

Country image is still relevant in the era of micro multinationals

Interview with George Balabanis by Vivian Strehlau (PPGA and MPCC / ESPM)
and Sergio Garrido Moraes (Associate Editor – IJBMKT)

The interview was held on June 11, 2019 during the 16th International Conference of the Society for Global Business and Economic Development (SGBED) sponsored by ESPM, São Paulo, Brazil.

George Balabanis is a professor of marketing at Cass Business School at City University London and holds a PhD degree from Strathclyde University. His research focuses on the areas of international marketing strategy, cross-cultural consumer behavior and online relationships. His work has been published in some of the most prestigious journals in the world. He is a member of the editorial board of British Journal of Management, Journal of International Marketing, International Marketing Review and BuR – Business Research.



IJBMKT: Professor Balabanis, it is really a pleasure having this meeting with you here.

GB: I'm really honored to be here. Thanks for inviting me. It is my first time in Brazil, and I really enjoy your University, I enjoy the city. Actually, I have been here for three days, I had a very good time, I took a tour over the city. I like the people, I like the culture, I like the vibes. I was at Avenida Paulista on Sunday, it is a cultural lab, very loud, very nice there.

IJBMKT: Your first time here in Brazil, but not the last time.

GB: I hope so! I would like to have the opportunity to come back here.

IJBMKT: It is a pleasure to have you here. So, let's start. My first question is: You work in so many different areas, how do you manage to be so prolific with such various topics? You write about international marketing strategy, consumer dispositions, country image, online relationship, retailing and, recently, your research

students are writing about luxury! How do you manage that?

GB: My beginning is in international marketing strategy, and it is a funny story about how it started. I think a lot of things happen in life accidentally. I just got the scholarship from the Greek government to go to Britain to study and what they want me to develop was an export strategy for Greece. At that time, what was popular was a model from Japanese companies called Sogo Shosha, or General Trading Companies. America has introduced some legislation about this type of companies. Greece did something similar, Ireland, Britain, a lot of countries. This thing was abandoned because it didn't go anywhere. My work was on this model of companies, how you can import the Japanese model of companies, how to improve the export capabilities of a country. After this, I moved on to another area. I was quite lucky at the beginning to get some very good publications up to this work, in good journals. I became known. So success brings success, it brings you a lot of research partners, you get used to getting working with them. Then we moved, we got a grant

from the Czech Republic, and we did some work on country of origin. It was 1998. We break through some new areas there. I got some very good research partners. After this, I moved to other areas, digital marketing, and luxury. Luxury, actually, was a PhD student of mine who was a marketing manager in L'Oreal. He had a lot of interesting experiences, he was in Russia, he was in other places. He wanted to work with me, so I had learned a lot about luxury, basically through him. So, I developed this area further. Now, how we can become prolific? I had an early start, I had some good publication at the beginning, and I had very good training in quantitative methods. Journals have a bias for quantitative methods, no matter what they tell you now. Good journals want good quantitative research. If you understand the numbers, if you understand the mathematics behind this, if you can develop hypotheses, you can take any concept, and you can quantify, and you can develop good research. I think somehow, I was lucky to get early publications, I had this background of statistical knowledge that helped me to move forward. You have to be open-minded, you get people coming to you with topics that you would naturally dismiss because they have been done to death, however, you should not be dismissive because there is a high possibility that these people have a different, a novel and fresh perspective to these issues. My view is that, no matter if you have a novice student or if you have somebody who has got experience – because I have CEOs that do Executive PhD programs. All of them come with their own perspective, and if you get into their soul and try to see things the way they see them, you can get nice ideas, and you can develop these ideas further into interesting projects.

IJBMT: If you have a good statistical background, you can develop hypotheses, you can test them, and so you can use this skill to work with a lot of concepts?

GB: Yes!

IJBMT: You can work with country image, international marketing, and luxury. So, the methodology is a critical aspect?

