

2010 School Seminar Series

Waikato Management School
Te Raupapa



What's in a name? Asymmetry of foreign branding effects in hedonic versus utilitarian product categories

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Dr Valentyna Melnyk

Department of Marketing, University of Waikato

Abstract:

Foreign branding means spelling a brand name in a foreign language. It is a popular way both in developed and developing countries to implicitly suggest a specific country of origin (CoO) in the hopes that this will evoke certain product qualities. Consumers are thus increasingly faced with products that carry a brand name implying a specific CoO while the actual CoO ("made in") is a different country. With four experiments, the authors find support for the hypothesis that incongruence between the actual CoO-information and the CoO implied by foreign branding decreases purchase likelihood asymmetrically. Incongruence especially backfires in hedonic categories yet hardly has an effect in utilitarian categories. Further, the incongruence decreases purchase likelihood stronger if the actual CoO is a developing, rather than a developed country. The authors address the psychological processes underlying these consumers' responses to foreign brand names. Specifically, they show that justification mediates the effect of incongruence between actual and implied CoO on purchase likelihood. The paper concludes with managerial implications for (foreign) branding decisions.

Presenter: Dr Valentyna Melnyk

Email: vmelnyk@mngt.waikato.ac.nz