FutureJournal

FUTURE STUDIES RESEARCH JOURNAL: TRENDS AND STRATEGIES

PROFUTURO: PROGRAMA DE ESTUDOS DO FUTURO
Editor Científico: James Terence Coulter Wright
Avaliação: Double Blind Review, pelo SEER/OJS
Revisão: Gramática, normativa e de layout
Recebido em: 06/10/2016 Aprovado em: 14/11/2016

The COO Effect in the International Brand Positioning Strategy

Barbara Kobuszewski Volles
Master's degree in Administration at Regional University of Blumenau, FURB, Brazil
barbarakvolles@gmail.com

Marianne Hoeltgebaum
Ph.D. in Business Administration at Wissenschaftliche Hochschule Für Unternehmensführung, WHU, Alemanha.
marianne@furb.br

Halissa Odebrecht da Silva
Master's degree in International Marketing at Halmstad University, Sweden.
halissa@gmail.com

Navid Ghannad
Ph.D. in Business Administration and innovation sciences at Halmstad University, Sweden.
navid.ghannad@hh.se

ABSTRACT

Purpose: This study aims to develop a model in order to understand how Chinese companies strategically position their brands, considering the causes of the country of origin (COO) effect, when going through the internationalization process

Design/methodology/approach: The study presents a qualitative case study that incorporates two Chinese companies with subsidiaries in Brazil. It was conducted through in depth interviews with different members of the studied firms.

Findings: a model was developed that explains the positive and/or negative effect of general attributes of China (labor market, institution framework and education) on the brand positioning drivers (value preposition, leverage points, primary target and image reinforcement), which influence the cost-benefit strategy of the brands when positioning internationally.

Research limitations/implications: Considering that this research is a qualitative study of two Chinese companies, further qualitative

FutureJournal

FUTURE STUDIES RESEARCH JOURNAL: TRENDS AND STRATEGIES

PROFUTURO: PROGRAMA DE ESTUDOS DO FUTURO
Editor Científico: James Terence Coulter Wright
Avaliação: Double Blind Review, pelo SEER/OJS
Revisão: Gramática, normativa e de layout
Recebido em: 06/10/2016 Aprovado em: 14/11/2016

and quantitative studies are required to validate the proposed model.

Originality/value: In order to contribute to the academic field, this research presents a unique model considering different causes of the COO effect that might affect the international branding positioning of companies.

KEY-WORDS: brand positioning, country-of-origin, Chinese companies, general attributes, COO effects.

1 INTRODUCTION

The brand positioning is an effective strategy when a company chooses to internationalize (Keller, 1993). It determines the place that a brand will occupy within the global market, therefore creating a different consumer's perception, enhancing and strengthening the competitiveness toward other brands (Sternthal and Tybout, 2002). Consequently, delivering the brand benefits to the consumer and defining the type of segment to be targeted (Hassan & Craft, 2002; Blankson *et al.* 2014).

However, due to the globalization phenomenon, companies expand their presence throughout a range of countries. The consumers are more sensitive to the increasing number of international products available in their daily-lives (Essoussi & Merunka, 2007). Simultaneously, the awareness of country-of-origin (COO) also grows and raises several questions in academic and business researches (Johansson, Douglas & Nonaka, 1985; Essoussi & Merunka, 2007; Jalkala & Keränen, 2014).

COO has influence on consumers' product perception and their purchasing decisions, sustaining their effects through several perspectives (Schooler, 1965; Samiee, 1994; Peterson & Joilbert, 1995; Lerman & Kabadayi, 2010; Touzani, Fatma & Meriem, 2015). These perspectives can be lead to causes concerning the general attributes of the country (GCA) (Parameswaran & Pisharodi, 1994; Stevens & Dykes, 2013). GCA might influence the COO effect and consequently the customers' perception on product's evaluation, specially in less developed countries (Bilkey & Nes, 1982). Zhang (1997) raises the importance for firms to understand the COO effect, in order to adopt effective strategies when marketing the product in a global scale. To settle a brand positioning in a market, different drivers might be taken into consideration (Aaker, 1996), in which Keller (1993) explains that the COO might affect these components.

There are different reasons for Chinese companies to enter into foreign markets, such as the country's financial situation, the national strategy, the political features of the national government, the the host country's market access and the need for global capability in the market (Shenkar, 2009).

Among emerging markets, Brazil is the second-largest destination for FDI flows, after China, and the largest destination in Latin America, which leads the country to gain prominence in the world by being one of the most important emerging economies (UNCTAD, 2014). Therefore, China has become one of Brazil's most important economic partners (Cardoso, 2013; Mendes, 2013; Guilhon-Albuquerque, 2014).

Chinese companies have been developing their brands year by year, conquering place in foreign markets (Prange, 2012). When exporting to emerging economies, Chinese offer products with low brand value at low prices for consumers that are acquiring purchasing power in the market (Schept, 2014). On the contrary, to become large investors in the international market, a number of Chinese firms are trying to change the image of low-cost competitors to a global provider of valuable brands (Schept, 2014). Pecothich and Ward (2007) complement that developed countries such as Japan, Germany and the USA are associated with high quality products whereas newly developing nations such as Korea, China and the Philippines are associated with poor quality products.

Different studies indeed suggest that COO image exerts significant influence on cars' purchase intention (Häubl, 1996; Wang & Yang, 2008; Fetscherin & Toncar, 2009). Thus, COO really also influences consumer purchase intention towards mobile phones brand from China (Yunus & Rashid, 2016). However, the studies did not present a model explaining the positive and negative effects of brand positioning and the COO effect. Therefore, the aims of this study is to further explain with a model, how Chinese companies strategically position their brands, considering the causes of the COO effect, when going through the internationalization process.

2. LITERATURE REVIEW

This section reviews the findings from past research on brand positioning strategy and the causes of the COO effect when firms decide to internationalize.

2.1 The brand positioning strategy

A brand can be recognized as a name, term, sign, symbol, design, service, person or place that is able to add sustainable value competition or sustainable differential advantage. Meaning that, customers might privilege a brand over a competitor´s brand (Doyle, 1990; Kotler 1997, De Chernatony & McDonald, 1999).

