not only is less time consuming but at the same time the possibility of errors when processing the data will be reduced (Bryman and Bell 2007). Having created the web survey on www.thesistools.com, made it possible for me to get the data already arranged according to the categories. Structuring of the survey and the appearance could be done in many ways in order to make the survey look more appealing to the respondents.

The time limitation for conducting this research was another motive for conducting the research online through a web survey as it is faster to get a high response rate than through other ways of survey methods.

3.6 Data search

This section will clarify they way data was collected in order to conduct this study. A primary and a secondary data collection focus were employed.

3.6.1Research of the literature

In order to build the base of this study, I have searched about appropriate models and theories that would contribute to the aim of the research. These theories and models were found in some books and journals acquired from the EHL library and the research databases that Lund university library has as LibHub. Further on, internet surfing has provided an amount of valuable material that has been used in this thesis.

While this research was conducted, some books but mostly articles from different journals were found. They all treated the concept of country of origin and the importance that it has

on consumer behavior. However, almost all of them were focused on High involvement products and at the same time, not so many factors that influence consumer behaviors' were employed in the same study. I am going to use these theories and generalized assumptions that have come out from previous research in order to find out the importance of country of origin when it comes to low involvement products at the same time as more factors that influence consumer behavior will be employed in order to extend the previous research and hopefully come to a more accurate conclusion.

3.6.2 Primary data collection

The primary data that has been used in this study comes out of the surveys that have been answered by the respondents online on www.thesistools.com . The trustworthiness of the collected data can be questioned as we all are irrational human beings and that we might answer a question in one way and take the opposite action when we have to make a decision. However, the anonymity of the surveys is a quite accurate way to find out what consumers really think about the factors that influence their choices when buying food products.

3.7 Methods for the statistical analysis

This section will go through the methods used for analyzing and testing the hypotheses on the data obtained from the survey. The statistical analysis will consist in some descriptive statistics merely to give the reader a picture of the results, regression analysis and then hypothesis testing. Since the descriptive statistics are fairly basic and straight-forward they do not require any further introduction here. The areas of regression analysis and hypothesis testing, on the other hand, require a theoretical overview to give the reader an introduction to the analysis in chapter 5.

3.7.1 Regression analysis

Regression analysis investigates how an independent variable affects a dependent variable. Through quantitative analysis of a sample, one attempts to say something about the true relationship between the variables in the entire population based on the information contained in the sample. The regression is a line that is adapted in order to fit the observed data, and may look something like this:
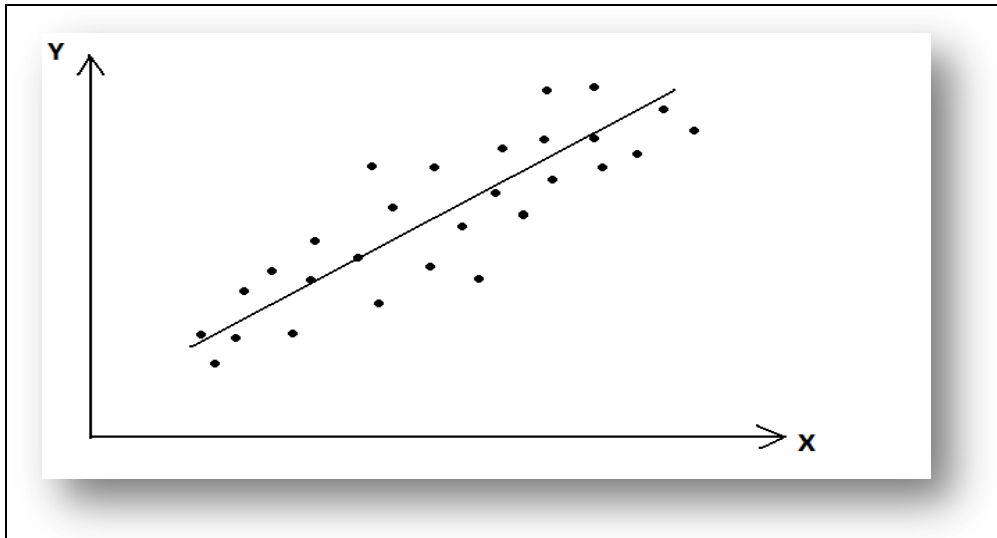
Fig 4. Example of a regression line

As can be seen from the graph, all the variation in the dependent variable cannot be explained by the fitted regression line, as many observations lie far from the line. The regression model says that the variation in the dependent variable can be described as the sum of a systematic part which is explained by theory and a part that is stochastic, i.e. random (Westerlund, 2005). The line represents the systematic part, and the random part is the distance between the observation and the regression line. A linear regression with one independent variable can be described by the following standard regression equation:

$$Y = \beta x + e$$

where β is the slope coefficient of X, meaning it explains how a unit change in X affects Y. The random part is represented by *e*, which is the error term, also called the residual. In regression analysis, we thus need an estimator that based on the information contained in the sample will estimate the slope coefficient β, which describes how X relates to Y. An estimator is a rule that decides how the regression line should be fitted to the data. One common estimator used for simple linear regressions is the ordinary least squares (OLS) estimator. The OLS estimator estimates β by choosing the β that minimizes sum of the squared error terms (Westerlund, 2005).

The results from the survey were translated into numbers and variables were created so as to be able to analyze the relationship between these variables through OLS estimation. Section 4.1 (chapter 4) describes more in detail how the variables were created from the results obtained in the survey.

3.7.2 Hypothesis testing

Hypothesis testing signifies to test predictions about the true population and the true β-value based on the information in a sample. Hypothesis testing thus determines how much evidence indicating that a certain hypothesis is true that is present in the sample used. When testing the hypothesis that there is a relationship between X and Y, one tests whether β is different from 0. For example, one can test the null hypothesis that β is zero, meaning there is no relationship between X and Y, against the alternative, double-sided hypothesis that β is different from zero, indicating that changes in X affect Y. Thus, one tests:

$$H_0: \beta = 0$$

$$H_1: \beta \neq 0$$

In hypothesis testing, the null hypothesis is either rejected or not rejected, and if it is rejected it means that the estimated β is statistically significant. In order to decide whether or not to reject the null hypothesis, one can either look at the t-statistic and see if it falls within the critical region or not, or use the p-value of the test. When looking at the p-value, the rule is to reject the null hypothesis if the p-value is smaller than the chosen level of significance for the test (Westerlund, 2005).

Generally, the significance levels of 10%, 5% and 1% are used, meaning the null hypothesis can be rejected on a 10% significance level for p-values < 0,10, on a 5% significance level for p-values < 0,05, and on a 1% significance level for p-values < 0,01. The p-value is the probability of obtaining another value of the t-statistic as extreme as the one obtained, given that the null hypothesis is true.

4 Data

In this chapter, the empirical findings of this investigation will be presented and decoded. The creation of the variables for hypothesis testing will be explained in order to make it easier for the reader to understand and interpret the results in the next chapter.

As it has been explained in the methodology chapter, the primary data needed for the research was collected through a survey made online and sent out to potential consumers. The survey was complete in a period of one week and seventy four questioners were submitted in this period. The survey was created in a webpage called www.thesistools.com, which is an internet based survey program. The survey questions are inserted in the program and the survey is posted online. After the survey was posted, the link of the webpage was sent to the respondents through Facebook and e-mails in order to direct the respondents to the survey webpage.

4.1 creating the variables

As has already been explained in the methodology chapter, the Likert scale constitutes the basis of the survey outline. The respondents answered to the questions question/statements made in the survey by grading their approval or disapproval with the question/statements by choosing one of the five alternatives from strongly disagree-disagree-neither disagree or agree-agree-strongly agree. In order for not making the respondent feel that they had to give an answer even if they were not sure of it, a sixth alternative of "Do not know" was given after each answer. During the empirical analysis the observations of "do not know" were excluded.

The independent variable is constituted by the results obtained from the question on *associations with Italy as a country of origin*. This variable was afterwards put against the proxy of each latent variable that was later created for approximately measuring *brand equity, brand identity &image* and *consumer trust*.

In the last part of the regression analysis, *ethnocentricity* is used as an independent variable and is tested against *trust* in order to see if there is a relationship between high levels of ethnocentricity in the Swedish society and the trust establishment in foreign companies.

The proxy is obtained through calculating the mean of all the questions that represent the latent variable in question for each observation. The resulting observations make up/represent the proxy (approximation) for the latent variable that needed to be calculated.

If a category of questions representing one latent variable contains for example five questions and a respondent has given one "Do not know" answer, the proxy is obtained through calculating the mean of the remaining four questions. In the case that one respondent has given more three or more "Do not know" answer in one category, this respondent's answer is eliminated for the whole category as the mean would be calculated only by two or one answer. This elimination was done in order to assure the reliability of the calculations as only one or two answers could influence the whole category. However, the answers concerning the other categories for creating the other latent variables are kept and used in other calculations.

5 Analysis and Results

In this chapter the results of the research will be presented and analyzed. The chapter is divided into three different parts, where the first section consists of descriptive statistics to summarize the main patterns of the data, the second section is where the data will be analyzed through inferential statistics techniques and finally the third part of the chapter will be dedicated to hypothesis testing.

The sample consisted of respondents from the age of 20 to 60 years old, and the average age in the sample was found to be approximately 29. The age distribution was biased as the majority of the respondents were under 30 years of age. Approximately 52% of the respondents were male and 48% were female, which shows that the answers were almost equally distributed between the genders. Approximately 91% of the respondents had a Swedish background and the remaining 9% had a foreign background. Thus, also in this case the distribution is quite satisfactory, as the Swedish society consists of almost 90% of people of Swedish background and the remaining 10% have a foreign background. The occupation of the respondents was biased in the sampled examined, as approximately 60% of the respondents were students and the rest had a different occupation.

After this first part of clarifying the demographics of the sample from the survey, the following part will be devoted to explaining and interpreting the Likert scale.

5.1 Interpreting Likert scale surveys

Before initiating the presentation and analysis of the collected data, some considerations concerning the interpretation of Likert scale surveys should be mentioned. To be able to perform statistical analysis on the results from these types of surveys, the collected answers ranging from *strongly disagree* to *strongly agree* are usually decoded into numbers, ranging from 1 to 5. Before working with these numbers, a decision must be made as to whether to treat them as belonging to an interval or ordinal scale. Likert scale responses decoded into numbers are generally treated as ordinal scales, meaning the numbers are interpreted according to their ordinal relation to each other, so that the number 5 indicates that the respondent is more in agreement with the statement than a respondent who has answered 4, for example. In interval scales, on the other hand, there is an equal distance between all the numbers in the scale, which may not always be the case in the Likert scale framework.

