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The Country of Ownership Paradox

an exploratory study of consumer perception in the automobile industry

by

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Abstract

Purpose The purpose of the thesis is to explore how the ownership transfer from a developed country to a developing country influences consumers' perception of the brand.

Design/methodology/approach After the extensive review of the literature about the concept of country of origin and brand image, three premium automobile brand acquisition cases (Jaguar, Land Rover and Volvo) were investigated. The data collection and analysis follows a qualitative approach by gathering data with the help of netnography and ethnographic content analysis (ECA).

Research limitations/implications The thesis focuses exclusively on the perspective of the western culture consumer. It studies the automobile industry and is restricted to two developing countries (China and India). Furthermore, it considers data from the time of the acquisitions. Thus, more extensive research is suggested to gain more insight regarding the consequences of the ownership change. Also, the study follows a qualitative approach, therefore, a quantitative research would be necessary to quantify and test the assumptions.

Theoretical Contribution The findings of the thesis propose that the change of a brand's country of ownership (COOW) can either influence consumers' perceived brand origin (BO) or activate consumers' secondary association with the change of the product's country of manufacture (COM), country of design (COD) or country of parts (COP), which later on indirectly affects consumer perception.

Practical implications After an ownership transfer, an intensive marketing communication campaign is required. Addressing either the original brand's heritage or promoting the new brand owner's image might be profitable. The techniques of crisis management communication can also be utilized. Furthermore, managers can also take advantage of the highly loyal fans by turning them into brand ambassadors.

Originality/value The research aims to fill the knowledge gap regarding COOW and its consequence on consumer perception. In the era of globalization, it is essential to consider all the aspects of COO such as COD; COM; COP and especially COOW, therefore it is unexpected to see that most research still considers COO as the single cue.

Keywords: Premium Brand, Country of Brand, Country of Ownership, Country of Origin, Automobiles, Developing Countries, Brand Image, Consumer Perception

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1 Introduction

1.1 Background

The process of globalization accelerates the capital flow over the world. Foreign direct investment (FDI) helps to boost or even revive the business, while on the other hand, investors obtain the chance to manage the assets of the acquired firms (Li, Li & Wang, 2016). In light of the country's development level, the cross-border investment also presents one way to strengthen the country's presence (Hoffmann, 2012). Therefore, several overseas mergers and acquisitions (M&A) have occurred during the past 40 years, and many of them are even encouraged by the governments. For example: since 1979, Ford Motor Company (the US) had acquired Mazda (Japan), Aston Martin (Britain), Jaguar (Britain) and Volvo's car division (Sweden). In 2006, the well-known British cosmetics brand The Body Shop was taken over by L'Oreal (France). Sony is a Japanese-based brand, and it owns two American legendary studios, Columbia Pictures and Metro-Goldwyn-Mayer. When it comes to Fast-Moving consumer goods (FMCG) industry, it is typical to see some local brands from a less developed country to be owned by consortiums from a more developed country. For example, the Chinese fair-price catering brand Little Sheep is owned by Yum! Brands (the US), which also owns Taco Bell, Pizza Hut and KFC. Another cosmetics brand Olay originates from South Africa, but was acquired by an American drug manufacture Richardson Merrell Inc in 1970. However, it has become daughter brand of Procter & Gamble since 1985.

Another phenomenon that should be mentioned is the direction of capital flows. The capital flow from a developed country to a developing country is quite common, as the more developed economies have superior assets, and they are more likely to seek the chance to expand their operation overseas to better utilize firm's assets (Li et al., 2016). When a brand with a developing country origin is acquired, M&A can benefit the business by introducing new technology and the chance to expand into a developed market (Caiazza, 2016). Also, with a new brand image from a more favorable country, its product will be more popular (Li et al., 2013). However, after the financial crisis in 2008, the firms from developing countries

have started to invest in business from developed countries, reversing the flow of capital. Failure of management and decrease in sales figures drove several brands with developed country origin to seek investors from emerging countries. Lenovo, a Chinese computer manufacturer bought IBM's personal computer division in 2005. In 2008, the Indian automobile manufacturer Tata Motor took over Jaguar and Land Rover from Ford, and afterward, in 2010, Ford sold Volvo Cars to the Chinese car manufacturer Geely.

The acquirers from developing countries are driven by seeking strategic resources overseas from acquisition (Li et al., 2013) such as dynamic learning in technology, enlarging consumer base, value creation (Sun, Peng, Ren & Yan, 2012; Luo & Tung, 2007), and, in light of premium brands, exploitation of the rich cultural heritage of the brand (Chung Youn & Lee., 2014). However, they also face the challenges of brand management, such as saving the company from the continuous loss (Caiazza, 2016). Besides, the most significant challenge is the integration (Caiazza, 2016; Sun et al., 2012), especially regarding the people. On a human resource management level, for example, the new company has to integrate employees with different cultural backgrounds to work together (Ataullah, Le & Sahota., 2014). On the other hand, consumer behavior's relationship with cross-border M&A has not been extensively studied yet (Chung et al., 2014). Pappu, Quester and Cooksey (2006) find that country of origin (COO) significantly affects consumers' brand perception. Consumers evaluate a brand with a developed country background more favorably than a brand from a developing country (Manrai Lasca & Manrai, 1998; Mohd Yasin, Nasser Noor & Mohamad, 2007). Hence, the study indicates that the change of brand ownership from a developed country to developing country will affect consumer perception.

1.2 Research Purpose and Question

Elango & Pattnaik (2007) state that the developing country's brand can benefit from the M&A in market power due to the developed country's influence. Still, there is only a few empirical research carried out that would explain how the acquired brand from the developed country can be affected by the ownership change (Ataullah et al. 2014). Therefore, the research purpose of this thesis is to explore how the change of country of ownership from a developed country to a developing country influences consumers' perception of the brand. Based on the nature of the research, the brand's country of ownership and its consumers'

perception (brand image) are the primary constructs whose relationship need to be studied in this thesis.

Country of Ownership (COOW) is defined as a subcomponent of Country of Origin (COO) (Thakor & Lavack, 2003). Before the massive emergence of global sourcing and manufacturing, COO was merely disclosed by “Made-in-” label attached to the product (Bilkey & Nes, 1982). Later on, due to the globalisation trends (Al-Aali, Randheer & Hasin, 2015), COO has been broken down into Country of Manufacture (COM), Country of Design (COD), Country of Parts (COP) and COOW (Thakor & Lavack, 2003: 396; Al-Aali et al., 2015), leading to separation of the location of the management and production.

Consumer perception is subjective in nature as it is formed by consumer’s interpretation of the informational cues they are exposed to and pay attention to (Perner, 2010). The informational cues include intrinsic ones such as product attributes, as well as extrinsic cues including price, brand name, warranties, and COO (Bilkey & Nes, 1982). Consumer perception of a brand refers to several aspects such as perceived value and perceived quality (Scholderer, 2010). Several empirical researches have proved that COO significantly influences consumer’s perceived value (Bilkey & Nes, 1982). Attitude is an important aspect consumer perception as well, but it is partly shaped by the other elements (perceived quality and perceived value) (Kirmani & Zeithaml, 1993). Based on several inputs, consumer perception can be formed initially through several different associations that, afterwards, transform into a general image, which can be defined as brand image (Keller, 2006; Roper & Fill, 2012).

To be noticed, the reason why this thesis focuses on premium brands is that consumers strongly associate premium brands with developed countries, European countries in particular (Chung, et.al., 2014). Therefore, the cross-border acquisition from developing country can be a strong contrasting stimuli to influence their association, and afterwards affects their perception, since COO plays a major role in the creation of brand image regarding high-end brands (Aiello, Donvito, Godey, Pederzoli, Wiedmann, Hennings, Siebels, Chan, Tsuchiya, Rabino, Ivanovna, Weitz, Oh & Singh, 2009).

Based on the purpose of the research and its relevant constructs, the thesis proposes the guiding question: “How are premium brands perceived by their consumers after the brand

ownership transfer from a developed country to a developing country?” with the following sub-questions: “How is the brand attitude influenced?”, “How are the perceived value and quality affected?” and “What is the consequence of the change of COOW?” which were formulated based on the above-discussed subcomponents of consumer perception.

1.3 Research Contributions

The first potential contribution of the research is to fill the knowledge gap in the study about COOW and its consequence of consumer perception towards a brand. It is surprising to find that in the era of globalization, most research still considers COO as the single cue when they study its relationship with consumer perception. Among the limited multiple COO cues research, the focus usually lies on the incongruence between COM and COD. Therefore, this thesis intends to fill this gap and to discuss the relation of the subcomponents with the COO effect.

The second potential contribution is to give managerial suggestions for the reader since there is a tendency of high-end brands being taken over by developing countries (Chung, et al., 2014). Therefore, it is worth discussing how consumers, especially from developed markets, perceive this new situation, and what measures should the new parent companies take to manage the consequences of the acquisition.

1.4 Research Disposition

The research begins with a literature review that discusses COO, with a particular focus on the country of ownership, and the source and the consequence of COOW on the consumer perception on both micro and macro level. Afterward, a netnography on Volvo, Jaguar and Land Rover’s online brand forums is conducted to assess the consumers’ opinion about the acquisition. These brands are chosen because they are all widely acknowledged premium brands, and are involved in a situation that the research focuses on. Furthermore, since these three brands are purchased by different countries, and have distinctive value propositions, a comparative case study helps to understand the phenomenon better by distinguishing whether

findings are general or unique (Bryman and Bell, 2011). The findings are discussed later on in order to explain the phenomenon and to provide both theoretical and managerial implications.

2 Theoretical Review

This chapter contains an extensive review of the academic literature and research that are related to the scope of this thesis. The review begins with the discussion of branding from the consumer perspective. Afterward, several studies about the Country of Origin Effect are introduced, and both COO's connection with brand image and the COO information processing mechanism is reviewed. At the end of this chapter, a new model of COOW is formed, based on the secondary information collected about COO's subcomponents.

2.1 Branding

In the academic literature, several definitions can be found regarding branding. The earliest concept emphasizes the role of the brand as a guarantee of the product origin. As Melin (2002) puts it, the difference between product and brand is that the first can be copied, while the latter is unique. Later on, the brand also marked excellent quality. In Aaker's (1991) view: "A brand is a distinguishing name and or/symbol intended to identify the goods or services of one seller from those of competitors" (p.110).

These traditional views fail to explain how brands are able to create value for the consumers and consider brands as tangible assets. As the thesis focuses on the social and symbolic value of the brand and has a sociocultural approach, definitions developed after this era are preferred to the previous ones. As cognitive psychology became a popular approach in marketing, branding was linked to consumer benefit and communication, emphasizing the unique selling proposition (Keller, 1998) and brands were defined as "a set of mental associations that added to the value of the product itself" (Kapferer, 2012, p.11). However, this concept still lacks a critical component: the emotional bond between the individual and the brand.

In his work, Arvidsson (2005) argues that affect - the emotional bond - is created through communication. The affect is constructed through “emotions or feelings toward the brand (e.g., the brand makes me feel good about myself, the brand is a familiar friend, or the brand symbolizes status, affiliation, or uniqueness)” (Farquhar, 1989, p.27). A decade later, Kapferer (2012) emphasizes the ability of the brand to create a community through interactions and communication. As the paper follows the social constructivist approach, Arvidsson’s (2005) and Kapferer’s (2012) approach are considered to be relevant. To develop strong brands with fans, the name should therefore not only mark quality and ownership but to “symbolize a long-term engagement, crusade or commitment to a unique set of values, embedded into products, services, and behaviors” (pp.11-12).

2.1.1 Premium Brand

There are several aspects that make a brand a premium one. In Aaker’s (1991) opinion: a premium brand offers a superior quality or status, is distributed through high-quality channels, advertised parsimoniously (Quelch, 1987) and worth a price premium. They also contribute to brand loyalty, high market shares, preference and intent to purchase (Aaker, 1991).

In some instances, the cultivation of a particular image or prestige is the basis of the consumer decision making. This is influenced by the premium distribution channel and price, and can be supported by the brand name, logo, packaging, origin and personality of the brand (Quelch, 1987).

Kapferer (2012) has a different approach when it comes to defining premium brands: he states that they succeed as they are worth their price and therefore make it irrelevant. High involvement and loyalty often result in price insensitivity (Kapferer, 2012) and higher prices are linked to better quality in consumers’ minds. In his argumentation, the author is following a social-constructivist approach: he states that such brands are able to create brand communities because they tell “authentic stories about why and how they were created” (Kapferer, 2012, pp.232-234).

