

Research on Brand Internationalization Strategy Under the Influence of the Country of Origin Effect - A Case Study of Huawei

Luqian Ma *

School of Media and Design, Jiangsu Normal University KeWen College, Xuzhou, 221116, China

* Corresponding author: Luqian Ma (Email: weiiiiilai@outlook.com)

Abstract: The path to internationalization for domestic brands is long and arduous. From political, economic, and cultural perspectives, Chinese brands have made limited breakthroughs and utilization of the country of origin effect. The significance of how brands can avoid the negative impacts of the country of origin effect and integrate its positive aspects into their own path of internationalization is profound. Using Huawei's path to internationalization to demonstrate the role of the country of origin effect in promoting brand internationalization and reshaping the brand's international image after breaking away from the inherent models of the country of origin effect can provide a reference for the internationalization and image-building of domestic brands.

Keywords: Country of Origin Effect, Brand Internationalization, Consumers, Huawei.

1. Introduction

The country of origin effect is a complex and important field of research that encompasses many areas, such as brand internationalization, consumer behavior, marketing, international trade, and national image, among others. By studying the country of origin effect, we can better understand the dynamics of competition and cooperation in the global market, as well as how to develop effective strategies to address these challenges [1]. At the same time, by integrating the country of origin effect with the development of brand internationalization, and building on previous research, we aim to complement and resonate between theory and practice for both. This ensures that the country of origin effect and its theories are fully utilized and applied in the marketing and shaping of domestic brands.

2. Country of Origin Effect Theory

2.1. Overview of the Country of Origin Effect Theory

The Country of Origin Effect, also known as the brand's country of origin effect, refers to the different assessments that consumers have of imported goods due to the varying origins of these products, thereby creating an invisible barrier to their entry into the local market. Early scholars developed an inherent formula for the country of origin effect in their studies of markets and brands, which posits that brands from developed countries are superior to those from developing countries. It is based on consumers' perception and evaluation of the product's country of origin, which directly influences consumers' evaluations of products and their purchase decisions, ultimately affecting consumers' purchase propensity and choices.

2.2. Current Research on the Country of Origin Effect

Foreign scholars have conducted research and analysis in four distinct time phases. The first phase dates back to 1965

when Scholer first introduced the concept of the country of origin image effect. The second phase is in the 1960s when research on the country of origin effect primarily focused on the existence of the effect. The third phase arrived in the 1970s, with the research emphasis shifting to the variables influencing the country of origin effect. For instance, scholar Nagashima discovered that the country of origin effect is influenced by consumers' familiarity with the product and its availability.[2] The fourth phase is the present time, where research on the country of origin effect is relatively mature in foreign countries, encompassing various aspects, including the existence of the effect, influencing factors, and its manifestation in different cultural contexts. Compared to foreign scholars, domestic scholars' research on the country of origin effect is less mature. The research is mainly divided into four parts: the existence of the country of origin image effect, the factors influencing the country of origin image effect, the relationship between country of origin image and product image, and the application of country of origin image in international marketing. Overall, the research on the country of origin effect by scholars both at home and abroad mainly concentrates on explaining the general impact of the country of origin on consumers and the effect's influence on consumer behavior through the establishment of influence mechanism models, including its impact on brand perception and purchase intention. At the same time, there is less research on the impact of the country of origin effect on the internationalization of enterprises and brands, both domestically and internationally, and there is limited integration of theory and practice, as well as a lack of combination of the country of origin effect with actual brand cases [2].

