An investigation into country of origin as an aspect of marketing competitiveness of Irish Software as a Service (SaaS) companies on the global B2B arena

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Abstract

An investigation into country of origin as an aspect of marketing competitiveness of Irish Software as a Service (SaaS) companies on the global B2B arena.

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This research investigated the country of origin effect in marketing Software as a Service products abroad. Customers use the country of origin in their product evaluation and use it as one of the cues when making a buying decision. This thesis aimed to investigate if being from Ireland helps Irish SaaS companies when promoting their products abroad. Apart from the main objective the thesis also investigated 1) the existence of the country of origin stereotyping and bias against foreign companies in the global Software as Service (SaaS) business to business market. 2) what challenges Irish SaaS companies face when competing with similar companies located in foreign countries that Irish companies export to and less developed countries competing on the same foreign markets with Irish companies. 3) the experiences of Irish SaaS companies with selling their products to domestic and foreign customers. The research was a qualitative, investigative and exploratory study using structured interviews to collect data from Irish SaaS companies. Findings revealed the existence of country of origin bias in the SaaS industry. Moreover, the research indicated the existence of varied attitudes towards Irish SaaS products depending on the country the country of origin effect was measured in. Companies selling primarily to US reported a welcoming attitude towards Irish companies. Companies selling to UK however didn’t report any favouritism towards their Irish origin. Both groups however confirmed similar marketing challenges with international promotion, lack of belief in foreign products and consumer nationalism, which they try to overcome by opening dedicated offices abroad. None of the companies however reported any challenges with competing with companies from less developed countries.
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Chapter 1: Introduction

1.1 Background

For the past 50 years the effect of the products country of origin on customers product evaluation and buying decisions has been one of the most widely discussed topics in business, marketing and consumer behaviour studies. Dmitrovic and Vida (2010) report the existence of over 1000 research papers published in industry journals and countless books and other publications on the topic, only signifying the interest in the subject.

Researchers (Nagashima, 1970 - Reierson, 1966 – Schooler, 1965, and many others) concluded the existence of the country of origin effect on customers’ perception and buying habits and confirmed that customers around the world use the country of products origin cue as an attribute in its evaluation (Ahmed et al, 2004). Moreover, according to research customers base their buying decision on country stereotypes, demographic factors relating to the country of origin or a perceived risk of buying products made abroad (Al-Sulati & Baker, 1998).

Some researchers (Hooley, 2007 – Niss, 1996) also observed a symbolic use of country of origin cue in which customers often assign specific product categories and quality to countries i.e. Denmark - agriculture, France - fashion and design, Germany - technology and so on.

Moreover, country of origin is often used as a signal in which customers use their prior perceptions of the general quality of products from a particular country to infer the ratings of other products and their product evaluation (Ahmed et al, 2004) or even as a heuristic to simplify the evaluation process, when no other cues are present (Ahmed et al, 2004 - Al-Sulaiti and Baker, 1998).

Lastly, the research of Schooler (1965), Krishnakumar (1974) Smith Jr. (1993) and many others had discovered the existence of a bias against products from foreign countries (Bilkey and Nes, 1982). This bias, as confirmed by aforementioned research is primarily caused by negative attitudes towards foreign country a
product originates, the country of origin political situation or economic status (Bilkey and Nes, 1982). According to research by Smith Jr. (1993) such bias can not only cause problems for foreign countries to export their products abroad but also for domestic distributors to stock and introduce said products to the home market.

Country of origin therefore poses many challenges for companies and marketers around the world. Al-Sulaiti and Baker (1998) quote Baker and Currie (1993) who suggest that country of origin effect should be considered a fifth element of the marketing mix. Moreover, consumer attitudes toward the products of a particular nation should became a focal point in determining international marketing strategies companies undertake to promote their products (Badri et al, 1995).

However, Badri et al (1995) states that as these perceptions are not easy to overcome, inquiring, understanding and formulating marketing strategies that could lead to a reduction of any country of origin bias should become a priority for international marketing teams.

1.2 Aim and Significance

Despite of the wealth of research on the country of origin cue, its impact on software products, particularly web software and Software as a Service (SaaS) applications attracted little research to date. Kotler & Gertner (2002) indeed recognise software as one of the product types in which the country of origin effect can be harmful. Their research however not only predates Software as a Service (SaaS) products but also was primarily based on other product types and mentions software only once as an item on a list of various product types affected by country of origin without explanation of the reasons and significance.

Therefore additional research on marketing implications of the country of origin effect on web software products that compete on the international market from the day of their inception is required. This research investigates the effect of country of origin on the marketing competitiveness of Irish SaaS companies and answers a question if being from Ireland helps Irish companies in competing on the global
business to business (B2B) arena.

1.3 Objectives

The first question this dissertation asks is:

**If the country of origin gives Irish SaaS companies any competitive marketing advantage on the global market and if so, is it positive or negative?**

This research intents to offer a fresh, empirical insight into country of origin effect on the SaaS industry. Although software might be perceived as homogeneous on the international market, the author’s preliminary research indicates that it might no longer be the case. Country of origin seems to play a significant part in the software perception among customers (i.e. the existence of a negative bias against software products from less developed countries).

Along with the main question the research attempts to investigate:

The effect of country of origin stereotyping on the perception of Ireland on the global B2B Ecommerce market.

What are the challenges Irish SaaS companies face when competing with similar companies from developing countries to which the cost of production is lower and thus, greater opportunity for growth (when selling at global prices).

Possible differences in marketing software as a service products to domestic and foreign customers.

1.4 Irish SaaS Market Overview

Within just five short years Ireland has grown from a country considered as what Arora et al (2001) classify as a follower in IT and software development to moving to what Cusumany (2005) describes as a leading position in the industry.

Arora et al (2001) define a follower country as:

“*The most obvious one is the ability to sustain growth without a broad based set of*
technical capabilities, at least initially. Much of the software related work in Ireland and especially India is non-innovative and involves activities such as offshore development and testing, 'localisation' and on-line technical support" (pg 2).

Irish government began targeting software industry in the late 1970s and by 2000 Ireland had over 900 companies in the software industry, employing over 30000 people with software exports of about 8.5 billion euro (Cusumano, 2005). Furthermore, software exports almost doubled reaching 16 billion euro in 2004 (Cusumano, 2005). Cusumano (2005) offers factors that contributed to the growth of software industry in Ireland: experienced engineers, free education, good universities and access to Europe.

Today Ireland is perceived as the digital hub of Europe which not only produces great talent but also being the host to European headquarters of the top SaaS companies in the world (Hubspot, Dropbox, Salesforce, Marketo to name just a few). Irish SaaS companies also enjoy a considerable success on the worldwide arena (I.e. Intercom recently securing $23m investment in round two - RTE 2014). Moreover, a considerably large number of new SaaS companies is being launched in Ireland every year (i.e. http://www.siliconrepublic.com/start-ups/).

1.5 Organisation of Research

The paper begins with an extensive literature research showing the development of the study on the subject to date along with the main research aspects: stereotyping, country of origin bias, product evaluation, and country of origin implications on marketing. Following chapter discusses the methodology used to research the dissertation objectives. Chapter four presents findings and the analysis of the data gathered during the research while the concluding chapter presents recommendations for future research on the topic.
Chapter 2: Literature Review

2.1 Introduction
According to Bilkey and Nes (1982) each product can be evaluated on basis of a multitude of various informational cues it consists of which can be divided into two groups. Intrinsic cues relate to such attributes as design, taste, fit etc. Extrinsic ones however include such attributes as price, brand, warranties etc. (Cheron et al, 1997).

Much research has been devoted to the affect of both cues on product evaluations, perceived product quality, risk association with purchase and many others as well as how they are perceived by consumers (Bilkey and Nes, 1982).

This research focus is on one particular extrinsic cue however - the country of origin (COO) and its effect on product evaluation and purchasing decision. The effect of the country of origin on customer product evaluation is especially important for countries interested in increasing their exports of manufactured goods. Similarly, it is of high importance for import companies, sourcing goods from abroad (Bilkey and Nes, 1982). Moreover, in recent times the issue became equally important for producers of digital goods that are available for users worldwide almost from thei day of their launch to the market.