GB: To understand how you can quantify things, because now what do we have is lot of “theorizing”. “Theorizing” means that all these qualitative methods, which basically talk about all sorts of things do “theorize”. They don't actually develop theories. Theories must be developed and articulated in a way to be falsifiable. You cannot verify theory; you must falsify them that is the Poperian tradition. You need to state them in a way that they can be falsified. To do that you need to have this ability. You only can do this with knowledge of quantitative methods and how falsification works. At the moment we got this lot of theorizing, a lot of narrative. We do not have anything solid in the form of a falsifiable theory. If you try to get all these narratives you find in qualitative research publications so as to develop a good falsifiable theory, you will find it almost impossible. There are very few

examples of qualitative research that you can use towards this end.

IJBMT: You said something about the experience of practitioners. We have heard some editors talking about academic writing to be understandable by practitioners. Is it important to write to practitioners? Do we have to change our way of writing to reach the practitioners? What do you think about?

GB: I disagree. Of course, you need to have research that can be readable by practitioners. But if you look at the editors that say this and you read their editorials, it is difficult to read them. There is some kind of hypocrisy there (laugh). I still remember the words of the editor of Harvard Business Review in one of his visits to my school. HBR is a periodical that targets practitioners. If you publish an article in HBR you don't write it, they write the article for you. He said “as an editor of Harvard Business Review I have a tough task”. “I have people that don't know how to write”, referring to academics, and “I have people that don't like to read”, referring to managers. Managers don't like to read. That is why HBR have wonderful abstracts. They try to minimize managers reading effort. What Harvard Business Review does? Basically, they take academic articles and rewrite them, by themselves, trying to present them in a way that managers can understand. For academic journal, I have a different perspective. HBR has a lot of impact, and these people do a great job. They understand how communicating with managers works. They do themselves. I think our mission as academics is to produce knowledge. How can you distribute this knowledge, how can you repackage it. That is a second level. It is not an academic level; it is not our job to do that. It is publishers' work to disseminate our research through popular journals and newspapers in a communication effective way. Of course this is how most people learn about our research and how has some impact (outside academia) on business and society. Publishers can simplify and make more presentable to the public our work, but I guess that we as academics should not be writing with practitioners in mind. Publishers can do it better than us. We instead should work on our concepts, to keep up our position to develop knowledge, rather than thinking whether the typical manager can understand this or if he will be interested in reading it. Managers are busy and usually don't read what we write. They only read summaries, they read abstracts, they read briefs, very few words, and even if it possible one sentence. As academics we shouldn't play this game.

IJBMT: What are now your current main research interests?

GB: I carry on with country of origin research, we are trying to get different dimensions, and one is the paper I presented in Tokyo¹. I do a lot of work on luxuries. We had a paper in the Buenos Aires² AMA conference that was about cross-cultural research on luxuries. I have

more work on luxury and luxury retailing. We are looking at pricing of luxuries, we are looking at non-conspicuous luxury consumption. Non-conspicuous luxury consumption basically means that a lot of people, especially those in higher social classes, don't want to get luxuries which are so conspicuous or visible, luxuries that have big visible logos. Higher social classes prefer to move to luxury consumption of experience, they prefer to go to golf resorts, climbing up to mountains, etc....

IJBMT: Why experiences?

GB: They look more for luxury experiences than actual products.....

IJBMT: Maybe go to Greece...

GB: Greece is not such a luxury destination; everybody can go there (laughs). Higher classes want exclusivity. There are some exclusive places in Greece one can go, not accessible to most people. You can go with a helicopter and you can receive special treatment. [higher classes] look for this type of exclusive experiences. My work now is more on luxury. One of the main reasons is that I get a lot of people (research collaborators and PhD students) who want to work in this area. One of my PhD students got a job at the University of Monaco. In Monaco, the University that organizes bi-annually the main academic symposium on the marketing of luxuries. I got involved too much in luxury. Most of my projects, at the moment, are on luxury products.

IJBMT: Although you still like country image...

GB: Yes, I have a lot of projects in country image. I think it is still relevant.

IJBMT: What about international or global marketing. What are the hot topics? We have heard about deglobalization, reverse internationalization. What do you think about these concepts? Where does research in international marketing is going?

GB: Actually, that is one of the topics in my speech today³. I am going to talk about this I did a bibliometric study of international business journal. I looked for the past 30 years publications. Who are the academic writers and what they focus. I think some of the things we are doing on international marketing are a bit obsolete because international marketing gets into a new phase. I wouldn't call deglobalization, I would call it, a new type of globalization.

