



## Consumers' cognitive and affective responses to brand origin misclassifications: Does confidence in brand origin identification matter?



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### ABSTRACT

Although research on country-of-origin (COO) effects in general is abundant, findings regarding the phenomenon of brand origin misclassification (i.e., consumers' association of a brand with the wrong COO) remain limited and inconclusive. This study fills this research gap by investigating how consumers' cognitive and affective responses upon learning the true origin of a previously misclassified brand drive the extent to which they revise their brand evaluation. Specifically, the authors explore the role of consumers' confidence in brand origin identification in this context. The results from an empirical study in South Korea ( $N = 259$ ) suggest that consumers tend to adjust their brand evaluations only if the true COO is perceived more favorably; they tend not to take a worse COO into consideration. Moreover, negative emotions lead to greater losses in brand evaluation than positive emotions lead to gains in that respect.

### 1. Introduction

The country-of-origin (COO) effect is one of the most widely studied phenomena in international marketing and consumer behavior research (Papadopoulos & Heslop, 2002; Pharr, 2005). Extant research suggests that – for certain consumer segments<sup>1</sup> – country associations affect consumers' product evaluations and purchase intentions significantly (e.g., Phau & Chao, 2008; Sharma, 2011; Verlegh & Steenkamp, 1999). The mechanism underlying such COO effects is that consumers infer some intrinsic attributes of a product or brand from the image of the associated COO, i.e., consumers' overall perception of products originating from that country based on prior perceptions of the country's production and marketing strengths and weaknesses (Han, 1989; Roth & Romeo, 1992).

Research shows, however, that the importance of COO varies depending on country (Batra, Ramaswamy, Alden, Steenkamp, & Ramachander, 2000; Gürhan-Canli & Maheswaran, 2000; Sharma, 2011), product category (Pappu, Quester, & Cooksey, 2007; Roth & Romeo, 1992; Usunier & Cestre, 2007), and certain consumer characteristics, such as product involvement and familiarity (Ahmed et al., 2004; Johansson, 1989; Josiassen, Lukas, & Whitwell, 2008). Moreover, the concept has evolved over time as global sourcing and production practices have

increased, rendering the manufacturing origin almost irrelevant. For example, consumers generally view Nike and General Electric as American brands, even though their products are manufactured elsewhere (Josiassen & Harzing, 2008). Accordingly, the research focus has shifted to the brand origin concept (Samiee, 2011; Usunier, 2006), defined as “the country in which the headquarters of the brand's parent firm are located” (Balabanis & Diamantopoulos, 2008, p. 41).<sup>2</sup>

A basic requirement for COO effects is that consumers are aware of a given brand's origin (Samiee, Shimp, & Sharma, 2005). Recent studies show though that consumers' ability to correctly identify where brands originate from is severely limited. Liefeld's (2004) initial evidence indicates that > 90% of 1248 shoppers were not able to name the COO of products they had just purchased. Samiee et al.'s (2005) more recent study shows that U.S. consumers could identify the correct COO of only approximately every second domestic brand (49%) and every fifth foreign brand (22%). Balabanis and Diamantopoulos (2008) further corroborate these findings, reporting even lower correct identification rates ranging from 18% for domestic brands to 29% for foreign brands in the United Kingdom. In summary, consumers' association of a brand with its true origin appears to be the exception rather than the rule.

Consumers' inability to identify brands' origins should come as no surprise. Some marketers aim to de-emphasize or disguise the origin of

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<sup>1</sup> Although the segmented nature of this phenomenon is widely recognized (Samiee & Leondiou, 2011), estimates of the size of the consumer segments that are (not) influenced by COO cues are scarce. Recent empirical evidence suggests that “about one in two consumers can realistically be expected to react to COO information” (Herz & Diamantopoulos, *in press*, p. 26).

<sup>2</sup> We use the terms “brand origin” and “country-of-origin” interchangeably in this article.

a brand due to their pursuit of global marketing strategies or even deliberately to associate a brand with a country that has a better image than its source country (Leclerc, Schmitt, & Dubé, 1994; Zhou, Yang, & Hui, 2010). Such foreign branding strategies that aim at benefitting from favorable country associations are particularly attractive to firms from emerging markets (Zhang, 2015). For example, *Giordano* is a clothing retailer from Hong Kong; *BONIA*, a Malaysian fashion brand, is marketed as “The Italian Inspiration” (Temporal, 2014). Consequently, consumers must be “amateur detectives” if they want to identify a brand’s true origin (Liefeld, 1993).

Against this background, some researchers question the relevance of COO as a whole, noting that it cannot be an important factor in consumers’ decision making if they are unaware of brands’ actual origins (Samiee, 2010; Samiee et al., 2005). Other researchers instead assert that these findings do not undermine the role of COO in general and suggest that “the focus in COO research should be shifted away from the objective accuracy of consumers’ brand origin knowledge to the relevance of consumers’ perceived COO associations” (Magnusson, Westjohn, & Zdravkovic, 2011, p. 457). Because consumers have different images of different countries in their minds (Jaffe & Nebenzahl, 2006), associating a brand with a wrong COO could lead to brand evaluations that are different from what they would be, were the brand to have been associated with its true origin (Balabanis & Diamantopoulos, 2008). For example, U.S. consumers may infer from an English-sounding brand name that a brand is domestic, even if it actually originates from South Korea, and this incorrect perception could prompt distinct consumer reactions (Samiee et al., 2005).

These two seemingly conflicting perspectives are not necessarily mutually exclusive though. Undoubtedly, the absence of any brand origin knowledge (i.e., nonclassification) renders the COO cue irrelevant in consumers’ decision-making process and might be the case in about 40% of all cases (as reflected in previously reported percentages of “don’t know” responses; Samiee et al., 2005). Other consumers hold beliefs to varying strengths about the origin of certain brands and may rely on these beliefs to varying degrees, regardless of their accuracy (Magnusson et al., 2011). Thus, we adopt the standpoint that, unlike nonclassifications, brand origin misclassifications (hereafter BOM) can indeed bias consumers’ brand perceptions and, ultimately, brand preferences. Importantly, such biases pertain only to those consumers who consider COO information in their evaluations (Samiee, 1994), which restricts the phenomenon of BOM to a particular segment of the population.

Research regarding the consequences of BOM remains scarce and inconclusive though. Some findings suggest that such misperceptions are detrimental, irrespective of whether a brand is associated with a wrong COO that has a weaker image (i.e., *adverse* BOM) or a stronger image (i.e., *favorable* BOM) (Balabanis & Diamantopoulos, 2011), whereas others support the notion that brands can benefit (suffer) from being falsely associated with a COO that has a stronger (weaker) image than their actual source country (Magnusson et al., 2011).

To contribute to this on-going debate, we investigate consumers’ cognitive and affective responses upon learning of a brand’s true origin in the context of fashion brands in South Korea. To do so, we initially capture consumers’ unbiased evaluation of a misclassified brand and then alert them of their incorrect brand–country associations. Accordingly, we can examine (1) how the resulting cognitive (i.e., *perceived extent of misperception*) and affective (i.e., immediate *negative or positive emotions*, such as disappointment or happiness) responses relate to the extent to which consumers are willing to adjust their brand-related belief (i.e., brand re-evaluation) and (2) the role of consumers’ initial *confidence in their brand origin identification* in this context.

From a theoretical perspective, our study represents a first attempt to broaden the conceptual scope of investigation by examining both cognitive and affective aspects of BOM simultaneously. This extension

is meaningful, in that extant COO research suggests that brand–country associations affect not only cognition (e.g., Balabanis & Diamantopoulos, 2004; Peterson & Jolibert, 1995; Sharma, 2011; Verlegh, 2007; Verlegh & Steenkamp, 1999) but also emotion (e.g., Klein, Ettenson, & Morris, 1998; Oberecker & Diamantopoulos, 2011). Likewise, our insights regarding the moderating role of confidence in brand origin identification are entirely novel and can help brand managers and policy makers identify the circumstances in which consumers do (not) adjust their brand-related beliefs in light of new knowledge about a brand’s true origin.

Our results show that consumers tend to correct their brand-related beliefs if the true COO is perceived more favorably but tend to not take a worse COO into consideration, indicating the presence of a confirmation bias. Furthermore, we observe asymmetrical effects of negative and positive affective responses, in that negative emotions (resulting from becoming aware of a favorable misclassification) lead to greater losses in brand evaluation, compared with the gains in brand evaluation that stem from positive emotions (resulting from becoming aware of an unfavorable misclassification).

We structure the remainder of this article as follows: We briefly review extant literature on the antecedents and consequences of BOM, then discuss our conceptual framework and its underlying research hypotheses. Next, we describe our research methodology and present the results from multiple regression models. Finally, we draw conclusions for theory and practice, discuss important limitations of our study and outline possible avenues for further research.

