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SUMMARY OF A PhD dissertation on the role and function of national images in Danish export promotion
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Abstract

Although there is a long tradition of country-of-origin or made-in labels research, relatively little work has been done to determine 1) for what purposes companies choose to stress or disguise their country of origin in their international marketing, and 2) the pros and cons of using a national image strategy vis-a-vis a brand-name strategy at different stages of the internationalization process. This study is an attempt to redress this imbalance. Drawing support from recent findings in country-of-origin research, the first part of the study examines how the designation of origin may influence consumers and industrial buyers in their product evaluations, and how a nation's general image may influence its product image and vice versa (chapter 2). It also analyses the complex interplay between national images, company images, and brand images, and presents a conceptual framework for understanding the term 'image' - whether of a product, a brand, a company, or a country (chapter 3).

The second part of the study is empirically based. On the basis of questionnaires completed by 58 Danish exporting companies and personal interviews with 20 of the respondents, chapter 4 describes how the 'made-in' theme is currently used in the promotion of Danish products abroad, specifically addressing the following questions:

- In what circumstances do Danish companies use nationality as a supporting parameter in their international marketing and advertising?
- For what purposes do they make use of the Danish image in product promotions?
- What are their views on using a national image strategy vis-a-vis a brand-name strategy?

On this background some guidelines are suggested as to how, where, and when the Danish image may successfully be exploited by Danish companies in their international marketing, and conversely in what situations they are likely to benefit more from promoting their products on brand image alone.

Chapter 5 discusses the impact of national culture on international business
transactions, specifically focussing on the importance of country-of-origin stereotypes in buyer/seller relationships across cultures. Taking its point of departure in the data collected in the empirical research, the first part of the chapter describes the problems most frequently encountered by Danish businessmen in international sales and marketing negotiations, explaining their significance from an intercultural perspective. It also discusses the term 'intercultural competence' and outlines some of the intercultural obstacles that exist in buyer/seller relationships, such as differences in encoding and decoding, and problems of communication in general. In the second part of the chapter some empirical studies of 'Danes vs others' are analysed in an attempt to describe how Danes in general and Danish businessmen in particular are viewed, at least stereotypically, by people of other nations. The chapter concludes with a list of salient traits of the Danish national character as seen by foreigners, i.e. traits relating to concepts of time, cognitive style, behavioural customs and manners, and discusses how these traits may affect Danish businessmen in their dealings with foreign customers and intermediaries. The Danish cultural traits are described in very general terms, as *ideal types* (in the Weberian sense). Nevertheless, they pinpoint some sources of misunderstandings in international sales negotiations between Danish and foreign businessmen, providing some basic clues for facilitating better intercultural communication as a means of rendering business transactions more effective.

Chapter 6 describes the respondents' attitudes toward national export promotion campaigns, and discusses whether there is a need to create a more distinct national profile for Denmark abroad. Can countries effectively change their images abroad through planned communications and PR, or is it a waste of public money? Some guidelines are suggested as to how future image drives may be designed in order to promote a more multifaceted image of Denmark and Danish products abroad.

The study concludes with a summary of findings and suggestions for further research.

Data Collection and Methodology

Data were collected by means of mail questionnaires and personal interviews. Questionnaires were mailed out to 100 exporting companies selected according to the following criteria: company size, line of business, geographical location, and degree of globalization. A total of 58 respondents completed and returned the questionnaires. The mail survey was carried out in the period November 1991-January 1992.
For follow-up, a total of 20 individual, in-depth interviews were carried out with respondents in order to discuss in more detail attitudes and biases toward using nationality for international promotion purposes. Specifically, the interviews sought to collect information on respondents' views on the Danish image abroad (good/bad, useful/not useful), their reasons for choosing either a national image strategy or a brand-name strategy at different stages of the internationalization process, their plans for the future as regards utilization of the Danish image in their international marketing, etc. Also, the respondents were asked to comment on the importance of nationality in cross-cultural business transactions, and to list advantages and disadvantages associated with emphasizing their national origin in industrial and trade marketing. Finally, the respondents were asked to comment on the appropriateness of trying to promote exports through national image campaigns, and to give some suggestions as to how such campaigns should be designed, if at all. The interviews lasted about 2 hours on average, and they were carried out in the period February-August 1992.