To develop a brand value preposition in the market, the brand positioning strategy increases the customer's perception, gaining competitive advantage and strengthening superiority or value over other brands (Aaker, 1996; Herrmann & Huber, 2000; Keller et al., 2002; Hassan & Craft, 2012). Hence, companies have to identify their brand capabilities in order to become a potential source of competitive advantage and build a strong brand positioning around their own capabilities (Beverland, 2007; Jalkala & Keränen, 2014).

Aaker (1996) created different drivers that might be taken into consideration, when positioning a brand strategically: the brand identity, the target audience, the brand communication, and the competitive advantage strategy.

The brand identity provides purpose, direction and meaning for the brand, being a central concept to build a strong brand (Aaker, 1996; Sagar, Khandelwal, Mittal & Singh, 2011). The companies' organizational culture influences the corporate brand's value, which is described as the organization unique logo and staff commitment, aligning their values with the desired brand value (De Chernatony, 1999; McCormack & Cagan, 2003). Aaker, (1996) states that the brand identity is composed of the core identity, the leverage points and the value preposition. The core identity is described as the central value of the organization, the values that summarize the brand and the values that are experienced by the customers (Aaker, 1996; Urde, 2003). The leverage points are described as a brand which creates benefits in a new category (Tauber, 1993; Aaker, 1996). The value proposition is described as a key benefit to the customer, often driving the brand-customer relationship, and it can be used to determine the brand position (Aaker, 1996; Aaker *et al.,* 2013).

The target audience is responsible to mold consumer's preferences toward the brand attribute or the brand itself, leading to a determined target brand (Ghosh & Chakraborty, 2004). Aaker (1996) points the target as primary and secondary. To define a target audience, it is necessary to segment the market, which is composed of potential buyers who have interest, income and access to the product or service; and are a potential group of consumers with similar needs and behavior patterns (Keller et al., 2008).

The actively communication is a process that the product features and attributes, as well as the emotional aspects service; communications with the brand's personality and the brand's identity to the customer. The main goal is strength or chang the brand's image or even achieve a positive reputation (Keller, 1993; Aaker, 1996; Herrmann & Huber, 2000; Ingenhoff & Fuhrer, 2010). The communication is an important instrument used in the brand's position, divided in three categories: to augment the image, whether a dimension needs to be added or strengthened in the brand's image; to reinforce the image, whether the perception of the brand is consistent and strong; and to diffuse the image, if the brand's image is inconsistent with the brand's identity (Aaker, 1996).

The competitive advantage aims to distinguish the brand from the competitors, creating a financial strength, customer's reluctance against other brands and the exploitation of the brand's superiority. It is responsible to create a strong position ensuring that the brand occupies an exclusive position in the market and in the consumers' mind (Doyle, 1990; Aaker,1996; Herrmann & Huber, 2000). To ensure a proper brand position, it is necessary to identify both, the points of parity and points of superiority of the brand regarding its competitors (Keller et al., 2002; Keller et al., 2008). For a successful brand positioning, the positive unique associations that differentiate a brand from its competitors are fundamental, known as points of difference in consumers' mind (Keller et al., 2002; Keller et al., 2008).

Concerning this, Keller (1993) points out that a brand might have different associations regarding its capabilities and benefits. However, one of the interferingassociations is the country-of-origin (COO).

2.2 The Causes of the Coo Effect

The first study giving interest for the COO to the academic research was Schooler (1965), whose findings affirmed that identical products were evaluated differently by consumers. Complementing Samiee (1994), Zhang (1997), Gürhan-Canli and Maheswaran(2000), Kabadayi and Lerman (2010), point that the COO influence the consumer's perception about a product and this evaluation depends on the customer' sensitivity, since the more familiar customers are with the product, the more sensitive to COO they become (Johansson, 1989; Loussiaef, 2001).

This COO sensitiveness leads to different COO effects confirming the theories that the consumers demonstrate a preference for some specific country brands. Though, the place of origin is an important influencer of consumer's evaluation and related decisions (Samiee, 1994; Gürhan-Canli & Maheswaran, 2000). In this regard, the positioning of a brand relies on identifying an ideal location of a product in the consumers' mind, suggesting exactly what the brand is, what it offers and for whom it is (Doyle, 1990; Berry, 2000; Hansen & Singh, 2008). Indeed, maximizing potential benefits to the firm regarding its competitors (Keller & Lehmann, 2006; Kotler & Pfoertsch, 2007; Keller et al., 2008). It means that brand positioning is related to how the company intends to have the brand perceived by the target customer, adding both real and objective or abstract and emotional attributes (Doyle, 1990; Novak & Lyman, 1998; Fuchs & Diamantopoulos, 2010).

The target perception is influenced by different COO effects creating variables that influence the consumer's behavior towards a product (Bannister & Saunders, 1978). Those variables are related to many different causes of COO effects such as: economic and political maturity, historical events and their relationship, tradition, industrialization, degree of technological virtuosity, country policies, international practices, and actions of the same country (Bannister & Saunders, 1978; Samiee, 1994; Leonidou *et al.* 2007).

The influence perception of a determined product in a given country might be caused by different facets. The general product attributes (GPA) is one of the facets that might influence the COO effect (Parameswaran &

Pisharod, 1994). GCA comprisesthe productivity level of a country, such as: the political system, the economic style, the culture, the educational level, the technical skills and the standards of living (Parameswaran & Pisharodi, 1992; 1994; Almli *et al*., 2011; Lee & Lee, 2011; Schawab, 2013). Considering these factors China´s institution framework, financial market, Education, infrastructure, and labor market might be important COO influencers (Rapoza, 2014).

China's institution framework is represented by negative points regarding corruption government, security issues, low levels of accountability and ethical standards among business (Rapoza, 2014; Deutsche Bank, 2014). Despite China leads the BRICS economies, according to the World Bank (2013) China has a low voice and accountability (-1,58) regarding the participation in selecting the government, expressing freedom and not having a free media in the country; as well as a low corruption control (-0,35).

China's financial market is undermined by a fragility of the banking sector, by firms' highly technological adoption and the population size . The efficiency of its goods market is damaged by various entry barriers and investment rules, which greatly limits competition (Rapoza, 2014; Deutsche Bank, 2014). The World Bank (2013) shows that China has a low regulatory quality (-0,31) regarding the ability of the government to implement sound policies and regulations to the development of private sector in order to stimulate the investments in the country.