This study treats the decoded answers as ordinal in the section dealing with descriptive statistics. In the regression analysis, on the other hand, it makes sense to treat the numbers as belonging to an interval scale, as this is necessary to be able to estimate the results. However, it should be kept in mind when considering the results in the regression analysis that it may be difficult to define exactly what a unit increase in any of the variables actually means in reality. How can one actually measure a unit change, for example from strongly agree (5) to agree (4) in reality? It is important to have this problem in mind when drawing conclusions based on the results. Thus, the treatment of the survey answer numbers as belonging to an interval scale serves the purpose of enabling a regression analysis, through which the relationship between the variables can be estimated. However, the exact magnitude of the estimated effects may be subject to discussion, for the reason mentioned above.

5.2 Descriptive statistics

This section will present the empirical findings by means of some descriptive statistics, in order to give the reader a good overview of the results obtained in the survey and illustrate the main patterns in the data. The purpose of this part is thus to summarize some of the characteristics that distinguish the collected data, while the full results from the survey will instead be enclosed in the appendix, since a complete presentation of all the results is not warranted here due to the vast volume of the survey results. As mentioned in the previous paragraph, the Likert scale outline requires some caution concerning the interpretation of the results. When applying descriptive statistics on Likert scale results, it is common to report the mode value, i.e. the most frequent answer, rather than the mean value, since a mean value of for example 3, 2 would not have the same straightforward interpretation as it would in a context with quantitative, continuous variables. Thus, in this section the mode values will be presented in order to provide an overview of the survey results. However, mean values will still be considered useful in the part of the statistical analysis dealing with regressions, where they will be used to create proxy variables from the survey responses. The table below reports the mode values for each section of question, that is, the most frequent answer observed in the total answers received to *all* questions within one section of questions (e.g. within *brand identity & image*). This is done in order to summarize the results more briefly in the hope of making the overview more manageable and easier to grasp. It also makes sense to calculate total mode values in this manner since all the questions within a specific section relate to the same latent variable and are asked in a way that the Likert scale always points in

the same direction, i.e. number 5 (strongly agree) always indicates a positive attitude towards the latent variable.

Question	Mode value (Barilla)	Mode value (Zeta)	Mode value (Total)
Brand identity & image	4	4	4
Brand equity	5	5	5
Consumer trust	3	3	3

Question	
Ethnocentricity	1

Table 1: Mode values

As it can be seen in table 1, the answers to the questions on brand identity and image has 4 as mode, meaning that the most frequent answer from the respondents was that they agreed with the questions/statements made to them on how they perceived the image and the identity of this two brands. Table 1 also shows that the answers to the questions on brand equity has 5 as mode, meaning that the most frequent answer from the respondents was that they strongly agreed with the questions/statements made them on the factors of brand equity. The third row of table 1 shows that the answers to the questions/statements made to the respondents on trust establishment had 3 as mode, meaning that the most frequent answer from the respondents on the questions regarding trust establishment in foreign companies was that they neither disagreed nor agreed.

Having presented the most frequent answers within each subsection, it could also be interesting to get an idea of the distribution of the answers within each section for both Barilla and Zeta.
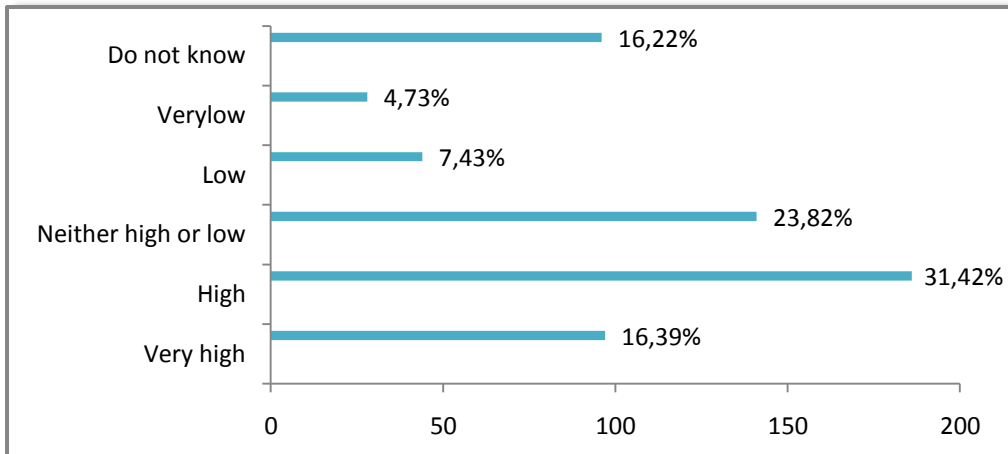
Diagram 1: Distribution of answers concerning Barilla on brand identity & image

As can be seen in diagram 1, most of the respondents showed a positive attitude toward questions relating brand identity & image, namely on reputation, product quality, product attributes and received values. The second most common answer was that respondents neither disagreed nor agreed with the statements/questions regarding Barilla.

Diagram 2: Distribution of answers concerning Zeta on brand identity & image

Diagram 2 shows the distribution of answers on brand identity & image concerning Zeta and as can be seen even here the respondents showed a positive attitude toward questions relating brand identity & image. The second most frequent answer was that respondents neither perceived as high nor low the attributes of this brand. Direct after the second most frequent answer we can find the respondents that perceived as very high the attributes of this brand.
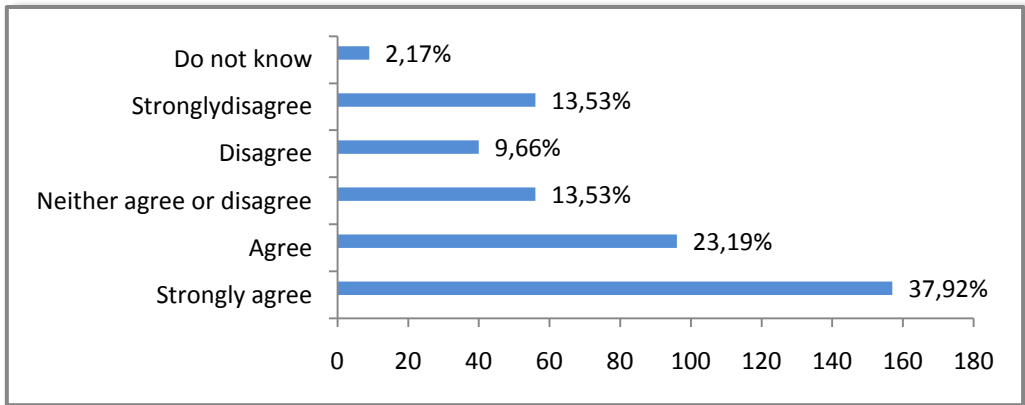
Diagram 3: Distribution of answers concerning Barilla on brand equity

As can be seen in diagram 3, most of the respondents showed a positive attitude toward questions relating brand equity, namely on brand loyalty, perceived quality and brand name awareness. The second most frequent answer was that respondents agreed to the questions/statements regarding Barilla.

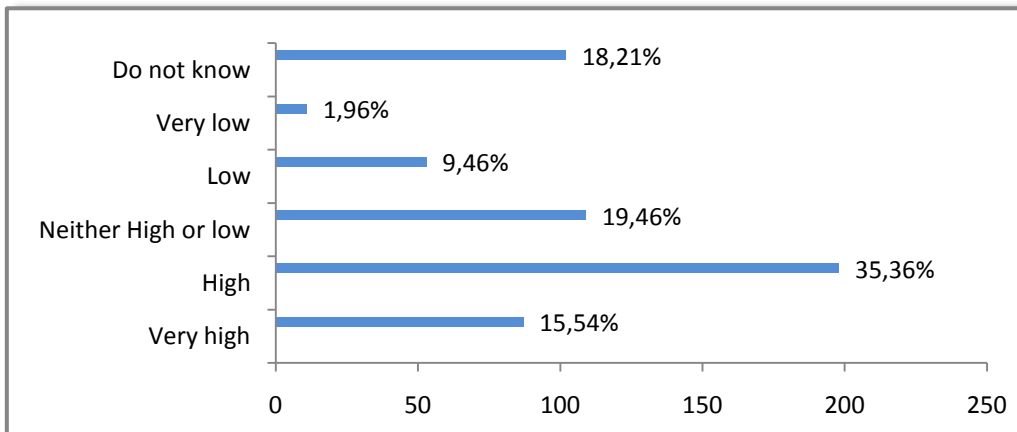**Diagram 4: Distribution of answers concerning Zeta on brand equity**