This section will begin by defining the country of origin attribute, presenting the main themes within the academic discussion on the topic and continue by examining literature relating to the key aspects in which country of origin affects buying decision: stereotyping, country of origin bias, product evaluation, and country of origin implications on marketing.

2.2 Country of Origin Definition
Country of origin has been defined in a number of ways in academic literature. Johansson et al. (1985) define it as “the country where corporate headquarters of the company marketing the product is located (pg 2)”. Typically this would immediately
imply the home country of the company. Bilkey and Nes (1982), Han and Terpstra (1988), Papadopoulos (1993) and many others however challenged this definition stating that country of origin is in fact “the country of manufacture or assembly (pg 150)” (Al-Sulaiti & Baker, 1998), taking into consideration that the final point of assembly might not be taking place in the same country as where the company's headquarters are located.

Commonly the country of products origin has been communicated by a “made in” label (Nagashima, 1970 and others). Modern times however have forced researchers to re-evaluate the meaning of the label as a denotation of a country of origin. As Okechuku (1993) puts it:

“The globalization of business enterprises has reached a point where it is sometimes difficult for consumers to determine with certainty the country of origin of a product. (pg 5)”

With the advent of multinational companies and hybrid products assembled from components sourced or produced in various countries the validity of the “made in” label has become blurred (Al-Sulaiti & Baker, 1998). Baker and Michie (1995) therefore suggested the use of two terms: “made in” to denote products assembled in the same country where the company’s headquarters are located and “assembled in” in case of products assembled outside of the company's home country (Al-Sulaiti & Baker, 1998). They offered an example of Sony Corporation, a Japanese company whose certain products are produced in the home country while others are assembled outside Japan (i.e. Singapore). In this situation, products assembled in Japan, Baker and Michie suggest should carry a “made in Japan” label, whereas those assembled in Singapore should be labeled “assembled in Singapore” (Al-Sulaiti & Baker, 1998).

Apple, a US based computer and electronics firm is another example of a company clearly distinguishing between two locations - their home country and country their products are assembled in. Since its products are manufactured in China, all carry
two labels simultaneously - “designed in California” to highlight the US origin of a product and “manufactured in China” to inform of a foreign assembly point.

2.3 Research Background

The interest in the country of origin effect on customer's buying choices dates back to the early 1960s. Following the ideas expressed by Dichter in a Harvard Business Review article (1962) discussing the role of stereotypes in product evaluations (Dmitrovic & Vida, 2010) marketing scholars became aware of various cues customers use in their evaluation of products.

These ideas were first followed by Schooler (1965) who conducted a study in Guatemala in which he presented 4 groups of 200 students a juice product and sample of fabric bearing fictitious labels denoting 4 different South American countries (Al-Sulaiti & Baker, 1998). Each group was presented with products supposedly originating from just one country, one saw products labelled as Guatemalan, another Costa Rican, third reviewed products supposedly coming from El Salvador while the last from Mexico (Al-Sulaiti & Baker, 1998). The purpose of this study was to investigate the students’ attitudes towards products from less and more developed countries. The study showed that products with labels indicating their origin from less developed countries (Salvador and Costa Rica) were not considered as having high quality. However, products which participants were led to believe to be domestic or of Mexican origin (both countries they would consider as more developed) were considered to have a much higher quality (Al-Sulaiti & Baker, 1998). Schoolers conclusion was that this bias was related to a general negative attitude against people from those less developed countries (Al-Sulaiti & Baker, 1998).

Reierson followed the research investigating whether a similar stereotyping would exist among American students and concluded positively, finding a strong preference towards purchasing products made in their home country over foreign counterparts (Al-Sulaiti & Baker, 1998).
Nagashima (1970) compared and contrasted product nationality stereotypes associated with the “made in” label of Japanese and American businessmen (Dmitrovic & Vida, 2009) and discovered that such stereotype differs between businessmen from two nations (Al-Sulaiti & Baker, 1998). For instance, Japanese businessmen rated “made in Germany” label as the best, their American colleagues on the other hand largely preferred their domestic products (Al-Sulaiti & Baker, 1998). He followed up the study eight years later to “determine whether there had been any attitude change among Japanese businessmen over the eight-year period (pg 152)” (Al-Sulaiti & Baker, 1998). He concluded that the sentiment towards US products has deteriorated and products bearing “made in USA” label were rated the lowest in terms of workmanship (Al-Sulaiti & Baker, 1998).

Krishnakumar (1974) extended the research by simultaneously investigating the impact of country of origin on the product evaluation on two groups of customers: Americans and people from developing countries. One of his key findings was that people from developing countries seemed to consider their domestic products as of inferior quality, suggesting their perception of their home country affecting domestic products evaluation (Al-Sulaiti & Baker, 1998).

In 1985 however Johansson challenged the importance of country of origin effect in his study examining the influence of country of origin on product evaluation. Using automobiles as a product class he presented his respondents (a sample of students) with ten car models from three countries (Japan, US and Germany) and asked to rate them using 13 attributes (price, handling, horse-power, acceleration, gas mileage, safety, driving comfort passenger comfort, reliability, durability, workmanship, styling and colour selection). The research indicated that “country of origin effects may be less significant than has generally been believed, and they may occur predominantly in relation to evaluation of specific attributes rather than overall evaluations. (pg 155)” (Al-Sulaiti & Baker, 1998).

study revealed that even though both consumers and business buyers product choices are affected by the country of origin and the "made in" label, their stereotypes can be changed and that price may affect the perception of foreign products (Al-Sulaiti & Baker, 1998).

Thorelli et al (1989) investigated the effect of warranty and retail store image on the effect of country of origin on product quality, attitude towards the product and purchase intentions. Using a stereo cassette recorder as a research product class their study found no significant influence of all three cues together (warranty and retail store image and country of origin) on the purchase intention. It did however suggest the existence of a three-way interaction between three cues and that “the interaction effect among the three extrinsic cues does not carry over to purchase intentions (pg 42)” (Thorelli et al, 1989).

Okechuku (1993) conducted research trying to investigate whether foreign products manufactured in the consumers’ domestic country would do better than those assembled in the company’s home country. Using TV sets and cassette players as product categories he established that indeed for US consumers, domestic products were perceived as of higher quality. Moreover, answering his main research question, US customers preferred foreign products manufactured in USA. He concluded his research:

“In summary, the above results suggest that consumers prefer, first and foremost, domestically-made, though not necessarily domestically-branded products. The results suggest, for example, that the popular Sony TV brand would do even better in the US market if they were made in the US than if they were made elsewhere, including Japan, other factors being equal. Perhaps this explains why American-made Honda Accords have done extremely well in the US market. (pg 13)” (Okechuku, 1993)

Niss (1996) researched the importance of “made in Denmark” label used by Danish managers in relation to promoting the country’s products abroad and discovered that Danish exporters use country of origin references mainly at the introductory
and growth stage of the products life’s cycle (Niss, 1996). His research suggested that once product enters a mature stage of its development, the importance of country of origin cue for customers diminishes. He concluded however that when introducing it to the market however, marketers seem to back the product with the country of origin stereotype to increase its perceived quality (Niss, 1996).

2.4 Country of Origin Stereotyping

“Customer attitudes are really national stereotypes rather than opinions about specific products. (pg 164)” (Al-Sulaiti & Baker, 1998)

An important discussion broke off early among researchers - whether or not ideas consumers have about foreign products are their actual opinions about specific products and not national stereotypes imposed on said products.

Throughout the research, various studies have shown the existence of a country of origin stereotyping (Nagashima, 1970 – Reierson, 1966 – Schooler, 1965 and many others). Reierson’s study concluded that product attitudes are in fact national stereotypes and not opinions customers have about products (Al-Sulaiti & Baker, 1998). Bannister and Saunders (1978) conducted a study on UK consumers, asking them to rate products manufactured in the UK and several advanced countries (Al-Sulaiti & Baker, 1998). Their results also suggested the existence of country specific stereotypes. Moreover, they discovered that those stereotypes differ between various countries, with products from developed countries being rated more favourably whereas products from countries considered less developed either economically or politically (in this case Russia) were rated poorly (Al-Sulaiti & Baker, 1998).

