

The Impact of Country-of-Origin Effect on Brand Marketing-Taking Häagen-Dazs as an Example

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Abstract: With an emphasis on the use of the Country of Origin (CoO) effect to influence consumer views of the brand and its goods, this study attempts to analyze the difficulties and issues faced by Häagen-Dazs, a well-known American ice cream producer. The investigation reveals fascinating results that defy accepted wisdom. The study offers insightful conclusions and suggestions for Häagen-Dazs and the larger marketing sector by investigating these findings. Examining Häagen-Dazs's difficulties reveals the difficulties in applying the CoO effect, a crucial branding strategy. The study deepens our understanding of the mechanics and dynamics involved in managing an internationally renowned brand like Häagen-Dazs by focusing on these difficulties. The report also provides analyses and suggestions based on the discovered empirical evidence. These thoughts are intended to improve brand management strategy comprehension and application, particularly in light of the CoO impact. Overall, this study adds to the body of knowledge on brand management by highlighting the particular difficulties faced by Häagen-Dazs and offering insightful advice to marketers looking to fully utilize the CoO effect.

Keywords: Country of Origin effect; Product Evaluation; Häagen-Dazs

1. Introduction

In the 1950s, low-price ice creams had already established a sophisticated market, as ice cream manufacturers sought to hamper production costs by various means. The two Polish immigrants Rose and Reuben Mattus, however, saw a prospective and latent market for luxurious ice creams. They believed that a distinctive price range for their ice cream would be marketable since very few companies had the notion of high-price finely-made ice creams back then. In 1976, the first Häagen-Dazs shop opened in Brooklyn Heights, New York. Since people in New York are generally considered to be affluent in terms of wealth, the founder Mattus surmised that people would like to pay a little more cash on something they see as exotic and “lavish”.

Reuben Mattus then came up with the name “Häagen-Dazs”. It meant nothing, but sounded European, as the character “ä” derives from the typical Germanic language. This naming strategy is successful as it cultivates a deep root in the hearts of consumers for its exotic (European) brand image. Many consumers have not come to realize Häagen-Dazs is an American brand before they do the research. This success has positive and negative impacts. On the positive side, Häagen-Dazs holds in high regard among consumers, resulting in an increase in sales as well as revenue. In many parts of the world, consumers hold Häagen-Dazs in high regard. When people speak of expensive ice creams,

they are likely to first think of Häagen-Dazs. On the negative side, the brand overuses its high regard to exploit customers. For example, in the Chinese market of China, there has been shown in a decline in quality, though the brand often boasts its superior quality with natural ingredients.

Through the research, consumers will have a better understanding on how the country of origin pushes them to conduct irrational purchasing behaviors more likely. Therefore, people can make informed decisions not primarily based on extrinsic values. Many products may have elaborate coverings and fancy exotic names, but those features are not reliable indicators of quality and value. Also, this study described the challenges Häagen-Dazs faces and the possible reasons behind the background, using analysis with factors like Country of Origin.

2. Literature Review

Questions concerning the impact of Country of Origin on Customer's product evaluation have made some progress in China and other parts of the world. Recently, researchers in China have increasingly focused on probable impacts when companies seek to use their country of origin as a way of manipulating consumer's product and brand evaluation. For example, Guoqun, F and Xueying, D have posited that changing the way consumers think about a stereotype of a certain country, whether positive or negative, is excruciatingly difficult [1].

Zhuang et al have suggested that if there are ambiguities about the Country of Origin, negative effects, such as lowered perception of the brand, declined evaluations of quality, waned purchase intention, and damaged loyalty, are prevalent [2]. Therefore, clearness in conveying the country of origin is essential for the consumer's brand and product evaluation.

Foreign scholars concerning the effect of country of origin have been fruitful too. As early as 1962, The Country of Origin cue has long intrigued both international marketing managers and researchers [3]. Dichter pointed out that exceptional impact on the consent and success of products can be achieved by simply just printing the "Made in []" phrase [4]. Leclerc have posited that when it comes to luxury goods, consumers prize extrinsic values, such as country of origin and price, which are not always reliable indicators of where the brand was initially founded [5].

Many brands nowadays would utilize visual or textual cues to elicit a perception of a country, whether true or not, hide within the brand name or promotional vision appeals, as Agrawal and Kamakura have found out [6]. In 1999, d'Astous and Ahmed summarized that limited amount of research has pivoted on the effects of brand origin associations, though Issues linked to Country of Origin has sparked discussions among scholars and researchers [7].