Since one of the objectives of the study was to collect information on prevailing attitudes toward national export promotion, six supplementary interviews were carried out with key persons previously involved in public export promotion campaigns. This group of respondents included representatives of the Danish Federation of Industries, the Danish Dairy Industries, the Agricultural Council of Denmark, the Association of Handicrafts, the Danish Board of Tourism, and the Danish Cultural Institute in Edinburgh. These interviews took place in the Autumn of 1991, and lasted about 2-3 hours on average.

Literature Review

Country-of-origin effects on product evaluations
Consumer evaluations of product quality according to their national origin have been experimentally assessed by a large number of empirical studies since the 1960s. Most studies dealing with the country-of-origin paradigm indicate that national origin is an important attribute in both consumer and industrial product evaluations (Gaedke, 1973; Lillis & Narayana, 1974; Abdel-Malek, 1975; Nagashima, 1977; Bannister & Saunders, 1978; Wang & Lamb, 1983; Khana, 1986; Papadopoulos et al., 1989). Country-of-origin stereotypes may be negative or positive, and the management of a product's national image is therefore an important element in the strategic marketing of international firms. Generally speaking, firms should diffuse an image which corresponds in each country to
what is locally valued (imported or national) in the category of products concerned. This may lead to the adoption of a local name from the target country, provided nationalistic feelings are prevalent in the country in question. Conversely, if the product originates from a country which enjoys a favourable image within a specific product category, the manufacturer may gain differential advantages by choosing a national brand name or by stressing his country of origin in the advertising of his product abroad.

Relationships between product and nationality, in consumers' evaluations, were first studied with respect to the 'made in' label (Nagashima, 1977), but the 'made in' label is not the only element that influences consumer perceptions of product nationality. The following elements can be distinguished:

- The image of imported products as opposed to national products, or the image of national vs international products
- National images of generic products (pasta is associated with Italy, perfume with France, a pair of jeans with the United States, etc.)
- The national image of the manufacturer
- The image diffused by the brand name
- The image of the 'made in' label, in the sense of the manufacturing origin legally appended to the product (origin-labelling is mandatory in international trade).

Below the main studies dealing with the country-of-origin paradigm are briefly reviewed.

*Local vs imported products*

One of the most significant findings of COO research is the existence of negative biases towards export products made in foreign countries. This is particularly evident in developed countries where domestic products tend to be evaluated more favourably than foreign-made products. This has been evidenced for US and Japanese consumers (Reierson, 1966; Nagashima, 1970; Lillis & Narayana, 1974; Morello, 1984), for Finnish consumers (Darling & Kraft, 1977), and for British consumers (Bannister & Saunders, 1978; Djursaa, 1988). Conversely, in the case of developing countries, national products tend to be evaluated less favourably than imported goods from developed countries. In Eastern European countries similar attitudes exist. For instance, Hungarian consumers generally evaluate foreign products more positively than nationally made products although their perception of domestic products is not particularly unfavourable (Papadopoulos et al., 1989).
Different explanations have been proposed to explain this preference for national products, observed in most developed countries. One explanation has to do with 'consumer patriotism'. Han & Tepstra (1988) claim that not only do patriotic consumers prefer to buy domestic products on the basis of strictly nationalistic feelings; they also consider their quality and the service that accompanies them to be better than for similar foreign-made products. It would be wrong, however, to assume that all foreign products are automatically perceived to be of a poorer quality than domestic products. Consumer patriotism, in other words, has different effects for different types of products and services. In the case of television sets and their maintenance, for instance, the effect of consumer patriotism is almost non-existent whereas it significantly influences the quality perception of motor cars and their maintenance and repair (Han, 1989). Hostility toward imported products has also been found to vary by consumer characteristics (Anderson & Cunningham, 1972; Wang, 1978). Consumers with a higher level of education and a higher level of income more readily accept foreign products, and seem to be less inclined to buy nationally made products on the basis of strictly nationalistic feelings. Also, consumers who have travelled abroad and who are more familiar with the products of foreign countries tend to display a more positive attitude toward foreign-made products.