Krishnakumar (1974) discovered the trend to be prevailing in developed countries. In developing countries however, customers tended to evaluate domestic products less favourably than those from developed countries, even though they didn’t consider their domestic products as of significantly lower quality (Al-Sulaiti & Baker, 1998).
One of the explanations given for national products preference was consumer patriotism (Niss, 1996). Various researchers who investigated other variables affecting the preference for national products challenged this line of thought (Niss, 1996). They discovered that the country image plays a significant role in shaping the products image (Niss, 1996).

2.4.1 Country Image and Product Image

Morello (1984), Wang (1978) and others discovered the relationship between country image and its products image. Niss (1996) states that the relationship is tense to the extent that:

“if a consumer has a negative image of a given country, he or she is likely to develop a similar image of the people of that country and vice versa, which in turn influences his or her attitudes towards products originating from that country in the same direction. (pg 8)”

One example of country of origin bias can be importing products from third world countries. Smith Jr. (1993) discovered barriers government initiatives faced when trying to build programs allowing third world producers to export to US:

- difficulty in persuading distributors to carry foreign products,
- “consumer bias against a product based on its country of origin (pg 4)” (Smith Jr., 1993)

His research however, a follow up to a 1982 findings by Bilkey and Nes (Smith Jr. 1993) which indeed confirmed the existence of a country of origin bias for products from both developing and advanced countries. He however found no evidence to confirm that that the bias is more prevalent towards those from developing countries (Smith Jr., 1993). Smith Jr (1993) had indeed discovered some regional consumer bias, it wasn’t however a negative bias against products from developing countries, rather a positive attitude towards products from certain countries and in relation to certain variables (i.e. a piece of cloth marked as Asian was considered more favourably than similar ones marked as western European, Latin American or
African. Smith explains this result as coming from a positive preference for Japanese products (Smith Jr., 1993).

Similar research concluded that country of origin is often used as a signal in which customers use their prior perceptions of the general quality of products from a particular country to infer the ratings of other products and their product evaluation (Ahmed et al. 2004) or even to simplify the evaluation process, when no other cues are present (Ahmed et al., 2004, Al-Sulaiti and Baker, 1998).

2.4.2 Country Image

According to Niss (1996), country image is made of two distinct components, cognitive and affective. Cognitive components include attributes through which the buyer intellectually analyses the characteristics of a country. Some examples include perceived socio-economic status or cultural and political attributes (Niss, 1996).

The affective attributes consist of the buyer’s feelings and attitudes of the country (Niss, 1996). These, according to Niss (1996) could be developed through personal experience with the country, contact with its people or products or association. He concludes that even though country of origin image can be used to promote products abroad, simply stating it in marketing copy might be too simplistic. National images are "highly ambivalent as carriers of meaning that creates a danger of diffusion of product images based on country image (pg 9)" (Niss, 1996). Secondly, country image can be used in many ways to promote a product, not just to add value to it (Niss, 1996). As Chatallas et al (2007) put it: “despite potentially large differences in price, consumers are likely to prefer French to Austrian champagne; Italian to Finnish fashion; German to Chinese cars; and Japanese to Mexican electronics. (pg 55)” Niss (1996) also confirmed the existence of a symbolic use of country of origin cue in which customers often assign specific product categories and quality to countries i.e. Denmark - agriculture, France - fashion and design, Germany - technology etc.
2.4.3 Product Image

In his research Niss (1996) states that: “a buyer’s perception of a foreign product may not be influenced directly by the country of origin image, yet many products and brands send out signals that can be traced back to their country of origin, thus acting as cultural signifiers (pg 8)” signalling the indirect influence of a country of origin in our product evaluations. Country image then works like a behind the scene force influencing the buyer’s evaluation and helping to serve a complete products image (Niss, 1996).

2.5 Processing the Products Nationality

Hooley et al. (2007) observed that country of origin images occur at two separate levels:

- macro, on which a mention of a particular country conveys only a general image the buyer associates with it and,
- micro (or what they refer to as a product level) at which a more specific image is created.

Attributes affecting the macro level include political, cultural and economic environments of the country of origin (Hooley et al, 2007).

Hooley et al. (2007) define 4 levels of processing the country of origin image at the micro, product level:

**Images of imported products are homogeneous throughout the importing country.** Prior research (i.e. Bannister and Saunders, 1978 and Reierson, 1966) found no evidence of in regional differences in perceptions of country of products origin among UK consumers and US respectively.

**Country and product image vary from one country to another.** Niss (1996) observes that consumers don’t use country of origin as sole criteria but as part of overall evaluation criteria, which could include: product category, knowledge of the brand as well as the buyer’s “knowledge and beliefs about the manufacturing country
This knowledge is however personal and as Dornoff et al (1974 in Hooley et al, 2007) concludes, varies depending of the country the country of origin image is being measured.

**Country of origin stereotypes can change over time.** Reierson (1966) is one of the researchers who observed that country of origin stereotypes could be improved through marketing, promotion and distribution activities (in Hooley et al, 2007). Nagashima (1970 and 1978) in his two studies discovered a chaining preference of Japanese businessmen towards products from foreign countries over the course of eight years. Products from France for instance were originally rated as the least preference (the 1970 study). In 1977 however, he discovered that the image of French (along with West German) products have improved. UK products however have deteriorated in preference while attitudes towards US products haven’t changed over time (Hooley et al. 2007).

**These stereotypes are also affected by patriotism.** Nagashima (1970), Gaedeke (1973) and Reierson (1966) discovered that US customers preferred US products (Hooley et al, 2007). In similar studies in Finland, Darling and Kraft (1977) discovered that “the further away from Finland the goods were produced, the lower the goods were rated (pg 68)” (Hooley et al, 2007). Some reasons given for the preference of home products by Canadian respondents of an identical study by Wall and Heslop (1986) included: boosting Canadian employment, helping the economy, better quality and “maintaining national pride (pg 68)” (Hooley et al, 2007) further concluding the existence of patriotism in product selection.

**2.6 Country of Origin Bias**

Schoolers first study (1965) indicated not only the existence of a country of origin effect on product evaluations but also a bias against products from less developed countries (Bilkey and Nes, 1982). His subjects, a number of Guatemalan students evaluated products bearing fictitious labels from less developed South American countries, El Salvador and Costa Rica less favourably than those which they were led to believe were of domestic or Mexican origin. Bilkey and Nes (1982) conclude that
those preferences were related to the students’ general negative attitude towards people from those countries.

Smith Jr. (1993) found a significant negative bias among US customers towards products from third world countries. This barrier not only affecting the country of origin ability to export its products abroad but also the difficulty to persuade US distributors to offer products from developing countries (Smith Jr., 1993).

Studies by Krishnakumar (1974), Schooler (1971) and others found the existence of the hierarchy of biases and the relationship of product evaluations and the degree of the country of origins economic development, its culture and even the overall political situation (Bilkey and Nes, 1982).

Krishnakumar’s (1974) study can be of a special importance as it also revealed a separate bias against products from the customer’s home country. He simultaneously researched two groups of customers: US citizens and people from less developed countries, discovering that the latter group evaluated home products lower than those of US origin (Al-Sulaiti & Baker, 1998).

A different type of bias was reported by Chasin and Jaffee (1979) who examined the US buyers attitudes towards products bearing the label indicating origin from a number of Eastern European countries (Czechoslovakia, Poland, Hungary, Romania and USSR), at the time considered LDCs (less developed countries) residing behind the iron curtain and deeply under the Soviet influence. Their study concluded that buyers generally considered the quality of products manufactured behind the iron curtain to be lower when compared to their Western counterparts (Al-Sulaiti & Baker, 1998). Based on Wang’s “political climate” variable (1978) Bilkey and Nes (1982) point two reasons to explain this particular bias: culture and political climate of the country of products origin as well as “perceived similarity with the source country’s belief system (pg 90)” in correlation with the economic development (Bilkey and Nes, 1982). They conclude that the degree of the bias against Eastern European countries is stronger than what their actual economic development
should suggest (Bilkey and Nes, 1982).

