

## on Consumer Behavior



Downloaded from <http://ajphaphysocpharm.sagepub.com/> at 10:00 11 September 2014

# Country *of* Origin Effects

**on Consumer Behavior**



# COUNTRY OF ORIGIN EFFECTS ON CONSUMER BEHAVIOR

**First Edition**

**Khalid I. Al-Sulaiti  
Associate Professor of Marketing  
Qatar University**

ISBN : 99921-747-0-6

This edition may be sold only by Institute of Administrative Development (I.A.D.)

© 2007 by Khalid I. Al-Sulaiti

All rights reserved.

No part of this book may be reproduced, in any form or by any means,  
without prior written permission from the publisher

Printed in the State of Qatar

**Institute of Administrative Development (I.A.D.)**

*To The Memory of My Father...*  
*& To My Mother.*

## ABOUT THE AUTHOR



Dr Khalid Ibrahim Al-Sulaiti is a Qatari national, currently Director General of the Institute of Administrative Development, Doha, Qatar; Associate Professor of Marketing at Qatar University, Department of Management and Marketing.

He holds a BSC in International Business, an MBA in Finance, University of Bridgeport (United States of America) and a Ph.D. in Marketing at Strathclyde University (Scotland, United Kingdom).

Dr. Al-Sulaiti has held several positions in Qatar, including Director of Information and Market Relations at Doha Securities Market; Dean of Students' Affairs; Dean of Admission and Registration; Acting Dean of College of Business and Economics at Qatar University; Director of Academic Affairs at Military College, Qatar. Director General of the Institute of Administrative Development, 2001 – to date.

He has been involved in many management projects and taken part in conducting management and administrative consultations to government and semi-government institutions in his country. He was, for instance, the manager of a team in charge of the evaluation and accreditation of ISO 9001 quality management system; he worked towards setting up a charter for the staff of the Doha stock exchange; he headed the team preparing the general administrative, financial and internal charter for Qatar Foundation for Women and Children Protection, Qatar Main Post Office, General Organization for Standards and Metrology, Security Service, Centre for Family Consultations as well as the staff charter for the Qatar Chamber of Commerce and Industry.

Dr Al-Sulaiti has published several articles in leading Journals related to banking, securities markets & diverse marketing issues, including Marketing Intelligence & Planning; Journal of Transnational Management; Journal of International Selling & Sales Management; Journal of International Marketing & Marketing Research; Journal of Administrative Sciences & Economics; Journal of Documentation & Humanities Research & Advances in Global Business Research.

Dr. Al-Sulaiti served on the Editorial Board of Journal of Business and Economics. He is the founding editor of Scientific Journal of Administrative Development. He serves on the Editorial Board of the Journal for International Business & Entrepreneurship Development. He also serves on the Review Panel of the Marketing Intelligence & Planning; equally a member of the Editorial Advisory Board of Journal of Management Development.

Dr. Al-Sulaiti is currently conducting studies that address COO effects on Service Evaluations. His Article with Professor Michael J Baker on COO effects: A Literature Review, was published in 1998 in Marketing Intelligence & Planning. It has been downloaded from the Emerald Fulltext web site, more often during last years so far, than all but nineteen of the 250 or so published articles in Marketing Intelligence & Planning since monitoring of site traffic began in 2001. It is furthermore in eleventh place in the list of downloaded articles over the whole five-year period. Readers have consulted it 8,705 times so far.





## Acknowledgements

I owe much to the pioneers in the field of Country-Of-Origin (COO) who developed its concepts and methods: Professor Michael J. Baker, University of Strathclyde, Glasgow, UK; Professor Saeed Samiee, University of Tulsa, USA; Professor Paul Chao, Eastern Michigan University, USA, Professor C. Min Han, Hanyang University, Seoul, Korea, Professor Nicolas Papadopoulos, Carleton University, Canada, Mr. Irfan Butt, Carleton University, Canada; Professor Erik B. Nes, Norwegian School of Management BI, Norway, Professor Sadrudin Ahmed, University of Ottawa, Canada; Professor Alain d'Astous, HEC Montreal, Canada; Professor Edward R. Bruning, University of Manitoba, Canada, Professor Francis M. Ulgado, Georgia Institute of Technology, USA and Professor Moonkyu Lee, Yonsei University, Seoul, Korea.

I would like to extend my deepest appreciation and gratitude to H.E. Prof. Shaikha Al-Misnad, President, Qatar University for her continued encouragement and support in conducting my research in general and writing this book in particular.

Many thanks are also due to those who provided valuable comments and suggestions. I am indebted to the following colleagues: Dr. Nabeel Shams, Bahrain Statistics Department, Bahrain, Dr. Abdullah Al-Khulaifi, Qatar University, Qatar, Dr. Mohammed Goloom, University of Bahrain, Bahrain, Dr. Fawzi Al-Khatib, Qatar Fuel Co., Qatar, Dr. Yahia Al-Rashdan, Institute of Administrative Development, Qatar; & Prof. Mohammed Al-Najdawi, Dean, College of Business & Economics, Qatar University, Qatar, Dr. Khalid Al-Khater, Qatar University, Qatar, Dr. Ahmed Al-Kuwari, Qatar University, Qatar & Mr. Ali Al-Kuwari, Qatar Development Bank, Qatar.

Grateful acknowledgement is also due to colleagues from the Institute of Administrative Development, Dr. Tawfik Lamari, for comments on, proof reading & editing of the final draft. Equally, to Mr Lassaad Turki for his expertise in graphic design and diligent word processing of the whole book.

I also owe a great deal to the people at Institute of Administrative Development, Qatar, who helped develop this book: Ms Fatima Al-Ali, Mr. Abdulatif Fathallah, Mr. Omran Ayoob, Dr. Rashid Al-Dosari, Dr. Jamal Al-Baker, Dr. Alaa Al-Salmi, Dr. Talib Obaid, Mr. Hassan Sugairoon, Mr. Hamed Al-Muhanadi, and Ms Aisha Al-Swaidi.

Special gratitude is due to Emily Hall, Business Development Manager, Emerald Group Publishing Limited, for helping me to republish my article (COO Effects: A Literature Review) in this book.

Last but not least, I am indebted to my wife, Haya and children for their patience and continued support.

## CONTENTS

<b>Chapter one</b>	Country Of Origin Effects: A Literature Review	Khalid I. Al-Sulaiti Michael J. Baker	<b>27</b>
<b>Chapter two</b>	The Country-of-Origin Phenomenon Within the Context of Globalization: Research Relevance and Managerial Implications	Saeed Samiee	<b>159</b>
<b>Chapter three</b>	Co-branding in the Global Context	Paul Chao	<b>193</b>
<b>Chapter four</b>	An Empirical Investigation on Determinants of Consumer Adoption of Foreign Brands in Korea	C. Min Han	<b>211</b>
<b>Chapter five</b>	A Cross-Cultural and Cross- National Perspective on Product-Country Images	Nicolas Papadopoulos Irfan Butt	<b>233</b>
<b>Chapter six</b>	The Role of National Cultural Distance on Country Image- based Product Evaluations	Erik B. Nes Nicolas Papadopoulos	<b>281</b>
<b>Chapter seven</b>	Sub-cultural Effects On Product/ country Perceptions	Sadrudin A. Ahmed Alain d'Astous	<b>303</b>
<b>Chapter eight</b>	Service Country-Of-Origin Effects: Evidence From Three Countries	Edward R. Bruning	<b>349</b>
<b>Chapter nine</b>	Customer Service Centers Are Like Taxi Cabs Country-of-Origin and Consumer Perceptions of Foreign Customer Service Centers	Francis M. Ulgado* Moonkyu Lee**	<b>391</b>



# FOREWORD

In an era of intensifying global competition the creation and maintenance of a sustainable competitive advantage (SCA) is becoming increasingly difficult to achieve. This book offers important insights into one important possibility of doing so.

Fundamentally, the problem is that producers of goods and services are unable to maintain the JND (just noticeable difference) factor that enables customers to discriminate between the offerings available in the market place. Traditionally, differentiation was based on technology and, to some extent still is today. However, it has been estimated that any new technological development only confers a lead of some 18 months before it will be replicated by competitors. So, if one is unable to protect one's intellectual property rights or IPR, this source of differentiation will be eliminated. What is called for is some unique distinguishing feature that cannot be claimed or replicated by another. COO or Country of Origin is such a factor and is the subject matter of this book.

Originally, the requirement that goods should carry information concerning their country of origin was enacted by the British government in the late nineteenth century as a punitive measure against German imports. At the time relations between the two countries were strained and it was believed that by labeling goods "Made in Germany" British consumers would actively discriminate against them and prefer the home made alternative. While it is still the case that country of origin identification may lead to such negative discrimination, the great majority of interest and research has been into the possible benefits that will arise when goods and services are identified with a particular country of origin.

With the growth of international exchange following the second world war, and the phenomenon of globalisation as a consequence of the revolution in information and communication technologies (ICT), interest in COO, or PCI (product country image) as it is sometimes called, has accelerated. Today, there are well over 1000 documented studies of various aspects of the country of origin effect and this volume provides an excellent overview of our current knowledge of the subject contributed by some of the world's leading authorities on the subject. As such it is both an excellent introduction to the topic as well as an advanced treatment of the current state of play.

The book comprises **Nine** chapters the contents of which may be summarised as follows:

### **Chapter 1 Literature Review: Country of Origin Effects**

The book opens with a wide ranging literature review by Dr. Khalid Al-Sulaiti and myself which is an updated version of one originally published in *Marketing Intelligence and Planning* (1998). Over the years this has been one of the most frequently downloaded articles from Emerald's more than 100 publications testifying both to interest in the subject and the value of comprehensive literature reviews as sources of background and insight into particular areas of knowledge. The Literature Review covers the period from 1965 to early 2007 with the most recent sources covered by Dr. Al-Sulaiti. The review opens with various definitions and is then organised chronologically and thematically. Among the themes covered are:

- The evaluation of products
- Stereotyping
- Demographics and consumer perceptions of imports
- Perceived risk and country of origin effects
- Country of origin effects on service decisions.

All of these themes are the subject of more detailed description and analysis in the contributed chapters.

Originally, COO was meant to designate where a product had been made so that 'made in' was taken to refer to "the country of manufacture or assembly" (Papadopolous et al 1993). Others see it as the country with which a product is inextricably linked or associated like Coke and McDonalds with the USA, and Sony and Toyota with Japan. However, with the advent of globalisation and outsourcing it has become increasingly difficult to identify clearly how products should be classified. Papadopolous (op.cit.) recognised this when he wrote " "Made in" can mean *manufactured* –in but also *assembled*-, *designed*-, or *invented*-, *made by a producer whose domicile is* –in, and, often *wanting to look like it was made* –in."

To cope with the confusion this has led many countries to adopt policies and regulations for the labeling of imported goods. In turn, this has led to customers questioning the quality and authenticity of products that they associate with the nationality of the seller which have been produced in another country. An excellent example of this is provided by the website of Charles Tyrwhitt an English shirt 'manufacturer'. In response to numerous queries about the source of their shirts, traditionally "Made in England", the company posted a number of answers on its website that illustrate well why firms outsource their manufacturing and the kinds or reasons that they offer to overcome possible negative COO effects, viz.:

**"Why have you started to make products in lots of different countries?"**

There are many points that when combined make a good place to manufacture a product: technical ability, quality, price and delivery speed are all key elements to ensure customer satisfaction.

**Where are your products made?**

We make our products to the highest standards in a range of countries: UK, Italy, Romania, Czech Republic, Malta, Egypt, Tunisia, Peru, Phillipines, China, Hong Kong, Indonesia, Sri Lanka, all offering different elements that help to improve the products we sell. We have learnt over the years that it is best for you if we go direct to the market leaders or areas of expertise to manufacture our products. This leads us to various countries where investments have improved services."

The web site ([www.ctshirts.co.uk](http://www.ctshirts.co.uk)) then gives specific reasons for selecting different countries and provides statements guaranteeing quality and value for money.

For a long established and highly regarded firm, trading from Jermyn Street in the heart of London's Mayfair, to feel it important to explain to its customers why it is substituting imported products for domestic ones is strong evidence that the identity of the country of origin is believed to impact on people's perception and evaluation of products. Numerous studies exploring aspects of this phenomenon are reported in the literature review and illustrate how generalised attitudes and beliefs about different countries (stereotypes) influence views on products originating in them.

Having identified and discussed the major themes to be found in the literature, the Editor has then secured contributions from some of the best-known international experts on the subject to highlight the current state of knowledge and research on the issues seen to be of most relevance and importance for researchers and practitioners today.

## **Chapter 2 The Country-of-Origin Phenomenon Within the Context of Globalization: Research Relevance and Managerial Implications**

Based on research outcomes Saeed Samiee identifies seven specific findings that serve as significant global planning constraints for the international marketer. Accordingly, this chapter examines the relevant CO findings reported in the literature to highlight their international market planning constraints.

The notion of an "imported product" has historically conveyed that the item has been wholly or substantially produced in another country. As the world economies have globalized, this meaning has changed. Today's products are often a hybrid of domestic and imported designs, parts, and/or assemblies. Products that are entirely designed and manufactured in a single county are increasingly a rare species. Customer knowledge with respect to the complexity of COs of products are also increasingly sophisticated. Most consumers realize that products that they buy, even if labeled as having been locally manufactured, include parts, components, design and technologies that can span several countries.

An increasing number of CO publications are giving recognition to the importance of brands as means of overcoming unfavorable CO bias while, concurrently, a complementary and parallel line of inquiry has focused on the importance of brand origin (rather than CO). A focus on brand origin is conceptually, methodologically, and managerially valid and avoids the many criticisms aimed at the CO line of research. Even intuitively, one would expect the presence of powerful brands to influence and, thereby, overcome negative CO bias. Sears, Target, JC Penney, Bloomingdale's, and many other retailers are regularly using the acceptance, reach, and/or prestige of their brand names to market a variety of imported products.

The CO literature has enriched our knowledge regarding its antecedents and conditions under which bias might be present. However, the single most important outcome of this line of inquiry has to be its managerial guidance when such bias is present. Concurrently, the literature has offered only limited managerial implications, some of which are impractical within the context of how international and global corporations operate. Johansson (1993) has noted that CO research has not had much managerial impact and suggests that it continues to be poorly regarded by some practitioners and consultants. Managerial guidance emerging from CO research offers two possible levels of action: micro-level information relating to how customers feel about and think of CO and macro-level information involving, for example, country equity Planning for the Global Marketplace

At least three sets of firm-level decisions overlap with CO-related considerations and recommendations outlined in the literature. These include global marketing program standardization considerations, product image and positioning, and plant location and sourcing decisions, all of which are discussed in some detail.

### **Chapter 3 Co-branding in the Global Context**

This chapter by Paul Chao provides an overview of co-branding as described in the literature and discusses the major theoretical underpinnings which can be used to guide research in this area. A model with a set of research propositions is presented and the chapter concludes with suggestions for future research



Companies have been forging brand alliances for years. These alliances are configured in various forms and combinations. They may also be formed to achieve different strategic objectives. Multiple brands used to target different market segments under one corporate ownership structure are known as an umbrella branding strategy. Yum! Restaurants International, the owner of KFC, Pizza Hut, Taco Bell, Long John Silver's, and A&W, each of which maintains its own brand identity and positioning to serve a distinct restaurant segment represents just one such example.

Kmart and Martha Stewart alliance is created through a non-equity structure. Kmart continues to use its own corporate logo independently even though it is hoped that by aligning with Martha Stewart, the good image portrayed through Martha Stewart designed high quality products will become associated with Kmart thereby lifting its own image in the process. Co-branding in this case is achieved through co-promotional materials featuring Martha Stewart merchandises which Kmart carries in its stores. Other shorter term arrangements to promote two or more brands in a promotional campaign are also common. Ford Motor Company promoting the sales of its trucks by offering buyers Home Depot gift cards is just one such example.

In the era of globalization, international brand alliances are also growing in popularity. Daimler's (Germany) acquisition of Chrysler (US) to form the Daimler Chrysler Corporation as a dual corporate brand strategy is originally conceived with greater efficiency and cost savings in mind. Other non-equity global brand alliances have also emerged. Brand alliances in the airline industry are typical as airlines form partnerships to increase passenger loads across the world while cutting costs at the same time. KLM/NWA alliance works to feed transatlantic passengers into each other's flight networks in Europe and North America. China Southern recently joins this alliance to add Asian routes to this network. Similarly, United Airlines forms its own Star Alliance with a number of airlines in Europe, Asia, South America, and elsewhere in order to remain competitive. While open sky agreements, which allow foreign airlines greater flexibility in operating routes in another country's domestic markets languishes in international negotiations among various national

governments, such alliances provide one easy and convenient way for synergy in the industry.

Whereas co-branding strategies have been actively pursued by domestic and international businesses, relatively few research studies have been conducted on the effects of co-branding. Furthermore, most research in the literature dealing with co-branding strategies addresses these issues from a domestic context. Surprisingly, fewer still are research studies designed to address co-branding issues in the international context. Furthermore, even though Ettenson and Knowles's study (2006) has identified 10 branding options employed by companies in recent mergers and acquisitions, the survey results reveal that brand decisions have not been the major component in most companies' M&A deliberations.

#### **Chapter 4 An Empirical Investigation on Determinants of Consumer Adoption of Foreign Brands in Korea**

The study described in this Chapter by C. Min Han is designed to examine what determines Korean consumers' adoption of foreign brands. Building upon the theory of adoption of innovations and consumer innovativeness, the study analyzes the role of consumer characteristics and perceived product attributes in distinguishing adopters and non-adopters of foreign cigarette brands. Venturesomeness, cosmopolitanism, opinion leadership, social participation, and consumer patriotism are considered as consumer characteristic variables. The analysis suggests that subjects' characteristics, in addition to their perceived advantage in product attributes, played an important role in their adoption of foreign brands. More specifically, cosmopolitanism, social participation, and consumer patriotism appeared to play a significant role in the adoption of foreign brands, whereas venturesomeness and opinion leadership played a limited role. These findings generally converge with previous research.

#### **Chapter 5 A Cross-Cultural and Cross-National Perspective on Product-Country Images**

This chapter by Nicolas Papadopoulos and Irfan Butt deals with *the effects of cross-cultural similarities, differences, and perceptions on buyer behavior in the PCI context*

– in other words, with the intersection among three of the most significant aspects of what marketing is all about, focusing on an issue that is of great importance to marketers regardless of the country in which they work, the country(ies) at which they target their products, and whether they work in the private or public sector.

What needs to be stressed is the great importance of PCI particularly in the contemporary era where “place branding” has become a must-do for many governments, at both the national and sub-national levels, worldwide. Such place branding efforts need not, and in fact must not, be limited to either the tourism or the product sectors, and, if both sectors are the subject of branding campaigns, interactions between them must be sought to maximize the potential benefits from such strategies.

In fact, the issue goes significantly beyond tourism and consumer products. A significant body of research has shown, first, that PCI also affects industrial buyers (notwithstanding the common misperception that they always act “rationally” and based on “facts”, rather than stereotyped mental schemata like everyone else). For example, studies show PCI effects on businesspersons in the context of goods from Eastern Europe, import managers in the US, China, Australia, and Holland; professional retail buyers and other purchase managers, and Mexican business people with regards to Canada. Second, and perhaps by far more important, a body of knowledge has been developing that shows direct PCI effects on investors when they decide where to locate their next international venture – a matter of vital importance to virtually all countries, and especially those in the developing world.

In this context, then, inter-sectoral coordination of place branding efforts, whether directed at exports, tourism, or investment attraction, is critical. In short, this chapter portrays the scope and complexity of cross-cultural issues in PCI research and practice that readers may benefit from considering in their future work.

## **Chapter 6 The Role of National Cultural Distance on Country Image-based Product Evaluations**

The main purpose of this chapter by Erik B. Nes and Nicolas Papadopoulos is to ask a relatively simple two-fold question: Does cultural distance matter in cross-national product evaluations, and what, if any, is the role of economic development in such evaluations by consumers? The issue is important for researchers and practitioners in both developed and developing nations, and especially for those in the latter. The reason is that the bulk of global trade occurs amongst the developed nations of the Triad (North America, Europe, Asia-Pacific), and that national culture differences among these nations tend to be smaller than those between them and developing countries. If cultural distance plays a role in consumer behavior, then producers in developing countries would be faced with a double-edged conundrum. First, considering "economic development" alone, their products may be evaluated as of lower quality by consumers in developed countries – while their own domestic consumers may perceive products by competitors in industrialized nations to be superior. This creates a disadvantageous situation for them both abroad and at home. Second, if "cultural distance" is found to affect consumer predispositions and thus added to the equation, their disadvantage is further accentuated. As will be seen in the methodology section, the selection of countries for testing in this study can be considered particularly relevant to readers of this book.

To address its target issues, the chapter begins with a review of the relevant literature leading to the stating of two hypotheses, presents the methodology used for the study, highlights the analysis of the data used, and concludes with a discussion and implications for research, business, and government.

The findings suggest that additional measures directed at reducing the target consumers' perception of how dissimilar their and the supplier's country are can help to overcome the potential negative effects of cultural distance. To summarize, the study shows that national cultural distance may not impact product evaluations, but may have a significant negative impact on the willingness to buy products. Products may be perceived as being of equal functional quality, but consumers still may be reluctant to actually buy and use products from nations that are culturally

dissimilar due to psychological and social normative reasons. More broadly, and quite aside from the specific findings that are reported, this study helps to emphasize a commonly-noted but rarely-researched issue in PCI research: that "culture matters".

## **Chapter 7 Sub-cultural effects on Product/Country perceptions.**

As noted, the advent of globalisation and the Internet have caused many firms to reconsider the implications of COO for their products and services. In their chapter Ahmed and d'Astous summarise clearly why the COO phenomenon is both significant and important for marketing strategists when they write:

"Globalization and the widespread growth of international communications using such a powerful tool as the internet as a medium for buying and selling products worldwide, have fundamentally affected many products' availability and distribution as well as the decisions concerning where they are manufactured, and how they are labeled and promoted. Whether the objective is to comply to stricter rules of origin so as to qualify for lower tariffs, to reduce production costs (labor, land, environmental, etc.) by relocating manufacturing facilities, or to take advantage of tax cuts and governmental incentives, today's companies are rethinking the "country of origin" of their products and services. What are the implications of these changes for marketing strategy and particularly market segmentation decisions? How can marketing tactics based on strategic decisions that incorporate country of origin as a competitive factor be optimized? More specifically, can the segmentation of target markets based on sub-cultural variables be effective? This chapter reviews studies dealing with the effects of subculture on country and product evaluation that have been carried since the comprehensive and all encompassing COO literature review made by Al-Sulaiti and Baker (1998) in order to come up with relevant managerial and research implications. Major findings are reviewed in depth and summarized, and conclusions are drawn. We also present a conceptual model that depicts what more than four decades of empirical research have led us to believe to be important findings as regards the effects of sub-cultural differences on COO perceptions. Based on this, specific managerial implications are drawn for public and private sector managers and suggestions are made for future research.

Therefore, what the review of our literature suggests is that a “mass market” approach towards a population that is culturally (i.e., with subcultures based on ethnicity, demographics, etc.) diverse is likely to be ineffective. Where subcultures prevail (as it is the case in most countries), it simply makes sense to suggest that they should be taken into account. This is especially true of subcultures that are geographically concentrated as it is the case in ethnically diverse countries such as Canada (French versus English), China (Han versus Tibetans), India (Bengali versus Punjabi), Belgium (French versus Flemish), Switzerland (German versus French), and have distinct media consumption patterns (e.g., males versus females, ‘Y generation’ versus ‘seniors’), which helps to reduce the adaptation costs in accessing them.”

## **Chapter 8 Service Country of Origin Effects : Evidence from Three Countries**

Past research has determined that consumers use country-of-origin cues to evaluate quality and performance characteristics of product offerings. Often, characteristics of the country’s economy, cultural, and social processes serve as proxies to reflect product characteristics. In this study, Edward Bruning explores the role of the Service COO cue and evaluates whether cultural similarity impacts preferences. Using respondents from three countries, the results confirm that consumers hold strong own-country service preferences, but that attitudes towards specific foreign providers differ across the three countries. The data indicate respondents hold distinct negative biases towards Asian and Spanish-language providers, and strong positive biases towards providers from English-language countries as well as towards own-country providers. The evidence points to the importance of country-of-origin in determining preferences for a service provider, and, secondly, that consumers prefer service providers from countries whose culture is similar to their own.

## **Chapter 9 Customer Service Centres are Like Taxi Cabs:Country-of-Origin and Consumer Perceptions of Foreign Customer Service Centres**

With the recent increase in the foreign location of services by US multinational companies, the resulting impact and emerging issues have received considerable attention in the past five years. This chapter by Francis M. Ulgado and Moonkyu Lee approaches the topic from the consumer perspective regarding the location of customer service centers (CSCs) in foreign countries, and the effects on consumer perceptions. The empirical study specifically examines country-of-origin (COO) effects and other extrinsic product-specific factors that influence consumer perceptions of service quality and brand image. A field survey of US consumers investigates their concerns and the important issues involved in foreign-located service centers, with the results showing the conditions that would influence the consumer to switch to a competitor. Finally, the chapter provides a comparison of COO effects of various countries on different product categories. Strategic and managerial implications for international marketers are discussed.

The overall results of the study indicate that the foreign location of services such as customer service centers or CSCs, can have a significant impact on consumer perception and attitude. Depending on the type of service or product involved, American consumers may be even driven to switch to a competitor due to foreign-based customer service centers. Their main concerns stem from cultural and language differences that can lead to problems in communication. The study also shows that foreign customer service locations heighten the US customer's sensitivity towards financial transaction security, personal health, and information accuracy issues. The survey findings contend that cultural, language and economic development dissimilarity can potentially add to a negative effect of the foreign location of CSCs. This influence on consumer perception should motivate managers to look beyond the obvious cost advantages of locating customer contact centers in foreign countries. In developing their customer support strategies, firms need to also consider the consumer perception and satisfaction advantages of other CSC location alternatives.

## Summary

Based on the original literature review and the information and advice contained in the specially contributed chapters, we may draw at least **five** broad conclusions.

1. The country of origin does affect product evaluation.
2. The degree of influence varies according to the nature of the evaluation and the information available. Intrinsic cues such as taste, design, performance that are based on direct knowledge and/or experience (or the experience of 'influential' others) have a greater influence than extrinsic cues like the country of origin or the brand. However, in very competitive markets where intending buyers have access to a range of highly similar alternatives, then the 'just noticeable difference ' (JND) can become determinant in enabling customers to discriminate between the products or services on offer.
3. Overall, there appears to be a 'home country' bias although this may be offset by a preference for the offerings from more developed rather than less developed countries. Ethnocentrism may also be moderated by product class, e.g., wine, watches, and by specific products and brands.
4. Stereotyping – German machinery, Japanese cars, Italian silk etc. – influences both individual and corporate perceptions.
5. While less attention has been given to the influence of country of origin effects on the purchase of services this is now growing, e.g., the growing dominance of London as a centre for financial services.

Taken together, I believe that the chapters in this book make an important and timely contribution to the debate with important insights and lesson to be learned by persons responsible for the development of an effective competitive strategy. In effect this means everyone. In a global market, while everyone may not deal on a global basis, it is vital to remember that the threat of penetration of one's domestic market is just as potent as the opportunity of going international oneself.

**Michael J. Baker**





# Chapter One

## Country Origin Effects

on Consumer Behavior

### COUNTRY OF ORIGIN EFFECTS : A LITERATURE REVIEW

# I



## Country Of Origin Effects: A Literature Review\*

Khalid I. Al-Sulaiti\*\*

Michael J. Baker\*\*\*

### Introduction

Over the past 40 years or so the growth in international trade and the development of global markets has been accompanied by a significant increase in interest in the nature of competitiveness. Among the many factors which are believed to impact upon international competitiveness country of origin (COO) effects, (sometimes referred to as product country image or PCI) has attracted growing attention.

The literature review in this chapter opens with some definitions of COO effects and is then organised chronologically and thematically. The period covered is from 1965 to early 2007 and the themes addressed include the evaluation of products, stereotyping, the effects of demographics on consumers' perceptions of imports, perceived risk and country of origin effects and finally COO effects on service decisions.

\* A permission was Given From Emerald Group Publishing Limited, to Republish this Article in this Book. This Article was Published in Marketing Intelligence and Planning (1998), Vol. 16, No. 3. N.B. an updated version covering the literature up to early 2007 is included.

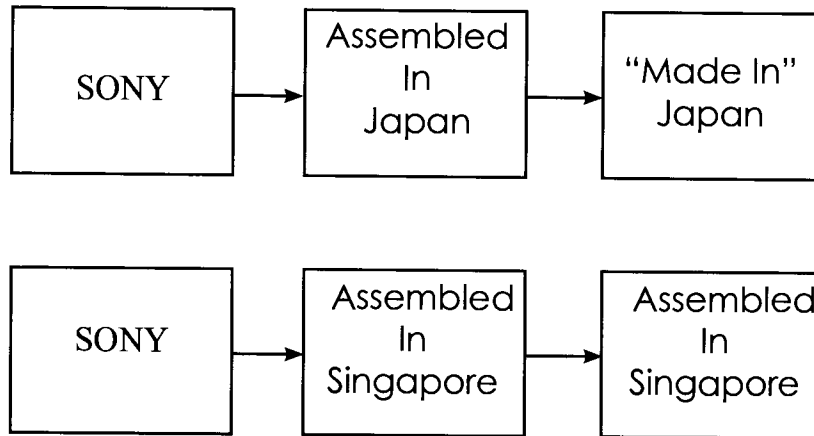
\*\* Khalid I. Al-Sulaiti , Associate Professor of Marketing , Department of Marketing, Qatar University, Qatar, D.G. of Institute of Administrative Development, Qatar

\*\*\* Michael J. Baker, Emeritus Professor of Marketing, University of Strathclyde, Glasgow, Scotland, U.K.