Diagram 4 shows the distribution of answers on brand equity concerning Zeta and as can be seen also in this case the respondents showed a positive attitude toward questions concerning brand equity. The second most frequent answer was that the respondents agreed with the questions/statements made on this brand.
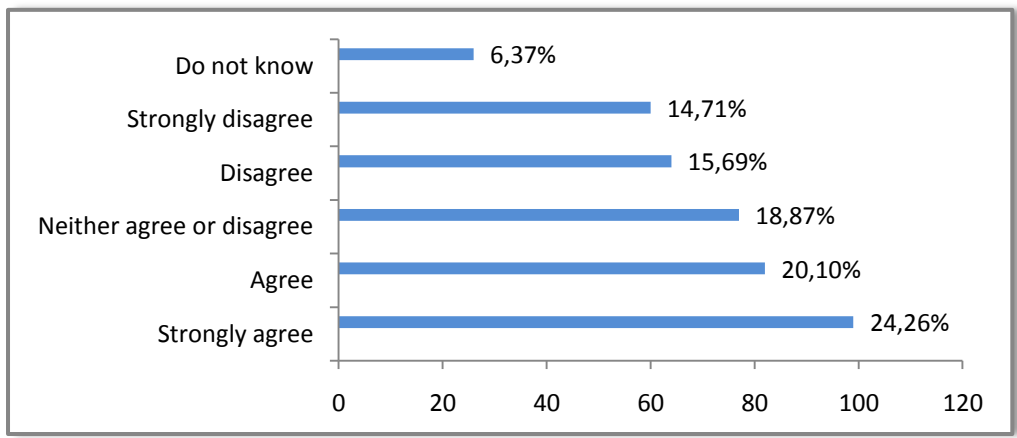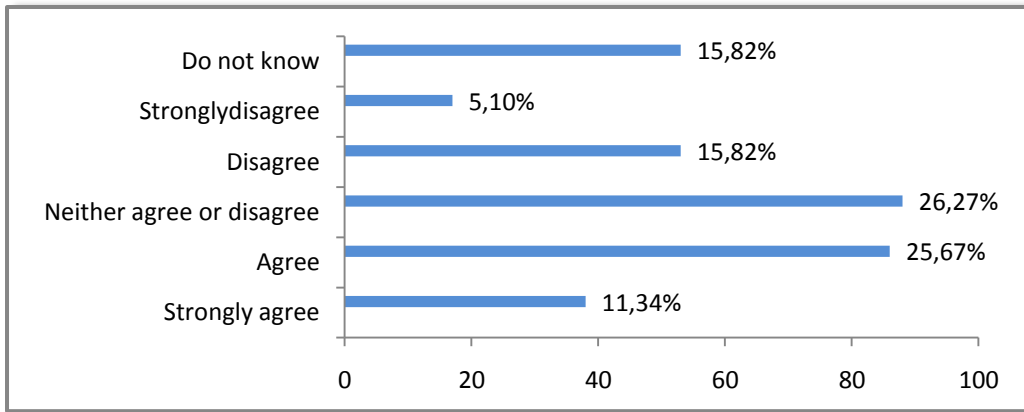
Diagram 5: Distribution of answers concerning Barilla on establishing consumer trust

As can be seen in diagram 5, most of the respondents showed a positive in questions relating trust establishment. The second most frequent answer to questions/statements made on consumer trust, namely on consumer satisfaction, product attributes goal congruence and cultural similarities was that the respondents agreed with the questions/statements.

Diagram 6: Distribution of answers concerning Zeta on establishing consumer trust

Diagram 6 shows the distribution of answers concerning Zeta on trust establishment and as can be seen also in this case the respondents showed a positive attitude towards questions/statements on consumer trust. The second most frequent answer is that respondents agreed with the questions/statements made on consumer trust.
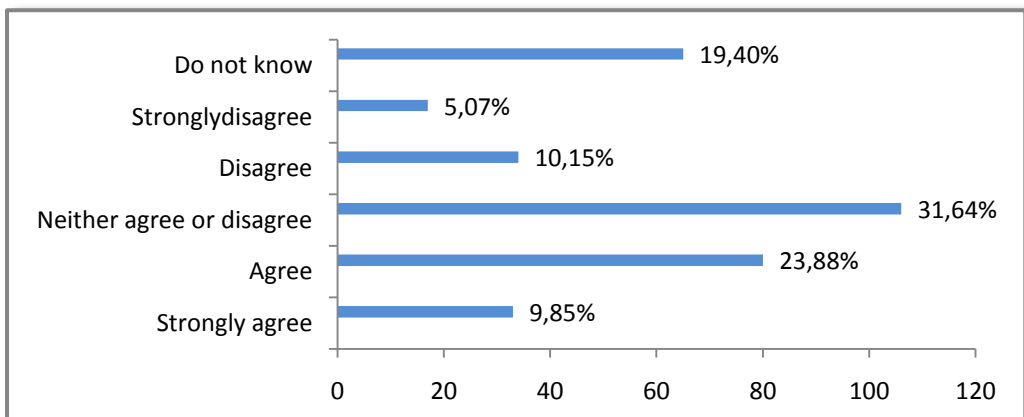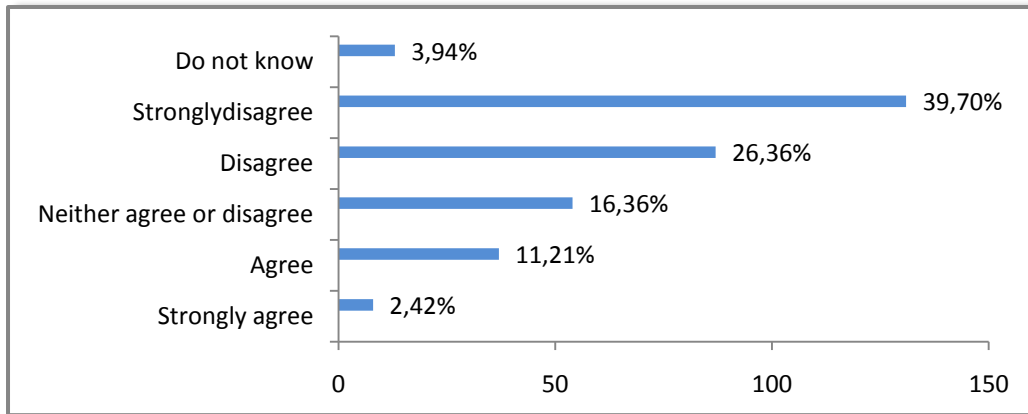
Diagram 7: Distribution of answers concerning the ethnocentricity level in the sample

This last diagram of the series on the distribution of the answer that came out of the research concerns the ethnocentricity aspect. As can be seen in diagram 7 the second most frequent answer was that consumer disagreed with the questions/statements that were made on ethnocentricity. This shows that the level of the ethnocentrism in the sample examined was very low.

For more information on the distribution of answers for each question and not only for every category, you may refer to appendix 1 at the end of the thesis.

Having presented the basic descriptive statistics for the data obtained from the survey, the next section will be devoted to inferential statistics in order to make judgments on the sample examined.

5.3 Results from the regression analysis

This section reports the results from the regressions on the data

Barilla

Independent variable	Dependent variable	Intercept	p-value (intercept)	β coefficient	p-value (β coefficient)	R^2
Association with COO	Brand identity & image	3.214487 (16.78)	0.000	0.1153356 (2.31)	0.022	0.0426
Association with COO	Brand equity	2.588778 (12.75)	0.000	0.2293224 (4.32)	0.000	0.1265
Association with COO	Trust	2.733843 (14.09)	0.000	0.1516022 (2.99)	0.003	0.0699
Ethnocentricity	Trust	3.15332 (18.64)	0.000	0.0626698 (0.81)	0.418	0.0058

Table 2: Regression results for Barilla and Zeta combined

Starting with the first row of table 1, we have as an independent variable *association with country of origin* and as a dependent variable *brand Identity & image*. As can be seen, the resulting β-value is approximately 0, 115, and has a p-value of 0, 022 meaning it is significant on a 5% level of significance. In other words, a one unit increase in the variable *association with country of origin* causes *brand identity & image* (the y-variable) to increase by 0, 115 times the unit increase in *association with country of origin*. The significant β-value is thus different from zero and positive, suggesting some kind of positive relationship between *association with country of origin* and *brand identity & image*. The R^2 value, which is an indicator of how much of the variation in the dependent variable that can be explained by variations in the independent variable, is 0, 0426, meaning that approximately 4% of the variation in *brand identity & image* can be explained by variations in *association with country of origin*. Thus, the R^2 value is fairly low, when considering that it should take on a value between 0 and 1, where 1 means that *all* the variation in Y is explained by the X-variable. However, at the same time, within marketing and brand management, it seems reasonable that a large amount of variables are at work simultaneously and together influence a variable such as *brand identity & image,* so perhaps one should not expect too high R^2 values from one single x-variable.

As for the relationship between *association with country of origin* and *brand equity*, the β coefficient is approximately 0, 23 and significant on a 5% level of significance. In fact, seeing as the p-value if 0, 00, it is significant even on a 1% significance level. This is a bit higher than the slope coefficient in the previous case, suggesting that *association with country of origin* has an even larger effect on *brand equity*. The R^2-value in this case is 0, 1265, suggesting that variations in the variable *association with country of origin* explains approximately 13% of the variation in *brand equity*.

In the relationship between *association with county of origin* and *trust,* the β coefficient is approximately 0, 152 and has a p-value of 0, 003 meaning that it is significant on a 1% level of significance. In other words, a one unit increase in the variable of *association with country of origin* would cause *trust* (the y-variable) to increase by 0, 152 times the unit increase in *association with country of origin.* The R^2 –value is in this case 0, 0699 and suggests that variations in the variable *associations with country of origin* explain approximately 7% of the variation in *trust.*

As for the last row of the table 1, we have as independent variable *ethnocentricity* and as a dependent variable *trust.* In this case the results show that in the relationship between

ethnocentricity and *trust,* the β coefficient is approximately 0, 063 and has a p-value of 0, 418 meaning that the result is not significant on a 10% significance level.

Barilla

Independent variable	Dependent variable	Intercept	p-value (intercept)	β coefficient	p-value (β coefficient)	R^2
Association with COO	Brand identity & image	2.881095 (8.00)	0.000	0.1708353 (2.03)	0.047	0.0596
Association with COO	Brand equity	2.636531 (7.48)	0.000	0.2167687 (2.63)	0.011	0.0938
Association with COO	Trust	2.469786 (6.76)	0.000	0.2048113 (2.41)	0.019	0.0870
Ethnocentricity	Trust	1.735527 (3.15)	0.003	0.0998256 (0.61)	0.541	0.0063

Table 3: Regression results for Barilla

Table 2 shows the results of the regression analysis only for Barilla. Same as in table 1, in the first row we have as independent variable *associations with country of origin* and as a dependent variable *brand identity & image*. As it can be seen the β value is approximately 0, 171 and has a p-value of 0, 047 meaning that it is significant on a 5% level of significance. In other words, a one unit increase in the variable of *association with country of origin* would cause *Brand identity & image* (the y-variable) to increase by 0, 171 times the unit increase in *association with country of origin.* The R^2 –value is in this case 0, 0596 and suggests that variations in the variable *associations with country of origin* explain approximately 6% of the variation in *brand identity & image.*

As for the relationship between *associations with country of origin* and *brand equity*, the β coefficient is approximately 0, 217 and has a p-value of 0, 011 meaning that it is significant on a 5% level of significance. It means in other words that a one unit increase in the variable of associations *with country of origin* associations would cause *brand equity* (the y-variable) to increase by 0, 217 times the unit increase in *associations with country of origin.* The R^2 – value is in this case 0, 0938 and suggests that variations in the variable *associations with country of origin* explain approximately 9% of the variation in *brand equity.*

In the relationship between *associations with country of origin* and *trust*, the β coefficient is approximately 0, 205 and has a p-value of 0, 019, meaning it is significant on a 5% level of

significance. In other words a one unit increase in the variable of *associations with country of origin* would cause *trust* (the y-variable) to increase by 0, 205 times the unit increase in *associations with country of origin*. The R^2 –value is in this case 0, 0870 and suggests that variations in the variable *associations with country of origin* explain approximately 9% of the variation in *trust.*

In the last row of table 2, we have as independent variable *ethnocentricity* and as a dependent variable *trust*. As it can be seen the β coefficient is approximately 0, 0998 and has a p-value of 0, 541 meaning that the result is not significant on a 10% significance level.