2.7 The Impact of Country of Origin on Product Evaluation

Previous research confirmed the effect of country of origin on the customers' evaluation of products.

Schooler (1965) discovered that products from countries towards which respondents had less favourable attitudes were evaluated as of inferior quality (Al-Sulaiti & Baker 1998). Japanese businessmen in Nagashima's study (1970) were asked to rate the quality of products from a number of countries with their choice clearly corresponding to the current attitudes towards those countries (Al-Sulaiti & Baker 1998). Nagashima confirmed these findings in the follow up to the study eight years later, which discovered that previous evaluations have changed in line with the changing attitudes towards source countries (Al-Sulaiti & Baker, 1998). Krishnakumar (1974), Chasin and Jaffee (1979) and other researchers also confirmed the effect of country of origin on product evaluations (Al-Sulaiti & Baker, 1998 - Bilkey and Nes, 1982).

Ahmed et al (2004) define the evaluation process as “based on a systematic process of acquisition, evaluation and integration of product information or cues. (pg 104)” Mehaswaran (1994) suggested that country of origin effect is used in product evaluation as a process that “allows customers to predict the likelihood of a product manufactured in certain country having certain features (pg 104)” (Ahmed et al, 2004).

There are two types of attributes which customers use to evaluate products: intrinsic (these include taste, design, performance) and extrinsic (comprising of price, warranty, country of origin) (Cheron et al, 1997).

According to Okechuku (1994) customers use the country of origin cue in their process of product evaluation when they are not familiar with the products intrinsic attributes. This would suggest that customer having very little previous experience with a product or lacking knowledge to evaluate it on other factors is likely to use
country of origin as a cue of its quality.

Factors affecting the strength of country of origin factor in product evaluation include technical complexity of the product, customers familiarity with it, consumers ethnocentrism and favourability of home made products, perceived level of economic development of the source country and the degree of the country’s similarity to the home country (Okechuku, 1994).

There is however an on-going discussion among researchers on the degree of the importance of the country of origin cue in the overall product evaluation. As Meshewaran (1994) points,

“All the conditions under which, and the process by which, country of origin information influences evaluations are not clearly understood. (pg 354)”

Al-Sulaiti and Baker (1998) point to a research by Kaynak and Cavusgil (1983) which indicated that customers use country of origin as a cue in product evaluation only if very little other information is known about a product. Following Wang (1979) they refer to it as a “surrogate variable” and conclude that the amount of information known about a brand or a company behind a product affects the use of country of origin cue in evaluation (Al-Sulaiti & Baker, 1998).

This view is also shared by Niss (1996) pointing that consumers do not use the country of origin criteria as an isolated event. Instead they merge it with its extrinsic and intrinsic attributes and use country of origin to evaluate the product within its actual attributes (functionality, price, packaging, guarantees etc.).

Moreover Cheron et al. (1997) state: “the effect of country of origin on the evaluation of products is only one among many pieces of information taken into account by consumers. In addition, the effect of country of origin is more important on perceived quality than on purchase intention. It is therefore likely that some moderating variables may be involved during the evaluation process of the consumer. (pg 7)”

Johansson et al (1985) add that “consumers familiar with a specific product class
therefore may be less likely to rely on country of origin as a cue in product evaluation. (pg 388)”

Lastly, Okechuku (1994) also point out that if the country of origin is unknown to the buyer, or consumer does not deliberately seek out the “made in” label denoting the country of origin, then its effect on product evaluation will be weaker. In his example, manufacturers of well-known brands (which he however leaves unnamed in a study) continue to successfully sell their non-US manufactured goods by concealing and de-emphasising the country of manufacture (Okechuku, 1994).

2.8 Marketing Implications
Considerable research, as this literature review outlines, has been conducted to identify the existence or non-existence of the country of origin effect on the consumers’ evaluation of products. However, as Badri et al (1995) point, these results should become “the focal point in determining international marketing strategies companies undertake to promote their products. (pg 49)”

Baker and Currie (1993) suggested that the country of origin effect should be considered a fifth element of the marketing mix (Al-Sulaiti and Baker, 1998). Clarke et al (2000) also point that "obtaining the appropriate country-of-origin marking for a product can have an acute effect on the success of international products. (pg 114)"

Niss (1996) in his research among Danish exporters discovered that the country of origin image is more often used in the early stages of products lifecycle and diminishes when the products presence on the market matures.

Given that the influence of country of origin stereotypes tends to be stronger when the consumer is unfamiliar with the product or a brand (Niss, 1996) companies originating from countries that elicit strong national images abroad could use the country of origin as an effective positioning strategy (Niss, 1996). Lastly, Niss suggests that symbolic attributes linked to brands as well as national images form patterns in which one attribute validates the other (Niss, 1996). Companies without an established brand trying to introduce a new product to the market face a
potential in gaining favourable images based on the country of origin image, providing that the country of origin enjoys strong and positive image, suitable for the type of product and target audience (Niss 1996).

Badri et al (1995) conclude that the best way for companies to counteract the country of origin affect on the products quality lies in “inquiry, understanding, and imagination directed toward the formulation of marketing strategies which will accommodate, avoid, or circumvent the resulting bias. (pg 49)”

The majority of Country of Origin research has focused on the manufacturing sector, analysing the effect of the “made in” label on the evaluation of physical products. However, very little research to date has been conducted on its effect on evaluation and purchase of software.

Research to date has informed the research as to the existence of the country of origin effect and a bias against products from foreign countries. The aim however is to explore whether country of origin effect is present in the software sector and if it has a different effect on customers’ perception of SaaS products compared to manufacturing.
Chapter 3: Methodology

3.1 Introduction

This chapter describes the choice of research methodology used in this dissertation and justify the choice in relation to the research objectives.

Saunders et al (2009) define research as “something that people undertake in order to find out things in a systematic way, thereby increasing their knowledge. (pg 5)” Methodology however refers to the theory of how the research should be undertaken, “including the theoretical and philosophical assumptions upon which research is based and the implications of these for the method or methods applied” (Saunders et al, 2009 pg 595). Saunders et al (2009) believe that without some understanding of the methodology, a researcher might have difficulties in making informed choices about their research.

This chapter will present the ideas and objective of the research and will present the approach used for this dissertation.

3.2 The Research Process

This chapter will follow the research process outlined by Saunders et al (2009) and discuss in detail the following sections:

1. Formulating a research topic
2. Formulating research objectives
3. Sampling
4. Sampling selection
5. Data collection
6. Data analysis
7. Validity and Reliability of Data
8. Problems Encountered
9. Ethics of Research
10. Research Limitations

3.3 Research Topic

“Formulating and clarifying the research topic is the starting point of your research project (pg20)” (Saunders et al, 2009).

Saunders et al (2009) describe the significance of a research topic as providing a core to selecting an appropriate research strategy, data collection and analysis techniques and also affecting the final outcome. Creswell (2003) confirms it by saying that a research problem is an issue that must be addressed before the research is conducted.

The aim for the research described in this dissertation was to critically investigate the country of origin as an aspect of marketing competitiveness of Irish Software as a Service companies on the global B2B Ecommerce arena.

The research questions of this dissertation was:

Does the country of origin give Irish SaaS companies any competitive marketing advantage on the global business-to-business market.

3.4 Research objectives

A research project typically starts with a main topic forming a base on which one develops a set of research objectives (Saunders et al, 2009). These, according to Saunders et al (2009) add a new level of precision to the main research question. They are also regarded by the research community as a proof of the researchers understanding of the topic, and “clear sense of purpose and direction” (Saunders et al, 2009)

The objective for this dissertation is to investigate if being from Ireland, a country considered as a digital hub of Europe, gives domestic software as a service companies a marketing advantage abroad.
In order to investigate this objective however, a set of additional sub-objectives was developed:

**Sub-objective 1.** To investigate the existence of the country of origin stereotyping and bias against foreign companies in the global Software as Service (SaaS) business to business market.