### Definition

Country of origin effects have been defined in many ways in the literature. According to Wang and Lamb (1983) country of origin effects are intangible barriers to enter new markets in the form of negative consumer bias toward imported products. Johansson, Douglas and Nonaka (1985), Ozsomer and Cavusgil (1991) define country of origin as the country where corporate headquarters of the company marketing the product or brand is located. Typically, this is the home country for a company. Country of origin is inherent in certain brands. IBM and Sony, for example, imply US and Japanese origins, respectively (Samiee, 1994), Bilkey and Nes (1982), Cattin et al. (1982), Han and Terpstra (1988), Lee and Schaninger (1996), Papadopoulos et al. 1993 and White (1979), define the product's country of origin as "the country of manufacture or assembly". It refers to the final point of manufacture which can be the same as the headquarters for a company. According to Samiee (1994) "country of manufacture pertains to firm that maintains a relatively large global network of operations or do business with a variety of suppliers, e.g., contract manufacturing" (p. 581). While, Bannister and Saunders (1978), Chasin and Jaffe (1979) and Nagashima (1970, 1977) used the term "made in----"<sup>1</sup> to define the country of origin of the product.

In the modern market place defining the country of origin can be a very complicated task. The growth of multinational companies and the evaluation of hybrid products<sup>2</sup> with components from many source countries, have in many cases blurred the accuracy or validity of made in ----" labels (Baker and Michie 1995; Baughn and Yaprak 1993; Chao 1993; Yaprak and Baughn 1991). For example, Sony is a Japanese manufacturer but some of its products are assembled outside Japan in a country like Singapore (Baker and Michie, 1995). With this example, the product assembled in Singapore would be denoted "assembled in Singapore" and that assembled in Japan would be considered as "made in Japan" (see figure 1.1).

**Figure 1.1: Country of Origin Definition**

### Product Evaluation

Schooler (1965) conducted a study in Guatemala with the simplest of manipulations. Schooler's manipulation involved presenting four groups of 200 respondents of part-time students with a juice product and a swatch of fabric. These products bore fictitious labels denoting four different South American countries (e.g., one group presented with products labelled as Guatemalan, second group presented with products labelled as Costa Rican, etc.). The study showed that products made in less developed countries were not evaluated as quality products. Consumers were biased for or against products from a less developed country when they were evaluating products made in different, less developed countries. Schooler (1965) found that Guatemalan students gave lower evaluations to products made in El Salvador and Costa Rica than to domestic and Mexican products and that this bias was related to a general negative attitude toward people from the former two countries. Schooler (1965) concluded that the country of origin of a product can have an effect on a consumer's opinion of the product.

Reierson (1966) tried to determine the attitude of American consumers toward foreign products. Therefore, the questionnaire asked 105 business administration students and 50 psychology students to indicate their opinions of products from

ten different nations (the United States, Germany, Japan, France, Canada, Italy, England, Sweden, Belgium and Denmark). Products were mechanical, food and fashion merchandise. Reiersen (1966) found that stereotyping of foreign products was present among the American students.

Reiersen (1967) continued his work of investigating American students' attitudes towards foreign products and concluded that if the "prejudice of consumers toward a nation's product is not too intense, consumers' attitude may be made significantly more favourable by even slight exposure to communication and promotional devices" (p. 386).

Schooler and Wildt (1968) measured the elasticity of product bias<sup>3</sup>. 236 student respondents were selected randomly and divided into six groups. Each group examined two pieces of glassware, one of which was labelled as American and the other as Japanese. The labels were authentic, but the products were identical pieces of a domestic manufacturer. Subjects were asked to indicate a purchase preference. Schooler and Wildt (1968) noticed that many American consumers were biased against Japanese products because of their national origin. In 1969 Schooler and Sunoo investigated the consumer's perception of international products: regional versus national labelling. The purpose of the study was to determine how consumers responded to the manufactured goods of developing areas if the products were labelled regionally. The findings of the study did not show any evidence of bias against the manufactured goods which were labelled regionally. He concluded that "regional labelling" (e.g., made in Asia, made in Latin America, etc.) might work to reduce intra-regional product bias.

In his follow-up study, Schooler (1971) attempted to test bias phenomena with a broadly based representative consumer sample. The results showed significant differences amongst products of foreign origin and a hierarchy of bias effect was observed. In addition, the results indicated that neither national nor regional labelling appeared to be more effective than the other. The German products were rated better than those of Asia, India and Western Europe. On the other hand, US products also were rated better than those of India and Western Europe.

Schooler (1971) concluded the following:

- The older age group rated the products of Asia, Africa, West Germany and North America lower than younger age group.
- Females preferred foreign products more than males.
- Educational level and intensity of bias were observed. Consumers with a high level of education were more in favour of foreign products than those with limited education.
- The group composed of non-white people evaluated products from Africa, Latin America and India better than the group of white people.
- The white group evaluated the products of US and North America better than Non- whites.

Nagashima (1970) compared Japanese and American attitudes toward foreign and domestic products by using the semantic differential method. The purpose of the study was to measure the Cross-Cultural image of "made in" products as produced by US and Japanese businesses. The study consisted of a random sample of 230 Minnesota businesses chosen from the Minnesota Directory of Manufacturers and 100 Tokyo businesses chosen from the Tokyo Directory of Companies. Countries used were US, Japan, Germany, England, France, Italy, Switzerland and Canada. The questions were carefully translated into Japanese making sure that the associative value of the language was not lost in the translation. The author used a seven-point scale with each scale position arbitrarily weighted from Good (+3 points) to Bad (-3 points).

Consumers were asked to mark the seven-point scale for "reliable---unreliable and list the product which first came to mind where they saw the names of the countries; which country's product they would choose if price, quality and styling were equal; and which country produces products of the greatest value. Nagashima (1970) found that the "made in" stereotype differed among Japanese and American businessmen. Japanese businessmen rated "made in Germany" as the best while American businessmen gave the highest rating to their domestic label. English were



recognised for their excellent craftsmanship, while US and Japanese businessmen rated France the lowest of the five countries.

Nagashima (1970) also found that the "made in" image was strongly influenced by familiarity and availability of the country's product in question. In his follow-up study, Nagashima (1977) repeated his earlier 1970 study of the "made in" product image among Japanese businessmen. The purpose of this study was to determine whether there had been any attitude change among Japanese businessmen over the eight-year period. Nagashima (1977) asked the Japanese businessmen their opinion regarding US, Japanese, German, English and French products in terms of five dimensions (price and value, service and engineering, advertising and reputation, design and style and consumer profile). The findings of the study indicated that, the overall "made in USA" image had deteriorated in many ways during the six years 1969-1975. The "made in USA" label was rated the lowest among the five countries in terms of careful and meticulous workmanship, while "made in" Japan, Germany, England and France had been significantly upgraded.

Greer (1971) investigated the usefulness of having the view of professional purchasing executives. Written questionnaires were presented to a random sample of 60 members (3%) of the British Purchasing Officers Associations. Greer (1971) modified Osgood's (1957) semantic differential for use in his study. Thus, the surveyed purchasing officers were asked about the quality of products in general and the engineering "know how" in general. Countries used were Australia, Belgium, Canada, France, Holland, Italy, the United States and West Germany. The findings of this study indicated that the older respondents rated their home country's product higher than the younger purchasing officers.

Krishnakumar (1974) attempted to examine the influence of country of origin on the product image of American and people from developing countries and to investigate the effect of demographic variables on the "made in" image among those countries. Product classes used in this study were mechanical products, food products and fashion products. Specific products used for evaluation in this study were automobiles, television sets, soft drinks, dresses and shirts. Respondents (student,

staff, faculty members and their families) were asked about their perceptions of countries and their perceptions of the quality of products.

The results of the study showed that people from developing countries tended to have an unfavourable "made in" image of their home country's products in terms of workmanship, reliability, durability, technical superiority and other characteristics. Moreover, the study indicated that Americans were more in favour of Japanese products. In addition, demographic characteristics had also played a part in creating differences in "made in" image held by Indians, the test country group. For example, sex and travel experience accounted for significant differences in "made in" images among Indians.

Dornoff et al. (1974) examined consumers' perceptions of imports. The aim of their study was:

- To find out what consumers' perceptions of imports were.
- If these perceptions differed for specific countries.
- If these perceptions differed between product classes.
- If differences in perceptions were based on socio-economic characteristics.

Respondents were ordinary consumers selected by a systematic random sample from the greater Cincinnati Metropolitan Area telephone directory. Of the 400 consumers selected, only 216 questionnaires were returned in a complete form. Countries used were US, France, Germany and Japan. Product categories used were mechanical products, food products, fashion merchandise and electronic equipment. The results of this study indicated the following:

- Respondents were neutral towards "made in France".
- Products "made in Japan" were considered as substitutes for US products.
- Foreign products were becoming increasingly competitive with US products in terms of quality.

## CHAPTER I

- Japan outranked the US in electrical equipment and Germany was rated the highest in mechanical products.
- No significant differences existed among males' and females' perception of foreign products.
- Perception of imports was more favourable as the educational level increased (e.g., respondents with a graduate degree were more in favour of foreign products than those with high school education).

By using the semantic differential method, Lillis and Narayana (1974) compared US and Japanese consumers' perceptions toward aggregate image of products with "made in" labels from five different countries (England, France, Germany, Japan and the United States). The authors used a seven-point scale valued from 1 to 7 (see also Nagashima, 1970). The study consisted of random samples of 100 residents each from Moscow, Idaho and Fukushima, Japan. According to Lillis and Narayana (1974) none of the subjects in either sample were students. The findings of their study indicated that there existed significant differences regarding various products' attributes. Furthermore, these differences produced significant differences in subjects' perception of foreign and national products.

Green and Langeard (1975) compared French and US consumers in terms of consumer habits and innovative characteristics. The American sample consisted of 193 randomly chosen women from the cities of Dallas and San Antonio, Texas. Self-administered mail questionnaires were used to gather the needed data in the US. On the other hand, the French sample consisted of 226 women from Aix-en-Provence and the questionnaires were personally delivered and collected by a research assistant.<sup>4</sup> Green and Langeard (1975) employed stratified sampling in the selection of the French sample to provide basic comparability with the US sample. The results of their study showed behavioral differences between the two groups even though France and the United States are similar in many economic respects.

Darling and Kraft (1977) researched the impact of the "made in" label on Finnish consumers' attitudes towards the products of various selected countries (Sweden, West Germany, England, France, US, Japan and Russia). Three-quarters of the respondents were managers and employees randomly chosen from banks

retail, wholesale and manufacturing firms, while the remaining quarter of the respondents consisted of randomly chosen faculty personnel, students and staff of different universities in Helsinki, Finland. "A self-administered questionnaire was hand-delivered to potential respondents" (p. 21). Of 350 questionnaires distributed, 303 were usable for the study, with a usable response rate of 86.6%. Respondents were asked to show their degree of agreement with each statement on a five-point scale ranging from Strongly disagree to Strongly agree. Again the findings of the study supported the hypothesis that knowledge of country of origin affected consumer attitudes toward products.

Yaprak (1978) investigated purchase intentions among US and Turkish business executives for specific brands "made in" Germany, Japan and Italy. "The major findings of the study were that both general country and product attributes and specific product attributes were statistically significant in affecting purchase intentions" (p. xii).

Chasin and Jaffe (1979) examined American industrial buyers' perceptions towards the quality of the goods "made in" Eastern European countries (e.g., Czechoslovakia, Hungary, Poland, Romania and the USSR). Personal interviews were conducted and completed with more than 100 companies. Less than one third (30%) of the companies had had any form of business dealings over the past ten years with one or more of these countries. Industrial buyers were asked to profile the United States through a series of ten performance attributes: five attributes relating to product (quality, workmanship, style, dependability, advanced technology) and five to marketing values (credit/terms, value for the money, on time delivery, reputation, maintenance/service). According to Chasin and Jaffe (1979) a total of 82 questionnaires were found useful in part, 68 of which were acceptable for complete response. Results of the questionnaires indicated that industrial buyers generally felt that the quality of the goods manufactured in the five Eastern European countries was inferior to the quality of goods manufactured in the West. Therefore, Chasin and Jaffe's (1979) results supported the hypothesis of a country of origin effect.

## CHAPTER I

Niffenegger et al. (1980) investigated the product images of British goods among a sample of French and British retail managers in terms of price and value, advertising and reputation, service and engineering, design and style and consumer profile. Niffenegger et al. (1980) used the product categories of automobiles, electrical appliances, textiles, cosmetics, food and pharmaceutical products. "A self-administered questionnaire was developed for measuring the five aspects of product image, using a previous international image study of Japanese businessmen as a general basis" (see for example, Nagashima, 1977).

The personal drop-off and pick up method of data collection was used. Representatives called on each store manager, briefly explained the main purpose of the study and left a copy of the questionnaire. According to the authors this method gave managers the opportunity to complete their questionnaires at a convenient time. Of 117 questionnaires distributed, 92 were returned complete for an overall return rate of 79 per cent.

Niffenegger, White and Marmet's (1980) study indicated the following results:

- British products were seen to be cheaper than products "made in" the United States and France.
- British products were seen as more technically advanced than products "made in France".
- Products "made in US" were seen as widely advertised compared to those "made in France."
- French brand names were found hard to recognise.
- American products were seen as technically advanced in nature, produced by mass production methods.
- Respondents rated the UK first in electrical appliances, textiles, food and pharmaceutical products, second in automobiles and last in cosmetic products, while France ranked first in automobiles and cosmetics, second in textiles and food and last in electrical appliances and pharmaceutical products.

- Products "made in US" failed to be the first choice for the UK consumers in all of the product classes examined. Accordingly, it ranked second in electrical appliances, cosmetics and pharmaceutical products and last in automobiles, textiles and food.
- In terms of consumer profile, products "made in US" were more appealing to the younger market while products "made in France" were more favourable to the feminine market and British products were more appealing to the older group.

In an extension of his earlier study, Narayana (1981) examined the aggregate image of American and Japanese products. "The aggregate image for any particular country's product refers to the entire connotive field associated with that country's product offerings, as perceived by consumers" (p. 32). Narayana (1981) employed the semantic differential format used by Nagashima in the 1970 study. The same twenty criteria were measured on seven-point scale. A random sample of 100 residents of Fukushima, Japan and 100 residents of Moscow, Idaho were selected for this study. However, the aim of Narayana's (1981) study was to find differences between US and Japanese products.

The findings of the study indicated that US consumers perceived their country's home products to be generally of higher quality than products "made in Japan". Besides, products "made in US" were perceived by American consumers as more reliable and of better workmanship than products "made in Japan". Moreover, both Japanese and American products were perceived by American consumers to be widely advertised and mass produced.

On the other hand, Japanese consumers perceived products "made in Japan" as highly recognised. They considered Japanese products to be of a higher quality than the US made products. However, Japanese consumers perceived products "made in Japan" as less prestigious, less popular and less widely distributed than products "made in US".

In 1984, Erickson, Johansson and Chao analysed the country of origin effects on the evaluation of automobile brands. Data were collected from 96 MBA students at the University of Washington. Subjects were asked about their beliefs and attitudes towards ten automobile models (e.g., four US, two German and four Japanese models). Semantic differential scales were used for all rating questions used in the questionnaire. Respondents were also asked to rate their familiarity with each auto, after which they provided an overall rating on a five-point semantic scale.

The empirical results indicated that country of origin affects beliefs but not attitudes. The authors argued that the study demonstrated that image variables also affect beliefs through inferences made by consumers. "It also indicated that the effect of image variables on attitude was not direct; any influence that has appeared is a secondary one acting through beliefs (Erickson, Johansson and Chao, 1984).

Morello (1984) did a comparative research on the image of domestic and foreign products. The purpose of his study was to determine what the relationship between the image of a country and the image of the products "made in" that country. Seven countries were used in the study, namely, Belgium, France, Holland, Italy, Spain, USA, USSR and West Germany. Morello (1984) asked a Dutch group of 29 students and an Italian group of 37 students to rate the products from the eight selected countries using twelve sets of bi-polar adjectives. The results indicated a significant relationship between these two images and the research concluded that a country of origin effect does exist and may affect consumer buying behavior.

Johansson et al. (1985) developed a multi-cue method for examining the impact of country of origin on product evaluation. The product class used was automobiles with ten car models "made in" three different countries, namely, Japan, US and Germany and 13 selected attributes (price, handling, horsepower, acceleration, gas mileage, safety, driving comfort, passenger comfort, reliability, durability, workmanship, styling and colour selection). Convenience samples of graduate students from US and Japan were used. The American sample consisted of 70 graduate students at a West Coast university and the Japanese sample of

82 students at six universities. The questionnaire was presented to each sample in either a group session or the classroom. Then the students were asked to consider each of the models on each attribute and also to rate the importance of each attribute. The findings of the study indicated that country of origin effects were relatively minor when a multi-attribute approach was used.<sup>5</sup> Johansson, Douglas and Nonaka (1985) concluded 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" (Johansson et al. 1985, p. 395). Thus, their findings supported the hypothesis that the country of origin is used as a surrogate variable to evaluate a product when respondents have limited knowledge about that product.

In their study, Festervand et al. (1985) investigated consumers' perceptions of imports and their attitudes towards countries' product quality. Using a self-administered questionnaire, a random sample of 1000 consumers were selected in ten large South-eastern US cities. Only 259 usable questionnaires were obtained for a response rate of 26%. A four-point scale ranging from strongly disagree (1) to strongly agree (4) was used in the study for obtaining data on the respondents' general attitude towards different aspects of product quality for each country. The countries used were England, France, Germany, Japan and the United States. The product categories used were mechanical, food, fashion merchandise, electronic equipment and leisure goods. Respondents were asked to rate the given countries in terms of product quality. Minor differences in attitude were found across countries and American consumers' perceptions of the countries products were mixed across the different product categories.

Heslop and Wall (1985) examined the differences between males and females on the basis of country of origin product image. A total of 635 Canadian men and women were asked their opinions about products from 13 different countries. They found that products "made in Canada" were ranked the highest by both males and females except for women's shoes where Canada came second after Italy. It was also noticed that males preferred Italian clothing over the Canadian ones in terms of quality, while Romanian males' clothing was rated lower than clothing



from other countries in the group. On the other hand, clothing "made in Far Eastern" countries was rated the lowest by both males and females. Moreover, the results also indicated that females gave higher ratings in terms of quality to almost all countries than males did, except for South Korea, Hong Kong and the Philippines.

Becker (1986) measured US consumers' perceptions of the price/quality relationship of American vs. Japanese products. Four hundred individuals passing a card table set up in a shopping area of Boston were requested to participate in a four question survey. Of these, 20 collected questionnaires were incomplete for data analysis. The findings of the research indicated the existence of the "halo effect" pattern bolstering the pervasive image of products "made in Japan". According to Becker this was found even when the Japanese product was of lesser price. In addition, nationalism was found to be a dominant factor in influencing the Americans' purchasing behavior when price and quality were constant. They desired "to purchase domestic products, but not at the expense of perceived inferior quality" (p. 111).

Ofir and Lehmann (1986) measured the country-level images of ski resorts in three European countries, Switzerland, France and Austria. A survey was conducted in order to gather data for the study. 269 skiers attending a ski-show in the city of New York were asked to rate each of the three countries on a five-point scale for ten attributes, namely, modern, exciting, entertaining, challenging, friendly, honest, sophisticated, romantic, picturesque and expensive. The findings revealed that the images of Switzerland, Austria and France were relatively homogeneous with Switzerland and considered slightly more positive than France (Ofir and Lehmann, 1986). Thus, American skiers, according to the findings could not distinguish between resorts in European countries, demonstrating low level of familiarity with the product.

Papadopoulos et al. (1987) examined consumers' perceptions of foreign consumer goods. Subjects from Canada, UK and France were asked to assess products from the US, Japan, Sweden, Canada and their own country's products. Respondents were chosen through systematic cluster or quota samples. A random sample of

250 to 300 respondents were collected from each country. The authors used the drop-off-pick-up method for their study. According to Papadopoulos et al. this method gave high response rates, averaging about 75% at comparative low cost. A structured, self-administered interview schedule was used in order to standardise questions across countries. Products were evaluated on the basis of performance (two scales), price (three scales), before and after purchase product support (two scales), social image (three scales), market availability (five scales) and behavioral component (two scales). The study revealed the following conclusions:

- "There is no question that a country of origin effect does exist".
- "Both consumers and industrial buyers are affected by "made in" images".
- "Made in stereotype can be changed, at least in the long term".
- "Price may affect foreign product perceptions".
- "Foreign stereotypes may vary across product categories on consumer types"  
(Papadopoulos et al. 1987, p. 9).

Darling (1987) analysed the general attitude of Finnish consumers towards the products of various countries (England, France, Japan, US and West Germany). Data were collected in 1975, 1980 and 1985 from 1,113 consumers living in three different cities in Finland. Several business companies were chosen and a random sampling of managers and employees from these companies were invited to participate in this study. A random sample of faculty, staff and students were asked to participate in the study as well.

Darling used an identical form of questionnaire for the data collection for each year of the study including 31 "Likert-type" statements, 13 of them dealt with different product dimensions, 13 with marketing practices and five with the general importance of the products to the respondents. Respondents then were asked about their attitudes regarding products "made in" the above mentioned countries, marketing practices and the importance of a product's country of origin. The results of the study indicated significant differences in consumers' attitudes in

the three cities where data was collected. In addition, the “made in” label also showed significantly different product and marketing mix images. At the same time, the study revealed no causal relationship between this image dimension and actual market behavior.

Ettenson, Wagner and Gaeth (1988) presented conjoint analysis as an alternative method for examining the effect of country of origin in relation to a “made in the USA” campaign. The products used were a ladies’ blouse and a men’s shirt. Attributes used were style (for blouse, cut for shirt), quality, fibre content, price and brand. Additionally the country of origin was manipulated in a conjoint study which assessed consumer decision-making before and after the introduction of the “made in the USA” campaign. A total convenience sample of 105 students at the University of Maryland was invited to take part in the study. 55 students completed both the pre-test and the post-test .

The results of the study demonstrated that contrary to previous findings, the effect of country of origin was relatively small both before and after the launching of that campaign. From these findings it can be concluded that product cues (e.g., price and quality) may have a stronger effect on consumer product evaluations than country of origin information. Furthermore, the authors suggested that “retailers should be cautious in using patriotic themes in promotion since their effectiveness has yet to be documented” (Ettenson et al. 1988, p. 85).

Al-hammad (1988) investigated the Saudi Arabian market for selected imported goods (with specific reference to UK suppliers) at both country and brand levels. The study examined Saudi Arabian economic and cultural factors and the attitudes of the Saudi consumer and reseller to the product and its suppliers. The results showed that the majority of Saudi consumers considered price to be the most important attribute in the case of products necessitating higher expenditure, either by way of a single payment or several payments. In terms of the consumer profile the results demonstrated that both age and income tended to have a positive correlation with the attributes of price and quality in the case of carpets and air-conditioners and a negative correlation with the attributes of quality and maintenance for cars

and design of outerwear and refrigerators. In the case of educational level, it was found that the higher the level of education, the more people are in favour of imported products than those with low level of education.

On the other hand, the Saudi resellers considered firstly price and secondly quality to be the most important factor when selecting suppliers. The results also indicated that the Saudi resellers' opinion about British suppliers was less favourable with regard to all market mix factors except quality (Al-hammad, 1988).

Han and Terpstra (1988) designed a research to determine the effects of the country of origin and brand name cues on consumer evaluations of uni-national products (products that involve a single country of origin, that is, purely domestic and purely foreign products) and bi-national products (products that involve two countries of origin, products which may be foreign-made but carry a domestic brand name) and to estimate the perceived values of such cues. Using face-to-face interviews with a regional quota sample of 150 American household residents, subjects were asked to rate four different brands of colour television sets and subcompact automobiles from four countries: Germany, Japan, Korea and the US. To check for the validity of the interviews, the authors employed a random selection of respondents by telephone. All respondents selected by telephone confirmed their participation in the interviews. The results demonstrated that there were significant differences in the consumers' perceptions of product quality and their intention to buy the product. Moreover, source country and brand name did affect consumers' perceptions of product quality. On the other hand, sourcing country stimuli were found to have more powerful effects than brand name on consumer evaluations of bi-national products.

Han (1989) examined the role of country image in consumer evaluations of TV sets and automobiles. Two brands were chosen for each product type. Countries tested were the US, Japan and Korea. Using a systematic sample, 116 respondents were interviewed by telephone. They were asked for their images of products from the three countries. The images were measured on a 7-point semantic differential scale anchored by "good" and "bad" (Han, 1989). The respondents were also asked

for their attitudes towards each brand using the same scale. However, the results suggested that country image can be used by consumers in product evaluations in either or both of two directions: (1) as a halo construct (country image used to consider products that consumers know little about); (2) or as a summary construct (as consumers become familiar with a country's products, country image may become a construct that summarises consumers' beliefs toward product attributes and directly affects their attitudes toward the brand).

Hong and Wyer (1989) investigated the cognitive process instigated when country of origin information is given in conjunction with other product information. Respondents were 128 college students enrolled in an introductory business course. They were divided into two groups, the first group was asked to consider the given information, then evaluate its clarity. While the second group was asked to form an impression of the material provided to them. The countries used were West Germany, Mexico, Japan and South Korea. The products used were a personal computer and a video cassette recorder. The results of the study indicated that country of origin itself influenced product evaluations regardless of whether it was known before or after the additional product attribute information and regardless of whether subjects were asked to understand the provided product information or to form an impression of the product.

Khachaturian and Morganosky (1990) investigated consumers' quality perceptions of apparel from the United States, South Korea, China, Italy and Costa Rica. The influence of three independent variables (country of origin, store type and brand name type) was measured in relationship to the dependent variable, perceived quality. The respondents for the study were households in the continental United States with telephone numbers as listed in the American telephone and telegraph tape of working area codes and prefixes. Using a systematic random sampling, 199 working telephone numbers were selected, 153 of which were completely elicited resulting in a 77% response rate.

Consumers were asked their perception of apparel quality sold in three different store types consisting of department stores, discount stores and off-price stores.

The authors included off-price stores because they are a fairly new form of retail institutional type and are achieving growing consumer acceptance<sup>6</sup>. The findings of the study are summarised as follows:

- Clothing "made in US" was perceived as having the highest quality. Italy was perceived as second highest followed by China, Korea and Costa Rica.
- Given the amount of prestige associated with traditional department stores as well as the premise of the price/quality relationship, it is not surprising that department stores received the highest quality ratings, followed by off-price stores.
- Results from the paired *t*-test revealed that a significant decline in quality perceptions occurred for apparel products sold in department stores when associated with being "made in" Korea, China and Costa Rica, whereas quality ratings for discount stores were significantly upgraded when associated with US-made and Italian-made apparel.
- Perceived quality of the off-price store was significantly higher when selling US-made apparel and lower when associated with Korea, China and Costa Rica. There was no significant change in perceived quality of off-price stores when selling Italian apparel.
- The results also indicated that, when a store type was associated with different countries of origin, consumers' quality rating for the store type changed depending on the particular country with which it was associated. The authors believed that the amount of resulting change was related to the level of industrial development of the associated country of origin, yet China was rated more positively than Korea, even though Korea is considered more industrialised than China.
- In the case of branded apparel, significant declines in perceived quality occurred when name brands were associated with all four foreign countries of origin. A name brand's association with US-made apparel neither significantly increased nor decreased the quality rating of the name brand. Perceived quality of name brands was hurt most by association with Costa Rican apparel.

- Store brand quality was perceived as being significantly lowered when associated with apparel from Korea, China and Costa Rica. Association with US-made apparel improved quality ratings for store brands, while Italy had no significant influence on store brand perceptions. On the other hand, the quality rating of designer brands was somehow improved by association with US-made apparel. Quality perception of designer brands was lowered when made in Korea, China and Costa Rica. But association with Italian apparel neither significantly increased nor decreased the quality rating of the designer brand. Khachaturian and Morganosky (1990) concluded that "associating a brand with less-industrialised countries could potentially lower the quality image of that brand type." Moreover, "the less-industrialised the country of origin, the more the potential decline in the quality image."

Han (1990) argued that country image<sup>7</sup> may be conceptualised as a consumer halo. Therefore, Han (1990) designed a study to address the role of country of origin image in consumer choice behavior across the United States, Japan and Korea. The study assessed the following:

1. The effect of country image on consumers' attitudes towards brands "made in" different countries.
2. The effect of country image on consumers' intentions to purchase brands from various countries.
3. The effect of country image on consumers' perceptions of specific product attributes.
4. The effect of country image for a product category on different categories from the same countries.

Country image was measured with reference to five items. They were technical advancement, prestige value, workmanship, price and serviceability. Colour television sets and compact automobiles were examined in the study because "their various domestic and foreign brands are relatively well known to consumers in the US where this study was conducted. Two brands were selected from each of

the countries for each product type. The selected television brands were General Electric and RCA for US brands, Panasonic and Toshiba for Japanese brands and Samsung and Goldstar from Korean brands. The car brands were Ford Escort and Buick Skyhawk for the US, Honda Accord and Toyota Celica for Japan and Hyundai Excel for Korea<sup>8</sup>. Brand attitudes were assessed with two measures --- Cognitive and affective. Han (1990) gathered his data from a systematic sample of 116 American residents living in a Midwestern city. They were selected randomly and interviewed by telephone. The response rate was 64.8% (116 out of 179 calls were obtained successfully). Finally, subjects were asked for their intentions to purchase each brand.