China´s Education faces problems in its higher education system. This happens mostly because of China's low tertiary education enrollment, the average teaching quality , and an apparent disconnection between educational content and business needs (Rapoza, 2014; Deutsche Bank, 2014). Thus, according to the World Bank (2013) the government effectiveness is low (-0,03), confirming a low quality of the public sector regarding its incentives in education and independence from political pressures.

China's infrastructure has been receiving investments since 2001 in its high-speed train lines, connecting most of the important urban hubs and linking more than 90 percent of the cities (Ghiasy, Mothe & Pontemayor, 2013). This allocation of infrastructure has allowed China to maximize and explore its competitive advantages (Ghiasy et al., 2013; OxfordEconomics, 2014), even presenting a low government effectiveness (-0, 03) when capturing the quality of public service, civil service and the independence degree from political pressures (WorldBank, 2013).

China's labor market with its efficiency, work's automation and mechanization, is prepared for an industrial shift towards cost management for the upcoming years (Rapoza, 2014; AHK China, 2014). The service industry is predicted to become China's primary growth driver in the future in order to create opportunities for local and foreign educational institutions, such as offering specialized degrees and certification programs (Stanley & Rittaca, 2013; AHK China, 2014). In addition, the regulatory quality of China is low (-0, 31), which represents a low labor regulatory government implementation (World Bank, 2013).

These causes may affect the product's evaluation in a positive or a negative way, depending on the country's consumer's (Yasin et al., 2007; Baack et al., 2013). The stereotypes formed by consumers about products will influence the behavior effect and the way it might be visualized in the marketing strategy (Hooley et al., 1988; Cateora & Graham, 2013). These stereotypes are identified as a brand personality, which might influence the consumer's perception and the decision making process (Wang and Yang, 2008; Fetscherin and Toncar, 2010).

Kabadayi and Lerman (2010) point that the COO effects may not impact sales and the product's evaluation , as it depends on the level and type of trust that consumers have in the brand. However, the relation between the name and the "made in" perception result in a negative consumer's attitude, which would always impact the amount of sales (Leclerc *et al.,* 1994). Although, some countries' consumers may prefer products from companies sharing their own national origin, this might not be faced as a general tendency (Katsumata & Song, 2016).

2.3 The International Brand Positioning Strategy and the causes of the Coo Effect

In international markets, the consumer's perception plays an important role since the COO evaluates, in a worldwide level, the general image of its own and of the competitor's brand (Hooley *et al.,* 1988), considering different geographic markets (Wind, 1986; Schuiling & Kapferer, 2004; Hassan and Craft, 2012; Douglas & Craig, 2013). In this scenario, the brands have to globalize elements of the marketing strategy, which relies on specific benefits and attributes that make the product unique. Therefore, it is important to relieve the brand from performing a different value proposition to the global target market and competitors (Ries and Trout, 1986; Douglas and Craig, 1995; Ries, 1996; Ghauri & Cateora, 2010; Baack et al., 2013).

In emerging countries the target market identifiesproducts from developed countries/markets with superior quality. Similarly, products from emerging countries/markets with the same or inferior quality are identified with inferior quality (Kinra, 2006; Wang & Yang, 2008; Scharma, 2011). Thus, Pecotish and Ward (2007) complement that consumers may prefer domestic goods because of their familiarity and belief that it helps the national economy and national pride.

Given the empirical evidence*,* Agrawal and Kamakura (1999) state that firms from countries with better product-country image may be able to charge superior prices. While firms with poor product country image, may offer products with discount, leading to a competitive disadvantage over other countries. The country image may evaluate the value of a perceived brand due to the "made in" terminology, meaning that the image of a brand is similar to the image of a product when its home country is specified as the "made in" country (Nebenzahl & Jaffe, 1997).

Based on the proposed conceptual background it is suggested the preposition that the causes of the COO might affect positively and negatively the brand positioning strategy.

2.4 Proposed Model

Considering the proposed preposition, in order to understand how the brand positioning strategy is affected by positive and negative causes of the COO effect when venturing internationally, it is presented a model that analyzes the causes of the COO, affecting the brand positioning drivers in a positive and/or in a negative way, resulting in a brand positioning strategy for the company.

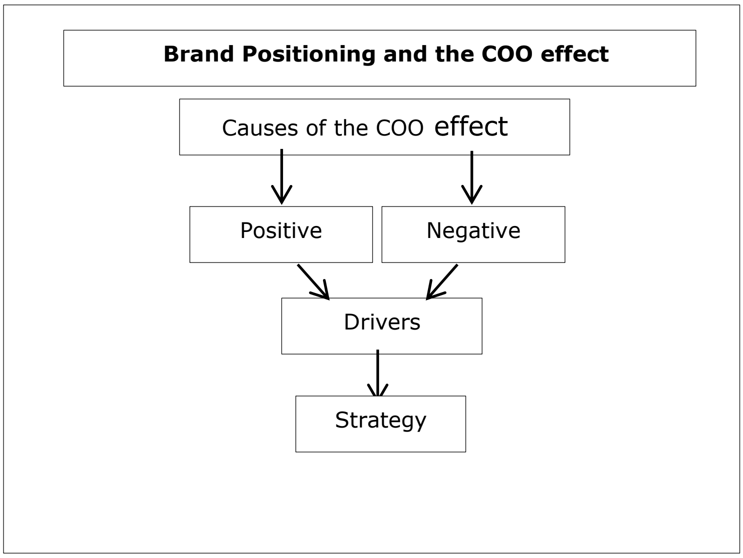

Figure 1: Brand positioning and the COO effect framework

In figure 1 it is described the causes of the COO effect that might positively and/or negatively affect the brand positioning drivers, leading to a brand strategy

3. METHODOLOGY

In line with the research questions, it was used a case study method (Yin, 1984). It was carried out a case analysis of an automobile company (Beta) and a telecommunication company (Alpha). It was chosenboth companies because both of them supplied the criteria of being a Chinese multinational company, settled with subsidiary in Brand and that have their own brand.

Beta, which has as a line of vehicles focused to different segments of automobile market, had its first export to the Bolivian market, in 1990 (Beta a, 2014). Nowadays, the company is placed in over 100 countries around the world and entered the Brazilian market in 2011 (ibid). Currently, the Company has more than 50 stores around Brazil, becoming one of most successful Chinese automakers brands in the country (Beta b, 2014).