Country images and product images
There is an important relationship between a country's general image and its product image. To the extent that a consumer has a negative image of a given country, he or she is likely to develop a similar image of the people of that country, and vice versa, which in turn influences his or her attitudes toward products originating from that country in the same direction (Halfhill, 1980; Bilkey & Nes, 1982; Morello, 1984; Ofir & Lehmann, 1986; Han & Tepstra, 1988; Djursaa, 1988; Heimbach et al., 1989).

Country images may influence product evaluations in a negative or a positive way. The cognitive processes that lead to these evaluations have been studied extensively in various COO-studies. Findings indicate that consumers use the country-of-origin cue symbolically, i.e. as an associative link: Denmark - agriculture, France - luxury and style, Germany - thoroughness and industriousness, etc. Several studies have demonstrated perceptual linkages between country stereotypes and product categories. Certain products are considered to be more 'ethnic', more typical of some countries than of others: Italy and pizza, Britain and puddings, Denmark and bacon, etc. Hence country-of-origin stereotypes
tend to be product specific (Etzel & Walker, 1974; Kaynak & Cavusgil, 1983). Even though country stereotypes are often deeply entrenched and tend to be enduring over time, they are nevertheless not inexorable. Negative country images may be improved through advertising or national export promotion campaigns which seek to enhance both the general image of the country and its national product image.

**The relative importance of country images in product evaluations**

Country of origin should not be considered the only criterion used by consumers and industrial buyers to evaluate foreign products. Country of origin is only one attribute among many that influence product evaluations (Erickson et al., 1984). Usually the country-of-origin image is combined with other product attributes in the minds of consumers. The importance of the country of origin, therefore, is always relative.

The cognitive function of the country-of-origin cue in consumer product evaluations is often that of simplifying the decision-making process. Consumers may use the country of origin as a summary criterion which provides them with a 'ready-made' product evaluation, facilitating product choice when time is limited, or they may use it as a salient choice attribute when they have specific feelings towards and knowledge of the manufacturing country (Johansson, 1989). Han (1989) found that the salient choice attribute, which affects the consumer's beliefs directly, is used more often when consumers are unfamiliar with the product category, whereas the 'summary effect' is used once they have achieved a higher degree of familiarity with a given product or product category.

**Marketing implications**

Taken together, the findings of COO-studies suggest some basic guidelines which should be followed when trying to construct a national image strategy for export products:

- Consumers from developed countries have a general preference for domestic products, but foreign products which enjoy a favourable brand image internationally or which are sold through prestigious domestic retailers may be able to alter consumers' preferences in favour of the imported product. Also, more

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1 International competitiveness can also be used to explain why country stereotypes are often product specific. As nations realize and capitalise on their competitive advantages, they may tend to specialize in certain industries and as a consequence become internationally renowned for making certain categories of products particularly well, which in turn would generate positive COO effects on products evaluations for these particular products.
extensive guarantees and improved after-sales service may help eliminate negative country-of-origin biases.

Consumers do not use the country of origin as an isolated evaluation criterion, but evaluate the product and its extrinsic and intrinsic attributes within the overall purchasing context (product category, knowledge of the brand or the manufacturer, knowledge of and beliefs about the manufacturing country, etc.). Furthermore, country of origin is used as an evaluation criterion in conjunction with actual product attributes (functionality, price, packaging, guarantees, after-sales service, etc.). Attempts to disguise a poor-quality product behind a favourable 'made in' label is therefore unlikely to be successful in the long run. Such marketing could be very deceptive for consumers and could eventually have the effect of lowering the credibility of the manufacturing company significantly.