According to Han (1990) the halo hypothesis suggested that consumers may consider not buying an unfamiliar foreign brand simply because they may make unfavourable inferences about the quality of the brand from their lack of familiarity with products from that country. The findings of the study also demonstrated that consumers' willingness to purchase a product was related to the economic, political and cultural characteristics of the product's country of origin. Additionally, country of origin images were affected by the consumer's perception of similarity between his or her own country's and the country of origin's political and cultural climate and belief systems.

Ghadir (1990) investigated Jordanian consumers' perceptions of quality, price and risk of foreign versus domestic product. The countries used in the study were USA, UK, Japan, Russia, Romania, Taiwan, Egypt and Jordan. The product class employed in the study was major household electrical and gas appliances. The data were obtained through a structured direct questionnaire from a stratified random sample of 1000 households with a 63.9% usable response. The results revealed the following:

- The country of origin had a significant relationship with the consumers' perception of the quality, price and risk of the product.
- Products "made in" developed countries were evaluated as higher in quality and price, but lower in risk than the products "made in" less-developed countries.



- The home country bias seemed "to be more relevant in comparing the domestic product to that of other countries of a relatively similar stage of development". Therefore, the products "made in Jordan" were evaluated as being higher in quality and price, but lower in risk than the products "made in" less-developed countries (Romania, Taiwan and Egypt). They were also evaluated to be lower in quality and price but higher in risk than developed countries' products.

- A consistent negative correlation between quality and risk was found for the products of the entire set of countries. For example, "the higher the consumers' perception of the products of the various countries, the lower their perception of the risk associated with these products" (1990, p. v).

- The results indicated that a low percentage of the consumers agreed in connecting the purchase of the domestic product with their patriotic duty. It was noticed that the more the consumers agreed with patriotic variables, the better their perception of the domestic product quality and price.

- Among socio-demographic variables, sex was found to be the least important factor in discriminating among the consumers and age was found to be the most important.

Ghadir (1990) suggested that domestic producers should develop separate marketing strategies for the imported products of developed and less-developed countries, rather than just dealing with the imported product under the general term "foreign" (Ghadir 1990, p. v).

Using a computer administered conjoint analysis, Liefeld, Wall, Ji and Xu (1993) studied the effects on relative cue utility of the interaction of cues in product choice situations in which both the number and types of both extrinsic and intrinsic information cues were varied for two types of products, namely telephone and clothing (men's shirts and women's blouses). In mall intercepts 326 adult shoppers were asked to participate in the study. They were randomly assigned to one of three designs for telephones, shirts (for men only) and blouses (for women only) so that shoppers were exposed to only one treatment condition per product, e.g.,

a between subject design (Liefeld, Wall, Ji and Xu, 1993). The results of the study revealed that the relative utility of information cues changed in choice situations with different cues present. This was clearly noticed especially when more cues were involved in choice situations. Extrinsic cues ( e.g., brand, warranty and price) tended to have greater relative utility than when fewer cues were present. Moreover, "cue types, while affecting choice processes, appeared to be product specific" (p. 124).

Roth and Romeo (1992) examined country of origin in terms of the fit between countries and product categories. They suggested a framework which matches the importance of product category dimensions (innovativeness, design, prestige and workmanship) with the perceived image of the country of origin along the same dimensions. Therefore, a study was designed to determine which dimensions were most frequently associated with a country's image and how important these characteristics were to different product categories. Data were collected from 99 graduate students in Ireland, 130 in Mexico and 139 in the United States. Country image was measured along the four dimensions mentioned above. For each dimension, subjects evaluated ten countries. The countries surveyed were England, Germany, Hungary, Ireland, Japan, Korea, Mexico, Spain and the United States. The product categories evaluated were beer, automobiles, leather shoes, crystal, bicycles and watches. Using 7-point importance scales (1= not innovative; 7= very innovative), subjects were asked to show the extent to which each of the four image dimensions was an important criterion for evaluating each product category. Finally, subjects were asked how willing they would be to purchase the product categories from each of the ten countries they evaluated. The results revealed that "product-country match may be an indicator of willingness to buy imported products". Roth and Romeo (1992) said for example, if a country is perceived as having a positive image and this image is important to a product category, consumers will be more willing to buy the product from that country.

The study showed that US, Irish and Mexican consumers were willing to buy a car or watch from Japan, Germany and the US since these countries were evaluated highly on dimensions that were also important to these product categories. On the

other hand, "unfavourable product country match may explain why consumers are unwilling to buy certain products from certain countries. Respondents were less likely to buy Mexican and Hungarian autos and watches as these countries had poor evaluations on dimensions that were important for car and watch characteristics" (Roth and Romeo 1992, p. 493). The results also indicated no differences in familiarity with beer and bicycles across the US, Mexican and Irish respondents. But significant differences were found for the other four product categories. Moreover, results on demographic differences between groups demonstrated very homogeneous samples and revealed no changes in the prediction of willingness to buy.

Roth and Romeo (1992) suggested that managers should use product country match information in order to assess consumers' purchase intentions and assist them in managing their product's country of origin. Specifically, some differences in product country matches and willingness were found across the three groups of respondents. Chao (1993) attempted to address the multidimensional nature of the product/country concept. Specifically, the central focus of his research was to examine how US consumers would evaluate hybrid products with a multiple-country designation in terms of product design and country of assembly. The product selected for the study was a television set produced by Tera Electronics Inc. of Taiwan. Two levels of price: \$269.95 and \$369.95, three levels of "Assembled in" location: Taiwan, Thailand and Mexico and three levels of "Designed in" location: US, Japan and Taiwan were specified in the study. A systematic sample of 120 American residents living in the Midwest was selected from a local telephone directory for this study. They were given a copy of the advertisement to examine at their own pace. They were asked to rate the product in two separate categories: design quality and product quality. After respondents had completed the questionnaire, they were asked to evaluate the quality of electronic products made in six different countries: Mexico, Singapore, US, Germany, Taiwan and Thailand, on four different dimensions: workmanship, reliability, durability and quality.

The results showed that consumers rated electronic products assembled in Taiwan to have the highest quality followed by Thailand and Mexico. Respondents were also asked to evaluate the design quality of electronic products designed in

five different countries: Japan, US, Taiwan, Germany and Korea on three different dimensions: innovativeness, exclusiveness and stylishness. The results indicated that the design quality perception was rated the highest for Japan, followed by the US and Taiwan. The differences were all statistically significant. Results for the design quality dependent variable indicated that the design for quality perception for a television from Taiwan, but designed in Japan, rated the highest, followed by the US and Taiwan. In addition, no significant main effect from country of assembly nor any interaction effect was noted since design quality represented a different dimension from the product quality (Chao, 1993).

On the other hand, results for the product quality dependent variable indicated the following:

- The main effect with regard to price showed that the product quality perception was higher at the higher price. The lower the price, the lower the product quality perception.

- The country of design (COD)<sup>9</sup> main effect showed that the quality was evaluated as highest for Japan, followed by Taiwan and the US.

- The COD main effect indicated that the product quality rating for a television assembled in Taiwan was evaluated the highest, followed by Thailand and Mexico. The price by COD interaction effect for a television set designed in Japan indicated no price differential was needed to impart a higher quality image. Therefore, the TV set was evaluated the highest for both the low and the high prices, while for a TV set designed in Taiwan a higher price was necessary to boost the quality ratings (Chao, 1993).

Chao (1993) suggested that when seeking potentially new overseas co-operative ventures, manufacturers should pay more attention to potential consumer reactions to the products of such ventures in addition to considerations based purely on cost and technology.

Kochunny et al (1993) developed a schema-based knowledge<sup>10</sup> representation framework in order to test the effects of country of origin on product evaluations:

## CHAPTER I

The countries used were the United States, Japan and Korea. The product used was the automobile with five product evaluation dimensions labelled as quality, performance, dealerservice, comfort and variety/choice. 600 members of consumer research panels received information that was either consistent or inconsistent with their expectations concerning automobiles "made in" America and Japan (response rate varied from 71% to 84% and the total number of usable responses was 393). They also received factual information about South Korean cars. A price level of under \$10,000 was provided as critical information to all groups to control variability due to price factor. In addition, the country of origin was provided to all respondents. Respondents were instructed to read the description and then answer the questionnaire. Evaluation (recall) measures were taken immediately after the presentation of information about the automobiles and again three months later; all respondents received the same questionnaire without any descriptive scenarios.

Kochunny et al. (1993) demonstrated that the results of this study were consistent with those of earlier findings in that American automobiles were perceived less favourably than automobiles "made in Japan" in the category tested. Besides, consumers possessed a country of origin schema and those country of origin schemas affected consumers' retention of information about automobiles as well as their judgements. The results also indicated that "there were no significant differences among the study groups on the basis of age, education, household income, marital status and gender" (p. 5).

Chao and Rajendran (1993) examined how ownership of a variety of household consumer products may have an impact on interpersonal perceptions. Of particular interest were country of origin effects which could be assessed via consumer profiles. The study employed a 2 x 2 x 3 factorial experimental design. Consumer profiles were constructed based on two levels of foreign product: Japan and Germany; two levels of consumer description: college professor and plant foreman; and three levels of foreign product ownership: high, medium and low. A total of fourteen products with different brand names were selected for the study. A total of 499 students were randomly chosen for the 12 treatment conditions. Each student received one of the consumer profiles and a copy of the questionnaires. They

were asked to indicate their perceptions of nationality of these brands: US, Japan, Germany or other.

The results indicated that attitudes of students towards owning imported products have become a little more favourable, particularly for those products which were owned by the professors. On the other hand, students perceived foremen to remain loyal to domestic products. Moreover, students attributed a favourable image to those who owned Japanese rather than German-made products. The results also revealed a recent surge in popularity of products "made in Japan" in the United States particularly for the fourteen products investigated in this study.

Ahmed and d'Astous (1993) investigated the effects of three countries of origin, three brand names and three levels of price and service on consumers' perceptions of the purchase value of an automobile in two consumer countries, namely Canada and Belgium. Three brands of automobile were chosen for study, namely, Toyota, Ford and Lada. Japan, Russia and the home country (Canada and Belgium) were selected as countries of origin. The price levels in Canada were \$7,000 (low), \$10,000 (medium) and \$13,000 (high). In Belgium they were BEF250,000 (low), BEF350,000 (medium) and BEF450,000 (high). Service quality was either poor, average or good. Using a modified area sampling technique a total of 910 households from Sherbrooke, Canada and Mons, Belgium were visited, 595 agreed to participate in the study. A total of 395 completed questionnaires were collected. Of these, 376 were usable for analysis, ending up with 40.1% response rate.

The results indicated that the effect of price on perceptions of purchase value was not significant. In addition, the brand name was a more important informational cue than "made-in" for Belgian consumers, but not for Canadian consumers. Ahmed et al. (1993) suggested that global marketers should carry out large-scale studies using samples from different countries where a global product is marketed in order to produce relevant information concerning whether or not it makes sense to manufacture products in poor image countries, just to make use of low-cost labour and what type of modification to global marketing strategies may be needed from one consuming country to another.

In 1994, Ahmed et al. investigated the effects of country of origin on purchasing managers' product perceptions in terms of perceived quality, purchase value and product profiles: country of design, country of assembly, brand name, price and warranty. They used the product category of computer system, fax machine and ball-point pens. Canada and Mexico were selected as country of design and assembly along with a third country (Japan for the computer system and fax machine, Germany for the ball-point pens). Additionally, 13 countries were also added in the study as locations for the conception, design and engineering (country of design); manufacturing and assembly (country of assembly) of industrial products using a 9-point scale (mediocre/excellent). The study consisted of a sample of 173 purchasing managers representing 14% of the Quebec division of the Canadian Association of Purchasing Managers (CAPM).

The results indicated that developed countries were evaluated better in general than newly industrialising countries (e.g., Mexico) as locations for the design and assembly of industrial products. However, newly industrialising countries were better evaluated as locations for the assembly of industrial products than as countries of design. For instance, South Korea was evaluated almost as well as France and Italy as a country of assembly. Respondents also rated Korea higher than Belgium as a country of assembly and almost as well as a country of design. In addition, the country of design was a more important indicator of product quality and purchase value than the country of assembly. However, its importance was related to product complexity (e.g., for purchase managers, the more complex the product technology, the greater the perceived importance of design skills).

In terms of product profiles, the results indicated that for both perceived quality and purchase value, country of design explained a larger proportion of common variance than country of assembly. "Although brand name had a statistically significant impact on the perceived quality and purchase value of the computer system and fax machine, its explanatory power was much smaller than that on country of origin cues" (p. 329).

The study also showed that purchase managers were more influenced by price than by country of design or country of assembly especially when considering the purchase value of ball-point pens.

Ahmed et al (1995) designed a study to understand how households and organisational buyers' product perceptions are affected by knowledge of the country of design and country of assembly when other information such as brand name, price and warranty is also available. The organisational data were collected via the collaboration of the Canadian Association of Purchasing Managers (CAPM) in Canada (for, the purchasing managers' data collection method see Ahmed et al. 1994). For the household data, 561 houses were visited, from which 190 questionnaires were usable for the study resulting in 33.8% response rate. The results indicated that the country of design was a more important cue in organisational purchase decisions than the country of assembly and brand name. While household buyers gave equal importance to both country of design and country of assembly, they perceived the brand name as a more important cue than the country of origin. On the other hand, household buyers perceived warranty as more important than country of origin and brand name. The results also showed that newly industrialising countries were evaluated poorly as countries of assembly and even more poorly as countries of design.

Levin et al. (1993) investigated American consumers' attitude towards "Buy America First" and preferences for American and Japanese cars. 71 undergraduate students were asked to rank-order their likelihood of purchasing an automobile from each of six companies described by the country of origin. (The United States and Japan) and percentage of American and Japanese workers. The subjects showed a strong preference for cars made by American companies over cars made by Japanese companies and an even stronger preference for companies which employ mostly American workers. The results also indicated that attitudes towards "Buy America First" appeared to represent a form of nationalism separate from perceptions of quality and seemed to be an overriding factor in preference rankings, especially when the composition of the work force was mainly American. Thus "one unique cue affecting pre-purchase intentions may be nationalistic



feelings which, as we have seen, may dominate other perceptions based on country of origin" (p. 628).

Similar findings were revealed by Olsen, Granzin and Biswas (1993). Their study explored the possible influences on US consumers' willingness to choose American-made over imported products. Results revealed prejudices against imported products and suggested "ways to market the Buy American theme" (p. 307).

Akaah and Yaprak (1993) examined (via conjoint methodology) the influence of country of origin on product evaluation. Additionally, the authors examined the moderating influence of product familiarity and respondents nationality<sup>11</sup>. A total sample of 225 students from three different nations were selected for this study (70 from Ghana, 54 from Turkey and 101 from the United States). The main objective of the study was respondents' perception of automobile quality which were "made in" US, Japan and West Germany. Seven automobile attributes were selected for the study (workmanship, country of origin, reliability, driving comfort, styling and fuel economy).

The findings indicated that the influence of country of origin was relatively weak when it was evaluated as one cue in an array of product cues. Akaah and Yaprak (1993) concluded that neither product familiarity nor respondent nationality had a moderating influence on country of origin effects. For example, American respondents perceived "made in Japan" and "made in West Germany" automobiles to be higher in quality than "made in USA" automobiles.

Okechuku (1994) also used conjoint analysis to investigate the relative importance of the country of origin of a product to consumers in the United States, Canada, Germany and The Netherlands. Two product categories, television sets and car radio/cassette players were used as items of study. The conjoint profiles of television sets were based on the following attributes: (1) brand name (2) price (3) picture quality (4) warranty. The conjoint profiles of car radio were based on: (1) brand name (2) price (3) receiver quality (4) cassette player quality. Additionally, country of origin was added as a fifth attribute for both television sets and car radios. The source countries selected for television sets were Japan, the United States, the

Netherlands and South Korea, while Germany, the United States, Canada and Mexico were selected for car radios. The brands selected for the television set conjoint profile were Sony, Zenith, Philips and Samsung, for car radio/cassette player profiles Blaupunkt, Kenwood, Kraco and Pioneer were selected. The price levels selected for each product category for the conjoint design represented a low, an average and a high price. For picture quality, receiver quality, cassette player quality and warranty, values were selected to represent high and low performance related to those attributes. Subjects were asked to rank the 16 product options in terms of their overall performance: an attitudinal rather than a behavioral intention measure... from 1 (most preferred) to 16 (least preferred).

The results showed that for the product categories, the country of origin was an important attribute in preference evaluation across the four countries. "For the television sets, it was significantly more important than the brand name and price among Canadian and German respondents and about as important as the price among Dutch respondents". On the other hand, for car radios, "the country of origin was significantly more important than the price and about as important as the brand name among the respondents in the four countries". In addition, the results indicated that consumers preferred domestically-made, yet not necessarily domestically-branded, products. But if domestically-made products are unfavourable or unacceptable, respondents would choose products made in other developed countries. Unlike the findings of Akaah and Yaprak (1993), familiarity played an important role in consumers' evaluations of such products. For example, American consumers were not familiar with Canadian-made brands. Therefore, they evaluated them third after the US and Japan. Finally the results indicated that, newly industrialising nations such as South Korea and Mexico were evaluated unfavourably in terms of source countries.

Lin and Sternquist (1994) attempted to investigate the effects of information cues, country of origin and store prestige on Taiwanese consumers' perception of quality and estimation of retail price. The product used was women's sweaters. Lin and Sternquist used a 4 x 3 factorial experimental design in the study. The countries

were the US, Italy and Taiwan and three groups of stores of varying prestige were used in the study, namely:

- Shoppers in high-prestige department stores.
- Shoppers in moderate-prestige department stores.
- General shoppers.

The sample of the study consisted of 265 shoppers who were intercepted in the main shopping streets in eastern Taipei. They were asked to assign price and quality to the woman's sweater. The findings indicated that the country of origin was the only cue which significantly influenced the Taiwanese consumer perception of sweater quality. However, the country of origin did not influence the consumers' price estimates in this study. Respondents evaluated the sweater labelled "made in Japan" the highest and that labelled "made in Taiwan" the lowest. Moreover, the cue of store prestige was not significantly related to price estimates and quality evaluations related to sweaters. The results also indicated that neither country of origin nor store prestige was found to have an effect on price estimates. Thus, Lin and Sternquist's (1994) findings supported the hypothesis of a country of origin effects.

Using French brands, Leclerc et al (1994) reported three experimental studies to determine the effects of foreign branding on product perception and evaluation. Products tested in this study were products with primarily utilitarian features, products with primarily hedonic features and hybrids. Experiment 1 demonstrated foreign branding effects. Experiment 2 examined the joint impact of foreign branding and country of origin information. Finally, experiment 3 investigated whether foreign branding effects occur only when consumers have little or no direct experience with a product. Here an actual product taste test was performed. The results of the three experiments indicated "foreign branding can be an effective means of influencing consumers' perceptions and attitudes" (p. 269).

Experiment 1 indicated that the French pronunciation of a brand name affected the perceived hedonism of the products, attitudes towards the brand and attitudes

towards brand name as well. Experiment 2 indicated that foreign branding was a strong cue for changing hedonic perceptions. In fact, country of origin information had no significant effects on consumers' attitudes towards foreign branding. For experiment 3, results showed "French brand names were an asset especially for hedonic products and more effective than country of origin information" (p. 269).

Thakor and Pacheco (1997) attempted to replicate and extend Leclerc et al (1994) findings using similar stimuli and 266 undergraduate students from a Canadian university. Their findings revealed the following:

- The French brand name for a calculator was perceived as more hedonic than the English name.
- The English brand name for a calculator made in Quebec was favoured more than the Italian name.
- Females liked sunglasses with French branding significantly more than males when country of origin was not indicated.

Baker and Michie (1995) examined British car drivers' perceptions of and attitudes towards, four makes of foreign cars: Honda, Hyundai, Proton and Toyota. Additionally, a British car (Rover) was added to the study in order to establish the possible effects of ethnocentrism<sup>12</sup> on intention to buy. A judgmental quota sample of 120 car drivers were asked to determine which make of car they would prefer to purchase from an exhibit that summarised the key features of 5 similar models. A detailed description for each model was provided in the exhibit; however, no reference was made to price or country of origin. Subjects were then told to indicate the three most important factors controlling their choice and were then provided with a list of cars' prices which ranged from 8,500 £ to 13,500 £.

The results of the study demonstrated that respondents preferred the most expensive cars (Toyota and Rover) but some of these changed their decision when informed that the prices of these two makes were 50% higher than an available alternative. The results also indicated that product country image and ethnocentrism

had a significant impact (both positive and negative) on the consumers' intention to buy. For instance, 18 per cent of the respondents showed a strong preference to "buy British" and 48 per cent showed a preference for a British car as against 52 per cent selecting one or another of the Asian cars. Thus, ethnocentrism can be a strong source of competitive advantage, especially when domestic products are equal to imported products on a price-performance basis (Baker and Michie, 1995).

Tse et al. (1996) attempted to find out how the country of origin effect affects local consumers' propensity to buy a high-involvement product (a colour TV) from four countries, namely Hong Kong, Germany, Japan and South Korea. Results showed that consumers' perceptions of the product quality significantly affected their intention to purchase that product. For example, Hong Kong consumers have a significantly higher probability of buying Germany and Japan made colour TV sets than those made in Hong Kong and South Korea.

Lampert and Jaffe (1998) proposed a dynamic model of COO effect. They believed that COO effects on consumer evaluation of products are based on static models, even though it is recognised that country image varies over time. Results indicated that the suggested conceptual model of COO effect might improve others to further theory-driven research. Some of the concepts were the assumption about changes in the image along a product life cycle and image crystallisation. They believed that if the effect of COO on brand image is moderated by stage in the product life cycle, then marketing strategy will have to be adapted over time. They suggested that the composition of COO and its change overtime should be incorporated in to longitudinal research.

Leonidou et al. (1999) examined 135 Bulgarian consumers' perceptions of products made in five Asian Pacific countries. Among the country origins examined, products "made in" Japan showed to be preferred most. Indian products received the most negative comments. In addition, Japanese products were also ranked first in terms of overall assessment, followed by products "made in" Hong Kong, Singapore, Indonesia and India.

Consumers' demographic factors were also examined and had no serious differentiating role in the evaluation of products from those countries.

Using an experimental design Chen and Pereira (1999) examined the effect of products' country of origin on first-mover advantage. They focused on the effects of favourable/unfavourable country of origin on first-mover advantage, as well as its effects with regard to early follower and late follower.

The results showed direct implications for products entering international markets as a first mover, "early follower, or "late follower". It was noticed that with increasing number of competitors entering an international market, a product's favourable country image begins to lose its strategic importance. Results also revealed that for products from countries with a less than favourable image, it might be more useful to be a follower than a first mover because the advantage of being first in a market can be negated by the unfavourable country of origin effect (Chen and Pereira, 1999).

Knight (1999) investigated the consumers' preferences for goods made abroad and in the home country by both foreign and home-country companies. The results revealed that country of manufacture and product quality strongly influenced consumer decision making in globally available product categories. Consumers were in favour to purchase locally manufactured products and were often willing to pay a higher price in order to get them. It was only when foreign products were of significantly superior quality that consumers would pay more to obtain them. In terms of purchase decisions, consumers have put no weight on a product's perceived importance to the domestic country's manufacturing base.

Bristow and Asquith (1999) examined predicted consumption pattern differences and the importance of brand name, related to specific product categories, between two distinct cultural groups (Hispanics and Angles). Their results predicted that due to the differences in values and lifestyles of Hispanics and Angles, intercultural differences would be in the level of importance members of each group attached to specific product attributes, the brand name of products, the influence of others on the purchase decision and the price consumers expected to pay.

Tse (1999) aimed to examine how perceived product safety may be influenced by such product related factors as price, brand name, store name, promotion channels, source credibility, COO, nature of product testing authority and warranty. Data was gathered on consumer's perceptions toward different computers products manufactured and assembled in US or Japan and other countries such as China.

The results indicated that Chinese manufacturing or assembly of computers were perceived negatively as products safety than those in the US and Japan. The study also indicated that the importance of advertising computers through the media as far as perceived product safety was concerned and obtained that colour of computer monitors may be limited in their capability of being directly generalised to other purchase area (Tse, 1999).

Kaynak, Kuckemiroglu and Hyder (2000) studied the Bangladeshi consumers' quality perceptions of products from foreign countries from where most needed products originate and compared them with their perceptions of local products.

The results revealed that Bangladeshi consumers like products "made in" Western countries, though there were differences in their perceptions across product classes as well as degree of suitability of sourcing countries which showed a significant influence of the COO in Bangladeshi consumers' perceptions of products "made in" foreign countries.

Piron (2000) examined consumers' perceptions of the country of origin effects on purchasing intentions of (in)conspicuous products. The results of the research revealed that COO effect differed in its importance in the purchasing decision of conspicuous vs. inconspicuous products. A product's country of origin had a stronger effect when considering luxury products. The conspicuous aspect of the consumption came second.

Lim and O'Cass (2001) investigated Singaporean consumers' perception of brand as influenced by their origin and the differences in classification ability between consumers' knowledge levels. Culture-of-brand-origin (COBO) was proposed to

have replaced country of origin as the most important origin influence regarded by consumers in their perceptions of brand. Data were collected from 459 Singaporean respondents and used to assess their ability to classify the cultural origins of fashion clothing brands.

Six brands were used in a between subjects design, with three brand "made in" Western countries and three of Eastern countries. The findings showed that Singaporean consumers could more readily identify the cultural origin of brands over their country of origin. It was suggested that a consumer's ability to make this distinction was influenced by the consumer's perception of how well he/she knew the brand.

Balabaris, Huller and Melewar (2002) studied the individual's patterns in the way he/she perceived other countries and their products. Balabaris et al. (2002) developed a conceptual framework and set of hypotheses. Core element of culture and variables such as direct contact with a country, fluency in a country language as well as demographic differences were included as control variables. The results revealed that human values can predict better COO images than other variables. They provided insights into COO determinants across two culturally and economically different countries and enhanced that relational context was important. They provided more information on the likely effects of direct contact with the country and language fluency on such evaluation (Balabaris et al., 2002).

Ahmed, D'Astous and Aljabri (2002) examined the impact of technological complexity on 151 Canadian consumers' perceptions of products "made in" highly and newly industrialised countries (NICs). The findings revealed that the country of origin image of NICs was less negative for technological simpler products (such as TVs sets) than for those with technological complex products (such as computers). NICs, were perceived more negatively as countries of design than as countries of assembly, especially for computer products, but their negative image may be attenuated by making consumers more familiar with products "made in" those countries or by proving them with other product-related information such as brand name and warranty. The results suggested that the more technologically



Laroche et al. (2005) came up with a model to understand the relationships among country image, product belief and product evaluation. They found that country image and product beliefs affected product evaluation simultaneously regardless of consumers' level of familiarity with a product's origin. The results showed that the structure of country image has influenced product evaluation directly and indirectly through product beliefs. Laroche et al. (2005) believed that when a country image had a strong affective component, its direct influence on product evaluation was stronger than its influence on product beliefs. On the other hand, it was found that when a country's image had a strong cognitive component, its direct influence on product evaluation was weaker than its influence on product beliefs.

Rajagopalan and Heitmeyer (2005) explained the level of involvement of Asian-Indian consumers living in the United States when buying Indian ethnic apparel and contemporary American clothing at different level of acculturation. Using a questionnaire, 254 Asian-Indian respondents from the South-Eastern United States were surveyed. The results suggested that low level of acculturation among Asian-Indians was evident in a higher level of involvement in Indian ethnic apparel. Consumers who were moderately acculturated to Western culture were less involved in Indian ethnic apparel but became increasingly involved as they became more acculturated to the US culture.

Results also suggested that as consumers became more comfortable in their new environment they may have felt a need to connect with their original culture and this might have led to a renewed interest in Indian ethnic apparel (Rajagopalan and Heitmeyer, 2005).

Verbeke and Lopez (2005) examined the attitude and behavior of Belgians towards Latin-American ethnic foods and of Hispanics residing in Belgium towards mainstream Belgian food. Results revealed that Latin-American food consumption and attitude of Belgians were negatively correlated with food neophobia which was significantly higher among urban consumers and those above 55 years old and positively correlated with openness to new cultures. Taste and appearance were very important attributes that determined Belgians preference for ethnic foods. On

the other hand, Hispanics general perception towards Belgian mainstream food was preferable as well, although they considered their ethnic food as being better in taste.

Balestrini and Gamble (2006) examined Chinese consumers' Wine-purchasing behavior and the importance of COO effects in the evaluation and assessment of wine quality and as it relates to decision making for wine purchases. They collected data through interviewer-administrated structure questionnaire targeted at randomly selected wine purchasers in the changing district of Shanghai in China. Results revealed that Chinese consumers tend to purchase wine for seasonal reasons and consuming it on social occasions. It was also noticed that Chinese consumers were more likely to use extrinsic cues than intrinsic cues in order to rate wine quality. COO information was a significantly more important cue than price for consumers under study as a quality cue. Results showed that Chinese consumers paid much more attention to COO when they purchased wine for certain occasions, when their choice is exposed to the judgment of others. On the other hand, when purchasing wine for their own private use, COO was given a lesser importance.