Alpha is a global provider of telecommunications equipment and network solutions, with operations in 160 countries, and entered in the

Brazilian market in 2002. (Alpha, 2013). Nowadays, over 50% of the overall operating revenue of Beta comes from the international market, and their business focus is in major populous nations and mainstream global carriers (alpha Corporation, 2013).

Therefore, a semi-structured interview built on the theoretical background researched was conducted. Video-call conferences with four different people, from the marketing management, responsible for the brand in Brazil were interviewed. As a deductive method was used to shape this study, the data were analyzed through a general analytic strategy, linking the case study with the initial theoretical propositions.

Thus, also working from the ground up (when the data provide insight of useful concepts, suggesting additional relationships) and the case description, which organizes the case according to the chosen framework (Yin, 2014). This project follows methodological rules for marketing research and the methodology chapter provides a guidance to ensure that this research provides the reliability and the validity necessary for the qualitative study.

4. ANALYSIS

After analyzing the companies' data collection, the two companies were described within the model, outlining a Chinese brand strategy considering the COO effects as bellow:

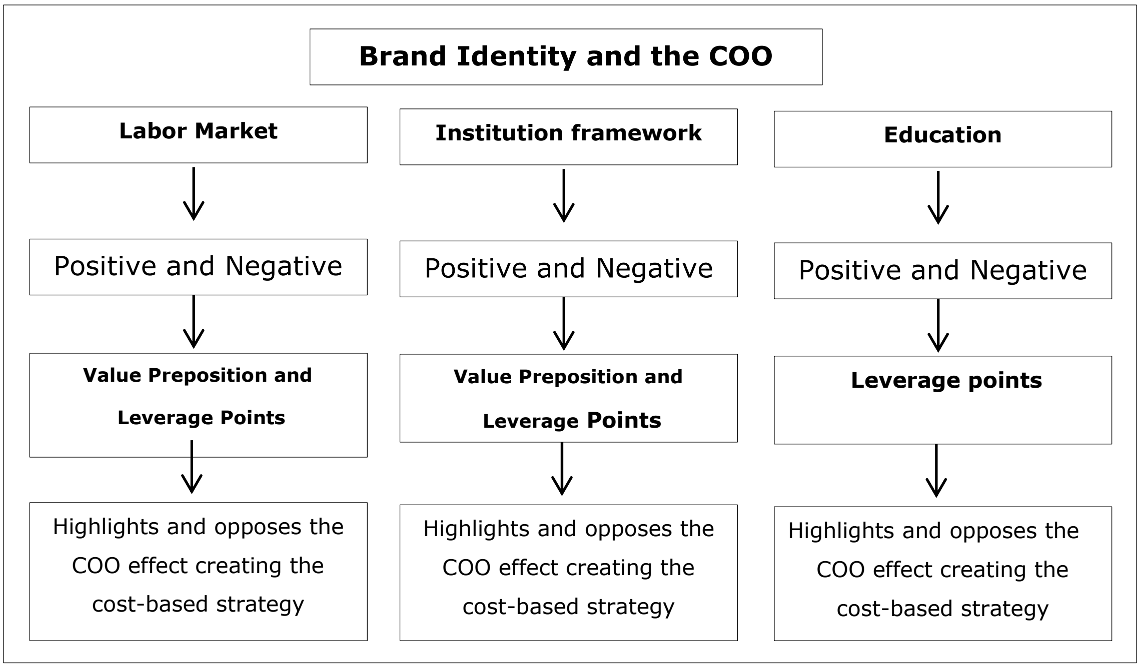

Figure 2: Brand identity and the COO effect framework

In figure 2 it is described the causes of the COO effect on the brand identity that might positively and/or negatively affect the brand's positioning drivers, which are the value preposition and leverage points, leading to a cost benefit brand strategy.

4.1 Brand Identity and the causes of the Positive and Negative Coo Effect

The Alpha and Beta's core identity are presented as the cost-benefit and technology and innovation, being the main causes of the COO effect. For Beta the influence effect is China's labor market (World Bank, 2013; Rapoza, 2014; AHK China, 2014). On the other hand, for Alpha there is no strategy influence. To deal with the COO Effect, Beta highlights the causes and its strategy.

Beta' leverage point is presented with standard car equipment for a lower price among its category and the six years warranty. Being China's labor market and the Institution framework the main causes of the COO effect (World Bank, 2013; Rapoza, 2014; AHK China, 2014; Deutsche Bank, 2014). To deal with the COO Effect in its strategy, Beta highlights and creates the strategy to oppose the negative effect of the COO. Alpha's leverage point is presented with a sub-brand created in the Brazilian market and with a range of family products, being the main causes of the COO effect China's low education (World Bank, 2013; Stanley & Rittaca, 2013; AHK China, 2014). The family products strategy does not influence in any cause. However, the sub-brand created is influenced. To deal with the causes of the COO Effect, Alpha created the strategy in order to fulfill the lack of knowledge by the headquarters in the Brazilian market, as having its main cause China´s low education (World Bank, 2013; Stanley & Rittaca, 2013; AHK China, 2014).

Alpha and Beta value propositions are presented with the standard equipment for lower price among the cars' category, quality, price and deliverable time. The main causes of the COO effect are represented by China's low labor market and institution framework (World Bank, 2013; Rapoza, 2014; AHK China, 2014). In order to deal with the COO Effect, Beta and Alpha highlight the COO effect and create the strategy to oppose the negative effect.

Alpha and Beta present different perspectives in their brand identity strategy; however, both companies are affected negatively by the causes of the COO. These causes are connected to China's labor market, institution framework and the country's level of education (Stanley & Rittaca, 2013; World Bank, 2013; Rapoza, 2014; AHK China, 2014; Deutsche Bank, 2014). Though, it leads the company to position their brands as cost-based.