3. The Country of Origin Effect and Brand Development

3.1. The Impact of the Country of Origin Effect on Brand Development - A Case Study of Huawei

3.1.1. Cultural Influence

The country of origin effect, as indicated in earlier research, suggests that if a country's economic development level is the same or similar to that of a foreign country, consumers may give more positive evaluations and feedback to their domestic brands. This is due to an instinctive national sentiment, which in academic terms is referred to as consumer ethnocentrism. [3] Psychological factors such as national pride, national identity, sense of ethnic belonging, and patriotism can directly or indirectly influence consumers' evaluations and purchase intentions of foreign brands. This can lead consumers to show a preference for and choose their own country's brands, even if the domestic products are not necessarily of the best quality, yet they remain the first choice for consumers. Of course, consumers will also give positive evaluations, choices, and feedback to brands from countries with similar values or beliefs. Therefore, Huawei receives the greatest support from domestic consumers in its brand development process. Next in line are the countries influenced by surrounding cultures, such as East Asian countries. Certainly, in politically friendly countries like those in Africa, Huawei is also welcomed to a certain extent. At the same time, when it comes to cultural ideals, values, or political factors, such as in North American countries, consumers may exhibit negative shopping attitudes and negative emotional feedback towards the Huawei brand.

3.1.2. Consumer Psychological Influence

Consumer psychology is diverse in its development. There is a similarity between consumer psychology and the influence of cultural factors, which is that decisions are often influenced by personal national sentiment. However, consumers also base their choices on their own judgments and preferences of the brand. For instance, they may be more inclined to choose brands from countries with a positive country of origin image. Currently, domestic consumers, especially when purchasing electronic products, high-end goods, and brands involving high-quality development, tend to prioritize brands from developed countries or countries that excel in certain manufacturing aspects. [4] Huawei's initial path to development was challenging, particularly when compared to high-profile, high-design brands like Apple. The choices and preferences of consumers for these two brands are worlds apart, which clearly indicates the importance of brand cultural promotion, product promotion, and other aspects in influencing consumer choices.

3.1.3. Impact of Brand Image

Brand image is generated along with the creation of a brand, and the meaning of the brand determines the connotation of the brand image. Psychologically, perception is commonly viewed as the process by which people select, organize, and interpret sensory stimuli as meaningful and relevant images. An image is a general perception of an object that consumers form over time through processing information from various sources. Brand image represents consumers' overall perception of the brand. The country of origin image and the brand image complement each other. As the national strength and image increase, Huawei, in expanding its overseas markets, has attracted consumers resonating with its cultural

ideals through the construction and shaping of its own brand image, as well as the promotion of the national image. [4] In doing so, it has also proven and promoted its own strength and national power to other countries and societies. In this process, both the brand image and the country of origin image play important roles.

3.2. Huawei's International Development Path Under the Influence of the Country of Origin Effect

Based on the country of origin effect, Huawei has taken the following measures to advance the international development of its brand:

3.2.1. Emphasizing Brand Positioning

Huawei emphasizes its identity as a Chinese enterprise while highlighting its strengths in technological innovation, product quality, and deep understanding of domestic and international market demands. After emphasizing the country of origin image, it has elevated its positioning, which helps to establish a positive brand image in the international market.

3.2.2. Localization Strategy:

Huawei adapts to local conditions and implements localization strategies, including establishing R&D centers and joint ventures in key markets, strengthening its position in the international market. This utilizes the positive impact of the country of origin effect, achieving significant business development.

3.2.3. Brand Building and Marketing:

Through effective brand building and marketing strategies, Huawei has enhanced its international image, further reinforcing the positive impact brought by the country of origin effect. For example, Huawei's advertising campaigns abroad often focus on emotional resonance, storytelling, depicting aesthetics and taste, and creating diverse advertising formats for brand marketing, embedding the corporate culture deeply into people's minds.

Under these measures, Huawei's performance in the European market has been particularly outstanding. Huawei has launched multiple smartphones and other technology products in the European market, which have been widely recognized and trusted by European consumers. [5] Huawei's success in the European market is partly due to its positive country of origin effect, that is, its image as an innovative and technology-leading enterprise from China.

In addition to the European market, Huawei has also achieved significant success in other regions such as Africa, the Middle East, Southeast Asia, and Latin America. In these markets, Huawei has used its positive image as a "Made in China" brand to successfully promote its products and services, thereby expanding its market share and enhancing brand influence. Of course, Huawei's international market strategy not only relies on the country of origin effect but also includes a variety of other factors such as technological innovation, brand building, and localization strategies. These factors work together to help Huawei succeed in the international market.