Pappu, Quester and Cooksey (2006) examined the impact of COO of a brand on its consumer-based equity. Results revealed that consumer-based brand equity varied according to the COO of the brand and product category. This impact of COO and brand equity occurred where consumers perceived substantive differences between the countries in terms of their product category-country associations.

Jin, Chansarkar and Kondap (2006) investigated the usefulness of the brand origin concept in shaping the perceptions of 145 Indian Consumers. The results indicated that the brand origin was a useful concept for companies engaging in an emerging market such as India, but the changing nature of the concept requires careful steering and nurturing if companies want to get a positive value to its brand via brand origin association.

Kwok, Uncles and Huang (2006) attempted to extend the understanding of country of origin (COO) effects in China. They examined the nature and extent of the COO effect upon urban Chinese consumers and the impact of COO on actual purchasing behavior. Using a questionnaire, data were collected from a sample of 432 Shanghai consumers and a consumer panel was used to track the purchasing behavior of the same consumers over 6 months. The findings indicated that Chinese consumers prefer to purchase domestic grocery brands. Consumers believed that it was important to purchase domestic brands for a range of Chinese-style and Western-style product categories. Findings also showed that the stated preference for Chinese brands was not reflected in actual buying behavior.

Phau and Suntornnond (2006) used a self-administered mail survey in order to examine how different dimensions of consumer knowledge may affect COO cues with an Australian sample who were aged 18 and above and may or may not be alcoholic drinkers. The results showed that COO cues affected the Australian consumers in beer evaluations despite its weak influences. It suggested that brand familiarity and objective product knowledge mediated the content to which consumers relied on country of origin in product evaluation.

Kim (2006) aimed to discover the dissimilar effects of the country image on consumer's brand image and buying intention by differently perceived nationality groups. Samsung brand was used in this study.

Results showed no significant impact on brand image and buying intention. Respondents who thought Samsung was a Japanese brand did not possess better brand image or buying intention for the Samsung product compared to those who knew the right origin was from South Korea. On the other hand, Korean respondents did perform much better in buying intention than the Taiwan respondents.

Souiden, Kassim and Hong (2006) examined both Western and Eastern corporate branding thoughts and the interrelation among four corporate branding dimensions (Corporate name, image, reputation and loyalty) and their joint impact on consumer's product evaluation.

A sample of 218 Japanese and American consumers were examined. The results indicated that US and Japanese consumers had different perceptions with respect to the effect of corporate image and corporate loyalty. The corporate name was found to have a significant impact on corporate image and corporate loyalty. The corporate name was found to have a significant impact on corporate image. Whereas, corporate name was found to have a significant affect on corporate loyalty.

Hamzaoui and Merunka (2006) examined the influence of country of design (COD) and country of manufacture (COM) on consumer evaluations of bi-national products. They have introduced the concept of fit or the logical connection between product categories and the COD or COM. The results revealed that the concept of fit between country image (both COD and COM) and product category was an important determinant of product evaluations. For products with status symbol meaning (such as automobiles), consumers from emerging countries were more sensitive to COD than from private goods (such as TV sets) for which COM and COM/products fit were important (Hamzaoui and Merunka, 2006).

Lin and Chen (2006) investigated the influence of the COO image, product knowledge and product involvement on consumer buying decision. Taiwan, China and the USA were the countries selected for research into the COO, insurance and catering services. Structured questionnaires and convenience sampling method were implied. Samples were collected from consumers in the Taipei area. A total of 400 questionnaires were distributed and 363 effective samples were collected. The results showed the following:

1. The COO image, product knowledge and product involvement all had a significantly positive effect on consumer buying behavior.
2. The COO image had a significantly positive effect on consumer buying behavior under different product involvement.
3. Product knowledge had significantly positive effect on consumer buying behavior under different product involvement.

Al-Sulaiti et al. (2007) examined Qatari females' perceptions and preferences towards cosmetic brands produced in developed countries. A total of 150 female students at Qatar University, Qatar, were asked their opinions about four cosmetic brands namely, Chanel, Max Factor, Lancôme and Clinique. The results indicated that consumers ranked Chanel the highest over the other brands, where Lancôme came second. Similar findings to that of Han (1990) was found, where consumers considered not buying an unfamiliar brand simply because they may make unfavourable inferences about the quality of the brand from their lack of familiarity with products from the country. Results suggested that foreign branding can be an effective means of influencing consumers' perceptions and preferences.

### **Stereotyping**

Stereotyping has been found to be universal. Reiersen (1966) was one of the first to conduct country of origin bias research. Reiersen (1966) investigated whether or not preconceived notions consumers have about foreign products were really national stereotypes rather than opinions about specific products. The results indicated a clear evidence of stereotyping. Respondents rated products "made in US" the highest. Therefore, the study suggested, that while consumers have preconceived notions about foreign products, attitudes are really national stereotypes rather than opinions about specific products.

Schooler (1965) was the first to examine country of origin bias as it affected specific product evaluation. Results showed that Guatemalan and Mexican products in each case were rated higher than the products of Costa Rica and El Salvador.

Nagashima (1970) found that Japanese businessmen evaluated products "made in" Germany the highest followed by UK, US, Japan and France. In his follow up study, Nagashima (1977) reported that images of Japanese, West German and French products had improved and that of UK products had deteriorated. Thus, the findings of these studies suggested that, in addition to varying among customers in different nations, national stereotypes change over time.

Gaedeke (1973) extended the idea of national stereotypes to cover products from developing countries. He examined the opinion of US consumers towards the

overall quality of imported products "made in" various developing countries and the United States. Likert's method of summated rating was employed in the study in order to develop a 5-point quality rating scale: very good-5 points to very poor-1 point. 200 students were asked their opinions about the quality of imported products in general, about classes of products imported in relatively large volume from developing countries and about specific product items. The countries used in this study were the United States, the Philippines, Hong Kong, Argentina, Brazil, Taiwan, Mexico, South Korea, India, Singapore, Turkey and Indonesia. US products (e.g., food, electronic items and textiles) were rated first in all product classes named, while products from developing countries were rated lower than US products. Gaedeke (1973) concluded that country of origin information did not significantly affect opinions about the quality of branded products in general.

Etzel and Walker (1974) examined the level of congruence between national product stereotypes and attitudes towards specific types of products. Products tested were autos, cameras and mechanical toys from three different countries, namely, Germany, Japan and the US. A sample of 293 females were selected for the study. The results revealed a significant difference between consumers' perceptions of foreign national product stereotypes and images of specific products from that country for all but one situation (German products vs. German autos).

Abdul-Malek (1975) examined Canadian business managers' attitudes towards trade contracts abroad. A structured questionnaire was presented to chief executives of a judgement sample of 154 manufacturing firms in Canada. Five national settings were used for the research (Canadian, US, West European, Latin American, Asian and African settings). Chief executives were asked "to describe (actual or potential) customers and intermediaries in each of these settings, one at a time, with the help of a set of scales for each situation" (p. 199). Research indications were a clear preference for dealing with North American buyers who were perceived as superior to foreign customers and distributors. Abdul-Malek (1975) also found differences in chief executives' perceptions resulting from different perceived socio-economic traits. For example, exporters with more experience tended to be more in favour of imported products than non-exporters.

Darling and Kraft (1977) suggested that additional variables such as past experience or reputation might also be considered when investigating the impact of "made in" labels. Darling and Kraft (1977) concluded that "this label provides a great deal of information to consumers as a result of their past experience with representative national products, learned stereotypes and reputations of national products and perhaps more general images of traditions and customs of foreign people" (Darling and Kraft (1977, p. 20).

Bannister and Saunders (1978) examined attitudes of UK consumers towards domestic products and the products of advanced countries highly active in the UK market (e.g., France Italy, Japan, USA, USSR and West Germany). The authors modified Nagashima's (1970) semantic differential scales for use in their study (see Nagashima, 1970). A sample totalling 224 from West Yorkshire and Cheshire was chosen to participate in the study. They were asked to rate these countries' products in general on the basis of reliability, value for money, appearance, availability and standard of workmanship. The results of the study indicated that consumers did have stereotypes towards different countries and significant differences did exist between these stereotypes. UK consumers had formed country images into three groups. Favourable images attached to West Germany, UK and Japanese products; mediocre images to products "made in" France, Italy and the US and very poor images to products "made in Russia".

White and Cundiff (1978) examined whether industrial buyers allow national stereotypes to influence their evaluation of industrial products and their perceptions of product quality based on country of origin. The products used in the study were an industrial lift truck, a metal working machine tool and a dictation system. A total of 480 questionnaires were distributed to members of the National Association of Purchasing Management and 236 usable questionnaires (49%) were returned. The results indicated that there were statistically significant differences in the perception of quality depending on where they were made. For example, respondents rated the product "made in" US and Germany over Japan in perceived quality for all three products. While the product "made in Brazil" was evaluated below all of other countries tested in the study.

White (1979) examined attitudes to US manufactured products in selected European countries, namely, West Germany, France, Italy and England. A sample of 480 purchasing managers was randomly chosen from the National Association of Purchasing Management. Of these, 213 American purchasing managers having an average of over 10 years experience were invited to take part in the study. They were asked to provide assessments for industrial products from one country in terms of twelve scales. The results indicated that US purchasing managers in general had stereotyped attitudes towards the countries tested.

Crawford and Lamb (1981) studied the extent to which consumers are willing to buy products of foreign origin and the identification of preferred sources for these products. A self-administered questionnaire was mailed to 1090 firms selected from the list of members of the National Association of Purchasing Management, Inc. Of these, 376 responses were usable resulting in 35% response rate. Industrial purchasers were asked to show their willingness to buy products from forty-four different countries and five product categories: food, feeds and beverages; industrial supplies and materials; capital goods; automotive goods and consumer goods. The results revealed that the US industrial purchasers were influenced by both the individual country and the existing levels of economic development and political freedom within the forty-four given countries. Moreover, the US industrial buyers showed their country stereotype in being most willing to buy from advanced nations.

Cattin, Jolibert and Lohnes (1982) investigated the stereotypes held by American and French directors of purchasing towards products produced in five different advanced countries. They were France, Germany, Japan, US and England. A total sample of 123 American and 97 French directors of purchasing were asked to evaluate the five countries' industrial products using 20 sets of bi-polar dimensions. Cattin, Jolibert and Lohnes (1982) found that French, German and Japanese labels were rated higher by the Americans than the French. Thus, their findings supported the notion that stereotypes are perceived differently from consumers across national boundaries, because consumers sharing similar cultural values tend to be similar in their evaluations of "made in" labels. Wang and Lamb



(1983) examined the possible level of economic development, culture and political climate on US consumers' willingness to buy foreign products from 36 developing countries. A factorial design model was chosen for the study. Questionnaires were hand delivered to a randomly chosen sample of 500 residents in the Bryan-College Station. Of these, 273 were usable for the study resulting in a total response rate of 54.6%. Respondents were asked to indicate their willingness to purchase products made in each of the 36 countries. The findings of the study showed prejudices against products from developing nations. They also indicated that consumers were most willing to buy products made in economically developed and politically free countries with a European, Australian or New Zealand culture base.

Khanna (1986) investigated business people's perceptions of pricing, product, promotion and service attributes of Asian companies exporting new manufactures. South Korea, Taiwan, India and Japan were selected for the study. Subjects were asked how important they perceived a country of origin stereotype was to a new client versus a client of a long standing relationship. The results indicated that country of origin had a greater effect on new clients than on established ones. Khanna concluded that the image of Indian manufacturing exports varied between the executives of importing companies in Thailand, Singapore, the Philippines and Japan (Khanna, 1986).

Yavas and Alpay (1986) examined the Saudi Arabian and Bahraini consumer attitudes towards "made in" US, Japan, France, Germany, Italy, Great Britain and Taiwan. The source of data included two samples. The first sample consisted of 59 Bahraini students and the second sample consisted of 94 Saudi students. The findings showed that "the two groups by and large agreed in their assessments". For both groups results indicated that the Taiwan label was evaluated the lowest, while Japan was rated the highest followed by the United States and Germany.

Kaynak and Cavusgil (1983) examined how quality perceptions of consumers varied across four product classes: electronic items, food products, fashion merchandise and household goods. Using a structured, self-administered questionnaire, 197 heads of households in four cities in Canada were asked to rate

the quality and price of products from twenty-five countries in general and then the four product classes. "Quality perceptions of the respondents were recorded on a five-point Likert scale from very good to very poor" (p. 150). The results revealed that consumers' perceptions of quality towards products of foreign origin tend to be product specific. Food was the most culturally sensitive product and "made in Canada" came out on top. However, the findings of this study did not generally support Reiersen's (1966) findings as to the positive bias shown towards domestic products. Kaynak and Cavusgil (1983) suggested that country of origin may function as a surrogate variable, having stronger impact when little else is known about a product. The authors concluded that the less known about a business firm and its brands, the greater the impact of the national origin of the manufacturer. Moreover, the results of a study by Papadopoulos et al. (1987) also did not support the home country preference view either and made the suggestion that there were cross-cultural variations in the assessment of products from one's own country.

Papadopoulos et al. (1989) developed a large scale cross-national consumer survey carried out in the capital and another major city in the US, Canada, UK, the Netherlands, France, West Germany, Greece and Hungary. The authors included Hungary in order to examine the attitudes of consumers in an Eastern as well as Western market. However, the aim of the study was to examine the country of origin effects from a transnational perspective. Using a quota sample, 300 consumers from Budapest area were selected, "and the drop-off/pick-up technique was used resulting in a response rate of 94% (versus an average of 57% in the other seven countries that were sampled)" (p. 34). A self-administered questionnaire was employed in the study, which was identical in all eight countries and was translated and back-translated to ensure accuracy. Subjects were asked to evaluate countries and their products. The results revealed that consumers do hold stereotypes towards different countries. For example, products "made in Japan" were evaluated the highest by six of the eight samples. The results also showed that Hungarian consumers held strongly positive attitudes about Japan and its products.

Lawrence et al. (1992) examined New Zealand consumers' attitudes towards automobiles "made in" four different countries: Japan, Germany, France and Italy. Due to the large number of bi-polar adjective pairings that required evaluation, the authors developed two structured, self-administered questionnaires for use in this study. The questionnaires were developed in a way which enabled the hypotheses to be tested easily. Each questionnaire had four parts: purchasing behavior, country of origin attitude, brand familiarity and demographics. The results showed that "country of origin stereotyping was present in the New Zealand new car market and that it was often a determining factor in the buying process. Respondents evaluated automobiles "made in Germany" as the most favoured country of origin. "The German stereotypical image, with its reputation for producing well engineered and assembled, competently performing, cars appeared to be what many New Zealand consumers desired and admired" (Lawrence et al. 1992, p. 49 ).

Smith (1993) examined the US consumers' perceptions towards manufactured goods that were labelled regionally. The regions used were Africa, Latin America, Asia and Western Europe. The products used in the study were: (1) a piece of cloth of medium weave and (2) a modest wine glass. The result of the study showed that there was a demonstration of some degree of regional consumer bias as Asian products received a more positive evaluation than those from Western Europe, Africa and Latin America for some of the semantic differential items used in the research. The results also indicated that younger consumers had more negative product evaluations than older people had. Smith (1993) concluded that the use of such labelling could ameliorate consumers' negative bias against products from developing countries. "This is demonstrated by the fact that respondents in this study evaluated African and Latin American products as being comparable to, or superior to, those from Western Europe" (p. 11). In earlier studies using country-specific comparisons, products from African and Latin American countries did not fare well against those from Western Europe countries. For example, "Schooler (1971) found more positive attitudes towards products from West Germany than those from Nigeria and Chile" (Smith 1993, p. 11).

Maheswaran (1994) identified consumer expertise and the type of attribute information as moderating the effects of country of origin on product evaluation. The product used in this study was a personal computer along with nine attributes namely, memory capacity, speed of computation, software provisions, monitor, compatibility, data storage, ease of operation, keyboard and modem. The results indicated that when attribute information was unambiguous, experts based their evaluations on attribute strength, while novices relied on country of origin. "When attribute information was ambiguous, both experts and novices used country of origin differently in evaluations" (Maheswaran 1994, p. 354). The results also showed that both experts and novices differed in their processing of stereotypical information. For example, "experts used country of origin stereotypes for selectivity process and recall attribute information, whereas novices used them as a frame of reference to differentially interpret attribute information" (Maheswaran 1994, p. 362).

Strutton, Pelton and Lumpkin (1994) examined the opinions of US consumers towards automobiles made in the US and Japan. Using a telephone interview method, 1,000 adults living in the continental US were asked to evaluate automobiles on construction, investment properties, dimensions of quality, dimensions of style and cost consideration. Of the 1,000 calls, 36 were considered incomplete because of missing information. The results of the study indicated that American consumers were more in favour of Japanese automobiles in terms of their dimensions of style, investment properties and dimensions of quality. However, "no significant differences were observed in the perceptions held by American consumers regarding the cost consideration and construction of US and Japanese cars". (Strutton, Pelton and Strutton 1994, p. 70).

Keown and Casey (1995) measured the factors that influence Northern Ireland consumers' behavior when purchasing wine from fourteen selected countries. Respondents were presented with ten characteristics. They were country of origin, brand name, grape variety, region of origin, volume of alcohol, vintage, classification, a chateau-bottled wine, a "table" wine and a "country" wine. Consumers were asked to show which of the factors were important when

purchasing their wine. The results indicated that country of origin was the most important factor when Northern Ireland consumers were selecting wine. Moreover, respondents rated the traditional producers such as France, Italy and Germany the highest and US and Britain the lowest.

Niss (1996) determined to what extent Danish exporters of foodstuffs, design goods and agricultural products make use of the Danish image in their export marketing based on country stereotypes. Using both mail questionnaires and personal interviews, managers from 58 exporting companies were asked their attitudes towards using nationalities for international promotion purposes. The results of the study indicated that as "a product moves along its life cycle towards the maturity and decline stage, a shift occurs in the positioning strategies employed by many of the firms interviewed from use of the national image as a differentiation tool to the building of international brands and product images" (Niss p. 19). This means that as the product approaches its maturity and decline stage, the consumer's information requirements also decline because at this level the consumer knows all about the product and its functional and aesthetic qualities, including its designation of origin (Niss, 1996).

Kucukemiroglu (1999) defined the consumer market segments existing among 532 Turkish consumers by using lifestyle patterns and ethnocentrism. A survey was conducted to collect data through personal interviews in Istanbul, Turkey during winter, 1995. The results indicated that there were several lifestyle dimensions apparent among the Turkish consumers which had an influence on their ethnocentric tendencies. These dimensions were fashion consciousness, leadership, family concern, health consciousness, care-freeness, community consciousness, cost consciousness and practicality. Non ethnocentric Turkish consumers seemed to have significantly more favourable beliefs, attitudes and intention toward foreign "made in" products than do ethnocentric Turkish consumers.

Kaynak and Kara (2002) examined product-country-images, lifestyles and ethnocentric behavior of Turkish consumers. Data of the research were collected through personal interviews in the fifth largest Turkish City of Konya. Results suggested

that Turkish consumers had significantly different perceptions of product attributes for the products "made in" countries of different levels of socio-economic and technological development. Results also showed that there were several lifestyle dimensions, apparent among the consumers, which were positively correlated with their ethnocentric biases.

Parameswaran and Pisharodi (2002) tested the extent of assimilation of host country COO stereotypes. They tested the COO stereotypes for immigrants, first generation and more rooted citizens. Results indicated that COO perceptions regarding different products from different source countries endorsed the potential value of assimilation/acculturation as a segmentation dimension. It was noticed that the assimilation process was more gradual than can be expected, based on the melting-pot theory.

Reardon, Miller and Kim (2005) explored how ethnocentrism and economic development within transitional economies (Kazakhstan in the early stage and Slovenia highly advanced) affect the formation of brand attitudes and attitude toward the ad. Questionnaires were distributed to a random sample of adults in both countries and the United States in order to measure the ethnocentricity, attitudes toward the brand and attitudes toward the ad.. The results showed negative attitude toward the ad. only for Kazakhstan. The effect of ethnocentrism on attitude toward the ad. was stronger in the newly transitioning economy. Ethnocentricity affected attitude toward the brand formation only indirectly through attitude toward the ad. not directly as predicted in the literature.

Hamin and Elliott (2006) examined the concept of "consumer ethnocentrism" and its impact on product evaluation and preferences among Indonesian consumers. Using a face-to-face interview, a total of 547 Indonesian respondents were surveyed. Results suggested the following:

1. The overall level of "consumer ethnocentrism" of Indonesian consumers was notably high.
2. There was a relationship between "consumer ethnocentrism" and consumer

evaluations of "COO", product quality perceptions and purchase intentions for both tangible goods and intangible services.

Kinra (2006) examined Indian consumer attitudes towards domestic and foreign brand names, against a background of interesting prevalence of foreign brand names and stereotypes of countries of origin covering the range from positive to negative.

Attitudes to brand names categorised as "foreign" or "domestic" were measured by seven-point semantic differential scales and consumer ethnocentrism by CESCALE. Results indicated that the quality of foreign brand names was perceived to be higher and superior to domestic brand names. Almost all consumers associated higher accessibility of foreign brand names in the Indian market with better quality at lower prices. Results also showed that Indian consumers were not prejudiced against products. "made in" foreign countries, despite their higher level of nationalism. In fact they evaluated them higher on technology, quality, status and esteem than domestic brands and attributed higher credibility to their countries of origin.

Country of origin stereotypes seem to be highly affected by ethnocentrism<sup>13</sup> (Hamin and Elliott 2006; Hooley et al. 1988; Kaynak and Kara 2002; Kucukemiroglu 1999; Lee, Kim and Miller 1992; Reardon et al. 2005; Stoltman et al 1991). This term "appears to impact consumer choice both through product attribute evaluation and through direct affective factors regarding the purchase itself" (Yaprak and Baughn 1991, p. 265). Han and Terpstra (1988) found that consumer patriotism does affect cognitive evaluations of goods, but affects purchase intent to a greater degree. For example US consumers prefer US products (Gaedeke 1973; Johansson et al. 1994; Levin et al. 1993; Nagashima 1970; Olsen, Granzin and Biswas 1993; Reiersen 1966), French consumers are more in favour to products "made in France" (Baumgartner et al. 1978), Japanese consumers favour Japanese products (Narayana, 1981), Canadian consumers are willing to purchase Canadian products that are higher in price but equal in quality to imported products (Wall and Heslop, 1986), Turkish managers purchase products "made in Turkey" (Gudum and Kavas, 1996), Polish and Russian consumers prefer their home country's products (Good

and Huddleston, 1995), Spanish consumers prefer home-made products (Peris and Newman, 1993), Mexican consumers buy Mexican products (Bailey and Pineros, 1997), UK consumers prefer their home country's products over foreign ones (Baker and Michie, 1995; Bannister and Saunders 1978; Hooley et al 1988; Peris and Newman 1993) and European consumers in general tend to prefer products "made in Europe" to imported products (Schweiger et al., 1995).

### **Demographic Effects**

Demographic variables also played a role in differences in "made in" image between male and female respondents (Khan and Bamber 2007; Balabanis et al. 2002; Al-Sulaiti and Fontenot 2004a; Offmann 2000; Wall, Heslop and Hofstra 1989; Wall and Heslop 1989). Male and female attitudes towards foreign products differ; females generally tend to show a more positive country of origin bias towards domestic products than males (Good and Huddleston 1995; Heslop and Wall 1985; Lawrence 1992; Sharma et al. 1995). Contrastingly, gender was found to be an unimportant factor by Dornoff (1974) and Lim and O'Cass (2001). In terms of age, older people tend to evaluate foreign products more favourably than do younger people (Schooler 1971; Smith 1993; Bailey and Pineros 1997; Verbeke and Lopez 2005; Khan and Bamber 2007).

The most influential demographic variable was that of education (Festervand et al. 1985; Skuras and Vakrou 2002; Balabanis et al. 2002; Khan and Bamber 2007). Education enjoyed fairly consistent results as correlated with perceptions of products. Most studies revealed that people with a high level of education are more in favour of foreign products than those with limited education (Al-hammad 1988; Anderson and Cunningham 1972; Dornoff et al. 1974; Festervand et al. 1985; Good and Huddleston 1995; Greer 1971; Schooler 1971; Sharma et al. 1995; Wall, Liefeld and Heslop 1991). Likewise, McLain and Sternquist (1991) and Bailey and Pineros (1997) found that as the education level increased, the level of consumer ethnocentricity displayed by the respondents decreased. Wall Hofstra and Heslop (1990), Al-Sulaiti and Fontenot (2004a) and Rajagopalan and Heitmeyer (2005) found that, there was a strong relationship between income level and positive attitudes towards imported products. Good and Huddleston (1995), Sharma et al. (1995) and Bailey and Pineros (1997) found that the higher the income, the less likely



it was that the consumer would buy (select) domestic products. On the other hand, both Han (1990) and McLain et al. (1991) agreed that income did not significantly account for variations in ethnocentricity between consumers.

### **Perceived Risk As A Determinant Of Country Of Origin Effects**

Hampton (1977) was the first researcher to examine the influence of perceived risk on rating 27 products in three classes of perceived risk (high, moderate, low) from 9 different countries. He examined perceived risk for American products made in the US compared with products made abroad by American firms. A sample of 200 households living in Seattle, Washington were invited to participate in the study. A total of 176 usable questionnaires were returned with a response rate of 88% of the total sample. The findings indicated a general increase in perceived risk of products made abroad.

Baumgartner and Jolibert (1978) investigated the French consumers' perceptions of foreign products. Subjects were asked to evaluate each product and country in terms of perceived risk. Baumgartner and Jolibert (1978) selected four classes of products (playing cards, life insurance, cough syrup and a winter coat) made in the United States, England, France and Germany. The study employed a 7-point scale ranging from "extremely interesting (1 point) to "not at all interesting" (7 points). 120 French consumers were asked to consider each of 16 products (4x4) which were presented in random order. The results of the study demonstrated that French consumers preferred products "made in" France over foreign products.

Nes (1981) examined the country of manufacture as a cue to perceived product risk and perceived product quality. Products were classified into two groups: low risk and high risk products. Three brand categories were used in the study: no brand name, a new brand name and a well recognised brand name. Four countries of origin were used: no country information available, made in a poor country, made in average income country and made in a developed country. The findings showed that all three factors (country, brand and risk class) were significant, while none of the interactions was significant (Nes, 1981).

Hugstad and Durr (1986) investigated the importance of country of manufacture (COM) information to US consumers. Products used were automobiles, cameras, canned food, automobile tyres, shoes and sports shirts. Countries used were Japan, China, Korea, Taiwan and the United States. Using a mall intercept method, interviews were conducted with 341 shoppers. They were asked their sensitivity and perceived risk related to each country and its products. The results indicated that "sensitivity to country of manufacture (COM) varies by product category, being highest for durable goods" (p. 119). Moreover, COM also appeared to affect perceptions of quality and price for products from different nations.

Wall and Heslop (1986) investigated Canadian consumers' attitudes towards Canadian products and the products of seventeen Canadian trading partners. The results showed that females have more positive attitudes than males in favour of Canadian products. Ghadir (1990) examined Jordanian consumers' perceptions of quality, price and risk of foreign versus domestic products. The results indicated a strong relationship between country of origin and consumers' perception of the quality, price and risk of the product. Wall, Liefeld and Heslop (1991) experimentally determined the effects of country of origin when combined with brand name and price level on consumers' ratings of quality, risk to purchase, value and likelihood to buy a shirt, telephone or a wallet. Countries used were Canada, Hong Kong, Italy, South Korea, Taiwan and the United States. The results indicated that country of origin was related to the assessment of product quality, but when it came to evaluating purchase likelihood, country of origin seemed not to be important. In addition, "age, education, sex and perceptions of ability to judge products were related to consumers' ratings of quality, risk, value and likelihood of purchase especially when the product was more complex and difficult to judge" (p. 105).