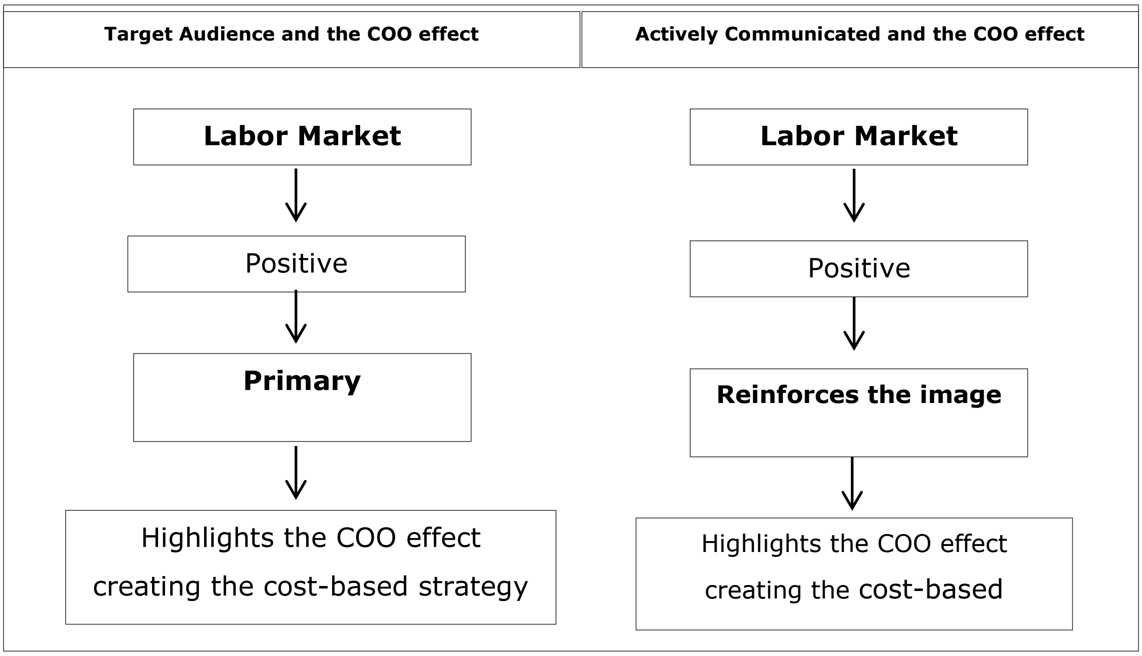

Figure 3: Target audience and Actively Communicated and the COO Effect

In figure 3 it is described the causes of the COO effect on the target audience and on the actively communicated variable that might positively and/or negatively affect the brand's positioning drivers, which are the primary target and the image reinforcement, leading to a cost benefit brand strategy.

4.2 Target Audience and the causes of the Positive and Negative Coo Effect

of Beta's primary audience presents consumers with rational needs and pattern behavior. On the other hand, Alpha's consumers are in the area of the telecommunication (B2B market). The main cause of the COO effect for both, is China`s Labor market (World Bank, 2013; Rapoza, 2014; AHK China, 2014). In order to deal with the COO Effect, Beta and Alpha highlight the COO effect in their strategy.

There is no secondary audience of Beta. However, Alpha is presented as end-users which seek a cost-benefit relation when acquiring a communication device (B2C market). The main cause of the COO effect is China`s Labor market (World Bank, 2013; Rapoza, 2014; AHK China, 2014). In order to deal with the COO Effect, Alpha highlights the COO effect in its strategy.

The target audience of both brands seeks for a cost-benefit relation when purchasing the products, and that is why Beta and Alpha are positively affected by the causes of the COO effect. The causes are connected with China’s general attributes, since there is a linkage between the low cost of the product and the low labor cost in China (World Bank, 2013; Rapoza, 2014; AHK China, 2014). For this reason, both companies highlight the COO attributes and attract consumers mainly because of the cost-based attribute.

4.3 Actively Communicated and the causes of the Positive and Negative Coo Effect

Augmenting and diffusing the image for Beta and Alpha are not applicable since both companies are reinforcing their image. Beta and Alpha images’ reinforcement are presented with the cost benefit brand image. The main causes of the COO effect is China`s labor market (World Bank, 2013; Rapoza, 2014; AHK China, 2014). To deal with the COO Effect, Beta and Alpha highlight the COO effect in their strategy.

The current brand image of both companies considers the cost-benefit relation, meaning that consumers perceive the brands as cost-based. The communication strategy of Beta and Alpha were used to reinforce the brand’s image enhancing the cost-benefit attribute, going along with the low labor cost in China (World Bank, 2013; Rapoza, 2014; AHK China, 2014). Meaning that, COO exerts positive influence in this driver.

4.4 Competitive Advantage and the causes of the Positive and Engative Coo Effect

The points of superiority of Beta and Alpha are presented as cars’ standard equipment with low prices among the cars’ category and the six years’ car warranty. The main causes of the COO effect are China’s labor market and the institution framework (World Bank, 2013; Rapoza, 2014; AHK China, 2014; Deutsche Bank, 2014). In order to deal with the COO Effect, Beta Highlights the positive COO effect in its strategy and Alpha created the strategy to oppose the negative effect.

The points of parity of Beta and Alpha are presented with the quality and safety standard, as well as the quality, price and deliverable time (B2B market). For Alpha, the main causes of the COO effect is China`s labor market (World Bank, 2013; Rapoza, 2014; AHK China, 2014). There is no insert influence in Beta' strategy. In order to deal with the COO Effect, Alpha highlights the positive COO effect in its strategy.

It is possible to affirm that the COO affected partially the points of superiority and the points of parity from the researched companies. While the COO played a special role on the points of superiority in Beta, it did not influence this point in Alpha. At the same time, COO affected Alpha's points of parity, although there was no effect exerted in Beta' strategy. Where the COO presented effect, it was due to China's general attributes, regarding the negative perception of low quality and price (World Bank, 2013; Schawab, 2013; Rapoza, 2014; AHK China, 2014).

When researching the competitive advantage driver, another element has shown exerting influence when building the brand positioning strategy from the Chinese companies: the points of inferiority. This element suffers influence from the COO effect, although the companies researched did not deal with any of these effects. Even though, it was important for the companies to identify the points of inferiority, which lead them to understand their weakness when comparing them to their competitors. Beta's point of inferiority is presented with low investments in marketing. The main cause of the COO effect is China´s education (WorldBank, 2013; Stanley and Rittaca, 2013; AHK China, 2014). Beta does not deal with the COO effect in this point of inferiority.

5. CONCLUSION

When analyzing all the four drivers, the the analysis outcome leads to define the brand positioning of the Chinese companies with a cost-benefit approach. The COO affected the brand positioning mainly in two different attributes: price and quality. When the low price was in evidence, mainly presented as a positive cause of the COO effect in China, this attribute was highlighted in the international brand positioning strategy. The lack of quality was another cause of the COO effect in China. When this effect was perceived in some of the drivers, the international brand positioning strategy was used to oppose this negative COO effect.