When it comes to automobiles, the premium brand is supposed to be a high quality, safe, environmental-friendly product with superior design (Jönsson, 2004). Jönsson (2004) follows

the customer orientation approach, meaning that the premium products should always serve the consumer's need. According to the author, the customer is willing to pay a higher price as the premium products convey values that are appreciated and held by their customers and act as status symbols (Jönsson, 2004, Quelch, 1987). For instance, cars hold “complex bundle of tangible and intangible characteristics” (Saridakis & Baltas, 2014, p.85) and other than performance and safety, COO plays a major role in the consumer's product evaluation.

2.1.2 Difference between premium and luxury

Making a clear distinction between premium and luxury brands is crucial when discussing automobile brands. Although both categories provide excellent quality and even social status value to the consumer (Kapferer 2012), the price of a premium brand is justified by quality and performance, while luxury product prices are based on more intangible assets such as rarity, sensuality, creativity, heritage, attention to detail and personalized services (Kapferer, 2012). As Brusati (2016) summarizes in her article, premium brands do not evoke the myth or dream and do not have the heritage like the luxury ones.

2.2 Brand Image

To understand the perceptions of the consumer about the brand, the concept of brand image must be studied, as according to Keller (2006), brand image is “consumers' perceptions of and preferences for a brand”. Mohd Yasin et al. (2007) state that brand image is able to create brand value, therefore, the value of a brand is created in consumer's mind (Keller, 2006). Its power is created through the beliefs, thoughts and attitudes of the consumer and these feelings and associations linked to the brand create the brand image. Positive brand image evolves when the individuals hold a unique, favorable and strong association of the brand (Saydan, 2013). These associations have an impact on the attitude towards the brand (through perceived value and quality) and drive the consumer behavior.

Perceived quality, perceived value and brand attitude are the three major constructs to shape consumer's perceived brand image because they are also the significant variables to enhance consumer's value and premium pricing (Kirmani & Zeithaml, 1993). Therefore, the following

text would explain these three variable's relationship with brand image and their effect on consumer perception.

2.2.1 Attitude

Fishbein and Icek (1975) define attitude as a “person's location on a bipolar evaluate or affective dimension with respect to some object, action or event” (p.216). It reflects an individual's favorable or unfavorable feelings towards a stimulus. Attitude is the evaluation of the consumer about the product. It is composed of the individual's feelings, beliefs and behavioral intentions towards the brand. These components together have a synergy effect and determine how the consumer reacts to the stimuli provided by the product (Perner, 2010).

Faircloth, Capella & Alford (2001) prove in their research that the brand attitude has a direct effect on brand image and indirect influence on brand value. The authors state that the brand value can be manipulated by providing a particular type of associations for the consumer that result in favorable image and attitude- thus enhancing the brand value or equity (Faircloth et al., 2001) indirectly. According to them, brand associations also influence brand attitudes and the image. They make a distinction between brand image and brand attitude in terms of image is constructed through associations, while attitude is a holistic evaluation of the brand. Brand attitude is only one of the associations that form image. In other words, brand attitude is the evaluation, brand image is the perception and brand equity drives the individuals towards a particular action (Faircloth et al., 2001).

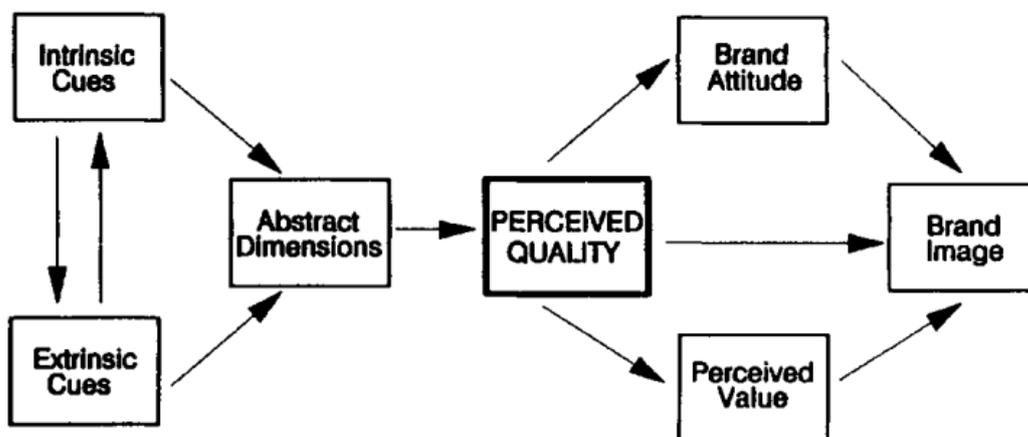
The paper also discusses the relation of associations, attitudes and purchase intention. The research draws attention to one problem that might explain the unfavorable brand evaluation and the lack of purchase intention: in some instances, consistent brand associations and attributes lead to a positive brand image through synergy. This enhances the probability of future purchase and the willingness to pay premium prices for the given product (Faircloth et al., 2001). In other cases, when a positive attitude is combined with negative associations (or the other way around) the contradiction leads to biased or ambiguous brand image which fails to result in purchase intentions.

2.2.2 Perceived Quality

Perceived quality is an intangible, subjective term, with different meanings for various persons (Ophuis & Van Trijp, 1995). Aaker (1991) defines it from the consumer point of view which is in line with the paper's approach: "The customer's perception of the overall quality or superiority of the product or service with respect to its intended purpose, relative to alternatives" (pp.85-86). Hence, understanding the need of the customers and considering it during the product development process can enhance the product quality, which leads to increased customer value and satisfaction (Ophuis & Van Trijp, 1995).

Perceived quality also affects brand image, through perceived value (consumer's assessment of the utility of the product), loyalty and brand attitude (both affective and cognitive evaluation of the brand) (Kirmani & Zeithaml, 1993). The Perceived Quality Model proposed by Kirmani and Zeithaml (1993) describes the relationship between perceived quality and brand image (Figure 1). It also defines brand image from the consumer's perspective, since this model begins with the intrinsic and extrinsic informational cues consumers are exposed and then pay attention to. The perceived quality is the consequence of their information processing.

Figure.1. The Perceived quality model (Kirmani & Zeithaml, 1993 p.145)



2.2.3 Perceived Value

Kirmani and Zeithaml (1993) define perceived value as “the consumer's overall assessment of the utility of the product, based on perceptions on what is received (e.g. quality, satisfaction) and what is given (price, nonmonetary costs)” (p.146). Later on, Corrigan (1997) argues that brand value is composed of use-value (functional value) and symbolic value - adding the latter to the concept. As he explains, use value (utilitarian or functional value) is connected to a product's “concrete form” (p.34), while symbolic value is a more abstract notion.

Due to the definitions concentrating on the utilitarian point of view concerning the brand value, there is often confusion about the differences between perceived value and perceived quality. Value is more personal and abstract. Value assumes a trade-off: the consumer has to decide what it is worth to be given (time and money) in exchange for what is being gained (benefits). Perceived quality does not equal to perceived value, although it is one component of it - with several other aspects, like convenience. Perceived value can be the basis of positioning strategy and also influence the brand image. For instance, Volvo justifies its high price by emphasizing safety; Ritz Hotels justifies it by providing the extra services. If the brand image is capable of convincing the individuals that they provide more benefits than the other competitors, additional value is created (Kirmani & Zeithaml, 1993).

As Kirmani and Zeithaml (1993) observed, product information stored in the human mind not always reflects reality. How the consumer interprets this information differs from individual to individual and is expressed by the brand image. The process of value creation is discussed at the end of the chapter more detailed.

2.2.4 Brand Associations and Image

Brand associations create value for the individual in several ways and brand image is created through them. Brand image can help to process information, to differentiate the brand from competitors, it provides a reason to buy by involving certain attributes or consumer benefits, and it creates positive attitudes towards the brand by linking associations to feelings and by transferring them to the brand (Aaker, 1991).

Since consumers “do not consume products for their material utilities, but consume the symbolic meaning of those products as portrayed in their images” (Elliot 1997, p.286), brands are also able to convey their personal image and to create symbolic value through associations. Consumers express themselves by allowing brands to communicate their identity and personality through their symbolic meanings (Bertilsson, 2015). Often consumers identify themselves with certain products to the extent they become a part of their identity. Therefore, individuals choose such brands that are associated with such values that are consistent with their value systems and beliefs (Sirgy, 1982). One of such associations is the country of origin.

2.2.5 Value Creation Role and Process

To understand how the symbolic and social meanings of premium brands are constructed, we must understand the brand's value creation process. Melin argues that brands not only help to create higher brand equity for the company but also create value for the consumer. They act as an information carrier, catalyst at decision making, a guarantee of quality and risk reducer (Melin, 2002). While these previous four functions explain their role from a utilitarian point of view, the fifth feature - creator of the image - defines brands as the key to social acceptance. The symbolic meaning is constructed through brand associations (Keller, 1993). To fill the gap between the brand attributes, values, consumer values a coherent story must be communicated (Jönsson, 2004) to generate added values. It can be achieved by developing both the functional added values (quality, visual identity, design, and logo) and emotional added value (which makes the brand unique).

Individuals choose brands that they are willing to be associated with, reinforcing their self-image. To be consistent, the core value of the brand (which accounts for the unique added value) should always be kept in focus during the brand building. To create a particular symbolic meaning and value in the consumer's mind, the brand has to be consequently positioned and communicated based on these values (Melin, 2002).

As Aaker (1991) explains, some particular associations create value for the individual, such as the association of success, quality and prestige. He emphasizes the importance of considering the consumer perspective and communicating what it is valuable to the customers.

2.3 COO effect

Country of Origin (COO) effect has been discussed in many studies. Defined as an extrinsic cue of a product, COO originally refers to the country which is printed on the product's made in tag label (Bilkey & Nes, 1982; Mohd Yasin et al., 2007). Extrinsic cues are product-related but external to the physical product while intrinsic cues refer to products inherent cues that cannot be modified without changing its physical features of the products (Kirmani & Zeithaml, 1993; Arora, McIntyre, Wu, & Arora, 2015). Intrinsic cues and extrinsic cues can also affect each other and compensate each other when either is ambiguous (Kirmani & Zeithaml, 1993).

Li and Wyer (1994) synthesizes the COO within three primary functions: (1) the signal to infer attributes when limited information is given, (2) a comparison standard for the brand and result in a contrast effect when all the information is available, (3) works as the product or brand attributes to be evaluated by consumers. COO effect refers to a series of consumer behavior consequences (such as consumer perception, and purchase intention) (Chung, Pysarchik and Hwang, 2009) that individuals generate based on the COO information they are given. This indicates that COO has an influence on the brand image.

2.3.1 COO and Brand Image

Few years later, Saydan (2013) proves in her research that there is a strong relationship between the COO and the brand image. If the country has a close connection with the product - such as Germany is strongly associated with the car industry (Aaker, 1991) - the positive associations of the country can be exploited. Other than the country or geographical area, brands can be associated with certain tangible and intangible attributes (Volvo is perceived as a durable and safe car), with a price and product category (Patek Phillippe is associated with luxury), a particular kind of customer or celebrity (George Clooney with Nespresso), usage and lifestyle (Aaker, 1991).

Following the Perceived Quality Model presented on Figure 1, one can assume that COO - as an extrinsic cue - can influence attitudes, perceived quality and perceived value and indirectly has a significant impact on the brand image and the consumer's perception. Saydan's (2013)

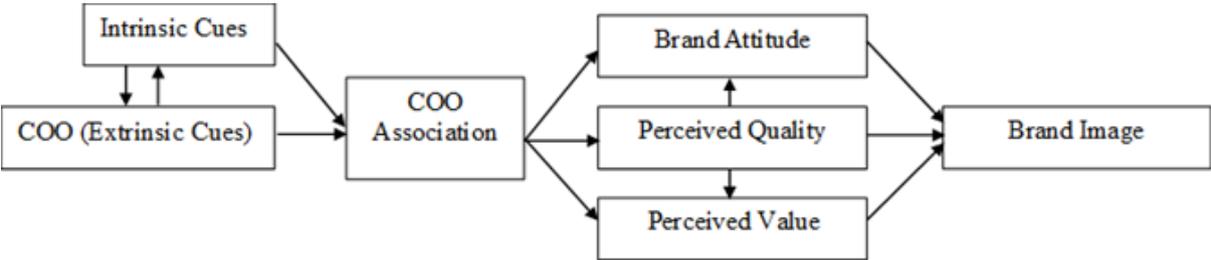
research about the COO effect on brand image proves that COO affects the perception of quality and when products are associated with different countries, their brand image differs due to the consumer's positive/ negative associations regarding the country. Baltas and Saridakis (2013) argue that it is particularly true in the automobile industry, where the COO is traditionally important in the evaluation process before the purchase decisions - as quality is often difficult to assess.