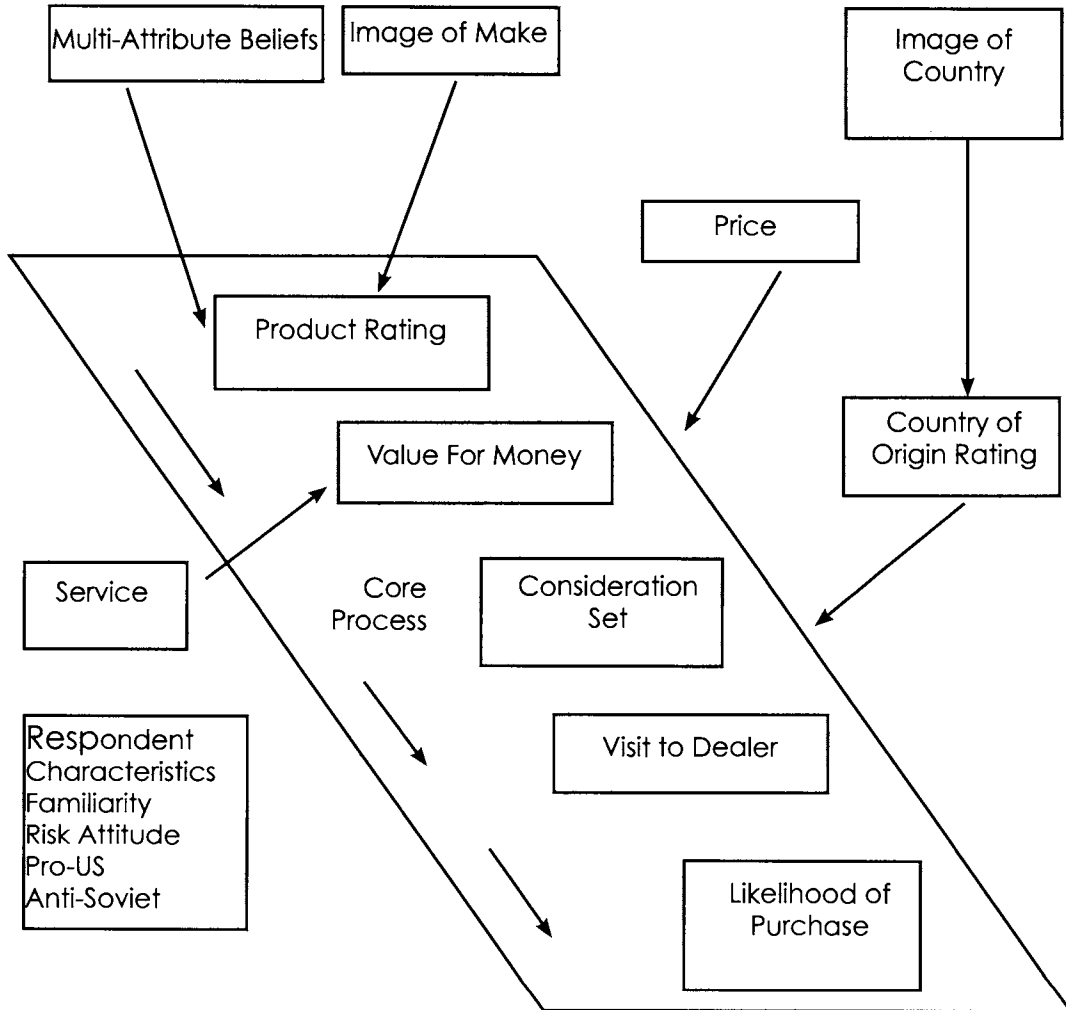
Cordell (1991) investigated the interaction of country of origin within four product categories (Colour TVs sets, Microwave oven, bicycles and telephone) along with different levels of financial risk. Countries used were Algeria, India, Nigeria, Peru and

the US. In a lab experiment settings, 241 students were presented with two different products at a time and asked to choose only one. Results showed preference biases against products from developing countries. Respondents were less likely to choose a product made in a developing country as the price and the financial risk increases. Therefore, a hierarchy was found to exist between developing countries and industrialised ones.

Johansson et al. (1994) investigated the role of product country images for Russian tractors in the United States. They postulated a model which sees the image of a country prompting a "country of origin rating" for the relevant product which then influences the core process of product evaluation. (see figure 1.2).

The target was a farmer likely to be in the market for tractors of the kind manufactured by Belarus in Russia. Individual interviews were conducted around a comparison of eight different makes of tractors, made in six different countries, Belarus in Russia; Deere, Ford and Maxxum in the United States; Massey in Canada; Deutz in Germany; Hesston in Italy and Kubota in Japan. Comparisons among the eight models were made and each stage of the core process was measured using a seven-point scale. For example, respondents were asked to rate a tractor in terms of value for money from "very good" to "very bad".

Figure 1.2 : The Complete Model



Source: Johansson (1994, p.160).

Respondents were also asked their beliefs about the make's country of origin, their familiarity with the make and their rating of the country of origin as a manufacturer of tractors. Then the respondent was given a self-evaluation on three batteries of Likert-type scales. One was a ten-item battery on ethnocentrism. A second was a set of thirteen risk items and a third set of eight items measured the perception of the "new" Russia. Finally, they were asked to indicate their political leanings using two seven-point scales: Liberal-Conservative and Pro-Democrat - Pro-Republican. Results indicated that "once the consideration set had been reached, the changes to influence the process diminished. After the consideration set, the farmer's mind may well be made up. Familiarity also had a pervasive influence throughout the process. This was reflected in both the risk-reducing tendency on the part of risk-averse farmers and the reluctance among all farmers to consider unfamiliar makes" (p. 171). Country of origin was also another recurring influence that played an important role in the process of product evaluation.\_

The results revealed a significant change in the process especially when the tractor was made in a highly rated country such as the US which affected all countries with low score evaluation, including Russia. Although farmers rated Belarus' products very low, they still considered them as good value for money. The results also showed Pro-US sentiment affected only product ratings and the consideration set, but not purchase likelihood. In addition, "opinions on whether the United States should support Russia through trade influenced farmers' rating of products and their likelihood to purchase". It was also found that farmers who liked to try out a new product were more likely to visit the Belarus dealer, but they did not like it as much when they recognised its origin. Therefore, this study suggested that entering a new market requires strong promotional support because consumers are reluctant to purchase, or consider, a product with which they are unfamiliar (Johansson et al., 1994).

Quester et al. (2000) examined the influence of country of origin effects on the Australian and New Zealand purchasing agents. Country of design and country of assembly were both included in their study. The differences between higher risk purchases such as machine tools and more routine purchases such as component parts were also investigated.

The results showed that COO was found to influence product quality perceptions and similar patterns were noticed in both Australian and New Zealand agents. Differences in absolute levels were also found suggesting that caution was needed on the part of suppliers dealing in both markets in relation to value of this type of information.

Agarwal and Teas (2004) tested the generalisability of a model that predicts consumers' perception of value based upon extrinsic cues, such as brand name, retailer price reputation, COO and their perceptions of quality sacrifice and risk.

They extended the perceived value model specified by Agarwal and Teas and tested in USA. Results indicated that while the overall structure of the model is supported across countries, the relative importance of the extrinsic cues may vary across countries.

Aquevegue (2006) investigated the influence of consumption situation on the use of extrinsic cues, such as price and expert opinion, in the assessment of different types of risk associated to buying decisions of Red Wine. Using an experimental design method of data collection, a sample of 128 post graduate students was examined. The results indicated that consumption situation influenced the use of price in the assessment of performance risk, but only in the case of negative expert opinion about the product. It was suggested that expert opinion demonstrated to have a positive influence on reducing performance risk and increasing the intention to buy.

### **Service Evaluation**

Kaynak, Kucukemiroglu and Kara (1994) examined consumers' perceptions of airlines in the United States. The main objective of their study was:

- To investigate consumers' satisfaction and/or dissatisfaction while flying by a domestic and/or foreign airline to foreign destinations.
- To understand consumers' perceptions of airlines and relate this information to their domestic and foreign airline preferences.

## CHAPTER I

The study was conducted in three cities of Pennsylvania, namely, Harrisburg, Lancaster and York. Using a stratified sampling method, two groups of neighbourhoods, namely, upper income and middle income were selected for the study. Drop-off and pick-up technique was employed. Questionnaires were hand-delivered to 600 households, where 376 questionnaires were usable for final analysis with a response rate of 62%.

Respondents were given a list of airlines and told to show their three favourite airlines for foreign travel. They were also asked about the main reasons for their selection of these three airlines and factors influencing their decision in selecting the airline for foreign travel. The study indicated the following results:

- The three airlines selected were United, American and Delta.
- Respondents who used domestic airlines had more favourable attitudes towards domestic airlines than those who did not use a domestic airline. Whereas, those who used both domestic and foreign airlines demonstrated no differences between them.
- Reliability of the airline, past satisfactory experience with the airline and low price of the ticket were the three most important reasons for choosing the three airlines for foreign destinations.
- frequent Users of airlines paid more attention to in-flight entertainment, free alcoholic beverages and availability of frequent flights. On the other hand, users of domestic airlines considered airport counter service as the most important evaluative criterion.
- More attention was given to competitive fares by both domestic and foreign airline users.
- In terms of gender, males attached more importance to reliability of airline, while females placed more attention on convenient schedule and quickest route direct flight.
- Females also considered airport ticket counter service, accurate flight status information, convenient flight connections, frequent flights and good connections

to major cities as important factors in choosing an airline, while males attached more importance to availability of free alcoholic beverages.

- Results also indicated that professional job holders differed from technical personnel in factors considered important in selecting an airline for foreign travel.

- Significant relationships were found between the users of domestic, foreign and both domestic and foreign airlines and factors considered important in choosing an airline for international travel.

- In terms of age, respondents who were less than 20 demonstrated that in-flight entertainment, stewardess service, quality of food, alcoholic beverages and frequent flyer programs were important, while convenient connections, frequent flight, connections to major cities and reservation ease were more important factors for respondents who were over 31. On the other hand, respondents between 20 and 30 age group showed more importance to on time flights, baggage handling and competitive fares (Kaynak, Kucukemiroglu and Kara, 1994).

Harrison-Walker (1995) investigated the national stereotype effects on consumer selection of a service provider. The main objective of his study was to:

- Evaluate the potential role of national stereotype on service provider selection.
- Investigate the relative effects of service provider nationality, supplemental information and consumer nationality on service provider selection.

The professional service of ophthalmology was selected for the study. The following scenario was presented to subjects:

"You've been having difficulty with your vision, so you've decided to have your vision checked by an ophthalmologist. You've just moved to this town, so you do not already have a local ophthalmologist and do not know anyone to ask for a reference. The only information you have is what appears in the local telephone directory" (Harrison- Walker 1995, p. 51).



## CHAPTER I

Respondents from the US, Japan, Spanish and other nationalities were asked to rank each of twenty ophthalmologists in the order in which they would contact them by telephone. The mock directory listing included five physician names for each of four nationalities: American, Indian, Japanese and Spanish. The author used five information levels. They were:

1. "Zero level: no additional information provided;
2. One level: board certified, American Board of Ophthalmology;
3. Two level - availability: board certified, American Board of Ophthalmology, day, weekends, holidays;
4. Two level - service: board certified, American Board of Ophthalmology, in-office laser and cataract surgery;
5. Three level: board certified, American Board of Ophthalmology, in-office laser and cataract surgery, days, weekends, holidays".

Finally, respondents were asked to identify the nationality of each of the twenty service providers. In terms of nationality of the respondents, American, Japanese, Spanish and other nationalities were selected for the study. The results showed that there is no clear evidence of same-nationality bias. Americans prefer American providers over other nationality providers when advertising information is at zero level, two level/service, or three, yet at the one level and two level/availability levels of advertising information. Japanese providers are evaluated as just as good as the American providers, while Spanish respondents show no significant same-nationality bias at any level of information

According to Harrison-Walker service is viewed more favourably by consumers than time availability, with two exceptions: (1) the availability of Japanese providers appears to be more important to American consumers than extra services. (2) the availability of Indian providers appears to be more important to "other nationality" consumers than extra services.

Shaffer and O'Hara (1995) examined the impact of nationality on perceptions of ethicality and trust towards an American service professional. Data were collected from 122 individuals from 30 countries who had either attended a seminar or an initial consultation with an immigration lawyer. Since this was a "mixed" population (e.g., seminar and consultation personnel), Shaffer and O'Hara designed a questionnaire composed of several sections. First, specific questions were developed in the light of the seminar or consultation session attended, while the second section consisted of questions concerning trust and ethical perceptions of the immigration lawyer from an American viewpoint.

The results of the study indicated that there are significant ethnic differences in the evaluation of professional services. However, "perceptions of trust are found to differ significantly between people from nations characterised by high and low individualism" (p. 162). For example, respondents from high distance, collectivistic societies were less trustful than clients from small power distance<sup>14</sup>, individualistic societies. Significant differences in ethical perceptions are also found between individuals from small power distance countries (e.g., the United States, Canada, Western European countries), versus large power distance countries (e.g., Asian and Hispanic countries)<sup>15</sup>.

Wetzels et al. (1996) investigated the Dutch consumers' concept of ethnocentrism to ten different kinds of services provided in the Netherlands. These services included: public transport by bus, banking services, express delivery services, air travelling, travel agencies, railroad services, telecommunications, mail services, medicine-supply and public utilities such as gas and electricity. Results indicated the following:

- A consumer's ethnocentric tendencies toward services is negatively correlated with cultural openness (individuals who are more open to other cultures are less consumer ethnocentric toward services) and positively correlated with patriotism conservatism, collectivism and age.
- Consumers with a higher level of education have less ethnocentric tendencies toward services.

## CHAPTER I

Bruning (1997)<sup>16</sup> examined Canadian national loyalty and the country of the air carrier in the selection process. Bruning (1997) used two instruments in securing data: a conjoint experiment where subjects were presented with multiple attribute bundles and asked to rate preferences for each of the bundles and a questionnaire to collect demographic, attitudinal and usage information. The study was conducted in three provinces of Canada, namely, the western, central and eastern provinces. Results indicated the following:

- The country of origin attribute is second only to price in terms of relative importance in the air carrier choice decision. For example, Canadian consumers measuring high in national loyalty prefer a national carrier for an international flight when other foreign carriers are in competition with the national carriers.

- Canadian travellers were marginally supportive of a US carrier over a Mexican carrier but they indicated overwhelming support for a Canadian carrier when considering international air travel.

- The preference for own-country air carriers is not equally strong across air traveller segments. For example, females showed more favourable attitudes towards their national airline than did males. With respect to income level, results showed that the higher the income, the less likely it was that the consumer would fly with a Canadian carrier. In addition, national loyalty scores were highest for travellers with the lowest levels of flying frequency and declined with increases in flying frequency.

Javalgi, Cutler and Winans (2001) examined the country of origin research as it applies to services. They focused on products since the 1960s, but it has been applied to services in a few areas only. Their investigation showed that COO research can be applied to services. Similar positive relationship between COO and services to the relationship between COO and goods was found.

Ahmed et al. (2002) investigated country of origin and brand effects on consumers' quality perceptions, attitudes and buying intentions with respect to a service-industry product: international cruise-line packages in Singapore. Star

cruise (Malaysia) and Royal Caribbean Lines (USA) were chosen as the brand and countries for the research. Results showed the following:

1. Country of origin did appear to be an important information cue for consumers of services.
2. Country of origin effects were stronger than brand effects for quality and attitude ratings.
3. There was a significant correlation between brand and buying intentions.
4. A positive Country of origin image compensated for a weak brand.

O'Cass and Grace (2003) investigated consumer-based information via qualitative and quantitative methods regarding brand dimensions that hold meaning to consumers for branded services. Findings indicated a number of key dimensions that are important to consumers for both goods and services, such as core product-service, experience with brand and image of user. Findings also revealed significant relationships for brand dimension importance and brand associations, associations and attitudes, attitudes and intentions.

Al-Sulaiti and Fontenot (2004a) examined the relationships between country of origin effects and selected demographics on Qatari consumers' perceptions and selections of domestic vs. foreign airlines in the Arabian Gulf region. The findings showed that the demographics of gender, marital status and income were found to be significantly associated with service factors such as accessibility, performance and assurance respectively. Males paid significantly more attention to the accessibility factor than females did. Performance was more highly evaluated by single consumers than married ones. With regard to income, it was noticed that the lower the income, the higher the importance ratings of the assurance factor.

Al-Sulaiti and Fontenot (2004b) examined the Qatari consumers' perceptions and selections of domestic vs. foreign airlines. The airlines used in this study were grouped into three categories: Gulf (named as Domestic), Arab non-Gulf and foreign airlines (named as foreign).

Hypotheses were formulated to examine Qatari consumers' perceptions of airlines and to relate this information to their domestic and foreign preferences. The hypotheses were developed based on a comprehensive literature review of theories and concepts on the subjects (Al-Sulaiti and Baker, 1998). The findings of the research indicated that domestic carriers had an unfavourable image in comparison with foreign carriers and a favourable image compared with the Arab non-Gulf carriers. This may indicate that the quality of the foreign countries' carriers when compared to domestic carriers was more appreciated than the quality of domestic carriers in comparison with the Arab non-Gulf carriers. The results also revealed that the Gulf services were perceived to have "higher prices in general" and to offer "more value for money" than the Arab non-Gulf services. On the other hand, when Gulf services were compared with foreign services, it was indicated that foreign services were perceived to have prices that were slightly more competitive and to offer better value for money than the Gulf services.

Al-Sulaiti and Fontenot (2004c) examined the country of origin effects on perceptions of quality, price and patriotic feelings. The findings suggested that the majority of the surveyed consumers tended to hold strong patriotic feelings towards the Gulf Carriers. Approximately two thirds of the respondents (65%) preferred a Gulf carrier over a foreign one. It was also found that patriotism had a positive effect on the Qatari consumers' attitudes towards Qatar Airways in particular. It was noticed that the more ethnocentric they were the more they selected their own country's services and rejected the foreign services.

The responses of the consumers' general perceptions of the quality of domestic and foreign airline services indicated some differences in consumers' perceptions of the quality of the airlines. They concluded that domestic airlines had an unfavourable image in comparison to foreign carriers. Results also showed that Gulf services were perceived to offer higher prices. Foreign services were perceived to provide more value for money.

Malhotra et al. (2005) examined the differences in perception of bank service quality dimensions between developed and developing economies. A total of 1,069

consumers from USA, India and the Philippines were surveyed. Differences between developed and developing countries in terms of service quality perceptions and evaluations were found. The results revealed that there were systematic differences between developed and developing countries that could be predicted based on economic, cultural and social factors.

### **Summary**

Baker and Currie (1993) suggested that the country of origin concept should be considered a fifth element of the marketing mix along with the product itself, its price, promotion and distribution. Since the mid-1960s, the country of origin effects have been the impetus for a number of studies. Most of these studies have found that country of origin of a product does affect product evaluation (Al-Sulaiti et al. 2007; Al-Sulaiti and Fontenot 2004a, 2004b, 2004c; Al-Sulaiti and Baker 1997; Baker and Currie 1993; Baker and Michie 1995; Bilkey and Nes 1982; Khan and Bamber 2007; Ozsomer and Cavusgil 1991; Thakor and Katsanis 1997; Yaprak and Baughn 1991). However, the issue of how much influence the country of origin cue provides in product evaluations is not yet decided and therefore opinions appear to differ widely (Baker and Currie, 1993). Several studies, referred to in Olson and Jacoby (1972), conclude that intrinsic cues (a product's characteristics such as taste, design and performance) have greater effect on quality judgements than do extrinsic cues (considerations associated with the product such as price, brand name and warranties). Therefore, country of origin (an extrinsic) cue might have only a limited influence on product quality perceptions (Bilkey and Nes 1982; Thakor and Katsanis 1997; Al-Sulaiti et al. 2007).

In addition, most of these studies involve single cue models (e.g., the country of origin was the only information supplied to respondents on which to base their evaluation) which tend to bias the results in the direction of detecting positive country of origin effects (Johansson et al., 1985). Later studies adding multiple cue models appear to show a much lesser role of country of origin influencing consumer product evaluation (Ahmed et al. 1993, 1994, 1995; Ettenson et al. 1988; Johansson et al 1985; Khan and Bamber 2007; Roth and Romeo 1992). These results are not surprising, because as consumers have a greater number of cues, the efficacy

Al-hammad, A.A. (1988), "A Study of the Saudi Arabian Market for Selected Imported Manufactured Goods - An Economic, Cultural and Attitudinal Analysis With Particular References to UK Suppliers," Ph.D. Thesis, University of Bradford, UK.

Al-Sulaiti, K.I. and Baker, M.J. (1997), "Country of Origin Effects: a Literature Review," *University of Strathclyde: Department of Marketing, Working Paper Series 1997/2*, 1-66.

Al-Sulaiti, K.I. and Fontenot, R. (2004a), "Effects of Demography on Consumer's Country of Origin Perspective: Air Carriers in the Arab Gulf," *Advances in Global Business Research*, 1(1), 278-290.

Al-Sulaiti, K.I. and Fontenot, R. (2004b), "Country of Origin (COO) Influence on Foreign vs. Domestic Products: Consumers' Perception and Selection of Airlines in the Arab Gulf Region," *Advances in Global Business Research*, 1(1), 260-277.

Al-Sulaiti, K.I. and Fontenot, R. (2004c), "Influence of Ethnocentrism and Patriotism on Country of Origin: Selecting an Airline in the Arabian Gulf Region," *Advances in Global Business Research*, 1(1), 293-301.

Al-Sulaiti, K.I., Mohammed, M. and Abdulrahman, N. (2007), "Qatari Female's Perceptions and Preferences For Foreign Cosmetic Brands," *Institute of Administrative Development, Working Paper Series No. 2007/1*, 1-7.

Anderson, W.T. and Cunningham, W.H. (1972), "Gauging Foreign Product Promotion," *Journal of Advertising Research*, 12 (1), 29-34.

Aqueveque, C. (2006), "Extrinsic Cues and Perceived Risk: The Influence of Consumption Situation," *Journal of Consumer Marketing*, 23(5), 237-247.

Bailey, W. and Pineres, S. (1997), "Country of Origin Attitudes in Mexico: The Malinchismo Effect," *Journal of International Consumer Marketing*, 9(3), 25-41.

Baker, M.J. and Currie, C.A. (1993), "Country of origin: The Fifth Element of the Marketing Mix?" Marketing Education Group Conference 1993.

Baker, M.J. and Michie, J. (1995), "Product Country Images: Perceptions of Asian Cars," *University of Strathclyde, Department of Marketing, Working paper Series No. 95/3*.

Balabanis, G., Mueller, R. and Melewar, T. (2002), "The Human Values' Lenses of Country of Origin Images," *International Marketing Review*, 19(6), 582-610.

Balestrini, P. (2006), "Country of Origin Effects on Chinese Wine Consumers," *British Food Journal*, 108(5), 396-412.

Bannister, J.P. and Saunders, J.A. (1978), "UK Consumers' Attitudes Towards Imports: The Measurement of National Stereotype Image," *European Journal Of Marketing*, 12(8), 562-570.

Baughn, C.C. and Yaprak, A. (1993), "Mapping Country of Origin Research: Recent Developments and Emerging Avenues," In: Papadopoulos, N. and Heslop, L., "Product-Country Images: Impact and Role in International Marketing," New York: International Business Press.

Baumgartner, G. and Jolibert (1978), "The Perception of Foreign Products In France," In *Advances in Consumer Research*, 5, ed. H. Keith Hunt, Ann Arbor, MI: Association For Consumer Research, 603-605.

Becker, K. (1986), "Halo Effect Influences on the Japanese Product Price/Quality Relationship," *Development in Marketing Science*, 9, ed. Naresh Malhotra and Jon Hawes, Coral Gables, Florida: Academy of Marketing Science, 111-144.

Bilkey, W.J. and Nes, E. (1982), "Country of Origin Effects on Product Evaluation," *Journal of International Business Studies*, 8(1), 89-99.

Bristow, D. and Aaquith, J. (1999), "What's in a Name? An Intra-cultural Investigation of Hispanic and Anglo Consumer Preferences and the Importance of Brand Name," *Journal of Product and Brand Management*, 8(3), 185-203.



Bruning, E.R. (1994), "The Role of Consumer Ethnocentrism in the Choice of International Air Carrier," *Journal of the Transportation Research Forum*, 34(2), 1-12.

Bruning, E.R. (1997), "Country of Origin, National Loyalty and Product Choice: The Case of International Air Travel," *International Marketing Review*, 14(1), 59-74.

Cattin, P., Jolibert, A. and Lohnes (1982), "A Cross Cultural Study of Made In Concepts," *Journal of International Business Studies*, 13 (Winter), 131-141.

Chao, P. (1993), "Partitioning Country of Origin Effects: Consumer Evaluations of a Hybrid Product," *Journal of International Business Studies*, 24(2), 291-306.

Chao, P. and Rajendran, K.N. (1993), "Consumer Profiles and Perceptions: Country-of-Origin Effects," *International Marketing Review*, 10(2), 22-39.

Chasin, J. and Jaffe, E. (1979), "Industrial Buyer Attitudes Toward Goods Made in Eastern Europe," *Columbia Journal of World Business*, 14(Summer), 74-81.

Chen, H. and Pereira, A. (1999), "Product Entry in International Markets: The Effect of Country-of-Origin on First Mover Advantage," *Journal of Product and Brand Management*, 8(3), 218-231.

Cordell, V. (1991), "Competitive Context and Price as Moderators of Country of Origin Preference," *Journal of the Academy of Marketing Science*, 19(Spring), 123-128.

Crawford, J.C. and Lamb, C.W. (1981), "Source Preferences For Imported Products," *Journal of Purchasing and Material Management*, 17 (Winter), 28-33.

Darling, J.R. (1987), "A Longitudinal Analysis of the Competitive Profile of Products and Associated Marketing Practices of Selected European and Non-European Countries," *European Journal of Marketing*, 21(3), 17-29.

Darling, J.R. and Kraft, F.B. (1977), "A Competitive Profile of Products and Associated Marketing Practices," *European Journal of Marketing*, 11(7), 11-23.

Diamantopoulos, A. Schlegelmilch, B.B. and Preez, J.P. (1995), "Lessons for Pan-European Marketing? The Role of Consumer Preferences in Fine-tuning the Product-market Fit," *International Marketing Review*, 12(2), 38-52.

Dornoff, R., Tankersley, C. and White, G. (1974), " Consumers' Perceptions of Imports," *Akron Business and Economic Review*, 5(Summer), 26-29.

Erickson, G.M., Johansson, J.K. and Chao, P. (1984), "Image Variables in Multi-Attitude Product Evaluations: Country-of-Origin Effects," *Journal of Consumer Research*, 11(September), 694-699.

Ettenson, R., Wagner, J. and Gaeth, G. (1988), "Evaluating the Effect of Country of Origin and the "Made in the USA" Campaign: A Conjoint Approach," *Journal of Retailing*, 64(1), 85-100.

Etzel, M.J. and Walker, B.J. (1974), "Advertising Strategy for Foreign Products," *Journal of Advertising Research*, 14(3), 41-44.

Festervand, T., Lumpkin, J. and Lundstrom, W. (1985), " Consumers' Perceptions of Imports: An Update and Extension," *Akron Business and Economic Review*, 16(Spring), 31-36.

Gaedeke, R. (1973), "Consumer Attitudes Toward Products Made in Developing Countries," *Journal of Retailing*, 49(Summer), 13-24.

Ghadir, H. (1990), "The Jordanian Consumers' Perceptions of Quality, Price and Risk of Foreign vs., Domestic Products: Empirical Investigation," Ph.D. thesis, Sheffield: University of Sheffield.

Good, L.K. and Huddleston, P. (1995), "Ethnocentrism of Polish and Russian Consumers: Are Feelings And Intentions Related?", *International Marketing Review*, 12(5), 35-48.

Green, R.T., Langeard, E. (1975), "A Cross-National Comparison of Consumer Habits and Innovator Characteristics," *Journal of Marketing*, 39(3).

## CHAPTER I

Greer, T.V. (1971), "British Purchasing Agents and European Economic Community: Some Empirical Evidence on International Industrial Perceptions," *Journal of Purchasing*, 7, 56-63.

Gudum, A. and Kavas, A. (1996), "Turkish Industrial Purchasing Managers' Perceptions of Foreign and National Industrial Suppliers," *European Journal of Marketing*, 30(8), 10-21.

Hamin and Elliott, G. (2006), "A Less-Developed Country Perspective of Consumer Ethnocentrism and country of Origin Effects: Indonesian Evidence," *Asian Pacific Journal of Marketing and Logistics*, 18(2), 79-92.

Hampton, G.M. (1977), "Perceived Risk in Buying Products Made Abroad by American Firms," *Buylor Business Studies*, (October), 53-64.

Hamzaoui, L. and Merunka, D. (2006), "The Impact of Country of Design and Country of Manufacture on Consumer Perceptions of Bi-national products' Quality: An Empirical Model Based on the Concept of Fit," *Journal of Consumer Marketing*, 23(3), 145-155.

Han, C.M. (1990), "Testing the Role of Country Image in Consumer Choice Behaviour," *European Journal of Marketing*, 24(6), 24-39.

Han, C.M. (1989), "Country Image: Halo or Summary Construct?" *Journal of Marketing Research*, XXVI (May), 222-229.

Han, C.M. and Terpstra, V. (1988), "Country of origin Effects for Uni-national and Bi-national Products," *Journal of International Business Studies*, 19(summer), 235-255.

Harrison-Walker, L.J. (1995), "The Relative Effects of National Stereotype and Advertising Information on the Selection of a Service Provider: An Empirical Study," *Journal of Services Marketing*, 9(1), 47-59.

Heslop, L.A. and Wall, M. (1985), "Differences Between Men and Women in the Country of Origin Product Images," *Administrative Sciences Association of Canada Proceedings*, Montreal, Canada, 148-58.

Hoffmann, R. (2000), "Country of Origin – A Consumer Perception Perspective of Fresh Meat," *British Food Journal*, 102(3), 211-229.

Hofstede, Geert (1980), *Culture's Consequences: International Differences in Work-Related Values*. CA: Sage Publications.

Hong, S. and Wyer, R.S. (1989), "Effects of Country-of-Origin and Product-Attribute Information Processing Perspective," *Journal of Consumer Research*, 16, 175-187.

Hooley, G., Shipley, D. and Krieger, N. (1988), "A Method For Modelling Consumer Perceptions of Country of origin," *International Marketing Review*, 5(3), 67-76.

Hugstad, P. and Durr, M. (1986), "A Study of Country of Manufacturer Impact on Consumer Perceptions," *Development in Marketing Science*, 9, ed. Naresh Malhotra and Jon Hawes, Coral Gables, Florida: Academy of Marketing Science, 155-199.

Hui, M. and Zhou, L. (2003), "Country-of-Manufacture Effects for Known Brands," *European Journal of Marketing*, 37(1-2), 133-153.

