

French Roast: Nationalism and Consumer Preferences Prior to the 2003 Iraq War

Sonal S. Pandya

Robert B. Urbatsch

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Does Nationalism Influence Economic Choices?

- Nationalism appears salient factor in international economic policies
- Nationalism a slippery concept in IPE:
 - investigated using survey data
 - rely on interpretations of education
- We propose new metric:
 - consumer perceptions of brand names**

French Brand Name Usually Confers Value to Food Products

- Consumers have imperfect information; infer product characteristics from its perceived national origin
- Nationality branding a producer strategy to link positive associations of a country with their product; consumers easily manipulated
- French brand name implies “hedonistic and pleasurable qualities” of consumer goods

Due to US-France Conflict, Consumers Avoid Ostensibly French Brands

- Consumers express opposition to French policies by boycotting goods perceived as French
- Similar pattern documented among Australian consumers responding to French nuclear tests in South Pacific
- French's and Au Bon Pain ran campaigns suggesting worry about similar boycotts

Diminished Brand Equity Reflected in Firms' Market Value

- Brand equity: the additional value consumers' derive relative to otherwise identical unbranded good
- Brand equity a large financial asset especially for consumer goods; size of M&A transactions often reflects this form of equity

Claim: Markets discount value of firms with French brand names during 2003 US-French dispute

Brand Name Data

- Source: *Advertising Red Books*, annual catalog of corporate brand names published by Lexis-Nexis. Covers US and foreign firms
- Sample: 48 public firms in food and beverage firms (firms classified within SIC (1987) 20)
 - 41 American firms, 7 foreign firms

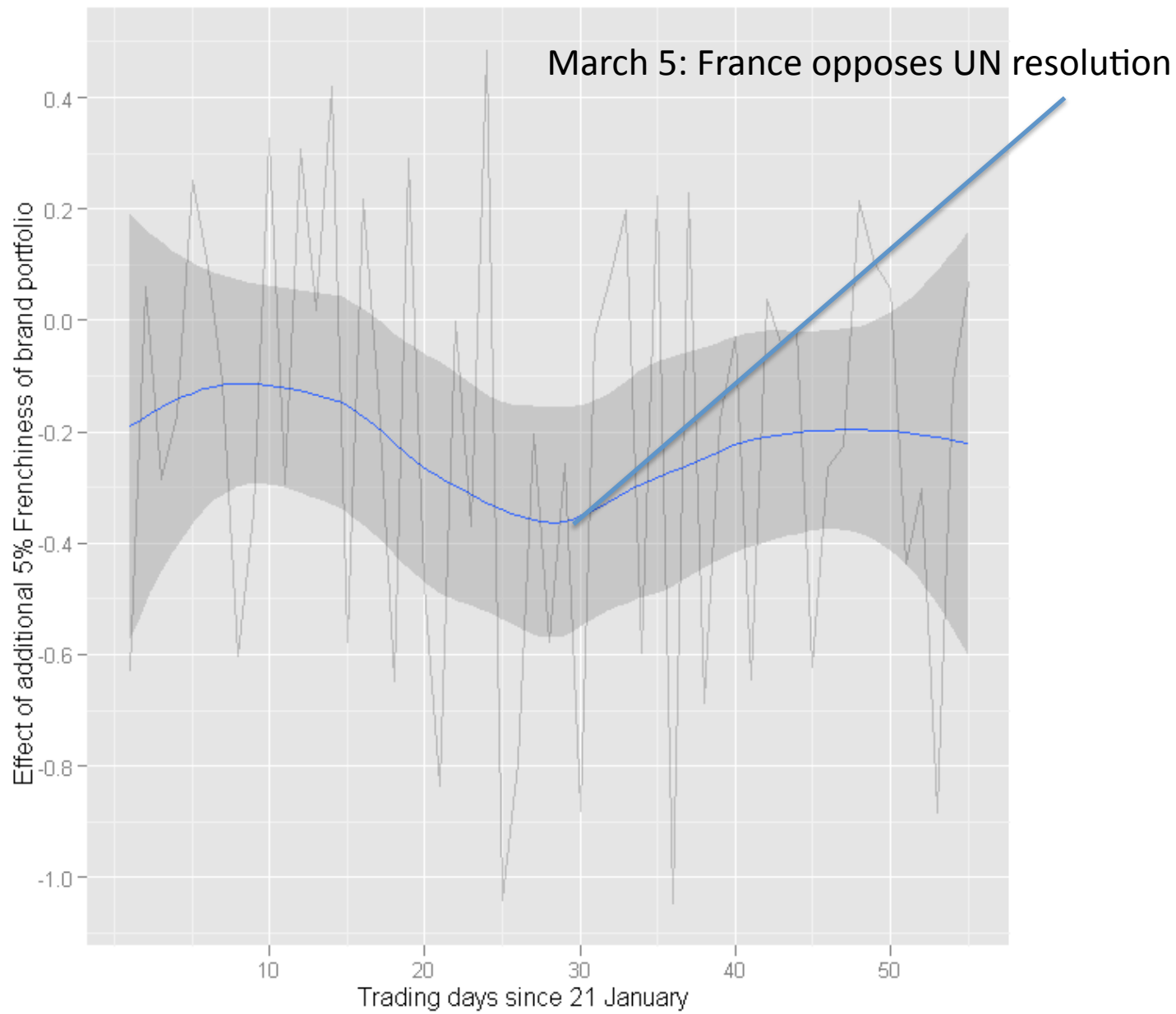
Coding: Letter Combinations Signify Frenchness