Apart from COO's function as the signal of the product quality (Bilkey & Nes, 1982), COO also has an influence on perceived value, both from a functional perspective and a symbolic standpoint (Salzer-Mörling, 2010). Manrai et al. (1998) point out that consumers evaluate the brand with a developed country of origin as of a higher quality, as developed countries are advanced in production technology and the labor force is expensive. Consumers from developing country prefer to choose the brand from a developed country because it signifies a higher social status (Batra, Ramaswamy, Alden, Steenkamp & Ramachander, 2000). Gaedeke (1973) finds that COO can also influence the brand attitude both favorably or unfavorably. Balabanis and Diamantopoulo (2011) states that COO can affectively and normatively influence the consumer while shaping their attitudes. Consumer' support for the home-country brand is an example to demonstrate COO effect on brand attitude.

2.3.2 Model of COO effect on Brand Image

Based on the concepts and theories, inspired by the perceived quality model from Kirmani and Zeithaml (Figure 1), a new model was created to explain how COO affects the brand image (Figure 2)

Figure 2: Model of COO effect on Brand Image (based on Kirmani and Zeithaml's model)



Having been defined as the extrinsic cue, COO became an antecedent of consumer perception. The stage of association represents consumer's information processing based on COO information, with a prior perceptual consequence that is relatively subjective and abstract. This step is followed by a more detailed consumer perception of the perceived quality, perceived value and brand attitude, which formulates the brand image in the end.

So far the authors have discussed how the brand attitude and perceived quality and perceived value shape the brand image. The following text is going to explain how consumers process the COO information to form their perception of the brand.

2.4 COO Information Processing

2.4.1 General Information Processing

Baars and Franklin (2003) describe consumer's information processing as an automatic system. As consumers have already formed the perceptual process (which they refer to as specifications), they quickly discard the inputs which are irrelevant and scrutinize the valuable or risky (off-standard) inputs. After this step, they optimize their formed perceptual learning through constant feedbacks from the later stage of information processing. This cognitive information processing is illustrated by Balabanis and Diamantopoulos (2011) through their adaptation of categorization theory. According to Smith (1995), the process of categorization contains two functions: coding of experiences and licensing of inferences. Consumers economize the cognitive resources by categorizing brands and products into different COO and then use their priority knowledge (or stereotype) towards a particular country to infer a product's or a brand's attributes (Balabanis & Diamantopoulos, 2011).

Bloemer, Brijs and Kasper (2009, p.68) summarize four types of identified COO cognitive process mechanisms: (1) The "Halo Effect" refers to consumers' use of COO cues inferior to other attributes (attitudes are formed towards a product while additional product information is ignored). (2) The "summary construct effect" describes COO as the main factor for product evaluation, ignoring the additional product information during the process. (3) The "default heuristic effect" occurs as COO cue, processed together with additional product information

since “there is a reciprocal interaction between the two” (p.68). (4) The “production attributes effect” occurs when “both COO cues and additional product information are being processed” (p.68). These four types of concepts explain the extent to which the COO, as a cue, is used other than the additional product information. Boemer et al. (2009) also suggested that consumers’ prior knowledge about the COO will activate different cognitive mechanisms. Manrai et al. (1998) found that consumers tend to use summary construct effect processing mode to evaluate products from developed country while the less developed the country is, the more consumers tend to use “halo effect”.

Besides cognitive process, Balabanis and Diamantopoulos (2011) propose that consumers also employ affective or normative processes when they refer to the certain country or products. Obermiller and Spangenberg (1989) propose that consumers’ emotional response sometimes might be stronger than inferential cognitive evaluation. The typical affective response towards a brand is consumers’ animosity or affinity. Consumers may have the “home-country bias” and evaluate domestic brand favorably compared to the one from a country which is objectively superior (Balabanis & Diamantopoulos, 2011, p.97), while consumers’ disapproval towards a country can result in their unwillingness to buy the product with the certain COO unless the products’ is perceived highly superior (Riefler and Diamantopoulos, 2007). Social norms also have an influence on consumers’ attitudes and behaviors. The social activity like the support for domestic products or insistence of product from enemy products could explain the phenomenon that a highly evaluated product has lower purchase intention (Balabanis and Diamantopoulos, 2011)

To be noticed, some research find that consumers denied their usage of COO cues and some suggests that consumers sometimes use the COO cues unintendedly without realization (Hugstad and Durr 1986). Therefore, Maheswaran (1994) proposed that consumer use COO cues as “stereotypical information in making evaluations” (p.354). Liu and Johnson (2005) proposed that consumers’ stereotype towards a country is activated automatically when the COO stimuli are given and put the COO effect on the consequence (evaluation and purchase intention) both consciously and unconsciously.

2.4.2 Knowledge Level

One of the controversial areas of COO study is about whether consumers use COO cues all the time to evaluate the brand (Schaefer, 1997). Some research has proved that COO cues are not always processed when evaluating the products. Liu and Johnson (2005) find that expertise consumers will not use COO to assess the brand if all the informational cues are unambiguous. Novice consumers, on the other hand, still rely on the COO cues to evaluate the brand no matter whether the informational cues are available or ambiguous. Besides, expertise consumers tend to use COO in a more rational manner while novice users process COO information more radically (Herz & Diamantopoulos, 2013). Therefore, the level of consumers' knowledge influences the usage of COO cues.

Schaefer (1997) proposed that consumers' knowledge need to be distinguished by four aspects (1) product-related experience versus product knowledge; (2) subjective knowledge versus objective knowledge; (3) general product level knowledge versus specific brand familiarity; (4) product level knowledge and country knowledge. The way to distinguish objective knowledge and subjective knowledge is that the former refers to the product attribute and factual brand information (like the color, material), while the latter to consumer's belief about their familiarity of the products or brands (Lee & Lee, 2009). Hence, objective knowledge refers to the knowledge that consumer have in their memory while the subjective knowledge is a reflection of consumer's second-chance interpretation of the objective knowledge they memorized and a reflection of their consumer experience (Park & Lessig, 1981). The distinction between subjective and objective knowledge also can be adopted into country knowledge (Schaefer, 1997).

Alex N. and Abraham (2015) summarize Schaefer's (1997) work and find that consumer's brand knowledge can be broken down into "brand familiarity, brand experience and objective product-country knowledge"(p.2). Brand familiarity required consumer's certain amount of brand information memory and it also involves comparing different attributes among brands, so as to determine which attributes are unique (Baker, Hunt & Scribner, 2002). Brand familiarity helps individuals to reach evaluations quickly and directly by reducing further information search (Brucks, 1985). COO information can be the content of objective knowledge that consumer memorized as well (Hong and Wyer, 1989). Schaefer (1997) found that brand familiarity and objective knowledge work together to affect the usage of COO

cues, while subjective knowledge and personal experience have less to do with using COO to evaluate the products.

2.4.3 Country Image

COO effect is highly connected with country knowledge. Consumer's knowledge about a country can be represented by the country image as it is the consumer's perception towards a country (Han & Terpstra, 1988). It is influenced by their belief about a country's level of economic development, national quality standard (Srikatanyoo and Gnoth, 2002), as well as cultural distance and political environment (Bilkey and Nes, 1982), which make a given country's image diverse in different countries 'perspectives. Therefore, Bayraktar (2015) proposed that country image's connection with consumer perception need to be discussed respectively based on different cultures.

As it has been mentioned above, economic development level of a country is one of the aspects that allow individuals to judge the country image. The phrase "developing country" and "developed country" are widely used as the term to distinguish the country's economic development level. Manrai et al. (1998: 592) propose that a country's level of economic development depends on its level of industrial development and the level of market development. According to The World Bank (2016), the national income level, as well as educational level, can be used as the indicator of national economic development. Bilkey and Nes (1982) suggested that the quality perception for technical products produced in developed countries tend to be more positive, since consumers assume that the assembly of such goods require well-educated workforce, and this a good example to illustrate economic development level's connection with product evaluation. Manrai et al. (1998) point out that the higher the economic development of the country is, the more favourable the product is assessed. And in general, developed countries are perceived to manufacture products with better quality than those made from a less developed country (Gaedeke, 1973).

Bayraktar (2015) explains country image on both macro and micro level, and the macro level image is influenced by consumers' perception of a country's economic, political, cultural conditions, which has been discussed above. The authors explained micro country image as consumer's attitude towards a country, mainly influenced by consumers own experience

with the country's product (Pappu, Questerand & Cooksey, 2007). Based on this explanation, this micro level country image can be seen as an aspect of stereotypes. Individuals form the stereotype towards a country through their direct experience such as traveling, usage of products or brand from the given country, as well as indirect experiences like education, media exposure, which leads to both cognitive and affective reflection (Askegaard & Ger, 1998).

Therefore, stereotyping is a subjective consequence of consumer perception. A stereotype is consumers' association of a particular country, and the expectation toward a brand is formed based on it. Maheswaran (1994) explains that COO effect, based on stereotypes, can be functional, for example consumers highly recognized Germany's achievement in engineering. Herz and Diamantopoulos (2013) propose that their emotional stereotypes also exist, for example, France is always associated with romance. Therefore, the hedonic product with an perceived French origin is highly evaluated by consumers (Chattalas, 2015). Thus, consumers utilize stereotypes to evaluate products.

2.5 Decomposition of COO

2.5.1 COM, COD and COP

COO become a broader concept after the increasing importance of branding and the emergence of globalized business, which makes COO a concept more than a phrase print on the "made-in" label. The globalized business leads to the decomposition of a product's COO into COM (country of Manufacture), COD (Country of Design) and even COP (Country of Parts) (Al-Aali et al., 2015) and this causes the consumers' confusion about a product's COO (Zhuang, Zhou & Zhou, 2006). Al-Aali et al. (2015) propose that each of the subcomponents can influence the consumer perception, however, which concept the consumers base their evaluation on, depends on the product category. For instance, fashion goods are evaluated based on COD cues (Arora et al., 2015), while automobiles are assessed based on COM cues (Fetscherin & Toncar, 2010).

COM becomes the country which “made-in” label refers to (Hui and Zhou, 2003). In general, COM moves from developed countries to developing countries so as to reduce the production cost (Chao, 1993; Arora et al., 2015). Besides its influence on quality, it also affects the perceived value especially on utilitarian products (Chattalas, 2015). The study of Fetscherin and Toncar (2010) finds that in the case of automobiles (that is a utilitarian product), COM affects the consumer’s perception in a greater extent than any other COO subcomponents.

On the other hand, when COD and COM are treated as separate concepts, COD is often considered as the country where the product is originally comes from (Arora et al., 2015). Since both COM and COD effects perceived quality, the importance of COD increases based on the product complexity (Ahmed & d’Astous, 1995), and consumers would pay more attention to the COM if the product possesses higher in symbolic value (Hamzaoui and Merunka, 2006). Therefore, COM is an important tool for assessment when evaluating fashion products such as clothing and shoes (Insch, 2003). COP represents the country from which the material of the product originates. Tse and Lee (1993) claims that COP is highly connected with product intrinsic cues (such as product attributes), and is also a significant cue for consumers to judge the products’ quality and evaluate the product.

2.5.2 COO of a Brand (COB), Brand Origin (BO) and COOW

Another perspective to understand COO differentiation is to study the origin of a brand (COB). COO is originally a product-level concept (Saran & Gupta, 2012), but COB is described on a brand level which means the country where that brand is originally from and where the headquarter is located (Fetscherin and Toncar, 2010). COB is also associated with COD (Arora et al., 2015), as consumers believe COD is a better representative the brand’s cultural heritage and brand image than COM (Hamzaoui and Merunka, 2006).

Brand Origin (BO) is defined by Thakor and Kohli (1996), as “the country to which the brand is perceived to belong by its target consumers” (p.27) which means this is a perceptual concept. Consumers may generate a misperception of BO that is, associating the brand with the country which is not its real COB. Thakor and Lavack (2003) list the antecedent variables that influence consumers BO perception, which includes the COO subcomponents, marketing communication (advertising and brand name) as well as individual experience with brands.

COOW has not been studied extensively in previous research, neither has consumer's perception about this subcomponent (Chung, et al., 2014). This thesis defines COOW as the country where the parent company of the brand originates. Therefore, it is a term that is highly connected with corporate management. The separation of COOW and COB defines the brand as a bi-national one (Cheah & Phau, 2015). Even though the existing literature does not investigate the relationship between COOW and COB, there is limited research discussing COOW's connection with other subcomponents. In Thakor and Lavack (2003)'s research, it has been found that COOW has a stronger effect on the BO than the other COO subcomponents in case the COB proves to be ambiguous. Cheah and Phau (2015) distinguish COM and COOW as "made in" and "owned by" and in their research and they find that the respondents mainly focus on COM during the product evaluation process. However, when the political and economic systems differ in a larger extent than expected, COOW can also influence the consumer's attitude towards the brand.(Cheah & Phau, 2015)

3 Methodology

This chapter is discussing the method of the research. First of all, the philosophical background of the study is explained. Then the nature of the study and the research design is introduced. Afterward, the method of data collection and analysis is presented, followed by a discussion about the ethical problems and limitations of the design at the end of the chapter.