## 2. Literature review

Research on COO effects in general is abundant; findings regarding the wide-spread phenomenon of BOM remain sparse. Early studies primarily explore the scope of the phenomenon (Liefeld, 2004) and delineate relevant antecedents of consumers’ ability to identify brand origins (e.g., Paswan & Sharma, 2004; Samiee et al., 2005). More recently, researchers have become increasingly interested in the consequences of BOM and relevant contingency factors (e.g., Balabanis & Diamantopoulos, 2008, 2011; Magnusson et al., 2011). Table 1 provides a detailed overview of studies that explicitly address either drivers or outcomes of BOM.

### 2.1. Antecedents of BOM

With respect to the antecedents of BOM, previous research has identified a range of consumer- and brand-related factors that relate positively or negatively to consumers’ brand origin recognition accuracy (BORA; Samiee et al., 2005). Consumer characteristics related to the accuracy of brand–country associations include socio-demographic variables—such as age (Balabanis & Diamantopoulos, 2008), gender (Balabanis & Diamantopoulos, 2008; Martín Martín & Cerviño, 2011; Samiee et al., 2005), education (Martín Martín & Cerviño, 2011; Paswan & Sharma, 2004), socioeconomic status (Paswan & Sharma, 2004; Samiee et al., 2005)—and individual difference variables, including consumer ethnocentrism (Balabanis & Diamantopoulos, 2008; Samiee et al., 2005) and country familiarity (Balabanis & Diamantopoulos, 2008; Paswan & Sharma, 2004). Brand characteristics that are likely to increase consumers’ BORA include the extent to which a brand name reflects its local language, thereby being diagnostic of its COO (i.e., “brand name congruence” or “brand name–language association”; Balabanis & Diamantopoulos, 2008; Martín Martín & Cerviño, 2011; Samiee et al., 2005), as well as the size or equity of a brand (Magnusson et al., 2011; Martín Martín & Cerviño, 2011) and domestic brand origin (Martín Martín & Cerviño, 2011).

**Table 1**  
Brand origin misclassification literature.

Reference	Topic	CIR <sup>[1]</sup>	Antecedents <sup>[2]</sup>	Consequences <sup>[2],[3]</sup>	Sample	Key findings
Liefeld, 2004	Consumers' knowledge and (self-reported) use of COO information	6.5%	-	-	N = 1,248 (consumers) Countries: U.S., Canada Brands: Numerous Product categories: Numerous	Only 6.5% of all respondents knew the true COO (of production) of a product they just purchased. Only 2.2% stated that the COO might have influenced their choice.
Paswan & Sharma, 2004	Investigation of the relationship between BORA (termed <i>accuracy of brand-COO knowledge</i> ) and COO image	72% (57–84%)	<ul style="list-style-type: none"> <li>• Education (+)</li> <li>• Socioeconomic status (+)</li> <li>• Travel abroad (+)</li> <li>• Country familiarity (+, p.s.)</li> <li>• Accuracy of brand-COO knowledge about a competing brand (-)</li> </ul>	• COO image	N = 695 (consumers) Country: India Brands: 4 (U.S. brands) Product category: Fast-food franchises, soft drinks	Accuracy of brand-COO knowledge is positively related to consumers' level of education, socioeconomic status, and travels abroad. Certain differences in terms of COO image perceptions between respondents with accurate and inaccurate brand-COO knowledge were detected.
Samiee, Shimp, & Sharma, 2005	Investigation of consumers' BORA and its antecedents	35% (22–49%)	<ul style="list-style-type: none"> <li>• Age (n.s.)</li> <li>• Gender (f, +)</li> <li>• Socioeconomic status (+)</li> <li>• International experience (D: n.s./F: +)</li> <li>• CET (D: n.s./F: -)</li> <li>• Brand name-language association (+)</li> </ul>	-	Overall N = 531 (480 consumers, 51 students) Country: U.S. Brands: 84 (D/F) Product categories: 10 (e.g., packaged food, apparel, household appliances)	Only 35% of all brands were correctly classified, and nearly 43% were not classified at all. Overall, consumers appear to have only modest brand origin knowledge. BORA is largely determined by brand names that suggest certain country origins.
Balabanis & Diamantopoulos, 2008	Investigation of consumers' BORA (termed <i>brand origin identification</i> ) and its antecedents	22% (1–82%)	<ul style="list-style-type: none"> <li>• Age (+)</li> <li>• Gender (f, +)</li> <li>• Education (n.s.)</li> <li>• Income (n.s.)</li> <li>• Salience of COO (n.s.)</li> <li>• Category involvement (n.s.)</li> <li>• Country familiarity (+)</li> <li>• CET (-)</li> <li>• COO dominance (+)</li> <li>• Brand name congruence (+)</li> </ul>	• Brand evaluation	N = 193 (consumers) Country: U.K. Brands: 13 (D/F) Product category: Microwave ovens	Consumers' ability to identify a brand's correct COO is very limited. For domestic brands, the overall CIR was 18%, for foreign brands 29%. A key antecedent of consumers' BORA is consumer ethnocentrism, along with certain sociodemographics (i.e., age and gender) and brand characteristics (i.e., COO dominance and brand name congruence).
Martín & Cerviño, 2011	Examination of different types of factors that determine BORA (termed <i>brand country of origin recognition</i> )	68% (0–97%)	<ul style="list-style-type: none"> <li>• Gender (f, -)</li> <li>• Education (+)</li> <li>• Marketplace experience (+)</li> <li>• Cons.-brand integration (+)</li> <li>• Domestic brand origin (+)</li> <li>• Brand name congruence (+)</li> <li>• Brand equity (+)</li> <li>• COO dominance in category (n.s.)</li> <li>• Category involvement (+)</li> <li>• COO image (n.s.)</li> </ul>	-	N = 349 (consumers) Countries: 6 (Argentina, Germany, France, Italy, U.K., U.S.) Brands: 109 (D/F) Product categories: 15 (e.g., food products, beverages, fashion, banking)	Various level-1 determinants, consumer characteristics (e.g., education, marketplace experience) and brand characteristics (e.g., domestic brand origin, brand name congruence), are significantly related to BORA. Results regarding level-2 determinants (i.e., product category and country characteristics) are mixed. Category involvement increases BORA, while COO image and COO dominance have no effect.
Zhuang, Wang, Zhou, & Zhou, 2008	Effect of BOM (termed <i>brand origin confusion</i> ) on consumers' preference of domestic versus foreign brands	35% (25–98%)	-	<ul style="list-style-type: none"> <li>• Brand preference</li> <li>• Brand purchase</li> <li>• Brand knowledge (moderator)</li> </ul>	N = 400 (students) Country: China Brands: 67 (D/F) Product categories: 7 (e.g., shampoo, casual wear, sport shoes, cell phone)	In China, the misperception of a domestic (foreign) brand as being foreign (domestic) increases (decreases) consumers' preference for that brand. The effects become weaker with increasing levels of brand knowledge.
Balabanis & Diamantopoulos, 2011	Consequences of BOM (and nonclassification)	29% (2–76%)	<ul style="list-style-type: none"> <li>• Age</li> <li>• Gender</li> <li>• Income</li> <li>• CET</li> <li>• Purchase involvement</li> <li>• Perceived COO importance</li> <li>• COO familiarity</li> </ul>	<ul style="list-style-type: none"> <li>• Brand image perceptions</li> <li>• Purchase intentions</li> <li>• Brand strength (moderator)</li> </ul>	N = 193 (consumers) Country: U.K. Brands: 12 (D/F) Product category: Microwave ovens	Both favorable and adverse BOM (as well as nonclassification) have mostly negative consequences in terms of brand image perceptions and purchase intentions. Strong brands are less likely to be misclassified but suffer greater losses from adverse BOM than weak brands. Even in the case of favorable BOM, strong brands suffer losses for both outcomes.
Magnusson, Westjohn, & Zdravkovic, 2011	Effect of BOM on brand attitude upon learning a brand's true COO	56% (8–97%)	<ul style="list-style-type: none"> <li>• Age</li> <li>• Gender</li> <li>• Education</li> <li>• Income</li> <li>• CET</li> <li>• Brand size</li> <li>• Brand age</li> <li>• COO image</li> </ul>	• Brand attitude	N = 544 (students, consumers) Country: U.S. Brands: 35 (D/F) Product categories: 3 (LCD TVs, automobiles, fashion)	This study reveals only modest BORA levels. The image of the perceived COO positively affects brand attitude, regardless of the objective accuracy of the brand origin classification. Informing consumers about a brand's true COO can lead to changes in brand attitude.

CIR = Correct identification rate, D = Domestic brands, F = Foreign brands; <sup>[1]</sup>The first value refers to the average CIR (corrected for guessing, if reported), whereas the values in parentheses indicate the range of CIR across all brands within a study. <sup>[2]</sup>The shaded cells reflect the main focus of a study (i.e., either antecedents or consequences of BOM). The signs in parentheses indicate the directionality of the observed effects (with n.s. = non-significant and p.s. = only partially supported). Variables in italics represent control variables that were used when examining potential consequences of BOM. <sup>[3]</sup>The directionality of effects is not indicated due to multiple contingency factors (e.g., valence of BOM, brand origin, brand knowledge, brand strength).