**Sub-objective 2.** To investigate what challenges Irish SaaS companies face when competing with similar companies located in:

- foreign countries Irish companies export to.
- less developed countries competing on the same foreign markets with Irish companies.

**Sub-objective 3.** To uncover the experiences of Irish SaaS companies with selling their products to domestic and foreign customers.

3.5 **Sampling**

The subjects of this study are owners of Irish formed and Irish owned Software as a Service companies. These people have been chosen due to their highest association with the topic of this research and their knowledge of the whole spectrum of issues their company faces with international marketing.

3.6 **Sampling Selection**

For some research types it is possible to use a census to answer a research question. For many others, like the research conducted for this dissertation, a sample best representing a group possessing the most valuable data for the research must be selected (Saunders et al, 2009).

For the type of study conducted for this dissertation, a non-probability sampling was used to select an audience sample. Furthermore, given the exploratory purpose of this study, a self-selection sampling method was used to identify subjects to interview.
Saunders et al (2009) define self-selection sampling as a method in which each subject, usually an individual, identifies their desire to take part themselves. This typically happens through a researcher first either advertising the research or approaching the subjects individually asking then to take part (Saunders et al, 2009) and the subject responding by directly taking the survey or questionnaire. In case of this research, participants had to respond to an email with an invitation to participate in the research.

For this research, a list of Irish Software as a Service companies that passed these following criteria was compiled:

**A company must have been formed in Ireland.** This was assessed through information available either on the company’s website or through Company Registration Office (CRO.ie). It was further confirmed during the interview.

**A company’s head office must be located in Ireland.** This was confirmed by checking information on the company website (contact details and about us page). While the company could have other offices abroad it was crucial that the Irish office was clearly marked as the head office. This was confirmed by checking the contact page (a clear label “head office”) or the company’s about us page (in a statement similar to “headquartered in Ireland / Dublin / Cork etc.”). This point was also further confirmed during the interview.

**A company must operate solely on B2B market.** This was confirmed through the assessment of type of product the company offers, information and clients list available on the website. For instance, even though it passes all other criteria, a Dublin based company called LocalMint (http://www.localmint.com/) was rejected as their product could attract both business to business and business to consumer audiences. CarTrawler on the other hand offer product aimed only at other businesses and thus passed these criteria. *(Disclaimer: CarTrawler wasn’t interviewed for this dissertation and thus its identity may be disclosed.)*

**Company must have foreign clients.** Only companies that also openly started
selling their products abroad were sought. In a situation where no such information was disclosed, this criteria was assessed by reviewing the list of clients on the company's website as well as testimonials. In a case of inability to establish exporting their products (like in a case of a company called Trusteev - https://www.trustev.com) the company was removed from the original list.

Following this research, an email inviting to participation in the research was sent to all companies from the list. In case of no reply for two days, it was followed with a courtesy phone call to arrange interview.

3.7 Data Collection

For this research, primary data using qualitative research method was collected.

Marczyk et al (2005) define qualitative research as a study that does not attempt to "quantify its results through statistical summary or analysis. (pg 17)" Qualitative research typically involves the use of such research techniques as interviews and observations and as Marczyk et al (2005) point lack any means of formal measurement and are often used as a starting point for developing hypotheses later researched using quantitative methods (Marczyk et al, 2005).

Given the under researched nature of the country of origin effect on SaaS as well as indications from preliminary research, for this dissertation I conducted an investigative and exploratory study on the subject. Baxter and Jack (2008) offer Yin’s (2003) definition of an exploratory study as one “used to explore those situations in which the intervention being evaluated has no clear, single set of outcomes” (pg 548).

For this research 5 owners of Irish Software as a Service companies were interviewed using an identical set of open and close ended questions, posing as starting point for a discussion.

3.7.1 Interview Process

“An interview is a purposeful discussion between two or more people” (Saunders et al,
2009 pg 318). For this research formalised and structured interviews were used. Saunders et al (2009) define this type of interviews as ones that are based on predetermined questions, identical to every respondent in a research. The process, as described by Saunders et al (2009) starts with a preliminary explanation from the researcher followed by reading out a question and recording the response. A significant aspect of the process involves reading out each question with the same tone of voice as not to indicate any bias (Saunders et al, 2009).

In an exploratory study such as this dissertation, structured interviews “can be very helpful to ‘find out what is happening [and] to seek new insights’” (Saunders et al, 2009 pg 322).

3.7.2 Pilot Interview

Saunders et al (2009) highlight that the significance in piloting the research is to give the researcher a chance to refine questions so that “respondents will have no problems in answering the questions and there will be no problems in recording the data (pg 394)” (Saunders et al, 2009).

For this research a single pilot interview was conducted to help establish if questions are able to uncover the information required to achieve the research objectives. As a result of the pilot interview, some questions were altered, one question removed and one added.

**Before the Pilot:** Do you have any foreign investments or other connections?

**After the Pilot:** Do you have any foreign investments or is the company partially owned by any foreign party?

The question was changed to more clearly define what foreign connections I had in mind.

**Before the Pilot:** Do you use foreign sales force?

**After the Pilot:** Do you employ sales people / representatives abroad?
The question was changed to be more specific.

**Question removed:** How long is the sales process at home and abroad?

This question was removed due to conflicting with the next question in the set.

**Question added:** Do you think your clients perceive SaaS products from less developed countries as inferior compared to those from domestic or more developed countries?

This question was added impromptu as a result of a discussion during the interview and in retrospect the researcher considered the idea worthy of exploring further.

Also, further analysis of the pilot recording revealed the researchers interruptions and influencing the answers. As Saunders et al (2009) point that structured interviews should involve reading out each question with the same tone of voice as not to indicate any researchers bias. This was corrected in subsequent interviews.

### 3.8 Data Analysis

Saunders et al (2009) point that qualitative data, on which this dissertation is based is “based on meanings expressed through words. (pg 482)” It’s collection, as pointed out by Saunders et al (2009) results in non-standardised data which requires classification into categories in order to be processed and its analysis is “conducted through the use of conceptualisation” (Saunders et al, 2009 pg 482). Moreover, they point that such data in order to be presented in a research paper must first be summarised then categorised and restructured as a narrative (Saunders et al, 2009). Otherwise, as the authors suggest “the most that may result may be an impressionistic view of what they mean” (Saunders et al, 2009 pg 482). Even though some diagrams might be used to present recurring data, the most common way to collect a qualitative data is through forming a conceptual framework (Saunders et al, 2009).
3.8.1 Data Analysis Process

For this research a deductive approach was employed, as described in Saunders et al (2009) and Yin (2013).

The Process:

Data Transcription

Every interview conducted for this research was recorded using an audio recording app on the iPhone and thus had to be transcribed to allow for development of categories, utilisation and data analysis.

Transcripts were saved as separate word documents using a naming system that preserved the anonymity of each participant (Interview number - Company [Subsequent letter of the alphabet starting with A] - Date). Given the low number of interviews conducted this proved to be easy enough system to preserve the anonymity but also to recognise the participant should an access for a specific interview was required.

Summarising the Data

At the initial analysis stage, all data gathered during interviews was summarised to condense longer passages of transcribed text into briefer ones, allowing for quicker access to their essence for further research.

Development of Categories

Next, a set of categories was developed based on recurring themes, original objectives and questions asked during the interview (i.e. category Foreign Presence and a subsequent testable proposition was created based on two specific questions asked during the interview: “Do you have an office abroad?” and “If so, what is the primary use for this office?”)

Data Utilisation

With a set of categories created, specific units of data in a form of individual sentences or full statements were attached to corresponding categories to help
structure the analysis of the data.