3.1 Background

3.1.1 Ontological Background

The purpose of the research is to understand the nature of social entities, therefore questions of social ontology are studied. To conduct the research in brand communities was decided in the early stage of the study, as the authors needed to gather information from consumers who are involved in the brands enough to be informed about the COO cues and the ownership change. Therefore, the authors leaned towards the concept which considers social constructions to be created from the “perceptions and actions of social actors” (Bryman & Bell, 2011, p.20). As Bryman & Bell pointed out, the constructivist concept suggests that these categories that are employed to help people understand the world are in fact social products. This means that these categories are constructed through communication and interactions.

As the authors aim to understand what triggers the changes in consumers’ perceptions, the research follows the concept of social constructivism, which states that social phenomena and their meanings are accomplished by social actors. Based on this theory social phenomena and categories are not only created through social interaction but that they are constantly changing and renewing (Bryman & Bell, 2011).

3.1.2 Epistemological Background

The research aims not only to explain human behavior but to understand it. According to Weber (cited in Bryman & Bell, 2011:16), social sciences are attempts of “the interpretive understanding of social action in order to arrive at a causal explanation of its course and effects”. This philosophical position is known as Interpretivism and includes other approaches such as “social constructionism, phenomenology, and hermeneutics” (Collins 2010, p.38).

As the research goal is to uncover and understand human behavior and to interpret reality through social constructions such as shared meanings, consciousness and instruments (Myers 2008, p.38), the approaches of this discipline serve as the basis of the research design. The paper investigates the meaning of human actions and how they influence or alter other members’ action. Therefore, a phenomenological approach is followed, which declares that the social scientist’s responsibility is to interpret human actions and the social world from their point of view (Bryman & Bell, 2011).

Understanding the importance of belonging to a premium brand community and how the changes are interpreted from the member's’ point of view is the focus of the data collection process. The importance of the perceptions of other members and their image for the consumers when they consume a particular brand is also revealed and discussed. Thus, to study this phenomenon, the most suitable approach is the symbolic interactionism which declares that the consumer is “continually interpreting the symbolic meaning of his or her environment” (Bryman & Bell, 2011:19). The research is conducted in brand communities, as they convey the values of the brand. The aim is to reveal how the consumer interprets its environment, how it creates the self-concept through the actions and language of its peers is important to be understood as premium brands are often purchased for their symbolic value - as the mean of self-expression.

3.2 Empirical Research

3.2.1 Object of study

The research aims to understand the perceptions of the consumers regarding the country of origin effects (COO), especially, country of ownership (COOW). Understanding the underlying motives about purchasing brands that function as social badges - when they are acquired by a country which is less developed than its original COB and associated with low-quality products - is the principal contradiction the research aims to resolve.

The focus shifted to premium car brands in the early stages of the research as their quality, performance and price are important criteria when it comes to purchasing. Furthermore, these products convey the image of their drivers and they transmit and expressive (symbolic) value. Therefore the consumers are highly involved in the product and are well-informed about the COO cues.

In the past decade three large premium brands were acquired by developing country companies: in 2008, the Indian automobile manufacturer Tata bought Jaguar and Land Rover from Ford, and afterward, in 2010, Volvo was sold to the Chinese Geely. Since all these brands are premium car brands, those brand's consumers will be investigated in this research.

3.2.2 Secondary Data

An inductive approach was followed during the research: after reviewing the already existing theories and creating a new model based on the academic literature, we aimed to understand and establish a relationship among the chosen theories and the empirical research.

In the literature review, the brand image model of Kirmani & Zeithaml (1993) was used as a base concept, which we first completed with other assets and later on updated it with the effects of COO, based on several academic articles and research. We investigated the relationship between brand value, brand image, value creation and consumer perception. In the last step, after conducting the empirical research, new explanation of the investigated topic

emerged based on the collected data. Reviewing the literature shortly before carrying out the study was essential in order to understand the research discipline and the variables that are going to be explored. This inductive approach enabled us to understand the already existing concepts and to translate them into researchable entities (Bryman & Bell, 2011).

3.3 Research Design and Classification

As we firmly rely on the concept of interpretivism and constructionism and, in addition, the nature of the research is qualitative, greater emphasis is laid on the inductive approach. As Bryman and Bell (2011) put it the inductive approach of qualitative research requires clearly identified and discussed concepts and theories after the data is generated from the research. After investigating the phenomenon and analyzing the data, new concepts and models were presented and reviewed based on the findings, therefore the inductive approach seemed to be a natural choice.

The research contains exploratory elements. To gain insights and to understand the human reactions and behavior, exploratory research design was needed (Malhotra, 2009). The exploratory research design seemed to be appropriate, as the information required was not strictly defined at the early stage of the research and evolved as the research progressed. As there is only a few researches discussing the perception of premium brand communities about the ownership change, and the exploratory design is often the initial step for further investigation, this approach seems to be appropriate.

As mentioned above, the research is of qualitative design, as it aims to understand underlying reasons and motivation (Malhotra, 2009). Qualitative research is also preferable when motivations and drivers on a subconscious level need to be understood, contrary to quantitative research which aims to measure and quantify. The disadvantage of this design is that it was more time-consuming and the findings were more difficult to analyze and interpret than the quantitative ones.

3.3.1 Research Methods

As the main aim of the research was to capture the communication, interaction, emotions and reactions of the consumers who are devoted to the brands, we selected the consumers from brand communities to collect data from. Muniz and O'Guinn (2001) describe brand communities as the social entities that share the admiration of a brand. Therefore, brand communities have been recommended to conduct research in, to understand the consumer culture and behaviors (Muniz and O'Guinn, 2001; Kozinets, 2002). According to Kozinets (2002) "Online communities are contexts in which consumers often partake in discussions whose goals include attempts to inform and influence fellow consumers about products and brands"(p.61). Therefore, it is highly likely to find market-related data in relation to the investigated topic (Kozinets, 2002). The reason why brand communities are used for sampling - apart from the rich market-related data - is that all of the members of such communities are known, easily accessible and members are highly involved in the respective brands.

3.3.2 Methods of data collection

It was clear from the beginning that the paper will follow a qualitative approach (since the research goal was to reveal and understand the consumer's perceptions). First of all, whether the research was going to be conducted in an online or offline setting was taken under consideration. Online research seemed to be more appropriate, as the internet is expanding at an accelerated pace (Bryman & Bell, 2011), respondents are willing to express their opinions more easily (Xun & Reynolds, 2010) and brand communities (which served as sampling frame) are easily accessible. Although the internet provided rich data, the use of information required some caution and skepticism during the data collection and analysis due to the anonymity and of the respondents and web speak.

For the data-collection phase, several opportunities were discussed. Since the research is of qualitative and is conducted in an online environment, three methods were considered: online interviews, online focus groups, and qualitative content analysis. First, as the aim was to observe the attitude and perception of a larger group (brand community) and to utilize social groups where the members are already communicating with each other (Bryman & Bell, 2011), the online interview as an option was dismissed. Online focus groups were held

favorable first, but due the method's disadvantages, such as high dropout rate, participant's challenges with the software usage, difficulties of moderation (Bryman & Bell, 2011) the authors decided to go into another direction.

After these considerations, to collect empirical data, ethnographic content analysis (ECA) seemed to be the best option. It is also known as qualitative content analysis and highlights the role of the researcher in interpreting the texts - therefore it is consistent with the interpretivist approach of the study. ECA seemed to be appropriate as it allows for understanding “the meaning in the context” (Bryman & Bell, 2011, p.291) and to support theoretical relationships (Altheide, 1987). It provides rich and authentic data, which is constructed through a “complex and reflexive interaction process” (Altheide, 1987) which is in line with the goal (discovery) and philosophical background of the research. Another advantage of ECA is that it provides narrative data and not only numerical ones (Altheide, 1987). Furthermore, it also reflects the consumer's behavior and attitude towards the brand. ECA “follows a recursive and reflexive movement between concept development sampling-data, collection-data, coding data, and analysis-interpretation” (Altheide, 1996 cited in Bryman & Bell, 2011, p.560). The essence of the research method is the constant revision of the themes that are extracted from the conversations. Therefore, the data collection and analysis is not rigid, but at the same time, it is still systematic. The research is guided by predetermined categories, but it allows for further development of the concept by looking for motives and themes. The extracted themes were illustrated with brief quotations to gain insights into the consumer`s perceptions and opinion (Bryman & Bell, 2011).

3.3.3 Sampling

As the aim is to understand the reactions and emotions of premium brand consumers and to capture their communication, Bryman and Bell`s (2011) recommendation about using online communities as sampling frames was followed. Kozinets (2002) also states that chatrooms are beneficial to explore for marketers as they let them gain knowledge about particular themes. These forums provide access to consumers who segment themselves by a “certain type of lifestyle or market-orientation” (Kozinets, 2002, p.5). In the research, such online communities were preferred that focused on the research question, had higher traffic,

descriptive data, and interactions. Furthermore, as the research focuses on the perception of the western consumers regarding the acquisition, forums from such societies were sampled.

First of all, websites related to our research questions were identified, using different search engines (Google, Yahoo, Bing) to cover a larger portion of the web (Bryman & Bell, 2011). Different keywords were used (Chinese Volvo, Geely + Volvo, China + Volvo/ Jaguar + India, Jaguar + Tata, etc.) to find the most suitable forums and chatrooms. The main target group was consumers who either own such a brand or involved in them to some extent (previous owners or prospects). The keywords were selected based on the models and concepts we studied in our literature review.

We decided to examine three brands, which enabled us to cross-examine the cases. The criteria were to involve premium brands that were acquired by developing countries between 2006-2016 (past decade) in order to be able to have available online data and up to date information, but at the same time being able to assess the phenomenon objectively, from some distance. Based on these criteria Volvo, Jaguar and Land Rover were sampled. The time interval examined was determined based on the period when the brand was sold (few months before - when the news broke and a few months after the acquisition). The case of Volvo was examined in the period of 2009-2010 while the cases of Land Rover and Jaguar were explored during the period of 2008-2009 in the form of passive analysis. Eleven chatrooms and 348 comments were analyzed altogether.

When selecting the brand communities, John Scott's criteria (1990, p.6) was kept in mind: such communities had to be authentic, credible, representative (Bryman & Bell, 2011, pp.557-558).

3.4 Documentation and Analysis

First of all, the administration of ECA was quite simple and effective: no recording and no transcription were needed due to the online nature of the research. King's template analysis was utilized, which is often used in the qualitative content analysis (Easterby-Smith, Thorpe & Jackson, 2012). This method allows the researcher to be flexible: lists of "initial" codes or

concepts were developed, but it can be updated during the analysis. The initial concepts and themes were created based on the models discussed in the literature review.

During the research, the collected data was analyzed according to these themes. Keywords were created “based on general theoretical ideas” (Bryman & Bell, 2011, p.586) and grouped the data around the chosen themes. Such keywords were: “brand image”, “value”, “quality” etc. As Bryman & Bell (2011) puts it “for some [research] a theme is more or less the same as a code, therefore instead of coding we looked for keywords and created themes (p.572).

After having read the conversations, information which was related to the research question was selected. The process of data collection was continued until the saturation of data: as long as new insights were gained about our predetermined themes (Kozinets, 2002:6). The information was categorized as on-topic versus off-topic, and relevant versus non-relevant. Due to the huge amount of data and the time limit only relevant and on topic comments were selected for the analysis. Comments discussing the research topic (consumer perception, attitude, brand image, perceived quality, value, etc.) were sampled, off topic comments were ignored.

In the next step, the information was organized based on the developed the codes and themes. The data was transcribed, labeled and transferred in the database (Easterby-Smith et al., 2012). As template analysis allows for parallel coding (one piece of text can be assigned to different codes at the same time) this feature was utilized whenever it was found to be necessary.

After cleansing and categorizing the data, connections between the categories were established to understand how they relate to each other and other themes, issues and main concepts (Bryman & Bell, 2011, p.571). In the last step, the findings were compared to the concepts and models reviewed in chapter 4.