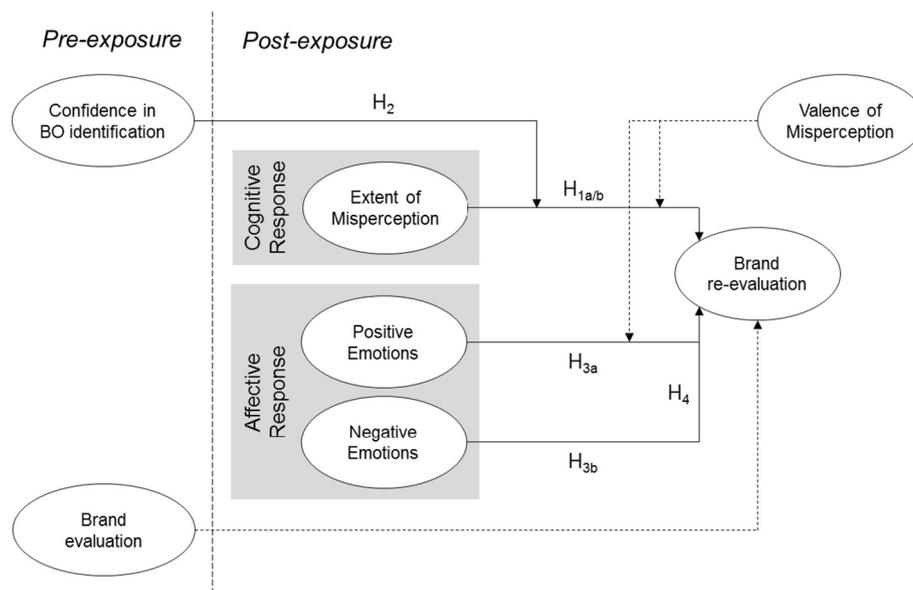


Fig. 1. Conceptual model.

## 2.2. Consequences of BOM

Insights into the consequences of BOM are limited. Balabanis and Diamantopoulos (2008) report initial exploratory findings, obtained from comparisons of brand evaluations across groups of consumers who associated a brand with (1) the correct COO, (2) an incorrect COO, or (3) no COO at all. Their empirical analyses reveal that statistically significant differences arise only between consumers who associate a brand with any COO, regardless of its accuracy, and consumers who could not assign any COO to a brand at all (i.e., nonclassification). The differences in brand evaluation between those who correctly associated a brand's COO and those who did so incorrectly, in contrast, were statistically non-significant in most cases (Balabanis & Diamantopoulos, 2008).

In a more recent study, the same authors studied these group differences in greater detail. They found that BOM always appear detrimental, irrespective of whether a brand is associated with a wrong COO that has a weaker image or a stronger image (Balabanis & Diamantopoulos, 2011). As expected, adverse misclassifications led to losses in brand evaluations and purchase intentions, and these losses were particularly pronounced for strong brands. Favorable misclassifications, in contrast, only resulted in gains for weak brands; strong brands actually suffered losses with respect to the outcome variables (Balabanis & Diamantopoulos, 2011). In light of these findings, these authors conclude that misclassifications are generally undesirable, so they claim that foreign branding strategies, though commonly practiced, might not be as effective as previously believed (Balabanis & Diamantopoulos, 2011).

Similarly, Zhuang, Wang, Zhou, and Zhou (2008) compare Chinese consumers' preferences for domestic and foreign brands while accounting for varying levels of brand origin confusion (i.e., perceiving a domestic brand to be foreign and vice versa). Their results show that Chinese brands benefit from being misperceived as being of foreign origin in terms of brand preference, whereas a misclassification of foreign brands as being Chinese leads to lower levels of brand preference. These effects become weaker as consumers gain knowledge about a particular brand (Zhuang et al., 2008).

Finally, Magnusson et al. (2011) use a different methodological approach, such that they first capture respondents' unbiased evaluations of a brand (based on individually perceived COO) and then inform them of the true brand origin. By empirically demonstrating that the perceived COO (accurate or not) influences consumers' brand attitudes,

the authors disprove the notion that brand origin only matters if consumers' COO knowledge is accurate (Magnusson et al., 2011; Samiee et al., 2005). Furthermore, educating consumers about the true origin of a previously misclassified brand can affect their attitudes toward that brand. Specifically, they uncover a significant relationship between (1) the difference between the product–country image of a brand's (mis-)perceived COO and its actual COO and (2) the change in brand attitude (Magnusson et al., 2011).

Magnusson et al.'s (2011) study sparked an important controversy about appropriate research designs to advance the field of COO research. Although their innovative approach to capture (rather) unbiased estimates of consumers' brand perceptions has been praised, researchers raised concerns about potential confounding effects (Samiee, 2011). For example, Usunier (2011) notes that participants in Magnusson et al.'s (2011) study responded to not only the provided COO information but also to the fact that they had misclassified a brand. We attempt to address this criticism by disentangling the effects arising from perceived differences in the favorability of the false and true brand origin (cognitive component), as well as the immediate emotion reactions toward the misclassification (affective component), as detailed in our conceptual model.

## 3. Conceptual model and research hypotheses

Fig. 1 depicts our conceptual model which reflects the process consumers undergo when becoming aware of a brand's true origin. Learning about a brand's true origin evokes certain cognitive and affective responses, which in turn affect consumers' re-evaluations of the brand. We simultaneously investigate the effects of cognition and affect because a growing body of research in cognitive and social psychology suggests that consumer judgements of objects and events are driven by both deliberate reasoning (i.e., reason-based, analytical processes) and momentary emotions (i.e., feeling-based, affective processes) (e.g., Chang & Pham, 2013; Epstein & Pacini, 1999; Pham, 1998; Schwarz & Clore, 2007). This dual approach further allows us to disentangle the effects arising from (1) perceived image differences between the true and false COO (cognitive component) and (2) experienced emotions upon becoming aware of a misclassification (affective component). Finally, we propose a moderating effect of consumers' confidence in brand origin on the relationship between cognition and brand re-evaluation.

Because the relationships of interest involve cognitive and affective

aspects, we draw on separate theoretical foundations for each type of response: *categorization theory* (Rosch, 1975; Rosch, Simpson, & Miller, 1976) and *feelings-as-information theory* (Kim, Park, & Schwarz, 2010; Schwartz, 1990; Schwarz & Clore, 1983), as detailed next.

### 3.1. Effect of cognitive responses to BOM on brand re-evaluation

In line with previous research, we draw on categorization theory (Rosch, 1975; Rosch et al., 1976) to explain consumers' cognitive responses to BOM and their effect on brand evaluation. Categorization theory proposes that consumers generally structure their knowledge in mental categories which are defined as “groups of distinct abstract or concrete items that the cognitive system treats as equivalent” (Markman & Ross, 2003, pp. 592–593). In this context, the term “categorization” (or “classification”) refers to the process of assigning objects to categories (i.e., groups of objects). Given the knowledge of an object's membership in a particular category, consumers can draw inferences about its (unknown) properties from the properties of other objects belonging to the same category (Markman & Ross, 2003).

For our study context, this theoretical perspective implies that consumers structure their knowledge about brands (including their origin) into mental categories which they use for inferences (Samiee et al., 2005). For example, consumers might classify a brand as being of German origin. Using the brand's category membership (i.e., *German brands*), they then might rely on information about that category (i.e., Germany's *COO image*) to predict certain brand attributes, such as the quality, reliability, or design of its products (Balabanis & Diamantopoulos, 2011; Martín Martín & Cerviño, 2011).

Following this rationale, we assume that consumers who initially misclassified a brand favorably (i.e., wrongly associated it with a stronger COO), would evaluate that brand less favorably after becoming aware of its true (less favorable) brand origin. Conversely, we expect that consumers who classified a brand adversely in the first place (i.e., wrongly associated it with a weaker COO) will evaluate the brand more favorably after becoming aware of its true origin.

Moreover, the extent to which consumers alter their brand-related beliefs likely depends on the extent to which the country images of the initially perceived and the actual brand origin diverge (i.e., extent of BOM). For example, if a consumer learns of the Chinese origin of an electronics brand (e.g., Lenovo) that (s)he previously perceived to be Japanese, s(he) may adjust brand beliefs rather substantially (because Japan is commonly perceived to be a more favorable COO for electronics than China), whereas a prior association of the same brand with Taiwan may lead only to marginal changes in brand evaluation (because Taiwan and China are perceived as comparably attractive in their country images).

**H1.** The greater the extent of favorable (adverse) brand origin misperception (EXT), the greater the decrease (increase) in consumers' brand re-evaluation ( $EVA_{POST}$ ).

To explore potential variations in consumers' tendency to adjust their brand-related beliefs, we propose confidence in brand origin identification (CBO) as a meaningful moderator; CBO refers to a consumer's degree of certainty with respect to his or her categorization of a brand to a particular country. Therefore, it also can be understood as the strength of a particular brand–country association.