According to Kinra (2006), Wang and Yang (2008) and Scharma's (2011) theory, in emerging markets identifies products from developing markets with similar or inferior quality. This strategy was created to oppose the negative effect, generating a protective shield against COO effect evaluations (Jo et al., 2003; Pharr, 2005).

Although the Chinese companies had to deal with a negative COO effect regarding the lack of quality perception of the country products, this effect is used in a positive way. When combining the perception of lack quality among Chinese products and the low price perception, these companies use the brand strategy to oppose the negative effect, highlighting the low price, which leads to the cost-benefit strategy. This strategy goes against the theory of Pecotish and Ward (2007), which states that consumers may prefer domestic goods because of the familiarity and the belief that it helps the national economy as well as the national pride, since the cost-benefit strategy is used to attract consumers in Brazil. This strategy is connected to products that are placed in the market with a low price and an average quality among the competitors.

The Chinese companies position themselves in the market as a cost-benefit brand, since their consumers pursue these attributes, which are represented by a rational behavior – seeking for a cost-benefit relation when purchasing products. The low price and quality represent attributes from China, due to the poor product-country image that the country represents in the market as stated by Agrawal and Kamakura (1999). For this reason, the consumers directly connect that the products made in this kind of countries, deliver similar attributes (Nebenzahl and Jaffe, 1997)

A fact to be aware in communication strategies of Chinese companies is the reduction of communication efforts with the end-user (B2C market). By discontinuing the financial investments in the communication budget, the consumer's perception regarding the brand is decreased, leading to a point of inferiority for the brand. The lack of importance given to the marketing area in the Chinese companies is connected to a cause of the COO effect – a disconnection between educational content and business needs. A consequence of the lack of importance given to the marketing area is the weak brand positioning in the market. For this reason, Chinese companies end up positioning themselves considering the country's attributes – the cost-benefit, where the image of the country represents the brand.

The ultimate model contribution was another branding element which exerts influence when building the brand's positioning strategy from Chinese companies. The *point of inferiority* truthfully suffers influence from the COO Effect, although the companies do not deal with this effect in their strategy. Finally, it is concluded that the Chinese companies' cost-benefit strategy is a response to the positive and negative COO effects, which are caused by China's general attributes China.

In this way, the research model explains that China's general attributes, namely: the labor market, institution framework and education, positively and negatively affect the brand positioning divers: the value preposition, leverage points, primary target and image reinforcement, which influence the cost-benefit strategy approach of the brands. To conclude, it is seen that there is no other academic research that contributes with a model considering all the different causes of the COO and brand positioning driver's variables. For a better comprehension of the brand positioning and the COO effect, the model was divided into three brand categories: brand identity, target audience and actively communicated.

6. IMPLICATIONS AND FURTHER RESEARCH

Considering that this research is a qualitative study of two Chinese companies, further qualitative and quantitative studies would be fruitful to the validity of the presented model. The specific data collection to this research was limited due to the restricted contact from Chinese companies that would be willing to share this type of information. Collecting data from a number of Chinese companies that are internationalizing their brands to emerging markets would enable future studies proving the revised theory.

Quantitative studies regarding this subject would assist to understand the consumer's perception concerning the negative and positive COO effect, their causes and how they affect the brand's positioning strategy. By this, the consumer's perspective of the COO effects in the international brand positioning strategy would complement the company's perspective presented. Furthermore, as this study is limited to Chinese companies internationalizing into the Brazilian market, it would be promising to include other BRIC markets in order to discover whether these countries might have the same COO issues.

7. REFERENCES

Aaker, D. (1996). *Building strong brands.* New York: The Free Press.

Aaker, D., Kumar, V., Leone, P., and Day, S. (2013). *Marketing Research.* Singapore: Wiley.

Agrawal, J., and Kamakura, W. A. (1999). Country of origin: A competitive advantage?. *International Journal of Research in Marketing*, *16*(4), 255-267.

AHK China (2014). German Chamber of Commerce in China: Labor Market and Salary Report 2014/15

Almli, V. L., Verbeke, W., Vanhonacker, F., Næs, T., and Hersleth, M. (2011). General image and attribute perceptions of traditional food in six European countries. *Food Quality and Preference*, *22*(1), 129-138.

Alpha. (2013). *Annual Report 2013*. Retrieved April 29, 2014, from ZTE Corporation: http://wwwen.zte.com.cn/en/about/investor_relations/corporate_report/annual_report/201404/P020140408599365909862.pdf

Bannister, J. P., and Saunders, J. A. (1978). UK consumers attitudes towards imports: The measurement of national stereotype image. *European Journal of Marketing*, pp. 562-570.

Blankson, C., P. Kalafatis, S., Coffie, S., and H. Tsogas, M. (2014). Comparisons of media types and congruence in positioning of service brands. *Journal of Product and Brand Management*, *23*(3), 162-179.

Beta a. (2014). *Como a JAC Motors chegou ao Brasil*. Retrieved April 28, 2014, from JAC Motors: http://www.jacmotorsbrasil.com.br/como-jac-motors-chegou-ao-brasil

Beta b. (2014, April 28). *JAC no mundo*. Retrieved April 28, 2014, from JAC Motors Brasil: http://www.jacmotorsbrasil.com.br/jac-no-mundo

Beverland, M., Napoli, J. and Lindgreen, A. (2007), "Industrial global brand leadership: a capabilities view", Industrial Marketing Management, Vol. 36, pp. 1082-1093.

Berry, L. L. (2000). Cultivating service brand equity. *Journal of the academy of Marketing Science*, *28*(1), 128-137.

Bryman, A., and Bell, E. (2011). *Business Research Methods.* New York: Oxford University Press Inc.

Bilkey, W. J., and Nes, E. (1982). Country-of-origin effects on product evaluations. *Journal of international business studies*, *13*(1), 89-100.

Casotti, B. P., and Goldenstein, M. (2008). Panorama do Setor Automotivo: as mudanças estruturais da indústria e as perspectivas para o Brasil. *BNDES Setorial, Rio de Janeiro*, (28), 147-187.

Cardoso, D. (2013). China-Brazil: A Strategic Partnership in an Evolving World Order. *East Asia*, *30*(1), 35-51.

Cateora, P. R., and Graham, J. L. (2013). *International Marketing.* New York: McGraw-Hill .