IJBMT: Because some industries are going back to their countries. We have here in Brazil the example of Ford that closed a plant here, and they are opening new plants in the USA. Is it not a deglobalization?

GB: Actually, that is true. International trade since the big crisis of 2008 went down by 14%, and there is more local production now. The "local production, local consumption" is a trend.

IJBMT: It is just the recovering from the crisis...

GB: Yes. Some of the advantages that these theories, Dunning and other theories, claiming a location advantage, and other advantages, they have lost their importance. I think now, most of the competition will play, and I use McKinsey's term, on "idea-intensive industries". It is about technology and talent. I am not surprised that Ford went back there. I am not saying that Brazil does not have talent, but the main focus of Ford was basically to get access to some resources that Brazil hasn't and that are available in the States. Salaries here are quite lower, but the labour force now is not quite relevant. It is mostly technology and ideas. I think we are going to have a trade war. We are going to have more nationalistic policies, and we will have countries that are going to dominate the global market [like] China and Germany, most likely with robust industrial policies. We, as academics, where do we stand? I think we will move away from this idea of multinationals. I think we have new companies, small companies that develop in emerging countries, local companies, Brazilian companies that have good chances to compete abroad. Take the case of Amazon. They host, now, two million small companies that sell through Amazon.

IJBMT: The concept of marketplace?

GB: Yes. Look at Ali Baba: 10 million [small companies]. You go to Facebook: there are much more small companies. You can become a global company instantly, through these digital platforms, without having to go through the internationalization process at all.

IJBMT: There is a luxury website, called Farfetch, which is a kind of marketplace. It is a Portuguese company, they started in Portugal, but sell products over the Internet from small boutiques everywhere. You can buy something from a small store, in a small town in Italy, made by a young designer...

GB: We are going to have a new kind of global competition. The good thing about this competition is that it can come from everywhere. In the older model, we had an advanced country producing technology. Then they were moving the production to developing countries for selling products all over the world. Now you don't need to have this. You can have a small production scale. You can sell your products yourself. You can sell them instantly. We can have these micro multinationals, this is the term I use.

IJBMT: Born globals?

GB: OK, born globals, yes. I think this term refers more to production. Micro multinational is more adequate. You can produce something locally and sell through Amazon, and other marketplaces.

IJBMT: Do you think that the country image will still be relevant for these micro multinationals?

GB: There is another debate. Actually, it is in the paper I am presenting tomorrow, my research paper⁴. It looks at different theories that explain bias towards foreign products. One of the theories is related to the country of origin, which is based on the categorical cognition theory. It is going to be [relevant] for a simple reason. If you visit the Amazon site now, and you want to buy for example clothes hangers, you will find 150 different brands of hangers, coming from different countries. They are exactly the same. People in such cases want some guidance, some cues that will tell them which one is of better quality. This is the way the country of origin operates. Nobody has time to think too much about choosing clothes hangers. There are more important things in their lives than worry about clothes hangers. All this competition brings all these processing problems. You have a lot of choices, and you have a lot of brands, which basically means that we have a processing overload, you have a lot of information to assess, and you don't have time for this. Country of origin is a shortcut that can help you say, "all right Brazilian will be tasty", or that if it is from country X "might have a minor problem that won't be more efficient". There certain country of origin stereotypes which simplify consumer decision making

IJBMT: So, in the environment of micro multinationals, the country image increases its importance?

GB: Yes!

IJBMT: Putting Brazil into the conversation, do you think it could help Brazilian micro multinationals, or do you think it will be something not so positive, even more harmful?