Other results are surprising as well. For example, A generally held view is that: when people are learning more about the brand's information and they find out that what they perceived about the brand differs from reality, the loyalty of that "deceiving" brand soon perishes. However, this is actually not the case. The findings reveal that even when precise information about a brand's exact original country is possessed by consumers, perceived country of origin still significantly influences their evaluations. In this research, Samsung was the example to be a perceived Japanese brand, while actually being a South Korean brand. The same rules apply to Häagen-Dazs. The findings of Magnusson et al reveal that even when consumers possess accurate information about a brand's true country of origin, perceived country of origin still significantly influences their evaluations [8].

3. The marketing Impact Of Country Of Origin Labeling On Haagen-Dazs

Most would agree on the achievements Häagen-Dazs has made using its exotic "Country of Origin" image. Admittedly, speaking of luxurious ice cream brands, the position of Häagen-Dazs is rarely challenged. Nevertheless, this illusory brand image is so deep into the heart that even though people may find out the true original founding site of the brand is the United States, their perception of the

brand as an exotic European delicate and craftsman Ice-cream manufacturer will still influence their purchasing behavior by a great extent.

With all compliments aside, the negative effects of misleading the Country of Origin harm its consumers. Since Häagen-Dazs is regarded as a luxurious ice cream manufacturer based on its Country of origin, Häagen-Dazs has more market power to set the price and manipulate the ingredients for the sake of the costs. In the long run, this privilege is probably going to kick the brand on its back. Reports have shown that Häagen-Dazs China has already used deceptive strategies to exploit its consumers. For example, in 2021, Haagen-Dazs's ice cream pancakes covered with chocolate crust were shown with deceptive information. Though Häagen-Dazs has done pretty well in fitting the market by implementing elements of China, it replaced pure chocolate crust with Cocoa Butter Replacers without notifying its consumers by indicating the change in the product name, as the consumers still regard the dessert to be real chocolate. Unlike their natural counterpart, Cocoa Butter Replacers are rich in Trans-unsaturated fatty acids, which can cause health problems more easily. The most essential reason why Häagen-Dazs used Cocoa Butter Replacers is that natural Cocoa Butter is much more expensive and harder to preserve than artificial Cocoa Butter Replacers. It is understandable for a brand to cut down its budgets, but for a self-proclaimed "Rolls-Royce in Ice creams" kind of a luxury brand, a pure shameful reputation falls on itself. Häagen-Dazs is eventually fined by the Shanghai Municipalities [9]. The fine was not huge in terms of number, but it has kindled criticism on Chinese social media. The primary reason for irritation is the obvious price consumers pay and the quality they actually get [10].

Häagen-Dazs has also used psychological tricks with Country of Origin to allow a greater extent of brand loyalty. On the Chinese webpage, no single word says the brand is American, although the quote from the founder is in English. Just as mentioned in the previous session, the brand wants to keep an image of itself as a European brand. Now the question is why they want to do that. What is the problem of being American? One possible explanation is that European products are generally viewed as sophisticated, with fine craftsmanship, exclusivity, and chicness, whereas American products are generally considered to be more practical, down to earth, and at times even rough craftsmanship. Everything is hoped to be large in the United States, from cars to burgers, and from yogurts to ice cream. It is even a stereotype for Americans: huge in size. Obviously, capacious items are practical, but they are not always associated with luxury and exoticness. When a product is served in smaller rations, people tend to believe it is made with finer ingredients. With the influence of Häagen-Dazs due to its image as a noble European brand, serving in small rations seems to be positively correlated to quality, but ironically it is not. Higher prices and smaller rations do not equal refined quality after all.

The most devastating downside of having Country of Origin as an authority over the others is not even the extra market power to cutting on corners. It is the reluctance to change. For so many years, Häagen-Dazs is the top or one of the top Ice Cream manufacturers in history. People from all ages and all parts of the world have at least heard of the supposed European "Häagen-Dazs". However, it is this complacency that brought the stagnant growth for Häagen-Dazs in China. Häagen-Dazs always believes that since Chinese consumers believe international exotic brands are large in scale and cannot tell lies in using their ingredients, Häagen-Dazs could more easily manage the quality of their ingredients, which is the fundamental reason why Häagen-Dazs is losing its market share in China. Many new-born brands in China, such as Chiccream, which is also a luxurious Ice Cream brand, have been doing much more successful than Häagen-Dazs, as Chiccream has launched a myriad of favors, some of which include full milk, half milk, Irish Cheese, Jasmine and so on. Häagen-Dazs, on the other hand, seemed to fade away in the eyes of the youth that aged 20 years old. People can argue that it is because adults in that particular age range do not have a sustainable source of income, yet Chiccream is almost as expensive as a regular Häagen-Dazs cup of ice cream. What Häagen-

Dazs failed to improve is their creativity. Yes, people all do agree on a consensus that Häagen-Dazs is refined, but the ability to quickly adapt and rethink is crucial in marketing in the modern world market. According to Adam Grant, an organizational psychologist at Wharton, Knowing when to let go of cherished tools and aspects of your identity is a crucial aspect of wisdom [10]. The plank issue of Häagen-Dazs is just too much focusing on preaching its own identity, the identity of being a luxurious supposed “European” noble Ice Cream manufacturer [11]. This label has made Häagen-Dazs resistant to change and losing its battle to newborn brands. Just as Steve Jobs said in the Stanford commencement: “Stay hungry and foolish.” It is probably one of the most important qualities for a company to sustain its growth in the contemporary world market.