China Brazil Business Consul (CBBC). (2013). *Chinese Investments in Brazil from 2012-2013: A review of recent trends.* Brazil. Retrieved June 10th from: http://www.cebc.org.br/

De Chernatony, L. (1999). Brand management through narrowing the gap between brand identity and brand reputation. *Journal of Marketing Management*, *15*(1-3), 157-179.

Deutsche Bank Markets Research (2014). Strategy: China: Themes and strategy for 2014.

Doyle, P. (1990). Building successful brands: the strategic options. *Journal of consumer Marketing*, *7*(2), 5-20.

Douglas, S.P. and Craig, C.S. (1995), Global Marketing Strategy, McGraw-Hill, New York, NY, p. 554.

Douglas, S. P., and Craig, C. S. (2013). Dynamics of international brand architecture: Overview and directions for future research. *DYNAMICS*, *21*.

Essoussi, L. H., and Merunka, D. (2007). Consumers' product evaluations in emerging markets: Does country of design, country of manufacture, or brand image matter? *International Marketing Review*, pp. 409-426.

Fetscherin, M., and Toncar, M. (2010). The effects of the country of brand and the country of manufacturing of automobiles: An experimental study of consumers' brand personality perceptions. *International Marketing Review*, *27*(2), 164-178.

Fuchs, C., and Diamantopoulos, A. (2010). Evaluating the Effectiveness of Brand-Positioning Strategies from a Consumer Perspective. *European Journal of Marketing*.

FutureBrand (2014). *Made In: The value of country of origin for future brands.* London

Ghosh, A.K. and Chakraborty, G. (2004), “Using positioning models to measure and manage brand uncertainty”, Journal of Product and Brand Management, Vol. 13 Nos 4/5, pp. 294-302

Ghauri, P., and Cateora, P. (2010). *International Marketing.* London: McGraw-Hill.

Ghiasy, R., Mothe, S., and Pontemayor, F. (2013). *China's Developing World Edge*. Retrieved May 3, 2014, from The Diplomat: http://thediplomat.com/2013/09/chinas-developing-world-edge/

Guilhon-Albuquerque, J. A. (2014). Brazil, China, US: a triangular relation?. *Revista Brasileira de Política Internacional*, *57*(SPE), 108-120.

Gürhan-Canli, Z., and Maheswaran, D. (2000). Determinants of country-of-origin evaluations. *Journal of Costumer Research*, pp. 96-108.

Hassan, S. S., and Craft, S. (2012). Examining world market segmentation and brand positioning strategies. *Journal of Consumer marketing*, *29*(5), 344-356.

Hansen, K., and Singh, V. (2008). Does Store Brand Create Store Loyalty? An Empirical Investigation. *Management Science*, 1828 - 1834.

Hassan, S., and Craft, S. (2002). Examining world market segmentation and brand positioning strategies. *Journal of Consumer marketing*, pp. 344-356.

Häubl, G. (1996). A cross-national investigation of the effects of country of origin and brand name on the evaluation of a new car. *International Marketing Review*, *13*(5), 76-97.

Herrmann, A., and Huber, F. (2000). Value-oriented brand positioning. *International Review of Retail, Distribution and Consumer Research*, pp. 95-112.

Hooley, G. J., David Shipley, and Nathalie Krieger (1988), "A Method for Modelling Consumer Perceptions of Country of Origin," International Marketing Review, 5 (Autumn), 67-76.

Ingenhoff, D., and Fuhrer, T. (2010). Positioning and differentiation by using brand personality attributes: Do mission and vision statements contribute to building a unique corporate identity?. *Corporate Communications: An International Journal*, *15*(1), 83-101.

Jalkala, A. M., and Keränen, J. (2014). Brand positioning strategies for industrial firms providing customer solutions. *Journal of Business and Industrial Marketing*, 253 – 264.

Jo, M. S., Nakamoto, K., and Nelson, J. E. (2003). The shielding effects of brand image against lower quality countries-of-origin in global manufacturing.*Journal of Business Research*, *56*(8), 637-646.

Johansson, J. K., Douglas, S. P., and Nonaka, I. (1985). Assessing the impact of country of origin on product evaluations: a new methodological perspective. *Journal of Marketing Research*, 388-396.

Kabadayi, S., and Lerman, D. (2011). Made in China but sold at FAO Schwarz: country-of-origin effect and trusting beliefs. *International Marketing Review*,*28*(1), 102-126.

Katsumata, S., and Song, J. (2016). The reciprocal effects of country-of-origin on product evaluation: An empirical examination of four countries. *Asia Pacific Journal of Marketing and Logistics*, *28*(1), 92-106.

Keller, K. (1993). Conceptualizing,measuring and managing customer based brand equity. *Journal of Marketing,* pp. 1-22.

Keller, K. L., Sternthal, B., and Tybout, A. (2002). Three questions you need to ask about your brand. *Harward Business Review*, 1-8.

Keller, K.L. and Lehmann, D.R. (2006), "Brands and branding: research findings and future priorities", Marketing Science, Vol. 25 No. 6, pp. 740-759.

Keller, K., Aperia, T., and Georgson, M. (2008). *Strategic brand managements - A European perspective.* England: Pearson Education Limited.

Kinra, N. 2006. The effect of country-of-origin on foreign brand names in the Indian market. Marketing Intelligence and Planning, 24(1): 15–30.

Kotler, P. and Pfoertsch, W. (2007), "Being known or being one of many: the need for brand management for businessto-business (B2B) companies", Journal of Business and Industrial Marketing, Vol. 22 No. 6, pp. 357-362.

Kotler, P., Marketing Management, 7th ed., Englewood Clifee, New Jersey: Prentice-Hall 1997.

Lee, H. M., and Lee, C. C. (2011). Country-of-origin and brand redeployment impact after brand acquisition. *Journal of Consumer Marketing*, *28*(6), 412-420.

Leclerc, F., Schmitt, B. H., and Dubé, L. (1994). Foreign branding and its effects on product perceptions and attitudes. *Journal of marketing Research*, 263-270.

Leonidou, L. C., Palihawadana, D., and Talias, M. A. 2007. British consumers' evaluations of US versus Chinese goods: A multilevel and multi-cue comparison. European Journal of Marketing, 41(7/8): 786–820.