Findings from social psychology suggest that a person's confidence in an initial belief affects the way (s)he seeks and processes new information (Nickerson, 1998). The basic notion is that people focus on information that confirms the beliefs they hold, while ignoring information that disconfirms them (Klayman & Ha, 1987; Wason, 1968). This so-called *confirmation bias* is “a fundamental aspect of how individuals process information, regardless of setting or context” (Baack, Dow, Parente, & Bacon, 2015, p. 942).

Typically, the course of confirmation biases is as follows (Klayman, 1995): At the outset, the person is overly confident in an initial belief

(e.g., “brand X originates from country Y”). Then, (s)he may (1) specifically seek evidence that reinforces the belief and/or (2) interpret new information in biased ways (e.g., by calling disconfirming information into question). Jointly, these biases facilitate the retention of the (possibly wrong) belief with potentially unchanged levels of confidence (Baack et al., 2015; Klayman, 1995).

Following the premise that confirmation biases are more likely when people hold strong beliefs (e.g., strong brand–country associations, as reflected by CBO), we expect that consumers who are (not) very confident about their classification of a brand are less (more) likely to adjust their evaluations of a brand upon being informed of its true origin. Thus,

**H2.** Consumers' initial confidence in brand origin identification (CBO) negatively moderates the effects of EXT and on consumers' brand re-evaluation ( $EVA_{POST}$ ).

### 3.2. Affective responses to brand origin misclassification

To explain consumers' affective responses to brand origin-related misperceptions and their effects on brand re-evaluations, we turn to feelings-as-information theory (Kim et al., 2010; Schwartz, 1990; Schwarz & Clore, 1983). In general, the term “affect” refers to “subjective feelings and moods [...] rather than thoughts about specific objects or events” (Russell & Carroll, 1999, pp. 3–4). Typically, two types of affect can be distinguished: Integral affect directly relates to an object of judgment and is elicited by that object's features, whereas incidental affect is not linked to any specific object and may arise from a current mood or chronic emotional dispositions (Cohen, Pham, & Andrade, 2008).

We are primarily interested in consumers' direct responses to exposure to a brand's true origin (i.e., stimulus event); thus, our study exclusively focuses on integral affect. We argue that this exposure is likely to elicit positive or negative emotions of varying intensity, depending on whether consumers perceive the true brand origin as favorable or unfavorable (i.e., attractive or aversive stimulus) (Scherer, 2005). For example, a consumer who mistakenly believed that Samsung is a Japanese brand may experience feelings of disappointment upon incidentally learning that it actually originates from South Korea (if (s) he holds a less favorable country image of South Korea).

Prior research has demonstrated that feelings can affect consumers' evaluative judgments, including product evaluations (Cohen et al., 2008; Pham, 2004, 2008; Schwarz & Clore, 2007). Consistent with intuition, extant findings suggest that positive (negative) emotions are likely to result in positive (negative) evaluations (Pham, 2004, 2008; Schwartz, 1990; Schwarz & Clore, 2007). This phenomenon can be explained by feelings-as-information theory, which suggests that consumers use their feelings as a source of information when evaluating objects. Essentially, consumers ask themselves, “How do I feel about this?” and (mis)interpret these feelings as a part of their evaluative response to an object (Kim et al., 2010). Depending on the valence of the experienced emotions, this process may result in more positive or negative evaluations of the object (Kim et al., 2010). Accordingly, we expect that positive (negative) affective responses lead to an increase (decrease) in consumers' brand evaluation.

**H3.** Positive (negative) affective responses upon learning a brand's true origin ( $EMO_{POS}/EMO_{NEG}$ ) positively (negatively) affect consumers' brand re-evaluation ( $EVA_{POST}$ ).

Finally, the impact of positive and negative affective responses on brand re-evaluation should differ in magnitude. This assumption is derived from the well-documented asymmetry between the utility of gaining an object and the disutility of losing it, labelled “loss aversion” (Kahneman, Knetsch, & Thaler, 1991). Various studies show that people are more sensitive to the possibility of losing an object than to the possibility of gaining the same object (Kahneman & Tversky, 1979,

1984). Simply put, losses weigh heavier than gains when evaluating alternative options (Samuelson & Zeckhauser, 1988). The notion underlying this effect is that consumers evaluate the utility of different options on the basis of changes, relative to a neutral reference point (Kahneman & Tversky, 1979; Kahneman et al., 1991). However, favorable or unfavorable deviations from that reference point may not always result in an exact mirror image. For example, price increases lead to different consumer responses than price decreases (Kahneman et al., 1991). Because disadvantages from a change loom larger than its advantages, we expect that negative emotions elicited by the exposure of an unfavorably perceived brand origin will weigh heavier than positive emotions elicited by the exposure of a favorably perceived brand origin. Accordingly, we hypothesize:

**H4.** Negative affective responses (EMO<sub>NEG</sub>) have a greater impact on consumers' brand re-evaluation (EVA<sub>POST</sub>) than positive affective responses (EMO<sub>POS</sub>).

#### 4. Methodology

##### 4.1. Research design

Consistent with our research focus (i.e., consumers' reactions upon learning the true origin of a previously misclassified brand), we conducted an empirical study with a within-subject research design, involving pre- and post-exposure (of the true brand origin) conditions. We selected the South Korean fashion market as the setting for our study for multiple reasons. First, this market is characterized by fierce competition between domestic brands and foreign brands from various countries. Second, many South Korean fashion brands disguise their domestic origin and pretend to be foreign, by using foreign brand names (e.g., *Us n them*, *Who.a.u*, *Basso Homme*), thus increasing the possible incidences of BOM. Third, consumers purchase fashion products for both utilitarian and hedonic reasons, unlike other product categories commonly investigated in that context (e.g., microwave ovens, LCD televisions). Thus, brand attributes beyond mere quality aspects (e.g., social signaling value) likely play a role in consumers' brand evaluations and preference formation. Fourth, limiting our analysis to a single product category minimizes “confounding effects [...] emanating from differences in marketing practices, involvement, and other extraneous factors” (Balabanis & Diamantopoulos, 2008, p. 42).

As brand stimuli, we used 22 brands from seven countries (France, Germany, Hong Kong, Japan, South Korea, Spain and the United States) that offer various types of clothing products (i.e., casual wear, sport wear, outdoor clothing). We chose these brands from a comprehensive list of 121 brands sold at a major South Korean fashion mall (Enter-6). We initially excluded certain types of brands (e.g., baby and children's apparel) and pretested all remaining brands for sufficient levels of brand awareness. We selected the final 22 brands according our need to balance “local and foreign brands, both well-known and not so famous brands, and multiple countries [...] as possible brand origins” (Usunier, 2011, p. 490). We report additional information on the brand stimuli we used in Table 2.

##### 4.2. Sample and survey sequence

We collected data through an online-survey administered to subscribers to a South Korean fashion blog. This sampling approach ensures sufficient levels of interest in the product category, thereby complying with Josiassen and Harzing's (2008) suggestions for “high-quality research designs in the study of COO knowledge” (p. 266). Moreover, we provided a lottery incentive (for a limited number of non-branded accessory items) to encourage participation in our survey. The final sample (N = 259) predominantly consisted of women (84.6%), aged between 26 and 40 years (90.3%) (see Table 3 for details).

**Table 2**  
Brand characteristics.

Brand name	Type	Brand origin	Market entry <sup>[1]</sup>	CIR	OWN
Adidas	Sports	Germany	1982	18%	77%
Basso Homme	Casual	South Korea	2006	43%	0%
Black Yak	Outdoor	South Korea	1996	57%	38%
Buckaroo Jeans	Casual	South Korea	2004	45%	13%
Converse	Sports	U.S.A.	1996	52%	40%
Descente	Sports	Japan	2000	4%	6%
Eider	Outdoor	France	2009	0%	21%
Giordano	Casual	Hong Kong	1994	8%	67%
It Michaa	Casual	South Korea	2002	73%	13%
Lacoste	Casual	France	1985	12%	44%
Millet	Outdoor	France	1999	8%	21%
Nepa	Outdoor	South Korea	2005	51%	36%
The North Face	Outdoor	U.S.A.	1997	48%	53%
Reebok	Sports	U.S.A.	1986	26%	29%
Shesmiss	Casual	South Korea	1997	69%	0%
Skechers	Sports	U.S.A.	2007	34%	50%
Spris	Sports	South Korea	1997	24%	15%
TopTen	Casual	South Korea	2012	60%	60%
Treksta	Outdoor	South Korea	1994	41%	11%
Us n them	Casual	South Korea	2006	47%	0%
Who.a.u	Casual	South Korea	2000	40%	13%
Zara	Casual	Spain	2008	50%	40%

CIR = Correct identification rate (corrected for guessing), OWN = Brand ownership (percentage of respondents who possess at least one item of the corresponding brand); <sup>[1]</sup>Year in which a brand was introduced to the South Korean market (basis for the calculation of the variable brand age).