GB: Brazil is an interesting case. Because you had very high development in the past 15 years, and your middle class almost doubled. It is very important because when you have more middle class, you have a pool of people that will become entrepreneurs. So the middle class basically means that you have the material means to plan for the future. Most of the entrepreneurs come from the middle classes. So, I think that Brazil, because it was one of the developing countries that had this increase in the middle class, has excellent prospects. Seeing the talent of the people, the artistic talent... I had a discussion with one of your colleagues about Starbucks. This is the capital of the coffee, why do you need Starbucks here? (laugh) I think that you should become more assertive, you have everything necessary to use all these platforms to go abroad. Of course, the government needs to make investments in digital capabilities, you need faster broadband, you need to have more freedom, and you need to think a little bit more about privacy. Here in Brazil wherever you go they ask you for an ID for almost everything. I tried to book tickets for a concert they asked my passport ID! I was wondering "why they asked my passport ID?" In Europe, this would be unimaginable. At the beginning, I thought it was for security reasons. I do

not think it is. I was in Paris a week after the Bataclan massacre - the theatre they killed those people - and I was with my wife, attending a graduation ceremony. I booked for concert just was one week after the Bataclan killings, they didn't ask for any type of ID. I went to the concert, very close to Bataclan there, of course, there were security checks there, but none asked my ID. I think privacy is quite important, you cannot ask too much information from people. I am OK to give my ID to people here, but I think one of the main issues to move forward digitally is respecting consumer privacy. The other one is digital capabilities. I believe that I read that the Brazilian Internet is one of the slowest in Latin America...

IJBMT: In the world!

GB: In the world?

IJBMT: We think so! (laugh)

GB: I think the government should put more money into this, because there is a lot of talent that can help you globalize, so you need a better broadband and faster systems. I know that Huawei made significant investments here we can probably move into other steps of technology here.

IJBMT: What would you say to a young Brazilian researcher in this context? What can we do in academic research to contribute? Otherwise, even to old ones, like us?

GB: (laugh) I have two Brazilian PhDs. Both of them had come from São Paulo. They are very bright. I would tell them they are very lucky to be here because you have a beautiful country and you have very good facilities here [in ESPM]. I think you should not try to copy the American model, you can develop your own research areas because there are many things you can research here, things that are done differently here. I believe that if you think more assertively, you can develop theories which are more appropriate in this context because Brazil is a huge country, has got huge resources, and has got something interesting: cultural diversity and cultural heritage. This deserves more research. We know very little about Brazil.

IJBMT: You mean, we can work our resources, our culture, develop theories about it, and try to show to the world.

GB: Yes

IJBMT: OK, we have some research about that! Let's talk, now, about Tokyo. Your presentation in Tokyo...

GB: Did you like my presentation in Tokyo?

IJBMT: Oh! I liked it very much; I have a lot of pictures! You presented a paper called "Towards an alternative multi exemplar composite measure of country image. A comparison with traditional measures of country image". After the presentation, there was, I would say, an interesting discussion, about developing theories, about

publication. Could you tell us about what happened there, I think that conversation was fascinating.

GB: OK.

IJBMT: The paper was a little bit polemic, right?

GB: No. In the discussion, there were two people I have worked with that disagree with my approach. I just disagree with them. There was not anything polemic. I think that they missed a little bit of the point of what we do or should we as academics. The institutions want us to publish, which is a good thing. It helps us to disseminate our research, however, they want us to publish in top journals as well. When I was young, I was thinking the same way. I built my career – and I will not be hypocritical – publishing in top journals. But I think what we have to do as researchers is to think more about producing new knowledge than what can be published. If you start choosing topics by looking at the editorials, what they want, you serve the needs and interests of the editors, not your interests. It is OK, you can do this, a lot of people do it, but this is not our purpose as academics, our purpose is to develop new knowledge, new ways to do things. Some of the new things are risky, they may not get published. That is the way knowledge progresses.

IJBMT: I remember you said something like “I don’t mind if it will not be published, but I am happy developing knowledge”. To me, it seemed a very bold statement.