Loussiaef, L. (2001). The consumer sensitivity to the perceived national origin of (PNO) brands. In D. Rahtz, and P. McDonagh (Eds.), *Globalization and Equity: Proceedings Macromarketing Conference, College of William and Mary, Williamsburg, Virginia* (pp. 70-73).

Maarit Jalkala, A., and Keränen, J. (2014). Brand positioning strategies for industrial firms providing customer solutions. *Journal of Business and Industrial Marketing*, *29*(3), 253-264.

McCormack, J. P., Cagan, J., and Vogel, C. M. (2004). Speaking the Buick language: capturing, understanding, and exploring brand identity with shape grammars. *Design studies*, *25*(1), 1-29.

Macedo, B. V. D. (2014). O Great Game tecnológico das multinacionais chinesas de TELECOM e seus impactos sobre o Brasil.

Mendes, C. A. (2013). China in South America: Argentina, Brazil and Venezuela. *East Asia*, *30*(1), 1-5.

Nebenzahl, I. D., and Jaffe, E. D. (1997). Measuring the joint effect of brand and country image in consumer evaluation of global products. *Journal of Marketing Practice: Applied Marketing Science*, *3*(3), 190-207.

Novak, E., and Lyman, M. (1998). Brand Positioning: The Art of Retying Connections. *The Electricity Journal*, pp. 17-22.

Oxford Economics. (2014). *PWC: Capital project and infrastructure spending Outlook to 2025.*

Pisharodi, R. M., and Parameswaran, R. (1992). Confirmatory factor analysis of a country-of-origin scale: initial results. *Advances in consumer research*,*19*(1), 706-714.

Parameswaran, R., and Pisharodi, R. M. (1994). Facets of Country of Origin Image: An empirical assessment. *Journal of Advertising* , pp. 43-56.

Pharr, J. M. (2005). Synthesizing country-of-origin research from the last decade: is the concept still salient in an era of global brands?. *Journal of Marketing Theory and Practice*, 34-45.

Pereira, A., Hsu, C. C., and Kundu, S. K. (2005). Country-of-origin image: measurement and cross-national testing. *Journal of Business Research*,*58*(1), 103-106.

Peterson, R. A., and Joilbert, A. J. (1995). A meta-analysis of country-of-origin effects. *Journal of International Business Studies*, pp. 883-900.

Pecotich, A., and Ward, S. (2007). Global branding, country of origin and expertise: an experimental evaluation. *International Marketing Review*, *24*(3), 271-296.

Pew Global. (2014, JULY 14). *Pew Research.* Retrieved May, 1st, 2015 from Pew Global: http://www.pewglobal.org/2014/07/14/chapter-2-chinas-image/

Prange, C. (2012). Ambidextroues internationalization strategies. *Organizational Dynamics*, pp. 245-253.

Randall, G. (2000). *Branding.* London, UK: Kogan Page Limited.

Rapoza, K. (2014, January 07). *Where emerging countries are going this year*. Retrieved May 3, 2014, from Forbes: http://www.forbes.com/sites/kenrapoza/2014/01/07/where-emerging-markets-are-going-this-year/

Ries, A. and Trout, J. (1986), Positioning: The Battle for Your Mind, McGraw-Hill, New York, NY.

Ries, A. (1996), Focus: The Future of Your Company Depends on It, Harper Collins, New York, NY.

Sagar, M., Khandelwal, R., Mittal, A., and Singh, D. (2011). Ethical Positioning Index (EPI: an innovative tool for differential brand positioning. *Corporate Communications*, pp. 124-138.

Samiee, S. (1994). Customer evaluation of products in a global market. *Journal of Marketing Research*, pp. 579-604.

Stevens, C. E., and Dykes, B. J. (2013). The home country cultural determinants of firms' foreign market entry timing strategies. *Long Range Planning*, *46*(4), 387-410.

Schawab, K. (2013). *The Global Competitiveness Report.* Switzerland.

Sharma, P. (2011). Country of origin effects in developed and emerging markets: Exploring the contrasting roles of materialism and value consciousness. *Journal of International Business Studies*, *42*(2), 285-306.

Schept, K. (2014). *BrandZ: Most valuable Chinese brands top 50.* Millward Brown.

Schooler, R. (1965). Product bias in the Central American Common Market. *Journal of Marketing Research*, pp. 394-397.

Shenkar, O. (2009). Becoming multinational: challenges for Chinese firms. . *Journal of Economic and Foreign Trae Studies*, pp. 149-162.

Schuiling, I., and Kapferer, J. N. (2004). Executive insights: real differences between local and international brands: strategic implications for international marketers. *Journal of International Marketing*, *1*

Tauber, E. M. (1993). Fit and leverage in brand extensions. *Brand Equity and Advertising, Hillsdale/NJ*, 313-318.

Touzani, M., Fatma, S., and Mouna Meriem, L. (2015). Country-of-origin and emerging countries: revisiting a complex relationship. *Qualitative Market Research: An International Journal*, *18*(1).

UNCTAD, U. N. (2014). *World Investment Report 2014: INVESTING IN THE SDGs: AN ACTION PLAN.* United Nations publication. Retrieved May 5, 2015, from UNCTAD: http://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=937

Urde, M. (2003). Core value-based corporate brand building. *European Journal of Marketing*, *37*(7/8), 1017-1040.

Wang, X., and Yang, Z. 2008. Does country-of-origin matter in the relationship between brand personality and purchase intention in emerging economies? Evidence from China's auto industry. *International Marketing Review*, 25(4): 458–474.

WorldBank. 2013. Worldwide governance indicators. Retrieved May 1st, 2015, from http://info.worldbank.org/governance/wgi/index.aspx#reports

Wind, Y. (1986), "The myth of globalization", Journal of Consumer Marketing, Vol. 3, Spring, pp. 23-6.

Yasin, N. M., Noor, M. N., and Mohamad, O. (2007). Does image of country-of-origin matter to brand equity? *Journal of Product and Brand Management*, pp. 38-48.

Yin, R. K. (2014). *Case study research: Design and methods.* CA: Sage.

Yunus, N. S. N. M., and Rashid, W. E. W. (2016). The Influence of Country-of-origin on Consumer Purchase Intention: The Mobile Phones Brand from China. *Procedia Economics and Finance*, *37*, 343-349.

Zhang, Y. (1997). Country-of-origin effect: The moderating fucntion of individual difference in information processing. *International Marketing Review*, pp. 266-287.