

How brands that disguise their origins do damage to their bottom line

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Many brands, particularly those from countries associated with poor production quality, attempt to disguise their origins. Some even attempt to deliberately associate their brand with a country that has a strong image to win over customers. Chinese consumer goods company, the Haier Group, for example, adopted the German-sounding name and dropped Qingdao from its original moniker in the early 1990s [to inspire confidence](#).

With Haier, the name change was accompanied by a turnaround in the company's quality control and manufacturing process, but the association with Germany certainly helped promote this image. And it's not the only company to use a name that doesn't obviously reflect its origins. [Research](#) shows that consumers are misidentifying the country of brand origin nearly half the time for local brands and as high as 88% of the time for overseas brands.

[Research I've carried out with Meltem Cakici](#) suggests that this can backfire, however. When customers find out the truth about a brand's origins, they are not happy about it. In fact, they feel discontent and are put off buying from them in the future. With access to information at the palm of our hands, customers are increasingly finding out the truth about a brand's origins, which can have dire consequences for its bottom line.



In a recent study, we found that when people become aware that they had misclassified a brand's origin it can automatically trigger something called cognitive dissonance – a state of mental discomfort as a result of being exposed to contradictory information. We found that if people identified the brand to be from a country they have a high regard for, and then they realise that the real origin happens to be one they have a lower affinity for, their negativity towards that brand and purchasing it increases.

Plus, the higher the affinity felt towards the misclassified brand, the greater the reduction in their likelihood to purchase it once they learn its true origin. So, even though they liked the brand, just knowing that they mistook the brand origin puts people off purchasing or even considering that brand.

Staying true to your origins

In an opposite scenario to the above, you would assume that if people learned that a brand was actually from a country that they had a high affinity with, then they would become more likely to buy it. But what we found was counter-intuitive.

Even when people had a higher affinity for the revealed brand origin than to the misclassified brand origin, their desire to purchase the brand still decreased. For example, if people thought a brand was British or American and then they discovered that it was actually from India, and they happen to have a higher affinity towards Indian brands, we still found that people would become less likely to buy this brand as a result of finding out the truth.

This surprising finding shows just how important it is that brands stay true to their origins. This is because consumers don't like being tricked – it's enough to put them off buying at all.

We further examined this phenomenon among people who claimed to have higher product knowledge of fashion (experts) versus those who did not (novices). You might assume that the experts would be keen to possess as rich an amount of knowledge as possible of brands, and so, when informed that they had misclassified the origin of one, they would be happy to improve their knowledge bank. But we found that experts were more put out than the novices when they learnt that they had misclassified a brand's origin. With self-styled experts abandoning brands, this could lead to significant brand damage in today's social media-driven consumer society.

People that consider themselves novices when it comes to the sector the brand represents also reject the brand when they become aware of their misclassification. This would obviously be reflected in their future purchasing decisions. So it's clear that brands stand to lose a lot if they build their strategy on misinforming or hiding their origins, once people become aware of the reality.

Hiding their true origins should be considered a threat to a brand's image and profits and should, therefore, be avoided or reversed. If the product is of good quality and offers what people want, the authenticity of the brand itself will shine through and this should ensure its success.

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