3.9 Validity and Reliability of Research

Saunders et al (2009) define reliability as an aspect of research that “refers to the extent to which your data collection techniques or analysis procedures will yield consistent findings. (pg 156)”

Reliability can be assessed by posing three questions (Saunders et al 2009):

- will the research method yield the same results if done once again?
- will similar conclusions be reached by other researchers?
- “Is there transparency in how sense was made from the raw data?” (Saunders et al, 2009 pg 156).

According to Robson (2002 in Saunders et al 2009), threats to reliability include:

- subject or participant error.
- subject or participant bias
- researcher error
- researcher bias

My best efforts have been employed to avoid any of the threats in the design of both the research and interview questions. Moreover, strict sample selection guidelines have been developed to ensure that all responses come from participants representing the same position within each company and having access to the same sources as well as the same understanding of international trade issues within the company.

Validity on the other hand is “concerned with whether the findings are really about what they appear to be about” (Saunders et al, 2009 pg 157). My best efforts have been employed to maintain a strict focus on the research question and objectives to avoid invalidity of the data. A pilot interview was also conducted to field test questions and assess the validity of the data they provide.
3.10 Problems Encountered

Access to Participants
In spite of the growing number of SaaS companies in Ireland, problems were encountered with accessing some prospects. This was partially due to their foreign sales travels and partially the Summer Holidays season and many company owners being away for the summer.

Trust in the Authenticity of the Project
As the topic of this dissertation relates to foreign marketing strategies of SaaS companies, some prospects voiced their concern if the project is in fact an authentic research and not a way for the competition to discover their marketing strategies.

This problem was overcome by stating in the initial email that a proof of this dissertation along with initial research proposal can be submitted before the interview. On a request of one interviewee I obtained an official letter from the college confirming my research.

Some interviewees also requested questions to be submitted to them ahead of the interview, and one openly disclosed that he wants to find out if any confidential information was going to be asked.

Trust in Confidentiality
There was a perceived lack of confidentiality in the research initially. An initial almost zero response rate was contributed to a lack of trust in the confidentiality of the project. Once an explanation of confidentiality has been added to the initial email, the conversion rate of responses increased.

3.11 Ethics of the Research
A major aspect of this research relates to exploring marketing techniques used by Software as a Service companies when promoting their products abroad. In view of confidentiality being a potential issue for some participants, company owners and marketing managers have been assured that their company names and other
information that could lead to their identification would not be revealed in the final report. This was done to avoid releasing of confidential information that might compromise their marketing efforts. Instead the dissertation presents each company only as “Company A”, “Company B” and so on.

Moreover, interview recordings are stored on an encrypted folder, protected with a password. Some interviewees requested that the recording and full transcript will not be presented to anyone and clearly indicated during the interview which comments are off record and cannot be included in this dissertation.

Also, 4 participants requested a copy of the completed dissertation to be forwarded to them at the end of this research.

**3.12 Research Limitations**

Given a relatively short time to conduct this research the decision was made to focus on SaaS companies serving different industries and different foreign countries instead of one particular industry and a foreign market. Hooley et al (2007) cite Dornoff et al (1974) who concluded that country of origin effect varies from one country to another and that knowledge and beliefs about country image varies depending of where the country of origin effect is being measured.

For similar reasons, lack of time and absence of many SaaS companies’ CEOs on holidays, the research didn't distinguish between SaaS companies targeting enterprise and small business markets. This may have led to a distorted findings related to the third sub-objective as each of these however is governed by slightly different rules and thus the sales process between them varies greatly (i.e. enterprise customers require longer time and more sales interaction before making a purchase. They require initial meetings, presentations, demoing of the software etc. Moreover, SaaS software targeted for this market is more expensive. SMEs on the other hand often register software directly on the site with very little or even no interaction with any sales team. As a result, enterprise SaaS are exposed directly to the customer and thus their country of origin is more likely to become a factor in the
purchase process. With SME SaaS software, customers must actively pursue this information to become aware of where the company originates from).

Also, certain elements of the interview process could have been conducted differently. For instance, a stricter control of the flow of questions and less tolerance for discussions which may have broken the structured approach to an interview (i.e. some questions were asked during a discussion, some were skipped as the interviewee has already answered those during the discussion. The latter was especially evident when asking if the company has a foreign office. Some interviewees would naturally answer explaining why they need the foreign office and what are the roles of their employees there, answering two other questions in the interview at the same time).
Chapter 4: Results & Findings

4.1 Research Findings
For this research, 5 Irish SaaS companies were interviewed. Below are the findings of the interviews.

Since interviews took a form of formalised and structured interviews, every respondent was asked the same set of questions in the same order. In many cases however those questions formed a basis for short discussions, revealing additional facts and information.

4.2 Objective: Does the country of origin give Irish SaaS companies any competitive marketing advantage on the global business-to-business market
Opinions in relation to whether being an Irish company does help them when promoting their business abroad differ among my interviewees depending on what markets they serve. Companies whose primary market is the States for instance notice the “Irishness” being a serious factor in building their relations with potential clients. This happens on a very informal and personal level though.

As the owner of Company C, an organisation working primarily in US market but having clients in Australia, New Zealand, UK, South Africa, Canada, France, Poland, Germany and many other countries as well put it:

“It helps in a number of ways. One is that in the States, the Irish card is very strong. so being at conferences or meeting there’s so many people in the US with connections to Ireland that they immediately start to make connection, personal connection saying that they have relations in such and such.”

The owner of Company D, an 8 people tech software company operating from Ireland and UK also stated:

“[...] well, there is, there is a notion of Irishness which is quite good [...] Ireland is perceived as a friendly nation and the Irish are perceived as a friendly nation.
Wherever you go you see people smiling.”

Company C, also reiterated this point further:

“Being Irish is not uncool at the moment. I am not saying it’s cool to be Irish but it’s not uncool. We don’t get [...] we do get a very warm welcome and they do go to do business I suppose we’re a pragmatic nation [...]“

Company E, selling business management product to customers in Canada, Australia, UK and many other countries outside Ireland also confirmed that:

“I guess whether it’s the Irish accent (,) I don’t know (,) they like to talk to us [...] it’s quite favourable that we’re Irish. They [customers – pg.] seem to trust us somewhat.”

These Irish traits seem to affect the way Irish companies and their representatives are perceived in the business world. Again, in the words of the owner of Company C:

“We’re probably one of the best races in the world being able to laugh at ourselves. That puts a lot of people at ease when you’re trying to do business with them. So there’s no ego or stuff that gets in the way when you’re doing business.”

From Company D’s experience, Irish companies receive what the owner called “a different” welcome abroad. When asked “What about your prospects, do you think they notice that you are from Ireland” he replied:

“Totally, totally. They do. Wherever you go and say, we’re an Irish company, they treat you differently. And [ummm] especially if you were a software company, ok, you are being treated differently.”

When asked to explain what he means by “differently”, he said:

“Differently is that they are more likely to talk to you, they are more open minded (,) especially maybe because a lot of blue chip companies have their European headquarters in Ireland.”
Thoughts about the perception of Ireland as a tech hub was also reiterated by Company C:

“From the point of view of expertise (,) Ireland is (,) we believe starting to be seen as a good tech hub so they start to perceive quality (,) I guess (,) and maybe professionalism about our software.”

He also pointed out that even though it is evident why so many giant blue chip companies are here, their presence still translates into a positive image of the country:

“A lot of Americans know from the media that Apple or Google are in Ireland for tax purposes but it puts us on a map and it puts us on a map in terms of (,) if these high tech companies that practically rule the world set up shop in Ireland, it can’t be the worst place to do business in.” and adds that what might seem like a negative reason for being in Ireland (“tax purposes”) it still keeps the country in front of people’s minds as a “technologically weary country.”

None of the respondents however stated a direct business link between being an Irish company and their successes abroad. As the owner of Company E put it:

“[..] then again (,) people don’t go to us and say (,) oh we got your software because you’re Irish.”