- Orthography (spelling) usual way to identify language of written text like brand names
- Some letter groups characteristically French
E.g. words ending in -ais, -ait, -eux, -eur, or -uis
- Find brands containing French groups but not containing other languages' groups
- Full list derived from every 3- and 4-letter group in small corpus of each major branding language (Spanish, English, Italian, German)

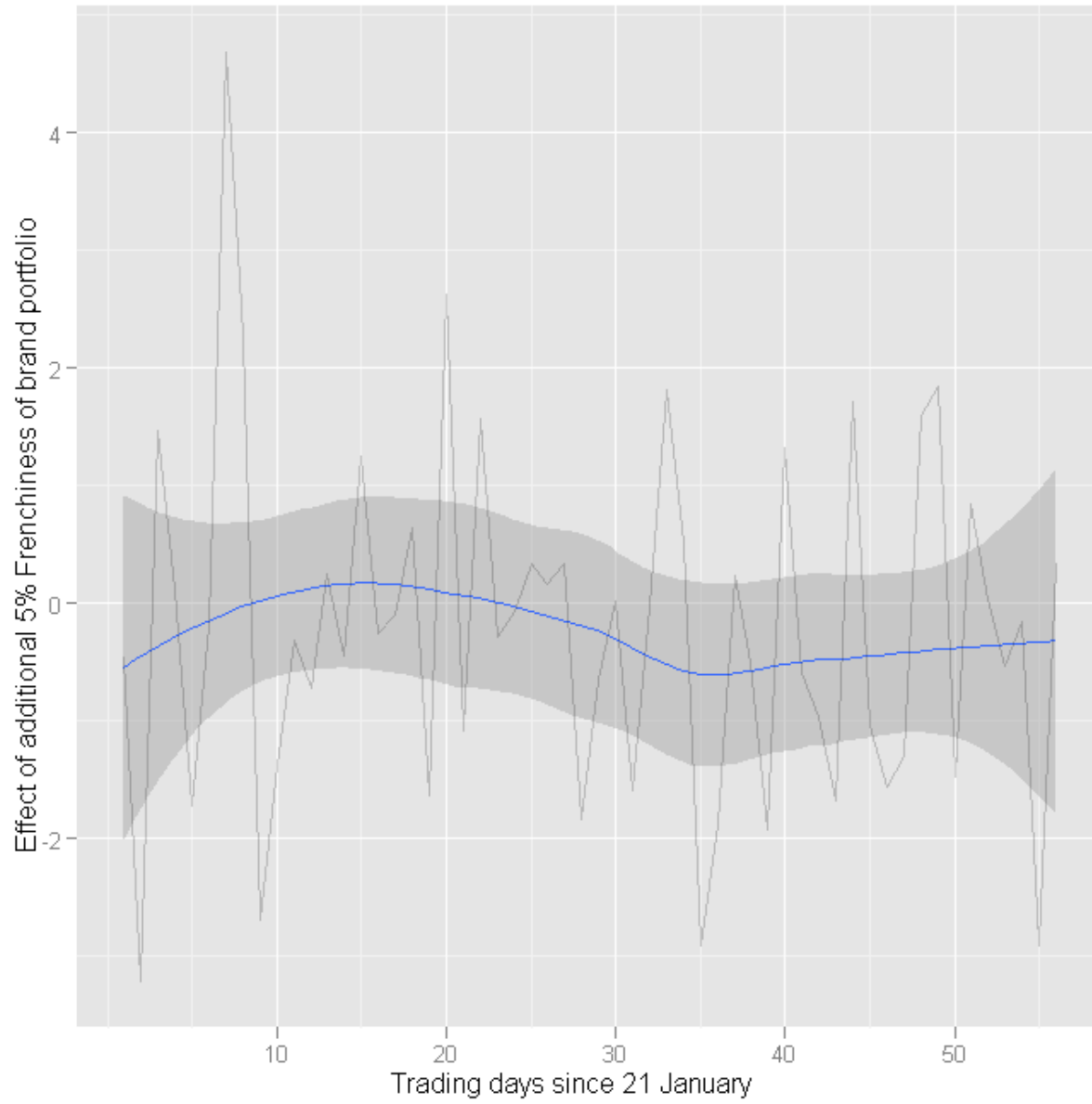
Company	Brand	Trigraph	Tetragraph
Anheuser-Busch	ANHEUSER-BUSCH	X	
Archer Daniels Midland	NUTRISOY	X	
Campbell Soup	LESIEUR	X	X
Campbell Soup	BATHCELORS		X
Campbell Soup	LACROIX	X	
Campbell Soup	ROYCO	X	
Coca-Cola	BARQ'S	X	
Dean Foods	CAIRO BEAUTIES	X	
Diageo	BEAULIEU VINEYARD WINES	X	X
	YUKON JACK CANADIAN		
Diageo	LIQUEUR	X	X
Diageo	CHATEAU GLORIA	X	X
Diageo	CHATEAU GREYSAC	X	X
Diageo	CHATEAU LA CARDONNE	X	X
Diageo	WILD TURKEY BOURBON		X
Diageo	JANNEAU		X
	CHATEAU LAROSE-		
Diageo	TRINTAUDON		X
Diageo	CHATEAU DE LA CHAIZE		X
Diageo	BOUCHARD PERE & FILS	X	
General Mills	YOPLAIT	X	X
General Mills	ORIGINAL YOPLAIT		X