Zeta

Independent variable	Dependent variable	Intercept	p-value (intercept)	β coefficient	p-value (β coefficient)	R^2
Association with COO	Brand identity & image	3.150382 (13.24)	0.000	0.1774832 (2.41)	0.019	0.0989
Association with COO	Brand equity	2.547814 (8.75)	0.000	0.0896768 (0.008)	0.065	0.1102
Association with COO	Trust	2.78607 (10.75)	0.000	0.1490982 (1.86)	0.068	0.0583
Ethnocentricity	Trust	3.116054 (12.18)	0.000	0.0553447 (0.46)	0.646	0.0041

Table 4: Regression results for Zeta

Table 3 shows the results of the regression analysis only for Zeta. As in table 1 and table two we have in the first row as independent variable *associations with country of origin* and as dependent variable *brand identity & image*. As it can be seen the β value is approximately 0, 177 and has a p-value of 0, 019 meaning that it is significant on a 5% level of significance. It means in other words that a one unit increase in the variable of *associations with country of origin* would cause *brand identity & image* (the y-variable) to increase by 0, 177 times the unit increase in *associations with country of origin*. The R^2 –value is in this case 0, 0989 and suggests that variations in the variable *associations with country of origin* explain approximately 10% of the variation in *brand identity & image.*

In the relationship between *associations with country of origin* and *brand equity*, the β coefficient is approximately 0, 0897 and has a p-value of 0, 065 meaning that the result is

significant on a 10% level of significance. It means in other words that a one unit increase in the variable of *associations with country of origin* would cause *brand equity* (the y-variable) to increase by 0, 0897 times the unit increase in *associations with country of origin*. The R^2 – value is in this case 0, 1102 and suggests that variations in the variable *associations with country of origin* explain approximately 11% of the variation in *brand equity*.

As for the relationship between *associations with country of origin* and *trust*, the β value is approximately 0, 149 and has a p-value of 0, 068 meaning that the result is significant on a 10% level of significance. It means in other words that a one unit increase in the variable of *associations with country of origin* would cause *trust* (the y-variable) to increase by 0, 149 times the unit increase in *associations with country of origin*. The R^2 –value is in this case 0, 0583 and suggests that variations in the variable *associations with country of origin* explain approximately 6% of the variation in *trust.*

In the last row of table 3 we have as independent variable ethnocentricity and as a dependent variable trust. As it is shown in the table, the β coefficient is approximately 0, 0553 and has a p-value of 0, 646 meaning that it is not significant on a 5% level of significance.

For more information on the data obtained from the regression analysis made on Stata, you may refer to appendix number 2 at the end of the thesis.

These results obtained in the regression analysis which have been interpreted in this section will in the following section be used for testing the hypotheses that constitute the aim of this study.

5.4 Hypothesis Testing

While the results from regressing the different variables against the independent variables *association with country of origin* and *ethnocentricity* have already been reported and briefly commented on in the above section, this section will specifically relate the results obtained to the hypotheses set out in the theory chapter (chapter 2). Thus, this section is where the results from the quantitative analysis are linked to the hypotheses inspired by marketing theory through statistical hypothesis testing. The beta coefficients and p-values reported above together make up the basis for whether the hypotheses will be rejected or not.

Testing of the first hypothesis:

Hypothesis 1: Positive associations with a country of origin will positively influence the brand equity and thus strengthen the brand.

$$Y = \alpha + \beta X + e$$

In the formula Y represents *brand equity* and X represents *associations with country of origin*.

$$H_0: \beta = 0$$

$$H_1: \beta \neq 0$$

In the first regression, the one combining Barilla and Zeta together (results shown in table 1), β coefficient is approximately 0, 223 and has a p-value of 0, 000. Thus, there is a statistically significant relationship between *associations with country of origin* and *brand equity*. The null hypothesis is rejected. It is worth noticing, once again, that it is significant even on a 1% level of significance.

In the second regression, the one concerning only Barilla (results shown in table 2), β coefficient is approximately 0, 217 and has a p-value of 0, 011. The null hypothesis is rejected on a 5% significance level. Thus, there is a statistically significant relationship between *associations with country of origin* and *brand equity*.

In the third regression, the one concerning only Zeta (results shown in table 3), β coefficient is approximately 0, 0897 and has a p-value of 0, 065. The null hypothesis is rejected on a 10% significance level. Thus, there is a statistically significant relationship between *associations with country of origin* and *brand equity*.

Thus, both in the case of the total observations for both Barilla and Zeta as well as in the case with only Barilla and only Zeta, the null hypothesis of no relationship between the variables is rejected.

Testing of the second hypothesis:

Hypothesis **2:** Positive associations with a country of origin will positively influence the brand identity and the brand image and thus contribute in strengthening the brand itself.

$$Y = \alpha + \beta \times X + e$$

In the formula Y represents *brand identity & image* and X represents *associations with country of origin*.

$$H_0: \beta = 0$$

$$H_1: \beta \neq 0$$

In the first regression, the one combining Barilla and Zeta together (results shown in table 1), β coefficient is approximately 0, 115 and has a p-value of 0, 022. The null hypothesis is rejected on a 5% level of significance. Thus, there is a statistically significant relationship between *associations with country of origin* and *brand identity & image*.

In the second regression, the one concerning only Barilla (results shown in table 2), β coefficient is approximately 0, 171 and has a p-value of 0, 047. The null hypothesis is rejected on a 5% level of significance. Thus, there is a statistically significant relationship between *associations with country of origin* and *brand identity & image*.

In the third regression, the one concerning only Zeta (results shown in table 3), β coefficient is approximately 0, 177 and has a p-value of 0, 019. The null hypothesis is rejected on a 5% level of significance. Thus, there is a statistically significant relationship between *associations with country of origin* and *brand identity & image*.

Thus, both in the case of the total observations for both Barilla and Zeta as well as in the case with only Barilla and only Zeta, the null hypothesis of no relationship between the variables is rejected.

Testing of the third hypothesis:

Hypothesis 3: Association of a product with its country of origin will increase consumer trust in the foreign company.

$$Y = \alpha + \beta \times X + e$$

In the formula Y represents *Consumer trust* and X represents *associations with country of origin*.

$$H_{0:}\ \beta = 0$$

$$H_{1:}\ \beta \neq 0$$

In the first regression, the one combining Barilla and Zeta together (results shown in table 1), β coefficient is approximately 0, 152 and has a p-value of 0, 003. In this case the null hypothesis is rejected even on a 1% level of significance. Thus, there is a statistically significant relationship between *associations with country of origin* and *consumer trust*.

In the second regression, the one concerning only Barilla (results shown in table 2), β coefficient is approximately 0, 205 and has a p-value of 0, 019. The null hypothesis is rejected on a 5% level of significance. Thus, there is a statistically significant relationship between *associations of country of origin* and *consumer trust*.

In the third regression, the one concerning only Zeta (results shown in table 3), β coefficient is approximately 0, 149 and has a p-value of 0, 068. In this case the null hypothesis is rejected on a 10% level of significance. Thus, there is a statistically significant relationship between *associations with country of origin* and *consumer trust*.

Thus, both in the case of the total observations for both Barilla and Zeta as well as in the case with only Barilla and only Zeta, the null hypothesis of no relationship between the variables is rejected.

Testing of the fourth hypothesis:

Hypothesis 4: Low levels of ethnocentricity in a society will positively influence consumers trust in foreign companies and thus contribute in strengthening the foreign brand.

$$Y = \alpha + \beta \times X + e$$

In the formula Y represents *Consumer trust* and X represents *consumer ethnocentricity in the Swedish society*.

$$H_{0:} \beta = 0$$

$$H_{1:} \beta \neq 0$$

In the first part of the study, the one combining Barilla and Zeta together (results shown in table 1), β coefficient is approximately 0, 063 and has a p-value of 0, 418. Therefore, the null hypothesis cannot be rejected, not even on a 10% significance level. Thus, no statistically significant relationship between *consumer ethnocentricity* and *consumer trust* was found in the sample tested.

In the second part of the study, the one concerning only Barilla (results shown in table 2), β coefficient is approximately 0, 0998 and has a p-value of 0, 541. Therefore, the null hypothesis cannot be rejected, not even on a 10% significance level. Thus, no statistically significant relationship between *consumer ethnocentricity* and *consumer trust* was found in the sample tested.

In the third part of the study, the one concerning only Zeta (results shown in table 3), β coefficient is approximately 0, 0553 and has a p-value of 0, 646. Therefore, the null hypothesis cannot be rejected, not even on a 10% significance level. Thus, no statistically significant relationship between *consumer ethnocentricity* and *consumer trust* was found in the sample tested.

Thus, both in the case of the total observations for both Barilla and Zeta as well as in the case with only Barilla and only Zeta, the null hypothesis of no relationship between the variables cannot be rejected.

6 Discussion

This last and concluding chapter summarizes the results of the research and elaborates the marketing implications suggested by this study. A proposition for further research is also presented at the end of this discussion chapter.

This research deals with the importance of country of origin in low involvement products in the Swedish market. The relevant theories on country of origin, branding and consumer behavior theories have been exploited in order to lay the foundations for the development of hypotheses.

