The Interaction Effect of Brand Name and Origin on Developed vs. Developing Country's Brand Evaluation

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This study examines the interaction effect of brand name, brand origin and fit on perceived brand value using processing fluency as a theoretical underpinning. This paper answers three research questions. First, does the brand name and brand origin interact to determine the customer's perceived brand value of the brand in USA and Mexican brand cases? Second, does the processing fluency enhanced by fit moderate the effect of brand name on perceived brand value? Third, does willingness to buy the brand mediate the impact of brand origin on perceived value?

A 2 X 2 between subject experiment was conducted in which two factors were manipulated: brand name (USA vs. Mexico) and brand origin (USA vs. Mexico). Mock brand name and scenario were created to manipulate the brand name and brand origin. Brand name was manipulated by two different mock brand names: very similar to US brand name vs. very similar to Mexican brand name. Brand origin was manipulated by the scenario which specifically states the brand origin of the high-tech 3D camera. 3D camera product description was provided before the manipulation.

The interaction of the brand name and brand origin has a significant effect on perceived value of the brand (F (1, 196) = 4.81, $p < .05$). When the brand origin is USA (developed country), US brand name (developed country brand name) led to higher perceived value of the brand (M = 5.06) than Mexican brand name (developing country brand name) (M = 4.60). On the other hand, if the brand origin is Mexico (developing country), brand name effect is attenuated.

The results also demonstrate that the interaction effect of fit and brand name was significant on perceived brand value (F (1, 196) = 8.99, $p < .005$). In US name condition, fit of brand name and brand origin recorded higher perceive value (M = 5.06) than no fit (M = 4.20). But in Mexican name condition, there was no significant difference between fit and no fit.

Using bootstrapping procedures (Preacher, Rucker and Hayes, 2007), a 95% confidence interval was computed for the indirect effect through willingness to buy. Willingness to buy fully mediated the effects of brand origin on perceived value of the brand (95% CI: -.29 ~ -.03 with 5000 bootstrap resamples). Therefore, willingness to buy mediated the effect brand origin on perceived value of the brand.

From a theoretical perspective, this research fills the gap of under-researched area in brand name literature and provides a theoretical model for the brand name, brand origin and processing fluency interaction. More specifically, this research (1) introduces the two dimensions of brand name (USA vs. Mexico) and to examine the interaction with the brand origin, (2) fills the gap of under researched area in brand naming literature, that is the effect of brand name on perceived value of the brand based on the fit with the brand origin, and (3) extends the previous literature by applying linguistic theory, processing fluency, to examine the interplay of brand name and fit on perceived value of the brand.

The managerial implications are manifold. Depending on the fluency level of the brand names by fit effect, the brand name can be leveraged as a strategic weapon to increase the perceived value of the brand. This research implies that depending on the fluency and brand origin perceptions of brand name, radically new product launch strategy needs to be different. More specifically, developed country brand manager (e.g. USA) had better create the brand name which is a perceived good fit to the brand origin for the higher perceived value of the brand. On the other hand, developing country brand manager (e.g. Mexico) has some strategic freedom of choosing their own brand name since the developing country brand name is not likely to be penalized due to the fit effect caused by processing fluency.