4. How To Advance Brand Internationalization Under the Influence of The Country-Of-Origin Effect

From the government level, it is necessary to strengthen

national brand building and enhance the national image. Additionally, hosting more international events can raise the international visibility and reputation of the origin country. At the same time, it is important to strengthen cooperation with international trade organizations to elevate the international status of the origin country. Of course, the government should also introduce preferential policies to support enterprises in "going global." This includes providing financial subsidies, tax incentives, and financing support to reduce the cost of internationalization for enterprises. Moreover, establishing a comprehensive intellectual property protection system is crucial to safeguard the overseas interests of enterprises. [6] The government should also cultivate international talents to provide talent support for enterprises. Furthermore, it is encouraged to collaborate with domestic and foreign universities and research institutions to enhance innovation capabilities.

From the enterprise level, companies need to strengthen product quality to establish a positive brand image, thereby increasing consumer purchase intention. They can also leverage the cultural and historical advantages of the origin country to shape a unique brand story, enhancing their corporate culture. It is also essential to take full advantage of the preferential policies provided by the government to reduce the risks of internationalization. Of course, both the government and enterprises should engage in promotion. The government can use diplomatic channels to promote national brands. Enterprises can advertise to increase brand visibility in the target market. They can also use social media, online marketing, and other means to enhance interaction with consumers.

Through these measures, the government and enterprises can jointly promote the internationalization of brands under the country-of-origin effect, achieving a significant increase in brand value and market expansion.

5. Conclusion

The country of origin effect brings both positive and negative impacts to brands. It can lead to stereotypes among consumers, causing them to hold negative views of products from a certain country, even if the actual quality of the products is high. It can also raise quality doubts, as some origins may suffer from quality suspicions due to historical product quality issues or a lack of well-known brands, affecting consumer trust in products from that region. Furthermore, it can impact market access barriers, where a negative country of origin effect may become a barrier for businesses entering certain markets, especially when consumers in the target market have strong negative perceptions of the origin, thereby damaging the brand image

as well [7].

Of course, the positive impacts of the country of origin effect on brand development are also significant. First, it can enhance brand image; a positive national image can elevate the brand image of its products. Second, it can increase consumer trust; consumers may have higher trust in products from certain countries or regions, which can increase purchase rates. [7] Third, it can promote international trade, as the country of origin effect facilitates the development of international trade and advances the internationalization process of brands.

Through research and analysis, the role and impact of the country of origin effect in the internationalization process of brands and businesses should be recognized and utilized. The practical application of research findings should be valued to further promote the shaping of domestic brand images and the process of internationalization. [8] Utilizing and summarizing Huawei's path to internationalization to demonstrate how the country of origin effect can shape a brand's international image after breaking away from the inherent models of the effect can provide a reference for the internationalization path and image shaping of domestic brands.

References

- [1] Wang, H., Zhao, P. (2004) Brand Country of Origin Effect and Its Market Strategy Recommendations - Based on a Survey Analysis of Brand Image in Europe, America, Japan, and China. *China Industrial Economics*, 78-86.
- [2] Li, Y., Chen, K. (2004) Country of Origin Effect and Its Role in International Marketing. *Journal of University of Electronic Science and Technology of China (Social Sciences Edition)*, 36-39.
- [3] Li, Z. (2011) Research on the Internationalization Strategy of Chinese Brands Based on the Country of Origin Effect - A Comparative Study of Huawei and Chery.
- [4] Shen, T. (2017) Raymond Liu, The Impact of the Country of Origin Effect on the Perception Transmission Mechanism of 'Made in China' Brands. *Journal of Entrepreneurship in Science & Technology*, 19-21.
- [5] Lin, Y. (2023) Huawei's Brand Internationalization Strategy - A Country of Origin Effect Perspective. *Foreign Investment in China*, 80-82.
- [6] Wang, H. (2002) Product Origin Image in International Markets and Strategies for Avoidance. *China Industrial Economics*, 91-96.
- [7] Gennrich, T. (2024) A Comparative Study of the Country of Origin Effect between China and Germany - Taking Bosch and Midea as Examples.
- [8] Kou, N. (2021) Country of Origin Favoritism and Its Impact on Brand Experience.