The influence of country-of-origin stereotypes is stronger where the consumer is unfamiliar with the product or the manufacturing company. In such a situation the country of origin serves as a proxy variable that facilitates evaluation in the absence of other information cues. For companies originating from countries which elicit favourable images abroad, use of the national image as a positioning tool may therefore be an effective strategy to adopt in the introductory stages of their export marketing.

The symbolic attributes that are linked to brands and national images often form consistent patterns in which one attribute validates another. Hence, when a manufacturer introduces a new product on a foreign market, starting from scratch without an established brand image, there is a potential for intentional diffusion of favourable images based on the country-of-origin image, provided the country of origin enjoys an image which contains positive image features, suitable for the specific type of product and the targeted national segments.
Main Summary of Results

The use of nationality in Danish export promotion

Image surveys carried out abroad indicate that 'Made in Denmark' is mainly associated with 'beer, butter and bacon', i.e. food produce and products related to agriculture. Conversely, Denmark's reputation for producing industrially manufactured goods is almost non-existent. In between these two extremes falls 'Danish Design' - a label which still evokes positive connotations in many countries although image surveys conducted in Britain (Djursaa, 1988 & 1989) show that Swedish design goods are seen as slightly more modern and up-to-date than Danish design goods. On this background I had expected Danish exporters of foodstuffs, agricultural products, and design goods to be more enthusiastic about utilising the Danish image in their international marketing than exporters of industrially manufactured goods, this hypothesis was supported by the empirical data. However, there is more to the Danish image than just food, farming and fishing, for instance Denmark's reputation as a politically sound country with a stable economy and a good welfare system. In particular, Danish exporters seem to benefit from Denmark's image as a well-organised Scandinavian society, especially in business relationships where after-sales services and terms of delivery play an important role. Also, Danish exporters are believed to be perceived as efficient and reliable trading partners, easy-going and relaxed compared to e.g. German salesmen. 'Trustworthiness', 'honesty', 'non-aggressiveness', and 'no-nonsense' were some of the attributes listed by the respondents. Of course, such attributes do not sell any products per se; on the other hand these national characteristics - in so far as they reflect the real world - could still have a considerable impact on sales and exports, at least in contexts where business transactions still have a personal touch.

Although the Danish image is not a bad one generally, not all the image features contained in it are thought of as suitable for international promotion purposes. In particular, Denmark's image as a mainly agricultural country can be a liability in some contexts. A Danish export salesman with industrial goods in his bag faces a difficult task of trying to persuade potential buyers that his product is every bit as good as similar products made in Germany or Italy. Accordingly, producers of industrially manufactured goods tend to avoid stressing their Danish origin in foreign product promotions, whereas the 'Made in Denmark' label is used quite extensively in the export promotion of Danish foodstuffs and design.
**Country-of-origin marketing vs brand-name marketing**

The findings of the empirical survey indicate that the use of nationality varies according to 1) product type, and 2) the size of the manufacturing company. Thus the Danish image is used more frequently by the smaller companies than by the larger companies. Also, new exporters tend to rely more on the national image than do the more established companies. This pattern is consistent with the findings of the COO-studies reviewed above which showed that COO effects tend to be stronger when the consumer is unfamiliar with a given product or manufacturing company. Small companies and new exporters use their nationality as a 'sender's address', i.e. as a positioning tool in the initial stages of the product's life cycle (PLC). They use it because they have very little else to use in the image-building process. Small companies often lack the resources needed to create an international or global product image. Hence, they are more likely to benefit from using country-of-origin references in their export marketing than the larger companies who have the resources needed to create their own product images and brand names. The national image strategy is also useful for the larger companies that diversify their international marketing activities and spread their net wide over many different national markets. In that situation they are basically in the same position as the smaller companies as far as resources are concerned, and they may therefore choose to use the national image as a quick way of positioning their products in the minds of foreign consumers. This presupposes, of course, 1) that the Danish image contains positive image features which can enhance the image of the product, and 2) that the image features contained in the Danish image are suitable for the specific type of product and the targeted national segments.