In our survey, we initially presented the complete set of brands to respondents and asked them to indicate which of these brands they knew at all (“I know/don't know this brand”). We then reduced the individual brand set accordingly. At this stage, we captured whether respondents owned fashion items from each brand or not, such that we could use *brand ownership* as a control variable in the analyses.

Next, we asked respondents to ascribe a brand origin to each of the remaining brands using a drop-down menu, which explicitly provided a “don't know” option. To ensure conceptual clarity, we provided a brief definition of the term “brand origin” at the top of the page (i.e., “the country in which the headquarters of the brand's parent firm are located”). Because we were exclusively interested in consumers who initially misclassified a brand and subsequently learned of its true origin, we used a filter to reduce the brand set to misclassified brands

**Table 3**  
Sample characteristics.

Variable	N	%
Age		
18–25 years	12	4.6
26–30 years	28	10.8
31–35 years	135	52.1
36–40 years	71	27.4
40+ years	13	5.0
Gender		
Male	40	15.4
Female	219	84.6
Household income		
< 2000\$	16	6.2
2001–4000\$	84	32.4
4001–6000\$	89	34.4
> 6000\$	59	22.8
Not specified	11	4.2
Monthly spendings on apparel		
< 50\$	8	3.1
50–100\$	44	17.0
101–200\$	79	27.0
201–300\$	59	22.8
> 300\$	78	30.1

N = Number of respondents.

only (i.e., the reported brand origin did not match the brand's actual COO). Finally, we randomly assigned respondents to a single (misclassified) brand that then served as a stimulus throughout the main section of the survey.

In this main section of the survey, respondents evaluated the specific brand in terms of its quality and social signaling value (i.e., *brand evaluation*) and indicated their level of confidence regarding their previously reported origin of the brand. After this initial evaluation of the brand, we informed the respondent of the brand's true COO ("Previously, you indicated that you think *brand X* is from *country Y*. However, the true origin of *brand X* is *country Z*."). This exposure emulates the event of acquiring new brand origin knowledge through, for example, personal conversations, media coverage, or social media. Immediately after learning of the brand's true origin, respondents indicated how this information made them feel (type of emotion and its intensity) and re-evaluated the brand on the same characteristics.

At the end of the survey, respondents rated the country images of the involved countries (i.e., false and true COOs). To avoid ordering effects, we randomized the order of the country ratings. Finally, respondents answered several questions on individual difference variables (e.g., sociodemographic characteristics, consumer ethnocentrism).

#### 4.3. Measurement

##### 4.3.1. Scales

To measure the constructs of interest, we adopted established scales from previous research and translated them into Korean using a translation-back-translation process (Behling & Law, 2000). All constructs were measured using seven-point Likert scales or semantic differentials, unless otherwise noted. Table 4 provides a summary of all major measurement instruments.

To measure a respondent's COO image of the (self-reported) false and true brand origins, we adopted Roth and Romeo's (1992) well-established four-item scale which captures the innovativeness, attractiveness in terms of design, prestige, and workmanship of products from a specific country. Using responses to this scale, we computed individual country image scores for the false COO and the true COO. The discrepancy between these two composite scores ( $COO_{FALSE} - COO_{TRUE}$ ) served as an indicator of (1) the valence and (2) extent of brand origin misperception. It is important to note that we calculated these variables on the individual level instead of aggregating the country ratings across respondents. We used this method so that each brand could be favorably or adversely misclassified by different respondents, because "any individual consumer may have different country images" (Magnusson et al., 2011, p. 459).

Both "accuracy and favourability [...] matter" (Usunier, 2011, p. 494); therefore, we decomposed the discrepancies into (1) a binary variable that indicates the positive or negative valence of that misperception (VAL; e.g.,  $COO_{FALSE} - COO_{TRUE} = 4.5 - 3.5 = +1$ , indicating a favorable misclassification versus  $COO_{FALSE} - COO_{TRUE} = 3.5 - 4.5 = -1$ , indicating an adverse misclassification) and (2) an absolute score that reflects the extent of misperception (EXT; e.g.,  $4.5 - 3.5 = | +1 |$  equals  $3.5 - 4.5 = | -1 |$ ). This approach (1) prevents positive and negative discrepancies between country image scores from canceling each other out and (2) allows us to uncover potential asymmetries in the effect of consumers' cognitive response (i.e., perceived extent of misperception) on brand re-evaluation between adverse and favorable BOM.

To measure consumers' affective response, we drew from two sources. We measured negative affect ( $EMO_{NEG}$ ) using three items from White and Yu's (2005) consumer satisfaction emotion scale, namely "angry," "regretful," and "disappointed." Similarly, we selected three items from Richins's (1997) consumption experience scale for measuring positive emotional responses ( $EMO_{POS}$ ), namely "happy," "excited," and "(positively) surprised." Respondents then rated the experienced

**Table 4**  
Scale items and psychometric properties.

Construct
<p><b>Country-of-origin image (<math>COO_{FALSE}</math>, <math>COO_{TRUE}</math>)</b> (adopted from Roth &amp; Romeo, 1992; <math>CA_{FALSE} = 0.85</math>, <math>CA_{TRUE} = 0.85</math>; <math>CR_{FALSE} = 0.85</math>, <math>CR_{TRUE} = 0.85</math>; <math>AVE_{FALSE} = 0.59</math>, <math>AVE_{TRUE} = 0.59</math>)</p> <p>How would you rate products from <i>country</i> in general regarding their...?</p> <ol style="list-style-type: none"> <li>1. innovativeness (i.e., use of new technology and engineering advances)?</li> <li>2. attractiveness (i.e., appearance, style, colors, and variety)?</li> <li>3. prestige (i.e., exclusivity, status, and brand name reputation)?</li> <li>4. workmanship (i.e., reliability, durability, craftsmanship, and manufacturing quality)?</li> </ol> <p>Response format: seven-point Likert scale (1 = very poor, 7 = excellent)</p>
<p><b>Experienced emotions (<math>EMO_{POS}</math>, <math>EMO_{NEG}</math>)</b> (based on Richins, 1997 and White &amp; Yu, 2005; <math>CA_{POS} = 0.79</math>, <math>CA_{NEG} = 0.73</math>; <math>CR_{POS} = 0.83</math>, <math>CR_{NEG} = 0.75</math>; <math>AVE_{POS} = 0.63</math>, <math>AVE_{NEG} = 0.50</math>)</p> <p>Considering the fact that <i>brand</i> is actually from <i>country</i>, how does this make you feel?</p> <p>Positive: 1. happy 2. excited 3. positively surprised Negative: 1. angry 2. regretful 3. disappointed</p> <p>Response format: four-point scale (1 = not at all, 4 = strongly)</p>
<p><b>Confidence in brand origin identification (CBO)</b> (adopted from Zhou et al., 2010; <math>CA = n.a.</math>, <math>CR = n.a.</math>, <math>AVE = n.a.</math>)</p> <p>To which degree are you confident about your judgment that <i>brand</i> comes from <i>country</i>?</p> <ol style="list-style-type: none"> <li>1. not certain at all/absolutely certain</li> </ol> <p>Response format: seven-point semantic differential</p>
<p><b>Brand (re-)evaluation<sup>[2]</sup> (<math>EVA_{PRE}</math>, <math>EVA_{POST}</math>)</b> (based on Sweeney &amp; Soutar, 2001; <math>CA_{PRE} = 0.84</math>, <math>CA_{POST} = 0.86</math>; <math>CR_{PRE} = 0.82</math>, <math>CR_{POST} = 0.84</math>; <math>AVE_{PRE} = 0.54</math>; <math>AVE_{POST} = 0.58</math>)</p> <p>To what extent do you agree with the following statements? This brand is...</p> <ol style="list-style-type: none"> <li>1. is very high on overall quality.</li> <li>2. is a brand of superior quality.</li> <li>3. would make a good impression on other people.</li> <li>4. would give its owner social approval</li> </ol> <p>Response format: seven-point Likert scale (1 = strongly disagree, 7 = strongly agree)</p>
<p><b>Brand familiarity (FAM)</b> (adopted from Diamantopoulos et al., 2005; <math>CA = 0.88</math>, <math>CR = 0.88</math>, <math>AVE = 0.66</math>)</p> <p>Which of the following terms describe your familiarity with <i>brand</i> the best?</p> <ol style="list-style-type: none"> <li>1. unfamiliar/familiar</li> <li>2. inexperienced/experienced</li> <li>3. not knowledgeable/knowledgeable</li> <li>4. novice buyer/expert buyer</li> </ol> <p>Response format: seven-point semantic differential</p>
<p><b>Consumer ethnocentrism (CET)</b> (adopted from Batra et al., 2000; <math>CA = 0.88</math>, <math>CR = 0.88</math>, <math>AVE = 0.65</math>)</p> <p>To what extent do you agree with the following statements?</p> <ol style="list-style-type: none"> <li>1. Purchasing foreign-made products is un-Korean.</li> <li>2. Koreans should not buy foreign products because this hurts Korean business and causes unemployment.</li> <li>3. A real Korean should always buy Korean made products.</li> <li>4. It is not right to purchase foreign products.</li> </ol> <p>Response format: seven-point Likert scale (1 = strongly disagree, 7 = strongly agree)</p>
<p><b>Other covariates</b></p> <p>Age: 18–25, 26–30, 31–35, 36–40, 40+ years Gender: female, male Household income (monthly): &lt; 2000\$, 2001–4000\$, 4001–6000\$, 6000\$+ Fashion spending (monthly): &lt; 50\$, 51–100\$, 101–200\$, 201–300\$, 300\$+ Brand ownership: I own fashion items of this brand. (No = 0, Yes = 1) Brand age: Years since introduction to the South Korean market Foreign brand origin: Domestic origin = 0, Foreign origin = 1</p>

intensity of each emotion on a four-point scale ranging from 1 = "not at all" to 4 = "strongly," following Richins's (1997) response format. To ensure that the respondents spent ample time reflecting, we did not allow them to proceed to the next page until 30 s had passed.