Four hypotheses were tested in this study, and the first three were supported by the results of the regression analysis. The fourth hypothesis, the one concerning the effects that consumer ethnocentricity has on establishing consumer trust in foreign companies could not be found to be statistically significant in the sample tested. This might be explained by the fact that the independent variable *ethnocentricity* was not adequately captured by the five selected questions from CETSCALE proposed by Shimp and Sharma (1978). While the CETSCALE consists of seventeen questions, this study used only five of those since the effects of ethnocentricity were not the central point of this study. Thus, including all seventeen questions proposed by the CETSCALE could have resulted in too long a survey since the survey already included a large amount of questions relating to country of origin effects on branding and trust. The arbitrary choice of these five questions out of seventeen may have resulted in a failure to capture the effects of ethnocentricity properly.

However, H1, H2 and H3 were supported by the results, suggesting that country of origin plays a role in the consumers' evaluations of these two food products. The first hypothesis, which concerned the relationship between county of origin and brand equity, was strongly supported (significant on a 1% level of significance) in the case of the regression concerning Barilla and Zeta together. It was also supported in the regression made only on the data concerning Barilla (significant on a 5% level of significance). As for the case of Zeta, the first hypothesis was weakly supported (significant only on a 10% level of significance) by the results. Altogether, these results indicate that associations with a country of origin for a low involvement product could indeed influence the brand equity, in accordance with the prediction made.

The second hypothesis, which concerned the effects of country of origin on brand identity & image, was supported both in the case of the regression analysis concerning both Barilla and Zeta together, as well as in the cases of Barilla and Zeta separately (all significant on a 5%

level of significance). Thus, the prediction made in the second hypothesis, that positive associations with a country of origin of low involvement products would have positive effects on brand identity & image was supported by the survey results.

Also in the case of the third hypothesis, which concerned the effects of country of origin in establishing trust in foreign companies, it was strongly supported in the case of Barilla and Zeta together (significant on a 1% level of significance) as well as in the case with only Barilla (significant on a 5% level of significance). As for the case of Zeta, this third hypothesis was weakly supported by the results (significant only a 10% level of significance).

Regarding the extent to which country of origin influences brand equity, brand identity & image and consumer trust in foreign companies, this could be object to further discussion, as it is difficult to say exactly what a unit increase in associations with a country of origin would really mean (e.g. from *strongly disagree* to *agree*). However, the significant results, i.e. the significant beta coefficients of these regressions still suffice for a general picture of the relationship between the variables to emerge: based on the sample tested, there is evidence of a significant, positive relationship between them. In the case of the regression involving data on the two companies Barilla and Zeta combined, the associations with Italy as a country of origin had the strongest influence on brand equity. When it comes to the magnitude of the effect, trust establishment comes directly after brand equity, followed by brand identity & image. This makes sense, as brand identity & image influence the trust establishment with the foreign brand. The better the identity & image of a company, the higher the probability of trust establishment between company and customer. At the same time, both trust in a company or a brand, and a positive identity & image of a brand as perceived by the customers, would result in higher brand equity.

International marketing implications

This research shows that country of origin of a low involvement product does play a role in the Swedish food industry, and its effects are clearly seen in the results. First of all, Swedish consumers show a positive attitude towards these two products that have Italy as country of origin. This shows that the Swedish consumers have a favorable match with Italy when it comes to the food industry. This is important, as it shows that country of origin can be used in this product category. Marketers that work with this product category (low-involvement) in the Swedish market can benefit from this research and use country of origin in their marketing strategies.

Barilla, as a well-known Italian brand, uses country of origin in their marketing strategy by integrating it in almost everything they do and, as showed by the results, this was in most cases positively associated with the pasta product. In the case of Zeta, a Swedish founded company, the association of its product with Italy was also perceived positively. This shows once again the effects of Italy as a country of origin in this product category. These findings add a new dimension to the theory of country of origin, as not only companies that manufacture their products in a specific country can benefit from the effects of country of origin, but also companies established elsewhere, can successfully use the origin of another country in their marketing strategy as in the case of Zeta.

More specifically, the results of this study suggest that country of origin affects branding and consumer trust in foreign companies. As for the effects that country of origin of a product has on branding, the results support the notions that country of origin has an effect both on brand identity & image as well as on the brand equity. Marketers that work for companies dealing with products that originate from other countries should first of all incorporate country of origin in their brand identity.

The relation between the brand and the country of origin should be clear in the eyes of brand managers, in order to later create the brand image in the eyes of the consumers. As indicated by the results, low involvement food products that incorporate Italy as a country of origin are seen favorably in the eyes of the Swedish consumer s, showing the effects of country of origin on brand identity & image within this branch of products. This is by no means specifically related only to Italy or to these two products. On the contrary, marketers worldwide could use these findings for other food products originating from other countries.

In addition, this study suggests that country of origin also has an effect on the total brand equity of low involvement food products on the Swedish market. The results show that Swedish consumers relate positively to food brands that have Italy as a country of origin. The fact that the effects of country of origin are supported in the case of Barilla and, most importantly, in the case of Zeta (as it is a company founded in Sweden) show the potential of country of origin as a means of increasing the brand equity of a low involvement food product in the Swedish market. Once again, this shows the opportunity for marketers and brand managers to incorporate country of origin in their marketing strategies.

The last important finding of this research is that country of origin does not exclusively affect branding but, in addition, it also affects the trust establishment in foreign companies. The results show that there was a positive relationship between the associations of these two

food products (pasta and pesto) with Italy, as well as with the trust that the consumers placed in these two brands (Barilla and Zeta). This is an important implication for marketers, as it is relatively difficult for foreign companies to establish trust in foreign markets due to cultural differences. Country of origin may in this case assist in the process of trust establishment when integrated in the marketing strategies.

However, it should be kept in mind that, before deciding to incorporate country of origin in the marketing strategies of international companies in foreign markets, a study must first be done on the country image and on how the specific country of origin is seen in the eyes of potential customers. This study suggests that Italy, used as the country of origin by these two food companies, has positive effects on the perceptions of these products in the eyes of the Swedish consumers. However, it cannot be generalized that Italy would have positive effects in other low involvement branches. Therefore, marketers should firstly understand the targeted consumers' perceptions of the country of origin of their products, and if shown to be positive, combine it with a research of the branch where they operate.

Finally, it can be said that country of origin does play a role in low involvement food products in the Swedish market and the potentials for incorporating country of origin can be generalized for other countries and for other branches as long as the country image is seen as favorable in the eyes of the consumers within that particular branch. As many of the companies originate from one country, produce in another country and maybe sell in yet another one, the aspect of incorporating country of origin in the marketing strategies may be crucial when companies try to differentiate and position themselves in new markets.

Further research

The internationalization of markets has given companies the opportunity to operate in more than one country. This is why country of origin theory has come to play a determinant role in positioning and differentiation strategies that companies use. As explained in this thesis, much research has been done within the area of high involvement products while far less has been done within the area of low involvement products. Therefore, it would be highly interesting to explore this area even more.

One idea for further research would be to conduct the same study as in this thesis, but to incorporate more countries in the study. Moreover, the aspect of ethnocentricity that unfortunately was not found to have a significant effect in this study could be further

explored, and tested against the variables of branding, trust and country of origin. Asking all the questions proposed by the CETSCALE could be a determinant factor for getting significant values. Another suggestion would be the inclusion of a sample that is larger than the one used in this study, as that would be more representative of the Swedish society and give more efficient estimates. This research could also be replicated in other branches of low involvement products, in order to see if the generalized conclusions resulting from this research are applicable in other areas as well.

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Appendix 1.

1. Empirical data

What is according to you the reputation of this brand (Barilla) compared to an equivalent Swedish brand?

1		0 (0 %)
2		1 (1.39 %)
3		9 (12.5 %)
4		34 (47.22 %)
5		26 (36.11 %)
Reputation (Do not know)		2 (2.78 %)
n	=	72

\# 72

2.

According to you, is the quality of this brand (Barilla) low or high compar...
Product quality (Low - High)

1		0 (0 %)
2		1 (1.39 %)
3		9 (12.5 %)
4		40 (55.56 %)
5		20 (27.78 %)
Product quality (Do not know)		3 (4.17 %)
n	=	72

\# 73

3.

According to you, are the benefits that you retrieve from this product (Bar...
Benefits (Low - High)

1		5 (6.85 %)
2		3 (4.11 %)
3		24 (32.88 %)
4		27 (36.99 %)
5		13 (17.81 %)
Benefits (Do not know)		1 (1.37 %)
n	=	73

\# 73

4.

According to you, are this products features low or high compared to an equ...
Safe (Low - High)

1		1 (1.39 %)
2		1 (1.39 %)
3		21 (29.17 %)
4		21 (29.17 %)
5		13 (18.06 %)
Safe (Do not know)		17 (23.61 %)
n	=	72

\# 74

5.

According to you, are this products features low or high compared to an equ...
Fresh (Low - High)

1		0 (0 %)
2		7 (10 %)

3		19 (27.14 %)
4		25 (35.71 %)
5		11 (15.71 %)
Fresh (Do not know)		8 (11.43 %)

n = 70
# 70

6.

According to you, are this products features low or high compared to an equ...
Fair trade (Low - High)

1		10 (14.08 %)
2		14 (19.72 %)
3		20 (28.17 %)
4		2 (2.82 %)
5		0 (0 %)
Fair trade (Do not know)		25 (35.21 %)

n = 71
# 71

7.

According to you, are this products features low or high compared to an equ...
Organic (Low - High)

1		10 (14.29 %)
2		17 (24.29 %)
3		17 (24.29 %)
4		6 (8.57 %)
5		0 (0 %)
Organic (Do not know)		20 (28.57 %)

n = 70
# 70

8.

According to you, is the value that the brand gives you low or high compare...
Value (Low - High)

1		2 (2.74 %)
2		0 (0 %)
3		22 (30.14 %)
4		31 (42.47 %)
5		14 (19.18 %)
Value (Do not know)		4 (5.48 %)

n = 73
# 73

9.

What is according to you the reputation of this brand compared to an equiva...
Reputation (Low - High)

1		0 (0 %)
2		3 (4.41 %)
3		11 (16.18 %)
4		38 (55.88 %)
5		13 (19.12 %)
Reputation (Do not know)		3 (4.41 %)

n = 68
# 68

10.