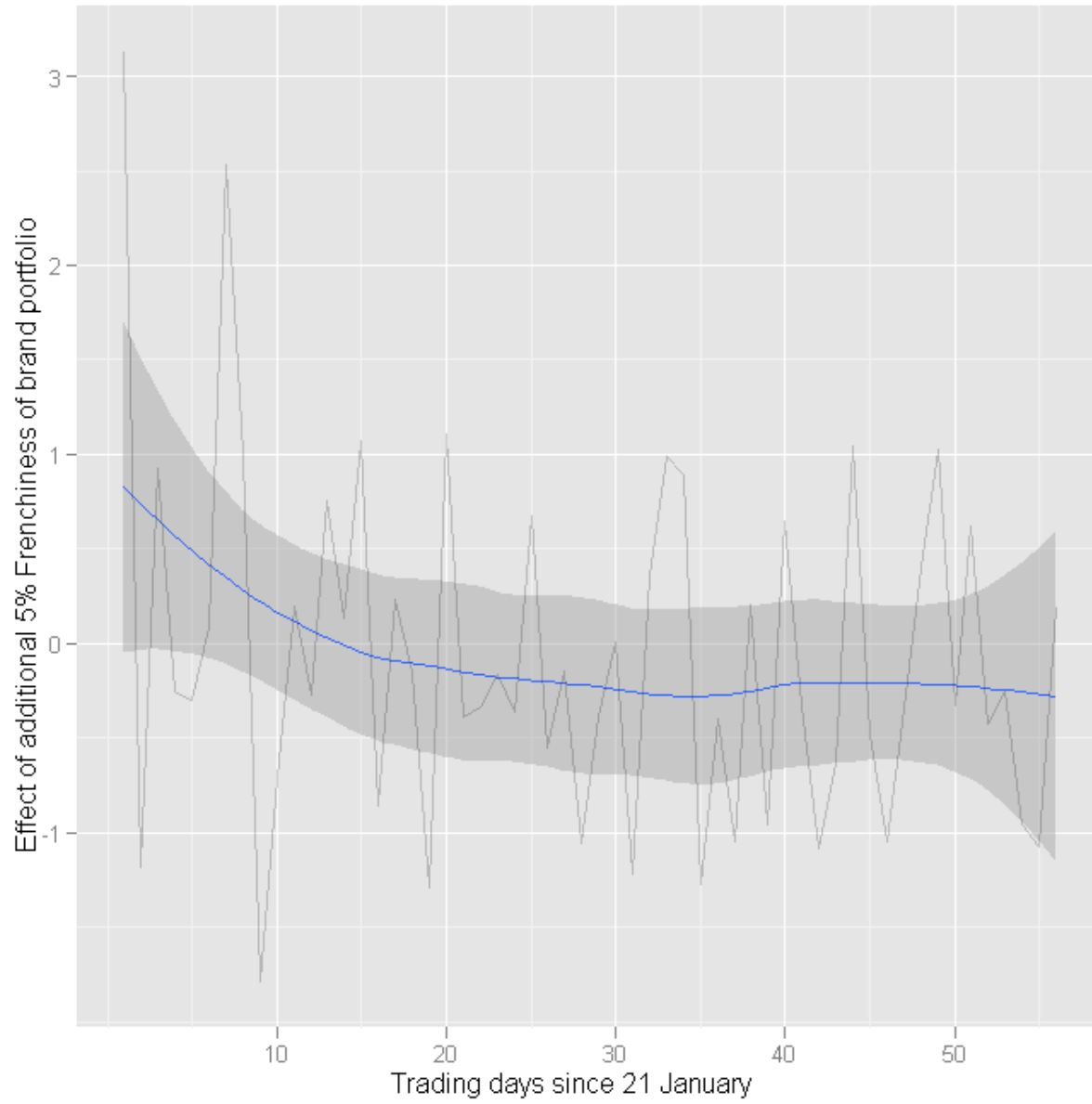
Methodology

- Complication: date of anti-French sentiments theoretically unclear
- Strategy: Day-by-day model of abnormal returns (compared to general food-industry stock index)
- Compare effects of daily indicator with interaction of daily effect and Frenchness of brand portfolio









Next Step: Retail Store-Level Data

- Weekly store-level sales by UPC
- Customer-level scanner data panel
 - 47 US markets
 - 30 product categories
- Direct test of consumer-level decision-making
- Wider range of product categories, brands, geography
- Allows controls for: price point, perceived vs. actual French origin, countervailing marketing expenditures

Larger Contributions

- Establishes behavioral metrics of nationalism's influence on economic choices
- Identifies new dimension of consumer behavior as political action
- Elucidates microlevel link between international security and economic relations.