The use of nationality, then, varies over the internationalization process. New and small exporters use it, whereas established companies turn to product image and brand-name marketing and disclaim the use of nationality. They consider the use of nationality immature, and tend to say that they are wiser, when perhaps what they should say is that we are bigger and don't need it anymore. In that sense, many of the larger companies' image understanding may be too simplistic. For instance, many of the large companies use nationality without realising it. The Danish address on letterheads, for example, is a sign that conveys their national origin and works (literally and symbolically) as a *bona fide* sender's address. Also, foreign trading partners and intermediaries often want more support from headquarters in Denmark. Not necessarily 'flag-waving', but what type of idea or overall concept on which to build their marketing of Danish products.
Concluding remarks

In conclusion, the 'Made in Denmark' label - and the image attached to it - can be a useful hook to help hang small companies' marketing on, especially in the initial stages of the PLC. This is supported by the fact that many MNCs reuse nationality in their entry strategies on new markets or when geographically spread. It would therefore be a pity if small companies are put off by using this free, available marketing source simply because it is scorned by the larger companies who no longer need it and therefore argue against it on purely subjective grounds.

The Danish image remains a valuable marketing tool for many Danish companies, particularly those which are new to a foreign market. But the national image is only ever a supporting parameter along with others. In other words, it must be used very carefully, i.e. only in circumstances where it is likely to create differential advantages for the product or company in question. Conversely, the country-of-origin link should be played down in the marketing of products which are unlikely to benefit from a symbolic linkage between the generic product and its Danish origin. Similarly, firms operating in countries where biases towards imported products are likely to influence product evaluations in a negative way should avoid stressing their Danish origin and instead adopt a local brand name or promote their products on an international brand image.

Attitudes towards national image campaigns

The empirical survey also sought to monitor prevailing attitudes towards public export promotion, and to identify whether firms feel that there is a need to create a more distinct national profile for Denmark abroad. Although these issues are not directly related to the use of nationality in individual product promotions, they are closely interrelated. The more multifaceted a country's national image is, the more useful it is likely to be as a marketing tool in that it may then be used in the promotion of a wider range of products originating from that country. In this context one of Denmark's problems is that Danish meat and dairy products have been so effectively advertised abroad that they now make up almost the entire picture of what 'Denmark' represents on the product side. Add to this the romantic fairy-tale image that the Danish tourist industry has consistently promoted over the last 30 years, and the total image remains that of an old-fashioned farming and fishing country, with little or no industrial production at all. On this background one should think that Denmark's industrial (non)reputation would be a good argument for trying to promote a more multifaceted image of Denmark and Danish products abroad, for instance through national image campaigns. However, attitudes toward this form of export promotion were mixed. Although most respondents recognised the need for public export promotion of
some kind, they did not consider general image campaigns to be particularly effective for export promotion purposes. Instead the following suggestions were made:

1. channel money directly to individual companies for use in their own export promotion
2. go for trade-specific campaigns, targeted at individual needs and organised within the individual business associations

It was emphasized that if the state wants to do something to promote Danish exports, it should be done on a smaller scale (e.g. on a Business Association level), or in distinct product categories or lines of business.

Activities which should be given a high priority in future campaigns include:
- contact meetings and seminars designed to help small companies get in touch with potential foreign buyers
- exhibitions and consumer campaigns, e.g. in-store activities
- reversed contact meetings, i.e. visits from foreign buyers and trade journalists in Denmark
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