Responses from owners whose businesses operate primarily on the UK market revealed that being an Irish company doesn’t help them in any noticeable way. As the owner of Company A, a firm operating solely on the UK market said,

“The markets that we currently serve are Irish market, Northern Irish market, Welsh market, Scottish market and England. We don’t do anything else outside of that. But inside of those markets, do I think that it adds any benefit, to be honest with you, I don’t.”

When asked closely about his relationship with clients however, he admitted:
“Here’s a funny one, we do very well in the Welsh market and I think because we’re Irish and we do very well in particular Northern Irish markets because we’re Irish.”

4.3. Sub-objectives

4.3.1 Country of Origin Bias in SaaS

The owner of Company B, serving clients primarily in the UK market although having a small number of clients in Canada and Norway also admits that his UK customers don’t care where his company is based. He does however highlight that it is crucial for his company to have representatives in the foreign country and that it is one of the main factors without which foreign customers wouldn’t purchase his product.

All interviewees admitted the need to have a form of physical presence in the foreign country, without which doing business online and overcoming customers objections towards foreign SaaS would be impossible.

As the owner of Company B put it:

“[..] I think that, in terms of, they don’t really care where we’re based[,] in terms from a product point of view we obviously have to have people on the ground in local markets so like from operational point of view I don’t think people would deal with you otherwise.” and “[..] on subconscious level that there is someone on the ground who can pick up the phone with a local number not an international number.”

He goes further adding:

“For these reasons I split my time between Ireland and England.”

Proprietor of Company A makes almost identical comment saying:

“We have support in the UK. If we didn’t have that[,] I don’t think we would be looked more favourably over any other company [...] so it’s a complete package, it’s not just having a brilliant software.”
And again, Company E reiterated further when asked about the use of the foreign office:

“Having local support, having somebody on the ground who knows the locality (,) knows the region (,) knows what’s going on in the business and industry.”

For the very same reasons Company C opened their US office in Las Vegas, to, as the owner puts it, make their US customers feel comfortable:

“They feel comfortable that there is a place they can visit if they want and see it. There’s a number associated with it too.”

He further indicates that the existence of the office is purely to overcome a fear of buying foreign products by admitting that this US office isn’t utilised in any other way. Furthermore, calls from US based number are diverted to Ireland.

He also admits that the use of this office is to overcome another aspect of fear of buying foreign products associated with security. When asked if he thinks location matters for SaaS companies, owner of Company C admitted:

“It does actually for from many [...] from one point of view, they might perceive where your data is located (,) if you’re a SaaS company, it’s in the country where you are. To be true (,) our servers are in the States even though our company is in Ireland.”

Company D also opened a foreign office in London to attract clients from UK but also to attract potential investors who might look more favourably on a company located in their country.

Adding to the issue of trust that many SaaS companies try to overcome by opening a local office in a foreign country, Company E admitted that the majority of their foreign customers want to visit them in their office:

“Our foreign customers are more likely to want to come to our offices (,) and see what’s going on. [...] we noticed that anybody from abroad who’d be buying the product
wants to come to us (,) they want to visit us here and see what the office are to make sure we’re not just two guys or so […]"

It is worth to note that when answering the question he showed surprise at this fact indicating that to him whether they sell to Cork or London it’s the same, yet it is the foreign customers that visit the office, not companies from Cork for instance.

4.1.3 Ireland and Irish Themed Marketing

The interest in Irish origin of the company doesn’t translate to business terms however. All respondents confirm that on personal level being Irish helps to break the ice and launch into business talks. Most respondents admitted being asked about Ireland by their foreign customers informally.

Company E:

“Informally yes as in usually during a sales conversation we mention where we’re based […] but I guess it’s more down to the fact that we’re from Ireland (,) we do not necessarily promote the country or anything(,) people are genuinely interested […] and we met quite a few expats in Canada or Australia and they are always glad to hear an Irish voice and are always interested what’s going on.”

Company B stated that if they are asked about Ireland, it is usually “from (,) you know (,) pleasantries ask something like “how’s the day go over there””.

Moreover, companies don’t actively include Irish based themes in their marketing. Only two out of 5 interviewees admitted to taking part in any Irish themed marketing activities. And even in their case it was as simple as changing a little web chat widget to show a pot of gold for St. Patricks day (Company C) or or changing their Twitter profile image for the same occasion (Company B). None of the companies use other Irish themes in their marketing. Company B even went to say:

“I don’t think it’s beneficial to say we’re an Irish company”.

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4.3.2 Competing with Foreign Companies

Having only limited presence in the foreign country is one reason companies name as their challenge when competing with local companies. When asked about advantages their main competitor has over them, Company A mentioned being based in the foreign country. The company’s owner stated that:

“[…] it’s easier for them so their customers certainly get a feeling “I know where they are” and know more about them. It’s just being closer to the customers.”

Similarly, Company E stated:

“[…] their availability, they’re worldwide organisations. Our UK office is a small office in a small room, Microsoft UK office is probably 10000 times the size of that or more.”

Access to fund has been named as a major advantage, companies B,C and D all mentioned their competitors having access to better investment schemes.

The owner of company C, one he himself names working in the “the most competitive space in software” states:

“I’d say US based ones would probably be in the middle of the better funding ecosystem. You know, they have access to better investors.” Company B also admits that their access to funding is limited comparing to their main competitors in the UK market, who also enjoy a better tax scheme for investors. The very first advantage Company E named was money.

4.3.3 Competing from Companies from Less Developed Countries

To further investigate this negative bias I asked my respondents if they think customers would perceive products from less developed countries as inferior, all concurred.

Company D said:
“Yes, if you were from Russia or Nigeria or Sudan, that makes a difference. But if you were Irish, French American, sure it’s grand as long as you have a good product.”

Company A also admitted that “in this market (,) yes (,) unless you could prove yourself that you have an X amount of customers that you know you’ve been operating for certain amount of years” further indicating trust as a major factor in customers evaluation of foreign products.

**Chapter 5: Discussion**

5.1 Objective: Does the country of origin give Irish SaaS companies any competitive marketing advantage on the global business-to-business market.

Irish SaaS companies’ experiences in relation to the main objective of this research seem to differ depending on what is their primary foreign market. Companies whose primary foreign market is US, AUS or Canada (or anywhere but the UK, in general) confirm that being Irish creates a positive attitude towards them among other businessmen in those countries.

This goes very much in line with the research findings of Dornoff et al (1974) who discovered that knowledge and perception of the country of origin varies depending on the country this effect is being measured in. Krishnakumar (1971) or Schooler (1971) also described the existence of country of origin bias but also associated it with the country of origins economic development, its culture or political situation (Bilkey and Nes 1982). In particular Schooler (1971) discovered how negative attitudes towards country can affect the evaluation of its products (Bilkey and Nes 1982) and it is easy to suggest that positive attitudes towards a country of origin would affect product’s evaluation in a positive way also (which mirrors the statements from Companies C,D,E) highlighting personal connection of their US customers with Ireland as one factor that helps them to connect and initiate a business conversation.

Moreover, Gaedeke (1973), Nagashima (1970) and Reierson (1966) described
country perceptions as being affected by patriotism (i.e. all discovered that US customers preferred US products) (Hooley et al. 2007) confirming the existence of patriotism in product selection.

Many respondents confirmed the image of Ireland as a tech hub, an image that

A. originates from the presence of so many tech giants in Ireland (Company C, D) and

B. translates into these customers perception of Irish products.

As Company C stated: “A lot of Americans know from the media that Apple or Google are in Ireland for tax purposes but it puts us on a map and it puts us on a map in terms of (,) if these high tech companies that practically rule the world set up shop in Ireland, it can’t be the worst place to do business in.” Companies B and D confirmed similar experiences.

This mirrors a statement by Niss (1996) who said that a consumer has negative perceptions about the country of origin, they are likely to develop a similar image of the products from the country. It is easy to guess that the process would work the other way round and this seems to be confirmed from the experiences of Irish SaaS selling to US, Australia or Canada, countries one would assume would have a positive image of Ireland.

These findings also confirm the research by Nagashima (1971 and 1977) who described his respondent’s evaluation choices to correspond with the current attitudes to various foreign countries (Al-Sulaiti & Baker 1998).