Javalgi, R., Cutler, B. and Winans, W. (2001), "At Your Service! Does Country of Origin Research Apply to Services?," *Journal of Services Marketing*, 15(7), 565-582.

Jin, Z., Chansarkar, B. and Kondap, N. (2006), "Brand Origin in an Emerging Market: Perceptions of Indian Consumers," *Asian Pacific Journal of Marketing and Logistics*, 18(4), 283-302.

Johansson, J.K., Douglas, S.P. and Nonaka, I. (1985), "Assessing the Impact of Country of Origin on Product Evaluations: A New Methodological Perspective," *Journal of Marketing Research*, 22, 388-396.

Johansson, J.K., Ronkainen, I.A. and Czinkota, M.R. (1994), "Negative Country-of-Origin Effects: The Case of The New Russia," *Journal of International Business Studies*, 25(1), 157-176.

Kaynak, E. and Cavusgil, S.T. (1983), "Consumer Attitudes Towards Products of Foreign Origin: Do They Vary Across Product Classes," *International Journal of Advertising*, 2, 147-157.

Kaynak, E. and Kara, A. (2002), "Consumer Perceptions of Foreign Products: An Analysis of Product-Country Images and Ethnocentrism," *European Journal of Marketing*, 36(7-8), 928-949.

Kaynak, E. and Kucukemiroglu, O. (1993), *Marketing Airlines Internationally: U.S. Travellers' Attitude Towards Domestic Versus Foreign Carriers*, "Development in Marketing science", 176-180.

Kaynak, E., Kucukemiroglu, O. and Hyder, A. (2000), "Consumers' Country of Origin (COO) Perceptions of Imported Products in a Homogenous Less-Developed Country," *European Journal of Marketing*, 34(9-10), 1221-1241.

Kaynak, E., Kucukemiroglu, O. and Kara, A. (1994), "Consumers' perceptions of Airlines: A Correspondence Analysis Approach in a Airline Industry," *Management International Review*, 34(3), 235-254.

Keown, C. and Casey, M. (1995), "Purchasing Behaviour in the Northern Ireland Wine Market," *British Food Journal*, 97(1), 17-20.

Khachaturian, J.L. and Morganosky, M.A. (1990), "Quality Perceptions by Country of Origin," *International Journal of Retail & Distribution Management*, 18(5), 21-30.

Khan, H. Bamber, D. (2007), "Market Entry Using Country-of-Origin Intelligence in an Emerging Market," *Journal of Small Business and Enterprise Development*, 14(1), 22-35.

Khanna, S.R. (1986), "Asian Companies and the Country Stereotype Paradox: An Empirical Study," *Columbia Journal of World Business*, Summer 1986, 29-38.

Kim, Y. (2006), "Do South Korean Companies Need to Obscure Their Country-of-Origin Image," *Corporate Communications: An International Journal*, 11(2), 126-137.

Kinra, N. (2006), "The Effect of Country of Origin on Foreign Brand Names in the Indian Market," *Marketing Intelligence & Planning*, 24(1), 15-30.

Knight, G. (1999), "Consumer Preferences For Foreign and Domestic Products," *Journal of Consumer Marketing*, 16(2), 151-162.

Kochunny, C.M., Babakus, E., Berl, R. and Marks W. (1993), "Schematic Representation of Country Image: Its Effects on Product Evaluations," *Journal of International Consumer Marketing*, 5(1), 5-25.

Krishnakumar, P. (1974), "An Exploratory Study of Influence of Country of Origin on the Product Images of Persons From Selected Countries," Ph.D. Dissertation, University of Florida.

Kucukemiroglu, O. (1999), "Market Segmentation by Using Consumer Lifestyle Dimensions and Ethnocentrism: An Empirical Study," *European Journal of Marketing*, 33(5-6), 470-487.

Kwok, S., Uncles, M. and Huang, Y. (2006), "Brand Preferences and Brand Choices Among Urban Chinese Consumers: An Investigation of Country of origin effects," *Asian Pacific Journal of Marketing and Logistics*, 18(3), 163-172.

Lampert, S. and Jaffe, E. (1998), "A Dynamic Approach to Country of Origin Effect," *European Journal of Marketing*, 32(1-2), 61-78.

Laroche, M., Papadopoulos, N., Heslop, A. and Mourali, M. (2005), "The Influence of Country Image Structure on Consumer Evaluations of foreign Products," *International Marketing Review*, 22(1), 96-115.

Lawrence, C., Marr, N.E. and Prendergast, G.P. (1992), "Country-of-Origin Stereotyping: A Case Study in the New Zealand Motor Vehicle Industry," *Asia Pacific International Journal of Marketing*, 4(1), 37-51.

Leclerc, F., Schmitt, B. and Dube, L. (1994), "Foreign Branding and its Effects on Product Perceptions and Attitudes," *Journal of Marketing Research*, 31(2), 263-270.

Lee, D. and Schaninger, C. (1996), "Country of Production/Assembly As a New Country Image Construct: A Conceptual Application to Global Transplant Decision," *Advance in International Marketing*, 7, 233-254.

Lee, H., Kim, C. and Miller, J. (1992), " The Relative Effects of Price, Warranty and Country of Origin on Consumer Product Evaluations," *Journal of Global Marketing*, 6(1/2), 55-80.

Leonidou, L., Hadjimarcou, J., Kaleka, A. and Stamenova, G. (1999), "Bulgarian Consumers' Perceptions of Products Made in Asia," *International Marketing Review*, 16(2), 126-142.

Levin, I., Jasper, J., Mittelstaedt, J. and Gaeth, G. (1993), "Attitudes Towards "Buy America First" and Preferences for American and Japanese Cars: A Different Role for Country-of-Origin Information," *In Advances in Consumer Research*, 20, eds. McAlister et al., 625-629.

Liefeld, J., Wall, M., Ji, Y. and Xu, X. (1993), "Cue Interaction and Cue Type Effects in Product Choice: Conjoint Analysis of Choice Processes," (Ed.) Finlay, Karen, Mitchell, Andrew, Cummins, F. and Wingrove, *Cummins, Annual Convention of the American Psychological Association Division 23-Consumer Psychology*, 124-133.

Lillis, C. and Narayana, C. (1974), "Analysis of Made In Product Images- An Exploratory Study," *Journal of International Business Studies*, 5(Spring), 119-127.

Lim, K. and O'Cass, A. (2001), "Consumer Brand Classifications: An Assessment of Culture-of-Origin Versus Country-of-Origin," *Journal of Product & Brand Management*, 10(2), 120-136.

Lin, L. and Chen, C. (2006), "The Influence of Country-of-Origin Image, Product Knowledge and Product Involvement on Consumer Purchase Decisions: An Empirical Study of Insurance and Catering Services in Taiwan," *Journal of Consumer Marketing*, 23(5), 248-265.

Lin, L. and Sternquist, B. (1994), "Taiwanese Consumers' Perceptions of Product Information Cues: Country of Origin and Store Prestige," *European Journal of Marketing*, 28(1), 5-18.

Maheswaran, D. (1994), "Country of Origin as a Stereotype: Effects of Consumer Expertise and Attitude Strength on Product Evaluations," *Journal of Consumer Research*, 21(2), 354-365.

Malhotra, N., Ulgado, F., Agarwal, J., Shainesh, G. and Wu, L. (2005), "Dimensions of Service Quality in Developed and Developing Economies: Multi-Country Cross-Cultural Comparisons," *International Marketing Review*, 22(3), 256-278.

McLain, S. and Sternquist, B. (1991), "Ethnocentric Consumers: Do they buy American," *Journal of International Consumer Marketing*, 4(1/2), 39-57.

Morello, G. (1984), "The Made In Issue: A Comparative Research on the Image of Domestic and Foreign Products," *European Journal*, 12(January), 4-21.

Mulder, M. (1977), *The Daily Power Game*. Netherlands: Martinus Nijhoff.

Nagashima, A. (1970), "A Comparison of Japanese and U.S. Attitudes Toward Foreign Products," *Journal of Marketing*, 34, 68-74.

Nagashima, A. (1977), "A Comparative "Made In" Product image Survey Among Japanese Businessmen," *Journal of Marketing*, 41, 95-100.

Narayana, C.L. (1981), "Aggregate Images of American and Japanese Products: Implication on International Marketing," *Columbia Journal of World Business*, 16(Summer), 31-35.

Nes, E.B. (1981), "Consumer Perceptions of Product Risk and Quality for Goods Manufactured in Developing vs. Industrialised Nations," Ph.D. Dissertation, the University of Wisconsin, Madison, USA.

Niffenegger, P., White, J. and Marmet, G. (1980), "How British Retail Managers View French and American Products," *European Journal of Marketing*, 14(8), 493-498.

Niss, H. (1996), "Country of Origin Marketing Over the Product Life Cycle: A Danish Case Study," *European Journal of Marketing*, 30(3), 6-22.



O'Cass, A. and Grace, D. (2003), "An Exploratory Perspective of Service Brand Associations," *Journal of Services Marketing*, 17(5), 452-475.

Ofir, C. and Lehmann, D. (1986), "Measuring Images of Foreign Products," *Colombia Journal of World Business*, (Summer), 105-108.

Okechuku, C. (1994), "The Importance of Product Country of Origin: A Conjoint Analysis of the United States, Canada, Germany and the Netherlands," *European Journal of Marketing*, 28(4), 5-19.

Olsen, J.E., Granzin, K.L. and Biswas, A. (1993), "Influencing Consumers' Selection of Domestic Versus Imported Products: Implications for Marketing Based on a Model of Helping Behaviour," *Journal of the Academy of Marketing Science*, 21(4), 307-321.

Olson, J.C. and Jacoby, J. (1972), "Cue Utilisation in Quality Perception Process," In: *Advance in Consumer Research*. (Ed.) Venkatesan, M. *Third Annual Conference of the Association for Consumer Research*, 167-179.

Osgood, C.E. (1957), *The Measurement of Meaning*. Urbana: University of Illinois Press.

Ozsomer, A. and Cavusgil, S. (1991), "Country-of-Origin Effects on Product Evaluations: A Sequel to Bilkey and Nes Review," In *AMA Educators' Proceedings*, 2, eds. Gilly et al. Chicago, 269-277.

Papadopoulos, N. (1993), "What Product Country Images are and Are Not," In Papadopoulos, N. And Heslop, L. (Eds) *Product Country Images*. New York: International Business Press.

Papadopoulos, N., Heslop, L., Graby, F. and Avlonitis, G. (1987), "Does Country of Origin Matter? Some findings From A Cross-Cultural Study of Consumer Views About Foreign Products," Report No. 87-104, *Marketing Science Institute*, Cambridge, MA.

Papadopoulos, N., Heslop, L.A. and Beracs, J.(1989), "National Stereotypes and Product Evaluations in a Socialist Country," *International Marketing Review*, 7(1), 3247.

Pappu, R., Quester, P. and Cooksey, R. (2006), "Consumer-Based Brand Equity and Country of Origin Relationships: Some Empirical Evidence," *European Journal of Marketing*, 40(5/6), 696-717.

Parameswaran, R. and Pisharodi, R. (2002), "Assimilation Effects in Country Image Research," *International Marketing Review*, 19(3), 259-278.

Paswan, A. and Sharma, D. (2004), "Brand-Country of Origin (COO) Knowledge and COO image: Investigation in an Emerging Franchise Market," *Journal of Product & Brand Management*, 13(3), 144-155.

Peris, S., Newman, K. And Bigne, E. (1993), "Aspects of Anglo-Spanish Perceptions and Product Preferences Arising From 'Country of Origin' Image," *International Journal of Advertising*, 12, 131-142.

Phau, I. and Suntornnond, V. (2006), "Dimensions of Consumer Knowledge and its Impacts on Country of Origin Effects Among Australian Consumers: A Case of Fast-Consuming Products," *Journal of Consumer Marketing*, 23(1), 34-42.

Piron, F. (2000), "Consumers' Perceptions of the Country-of-Origin Effect on Purchasing Intentions of (in)Conspicuous Products," *Journal of Consumer Marketing*, 17(4), 308-321.

Quester, P., Dzever, S. and Chetty, S. (2000), "Country-of-Origin Effects on Purchasing Agents' Product Perceptions: An International Perspective," *Journal of Business and Industrial Marketing*, 17(7), 479-489.

Rajagopalan, R. and Heitmeyer, J. (2005), "Ethnicity and Consumer Choice: A Study of Consumer Levels of Involvement in Indian Ethnic Apparel and Contemporary American Clothing," *Journal of Fashion Marketing and Management*, 9(1), 83-105.

## CHAPTER I

Reardon, J., Miller, C., Vida, I. and Kim, I. (2005), "The Effects of Ethnocentrism and Economic Development on the Formation of Brand and Attitudes in Transitional Economies," *European Journal of Marketing*, 39(7-8), 737-754.

Reierson, C. (1966), "Are Foreign Products Seen as National Stereotypes?," *Journal of Retailing*, 42(Fall), 33-40.

Reierson, C. (1967), "Attitude Changes toward Foreign Products," *Journal of Marketing Research*, 4(November), 385-387.

Roth, M.S. and Romeo, J.B. (1992), "Matching Product Category and Country Image Perceptions: A Framework For Managing Country-of-Origin Effects," *Journal of International Business Studies*, 23(3), 477-497.

Samiee, S. (1994), "Customer Evaluation of Products in a Global Market," *Journal of International Business Studies*, 25(3), 579-604.

Schooler, R.D. (1965), "Product Bias in the Central American Common Market," *Journal of Marketing Research*, 2 (November), 394-397.

Schooler, R.D. (1971), "Bias Phenomena attendant to the Marketing of Foreign goods in the US," *Journal of International Business Studies*, 2(1), 71-81.

Schooler, R.D. and Sunoo, D.H. (1969), "Consumer Perceptions of International Products," *Social Science Quarterly*, 49 (March), 886-890.

Schooler, R.D. and Wildt, A.R. (1968), "Elasticity of Product Bias," *Journal of Marketing Research*, 5, 78-81.

Shaffer, T.R. and O'Hara, B.S. (1995), "The Effects of Country Of Origin On Trust and Ethical Perceptions of Legal Services," *The Service Industries Journal*, 15(2), 162-185.

Sharma, S., Shimp, T. and Shin, J. (1995), "Consumer ethnocentrism: a Test of Antecedents and Moderators," *Journal of the Academy of Marketing Science*, 23(1), 26-37.

Skuras, D. and Vakrou, A. (2002), "Consumers' Willingness to Pay For Origin Labelled Wine: A Greek Case Study," *British Food Journal*, 104(11), 898-912.

Smith, W.R. (1993), "Country-of-Origin Bias: A Regional Labelling Solution," *International Marketing Review*, 10(6), 4-12.

Souiden, N., Kassim, N. and Hong, H. (2006), "The Effect of Corporate Branding Dimensions on Consumers' Product Evaluation," *European Journal of Marketing*, 40(7-8), 825-845.

Speece, M. and Nguyen, D. (2005), "Countering Negative Country of Origin With Low Prices: A Conjoint Study in Vietnam," *Journal of Product & Brand Management*, 14(1), 39-48.

Stoltman, J.J., Lim, Y.K. and Morgan, F.W. (1991), "The Effect of Country of Origin, Product Familiarity and Ethnocentrism on the Acceptance of Foreign Products," In *Marketing Theory and Applications. American Marketing Association, Winter Educators Conference*, 82-89.

Strutton, D., Pelton, L.E. and Lumpkin, J.R. (1994), "Internal and External Country of Origin Stereotypes in the Global Marketplace: Effects and Implications for the Domestic Promotion of US Automobiles," *Journal of Global Marketing*, 7(3), 61-77.

Thakor, M. and Katsanis, L. (1997), "A Model of Brand and Country Effects on Quality Dimensions: Issues and Implications," *Journal of International Consumer Marketing*, 9(3), 79-100.

Thakor, M. and Lavack, A. (2003), "Effect of Perceived Brand Origin Associations on Consumer Perceptions of Quality," *Journal of Product and Brand Management*, 12(6), 394-407.

Thakor, M. and Pacheco, B. (1997), "Foreign Branding and its Effects on Product Perceptions and Attitudes: A Replication and Extension in a Multi-cultural setting," *Journal of Marketing Theory and Practice*, 5(1), 15-30.

Thorelli, H.B., Lim, J., Ye, J. (1989), "Relative Importance of Country of Origin, warranty and Retail Store Image on Product evaluation," *International Marketing Review*, 35-46.

Triandis, H., Robert B. and Marcello, J. V., Masaaki A., Nydia L. (1988), "Individualism and Collectivism: Cross-Cultural perspectives on Self-in-group Relationships," *Journal of Personality and Social Psychology*, 54(2), 323-38.

Tse, A. (1999), "Factors Affecting Consumer Perceptions on Product Safety," *European Journal of Marketing*, 33(9-10), 911-925.

Tse, A., Kwan, C., Yee, C., Wah, K. and Ming, L. (1996), "The Impact of Country of Origin on the Behaviour of Hong Kong Consumers," *Journal of International Marketing & Marketing Research*, 21(1), 29-44.

Veloutsou, C., Gioulistanis, E. and Moutinho, L. (2004), "Own Labels Choice Criteria and Perceived Characteristics in Greece and Scotland: Factors Influencing the Willingness to Buy," *Journal of Product and Brand Management*, 13(4), 228-241.

Verbeke, W. and Lopez, G. (2005), "Ethnic Food Attitudes and Behaviour Among Belgians and Hispanics Living in Belgium," *British Food Journal*, 107(11), 823-840.

Wall, M. and Heslop, L. (1986), "Consumer Attitudes Toward Canadian-Made Versus Imported Products," *Journal of the Academy of Marketing Science*, 14(Summer), 27-36.

Wall, M. and Heslop, L. (1989), "Consumer Attitudes Towards the quality of Domestic and Imported Apparel and Footwear," *Journal of Consumer Studies and Home Economics*, 13, 337-358.

Wall, M., Heslop, L. and Hofstra, G. (1989), "Male and Female Viewpoints of Countries as Products of Consumer Goods," *Journal of International Consumer Marketing*, 1(1), 1-25.

Wall, M., Hofstra, G. and Heslop, L.A. (1990), "Imported vs. Domestic Car Owners: Demographic Characteristics and Attitudes," Paper Presented at the Conference of the *Administrative Sciences Association of Canada*, Whistler, B.C.

Wall, M., Liefeld, J. and, Heslop, L. (1991), "Impact of Country of Origin Cues on Consumer Judgements in Multi-Cue Situations: a Covariance Analysis," *Journal of the Academy of Marketing Science*, 19(Spring), 105-113.

Wang, C. and Lamb, C. (1983), "The Impact of Selected Environmental Forces Upon Consumers' Willingness to Buy Foreign Products," *Journal of the Academy of Marketing Science*, 11(2), 71-84.

Wetzels, M., Birgelen, M. And Ruyter, K. (1996), "Ain't it Much, if it Ain't Dutch?: An Application of the Consumer Ethnocentrism Concept to International Services in The Netherlands," *European Marketing Academy, Proceedings 2*, Edited by Jozsef Beracs, Andras Bauer and Judit Simon, Budapest University of Economic Sciences, 1255-1269.

White, P.D. (1979), "Attitudes of US Purchasing Managers Toward Industrial Products Manufactured in Selected European Nations," *Journal of International Business Studies*, (Spring/Summer), 81-90.

White, P.D. and Cundiff, E.W. (1978), "Assessing the Quality of Industrial Products," *Journal of Marketing*, 42(January), 80-86.

Yaprak, A. (1978), "Formulating a Multinational Marketing Strategy: A Deductive Cross-National Consumer Behaviour Model," Ph.D. Dissertation, Georgia State University.

Yaprak, A. and Baughn, C. (1991), "The Country of Origin Effects in Cross-National Consumer Behaviour: Emerging Research Avenues," *Proceedings of the Fifth Bi-Annual World Marketing Congress of the Academy of Marketing Science*, 263-269.

Yavas, U. and Alpay, G. (1986), "Does An Exporting Nation Enjoy the Same Cross-National Commercial Image," *International Journal of Advertising*, 2, 109-19.

Zhang, Y. (1996), "Chinese Consumers' Evaluation of Foreign Product: The Influence of Culture, Product Types and Product Presentation Format," *European Journal of Marketing*, 30(12), 50-68.



### (Footnotes)

<sup>1</sup> "Made in" can mean *manufactured-in* but also *assembled-, designed-, or invented-in, made by a producer whose domicile is -in and, often wanting to look like it was made-in* (Papadopoulos 1993, pp. 4).

<sup>2</sup> Hybrid products are products that contain components or ingredients made in various countries (Baughn and Yaprak 1993, p. 90).

<sup>3</sup> "The elasticity of product bias can be defined as a measure of the effect on the product selection decision of the interaction between product bias and price differential" (Schooler and Wildt 1968, p. 78).

<sup>4</sup> This type of method was used because the French have traditionally been reluctant to respond to mail surveys (Green and Langeard, 1975).

<sup>5</sup> Another study conducted by Thorelli et al. (1989) suggested that the country of origin cue can provide only a limited explanation of variance of the product evaluation, preference and purchase intention of the respondents when multiple cues are presented.

<sup>6</sup> "Off-price buyers purchase merchandise through non-traditional methods, buying up manufacturers' excess production. Off-price stores emphasise name and designer brand merchandise at lower prices than traditional department stores" (Khachaturian et al. 1990, p.21).

<sup>7</sup> Country image is defined as consumers' general perceptions of quality for products made in a given country (Bilkey and Nes 1982; Han 1989). It is also known as the "country of origin cue", it has "become an important information cue for consumers who are exposed to a far more internationalised selection of products and multinational marketing than ever before" (Baker and Michie 1995, p. 1).

<sup>8</sup> According to Han (1990) only one brand of car was selected for Korea because it was the only one being actively marketed in the United States.

<sup>9</sup> See footnote 1.

<sup>10</sup> "A generally accepted definition of memory schema is that it is a structured cluster of knowledge that represents a familiar concept and contains a network of interrelations among the constituents of the concept" (Kochunny 1993, p.7).

<sup>11</sup> According to Johansson et al. (1985) both of these factors are identified as potential moderator variables on country of origin effects.

<sup>12</sup> Ethnocentricity is described as "the phenomenon of a preference of one's 'kind' and concomitant dislike of others" Papadopoulos 1993, p. 33).

<sup>13</sup> The advantages of purchasing home-made products include: boosting the country's employment; helping the economy; easier after sales service; and maintaining national pride (Wall and Heslop 1986; see also Olsen et al. 1993).

<sup>14</sup> "Power distance" is defined as the "the degree of inequality in power between a less powerful Individual (I) and a more powerful Other (O), in which I and O belong to the same (loosely or tightly knit) social system" (Mulder 1977, p. 90). Power distance concerns the relationship between the individual and persons of authority and power, while individualism concerns the relationship between the individual and the collectivity of given society (Hofstede, 1980).

<sup>15</sup> "An explanation of why certain countries are small/large power distance countries or low/high individualism countries would require a lengthy discussion of the historical, geographic, economic, demographic and technological factors contributing to a nation's social and cultural fabric" (Shaffer et al (1995, p. 182). This is beyond the purpose of this study (for more discussion see for example, Hofstede, 1980 and Triandis et al., 1988).

<sup>16</sup> A similar study was conducted in 1994 by the same author.

<sup>17</sup> Still in some studies, domestic products were not evaluated as favourably as imports (see Lin and Sternquist 1994; Strutton 1994).



# Appendix Country Of Origin: Literature Review Appendix: Studies Dealing With Country Of Origin Effects On Product \service Evaluation'

Reference	Purpose	Product/Service	Country		Respondent			Data Col.	Findings
Year	Author		Source	Consumer	Type	NO.	Rate		
(1965)	Schooler	To investigate the consumers' bias based on product origin in the Central American Common Market (CACM).	Juice + fabric sample	Central American countries	Students	200	NA	E	Results supported the hypothesis that attitude towards the people of a nation is related to preconception regarding the products of that country.
(1966)	Reterson	To determine the attitude of US consumers toward foreign products.	General + product class + specific	US, Germany, Japan, Canada, Italy, UK, Sweden, Belgium, Denmark	Students	155	NA	S	Stereotyping of foreign product was present among the US students.
(1967)	Reterson	To investigate the various forms of communication media that might influence the foreign product image of the US consumers.	Film presentation magazine ads, brochures, outstanding publications	US, Italy & Japan	Students	250	NA	E	All the Italian experimental results except the film presentation were significant at the .05 level. For Japanese products, only the cumulative impact experiment was significant at the .01 level.
(1968)	Schooler & Wildt	To measure the elasticity of product bias.	2 pieces of identical glassware	US & Japan	Students	236	NA	E	American consumers were biased against Japanese products because of their national origin.

(1969)	Schooler & Sunoo	To research the consumer's perception of international products (regional vs. national labelling).	Cloth sample & simple goblet	Asia, Africa, South America & Western Europe	US	Students	320	NA	E	No evidence of bias against manufactured products which were labelled regionally.
(1970)	Nagashima	To measure the cross-cultural image of "made in" products as produced by US & Japanese businesses.	General + six product classes	US, Japan, Germany, England, France, Italy, Switzerland & Canada	US & Japan	Businessmen	330	NA	S	The "made in" stereotype differed among Japanese & American businessmen. "Made in" image was strongly influenced by familiarity & availability of the country's product in question.
(1971)	Schooler	To test bias phenomena with a broadly based representative sample.	Cloth, desk pen, simple goblet	US, W. Germany, Czechoslovakia, Chile, India, Nigeria, North America, W. Europe, Asia, Latin America & Africa	US	Adults	866	65%	E	Significant differences against products of foreign origin & a hierarchy of bias effects was observed.
(1971)	Greer	To investigate the usefulness of having the view of professional purchasing executives.	2 concepts: "Quality in General" & Engineering know-how in General	Australia, Belgium, Canada, France, Holland, Italy, Us, W. Germany	UK	Purchasing executives	60	3%	S	Older Respondents rated their home country's products higher than younger purchasing officers.
(1972)	Anderson & Cunningham	To determine the extent to which consumers who differ in imported product preference may be distinguished by selected objective demographic & personality attributes.	Automobiles	Foreign products in general	US	Adults	116	NA	S	Significant differences in the socio-demographic & psychological characteristics of those respondents who were more in favour of imported products & those who were not. Moreover, a direct relationship between level of education & foreign imported product acceptance was found.

(1973)	Gaedeke	To examine the opinion of US consumers towards the overall quality of imported products "made in" various developing countries & US.	General + product classes + specific brands	US, Philippines, Hong Kong, Argentina, Brazil, Taiwan, Mexico, S. Korea, India, Singapore, Turkey & Indonesia	US	Students	200	NA	S	COO information did not significantly affect opinions about the quality of branded products in general.
(1974)	Krishnakumar	To investigate the influence of COO on product image of Americans & people from developing nations & to investigate the effect of demographic variables on the "made in" image among these nations.	General + mechanical & electronic products, food, fashion, automobiles, TV sets, soft drinks & dress shirts	US, W. Germany, England, India, Taiwan & Japan	US, India & Taiwan	Students	105	NA	S	Respondents were more in favour of foreign products than their own. Demographic variables had also played a part in creating differences in "made in" image held by Indians.
(1974)	Dornoff et al.	To find out what consumers' perceptions of import were; if these perceptions differed between product classes; if these perceptions differed for specific countries; if perceptions were based on socio-economic characteristics.	General + food, fashion, electronic & mechanical products	US, Japan, France & W. Germany	US	Adults	216	54%	S	Foreign products are becoming increasingly competitive with products "made in" US in terms of quality & in some product classes, are evaluated better. Significant differences in perceptions between socio-economic classification existed as well.

(1974)	Lillis & Narayana	To compare American & Japanese Consumers' perceptions toward aggregate image of products with "made in" labels from different countries. To examine the level of congruence between national product stereotypes & attitudes toward specific types of products.	General	England, France, W. Germany, Japan & US	US & Japan	Adults	100	76%	S	Significant differences in subjects' perception of foreign & national attribute.
(1974)	Eitzel & Walker	General + autos, cameras & mechanical toys	General	US, W. Germany & Japan	US	Adults	293	97%	S	A significant difference between consumers' perceptions of imported national product stereotypes & images of specific products from that country for all but one situation (German products vs. German autos).
(1975)	Green & Langeard	To compare French & US consumers in terms of consumers habits & innovative characteristics	15 grocery or grocery-related products & the use of 8 retail services	France & US	France & US	Adults	419	NA	S	Behavioral differences between the two groups existed even though France & the US are similar in many economic respects.
(1975)	Abdul-Malek	To examine management's attitudes towards doing business with foreigners.	Doing business with foreigners	Canada, West Europe, Latin America, Asia & Africa	Canada	Chief executives	154	80%	S	Differences in business sellers' perceptions resulting from different perceived socio-economic traits. Exporters with experience were more in favour of imported products than non-exporters.