3.5 Reliability in Qualitative Research

It is hard to define and gauge reliability in qualitative research. However, several frameworks exist that aim to assure that the research design and the collected data is appropriate. One model is developed by LeCompte and Goetz (1982). As they put it, internal reliability can be enhanced by having more than one researcher conducting the data collection - such as in this research. Internal validity is reflected by the concordance of the observations and the developed theoretical ideas. As both researchers agree about the conclusions drawn, the research is considered to be reliable and valid. External validity, however, is usually a problem when it comes to qualitative design due to the small sample sizes. On the other hand, the researchers aimed to enhance the level of external reliability by adopting a “similar social roles” in each setting (forum).

To assure proper data collection process, Yardley`s (2000) recommendations were also considered. The authors of the thesis took the context of the social setting into consideration, were collecting the data in a transparent manner (by providing transcriptions and field notes), reviewing data which is significant for the theory (by concentrating on the research question and developing the themes based on the theoretical concepts considered prior to the data collection phase) and staying committed to the research by acquiring the necessary knowledge and skills for the data collection and analysis.

3.6 Ethical Considerations and Limitations

Unfortunately, every research design comes with certain ethical problems. In some instances - such as in this research -, it is necessary to disguise the nature of the study to produce valid results, even if the participants should be informed about taking part in a study (Malhotra, 2009).

Moreover, as the research is based on an interpretivist and qualitative approach – with non-probability sampling, - the generated data cannot be generalized and it also leaves room for researcher bias (Research Methodology, 2016). Another limitation is that the analysis of

qualitative data is not guided by such clear guidelines as in the case of quantitative research (Bryman & Bell, 2011). When it comes to coding, the possibility of “losing the context of what is said” might occur, as the researcher is required to break down the data collected (Bryman & Bell, 2011).

There are also some limitations due to the online nature of the research: the researcher cannot be fully sure about the identity of the respondents and therefore credibility of the sources can be an issue (Bryman & Bell, 2011). The respondents might also present a “more careful and cultivated self-image online than in real life” (Bertilsson, 2016). It was also problematic to identify the user segment we want to investigate, although with some preliminary research we were able to identify the loyal and actively involved brand community members whose conversation we wanted to study (Kozinets, 1999) by utilizing data from forums and chatrooms where even higher ranked (senior or premium members, admins) represented themselves.

Another problem with online studies is that only “verbal” data can be collected, nonverbal reactions are hard to substitute with emoticons or descriptions. It was also hard to identify in some cases whether the chat forum is a public or private room, which often led to the feeling of “lurking” (Bryman & Bell, 2011; Bertilsson, 2016).

4 Background of the brands investigated

This chapter presents the brand history and core value of Jaguar, Land Rover and Volvo, as well as the buyers, Tata and Geely briefly, to reveal the different backgrounds of the brands.

4.1 Jaguar & Land Rover's Acquisition

4.1.1 Jaguar

The first Jaguar automobile was produced in 1935 and the original idea was to combine performance and beauty to make it a forefront luxury automobile (jaguar.com, 2016). The brand also put great emphasis on quality both in terms of the products and the services offered, in order to create premium brand image (jaguar.com, 2016). The Jaguar brand stands for innovation, trust and pioneering as well. Jaguar believes that “a car is the closest thing you can create to something that is alive” (jaguarlandrovercareers.com, 2016). The brand's philosophy is that life is about feelings; therefore they try to create unforgettable moments for the Jaguar drivers. That is why the designers and engineers aim for excellence during the product development process. Other Jaguar values are: integrity, respect, unity and responsibility.

4.1.2 Land Rover

Land Rover started to produce its first cars in 1948 in the UK. Since then, they have been famous for their technology and innovation. The brand is associated with performance and craftsmanship, as well as with strength, versatility and durability (jaguarlandrovercareers.com, 2016). Land Rover cars are considered to be renowned for their strength and capability to operate under extreme circumstances, some of the vehicles still run even after six decades! Since Land Rovers are used by organizations like Red Cross, or even

the US Army, it is crucial for the company to keep up with the innovations and technological development to overcome the toughest challenges.

4.1.3 Tata

After the financial crisis in 2008, Ford divested Jaguar and Land Rover. The brands were sold to an Indian company, Tata Motors, for 2.3 billion US Dollars. Tata is one of the fastest-growing businesses in India that was grounded in 1945. The conglomerate has interests in several branches (tea, electricity, coffee, steel etc.) and its brand portfolio is much diversified (Timmons, 2008). Tata was well-known for its cars in India even before the acquisition of Jaguar and Land Rover and the company has also been broadening its operations on the international market since 1961 (Profit.ndtv.com, 2016.). The company's core values are: integrity, understanding (caring), excellence, unity (focusing on relationships) and responsibility (tata.com, 2016). The chairman of the conglomerate stated that their strategy is to respect the brand's heritage and to keep Jaguar's and Land Rover`s identities intact, after the acquisition (tatamotors.com, 2016).

4.2 Volvo Cars' Acquisition

4.2.1 Volvo Cars

Founded in 1927, Volvo cars used to be the part of Volvo Group until 1999, when Ford Motors acquired Volvo Cars and became the parent company of Volvo Car. After the financial crisis in 2008, the Chinese automobile manufacturer, Geely took over Volvo Cars in 2010 (Clark, 2009). Therefore, Volvo Cars' COOW shifted from Sweden to the US and ultimately ended up in China. Worth being mentioned, before Ford sold Volvo to Geely, Ford's Chinese partner Changan Auto had already been producing Volvo Cars (S40 and S80) to Chinese market since 2006 (BBC News, 2006), and Geely's did not stop the manufacture until the contract is expired (Gao, 2010).

The core values of Volvo Cars' are safety, quality as well as environmental care (volvocars.com 2016), which also can be seen as the basis, by which they establish their long-

term reputation. The former two are considered to be the foundation of all the automobile manufacturers, while environmental care enhances the brand image with a sense of social responsibility (Urde, 2016). Besides these three aspects of core values, consumers also recognize Volvo car's significances in reliability and durability (Volvo Corporation, 1993). The brand name Volvo has been highly associated with Sweden, which makes the brand name itself a COO cue and the Swedish association also leads to consumers' high evaluation on Volvo's engineering and design (Vega & Samama, 2010).

4.2.2 Geely

Geely's business began with manufacturing refrigerators in 1986 and entered into automobile industry in 1997 (global.geely.com, 2016). When Geely acquired Volvo Cars in 2010, it had already been considered as the largest privately owned car manufacturer in China (Clark, 2009). Geely was almost an unknown brand in the global market before the acquisition (Wang, 2011). And at that time, even Chinese consumers acknowledged Geely as a low-end motor manufacture, since even their highest-end model's price fluctuated from RMB 70,000 to RMB 100,000 during those year (compared to a Volvo car's price range from RMB 300,000 to RMB 1,000,000) in China. Since Geely is less experienced in manufacturing premium automobile brands, this acquisition is described as "a young guy from the poor countryside of China marrying an old beautiful woman from rich Sweden" (Xiao & He, 2011, p.1).

5 Findings

This chapter introduces the findings of the netnography conducted in Jaguar, Land Rover and Volvo's online brand forums. The results are presented in accordance with the models previously discussed in the literature review. The introduction of the findings is followed by the display of the data gathered regarding the informational cues, changes in brand attitude, perceived quality and value, and brand image. At the end of the chapter, the new themes that emerged during the data collection phase (environmental and political concerns) are presented.

5.1 Introduction of the collected data

The acquisition of Jaguar and Land Rover took place in 2008 while Volvo's happened two years later in 2010. During that two-year gap, Tata has achieved a lot regarding managing the newly acquired brands. Therefore, when Geely bought Volvo, consumers saw the success of Jaguar and Land Rover as a positive example. However, members of the Western society have different attitude and evaluation towards India and China: in general, India has a better reputation than China in those brand communities.

"At least they're not selling to Koreans or Chinese. I remember how bad kia, daewoo, and hyundai cars were. The indians have a hell of a business empire in tata". -XtremeMarine

Consumer's knowledge about the brand's origin and the willingness to get to know the new owners (Tata and Geely) depends on the individual's attitude. Some refuse to learn more about them and consider the brand to be "dead" after the ownership change, however, some are willing to accept the situation for the sake of the brand's survival, even if they don't approve it personally. The majority of the concerns are directed towards the change in the country of manufacture and design, but as long as they remain the same, consumers are less

concerned about the ownership change. However, several consumers jump to the conclusion that COOW equals to COM or COD, which leads to confusion.

According to the findings, the difference in individual's perceptions can be derived from the different cultural distance of the two countries from the western culture: India's history of British colony is considered as an advantage when it comes to the acquisition of Land Rover and Jaguar, while the further cultural distance and lack of historical connection between China and Sweden contribute to the concerns of Volvo fans about the inherent of brand's heritage.

“The Brits have been in India for eons, and British culture has rubbed off on a LOT of people in India. Don't confuse the lower level, poverty stricken bunch with the guys who are buying the company. These Indians know what a REAL Land Rover is supposed to be. Heck probably most of their country is full of old Series Rovers all around the place. ”-Expedition Nutter

In the next chapters, we are going to present how consumers use COO as an extrinsic cue and how it affects the brand image (customer`s perception) through brand attitude, perceived value and perceived quality.

5.2 Cues of Brand Evaluation

5.2.1 Intrinsic Cues

One of the most common intrinsic cues of the brand evaluation is the physic or tangibles of the product. There were some common traits in all three of the brand communities concerning this cue, such as the hope for the restoration of the original design of the cars and preserving their heritage - with new investments.

Consumers implied that Ford was making Volvos, Jaguars and Land Rovers too similar to Ford vehicles - therefore, it deprived the brands of their identities. After the ownership change they were hoping that the new companies will not destroy the design of the car, but making

something different from what Ford did. Some of them were willing to accept the change of ownership, even the changed location for production unless the design and R&D stay in the home country.

“I doubt that the new owners will commit to a cost cutting drive because that will surely kill off the brand. However it will be nice to possibly see volvo styling which is not also shared by ford cars”. - this comment made by Cris740R (premium member) sums the general opinion of the community up.

Consumers who either have less knowledge about the brand's new owners or are less involved in the brand, use the COO cues and stereotypes to evaluate the products. Unfortunately, in this case, those are the negative stereotypes of the new owner country that affect the brand image: Volvo's consumers are concerned more about the material since China is frequently involved in quality scandals. Jaguar and Land Rover's drivers express their concerns more about the design style since they associate Indian automobiles with either small size cars or over decorated models, which is opposite of both Jaguar and Land Rover's design spirit. Some consumers posted the pictures of the small Tata Nano (Tata's best seller model in India) and over decorated vehicles (Appendix 1) to express their impressions about the local car industry. On the other hand, since Tata also have another division with steel business, and hence, some consumers believe Tata can help to improve the material of the car.

“Tata on the other hand owns steel mills and designs and builds trucks and heavy equipment. Ford is billions in debt”. -FactoryJaguarTech

On the other hand, in Volvo's case: the chairman of Geely, Li Shufu made an unfortunate statement which led to some concerns in the community: he mentioned that Volvo's concepts are too advanced during an interview. This statement led to some concerns about the deterioration of quality and design.

5.2.2 Extrinsic Cues

Although the price is one of the most important extrinsic cues when it comes to premium brands, it seems that consumers were not concerned extensively about this aspect. There were

only a few Volvo fans who brought this matter up and no one in the Jaguar and Land Rover communities. According to these opinions, China, in general, is associated with cheapness and therefore the cars produced there/ owned by a Chinese company is perceived to be cheap regardless to its product category. Furthermore, cheapness implies low quality, which leads to the loss of positive brand associations such as safety, which was the core value of Volvo. Therefore, consumers consider asking for the same premium price for a vehicle produced in China as for the same produced in a western country to be unfair.

It seems that the forum members are concerned that all of the production will be moved to the developing markets, and the European and American production plants will not be utilized anymore. The main reason for their concerns is due to their knowledge about the cheap labor force. Having underpaid and uneducated workers and poor working conditions lead to poor quality control (which results in low product quality) and might hinder companies to keep up with the premium pricing in their opinion.

“Land Rover wanted to drop the Defender from it's range due to the amount of manual labour needed to build them. Labours dirt cheap in India.” - explained Patman1200 negatively.

However, it is not impossible to consider a product made in China or India as a premium one, although it will take long time and development (regarding better work conditions and quality control) to do so according to the community.

“Stuff from Japan used to be junk but their country has grown and now Japanese stuff is pretty good.The Chinese worker will demand more money ,the buyers for their products will demand better quality, and you will see chinese stuff become much better in quality and reliability but the prices will rise .” - explained BigDog optimistically.

5.3 Brand Image and Associations

As mentioned in the literature review, the brand image can be defined as associations that are evoked by the brand name, symbols, slogans or the COO. These associations are constructed through perceived quality, perceived value, and brand attitude.