We measured the focal construct brand (re-)evaluation ( $EVA_{PRE}$  and  $EVA_{POST}$ ) using a multi-item scale based on Sweeney and Soutar's (2001) concept of consumer perceived value, which includes items that refer to a brand's quality (e.g. "This brand is a brand of superior quality.") on the one hand, and its social signaling value on the other (e.g., "This brand would make a good impression on other people.").

To capture the moderating variable, confidence in brand origin identification (CBO), we adopted an item from Zhou et al.'s (2010) original scale (i.e., “To which degree are you confident about your judgment that brand comes from country X?” 1 = “not certain at all”–7 = “absolutely certain”). Because of the construct's doubly concrete nature (i.e., it consists of a concrete singular object and a concrete attribute), the use of a single-item measure is considered valid and reliable (Bergkvist & Rossiter, 2007, 2009). Finally, we measured several control variables that may have an impact on the dependent variable, including brand familiarity (Diamantopoulos, Smith, & Grime, 2005), brand ownership (possession of fashion items from a particular brand), brand age (years since introduction to the South Korean market according to local corporate websites), brand origin (domestic vs. foreign), consumer ethnocentrism (Batra et al., 2000), (monthly) fashion spending, and key sociodemographic variables (i.e., age, gender, and monthly household income).

4.3.2. Confirmatory factor analysis

Before examining the relationships of interest, we assessed the validity and reliability of our measures by conducting a confirmatory factor analysis (CFA) using LISREL 8.80 (Jöreskog & Sörbom, 2006). Because EVA<sub>PRE</sub> and EVA<sub>POST</sub> measure the same construct at different point of times, we performed two separate analyses that included either the pre- or post-measure of consumers' brand evaluation alongside all other constructs. In both cases, the CFA results indicated a satisfactory model fit ( $\chi^2(297) = 652.87/671.13$ , RMSEA = 0.07/0.06, CFI = 0.92/0.91, NNFI = 0.91/0.89, SRMR = 0.06/0.06), thereby providing empirical evidence for convergent and discriminant validity of all constructs involved.

Convergent validity was indicated by statistically significant item loadings that were > 0.70 and average variance extracted (AVE) indices that exceeded 0.50 (Bagozzi & Yi, 1988). The scales' composite reliabilities ranged from 0.75 to 0.88. To establish discriminant validity, we checked whether each construct's AVE was greater than its squared correlations with any other construct (Fornell & Larcker, 1981). All pairs of constructs in both analyses met this criterion. Table 4 documents the psychometric properties of all key measures.

After having established the validity and reliability of our measures, we computed composite scores for all constructs to be used in the main analyses. Table 5 presents their mean values, standard deviations, and correlations. We retained EVA<sub>PRE</sub> and EVA<sub>POST</sub> as separate variables for analytical purposes, because prior research has shown that the use of post-scores as dependent variables while controlling for the corresponding pre-scores is preferable to the use of difference scores (Cronbach & Furby, 1970; Nunnally, 1982; Shadish, Cook, & Campbell, 2002).

4.3.3. Common method bias

Common method variance (CMV) could be an issue, due to an inherent drawback of our research design. The particular sequence and

format (online) of our survey offers the advantage that it prevents respondents from revising responses that they have made before learning about a brand's true COO. Although this approach ensures that consumers' initial brand evaluations are not biased by any COO information, we acknowledge that consumers' COO image ratings at a later stage could be biased by their former brand evaluations (Samiee, 2011). To address this potential threat to the validity of our findings, we applied certain procedural remedies, including the use of varying scale formats and a randomization of the order of items (Chang, van Witteloostuijn, & Eden, 2010; Podsakoff, MacKenzie, Lee, & Podsakoff, 2003), and we conducted post-hoc statistical tests to ensure the absence of any substantial common method bias.

In a first step, we conducted an exploratory factor analysis and found that no single factor accounts for > 50% of the variance (Harman, 1976). Because this test has been criticized for being insensitive (Podsakoff et al., 2003), we also applied Lindell and Whitney's (2001) partial correlation procedure. For this purpose, we included a theoretically unrelated marker variable in our questionnaire (i.e., “The government should increase taxes to improve welfare.”; measured on a seven-point Likert scale) which we expected to be uncorrelated with any of the key constructs. In line with this assumption, we used the smallest correlation between the marker variable and any other variable (0.04) as an estimate of CMV and partialled it out of all remaining correlations using Lindell and Whitney's (2001) formulae. An assessment of the first-order partial correlations and the attenuated partial correlations (i.e., corrected for measurement error) shows no changes in statistical significance for any correlation.

Finally, we conducted a sensitivity test by repeating the same procedure using the second, third, and fourth highest correlation between the marker variable and any other construct (0.05–0.12) as estimates of CMV. This series of additional analyses led to the same results, strengthening support for the notion that the validity of our findings is not substantially undermined by CMV.

4.4. Analytical procedure

We analyzed the data in two steps. First, we examined the prevalence of correct and incorrect brand origin classifications within our sample, because assessing BORA is mandatory for any study addressing related phenomena (Usunier, 2011). Second, we empirically tested our hypotheses by estimating two ordinary least squares regression models with EVA<sub>POST</sub> as a dependent variable (while controlling for EVA<sub>PRE</sub>).

The first model (M1) includes all direct effects and controls for potential differences between favorable and adverse BOM via corresponding interaction terms (i.e., VAL × EXT, VAL × EMO<sub>POS</sub>, VAL × EMO<sub>NEG</sub>). This model allows us to test our hypotheses H1, H3, and H4. To test H2, we estimated a second model (M2) that also includes the potential interaction between EXT and CBO. To understand

Table 5  
Descriptive statistics and correlation matrix.

Constructs	M	SD	1	2	3	4	5	6	7	
1. EVA <sub>PRE</sub>	3.80	0.97	1							
2. EVA <sub>POST</sub>	3.75	1.00	0.75	***	1					
3. EXT	0.81	0.73	-0.04	0.07	1					
4. EMO <sub>POS</sub>	1.80	0.74	0.32	***	0.40	***	0.11	†	1	
5. EMO <sub>NEG</sub>	1.33	0.58	-0.09	-0.27	***	0.06	-0.09	1		
6. CBO	3.28	1.26	0.10	0.05	0.09	-0.02	0.01	1		
7. VAL	0.38	0.49	-0.04	-0.12	†	-0.08	-0.06	0.09	0.04	1

M = Mean value, SD = Standard deviation, EVA<sub>PRE</sub> = Brand evaluation (pre-exposure), EVA<sub>POST</sub> = Brand re-evaluation (post-exposure), EXT = Extent of brand origin misperception, EMO<sub>POS</sub> = Experienced positive emotions, EMO<sub>NEG</sub> = Experienced negative emotions, CBO = Confidence in brand origin identification, VAL = Valence of brand origin misperception.

\*\*\* p < 0.001.  
† p < 0.10.

the moderating role of CBO in greater detail, we conducted a floodlight analysis (e.g., Krishna, 2016; Spiller, Fitzsimons, Lynch, & McClelland, 2013) which estimates the effects of EXT on EVA<sub>POST</sub> at different levels of CBO (i.e., conditional effects). Finally, we tested whether the observed effects vary depending on consumers' brand familiarity, because previous studies suggest that this familiarity can be an important contingency factor for COO effects in general (e.g., Josiassen et al., 2008; Usunier & Cestre, 2007).

5. Results

Consistent with previous research (Balabanis & Diamantopoulos, 2008; Samiee et al., 2005), consumers' ability to identify the correct origin of brands is very limited. Despite high levels of brand awareness (on average, a respondent knew 83% of the 22 brands presented to them), consumers could identify the correct brand origin in only 34% of all cases (with rates ranging from 0% to 83%). Consistent with findings from prior research (e.g., Martín Martín & Cerviño, 2011; Samiee et al., 2005), we observed higher levels of BORA for domestic brands than for foreign brands (M<sub>DOM</sub> = 50.0%, SD<sub>DOM</sub> = 13.8%, M<sub>FOR</sub> = 23.7%, SD<sub>FOR</sub> = 19.5%; t(20) = 3.65; p = 0.002). The share of misclassified brands is comparably large. In approximately 28% of all cases, consumers classified a brand to a wrong COO, which underscores the prevalence of the phenomenon. To account for a potential upward bias in BORA due to a multiple-choice response format (the respondents could choose from a limited set of ten countries), we attenuated the correct identification rates for guessing. Identical to previous approaches (e.g., Balabanis & Diamantopoulos, 2008), we used the formula  $R - [W / (k - 1)]$ , where R is the number of correct classifications, W the number of incorrect classifications and k the number of available response options (Diamond & Evans, 1973).