4. Häagen-Dazs Marketing Strategy Analysis

Of course, marketing experts in Häagen-Dazs have realized the dilemma. Indeed, they have made a lot of efforts, trying to blend into the Chinese market and adapt to the Chinese culture, as well as rethinking over time. Häagen-Dazs launched pan cakes, moon pies, and so on. However, Häagen-Dazs has to retain the brand image brought by their founder, and they found it more difficult to attract young customers than it used to be. One motto designed by Häagen-Dazs China was: “Love her, then take her to sample Häagen-Dazs.” It was quite useful back then in the millenniums, but not now, perhaps due to the improvement of economic standards in China, resulting in the contempt of pure materialism. Thus, Häagen-Dazs did change its motto to “Every day made extraordinary”. It not only did not subvert the complicated situation for Häagen-Dazs but also incurred more problems. From a “dating” to a “daily” product that was sought to spur sales and provide more discounts, consumers believed this shift was too abrupt and the new motto did not fit the brand image of being a delicate, luxurious Ice cream manufacturer. Aiming for the high and mighty by pursuing the path of luxury and high-end products, while also acknowledging the reality by opting to be humbler, which can lead to serious misalignments between consumer perceptions and brand image [12]. As aforementioned, disparity between projected and real brand image or vagueness conveyed in the country of origin can lead to negative emotions.

Brand’s Country of Origin plays a significant role in shaping consumer preferences and purchase decisions. Country of Origin has improved surprisingly, but brand image based on Country of Origin and be extremely hard to change, as proved by the fact that precepted image still heavily influences purchasing behaviors after discovering a disparity between perception and truth. Just to clarify, if the disparity of perception is spontaneous among consumers, then its heavy influence on consumer purchasing would not be affected. Wisely, Häagen-Dazs used this consumer psychology to achieve its success in Ice Cream. However, it is discovered that if the brand itself, not the consumer, conveys vague information about the Country of Origin of the brand, negative impressions may be left. In the case of Häagen-Dazs, its newly-revised motto sparked a heated discussion among individuals as its daily-routine-styled kind of sales matched horribly with its renowned exoticness, craftsmanship, and delicacy.

Also, the arrogance and complacency to improve given by Haagen-Dazs’s self-proclaimed European nobility have balked their growth in the Chinese market, losing its revenue against newborn Chinese luxury Ice Cream manufacturers. A suggestion to Haagen-Dazs is made: always stay up-to-date with the changes in the market, stop being a preacher of exoticness, and be creative. Specific actions include: launching a myriad of Ice Cream favors, following the “zero-fat zero” campaign, organizing customer interaction groups and on-site activities, cooperating with stylish fashion brands (better not royal European stereotypical noble brands), and etcetera. The brand should be more active in community-involvement, rather than being too conservative for its nobility.

5. Conclusion

For the researching perspective, the aspect of global politics is neglected. There are certainly hardships for Haagen-Dazs's global positions. The oversimplification of criticisms of the brand could be due to the influence of media with a vested interest, like public funding. Thus, the Country of Origin effect could be influenced rapidly by these subtle factors, and consequently, these subtle, yet impactful factors hold the power to swiftly shape and alter the Country of Origin effect. Future studies of the Country of Origin effect would be fruitful if studies incorporate perspectives from International Relations and Global Politics. Therefore, scholars can judge the Country of Origin effect from a very distinctive point of view and analysis. The analysis based on the Country of Origin effect would be more convincing and accurate.

From another perspective, foreign scholars from the United States or Europe seems to be less intrigued by the negative effect of Country of Origin when it comes to Häagen-Dazs. While researching, almost a majority of foreign studies are from early 2000s to 2010s, and those articles are probably making complements of how well Häagen-Dazs localized in the very challenging Chinese market. Scholars and even social media users in China seem to be a lot more attentive on this subject. As expected, Chinese audiences on the internet seems more likely to make negative criticisms on the brand, which makes a distinctive contradiction to the judgments of the west. Consequently, researches by the perspective of Global Politics and International Relations should be more heavily implemented and focused in the Country of Origin effect on consumer's product (or brand) evaluation in the future.

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