According to you, is the quality of this product low or high compared to an...
Product quality (Low - High)

1		0 (0 %)
2		2 (2.9 %)
3		12 (17.39 %)
4		29 (42.03 %)
5		21 (30.43 %)
Product quality (Do not know)		5 (7.25 %)
n	=	69

69
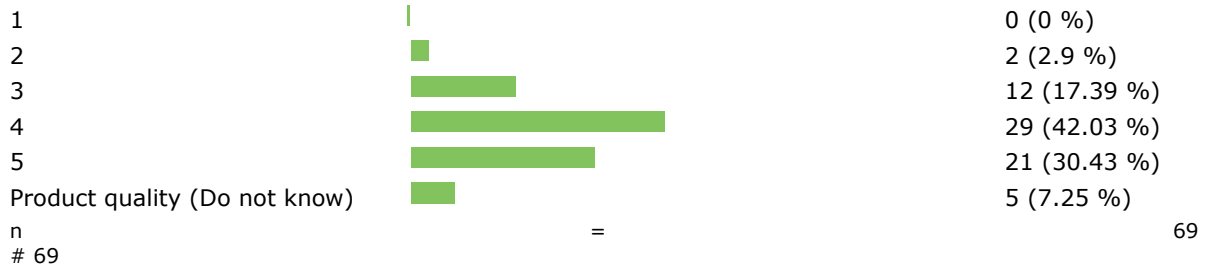
11.

According to you, are the benefits that you retrieve from this product(Zeta...
Benefits (Low - High)
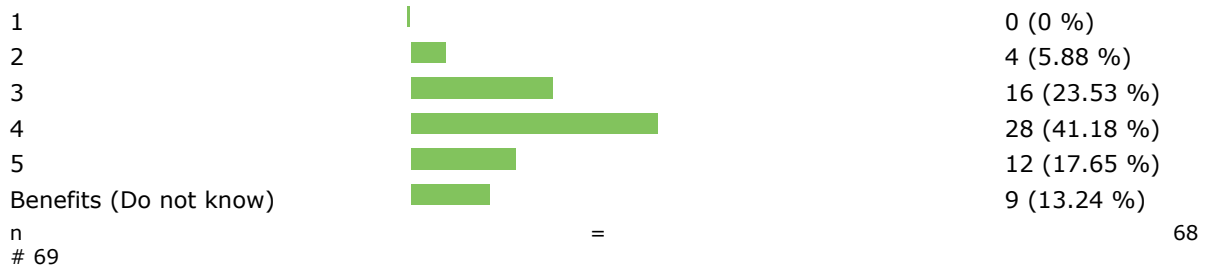
1		0 (0 %)
2		4 (5.88 %)
3		16 (23.53 %)
4		28 (41.18 %)
5		12 (17.65 %)
Benefits (Do not know)		9 (13.24 %)
n	=	68

69

12.

According to you, are this products features low or high compared to an equ...
Fresh (Low - High)

1		0 (0 %)
2		5 (7.25 %)
3		10 (14.49 %)
4		30 (43.48 %)
5		13 (18.84 %)
Fresh (Do not know)		12 (17.39 %)
n	=	69

70

13.

According to you, are this products features low or high compared to an equ...
Organic (Low - High)

1		2 (2.9 %)
2		16 (23.19 %)
3		16 (23.19 %)
4		12 (17.39 %)
5		7 (10.14 %)
Organic (Do not know)		16 (23.19 %)
n	=	69

69
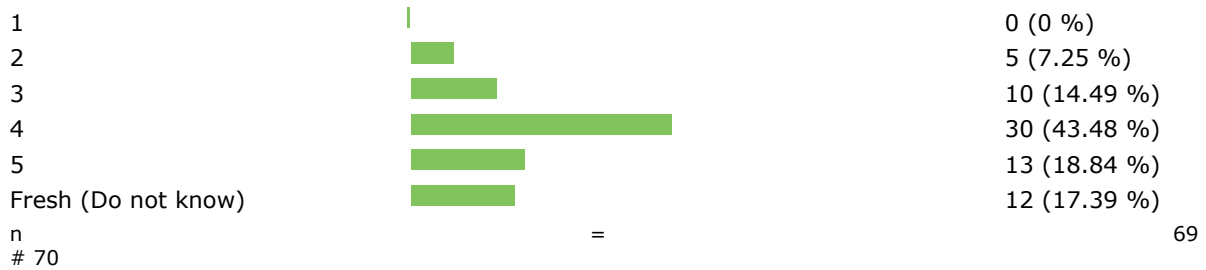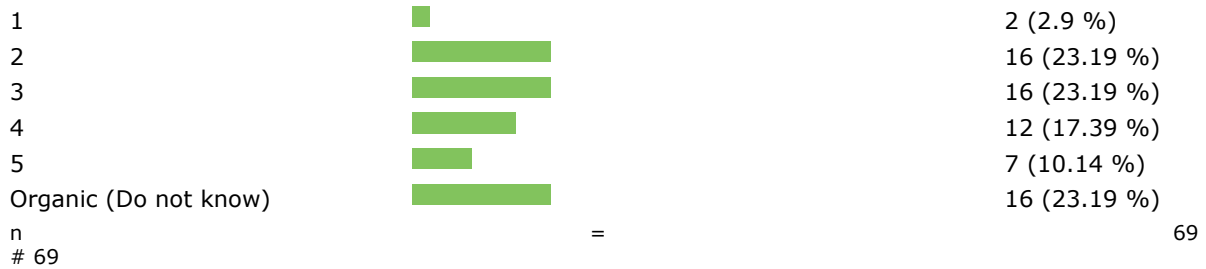
14.

According to you, are this products features low or high compared to an equ...
Safe (Low - High)

1		2 (2.9 %)
2		3 (4.35 %)
3		19 (27.54 %)

4		19 (27.54 %)
5		7 (10.14 %)
Safe (Do not know)		19 (27.54 %)

n = 69
# 69

15.

According to you, are this products features low or high compared to an equ...
Fair trade (Low - High)

1		5 (7.35 %)
2		16 (23.53 %)
3		14 (20.59 %)
4		8 (11.76 %)
5		2 (2.94 %)
Fair trade (Do not know)		24 (35.29 %)

n = 68
# 69

16.

According to you, is the value that the brand gives you low or high compare...
Value (Low - High)

1		2 (2.9 %)
2		4 (5.8 %)
3		11 (15.94 %)
4		34 (49.28 %)
5		12 (17.39 %)
Value (Do not know)		6 (8.7 %)

n = 69
# 69

17.

When i think of this brand (Barilla),i associate it with Italy!
Association with Italy (Strongly disagree - Strongly agree)

1		1 (1.47 %)
2		3 (4.41 %)
3		12 (17.65 %)
4		20 (29.41 %)
5		32 (47.06 %)
Association with Italy (Do not know)		0 (0 %)

n = 68
# 68

18.

I exclusively buy this brand (Barilla)!
Loyal to the brand (Strongly disagree - Strongly agree)

1		17 (25 %)
2		12 (17.65 %)
3		17 (25 %)
4		11 (16.18 %)
5		11 (16.18 %)
Loyal to the brand (Do not know)		0 (0 %)

n = 68
# 68

19.

The quality of this brand (Barilla) is high!
High perceived quality (Strongly disagree - Strongly agree)

1	1 (1.49 %)
2	3 (4.48 %)
3	11 (16.42 %)
4	33 (49.25 %)
5	18 (26.87 %)
High perceived quality (Do not know)	1 (1.49 %)
n =	67

67

20.

This question is about how aware you are about this brand (Barilla). 1)Bran...
I recognize this brand (Strongly disagree - Strongly agree)

1	0 (0 %)
2	1 (1.47 %)
3	3 (4.41 %)
4	11 (16.18 %)
5	53 (77.94 %)
I recognize this brand (Do not know)	0 (0 %)
n =	68

68

21.

This question is about how aware you are about this brand (Barilla). 1)Bran...
I recall this brand (Strongly disagree - Strongly agree)

1	2 (2.94 %)
2	3 (4.41 %)
3	7 (10.29 %)
4	15 (22.06 %)
5	40 (58.82 %)
I recall this brand (Do not know)	1 (1.47 %)
n =	68

68

22.

This question is about how aware you are about this brand (Barilla). 1)Bran...
This is the only brand of pasta i know (Strongly disagree - Strongly agree)

1	35 (51.47 %)
2	18 (26.47 %)
3	6 (8.82 %)
4	6 (8.82 %)
5	3 (4.41 %)
This is the only brand of pasta i know (Do not know)	0 (0 %)
n =	68

68

23.

When i think of this brand (Zeta),i associate it with Italy!
Association with Italy (Strongly disagree - Strongly agree)

1	4 (5.97 %)
2	22 (32.84 %)
3	15 (22.39 %)

4   16 (23.88 %)
5   8 (11.94 %)
Association with Italy (Do not   2 (2.99 %)
know)
n   =   67
67
   24.

I   exclusively   buy   this   brand   (Zeta)!
Loyal to the brand (Strongly disagree - Strongly agree)
1   22 (32.84 %)
2   16 (23.88 %)
3   15 (22.39 %)
4   6 (8.96 %)
5   5 (7.46 %)
Loyal to the brand (Do not know)   3 (4.48 %)
n   =   67
67
   25.

The   quality   of   this   brand   (Zeta)   is   high!
High perceived quality (Strongly disagree - Strongly agree)
1   0 (0 %)
2   3 (4.55 %)
3   10 (15.15 %)
4   29 (43.94 %)
5   18 (27.27 %)
High perceived quality (Do not   6 (9.09 %)
know)
n   =   66
66
   26.

This question is about how aware you are about this brand (Zeta). 1)Brand r...
I recognize this brand (Strongly disagree - Strongly agree)
1   3 (4.48 %)
2   2 (2.99 %)
3   8 (11.94 %)
4   10 (14.93 %)
5   42 (62.69 %)
I recognize this brand (Do not   2 (2.99 %)
know)
n   =   67
67
   27.

This question is about how aware you are about this brand (Zeta). 1)Brand r...
I recall this brand (Strongly disagree - Strongly agree)
1   4 (6.06 %)
2   9 (13.64 %)
3   14 (21.21 %)
4   14 (21.21 %)
5   22 (33.33 %)
I recall this brand (Do not know)   3 (4.55 %)
n   =   66
66
   28.