Table 6 shows the results from the main analyses. Regarding the effects of consumers' cognitive responses, we find a positive relationship between the extent of misperception (i.e., image difference between the false and true COO) and brand re-evaluation ( $\beta = 0.34$ , p < 0.001) in the case of adverse misclassifications (VAL = 0). The significant interaction between the extent and valence of misperception indicates that this effect significantly differs among the two types of misperception. The results from an additional estimation show that, for favorable misclassifications, the corresponding coefficient is negative and statistically non-significant ( $\beta = -0.15$ , p = 0.130). In other words, being informed about a better COO leads to gains in brand evaluation, whereas information hinting at a worse COO lead to no changes in brand evaluation. Thus, H<sub>1</sub> is only partially supported.

With respect to consumers' affective responses to BOM, we observe that positive and negative emotions affect consumers' brand re-evaluation in the expected manner. All else being equal, positive (negative) affective responses have a positive (negative) impact on the outcome variable of interest ( $\beta_{POS} = 0.19$ , p = 0.008;  $\beta_{NEG} = -0.46$ , p < 0.001). Thus, H<sub>3</sub> is supported. To test H<sub>4</sub> with respect to the relative impact of positive and negative affect on consumers' brand re-evaluation, we determined whether the difference between the estimated coefficients is statistically significant by estimating the corresponding confidence intervals through bias-corrected bootstrapping (using 10,000 re-samples) and examining the extent of overlap between the confidence intervals. The intervals overlap by < 50%, which means the coefficients differ significantly from each other (Cumming, 2009). Thus, the data support our fourth hypothesis: Negative emotions lead to greater losses in brand evaluations than positive emotions lead to gains in these evaluations.

To investigate the moderating effect of consumers' confidence in brand origin on the relationship between EXT and EVA<sub>POST</sub> (H<sub>2</sub>), we estimated a second model that includes the corresponding interaction term (EXT × CBO). The results indicate a significant interaction, providing initial evidence for the notion that CBO is a relevant contingency factor. To understand the moderating effect of CBO in

Table 6  
Results from the model estimation.

Independent variable	M1	M2	M3
<i>Direct effects</i>			
(constant)	0.488	0.483	0.589 <sup>†</sup>
EVA <sub>PRE</sub>	0.737***	0.742***	0.740***
EXT	0.337***	0.302***	0.272***
EMO <sub>POS</sub>	0.185**	0.180**	0.200**
EMO <sub>NEG</sub>	-0.457***	-0.472***	-0.443***
VAL	0.325*	0.292*	0.200
CBO	-	-0.109*	-0.107 <sup>†</sup>
<i>Interaction effects</i>			
VAL × EXT	-0.490***	-0.431***	-0.349*
VAL × EMO <sub>POS</sub>	-0.062	-0.080	-0.091
VAL × EMO <sub>NEG</sub>	0.127	0.131	0.107
CBO × EXT	-	0.105*	0.106*
<i>Conditional effects</i>			
		<i>Adverse</i>	<i>Favorable</i>
CBO low	-	0.201	-0.313**
CBO average	-	0.281***	-0.117
CBO high	-	0.361***	0.079
<i>Three-way interactions</i>			
FAM × VAL	-	-	-0.057
FAM × EXT	-	-	-0.024
FAM × VAL × EXT	-	-	-0.024
FAM × EMO <sub>POS</sub>	-	-	-0.098
FAM × VAL × EMO <sub>POS</sub>	-	-	0.092
FAM × EMO <sub>NEG</sub>	-	-	0.072
FAM × VAL × EMO <sub>NEG</sub>	-	-	-0.067
FAM × CBO	-	-	0.038
FAM × CBO × EXT	-	-	-0.032
<i>Covariates</i>			
Age	-0.013	-0.011	-0.010
Gender	-0.119	-0.116	-0.128
Household income	0.080 <sup>†</sup>	0.075	0.062
Fashion spending	0.020	0.023	0.026
Consumer ethnocentrism	0.041	0.047	0.036
Brand familiarity	-0.049	-0.038	0.023
Brand age	0.005	0.004	0.004
Brand ownership	0.106	0.112	0.140
Foreign brand origin	-0.183 <sup>†</sup>	-0.188*	-0.179 <sup>†</sup>
Adjusted R <sup>2</sup>	0.67	0.68	0.68
F-statistic	27.79***	25.66***	18.16***
ΔR <sup>2</sup>	-	0.01*	-

Dependent variable: EVA<sub>POST</sub>; All parameters shown are unstandardized regression coefficients; Variables involved in the interactions were mean-centered before estimation to improve interpretability (Hayes, 2013); ΔR<sup>2</sup> refers to the change in variance explained in relation to the first model (M1).

\*\*\* p < 0.001.

\*\* p < 0.01.

\* p < 0.05.

† p < 0.10.

greater detail, we conducted a floodlight analysis and examined the effect of EXT on EVA<sub>POST</sub> (1) at different levels of CBO (low, average, and high) and (2) separately for favorable and for adverse BOM. These conditional effects, including the so-called Johnson-Neyman points (labelled “JN”) which demarcate the regions of statistical (non)significance, are plotted in Fig. 2 (Spiller et al., 2013).

For adverse classifications, the results show that consumers alter their brand-related beliefs in most cases. The Johnson-Neyman point is located at a CBO value of -0.83 (measured in standard deviations from the mean value), suggesting that the positive effect of EXT on EVA<sub>POST</sub> is statistically non-significant for low levels of CBO ( $\beta = 0.20$ , p = 0.138) but significant for average levels of CBO ( $\beta = 0.28$ , p < 0.001) and above ( $\beta = 0.36$ , p < 0.001). This means, on average, consumers take new COO information into account, unless their initial brand-country association was very vague.

For the favorable misperception, in contrast, the results indicate that consumers do not update their brand evaluation when the revealed COO is perceived as having an inferior image. Similar to the conditional effects in the case of adverse misclassifications, this result holds true only for average values of CBO and above (JN = -0.51); consumers

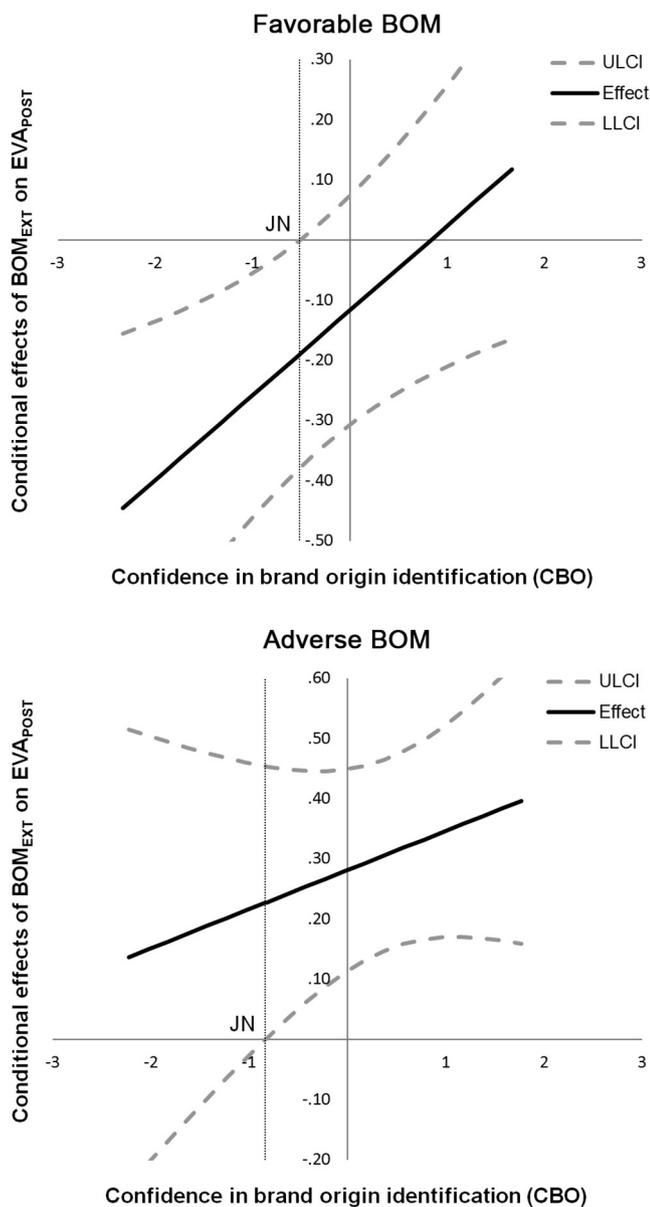


Fig. 2. Conditional effects using the Johnson-Neyman technique.

with a low CBO are willing to alter their brand beliefs according to the true (worse) COO ( $\beta = -0.31, p = 0.006$ ). This finding suggests that consumers likely ignore new unfavorable COO information if they are confident in their initial brand–country association. Overall, these results indicate a moderating role of CBO. However, the effect does not apply to both types of misclassification in the same way. Thus,  $H_2$  is only partially supported.