GB: You will eventually get published. If you don’t go to the top journals, you can go to the smaller ones. I have a personal example. In the nineties, I did some studies to check if corporate social responsibility affects performance⁵. It was a project I did with students. Then I supposed that if you a company are good, society will recognize that and they will go out and buy your products. You will make money that is the logic. OK, we said let’s test this. We did a longitudinal study, we took ten years before the time the company does something good or bad, the time we took a measurement of corporate social responsibility and ten years afterwards. We used different CSR and performance measures. What did we find? We found that if a company has money or perform well, it can afford to be good. Basically, companies that make a lot of money can afford be responsible. We tried to publish this study on four stars journals. We got rejected because, somehow, I was very young, and I didn’t know how to play with editors. So, basically one of the editors asked me to reference his work there. I objected saying that his work was irrelevant to the topic. It was irrelevant. I got a rejection. I had a lot of projects at that time, so I did not bother much and I sent it to a minor journal, a two-star or three-star one. This paper got around 500 citations, 600 citations at the moment, has been translated into 13 languages. I was getting invitations – at the time I didn’t know where they came from or that the paper was the reason – to give speeches in the nineties, some of them was by some famous people. My paper had an impact. It

didn’t get published as I wanted, but I had a new story to say to academia. I was one the first to say that is not CSR that leads to better performance, it is better performance makes companies more responsible. If companies face financial difficulties, they stop funding for social projects. I don’t have a four-star article but I have a lot of citations, and a lot of people now know me in different countries. That is my point: if you go for the knowledge production rather than to please the editors, you will be appreciated sometime in the future. And there are a lot of examples like this. You can produce knowledge that you think is useful, you can put it in the public space, it doesn’t have to be a four-star. We are the ones who make the journals four stars, not the editors. We are researchers; we have an impact because we have something interesting to say.

IJBMT: If you trust your research, you don’t have to be in the top tier journals, you can publish...

GB: No, I am not saying this. I am saying that you should do research that you think is useful without thinking that about the possibilities to get published. The discovery process is risky but this should not dissuade from doing projects you like because the editors have other interest or priorities.

IJBMT: It is important, it is useful, go ahead.

GB: You will find your own way, even if it is not in a four-star journal. And that in Tokyo was a debate, OK? (laugh)

IJBMT: You are talking about the Greek Empire, right?

GB: Which one? Alexander the Great? (laugh)

IJBMT: No, you, Greek researchers, you dominate this area of knowledge. Balabanis, Katsikeas, Diamantopoulos, even a younger generation, like Davvetas... Something in the water that produces such number of researchers?

GB: I don’t know! Maybe is the Greek fire!

IJBMT: Some special condition in the country?

GB: Yes, it is a dangerous territory you are getting inhere. I think that intelligence is equally distributed across the world. Some people get luckier than others, they get more opportunities than others. We just happen to be lucky. We went to Britain, most of us built our careers there. At that time in our research area there had not many researchers. We didn’t create an empire, we didn’t win Nobels, and we just work in a narrow field. I think we were lucky, working with the right people at the right time. There are a lot of good academics in my university, successful academics, most of them are Italians. We have more Italians than Greeks now, I wouldn’t say Italians are building a new Roman empire.

IJBMT: Just to finish. Would you like to say something, leave us the last message?

GB: Yes, of course. I need to thank you for this. I would like to say that Brazil is a wonderful country, has a lot of resources, and has a very interesting history, looking all these mansions in the centre, looking all these buildings, very vibrant society. Somehow it puzzles me how a country with all these resources doesn't make the best out of them. My last message is: you have a lot of young people, you have beautiful facilities here [in ESPM], and you can build a wonderful future for them. I think all the

competition will be knowledge-based you are on the right track. You should carry on doing the incredible work you are doing here. What you showed me today, we don't have it in Europe. You do a great job. Carry on doing this!

IJBMT: We are happy to hear that. Thank you, professor!

GB: Thank you very much!

¹ Towards an alternative multi-exemplar composite measure of country image. A comparison with traditional measures of country image. Global Marketing Conference, Tokyo, 2018.

² Cross-cultural Differences in the Value Attached to Luxury Products: Evidence from Eight Countries. AMA-SIB, Buenos Aires, 2019.

³ The future of global marketing in our turbulent times: Recent trends, challenges and research priorities. SGBED, São Paulo, 2019.

⁴ Research paper that contrasts five theoretical approaches used to explain consumer bias for global vs. local brands. SGBED, São Paulo, 2019.

⁵ Balabanis, G., Phillips, H. C., Lyall, J. (1998) Corporate social responsibility and economic performance in the top British companies: are they linked? *European Business Review*, 98 (1) 25-44