When it comes to consumer association about the home country of the brands, it seems like Volvo's consumers associate the Swedish influence with the brand firmly ([the acquisition] "it's a stain on Swedish flag"), while Jaguar and Land Rover are relatively less associated with the UK. It can be explained by UK's relatively more developed automobile industry, from which many premium automobile brands are originated, such as Mini Cooper and Rover. Therefore, Jaguar and Land Rover are less representative and unique than Volvo to represent the country. Since Sweden is highly associated with iron, steel and innovation, this COO evoked positive associations such as high quality, reliability, and safety ("Volvo was an icon of quality."). However, compared Jaguar to Land Rover, the former is more considered as a British symbol since Jaguar shares the descent image with Britain.

"(...)Jaguar, one of the most recognizable symbols of Britain worldwide, is going to be purchased by a company in India (...)"-Michael T. Vawter

When the forum members get informed about the news concerning the acquisition, they immediately develop new associations based on their affiliations with China and India:

"Look out for a baby Volvo if Geely take over!"- Anonymus.

Both India and China evokes several negative associations and stereotypes, and it seems that the negative stereotyping about the country implies negative associations about the brand immediately in the rather superficial consumers' mind. Some comments are very shallow and have nothing to do with the cars: some of them just mention "curry", "chinese buffet" or "Bruce Lee", while others are more in-depths. There are concerns and negative affiliations about the design (China is associated with small and cheap cars, India with distasteful design and gadgets). Land Rover forum members even posted pictures about the Indian design, joking about its effect on the product. Both countries are associated with cheap labor, cost-

saving and ethical issues. Thus, it seems that the political aspect of the COO is one significant concern of the consumers.

"I would rather drive a 07 XJ for the rest of my life then switch to a tata parts bin car Stuffed with curry sauce and hay that will rust out in 2 weeks." -Peewee

5.4 Brand Name, Symbols & Heritage

The brand name, symbol, and logo are important sources of associations. Despite its Latin origin, the Volvo name was firmly associated with Sweden and quality ("Rolling Iron"). Jaguars name is borrowed from a predator and conveys elegance. Although both brand names convey prestige, the brand community members expressed that the parent brands names (Geely means "Happiness" or "Lucky", Tata "Good Bye") sound quite unserious, thus they deprive the brands of their prestigious image.

"This could be our last chance to replace the leaper with a running elephant at introductory prices" - Carelm ?. While a running elephant would be nice, I'd rather spring for a king cobra rising up from a wicker basket" - Jon89

The members also raised concerns about what is going to happen to the brand name: whether its value and heritage will be maintained or it will be changed.

"Becoming Tata Jaguar will increase those thoughts ten fold for sure no matter how much money they throw at it." -JimC64

Although there are doubts about how the brand will be managed by the new owners, as long as the brand heritage is maintained and stays true to the core values, consumers feel less threatened by the change.

"Well, as stated the key (for all of us enthusiasts) is staying true to the Volvo heritage regardless of who ends up owning the company or where it's manufactured. After all, the very American GM absolutely destroyed Saab." - jbrown 122

5.5 Perceived Quality

First of all, many consumers discuss the possibility of moving the assembly plants into the developing countries, and this leads to their concerns about the influence on product safety and reliability. Under the assumption of the movement of the manufacturer, Volvo's consumers' expresses the negative expectation of the quality mainly because of China's frequent involvement in quality and safety scandals and China's low standard in quality control. For Jaguar and Land Rover's users, even though India has less to do with quality scandals than China, consumers still have a low expectation of quality, since they believe India has a low standard in quality control as well.

"Frankly they'd be mad not to build Defenders in India. Not too sure about Jags though. It could dilute the image of quality."-Pcread

The second factor lies in the consumers' concerns about the retrogressing of technology development. The first concern is the new brand itself. Since both Tata, and Geely is inexperienced in managing premium automobile brands while Ford had many brand divisions. Consumers are worried that the two new owners do not know how to help the brands to improvement their technology. Also, some members of the Jaguar forum pointed out that when Ford owned Volvo, Jaguar, and Land Rover at the same time, both Jaguar and Land Rover's safety and reliability improved because they absorbed Volvo's technology, therefore, they cannot see how Tata could benefit Jaguar technically. Contrary, Volvo's consumers fear that the new owners will only take advantage of the brand's technology to compete with the Japanese and Korean car industry and then abandon the brand when it is not useful anymore.

On the other hand, some community members were quite optimistic about the acquisition. One reason was their disappointment is Ford Motor Company's management and their unwillingness to invest in the brand and to keep its heritage. Thus, some brand community members have high hopes for Geely and Tata to provide sufficient funding. Another reason for the trust in the new owners (in Volvo's case) is the positive example of the Japanese and Korean car industry. The consumers imply that this might be the beginning of a process of improvement and technological development:

“Despite our (justified) doubts, China has come a long way. At one time “Made in Japan” carried the same reputation, then it was “Made in Taiwan”. Now it’s China. And look, Japan has a well earned reputation for quality and technology.” - c@lvin.

Lenovo's success also serves as a good example of China's ability to produce high-tech products with a high quality, while Tata's involvement in the steel industry also reassures the fans about the company's ability to produce quality products.

“For instance my laptop (a Lenovo X61) is made almost entirely in China and it is one of the most (if not the most) expensive and reliable laptops.” - marginal.

5.6 Brand Attitude

5.6.1 Feelings and Affect

In general, there was a significant confusion about how the acquisition will affect the brand. Will it change the name? Where will be the parts produced? How will the quality change? Consumers have no idea about what will remain of their favorite brand.

“i've got the same problem. I don't know what brand to like now.”- c@lvin

“You can expect defender production to go to India, JMHO , otherwise as said better than the ford ownership . Look what they put as engine and gearbox into defender” - tacr2man

The heritage of the brand with some intangible values is lost due to the ownership change, but also the tangibles such as quality and technology are in peril.

“I am huge on tradition. Not just in cars, but anything. It's just something about me. Ford having Volvo is bad enough (but justified in my mind because I like Ford :P). Now the Chinese? That sucks, I'm out.”- JP

The comments can be divided into two groups, rational and emotional. The emotional ones show strong objection in purchasing another Volvo, Jaguar and Land Rover without much detailed explanation. Since brand affect is a subjective opinion, these comments are in the majority in the category. Losing the values that the brand was admired for (prestige, sophistication, quality, safety) led to a decrease in loyalty and purchase intentions among the subjective members.

“But as a prestigious brand like Volvo, I probably won't be buying more of the this make after this. I'll end up using up my free 5 year warranty / free maintenance and buy a new car. Its just doesn't feel sophisticated anymore, well in the future I mean”. - miss2010xc90

There are rational community members that are trying to practice patience (“time will tell”), but they also demonstrate their uncertainty about the future of the takeover. They are concerned about the location of the new assembly plants, the new strategy of the brand, the new design, quality, and technology. They wait to evaluate the outcomes, thus, their purchase intention and degree of loyalty cannot be determined. Most of the reasoning behind the objectivity about Jaguar and Land Rover’s situation is due to consumers’ knowledge about Tata’s previous success. Unfortunately, Geely has rather negative associations compared to Tata as they are affiliated with cheap, small and low-quality cars. However, knowledge about the automobile industry and the respective countries can lead to some degree of objectivity and help to avoid immediate rejection.

“So Can we know say and think/HOPE/Pray that Jaguar is Back in English hands of some sort for all intensive purposes? Gosh I hope so. If the New owner of Jag is smart, the TATA group brings back the entry level Jag for our younger Jag brothers and sisters. Because these buyers will be the ones to the buy the bigger Cats in the future”. - bluewasabi

5.6.2 Beliefs

Several comments mention the new owners’ ability to invest in the brands, and therefore the rational consumers hope for a positive outcome, contrary to the emotional ones, which just using stereotypes like both China and India are cost-saving country, and believe they would cut the cost of production.

In comparison, since Tata has successfully managed some premium brands and also has a great business in the steel industry, Jaguar's and Land Rover's consumers' positive beliefs are even reinforced. While on the other hand, even though Volvo's consumers admitted the technology improvement in China during the past two decades, due to Geely's lack of experiences in managing a premium brand, their positive beliefs are not as strong as Jaguar's and Rover's.

"Looking at the other companies Tata has bought, Corus, Tetley Tea etc I think the future looks good." ---Davec

5.6.3 Behavioral intentions

The majority of comments was negative regarding behavioral and purchase intentions in all three cases. The comments can be divided into two categories (emotional and rational) again. Even within the emotional cluster the authors could identify consumers who are more expressive about their opinions and consumers who are not going into details - they just stated their opinions ("Love you Volvo, but you gotta go") without further explanation. The expressive but negative opinions were based on stereotyping and personal experience.

The neutral but ambiguous opinions were also gathered from threads. Consumers did not express specifically whether they have the purchase intention or not, but they did not show their rejection to buy a new Jag, LR or Volvo either. On the other hand, since they are uncertain about the potential risk and future performance about the brand, they just want to wait to see the future brand performance and then would decide whether they can develop the positive purchase intention for the brand or not.

"Go buy the first Tata Jag, if you can afford it, then report back." -Jack Rabbit

The few comments that were expressing a positive purchase intention concerned the older models, before either the Chinese and Indian or the US era. Consumers would still buy these used vehicles or certain models that were still produced in a western country. However,

moving the production to China or India would have a strong negative effect on the behavioral intentions

“If they move engineering and management to China it's all over. Stick a fork in it. Otherwise I hold hope it might work: China owns the company, gets the profits and hosts manufacturing, and the spirit remains Euro quality/safety.” - Matthew1

5.6.4 Protecting the brand

A small but new segment and a new phenomenon emerged during the research: consumers who are protecting the brand's interests rather than theirs. Some data was gathered from forum members that became disloyal due to the takeover, however, there are still some who stay optimistic and protective about the brand. Most of them are blaming Ford for what happened, instead of the original owners.

“Ford, killer of my two favorite brands, Volvo and Jaguar...” - larry818

There is hope that Geely and Tata will invest sufficiently in the brand, contrary to Ford Motors. Also, the consumers feel that it is safe to sell the brands to a corporation from developing countries. They suspect that if the brand were taken over by a developed country's brand like BMW or Volkswagen, they would not preserve the brand but destroy it. And they believe that since Tata and Geely have invested a lot in the purchase of the brand, and the developing countries have the strong desire for premium brands, they will better save and protect them. Therefore, even if they don't find this appealing personally, they are willing to accept it to keep the brand alive.

“if Tata can offer the stability and financial backing that Ford/ BMW/ Honda/ British Aerospace/ British Leyland/ Rover car Co couldn't offer then good on 'em.” -freeagent

5.7 Perceived Value

Consumers perceived the potential loss of brand value from the several aspects. First, they think it was influenced negatively by the new owner's value proposition. Since Tata and Geely do not sell high-end automobile, they believe that the newly acquired brand's value proposition is descending as well. Secondly, the contradiction between the country image and the brand image also leads to a diminishing brand value. Since Volvo is considered as the safest car, it is very disturbing for brand fans to see it being sold to a country that is associated with dangerous, unsafe and low-quality products. Jaguar is praised for its beautiful models while India is famous for its overwhelming design elements. Land Rover is known as a massive and masculine car, but at the same time, India is known for small vehicles. Therefore, there are some ironic comments on this phenomenon.

"Its like selling Armani to Walmart "-wolf about Land Rover

Although there are vague concerns about the diminishing value of the brand, it seems that it is hard to grasp for some consumers what it entails. They can't imagine what aspects of the value will be concerned; they just express their fear and disappointment. A new theme was also discovered during the data collection process related to this peculiarity - the fear of the change in the target audience and the strategy.

"was on a business trip to China a couple of weeks ago. (...) The reason I was given was that Geely sell cars to "country people". This was his way of saying less sophisticated buyers with less money who tend to live outside the main populated areas of Beijing/Shanghai/Dalian etc. Makes me worry about the future". -Ian Cognito

The depreciation of the perceived value derived from both functional and symbolic aspects. All these three brands are used to be highly evaluated by its reliability, advanced technology and its rigid standard of emission. After the takeovers consumers perceived a possible risk of the descending in all those three attributes. Meanwhile, respectively, Volvo's strengths of safety and comfort are seen to be descending, and Land Rover's strength and powerful engine are also being threatened by the new takeover.

"Nothing to do with race, but more on safety and reliability. I don't know as much about Tata and other Indian companies, but a lot of cars manufactured in and for markets in India, China, etc. would not pass (and have not passed) safety tests required by the EU and USA."-08xkr

The takeover influences the consumer's perceived symbolic value as well. Some of them mentioned that the car cannot represent their personal image they want to be perceived. For example, Volvo consumers feel that the car lost its ability to convey the image of a prestigious and sophisticated driver. Owning a Swedish car also made the consumers able to differentiate themselves from other car drivers / which might be lost due to the new ownership.