(1977)	Darling & Kraft	To investigate the impact of the "made in..." label on Finnish consumers' attitudes towards the products of different selected countries.	Automobiles, appliances, foodstuffs, clothing, perfumes & toiletries, radio, television equipment & petroleum products General + 6 classes	England, France, W. Germany, Japan, Sweden, USSR, US & Finland	Finland	Managers, employees, students & staff	303	86.6%	S	The study supported the hypothesis that knowledge of country of origin affected consumer attitudes toward products.
(1977)	Nagashima	To determine whether there had been any attitude change among Japanese businessmen over the 8-year period.		W. Germany, England, Japan, US & France	Japan	Businessmen	100	NA	S	"Made in US" image has lost ground rather dramatically compared with the "made in Japan" image.
(1977)	Hampton	To examine the influence of perceived risk on rating products from different countries.	27 products in 3 classes of perceived risk	9 countries in 3 classes	US	Adults	176	88%	S	General increase in perceived risk of products made abroad.
(1978)	Bannister & Saunders	To examine attitudes of UK consumers towards domestic products & the product of developed nations highly active in UK market.	Durable in general	France, Italy, Japan, England, US, USSR, W. Germany	England	Adults	224	NA	S	Consumers did have stereotypes of different countries & significant differences did exist between these stereotypes.
(1978)	Yaprak	To investigate purchase intentions among US & Turkish business executives for specific brands "made in" three different countries.	Cars, cameras & calculators.	W. Germany, Japan & Italy	Turkey & US	Businessmen	202, 158	62%, 26%	S	Both general country & product attributes were statistically significant in affecting purchase intentions.

(1978)	White & Cundiff	To examine whether industrial buyers allow national stereotypes to influence their evaluation of industrial products & their perceptions of product quality based on COO.	Lift truck, dictation system & machine tool	US, W. Germany, Japan & Brazil	US	Industrial buyers	236	49%	E	Significant differences in the perception of quality depending on where they were made.
(1978)	Baumgartner & Jolibert	To measure the perception of specific foreign products by consumers.	Playing card, life insurance, cough syrup & winter coat	US, England, Germany & France	France	Adults	108	90%	E	French consumers had a very strong preference for products "made in France."
(1979)	Chasin & Jaffe	To examine the American industrial buyers' perceptions toward the quality of the goods "made in" Eastern European countries.	Ten industrial products	Czechoslovakia, Hungary, Poland, Rumania & USSR	US	Industrial buyers	68	68%	S	Findings supported the hypothesis of a COO effects.
(1979)	White	To examine attitudes to US manufactured products in selected European countries.	Industrial products in general	US, W. Germany, France, Italy, England	US	Purchasing managers	213	44.3%	S	US purchasing managers in general had stereotyped attitudes towards the countries tested.
(1980)	Niffenegger et al.	To find out how British retail managers view French & American products.	Automobiles, Electric appliances, textiles, cosmetics, food & pharmaceuticals products	France, US & UK	UK	Retail managers	92	79%	S	Opinions varied according to the country & product under consideration.

(1981)	Nes	To examine the country of manufacture as a cue to received product risk & perceived product quality.	Low risk & high risk products + 3 brand categories: no brand name, a new brand name & a well-known brand name	4 countries: no country information available, made in poor country, made in average income country & made in a developed country	US	Adults	96	NA	E	“Well-known brand names did cause a lower perceived risk & a higher perceived quality than new unknown brands & unbranded merchandise”.
(1981)	Narayana	To find differences between US & Japanese products.	General	Japan & US	Japan & US	Adults	131	65.5%	S	A general home country selection bias.
(1981)	Crawford & Lamb	To address (1) the extent to which industrial purchasers are willing to buy imported products & (2) the identification of preferred sources for foreign products.	Food, feeds, beverages; industrial suppliers & materials; capital goods; automotive goods; & consumer goods.	Forty-four countries	US	industrial buyers	376	35%	S	US industrial buyers showed their country stereotype in being most willing to buy from developed nations.
(1982)	Cattin, Jolibert & Lohnes	To investigate the stereotypes held by US & French directors of purchasing towards products produced in five advanced countries.	General	US, France, Japan, W. Germany & UK	US & France	Purchasing directors	220	NA	S	Stereotypes were perceived differently from consumers across national boundaries.
(1983)	Wang & Lamb	To examine the possible level of economic development, culture & political climate on US consumers' willingness to buy foreign products from less-developed countries.	General	36 countries	US	Adults	273	54.6%	S	Prejudices against products from less-developed nations.

(1983)	Kaynak & Cavusgil	To examine how quality perceptions of consumers varied across 4-product classes.	Electronic items, food products, fashion merchandise & household goods	25 countries	Canada	Adults	197	93.8%	S	Canadian consumers preferred US made products (except food products) to the Canadian ones.
(1984)	Erickson, Johansson & Chao	To analyse the COO effects on the evaluation of automobile brands.	Automobiles	US, W. Germany & Japan	US	Students	96	NA	S	The effect of image variables on attitude was not direct; any influence that the consumers have appeared to be a secondary one acting through beliefs.
(1984)	Morello	To determine the relationship between the image of a country & the image of the products "made in" that country.	General	Belgium, France, Holland, Italy, Spain, US, USSR & W. Germany	Holland & Italy	Students	66	NA	E	COO effect does exist & may affect consumer buying behavior.
(1985)	Johansson, Douglas & Nonaka	To examine the impact of COO on product evaluation.	Automobiles	Japan, US & W. Germany	US & Japan	Students	152	NA	S	COO is used as a surrogate variable to evaluate a product when subjects have limited knowledge about the product.
(1985)	Festervand, Lumpkin & Lundstrom	Investigate consumers' perceptions of imports & their attitudes towards countries' product quality.	Mechanical, food, fashion merchandise, electronic equipment & leisure goods	England, France, Germany, Japan & US	US	Adults	259	26.6%	S	Minor differences in attitude were found across the five countries & US consumers' perceptions of the countries' products were mixed across the five product categories.
(1985)	Heslop & Wall	To examine the differences between males & females on the basis of COO product image.	For men: clothing, shoes; for women: clothing, children clothing	13 different countries	Canada	Adults	635	42%	S	Men & women used different criteria when making product evaluations based on COO.



(1986)	Khanna	To investigate business people's perceptions of pricing, product, promotion & service attributes of Asian companies exporting new manufactures.	Engineering products, leather manufactures & apparel	S. Korea, Taiwan, India & Japan	India, Thailand, Singapore, Philippines & Japan	Businessmen	233	NA	S	COO had a greater effect on new clients than on established ones.
(1986)	Yavas & Alpay	To examine the Saudi Arabian & Bahraini consumer attitudes towards "made in" seven selected countries.	Made in label	US, Japan, France, Germany, Italy, Great Britain & Taiwan	Bahrain & Saudi Arabia	Students	153	NA	S	The Taiwan label was evaluated the lowest, while Japan was the highest followed by the USA & Germany.
(1986)	Hugstad & Durr	To investigate the importance of country of manufacture (COM) to US consumers.	Automobiles, Cameras, canned food, automobile tyres, shoes & sport shirts	Japan, China, US Korea & Taiwan	US	Adults	341	NA	S	Sensitivity to COM information varied by product category. COM also seemed to affect perceptions of quality & price for products from different nations.
(1986)	Becker	To measure the US consumers' perceptions of price/quality relationship of American vs. Japanese products.	General	US & Japan	US	Adults	380	78%	S	Nationalism was a dominant factor when price & quality were constant.
(1986)	Ofir & Lehmann	To measure country level images for products.	Ski resorts	Switzerland, France & Austria	US	Skiers	296	NA	S	Low level of American skiers' familiarity with European ski resorts.
(1987)	Papadopoulos et al.	To examine consumers' perceptions of foreign consumer goods.	13 selected products	UK, Canada, France, US, Sweden & Japan	UK, Canada & France	Adults	250 to 300 from each city	75%	S	Consumers in different countries respond differently to COO cues.

(1987)	Darling	To present a longitudinal analysis of the general attitude of consumers in Finland towards the products of various countries.	Finnish products	England, France, Japan, US & W. Germany	Finland	Managers, employees, students & staff	1113	87%	S	Significant differences in consumers' attitudes in all areas of the data collection.
(1988)	Ettenson, Wagner & Gaeth	To examine the effects of COO & the "made in USA" campaign.	Ladies' blouse & men's dress shirt	US	US	Students	55	52%	S	Majority of students seemed to have positive attitudes towards products "made in USA".
(1988)	Hooley, Shipley & Krieger	To investigate consumers' perceptions of country of origin.	Cars & fresh fruit & vegetables	Cars: Japan, Germany, UK, France & Italy Fruit & Vegetables: France, UK, Italy & Spain.	UK	Students	37	-	S	Country of origin images vary considerably depending on the product group under consideration & that attempts to identify overall stereotypes applicable to all product groups can be misleading.
(1988)	Al-hammad	To investigate Saudi Arabian economic & cultural factors & the attitudes of the Saudi consumer & reseller to the product & its suppliers.	Carpets, air-conditioners, cars, design of outerwear, TVs & refrigerators	US, UK, Japan, W. Germany, France, Sweden, Belgium, Spain, Malaysia, Hong Kong, South Korea, Formosa & China	Saudi Arabia	Industrial buyers & final consumers	300, 193	NA	S	Price was the most important factor.
(1988)	Han & Terpstra	To determine the effects of the COO & brand name cues on consumer evaluations of uni-national & bi-national products & estimate the perceived values of such cues.	Cars & TVs	US, Japan, S. Korea & W. Germany	US	Adults	150	NA	S	Source country & brand name did affect consumers' perceptions of product quality.

(1989)	Han	To examine the role of country image in consumer evaluations of TV sets & cars.	Cars & TVs	US, Japan & Korea	US	Adults	116	64.8%	S	Results showed that the country image can be used in either or both of two directions: (1) as a halo construct (2) or as a summary construct. COO cue can provide only a limited explanation of variance of the product evaluation, preference & purchase intention of the respondents when multiple cues are presented.
(1989)	Thorelli, Lim & Ye	To investigate the relative importance of COO, warranty & retail store image on product evaluations	AM/FM cassette recorder	Japan & Taiwan	US	Students	82	62%	E	Results supported the hypothesis of COO effects.
(1989)	Hong & Wyer	To investigate the cognitive process instigated when COO information is given in conjunction with other product information.	Personal computer & VCR	W. Germany, Japan, Mexico & S. Korea	US	Students	128	AN	E	Results revealed that consumers do hold stereotypical attitudes towards different countries.
(1989)	Papadopoulos et al.	To determine COO effects from a transnational perspective.	Foreign + domestic products	Canada, US, Japan, Sweden & Hungary	US, UK, Canada, Netherlands, W. Germany, France, Greece & Hungary	Adults	300	75%	S	

(1989)	Wal, Heslop & Hofstra	To study the perceptions of Men & Women towards product quality in relation to COO.	For men: clothing, shoes, home entertainment equipment, vehicles & wine; for women: clothing, children clothing, vehicles & wine	19 countries were chosen on the basis of their importance as sources of imports to Canada	Canada	Adults	635	42%	S	Men & women used different criteria when making product evaluation based on COO. Men appeared to use a country's technological development & political orientation to form opinions about overall product quality. Women tended to use geographic proximity & specific product in order to form product quality judgements for each country.
(1990)	Khachaturian & Morganosky	To investigate consumers' quality perceptions of apparel from various countries	Apparel	US, Italy, S, Korea, China & Costa Rica	US	Adults	153	77%	S	The less-industrialised the COO, the more the potential decline in the quality image.
(1990)	Han	To address the role of COO image in consumer choice behavior.	Cars & TVs	US, Japan & Korea	US	Adults	116	64.8%	S	Consumer willingness to purchase a product was related to the economic, political & cultural characteristics of the product's COO.
(1990)	Ghadir	To investigate consumers' perceptions of quality, price & risk of foreign vs. domestic product.	Electrical & gas appliances	US, UK, Japan, Russia, Romania, Taiwan, Egypt & Jordan	Jordan	Adults	639	63.9%	S	The COO had a significant relationship with the consumers' perception of the quality, price & risk of the product.

(1991)	Stoltman, Lim & Morgan	To investigate the effects of COO, product familiarity & consumer ethnocentrism on consumer acceptance of imported products.	Subcompact cars	US, Japan, W. Germany & S. Korea	US	Students	45	NA	S	Product familiarity seemed to have a strong effect on purchase intention only. COO significantly interacted with both product familiarity & consumer ethnocentrism.
(1991)	McLain & Sternquist	To investigate the US consumer behavior: do they "Buy American".	General	Foreign products in general	US	Adults	176	NA	S	Consumers who display strong ethnocentric tendencies were significantly less likely to buy products "made in USA" than those who were less ethnocentric.
(1991)	Wall, Liefeld & Heslop	To determine the effects of COO when combined with brand name & price level on consumers' ratings of quality, risk, to buy, value & likelihood to buy products.	Shirts, telephones & wallets	Canada, Hong Kong, Italy, S. Korea, Taiwan & US	Canada	Adults	40	NA	E	COO was related to assessment of product quality, but when it came to evaluating purchase likelihood, COO seemed not to be important.
(1991)	Cordell	To address the effects on consumer choice of the COO cue.	TV's, Microwave oven, bicycles & telephone	US, Algeria, India, Nigeria & Peru	US	Students	241	NA	E	Results showed preference biases against products from developing countries.
(1992)	Lawrence, Marr & Prendergast	To research the New Zealand consumers' attitudes towards automobiles "made in" four different countries.	Automobiles	Japan, Germany, France & Italy	New Zealand	Adults	150	56%	S	COO stereotyping was present in the New Zealand car market & this was often a determining factor in the buying process.

(1992)	Lee, Kim & Miller	To measure the relative effects of price, warranty & COO on consumer product evaluations & to examine the relationship of consumers' ethnocentric, nationalistic & similar attitudes to the importance that consumers place on COO.	Wall clock & personal computer	US & S. Korea	US	Adults	106	NA	E	The results showed that COO cue, although relatively less important than price & warranty, was clearly significant. Moreover, buy-American ethnocentric tendencies were also significant for both wall clock & personal computer.
(1992)	Roth & Romeo	To examine COO in terms of the fit between countries & product categories.	Beer, cars, leather shoes, crystal, bicycles & watches	England, Germany, Hungary, Ireland, Japan, Korea, Mexico, Spain & US	Ireland, Mexico & US	Students	368	NA	S	Product-country match may be an indicator of willingness to buy imported products; no differences in familiarity with some product categories (beer & bicycles) across the respondents of the three countries.
(1993)	Chao	To examine how US consumers would evaluate hybrid products with a multiple-country designation in terms of product design & country of assembly.	TV set	For "Assembled In" location: Taiwan, Thailand, Mexico; for "Designed In" location: US, Japan, Taiwan	US	Adults	120	NA	E	Consumers' evaluations of design & product qualities were influenced by price, country of design & country of assembly. Traditional price-quality relationship appeared to be country specific.
(1993)	Kochunny et al.	To develop a schema-based knowledge representation framework in order to test the effects of COO on product evaluations.	Cars	US, Japan & Korea	US		393	71% to 84%	S	Consumers possess a COO schema. This affects consumers' retention of information about cars, as well as their judgements.

(1993)	Chao & Rajendran	To examine how ownership of a variety of household consumer products may impact interpersonal perceptions.	14 products	US, Japan & Germany	US	Students	499	NA	E	Attitudes of people towards owning imported products have become a little more favourable.
(1993)	Ahmed & d'Astous	To investigate the effects of three COO, three brand names & three levels of price & service on consumers' perceptions of the purchase value of an automobile in two consuming countries.	Automobiles	Japan, Russia, Canada & Belgium	Canada & Belgium	Adults	376	40.1%	S	The effect of price on perception of purchase value was not significant. The brand name was a more important informational cue than "made in" for Belgian consumers, but not for Canadian consumers.
(1993)	Levin et al.	To investigate American consumers' attitude towards "Buy America First" & preferences of American & Japanese automobiles.	Automobiles	USA & Japan	USA	Students	71	NA	S	The results suggested a general home-country selection bias.
(1993)	Olsen, Granzin & Biswas	To develop a model that features a selected set of influences on consumers' willingness to buy domestic products over imported ones.	Clothing	Foreign countries in general	USA	Adults	243	NA	S	Results revealed prejudices against imported products & suggested ways to market the Buy American theme.
(1993)	Akaah & Yaprak	To investigate via conjoint methodology the influence of COO on product evaluations.	Automobiles	US, Japan & W. Germany	US, Turkey & Ghana	Students	225	NA	S	The influence of COO was weak when it was evaluated as one cue in an array of product cues.

(1993)	Smith	To examine the US consumers' perceptions towards manufactured goods that were labelled regionally.	A piece of cloth & a wine glass	Africa, Latin America, Asia & Western Europe	US	Students	224	NA	E	A demonstration of some degree of regional consumer bias was present. Moreover, younger consumers had more negative product evaluations than older people.
(1993)	Peris & Newman	To investigate the existence of the influence of COM on the image of the product & consumers' positive or negative discrimination toward such products made in five countries.	Cars, wine, shoes, personal computers, fashion clothing & toys	Germany, Britain, France, Spain & Italy	Britain & Spain	Students	270	NA	S	Over two-thirds in each sample showed a preference for home-made over foreign products.
(1993)	Lietfeld, Wall, Ji & Xu	To study the effects on relative cue utility of the interaction of cues in product choice situations in which both the number & types of both extrinsic & intrinsic information cues were varied for two types of products.	Telephones, men's shirts & women's blouses	Other countries that export the three products to Canadian market	Canada	Adults	326	31.26%	E	"In models with more cues present the relative utility of extrinsic cues was greater than that of intrinsic cues". Cue types, while affecting choice process, tended to be product specific.



(1994)	Ahmed, d'Astous & El Adraoui	To investigate the effects of COO on purchasing managers' perceptions in terms of perceived quality, purchase value & product profiles: COD, COA, brand name, price & warranty.	Computer system, fax machine & ball-point pens	Canada, Mexico & Japan	Canada	Purchasing Managers	173	14%	S	Developed countries were better evaluated in general than industrialising countries as locations for the design & assembly of industrial goods.
(1994)	Okechuku	To examine (via conjoint analysis) the relative importance of the COO of a product to consumers.	TV's sets & car radio/cassette players	TV: Japan, US, The Netherlands & S. Korea radio: Germany, US, Canada & Mexico	US, Canada, Germany & The Netherlands	Adults	430	73%	S	Developing countries were evaluated unfavourably in terms of source countries. Familiarity also played an important role in consumers' evaluations of such products.
(1994)	Lin & Sternquist	To investigate the effects of information cues, COO & store prestige on Taiwanese consumers' perception of quality & estimation of retail price.	Sweaters	US, Italy & Taiwan	Taiwan	Adults	265	NA	E	The results of their study supported the hypothesis of COO effects.
(1994)	Maheswaran	To identify consumer expertise & the type of attitude information as moderating the effects of COO on product evaluation.	Personal computer	Japan, Taiwan & S. Korea	US	Students	119	NA	E	Both experts & novices differed in their processing of stereotypical information.

(1994)	Sirutton, Pelton & Lumpkin	To examine the opinions of US consumers towards automobiles.	Automobiles	Japan & US	US	Adults	964	NA	S	American consumers evaluated Japanese cars significantly more favourably than their home made cars.
(1994)	Leclerc, Schmitt & Dube	To determine the effects of foreign branding on product perception & evaluation.	Products with utilitarian features, products with hedonic features & hybrids.	French branding	US	Students	266	NA	E	Foreign branding can be an effective means of influencing consumers' perceptions & attitudes.
(1994)	Johansson et al.	To investigate the role of image of product country for Russian tractors in the US.	Tractors	Russia, US, Canada, Germany, Italy & Japan	US	Farmers	43	NA	S	COO played an important role in the process of product evaluation.
(1994)	Kaynak, Kucukemiroglu & Kara*	To Examine consumers' perceptions of airlines.	24 different airlines	US + other countries	US	Adults	376	62%	S	Significant differences were found between the users of domestic & foreign airlines.
(1995)	Ahmed & d'Astous	To understand how household & organisational buyers' product perceptions are affected by knowledge of the COD & COA when other information such as brand name, price & warranty is also available.	Computer systems, Fax machines, automobiles & VCR	Canada, Mexico & Japan	Canada	Households & purchasing managers	190; 173	33.8%; 14%	S	Results showed that newly industrialising countries were evaluated poorly as COA & even more poorly as COD.
(1995)	Baker & Michie	To examine British car drivers' perceptions of & attitudes towards, four makes of imported cars.	Automobiles	Japan, Korea, Malaysia & UK	UK	Adults	120	NA	S	The findings demonstrated a home-country selection bias.

# CHAPTER I

(1995)	Good & Huddleston	To determine the ethnocentrism of Polish & Russian consumers.	4 identical men's shirts + 4 identical women's sweaters	Poland, Russia, Germany, China & US	Poland & Russia	Adults	947	NA	E	Both Polish & Russian consumers preferred their home country's products over foreign ones.
(1995)	Shaffer & O'Hara*	To examine the impact of nationality on perceptions of ethicality & trust towards an American service professional.	Legal service	US	30 nationalities	Adults	122	15%	S	Perceptions of trust differed among people from nations characterised by high & low individualism. Differences in ethical perceptions among individuals from high vs. low power distance nations were also found. No clear pattern of same-nationality bias was found.
(1995)	Harrison-Walker*	To investigate the national stereotype effects on consumer selection of a service provider.	Professional service of ophthalmology	US, India, Japan & Spain	US, Japan, Spain & other nationalities	Students	223	NA	S	
(1995)	Schweiger, Haubl & Friederes	To examine consumers' perceptions of the quality of goods "Made in Europe" compared to the quality of goods "Made in the USA" & "Made in Japan".	Nine products	Europe, USA & Japan	Austrian	Adults	240	NA	S	Patriotism has a positive effect on consumers' attitudes towards products labeled "Made in Europe".

(1995)	Keown & Casey	To measure the factors that influence consumers' behavior when purchasing wine.	Wine	14 countries	Northern Ireland	Adults	210	57%	S	COO was the most important factor for those purchasing wine.
(1995)	Sharma, Shimp & Shin	To identify the theoretical antecedents of consumer ethnocentricity & the effect ethnocentricity has on evaluations toward importing products.	Medicine, Kitchenware, beef, PC, jewellery, large fridge, liquor, Bananas, insurance & golf clubs	Domestic & foreign countries	Korea	Adults	125, 542	99%, 77%	S	<ul style="list-style-type: none"> <li>- Individuals who are open to other cultures are less ethnocentric.</li> <li>- Females show more consumer-ethnocentric tendencies than males.</li> <li>- Consumer-ethnocentric tendencies decrease with greater levels of education &amp; with increasing income.</li> <li>- The impact of consumer-ethnocentric tendencies on attitudes toward importing product toward Korea would be moderated by the perceived degree of personal &amp; economic threat imposed by the imported products.</li> </ul>
(1995)	Diamantopoulos, Schlegelmilch & Preez	To compare British & German consumers with regard to car purchases.	Cars	France, Japan, Spain & UK	UK & Germany	Adults	108, 154	NA	S	Both British & German consumers hold stereotypical images about different countries & that these images affect the way in which the countries' products are evaluated.

(1996)	Gudum & Kavas	To determine the Turkish industrial buyers' attitudes towards national & foreign suppliers.	Industrial suppliers	USA, Japan, Germany & Turkey	Turkey	Industrial purchasing managers	105	49%	S	Results indicated that Turkish industrial purchasing managers perceived German & Japanese suppliers more favourably than US & National suppliers on most of the marketing quality dimensions (product quality, timely delivery, source reliability, communication & after sales issues).
(1996)	Niss	To determine to what extent Danish exporters make use of the Danish image in their export marketing	Foodstuffs, design goods & agricultural products	Domestic products	NA	Exporters	58	58%	S	Possibility of using nationality in the marketing of Danish products abroad.
(1996)	Zhang	To study Chinese consumers' perceptions of COO images & how such perceptions influenced their product evaluation, attitudes & product choices.	Shirts, TV sets	China, USA, Japan & South Korea	China	Adult shoppers	300	NA	E	Stereotyping was a factor in the product evaluation process of the Chinese consumers. Products from Japan & the USA were preferred to those from South Korea.
(1996)	Tse et al.	To investigate the impact of country of origin on the behavior of Hong Kong Consumers	TV	Hong Kong, Germany, Japan & South Korea	Hong Kong	Households	286	63.3%	S	COO significantly affects consumers' intention to purchase the product.

Wetzels, Birgelen & Ruyter*	investigated the Dutch consumers ethnocentrism concept to ten different kinds of services provided in The Netherlands.	Public transport by bus, banking services, express delivery services, air travelling, travel agencies, railroad services, telecommunication, mail services, medicine-supply & public utilities such as gas & electricity	Different countries	The Netherlands	Adults	175	NA	S	-A consumer's ethnocentric tendencies toward services is negatively correlated with cultural openness (individuals who are more open to other cultures are less consumer ethnocentric toward services) & positively correlated with patriotism conservatism, collectivism & age. - Consumers with higher educational level have less ethnocentric tendencies toward services.
Bruning*	To examine the Canadian's national loyalty & the country of air carrier in the selection process.	3 Airline Services	US, Canada & Mexico	Canada	Travellers	427	NA	S & E	Results indicated that consumers who showed strong ethnocentric tendencies were less likely to prefer the foreign services offered over the national one. Results indicated that 'while foreign branding affects product evaluations more than country of origin, the uni-cultural or multi-cultural nature of the research context is influential in determining which brands are seen as foreign' (p. 15).
Thakor & Pacheco	To replicate & extend the Leclerc et al (1994) findings using similar stimuli. See Leclerc et al (1994).	Calculator, sunglasses, stuffed toy	UK, France, Italy, Canada & Quebec	Canada	Students	266	NA	E	

(1996)

(1997)

(1997)

(1997)	Bailey & Pineres	To examine Mexican attitudes towards American imported food products.	Agricultural products	USA & Mexico	Mexico	Mostly housewives	400	NA	S	The upper-income Mexicans prefer foreign products, but this was mediated by age, education & household size.
1998	Lampert & Jaffe	To suggest a normative model of COO as a dynamic process.	Consumer & industrial goods	Japan, USA, Western Europe, France, S. Korea, Italy, Germany & UK	USA	Adults	-	NA	C	A concept of product image life cycle & a dynamic model of country image were introduced.
1999	Kucukemiroglu	To identify consumer market segments existing among Turkish consumers by using lifestyle patterns & ethnocentrism.	Grocery, major appliances, furniture, automobiles, savings, vacations & life insurance	Imported products	Turkey	Adults	532	NA	S	There were several lifestyle dimensions apparent among the Turkish consumers which had an influence on their ethnocentric tendencies.
1999	Chen & Pereira	To examine the effect of products' COO on first-mover advantage.	Personal tutor	Japan & Mexico	USA	Students	121	NA	E	The results had direct implications for products entering international markets as a first mover, "early follower, or "late follower". With increasing number of competitors entering an international market, a product's favourable country image begins to lose its strategic importance. For products from countries with a less than favourable image, it might be more useful to be a follower than a first mover because the advantage of being first in a market can be negated by the unfavourable country of origin effect.

Year	Use	To examine how perceived product safety may be affected by such product-related factors as price, brand name, store name, promotion channels, source credibility, COO, nature of product testing authority & warranty.	Colour computer monitor	USA Japan, China	China	Students	500	NA	S	Perceived product safety was significantly affected by price, brand name, store name, promotion channels, source credibility, COO, nature of product testing authority & warranty.
1999	Bristow & Asquith	To investigate the predicted consumption pattern differences & the importance of brand name, related to specific product categories, between two distinct cultural groups (Hispanics & Anglos)	Alcohol, blue jeans, book bags, automobiles, car stereos, cigarettes & sunglasses	-	Anglos & Hispanics	Students	214	NA	S	Intra-cultural differences were found in the level of importance members of each group attached to specific product attributes.
1999	Knight	To compare consumer preferences for goods made abroad & in the home-country by both foreign & home country companies.	Microwave ovens & dishes	Japan & USA	USA	Adults	87	NA	S	Country of manufacture & product quality strongly influenced consumer decision making in globally available product categories.
1999	Leonidou et al.	To examine consumers' perceptions of products from five Asian Pacific countries.	Foodstuffs, household cleaning products, Personal care items, clothing/footwear, furnishing, electrical appliances & electronics	Japan, Hong Kong, Singapore, Indonesia & India	Bulgaria	Adults	135	NA	S	Bulgarian consumers took seriously in to account the COO of products of Asian Pacific on different aspects & maintain explicit perceptions regarding them.



2000	Hoffmann	To examine the Swedish market for fresh meat, where COO has been heavily promoted during 1990s.	Meat	EU countries	Sweden	Households	500	NA	S	Women & consumers with low income tended to use COO more extensively than men & higher income consumers.
2000	Quesier et al.	To examine the influence of country of origin effects on the Australian & New Zealand purchasing agents. Country of design & country of assembly were both included in their study.	Machine tools & component parts	Japan, France, USA, Sweden, Germany, UK, Norway, S. Korea, Singapore, Taiwan, Hong Kong, Brazil, Mexico, India, Russia, Thailand & the Philippines	Australia & New Zealand	Purchasing agents	- 250	46.6% 38%	S	COO was found to influence product quality perceptions & similar patterns were observed in both sample groups.
2000	Kaynak et al.	To investigate the Bangladeshi consumer's quality perception of products out sourced from nine foreign countries from country source most of product needs & compare them with their perceptions of domestic products.	Electronic items, TV sets, recorders, other electronic equipments, food products, fashion merchandise, textile suits, shirts, Jackets, household goods, furniture, kitchen utensils, etc.	Japan, Germany, USA, Italy, UK, Sweden, Korea, India, Taiwan	Bangladesh	Adults	196	78%	S	Consumers preferred Western made products classes as well as degree of suitability of sourcing countries which showed significant influence on the COO in the Bangladeshi consumers' perceptions of imported products.