This question is about how aware you are about this brand (Zeta). 1)Brand r...
This is the only brand of pesto i know (Strongly disagree - Strongly agree)

1		27 (40.3 %)
2		12 (17.91 %)
3		15 (22.39 %)
4		7 (10.45 %)
5		4 (5.97 %)
This is the only brand of pesto i know (Do not know)		3 (4.48 %)

n = 67
# 68
29.

Do you feel like the this company's (Barilla) pasta products are expensive ...
Very high price (Strongly disagree - Strongly agree)

1		3 (4.55 %)
2		16 (24.24 %)
3		25 (37.88 %)
4		17 (25.76 %)
5		3 (4.55 %)
Very high price (Do not know)		7 (10.61 %)

n = 66
# 71
30.

Do you feel like the price Barilla charges for its products is reasonable t...
Very high price in relation to quality (Strongly disagree - Strongly agree)

1		4 (6.06 %)
2		11 (16.67 %)
3		20 (30.3 %)
4		17 (25.76 %)
5		7 (10.61 %)
Very high price in relation to quality (Do not know)		7 (10.61 %)

n = 66
# 66
31.

Do you feel that Barilla acts with integrity when they try to sell their pr...
Barilla acts with integrity (Strongly disagree - Strongly agree)

1		0 (0 %)
2		3 (4.62 %)
3		21 (32.31 %)
4		14 (21.54 %)
5		4 (6.15 %)
Barilla acts with integrity (Do not know)		27 (41.54 %)

n = 65
# 69
32.

Do you feel like Barilla as a company is concerned about your well being or...
Barilla is concerned about my well being (Strongly disagree - Strongly agree)

1		10 (15.15 %)
2		18 (27.27 %)
3		15 (22.73 %)

4		12 (18.18 %)
5		1 (1.52 %)
Barilla is concerned about my well being (Do not know)		12 (18.18 %)

n = 66
# 68

33.

Are you satisfied with Barilla's pasta products?
I am very satisfied with Barilla's products (Strongly disagree - Strongly agree)

1		0 (0 %)
2		4 (6.06 %)
3		7 (10.61 %)
4		27 (40.91 %)
5		23 (34.85 %)
I am very satisfied with Barilla's products (Do not know)		5 (7.58 %)

n = 66
# 66

34.

Do you feel like the this company's (Zeta) pesto products are expensive or ...
Very high price (Strongly disagree - Strongly agree)

1		1 (1.54 %)
2		5 (7.69 %)
3		24 (36.92 %)
4		23 (35.38 %)
5		5 (7.69 %)
Very high price (Do not know)		7 (10.77 %)

n = 65
# 65

35.

Do you feel like the price Zeta charges for its products is reasonable to t...
Very high price in relation to quality (Strongly disagree - Strongly agree)

1		3 (4.62 %)
2		11 (16.92 %)
3		26 (40 %)
4		13 (20 %)
5		5 (7.69 %)
Very high price in relation to quality (Do not know)		8 (12.31 %)

n = 65
# 66

36.

Do you feel that Zeta acts with integrity when they try to sell their produ...
Zeta acts with integrity (Strongly disagree - Strongly agree)

1		0 (0 %)
2		5 (7.69 %)
3		25 (38.46 %)
4		11 (16.92 %)
5		3 (4.62 %)
Zeta acts with integrity (Do not know)		23 (35.38 %)

n = 65
# 67

37.

Do you feel like Zeta as a company is concerned about your well being or th...
Zeta is concerned about my well being (Strongly disagree - Strongly agree)

1		12 (18.46 %)
2		10 (15.38 %)
3		17 (26.15 %)
4		9 (13.85 %)
5		2 (3.08 %)
Zeta is concerned about my well being (Do not know)		18 (27.69 %)
n	=	65

68

38.
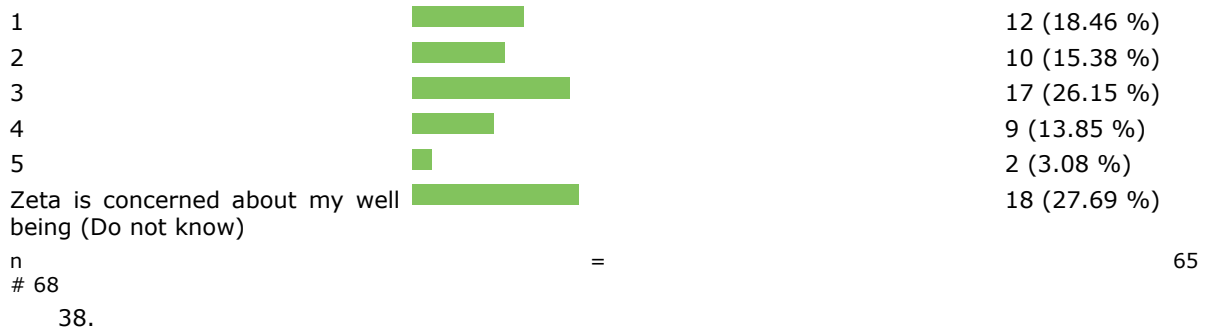
Are you satisfied with Zeta's pesto products?
I am very satisfied with Zeta's pesto products (Strongly disagree - Strongly agree)

1		1 (1.54 %)
2		3 (4.62 %)
3		14 (21.54 %)
4		24 (36.92 %)
5		18 (27.69 %)
I am very satisfied with Zeta's pesto products (Do not know)		5 (7.69 %)
n	=	65

65

39.
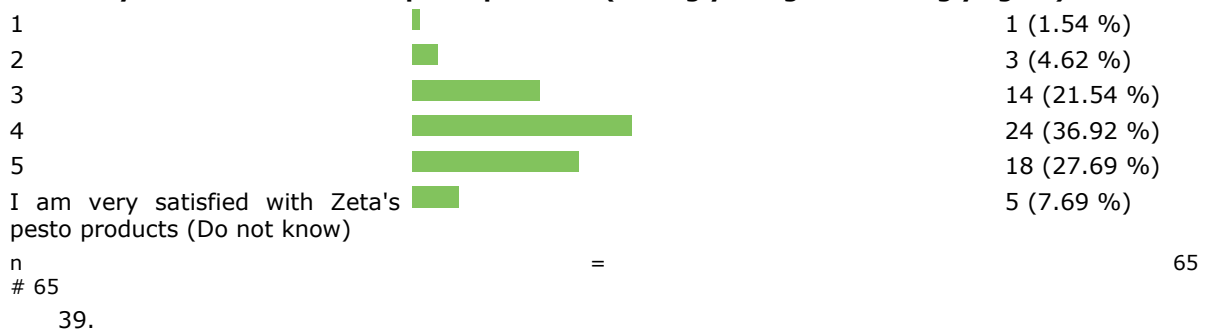
Swedish people should always buy Swedish products instead of imports.
Strongly disagree/Strongly agree/Do not know (Strongly disagree - Strongly agree)

1		27 (41.54 %)
2		16 (24.62 %)
3		12 (18.46 %)
4		8 (12.31 %)
5		1 (1.54 %)
Strongly disagree/Strongly agree/Do not know (Do not know)		2 (3.08 %)
n	=	65

66

40.
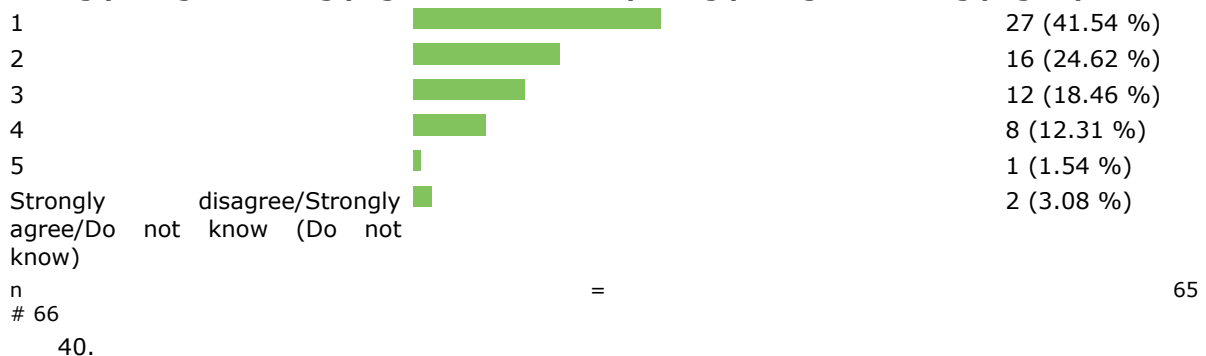
Only those products that are unavailable in Sweden should be imported.
Strongly disagree/Strongly agree/Do not know (Strongly disagree - Strongly agree)

1		27 (42.19 %)
2		17 (26.56 %)
3		8 (12.5 %)
4		9 (14.06 %)
5		2 (3.13 %)
Strongly disagree/Strongly agree/Do not know (Do not know)		1 (1.56 %)
n	=	64

64

41.
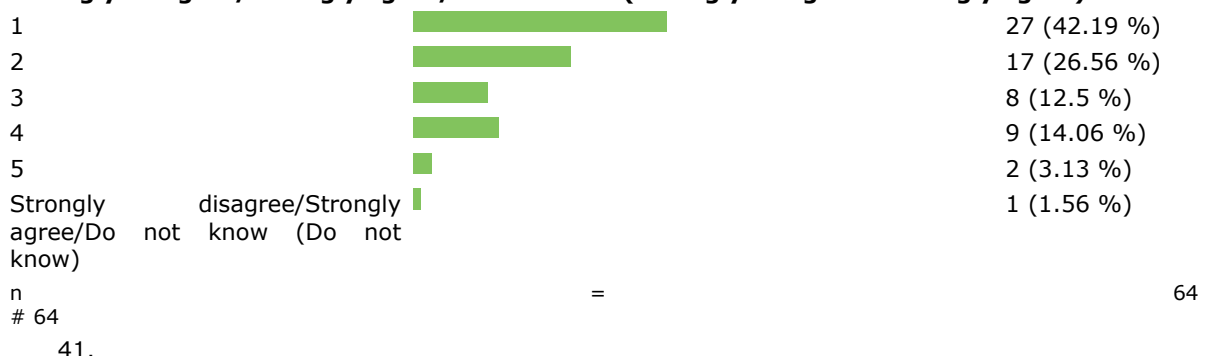
It may cost me in the long run but I prefer to support products made in Swe...