"Volvo is different and for me, that is part of the reason I like the car. I have one of the only Volvos in my neighborhood that is choked full of Toyota and Honda". - wheelsup.

They also felt a decrease in their social classes. For example, Jaguar's consumers feel that they do not think the brand can be compared with BMW or another high-end brand anymore, but drops into the categories like Asian premium brand (like Lexus), which leads to a self-depreciation in the end.

"VW and BMW not in the same class as Tata."-08xkr

5.8 Environmental Concern

Consumers were concerned about the acquisition's potential effects on brands' sustainability as well, therefore, environmental concern, as a new theme, was also included in the analysis. Some of them considered neither China nor India environmental friendly country (particularly China since it has been suffering from the severe pollution problem for a long time). The consumers worried that the new owner will put less focus on maintaining the sustainability but more on cost saving.

“I am sure the Chinese don't give a stuff about emissions and crash tests and they would love a cheap to maintain car that car cope with their roads and dodgey fuel.” - Strang

5.9 Political Concern

A lot of discussions were observed about the political systems of the new owner countries. China and India have different political systems, and in light of India's British colony history, the consumers' political concerns are different from the ones they have regarding China. Volvo consumers` have a strong objection towards the socialist political system (since the informants we studied are mainly from capitalist countries), and their perception of China's corruption in politics is quite negative as well. However, some members mention the responsibility of western countries that contributed to the present situation.

“It was our (the US and other Western countries) decision to move the manufacturing of all crap to China...those crappy products are made by the western specs and by the western orders... -

China OPENLY used cadmium in jewelry for years, and yet - American "crap product" chains decided to bring them in...

And at the end - we still have Chinese bastards to blame...”-gascos80

As it has been mentioned above, some of the Jaguar and Land Rover consumers perceive less cultural distance between Britain and India than between Britain and other developing countries due to India's colonial history, but this shift in the balance of power (India took over a British brand) is still considered to be ironic.

“I find it rather ironic that Jaguar, one of the most recognizable symbols of Britain worldwide, is going to be purchased by a company in India, one of their former colonial possessions. ”-Michael T. Vawter

6 Discussion

This chapter combines the theoretical foundation of the research with the empirical data. Since this thesis follows an inductive approach, the findings and the new themes that emerged are being discussed, to be able to draw conclusions in the last chapter. The analysis explains the COOW information processing first and ends with a discussion about how it affects the consumer perception of the brand image of Volvo, Jaguar and Land Rover.

6.1 COOW association

COOW change have two significant consequences: the first is its influence on perceived brand origin while the second is its diversified association with other COO subcomponents.

Brand origin is the country or place that the consumer perceives the brand to belong to. When COOW and COB are congruent, COOW is the most significant measure to represent the perceived brand origin (Thakor & Lavack, 2003). However, in the case of Jaguar, Land Rover and Volvo, COB influences perceived brand origin to a larger extent. Ford's ownership did not change consumer's attitude to evaluate Volvo, Jaguar and Land Rover as "American" brands. This is due to the fact that when the political and economic systems are similar, the base of consumer evaluation is COB (Cheah & Phau, 2015).

When the forums members discussed the new acquisitions, they would still use expressions such as "symbol of Britain" or "Swedish Flag" to describe the Jaguar and Volvo, but seldom associated these brands with some American elements. Consumers compared those brands: they would compare Sweden (COB) with China (COOW), or Britain (COB) with India (COOW), rather than compare the US (previous COOW) with China or India (new COOW). Thus, consumers use the original COB as the base of comparison when they evaluate the new owners. This means that, in general, consumers still tend to perceive Jaguar and Land Rover

as British brands and Volvo as a Swedish one. Although, in some instances, COOW also can more or less be perceived as the brand origin according to the insights gained from the analyzed data. Some users started to call the brand "Tata-Jaguar". The change in the base of evaluation is explained by Cheah & Phau's (2015) research: when the two political and economic systems differ in a larger extent, COOW gains more importance in the evaluation process.

The reason why the cross-border acquisitions trigger a strong reaction in brand communities can be explained by Perner (2010) 's theory: the extent to what people's attention would be attracted depends on the intensity of the change, and the frequency of their exposure to the similar informational cues. Comparing the level of economic development, cultural distance, political difference, and other relevant factors such as races and language, it can be observed that the differences between Sweden/China respective UK/India are larger than the differences between western countries (UK/Sweden compared to the US). Therefore, this change in COOW would not only lead to bigger concern but also trigger massive media's interest. This increases the chance that consumers will be exposed to the acquisition news and ultimately reinforces their attention. Furthermore, the more involved forum members realize the differences of the brand value proposition and the value proposition of the new parent company, therefore their knowledge about the ownership change is reassured.

COOW also evokes various associations regarding the other subcomponents. When consumers express their opinions about the acquisition, some of them directly started to discuss the manufacturing ability, technology standard, quality control and design style in India and China even though there is no related news confirms that the COM, COD or COP will be moved to the new owner's country. However, there are still some consumers that argued that the change of ownership would not lead to the change of COM or other COO subcomponents.

Compared to "manufacture", "design" and "parts", which are directly associated with product attributes that lead to product evaluation, the consequences of ownership change primarily concern the corporate level, which is abstract for the consumer to use as a cue. Therefore, consumers had to develop a secondary judgment about the consequences of COOW.

The result of the diversified association can be explained intuitive thinking and analytical thinking (Biel, Gärling & Marell, 2010). By comparing the length and contents of the data transcript, it can be observed that those who associate the COOW change with COM, COD, and COP change did not explain in detail why they believe that those aspects would change. Those who did not think the COOW change would lead to the alteration of other COO subcomponents would provide more explanation and argument to explain their point of views. They expressed their understanding of ownership and their comparison of previous cross-border cases.

For example, before Tata acquired Jaguar and Land Rover, they had already acquired the British tea brand, Tetley. Tata left Tetley's headquarter in Britain, which indicated for the forum members that Tata will not change Jaguar and Land Rover's original managerial and production framework. Based on this experience, Volvo's consumers also started to confide in Geely (hoping that they would imitate Tata's strategy and leave all the departments in the where it used to be). Such former examples are used as the building blocks of consumer knowledge about the brand: analytical-thinking consumers tend to seek information and judge the situation based on former examples. Contrary, some more intuitive- thinking consumers tend to unconsciously associate COOW with other COO subcomponents to form the brand image (Schwartz, 2004).

6.2 Brand Attitude

Perner (2010) describes brand attitude as a construct of beliefs and feelings about the brand and actual purchase intentions, which have an effect indirectly on the brand value, through brand image (Faircloth et al. 2001).

Affect and belief are unconscious and subjective associates: both categories can be positive, negative or neutral, and they don't need to be accurate (Perner, 2010). A stereotype is the consumer's "set of beliefs" about the characteristics of the brand (Judd & Park, 1993, p.10). COO is a type stereotyping (Maheswaran, 1994) and is used to simplify the evaluation process and decision making. Since stereotypes about emerging countries were mostly negative in Volvo's, Jaguar's and Land Rover's case, the product evaluation was also cynical

and pessimistic compared to when brand/product knowledge was used for the same process as a base of assessment. Since the latter implies a longer process of assessment, the outcome of the ownership change and the new associations developed was not clear at the time of the data collection.

Since the data analyzed was split into rational/ objective and affective/subjective opinions, the concept of product knowledge (which is the objective evaluation of the product) must be introduced in the discussion.

6.3 Consumer Knowledge

As Marks and Olson put it, product knowledge is information stored in the individual's mind, for instance, information about product attributes (design, technology), usage, evaluations and brands (Marks & Olson, 1981) and has an impact on purchasing intention and decision (Selnes & Grønhaug, 1986). Consumers knowledge can be categorized as (1) knowledge about the original brands (Volvo, Jaguar and Land Rover) as well as its product attributes; (2) knowledge about the new parent brand (Geely and Tata) and its product attributes; (3) knowledge about the two developing countries (China and India).

The findings of the research imply that the more knowledgeable brand community members are, the less stereotyping and COO cues they use. The article of Park and Lessig (1981) supports this finding, stating that the individuals with product knowledge use mainly functional attributes to evaluate the products while people with less information tend to use external information (Punj & Staelin, 1983), therefore, their attitude is determined by this external cue. The less knowledgeable or involved forum members often used such associations as low quality and cheap labor, but some even went further and developed connection between the product and the country based on associations that had nothing to do with the industry, such as "curry smell" or "Chinese buffet". Thus, the authors conclude that consumers with lower product knowledge construct the brand attitude and evaluate the product/ brand partially through COO cues that can concern any aspect of the new owner's culture.

Since majority of the consumers are unfamiliar with both Tata and Geely, the way how consumers assess the two new parent brands are influenced by COO. COO functionally works as (1) signal to infer the attributes, (2) comparison standard of brand, as well as (3) product attributes (Li & Wyer, 1994). All the three types of COO functions were observed in the brand communities: some consumers, who have no intention to gain more information about Tata or Geely, use the perceived country image of India and China to form the brand image - this is called the “Halo Effect” (Bloemer et al., 2009). Those consumers, who are more involved in the brand, are concerned that the developing country’s badge would depreciate the brand value, even though Tata and Geely are thought to be more financially powerful than Jaguar Land Rover and Volvo. Consumers, who were well-informed about Tata and Geely’s products, attributed those brand products’ design characteristics to the country’s cultural characteristics.

As the consumer’s knowledge level about the new parent brands vary to different extent, the degree of COO usage differs as well (Bloemer et al., 2009). As the thesis investigates European and American brand communities, it is not surprising that members mostly express their unfamiliarity with the parent brand.

6.4 Perceived Quality

According to Baltas and Saridakis (2013), cars are a “complex bundle of tangible and intangible characteristics” (p.85). Therefore, consumers not only focus on the functional values, but also on the hedonic ones, such as quality and reputation. According to the data analyzed, Volvo's reputation for safety is in peril, but also Jaguar and Land Rover might be concerned. Since the purchase of a car is usually a difficult evaluation process, less involved consumers tend to rely on external information when assessing the quality of the product, such as COO and COM cues to simplify the process.

Several brands and products use COO cues, especially in the car industry (Thakor & Lavack, 2003). Differing price models and categories (economic, premium and luxury) are explained by the COO of the product other than the performance and technology (Andersson, 2005). Based on the findings of this paper, COO cues are used to assess the quality of the vehicles

regarding technology, innovation and design. These cues affect the brand value and the purchase intention (Bilkey & Nes, 1982; Liu & Johnson (2005). Since the brand community members express their worries about the effect of ownership change on the technology and innovation (in some cases the design as well), the perceived quality of a car associated with emerging countries is quite low.

In some instances, although COO indicates some degree of quality, and contributes to premium pricing, the associated home country image of the brand (COO) might differ from the associated image of the country of manufacture (COM) (Baltas & Saridakis 2013). It seems that concerns arise when it comes to the change in COM rather than when it concerns COOW, since the country of ownership is more abstract to them as the location of assembly plants. Another explanation is that technology - that is of high importance in the consumer's evaluation of an automobile (Häubl, 1996) is rather related to COM. Therefore, COM is scrutinized more strictly than the previous category and better image of the COM can be achieved through better quality control.

Volvo is more affected by the quality concerns, since China is highly associated with low-quality products, but even Jaguar and Land Rover customers express their doubts about quality. This is the reason why some individuals are still willing to believe in the brands, other than having a strong brand name and image that already earned the consumer's trust. Even if the COM and the new owner's image is not very appealing, the belief in the original COO and the heritage of the brand might help it through this shaky period.

6.5 Perceived Value

Perceived value marks the favorable or unfavorable outcome of the exchange of received advantages (safety, quality, prestige) and spent resources (premium price) for a certain brand (Kirmani & Zeithaml, 1993). Volvo stood for safety, Jaguar for prestige and design, while Land Rover for technology before the ownership change and these features justified the pricing and the positioning of the brand. After the take-over, those features that allowed the brands to ask for the price premium are perceived to be changed. Volvo customers are

concerned about the product safety, Jaguar fans about design and those who drive Land Rover for the decrease in technological advancement.

The loss of value can be traced back to two sources of problems. One is the contradiction between the value proposition of the acquired brand and the corporate brand of the new owner. For instance, Geely's value proposition was to provide people with cheap, affordable cars, while Volvo is a prestige brand (Bennett, Lee and Leseure, 2013). Tata, on the other hand, has no experience in the automobile industry. This might lead to distrust, but at least the corporate brand is not associated with the cheaper version of the same product category. However, this is not the case of the Country Image that is associated with low-quality products and cost-savings. According to the findings, the contradiction between Country Image and the brand's value proposition just makes the perceived quality even lower.