Finally, to investigate a potential moderating role of brand familiarity, we estimated a third model (M3) that included multiple two- and three-way interaction terms to account for any interactions between brand familiarity and each of the observed effects. All three-way interactions remain statistically non-significant, suggesting no substantial variations in the effects at different levels of brand familiarity. To exclude the possibility of biased parameters due to multicollinearity between the predictors, we included the interaction terms in the model simultaneously (reported results) as well as block-wise (two- and three-way interaction for each effect of interest). Both approaches yielded similar results. The only significant interaction, between FAM and  $EMO_{POS}$  ( $\beta = -0.10, p = 0.029$ ), indicates that positive effects emanating from positive emotions tend to be weaker at higher levels of

brand familiarity.

## 6. Discussion and conclusion

The purpose of this study was to investigate consumers' cognitive and affective responses upon learning the true origin of a previously misclassified brand. Specifically, we were interested in (1) the effects of consumers' cognitive (i.e., perceived extent of misperception) and affective (i.e., negative and positive emotions) responses on the extent to which they adjust their evaluation of a brand and (2) the role of consumers' confidence in their initial brand origin classification in this context. The results from an empirical study set in the South Korean fashion market reveal that, on average, consumers are willing to take the true brand origin into account if it is perceived more favorably than the initially perceived COO, but do not alter their brand evaluations if the true brand origin has a weaker image. These effects are contextualized by the degree of consumers' confidence in their initial brand origin identification.

### 6.1. Theoretical implications

From a theoretical viewpoint, our findings contribute to the ongoing debate about the consequences of BOM. With respect to consumers' cognitive responses upon learning a brand's true origin, we observe distinct effect patterns for both types of misclassification. In the case of favorable misperceptions, learning of the true brand origin seemingly does not cause consumers to alter their brand-related beliefs. In other words, consumers deny any losses in terms of brand evaluation, and the merits arising from the prior favorable misclassification remain. This finding supports the view that foreign branding strategies can be promising for brands from countries that have relatively weak country images. Conversely, in the case of adverse misclassifications, consumers take the country image of the revealed brand origin into account and embrace the resulting gains in their brand evaluations. This fundamental difference with respect to the (non)occurrence of inferential processes underscores the need for researchers to distinguish explicitly between favorable and adverse misclassifications when studying brand origin–related misperceptions.

Furthermore, we shed light on the moderating role of consumers' confidence in their initial brand origin identification for the first time. Our results suggest that consumers' denial of losses on the one hand, and their acknowledgement of gains on the other, are particularly strong when they initially are very confident about a brand's origin. When consumers are uncertain of their initial classification, losses resulting from a worse COO arise, whereas gains resulting from a better COO are not necessarily acknowledged. These findings substantiate the notion that CBO is an important contingency factor that must be accounted for when examining effects relating to brand origin perceptions. Such variations in consumers' confidence in brand–country associations may offer a possible explanation for contradictory results from prior research (e.g., Balabanis & Diamantopoulos, 2011; Magnusson et al., 2011).

Finally, we extend the scope of investigation by examining consumers' affective responses (i.e., negative or positive emotions) upon becoming aware of an inaccurate brand origin classification. Our results show that negative and positive emotions in response to the exposure of a brand's true origin affect consumers' re-evaluation of that brand. These effects are asymmetrical insofar as negative emotions lead to considerably greater losses than positive emotions lead to gains. Foreign branding strategies, though appealing from a cognitive standpoint, thus may involve risks arising from consumers' negative affect upon learning of the brand's true home country.

### 6.2. Managerial implications

Overall, our findings reveal both the merits and challenges of

managing consumers' brand–country associations. Given that consumers' associations of a brand with a particular country are consistent (i.e., the majority of consumers classifies the brand with either its correct COO or an incorrect COO), four hypothetical strategic situations and potential courses of actions can be identified. First, if a brand originates from a favorable COO and is correctly classified, no further action is required. Second, if a brand originates from a favorable COO and is adversely misclassified, gains in brand evaluations can be realized by educating consumers about the brand's true origin. This outcome can be achieved best by incorporating corresponding COO cues in marketing communications efforts. Third, if a brand originates from an unfavorable COO and is correctly classified, managers can attempt to dissociate their brand from the source country; foreign branding strategies may be feasible only if brand–country associations are relatively weak (e.g., at early stages of a brand's life cycle). Otherwise, a brand might benefit from branding efforts by its home country to improve the national image (Anholt, 2010). Fourth, if a brand originates from an unfavorable COO and is favorably misclassified, it benefits from improved brand perceptions, which surprisingly prevail even after consumers incidentally learn of the brand's actual source country.

In reality, however, strategy formulation is likely to be more complex due to inconsistencies in consumers' brand–country associations. As indicated by the varying correct identification rates, brands can be correctly classified by some consumers and misclassified by others. Strategic actions that intend to correct consumers' misperceptions (if identified as a disadvantage) are only justified if that consumer segment is of substantial size. Matters are complicated further by the fact that consumers' brand–country associations can be dispersed across multiple countries. While some brands are mostly associated with a single, incorrect country (e.g., the French brands *Eider* and *Millet* were primarily misperceived as South Korean brands), others are associated with a wide range of different countries (e.g., the French brand *Lacoste* was variably associated with the U.S., Italy, South Korea, or the U.K.). In the latter case the consequences of correctional measures are difficult to predict. Due to the heterogeneity in country perceptions and their favorability, consumers' (corrected) brand perceptions could turn out less favorable than before. Accordingly, managers should carefully consider both the extent and dispersion of consumers' misclassifications when evaluating strategic options.

### 6.3. Limitations and further research

Our study has several noteworthy shortcomings that could be addressed by future studies. First, the laboratory-like conditions in our study – involving the “artificial” exposure of respondents to COO information – limit the external validity of our findings. Although our research question inherently requires respondents to be exposed to COO information (i.e., learning about a brand's true origin), we believe that future studies should adopt more implicit methods for that purpose in order to reduce potential biases. Whether our findings also hold true under more ecologically valid conditions, where COO cues are not necessarily noticed or explicitly considered, remains to be investigated.

The generalizability of our findings is further limited due to the specific setting of our study (fashion brands in South Korea). Since it is well-established that the relevance of brand origin varies depending on country, product category, and certain consumer characteristics (e.g., Gürhan-Canli & Maheswaran, 2000; Josiassen et al., 2008; Pappu et al., 2007), it would be interesting to replicate our findings in different settings and to explore other potential boundary conditions. The observed relationships may be less pronounced in other product categories in which brand–country associations play less of a role than in fashion. Also, South Korea ranks among developed countries, raising the question whether our findings hold true in the context of emerging countries as well.

Another limitation involves the measurement of consumers' affec-

tive responses. For this purpose, we relied on scales that capture emotions as identified by the respondents. Despite the common use of self-reported measures for assessing individuals' emotional states, the validity of such direct measurements is contested (Mauss & Robinson, 2009). Because emotions are complex, insofar as a single emotion involves multiple dimensions (e.g., valence, arousal, approach/avoidance motivation) and multiple emotions can occur simultaneously (e.g., feeling angry and sad at the same time), it is often difficult for people to articulate emotions adequately (Barrett & Russell, 1999; Scherer, 2005). A measurement approach that accounts for this complexity in greater detail would lead to ecologically more valid results. For example, the *Geneva Affect Label Coder* allows researchers to classify free verbal reports of experienced emotions into a limited number of affective states based on semantics (Scherer, 2005). This free, qualitative response format (i.e., no predefined emotional categories) might help reduce biases and facilitate post hoc quantitative statistical analyses.

Furthermore, we exclusively examine consumers' immediate affective response upon becoming aware of an inaccurate brand–country association. Further studies could broaden the scope of investigation and shed light on the implications of brand origin misperceptions for consumers' emotional bonds with brands (as a dependent variable, alongside cognitive brand evaluations). Such insights could be particularly fruitful for brands that operate in product categories in which hedonic consumption motifs (e.g., joy, excitement) are more relevant than utilitarian ones (e.g., quality, reliability).

Finally, our study does not provide any insights into the mechanisms causing the identified confirmation bias in the case of favorable misclassifications. We show that overconfident respondents do not adjust their brand-related beliefs. However, we cannot rule out the possibility that those respondents simply did not believe that the provided COO information is accurate (due to their overconfidence in their initial classification). Studies could explicitly address this issue related to source credibility and investigate the exact circumstances in which confirmation biases are most likely.

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