Strongly disagree/Strongly agree/Do not know (Strongly disagree - Strongly agree)

1		14 (21.54 %)
2		15 (23.08 %)
3		14 (21.54 %)
4		17 (26.15 %)
5		3 (4.62 %)
Strongly disagree/Strongly agree/Do not know (Do not know)		3 (4.62 %)

n = 65
# 66
42.

Foreign products should be taxed heavily to reduce their entrance in the Sw… Strongly disagree/Strongly agree/Do not know (Strongly disagree - Strongly agree)

1		33 (50.77 %)
2		17 (26.15 %)
3		12 (18.46 %)
4		0 (0 %)
5		1 (1.54 %)
Strongly disagree/Strongly agree/Do not know (Do not know)		2 (3.08 %)

n = 65
# 65
43.

It is not right to purchase foreign products as it would put Swedish people… Strongly disagree/Strongly agree/Do not know (Strongly disagree - Strongly agree)

1		30 (46.15 %)
2		21 (32.31 %)
3		8 (12.31 %)
4		4 (6.15 %)
5		1 (1.54 %)
Strongly disagree/Strongly agree/Do not know (Do not know)		1 (1.54 %)

n = 65
# 65
44.

Gender:

Male		33 (50.77 %)
female		32 (49.23 %)

n = 65
# 65

Appendix 2: Results from regression analysis (Stata).

```
      name:  <unnamed>
       log:  C:\Data\Stata\new.smcl
  log type:  smcl
 opened on:  5 May 2011, 16:40:29


. regress  identity association

      Source |       SS       df       MS              Number of obs =     122
-------------+------------------------------           F(  1,   120) =    5.35
       Model |  2.25528647     1  2.25528647           Prob > F      =  0.0225
    Residual |  50.6239575   120  .421866313           R-squared     =  0.0426
-------------+------------------------------           Adj R-squared =  0.0347
       Total |   52.879244   121  .437018545           Root MSE      = .64951


------------------------------------------------------------------------------
    identity |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
 association |   .1153356   .0498827     2.31   0.022     .0165713    .2140999
       _cons |   3.214487   .1916048    16.78   0.000     2.835123    3.593851
------------------------------------------------------------------------------


. regress   equity association

      Source |       SS       df       MS              Number of obs =     131
-------------+------------------------------           F(  1,   129) =   18.68
       Model |  9.57838387     1  9.57838387           Prob > F      =  0.0000
    Residual |  66.1410756   129  .512721517           R-squared     =  0.1265
-------------+------------------------------           Adj R-squared =  0.1197
       Total |  75.7194595   130  .582457381           Root MSE      = .71605


------------------------------------------------------------------------------
      equity |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
 association |   .2293224   .0530568     4.32   0.000     .1243482    .3342967
       _cons |   2.588778   .2030687    12.75   0.000     2.187001    2.990554
------------------------------------------------------------------------------


. regress  trust association

      Source |       SS       df       MS              Number of obs =     121
-------------+------------------------------           F(  1,   119) =    8.95
       Model |  3.99908279     1  3.99908279           Prob > F      =  0.0034
    Residual |   53.191918   119  .446990908           R-squared     =  0.0699
-------------+------------------------------           Adj R-squared =  0.0621
       Total |  57.1910008   120  .476591673           Root MSE      = .66857


------------------------------------------------------------------------------
       trust |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
 association |   .1516022   .0506844     2.99   0.003     .051242    .2519625
       _cons |   2.733843   .1940702    14.09   0.000     2.349565    3.118122
------------------------------------------------------------------------------

. regress  trust ethno

      Source |       SS       df       MS              Number of obs =     116
-------------+------------------------------           F(  1,   114) =    0.66
       Model |  .321633051     1  .321633051           Prob > F      =  0.4184
    Residual |  55.6005409   114  .487724043           R-squared     =  0.0058
-------------+------------------------------           Adj R-squared = -0.0030
       Total |  55.9221739   115  .486279773           Root MSE      = .69837


------------------------------------------------------------------------------
       trust |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
       ethno |   .0626698    .077173     0.81   0.418    -.0902092    .2155489
       _cons |    3.15332   .1691322    18.64   0.000     2.818271     3.48837
------------------------------------------------------------------------------

. log close
      name:  <unnamed>
       log:  C:\Data\Stata\new.smcl
```

```
  log type:  smcl
 closed on:    5 May 2011, 16:45:55
```

```
      name:  <unnamed>
       log:  C:\Data\Stata\new2.smcl
  log type:  smcl
 opened on:  5 May 2011, 18:10:59

. use "C:\Data\Stata\mean1.dta", clear

. regress identity association in 1/75

      Source |       SS       df       MS              Number of obs =      67
-------------+------------------------------           F(  1,    65) =    4.12
       Model |  1.84429873     1  1.84429873           Prob > F      =  0.0465
    Residual |  29.1110066    65  .447861639           R-squared     =  0.0596
-------------+------------------------------           Adj R-squared =  0.0451
       Total |  30.9553053    66  .469019777           Root MSE      =  .66922

------------------------------------------------------------------------------
    identity |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
 association |   .1708353   .0841848     2.03   0.047     .0027066    .338964
       _cons |   2.881095   .3599685     8.00   0.000     2.162188   3.600002
------------------------------------------------------------------------------

. regress equity association in 1/75

      Source |       SS       df       MS              Number of obs =      69
-------------+------------------------------           F(  1,    67) =    6.93
       Model |  3.00318878     1  3.00318878           Prob > F      =  0.0105
    Residual |  29.0265917    67  .433232712           R-squared     =  0.0938
-------------+------------------------------           Adj R-squared =  0.0802
       Total |  32.0297805    68  .471026184           Root MSE      =   .6582

------------------------------------------------------------------------------
      equity |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
 association |   .2167687   .0823315     2.63   0.011     .0524344    .381103
       _cons |   2.636531   .3526616     7.48   0.000     1.932615   3.340446
------------------------------------------------------------------------------

. regress trust association in 1/75

      Source |       SS       df       MS              Number of obs =      63
-------------+------------------------------           F(  1,    61) =    5.82
       Model |  2.50487442     1  2.50487442           Prob > F      =  0.0189
    Residual |  26.2711392    61  .430674414           R-squared     =  0.0870
-------------+------------------------------           Adj R-squared =  0.0721
       Total |  28.7760136    62  .464129252           Root MSE      =  .65626

------------------------------------------------------------------------------
       trust |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
 association |   .2048113    .084925     2.41   0.019     .0349933    .3746293
       _cons |   2.469786   .3653545     6.76   0.000     1.739214   3.200357
------------------------------------------------------------------------------

. regress ethno trust in 1/75

      Source |       SS       df       MS              Number of obs =      62
-------------+------------------------------           F(  1,    60) =    0.38
       Model |  .286756999     1  .286756999          Prob > F      =  0.5411
    Residual |  45.5387257    60  .758978762           R-squared     =  0.0063
-------------+------------------------------           Adj R-squared = -0.0103
       Total |  45.8254827    61  .751237421           Root MSE      =  .87119

------------------------------------------------------------------------------
       ethno |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
       trust |   .0998256   .1624051     0.61   0.541    -.225033    .4246842
       _cons |   1.735527   .5516858     3.15   0.003     .6319907   2.839063
------------------------------------------------------------------------------

. log close
      name:  <unnamed>
       log:  C:\Data\Stata\new2.smcl
  log type:  smcl
 closed on:  5 May 2011, 18:12:44
```

```
  name:  <unnamed>
       log:  C:\Data\Stata\new3.smcl
  log type:  smcl
 opened on:   5 May 2011, 18:12:57

. use "C:\Data\Stata\mean1.dta", clear

. regress identity association in 76/150

      Source |       SS       df       MS              Number of obs =      55
-------------+------------------------------           F(  1,    53) =    5.82
       Model |  2.13972931     1  2.13972931           Prob > F      =  0.0194
    Residual |   19.501172    53  .367946642           R-squared     =  0.0989
-------------+------------------------------           Adj R-squared =  0.0819
       Total |  21.6409014    54  .400757432           Root MSE      =  .60659

------------------------------------------------------------------------------
    identity |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
 association |   .1774832   .0735987     2.41   0.019     .0298629    .3251036
       _cons |   3.150382   .2379704    13.24   0.000     2.673074     3.62769
------------------------------------------------------------------------------

. regress equity association in 76/150

      Source |       SS       df       MS              Number of obs =      62
-------------+------------------------------           F(  1,    60) =    7.43
       Model |  4.59275236     1  4.59275236           Prob > F      =  0.0084
    Residual |  37.0836637    60  .618061062           R-squared     =  0.1102
-------------+------------------------------           Adj R-squared =  0.0954
       Total |  41.6764161    61  .683219936           Root MSE      =  .78617

------------------------------------------------------------------------------
      equity |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
 association |   .0896768              2.73   0.008     .0650758    .4238364
       _cons |   2.547814   .2910321     8.75   0.000     1.965663    3.129965
------------------------------------------------------------------------------

. regress trust association in 76/150

      Source |       SS       df       MS              Number of obs =      58
-------------+------------------------------           F(  1,    56) =    3.47
       Model |  1.64350813     1  1.64350813           Prob > F      =  0.0678
    Residual |   26.529385    56  .473739017           R-squared     =  0.0583
-------------+------------------------------           Adj R-squared =  0.0415
       Total |  28.1728931    57  .494261282           Root MSE      =  .68829

------------------------------------------------------------------------------
       trust |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
 association |   .1490982   .0800491     1.86   0.068    -.0112593    .3094558
       _cons |    2.78607   .2591755    10.75   0.000     2.266879    3.305261
------------------------------------------------------------------------------

. regress  trust ethno in 76/150

      Source |       SS       df       MS              Number of obs =      54
-------------+------------------------------           F(  1,    52) =    0.21
       Model |  .109698696     1  .109698696           Prob > F      =  0.6461
    Residual |  26.7323796    52  .514084222           R-squared     =  0.0041
-------------+------------------------------           Adj R-squared = -0.0151
       Total |  26.8420783    53  .506454307           Root MSE      =    .717

------------------------------------------------------------------------------
       trust |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
       ethno |   .0553447   .1198098     0.46   0.646    -.1850713    .2957608
       _cons |   3.116054    .255849    12.18   0.000     2.602655    3.629453
------------------------------------------------------------------------------

. log off
```