The complications regarding the perceived value can be derived from the fact that consumers are ought to pay the same premium price for their favorite brands, which now are damaged in their core values. Hence, this might contribute to the low purchase intention of the new models and the loss of some loyal customers.

6.6 Brand Image

To reveal how brand community members perceive their favorite brand after being taken over by emerging country companies, the aim was to understand how the image is created in consumers' minds (Keller, 2006; Saydan, 2013). As mentioned in the literature review, the brand image can be defined as associations that are evoked by the brand name, symbols, slogans or the COO. These associations are constructed through perceived quality, perceived value and brand attitude (Kirmani & Zeithaml, 1993).

Brand image is formed through the brand name, symbol and the slogan (Aaker, 1991) and is a major source of associations. This statement is supported by the findings, where consumers wonder about whether the brand name will be changed or not, expressing their concerns. Kapferer (2012) argues that the consumer's resistance to change is due to the "perceived risk

of altering the implied contract” (p.380) and when it comes to emerging markets, this perceived risk is even higher.

6.6.1 Brand Image and Corporate Brands

The name “Volvo” is strongly associated with Sweden and conveys safety and quality. Jaguar is associated with elegance and prestige, and its symbol is the predator itself while Land Rover is affiliated with technology and power. When considering the name of the corporations that acquired the brands, there are some conflicts, as such corporate names as Geely or Tata are not coherent with the image of the vehicles and they are not able to convey the brand values. Since the corporate brand name is able to “endow brands with stature” (Kapferer, 2012, p.345) it is of high importance to manage it appropriately and consistently.

Kapferer (2012) argues that it is crucial (especially in the automobile industry) for the brands to belong to a corporation, as they decrease the level of perceived risk. In this case, the management must decide whether to use the product or corporate brands. Both Tata and Geely agreed to support the product branding strategy, as Volvo, Jaguar and Land Rover are stronger names and evoke more positive associations than their corporate brand names. For instance, the name “Jaguar” implies prestige and elegance, while consumers associate Tata with cheapness and cost savings. “Volvo” stands for safety, while Geely has a bad reputation concerning crash tests. Due to this inconsistency of brand and corporate image, the corporate brand is unable to support products.

6.6.2 Consumer Image and Brand Image

Individuals tend to choose brands that have a consistent image with their personal image (Sirgy, 1982), to express their personality through consumption (Bertilsson, 2015). Thus, one could say that consumers use brands as a creator of the image (Melin, 2002). The acquisitions influenced the symbolic value of the brands: in some instances, they lost their ability to convey the coveted image (such as prestige and sophistication in Volvo’s case).

To create a mean of expression, the core value of the brand must be maintained consistently, as the symbolic meaning is constructed through brand associations (Keller, 1993). Volvo’s core values are safety, quality and care for the environment. Due to the new owner’s image,

consumers have the right to doubt that the brand can deliver all the three aspects since China is known for the opposite of such notions. Jaguar and Land Rover`s values are excellence, responsibility and integrity, although the country is associated with questionable working conditions.

Aaker (1991) argues that there are favorable associations that create added value for the individual, such as the association of success, quality and prestige. Thus, whether brands, that are shaken in their ability to convey their core values are able to endow their customers with such image is questionable. The satisfaction of owning a European brand is lost, as it no longer enjoys the values that were transmitted by its country of origin (Kapferer, 2012). Volvo consumers feel that the brand is unable to convey the image of a prestigious and sophisticated driver, and Jaguar and Land Rover fans also admitted feeling that the brands lost their prestige.

6.6.3 Brand Image and Country Image

As stated in the literature review, COO is one of the associations that shape the brand image, through perceived value, perceived quality and brand attitude (Kirmani & Zeithaml, 1993; Saydan, 2013). All the three brands utilized their brand heritage that relates to their home countries, to some extent. As Urde, Greyser and Balmer (2007) put it, heritage can “add to the brand's value proposition with depth, authenticity, and credibility for the customer/consumer” (p.11). This statement applies in particular to the car industry, where heritage can be exploited as consumers affiliate it with prestige, style or even superiority in engineering. After the change in COOW, these values seem to be hard to maintain (although this might be the key to protect the brand image), and the credibility and authenticity of the brand are questioned.

While the positive country of origin acts as a risk-reducer in consumer`s decision-making process (Kapferer, 2012), the negative COO of the new owner has reversed effect. This statement is supported by the research of Lee, Lee and Wu (2011), who explain how the ownership change of brands affect the corporate brand image and vica versa. Brands, that had a superior image before the ownership change, showed a decrease in favorable brand associations, and their consumers doubt whether they are able to maintain their tangible and intangible assets and to provide the same benefits than before. The data analyzed during the

research shows that brand community members, immediately after the ownership change, started to develop negative associations and to use stereotypes to assess the new owners and the new products made by them. They recognize the inconsistency of the brand image and the country image, thus, the change of ownership, contributes to the loss of the superior brand image.

It is worth to be mentioned that the acquisitions imposed some possible risk on the CSR activities of the brands, as both China and India are affiliated with poor working conditions, and China is even associated with emission scandals. This might damage the brand image, and the favorable impact of the strategically integrated CSR (added value) might be lost (Deigendesch, 2009). However, the positive example of the Korean and Japanese automobile industry might raise hope for Geely and Tata. Only a few decades ago, both countries were considered as the producers of low-quality copies. Nowadays ‘Made in Korea’ and “Made in Japan” signals quality (Kapferer, 2012). But until China or India is associated with low quality and cheapness, we would suggest avoiding using the nationality of the brand, as it leads to a comparison between the new owner’s image and the brand's image.

6.7 Brand Loyalty

As loyalty allows customers to ignore the changes regarding their favorite brands (Aaker, 1991). Loyal customers are involved in the brand and are committed to it. Therefore, they possess a more extensive level of knowledge than others. During the research, (although several loyal consumers were lost due to the ownership change), a group of consumers was identified who were rather acting on the brand's behalf than on their owns. Those highly committed brand fans stayed optimistic about the acquisition and had extensive knowledge about the new owners and the car industry in the emerging countries. According to the findings, enhancing brand loyalty might be crucial to minimize the loss of the customer base after M&As. Furthermore, this type of commitment results in a premium price, and at the same time makes consumers to feel indifferent about price changes. Thus, when it comes to managing premium brands, maintaining the loyal customer base might be the key to a successful ownership transition.

7 Conclusion

The thesis aimed to investigate consumers' perceptions regarding the ownership change of premium car brands, with special focus on emerging country acquisitions. During the thesis the concept of Country of Origin (COO) as well as its subcomponents, country of manufacture (COM), country of design (COD), country of parts (COP), country of brand (COB), brand origin (BO) and especially the country of ownership (COOW) were discussed, in relation to the brand image. The concept of brand image was assessed through perceived quality, perceived value and brand attitude.

Although the research suggests that country of brand and country of ownership are separate concepts, it seems that most consumers are unable to make a clear distinction between COB and COOW, thus this misconception burdens the evaluation process. However, we also discovered that the extent of COO cue usage and stereotyping is related to the consumer knowledge level, thus, the less informed the consumers are the more COO cues and stereotyping they use to assess the products and vica versa.

Furthermore, the data collected also indicates that consumers are simply confused about which cues to utilize during the brand evaluation. However, the results imply that – even if unconsciously -, the consumers rather use COB (Sweden and UK) than the previous COOW (USA) as a tool of comparison to evaluate the consequences of the ownership change. In the thesis the authors identified that one of the effects of the COOW change is the decline in perceived quality, perceived value. The value of the brands decreased (both the functional and symbolic one), due to the contradiction of value proposition of the new owners and the value proposition of the acquired brands. Although, the devaluation of the brand might be also caused by the conflict of brand image and country image of the new owner.

Furthermore, since individuals in general are resistant to change (Kapferer, 2012), the alteration of COOW is seen as a risk, especially when it concerns emerging markets. The fact

that negative COO of the new owner is developed due to the negative associations of the owner countries complicates the situation even further.

7.1 Theoretical and Managerial Implications

Theoretically, as a subcomponent of COO, COOW effect on consumer perception is a new field to study. In this thesis, we conclude that COOW affects consumer perception of a brand from two different aspects. On the one hand, the ownership change influences them directly as consumers tend to perceive COOW as the brand origin, and this evokes their associations regarding perceived quality, value and brand attitude. On the other hand, even though COOW will not influence some consumers' perceived brand origin, they would associate COOW with other subcomponents since they are uncertain about the consequence of the change of ownership. Hence, it activates their secondary associations with the perceived change of COM, COD or COP and the indirectly influences the perceived quality and value through these concepts.

Other than explaining the theoretical implications, we also aim to provide some managerial implications that marketing professionals can utilize based on the findings of the thesis. First, even if the COOW image is not very appealing, the belief in the COB and the heritage of the brand might help it through the period of the ownership change. Moreover, the negative country image of the new owner can be improved through country branding campaigns (Kapferer, 2012). For instance, better image of the COM and COOW can be achieved through better quality control, therefore, one option would be to communicate the importance of QC and the development of the assembly plants reassure the target audience about the quality of the product.

The problem occurs when the values (or heritage) of the brands are in contrast with the respective countries' images. Thus, we advise that the managers take a stand and decide whether to strengthen the brand image with communication, focusing on the reinforcement of the brand's heritage and core values or to focus on building trust towards the new owners with the help of country branding strategies. In the latter instance, we found that the success stories of the region or area might have a positive spillover effect on the brand in question. Some

consumers voted trust for Volvo and Geely because of the positive examples of the Japanese and Korean automobile industries. Even successful flagship products from the new owner country - such as Lenovo - can be utilized in the campaigns to influence the perception about the takeover.

Secondly, since several brand community members were confused about the extent of changes, their feelings were either not settled or they jumped to conclusions right away (Greyser, 2009), using the COO cues. When the consumers have broad prior knowledge about the new owner, the perceived risk is reduced (Bloemer et al., 2009), thus, another managerial implications of the thesis is to utilize the communication strategy of crisis management in order to manage the reactions due to such a controversial ownership (discussed in chapter 4) before the acquisition happens. It is crucial to assess the seriousness of the situation and to analyze the problems (brand elements, crisis and company initiatives) that put the brand name in jeopardy. Therefore, it is essential to drive communication towards the consumers to avoid losing trust, faith and integrity.

Finally, the segment that could be identified as “protective brand fans” should be utilized more. Since this group tends to accept the changes and yet stay loyal and committed to the brand, it would be possible to turn them into brand ambassadors, by rewarding their involvement and by convincing them to be active promoters of the brand with positive word of mouth (Kapferer, 2012).

7.2 Limitations & Future Research

Although the authors were able to collect sufficient data to answer the research questions, they had to face certain limitations when conducting the research, other than the ones mentioned in the chapter of methodology.

First of all, the target audience of the research is restricted to European and American respondents. However, due to the online nature of the research, it was difficult to identify who the respondents are, and it is hard to determine the level of knowledge and involvement.

Furthermore, the study only investigates the perceptions of online community members; hence the voices of non-computer-literate fans remain unheard.

Secondly, due to the limited resources, the focus of the research shifted only to three premium brands, when other cases (such as SAAB) also exist. It might be beneficial in the future to investigate all the other ownership changes as well. Moreover, this thesis focuses only on the automobile industry. Therefore other product categories (electronics, fashion goods, services, etc.) would be worth to be investigated in the premium segment.

Furthermore, the research focuses only on two the emerging country companies, one from India and one from China. To gain even more extensive knowledge, other cases of different regions should also be included in the studies.

Another limitation of the research is that it investigates only the time of the acquisitions (2008 respective 2010), and does not study the changes of consumer perceptions that have occurred since then. Therefore, in the future, a process research might be beneficial to be conducted, to understand how brand community members changed their attitudes and opinions about the respective brands. Also, it might be worth to compare the acquisition made by Ford Motors and the aforementioned ones in the emerging countries, to clarify and understand how the different cultural distance between the old and the new owner influences the perceptions of the consumers.

Finally, as the research is of qualitative nature and follows a subjective interpretivist approach, quantitative research is needed to test the allegation made in the thesis. One of such allegations is the incongruence between COOW and COB that lead to the consumers' brand origin confusion. The extent to what these two variables influence the perceived brand origin has not been studied before, therefore, the authors suggest that a quantitative research should be conducted to compare COOW and COB's influence on perceived brand origin.

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Appendix

Picture 1: Post presenting Tata's bestseller model, Tata Nano



Picture 2: Post describing the indian style of decoration and design