Moreover, the statement from the owner of Company A (one company working in the UK market who reported a positive attitude towards them in Wales because they’re Irish) seems to confirm the existence of positive country of origin bias based on their personal attitudes towards it, its economic or political situation as described by Schooler (1965 and 1971) and Krishnakumar (1974) (Bilkey and Nes 1982).
The difference between how being an Irish affects a company’s promotion abroad also matches Hooley et al’s (2007) third level of processing the country of image at the product level - that country and product image vary from one country to another concluding that product evaluation involves personal knowledge that varies depending of the county the COO effect is being measured.

Companies working primarily in the UK market however reported no effect of their country of origin on their competitiveness. In fact, one impression was that it may be even harder for them to gain that competitive advantage in this country.

These experiences mirror what Al Sulaiti & Baker (1998) said about customer attitudes stating that they are “really national stereotypes rather than opinions about specific products.” This statement as well as Irish SaaS experiences go in line with research by Bannister & Saunders (1978) who asked UK consumers to rate products manufactured in the UK and several advanced countries (Al-Sulaiti & Baker 1998). Their results also suggested the existence of country specific stereotypes. Moreover, they discovered that those stereotypes differ between various countries, with products from developed countries being rated more favourably whereas products from countries considered less developed either economically or politically were rated poorly (Al-Sulaiti & Baker 1998).

5.2 Sub-objective 1: The Existence of Country of Origin Bias in SaaS

The experiences of Irish SaaS companies in relation to foreign presence also seem to confirm the existence of a negative bias towards products and companies from foreign countries within the SaaS industry, confirming the first sub-objective of this research.

Their experiences with having to open dedicated offices, phone lines and often have personal presence in those countries (Companies A, B, D, and E) to reassure customers of their support, as Companies A, B, C and E have indicated, as well as the security of their data (Company C) confirm findings of researchers like Schooler (1965), Smith Jr (1993) and others.
This also goes in line with research by Niss (1996) who explained customer national product preference as consumer patriotism.

5.3 Sub-objective 2

5.3.1 Competing with Foreign Companies

When competing with their main competitors on the international arena however, it seems that Irish SaaS companies primarily struggle with matching their competitors financial capabilities as well as overcoming the perception of not being located in that market (which they try to overcome by setting up foreign offices).

None of the interviewees however mentioned having to compete with companies from less developed countries as a serious challenge or problem they need to overcome. All agreed thought that in their view, customers would perceive products from less developed countries as inferior, a statement that matches previous research as highlighted by Bilkey and Nes (1982).

5.3.2 Competing With Companies From Less Developed Countries

None of the interviewed companies reported facing any direct challenges when competing with companies from less developed countries (LCD). All however concluded that a negative bias against LCDs exists in the SaaS market. This statement goes in line with previous research by Schooler (1965) who found that negative preferences towards countries affect customers’ product evaluation and preference (Bilkey and Nes, 1982).

5.4 Sub-objective 3: Differences in Selling Process Between Home Country and Foreign Markets

All companies however agreed that the process of selling to foreign customers is different and requires either additional steps (Company B, E) or take additional time due to customers having to first research companies due to the fact that they are from abroad (Companies A,B,E).
5.5 Limitations

Given a relatively short time to organise and conduct interviews and summer holidays during which many interview prospects would have been away, this research focused on SaaS companies serving different industries and different foreign countries instead of one particular industry and foreign market.

Due to a lack of time and absence of many SaaS companies’ CEOs on holidays, the research didn’t distinguish between SaaS companies targeting enterprise and small business markets. The need for such distinction was especially evident in researching the third sub-objective of this research – the differences between sales process in the home country and abroad. Each of the two markets is governed by different rules and thus, the sales process is different for each. Enterprise sales process takes longer and involves a lot of interaction with the sales people. On SME level however the process is short and often customer signs up for the product on the company’s website without any interaction with a sales person. As a result, each of the customers is exposed to the products country of origin in a different way. Enterprise customers, due to personal interaction with sales people are more likely to be informed of the company’s origin. SME customers often have to uncover this fact themselves when researching information about the company.

5.6 Recommendations for Further Research

This research confirmed the existence of country of origin effect in SaaS market. It didn’t however uncover the depth by which it affects the SaaS marketing. Following the suggestion byMarczyk (2005) that qualitative research often forms hypotheses for quantitative research, a further, large-scale research focusing on quantitative data as would be recommended.

Due to aforementioned limitations, the research didn’t differentiate between certain companies’ characteristics:

- their size,
- foreign markets they operate in
- the size of their clients (whether they are enterprise or SME companies),

Each of these variables could affect the country of origin effect and thus produce results that should be researched independently.

The research should also take into consideration the fact that country and product image vary from one country to another (Hooley et al, 2007) and focus on researching different markets separately to:

- Confirm the existence of positive or negative attitudes towards Irish products in different countries;
- Research the relationship between historic perceptions of Ireland in the foreign country with the country's current attitudes towards Irish SaaS products.

**Chapter 6: Conclusion**

With over 1000 published research papers in industry journals, country of origin effect is one of the most widely discussed topics in business and marketing (Dmitrovic & Vida, 2010). From mid 1960’s researchers have concluded the existence of the country of origin effect on the customers’ perception of products and buying habits (Ahmed et al, 2002). Studies or Nagashima (1970), Reierson (1966), Schooler (1965) and many others have confirmed that customers use the country of origin cue as an attribute in product evaluation (Ahmed et al, 2002). Many customers show national patriotism, preferring to buy only products from their home country (Reierson, 1996) or at least foreign products manufactured in their home country (Okechuku, 1994).

In spite of a wealth of research into the country of origin effect, the majority of studies to date focused on manufacturing. The aim of this dissertation was to investigate the existence of the country of origin effect in the Software as a Service (SaaS) industry and answer whether being from Ireland helps Irish SaaS companies to gain marketing advantage on the global B2B arena.
Based on 5 in-depth interviews the research proved the existence of the country of origin effect in the SaaS industry and highlighted certain aspects of marketing challenges Irish software companies face when exporting their products abroad.

The research also indicated that country of origin varies from country to country (Hooley et al, 2007 or Niss, 1996) and that many country stereotypes are also affected by patriotism (Darling and Kraft, 1977 - Nagashima, 1970 - Reierson, 1996, and others). Of 5 companies interviewed, those that sell primarily to the US market reported a strong positive attitude towards Ireland and Irish companies resulting in a welcoming atmosphere. Companies selling primarily to the UK market however reported no effect of their country of origin on their perception in that country.

References

Products,


Appendix – Interview Questions

Main question:
Do you think being an Irish company helps you with international promotion?

Discussion prompts:

Part 1 - The Company:
  1. Are you an Irish company?
  2. Do you have any foreign investments? Is the company partially owned by any foreign party?
  3. Do you have offices abroad?
  4. If so, what is the primary use for the foreign office?
  5. Do you have sales people / representatives abroad?
  6. If so, do you educate them about the company’s country of origin?
  7. Do you state your country of origin in marketing literature?
  8. Do you state Ireland as your home country on your website? Regardless of the answer, explain why.

Part 2 – Ireland and The Country of Origin Effect:
  1. Do you think location matters to marketing SaaS product?
  2. Do you think your clients perceive SaaS products from less developed countries as inferior compared to those from domestic or more developed countries?
  3. Can you recount the last three times you were asked about Ireland by foreign prospects / clients?
  4. What stereotype do you think your foreign customers have about Ireland and Irish products? Can you illustrate that with examples?
  5. Do you partake in any Irish related events and other marketing opportunities (i.e. Paddy’s day)

Part 3 – Foreign Market and Foreign Competition:
  1. What countries are your customers located in?
  2. Where are your main competitors located
  3. Can you name 3 advantages your main competitor has over you
  4. Does your competitor offer higher prices or enjoys higher margins

Part 4 - Sales and Marketing Process:
  1. Are there any specific steps in the sales process abroad not present when selling to the domestic market?