2001	Lim & O'Cass	To investigate consumers' perception of brands as influenced by their origins & differences in classification ability between consumers' knowledge levels.	Fashion clothing	Eastern & Western countries	Singapore	Students	459	92%	S	It was noticed that consumers could more readily identify the cultural origin of brands over their COO. Moreover, a consumer's ability to make this distinction was influenced by the consumer's perception of how well he/she knew the brand. There was a positive relationship between COO & services papers similar to the relationship between COO & goods. Consumers had significantly different perceptions of product attributes for the products coming from countries of different levels of socio-economic & technological development.
2001	Javalgi et al.	To examine the COO research as it applies to services	-	-	-	-	-	-	-	he/she knew the brand. There was a positive relationship between COO & services papers similar to the relationship between COO & goods.
2002	Kaynak & Kara	To investigate product-country images, lifestyles & ethnocentric behavior of Turkish consumers.	Not specified	Japan, USA, Russia & China	Turkey	Adults	240	NA	S	significantly different perceptions of product attributes for the products coming from countries of different levels of socio-economic & technological development.

2002	Ahmed et al.	To examine the impact of technological complexity on Canadian consumers' perceptions of products made in highly & newly industrialized countries.	Computers & TVs	Canada, China, UK, Germany, Mexico, Japan, Chile, Argentina, Singapore, S. Korea, Taiwan, Thailand & USA	Canada	Male/ Adults	151	51.4	S	Country of origin image of NICs was less negative for technological simpler products (such as TVs) than for those with technological complex products (such as computers). NICs, were perceived more negatively as countries of design than as countries of assembly, especially for computers products, but their negative image may be attenuated by making consumers more familiar with product "made in" those countries or by proving them with other product-related information such as brand name & warranty. The results suggested that the more technologically sophisticated a consumer was, the more favourable he/she was towards products "made in" more technologically advanced NICs.
2002	Skuras & Vakrou	Investigated consumers' willingness to pay for origin labelled wine.	Wine	EU (Regional countries)	Greece	Adults	344	99.2%	S	NICs. Wine consumers' willingness to pay varied only according to socio-economic characteristics.

2002	Balabanis et al.	Used a core element of culture, human values in order to identify patterns in the way consumers perceive other countries & their products.	German products	Germany	Turkey & Czech Republic	Adults	783	NA	S	Human values can predict better COO images than other variables.
2002	Ahmed et al.	To examine COO & brand effects on consumers' quality perceptions, attitudes & purchase intentions with respect to service-industry product.	Star Cruise & Royal Caribbean lines	Malaysia & USA	Singapore & Foreigners	Adults	192	NA	S	Country of origin did appear to be an important information cue for consumers of services. Country of origin effects were stronger than brand effects for quality & attitude ratings. There was also a significant correlation between brand & buying intentions.
2002	Parameswaran & Pisharodi	To examine the extent of assimilation of host country CO stereotypes.	Cameras & Blenders	Germany & Korea	USA, Mexico, Iran, Greece, Turkey, Scandinavian countries, African countries	Adults	678	66%	S	The assimilation process was more gradual than can be expected based on the meeting Pot theory.
2003	Thakor & Lavack	Did two experiments in order to examine the effect of perceived brand origin association on consumer perceptions of quality	Kawasaki motorcycles, Denon stereo system, Epson, Mont Blanc,	Taiwan, Japan, Korea, Mexico, USA, Poland, Malaysia, Germany, Portugal	countries Canada	Students	34 & 77	NA	E	Country of manufacture had no effect on product quality evaluations when country of corporate ownership was present.

2004	Al-Sulaiti & Fontenot	To examine the effects of demographic characteristics on consumers' perceptions & selections of air carriers.	Airline services	Russia, China, France, Italy, Sri Lanka, Austria, UK, Cyprus, Hong Kong, India, Iran, Japan, , Holland, Korea, Germany, Malaysia, Pakistan, The Philippines, Brunei, Singapore, Switzerland, Turkey, Egypt, Jordan, Sudan, Syria, Yemen, UAE, Kuwait, Oman, Qatar, KSA	Qatar	Teachers	324	75.3%	S	Support was found for significant differences between occasional versus frequent travellers in terms of airline selections. Gender, marital status & income level were found to be significantly related to accessibility, performance & assurance factors respectively.
2004	Ahmed et al.	To investigate Chinese consumers' perceptions of countries as producers of consumer goods.	T-shirts	France, Germany, Japan, Canada, China, Brazil, Morocco, Mexico, Russia, India & S. Korea	China	Male/ Adults	209	66.3%	S	Chinese consumers' perceptions of country of design & country of assembled were much more positive for products made in highly industrialized countries than for those made in newly industrialized countries.

2004	Paswan & Sharma	To investigate the relationship between accuracy of brand country of origin knowledge & COO image in franchising context.	Global brands (such as KFC, McDonald's, Pepsi & Coke)	USA, Germany, Japan & S. Korea	India	Adults	695	NA	S	Accuracy of brand-COO knowledge was found to be positively related to COO image. Moreover, socio-economic classification & education significantly influenced the brand COO knowledge. Patriotism had a positive effect on the Qatari consumers' attitudes towards Qatar Airways in particular.
2004	Al-Sulaiti & Fontenot	To examine the influence of ethnocentrism & patriotism on selecting an airline service.	Airline services	Russia, China, France, Italy, Sir Lanka, Austria, UK, Cyprus, Hong Kong, India, Iran, Japan, , Holland, Korea, Germany, Malaysia, Pakistan, The Philippines, Brunei, Singapore, Swiss land, Turkey, Egypt, Jordan, Sudan, Syria, Yemen, UAE, Kuwait, Oman, Qatar, KSA	Qatar	Teachers	324	75.3%	S	

Laroche et al.	To extend knowledge of cognitive processing of COO cues by refining the concept of country image & investigating its role in product evaluations.	Products in general	Japan & Sweden	North American Metropolitan	Adults	436	36.3%	S	Country image & product beliefs affected product evaluations simultaneously regardless of consumers' level of familiarity with a product's origin. The results showed that the structure of country image has influenced product evaluations directly & indirectly through product beliefs. They believed that when a country image had a strong affective component, its direct influence on product evaluations was stronger than its influence on product beliefs. On the other hand, it was found that when a country's image had a strong cognitive component, its direct influence on product evaluations was weaker than its influence on product beliefs.
----------------	---	---------------------	----------------	-----------------------------	--------	-----	-------	---	---

2005

2005	Rajagopalan & Hettmeyer	To explain the level of involvement of Asian-Indian consumers residing in the United States when buying Indian ethnic apparel & contemporary American clothing at different levels of acculturation.	Indian ethnic apparel & contemporary American clothing	India & USA	Asian-Indian	Adults	254	38.12%	S	Low level of acculturation among Asian-Indians was evident in a higher level of involvement in Indian ethnic apparel. Consumers who were moderately acculturated to Western culture were less involved in Indian ethnic apparel but became increasingly involved as they became more acculturated to the US culture.
2005	Verbeke & Lopez	To examine the attitude & behavior of Belgians towards Latin-American ethnic food & of Hispanics living in Belgium towards mainstream Belgian food.	Food	Latin America & Belgium	Belgium & Hispanics living in Belgium	Adults	246	43.2%	S	The overall opinion & degree of satisfaction of the sample under study towards ethnic food was favourable.
2005	Reardon et al.	To investigate how ethnocentrism & economic development within transitional economies affects the formation of brand attitudes & attitude toward the ad.	Ads: running shoes & cosmetics	Slovenia, Kazakhstan & USA	Slovenia, Kazakhstan & USA	Adults	357	NA	S	The results showed negative attitude toward the ad only for Kazakhstan only. The effect of ethnocentrism on attitude toward the ad was stronger in the newly transitioning economy. Ethnocentricity affected attitude toward the brand formation only indirectly through attitude toward the ad, not directly as predicted in the literature.



2005	Malhotra et al	To examine the differences in perception of service quality dimensions between developed & developing economies.	Bank services	USA, India & the Philippines	USA, India & the Philippines	Adults	1069	NA	S	Differences between developed & developing countries in terms of service quality perceptions & evaluations were found. The results revealed that there were systematic differences between developed & developing countries that could be predicted based on economic, cultural & social factors.
2005	Veloutsou et al.	To compare the importance of choice criteria when buying own label & national brands & the perceived characteristics of the products carrying store & manufacture brands in Greece & Scotland, UK	Fast moving consumer goods (coffee, biscuits, toothpaste, washing-up liquid & shampoo)	Scotland & Greece	Scotland & Greece	Adults	328	NA	S	Own label & manufacture brands had an overall different positioning; Greeks were less familiar with own label products & assessed them somewhat differently than the Scots.
2005	Speece & Nguyen	To view two key issues: the importance of COO & the attitudes of individual brands across different segments of consumers & whether prices help to overcome negative perceptions.	TVs	Japan & Korea	Vietnam	Households	100	NA	S	The price cuts by Korean brands did little to attract consumers away from the higher perceived quality Japanese brands.

2006	Kinra	To examine consumers' perceptions & attitudes in India towards local & foreign brand names against a background of increasing prevalence of foreign brand names & stereotypes of countries of origin covering the range from positive to negative.	Cars, cameras, refrigerators, TVs, Washing machines, Jeans, shoes, perfumes, shampoos, cold drinks, Ice-cream, electronics, cell phones, computers, VCD players & music systems.	Japan, S. Korea, China, Germany, France, UK & USA	India	Adults	122	67.6%	S	The quality of foreign brands was perceived to be generally higher & superior to local brands. Most consumers associated greater accessibility of foreign brands in the Indian market with better quality at lower prices.
2006	Balestrini & Gamble	Examine the Chinese consumers' wine purchasing behavior & the importance of COO effects in the evaluation & assessment of wine quality & as it relates to decision making of wine purchases.	Wine	France, Australia, Italy, USA, Spain & Germany	China	Adults	100	NA	S	Consumers were more likely to use extrinsic cues than intrinsic cues to evaluate wine quality.
2006	Pappu et al.	To examine the impact of the COO of a brand on its consumer based equity.	Cars & TVs	Japan, China, Malaysia, USA, UK, Australia & Germany	Australia	Adults	672	88%	S	Consumer-based brand equity varied according to the country of origin in the brand & product category. This impact of COO on brand equity occurred where consumers perceived substantive differences between the countries in terms of their product categories-country associations.

2006	Elliott	To investigate the concept of CE & its impact on product evaluation & preferences among Indonesian consumers.	Colour TVs, International Airlines	Domestic & foreign production	Indonesia	Adults	547	NA	S	The overall level of CE of Indonesian consumers compared with published results was high.
2006	Jin, Chansarkar & Kondap	To examine the usefulness of the brand origin concept in shaping the perceptions of Indian consumers.	Consumer brands, consumer durables, frequent consumption products, technological products, pharmaceutical products & fashion products	India, China, UK, USA	India	Students	145	80.5%	S	Most consumers could recognize the brand origin correctly but the power of recognition decreased when the brand had a long history of localization.
2006	Kwok et al.	To extend the understanding of COO effects in China	Soy sauce, dried noodles, laundry detergent, packaged water & fresh milk	China & Western countries	China	Adults	432	NA	S	Consumers preferred to buy local Chinese grocery brands. They believed it is important to buy local brands for a range of Chinese-style & Western style product categories. The stated preference for Chinese brands was generally not reflected in actual purchase behavior. COO cues affected Australian consumers in beer evaluations despite its weak influences.
2006	Phau & Suntornnond	To investigate how different dimensions of consumer knowledge may affect COO cues.	Beer	Australia, New Germany, New Zealand & Netherlands	Australia	Adults	371	38.7%	S	

2006	Kim	To investigate the dissimilar effects of the country image on consumers' brand image & purchase intention by differently perceived nationality groups.	Electronic goods/ Samsung	Korea	USA	Adults	328	95%	S	Country image can work more positively when the nationality of the product is identified accurately.
2006	Aqueveque	To investigate the influence of consumption situation on the use of extrinsic cues, such as price & expert opinion, in the assessment of different type of risk associated to purchase decision.	Red wine	National	Chile	Students	128	NA	E	Consumption situation affected the use of price in the assessment of performance risk, but only in the case of negative expert opinion about the products. Expert opinion had strong effect reducing performance risk & increasing intention to buy.
2006	Souriden et al.	To investigate both Western & Eastern corporate branding thoughts & examine the interrelation among four corporate branding dimensions (Corporate name, image, reputation & loyalty) & their joint impact on consumers evaluation.	Automobiles	Un-known	Japan & USA	Adults	218	31.4%	S	Both samples had different perceptions with respect to the effect of corporate image & corporate loyalty. The corporate name was found to have to have a significant impact on corporate image & corporate reputation was found to have a significant affect on corporate loyalty. Additionally, corporate reputation was also found to be mediator of the corporate image's effect on consumers' product evaluation.

2006	Lin & Chen	To explore the influence of the COO image, product knowledge & product involvement on consumer purchase decision.	Insurance & catering services	Taiwan, China, USA	Taiwan	Adults	369	92.2%	S	COO image, product knowledge & product involvement all had a significant positive effect on consumer buying decision.
2006	Hamzaoui & Merunka	To decompose the concept of COO & test the influence of country of design & country of manufacture on consumer evaluations of bi-national products.	Automobiles & TV sets	Germany, France, Korea, Taiwan, Italy & Japan	Tunisia	Adults	389	95.1%	S	The concept of fit between country image (both COD & COM) & product category was an important determinant of product evaluation.
2007	Al-Sulaiti, Mohammed & Abdulrahman	To examine Qatari females' perceptions & preferences towards cosmetic brands produced in developed countries.	Cosmetic products	UK, USA & France	Qatar	Female Students	150	88.2%	S	Foreign branding can be an effective means of influencing consumers' perceptions & preferences.
2007	Khan & Bamber	To examine COO effects among Pakistani elite consumers.	Expensive products: (such as car, ect.) Non-expensive Product: (such as shoes, ect.)	Not specified	Pakistan	Students	322	80.5%	S	Consumers perceived COO image, product quality & luxurious image of product & price as distinct attributes when making a purchasing decision.

**(Footnotes)**

<sup>1</sup> Rate = Response rate , Data Col. = Data collection, E = Experimental design, S = Survey, C = Conceptual Study, NA = Not available/applicable, \* = Service evaluation



# Chapter Two

## Country Origin Effects

on Consumer Behavior

THE COUNTRY-OF-ORIGIN  
PHENOMENON WITHIN THE  
CONTEXT OF GLOBALIZATION:  
RESEARCH RELEVANCE AND  
MANAGERIAL IMPLICATIONS

# II





# **The Country-of-Origin Phenomenon Within the Context of Globalization: Research Relevance and Managerial Implications**

SAEED SAMIEE\*

## **Introduction**

There is little dispute that the world economy is increasingly intertwined. Integrated circuits designed by Rambus and Broadcom are manufactured in Taiwan and Korea for worldwide distribution. Oil supplies en route from the Middle East or Africa change hands several times before they reach final destinations. Sony, Toyota and Mercedes Benz products are researched, designed and manufactured in different countries for local and global markets. For example, BMW X and Z series are produced only in South Carolina for worldwide consumption. Products are outsourced from international vendors to benefit from lower cost or to avoid heavy capital investments. Multinational corporations rationalize their manufacturing on a global scale to avoid redundancies and improve customer service. Raw materials quickly lose their country of origin designations as soon as they are aboard

\* Saeed Samiee is Collins Professor of Marketing and International Business at The University of Tulsa and Project Director for the Institute for International Business Education (a joint initiative between The University of Tulsa and Moscow Institute of Electronics Technology), Moscow, Russia.

a vessel and ready for transport. International and global brands can be sourced from their originating country (e.g., Nissan cars from Japan), locally manufactured or imported from third countries. Regardless of where these brands are made, their dominance has never been stronger. These trends highlight some of the different ways in which global trade is functioning.

International marketing scholars have been captivated by the influence of “foreignness” of products upon customer assessment and purchase decisions for over four decades. Consumer attitudes and perception with respect to origins of imported products and brands will naturally vary across and within markets. These differences have been the subject of intense inquiry by academics within international marketing for several decades. The broader field, dubbed as the country-of-origin (CO), is considered the most-researched area within marketing containing several hundred publications.<sup>1</sup> Irrespective of which estimate is correct, there is little doubt that this area of inquiry has been heavily researched and, by all indications, researchers are continuing to investigate and publish on this general topic (cf. Usunier 2006). Despite the abundance and the continuing proliferation of COO studies, three critical issues have not been sufficiently addressed. First, what is the influence of the COO phenomenon within the context of an increasingly global economy? Second, from the scholarship and intellectual inquiry perspectives, how important is the COO phenomenon in the broader scheme of things? Third and perhaps most importantly, given our depth of current knowledge regarding the COO phenomenon, what realistic managerial implications or practical utility might be concluded for the research thus far. Accordingly, the objective of this paper is to address these questions.

A narrow focus on the COO phenomenon overshadows the enormity and the scale of imported brands from virtually every market that is consumed each year. The United States, for example, imported \$1.727 trillion worth of goods and services in 2005. Although a variety of raw materials and semi-finished products are also imported, a substantial proportion of this figure is made up of branded products destined for consumer markets. In addition to the importation of finished products, there is increasingly a proliferation of foreign brands that are now manufactured

(or assembled) and marketed in the US, ranging from designer apparel to automobiles. Customers everywhere are increasingly faced with choosing from a set of brands which includes foreign brands made in the US as well as imported ones manufactured or sourced from third countries. Indeed, in some products categories such as apparel, virtually all available merchandise is imported. Marketing of foreign brands and imported products leads to the issue of customer evaluation of products and whether the location of corporate headquarters or manufacturing subsidiary affects such evaluation.

### **The CO Literature**

The avalanche of publications in COO offers one inescapable finding: people tend to be sensitive to COO cues and once exposed to this information, there is an association between this knowledge, product evaluations and purchase intentions. However, much of the findings reported in the COO literature has been obtained in a “heavy-handed” fashion (cf. Samiee, Shimp and Sharma 2005; Peterson and Jolibert 1995). Whether in a laboratory setting, field experiment, or surveys, researchers disclose origins of products being evaluated thus alerting subjects and causing them to consider this measure as a component of their evaluative criteria. As the field has evolved, scholars have begun to question the appropriateness and the efficacy of COO as a predictor of product evaluation and choice. Indeed recent research questions whether consumers even know where products and brands are made, let alone use this information as the basis for decision-making. In this regard, Samiee (1994) argued that the influence of COO is generally overstated simply because most consumers do not know nor seek COO of products they consider for purchase. This assertions was later empirically validated. In their study of brand origin knowledge, Samiee, Shimp and Sharma (2005) reported that respondents could correctly identify the origins of only one about one-third of brands used in their study with a bias towards thinking of foreign brands as having been domestically manufactured. A finding reported by Thakor and Lavack (2003) is consistent with that reported by Samiee, Shimp and Sharma (2005). Thakor and Lavack (2003) demonstrated that country of manufacture had no impact on product evaluations when country of ownership (i.e., brand origin) information was

also present. Likewise, Chen (2004) notes that at least some consumers use brand-origin (rather than country of origin) as a source of information.

Systematic investigations of COO studies have revealed five points:

- Much of the research in this area has been criticized for its oversimplification of the subject matter and limited or lack of scientific rigor (e.g., Bilkey and Nes 1982; Shimp, Samiee and Madden 1993; Samiee, Shimp and Sharma 2005).
- Only a handful of studies have been based on theory or conceptually rigorous frameworks. The vast majority of COO publications are atheoretic and typically employ student subjects that participate in experiments and/or complete simple surveys (Obermiller and Spangenberg 1989).
- The COO literature is filled with contradictory findings (cf. Samiee 1994). For example, many studies imply that negative COO bias leads consumers to turn to products from origins that are more favorably viewed. Tse et al. (1996) found that preference for Hong Kong or Korean made TVs is very low in Hong Kong, the likelihood of buying them is greater than the more expensive German or Japanese brands. Most COO studies, on the other hand, indicate that customers will likely turn away from products that carry negative COO bias.
- If customers are indeed influenced by the COO phenomenon, then a firm's sourcing, manufacturing and marketing plans and strategies may need to be reappraised. The globalization of markets has created complex and intertwined sourcing and marketing strategies. If any bias resulting from these strategies is present in the buying decision, then manufacturers, exporters, importers, distributors and other channel intermediaries must pay close attention to how this affects their businesses and use proper strategies to respond to this phenomenon.

- The literature is virtually void of meaningful and relevant managerial implications. Indeed, two comprehensive COO literature reviews reveal virtually no concrete managerial implications (Al-Sulaiti and Baker 1998; Samiee 1994). Some COO publications have offered advice to marketing managers, however, these recommendations tend to be for local functionaries and lack centrality for integration in the firm's global marketing strategy.

The findings generally reported in the literature, however, are by no means wrong or inaccurate. With minor exceptions (e.g., Johansson, Douglas and Nonaka 1985), research designs alert respondents to the origins of products or brands being evaluated in some fashion, thus heightening the saliency of COO for subjects. Respondents then use the COO cues, along with any additional information, to compare products in terms of quality, value, design and purchase intentions. Not surprisingly, significant effects have been reported in a large variety of settings along multiple dimensions. The following is a summary of key findings from the COO literature:

- A large proportion of consumers are not aware of nor do they take COO into consideration (e.g., Hugstad and Durr 1986; Hester and Yuen 1987; Thakor and Lavack 2003; Chen 2004; Samiee, Shimp and Sharma 2005).
- Literature reviews and meta-analyses demonstrate that the influence of COO, especially with respect to purchase behavior, is minimal (Samiee 1994; Peterson and Jolibert 1995; Verlegh and Steenkamp 1999).
- Domestic products are preferred by some customers in every market (e.g., Sharma, Shimp and Shin 1995; Shimp and Sharma 1987; Reiersen 1966; Gaedeke 1973; Lillis and Narayana 1974; Krishnakumar 1974; Baumgartner and Jolibert 1978; Narayana 1981; Cattin *et al.* 1982; Morello 1984; Lumpkin and Crawford 1985).

- Products made in developed countries are preferred to others; that is, COO preference tends to be related to the level of economic development of nations (e.g., Gaedeke 1973; Kaynak and Cavusgil 1983; Wang and Lamb 1980; 1983; Hallén and Johanson 1985; Lumpkin and Crawford 1985).
- Customers in different countries respond differently to the CO cue (e.g., Stephens *et al.* 1985; Papadopoulos *et al.* 1987; Speece, Kawahara and Miller 1996).
- Country stereotyping varies by product type (e.g., Reiersen 1966; Nagashima 1970; 1977; Gaedeke 1973; Bannister and Saunders 1978; Chasin and Jaffe 1979; Dornoff *et al.* 1979; Niffenegger *et al.* 1980; Festervand *et al.* 1985; Lumpkin *et al.* 1985; Wall and Heslop 1986).
- Appropriate marketing strategy can alter country stereotyping (e.g., Reiersen 1967; Schooler *et al.* 1987).
- Consumers generally display a preference for products made in some countries more than others (e.g., Schooler 1965; 1971; Hampton 1977; Baumgartner and Jolibert 1978; Bannister and Saunders 1978; Schooler and Sunoo 1969; White 1979; Cattin *et al.* 1982; Papadopoulos *et al.* 1987).
- Preference for domestic products displayed by the ethnocentric group; the non-ethnocentric group exhibits characteristics similar to those of "innovators": younger, educated, higher income, etc. (e.g., Wang 1978; Shimp and Sharma 1987; Han and Terpstra 1988; Sharma, Shimp and Shin 1995).
- Patriotic sentiments typically increase CO awareness but not the brand choice (e.g., Daser and Meric 1987; Hester and Yuen 1987).
- The influence of CO increases with increased product familiarity

(e.g., Johansson *et al.* 1985; Heimbach *et al.* 1989).

- Consumer perceptions of product quality vary for uni-national and bi-national products (e.g., Han and Terpstra 1988).
- COO assessments are dynamic in nature (e.g., Nagashima 1970; 1977; Darling 1987; Darling and Wood 1990).

As we shall later discuss, the first seven findings in this list serve as significant global planning constraints for the international marketer. Samiee (1994) and Usunier (2006) raise important and critical issues with respect to the relevance of COO research. In particular, Usunier (2006: p. 71) notes that COO findings reported in the literature "...are of little influence on international marketing management." Accordingly, this study shall examine the relevant COO findings reported in the literature to highlight their international market planning constraints.

### **Labeling Requirements and Rules of Origin**

Labeling requirements and rules of origin are of critical importance to the CO line of inquiry. In order for customers to evaluate a product or a brand, whether solely or partially, based its origin, its label must carry this information. Product labels include such information under two conditions: CO labeling is required by law or the trademark owner uses CO as a component of its marketing strategy. An important third possibility is the use of brands that convey particular desirable origins or positioning brands such that they are associated with origins that are known to have positive equity with respect to products being marketed, e.g., Le Sueur line of canned vegetables in the US. The positioning and CO association marketing strategies are proactive and under the control of the firm. In the case of Le Sueur, the firm simply leverages off the positive country equity of France for food products to position the brand. A fourth possibility is when customers assume or guess a product's CO. This is a potentially chaotic situation because different individuals of groups of customers associate the product with different COOs which may be difficult for the firm to bring under control. It is noteworthy that the COO literature and, therefore, this study is concerned only with the first two conditions (i.e., when the firm is required to use CO labeling or when the firm leverages off its positive CO as part of its broader marketing strategy).



Governments continue to establish and apply rules of origin independently and, hence, there is a wide variation in the practice. For example, "made in" carries different meanings in European Union member states, leading to very diverse legal requirements. These rules are used to establish origins of products which, in turn, influence a variety of trade- and economic-related issues (e.g., tariffs, application of quotas or other restrictive trade practices, dumping, etc.). As world economies are increasingly intertwined and globalizing, a degree of harmonization and uniformity across countries is a virtual necessity. To this end, the General Agreement on Tariffs and Trade (GATT) and its successor, the World Trade Organization (WTO), have long sought to develop and enforce uniform rules with respect to origins of products to ensure that such rules do not become impediments to international trade.

To this end, WTO has established a harmonization program. Until the completion of the harmonization program, all member states are expected to ensure that their rules of origin are transparent, non-restrictive, without distortions and non-disruptive insofar as international trade is concerned. Further more, they are to be administered in a consistent, uniform, impartial and reasonable manner. Also, an aspect of the agreement establishes a "common declaration" for rules of origin on goods which qualify for preferential treatment.<sup>2</sup>

The exact number of countries requiring CO labeling is not known, but only a handful of developed countries require CO labeling. Most notably, in the US, CO marketing first became a requirement with the Tariff Act of 1890 and has been retained over time. The US rules require that a second country importing a product to add substantial value if the finished product is to assume the second country as its point of origin. Japan, Canada and the UK also require CO labeling, each governed by different rules. CO labeling is generally not required in the EU. EU member states cannot require products made in other member countries to carry a CO label and carrying a "Made in the EU" label is not compulsory. However, EU rules require that certain products imported from third countries to be labeled as such (*CBI News Bulletin* 2006).<sup>3</sup>

In the absence of required CO labeling, it would be difficult, if not impossible, for customers to access such information. Thus, it is reasonable to expect that in countries where CO labeling is not required, even customers who might seek or otherwise be influenced by this information will have to base their judgements on other information and, therefore, the influence of CO is potentially nil. This is consistent with the positions taken by Samiee (1994). Samiee, Shimp and Sharma (2005) and Usunier (2006) and the general conclusion reported by Peterson and Jolibert (1995: p. 100) that "the true conditions under which CO influence is operative have not been adequately or fully delineated."

### **The Relative Importance of CO**

It is amply clear from the CO literature and several comprehensive reviews that at least some customers respond to CO cues. However, contrary to some strong signals from marketing literature complementary to the CO phenomenon, by and large the CO literature has consistently assumed, even if only tacitly, that CO influences everyone in the market.<sup>4</sup> Much anecdotal evidence has driven the *raison d'être* for CO various projects. These examples provide convincing evidence that the CO effect is real and CO bias exists. In this regard, Khanna (1986) cites an incident in India whereby consumers, in evaluating locally assembled color television sets, would open their backs to make certain that their subassemblies were imported from some countries but not others. In Iran Sony television sets made in Japan carry as much as a 20% price premium over identical sets built in Singapore. In developed markets, where relatively affluent customers rely on brand image, reputation and character to make a purchase decision, there tends to be much greater reliance on non-CO cues. Indeed, Tse and Gorn (1993) found that Sony stereo equipment made in Japan was rated higher than that made in a developing country like Indonesia.

Research involving US consumers indicates that the level of CO knowledge of consumers is at best modest (Samiee, Shimp and Sharma, 2005). The average brand origin knowledge score for all 84 brands studied by the authors was 35%. Importantly, the average score for the 44 foreign brands included in the study was 22%, whereas domestic brands were designated as such in about one-half of the

cases for the 40 US brands (a score of 49%). The difference between consumers' knowledge of domestic and foreign brands reported by the authors was statistically significant. A key implication of Samiee, Shimp and Sharma (2005) for future CO studies is that, at least in the United States where CO information for imported products is available on product labels, consumers incorrectly identified their origins in the majority of cases, often assuming that foreign brands are actually of domestic origin. It is fair to assume that in markets where CO information is often not available consumers' knowledge of CO is even more impoverished. Thus, in routine and ecologically correct decision making situations most consumers would be unaware of origins of brands available in the market.

However, it would be inaccurate to conclude from Samiee, Shimp and Sharma (2005) study that no one is impacted by CO. The examples cited earlier, along with findings from the marketing literature, make it clear that at best only a portion of customers are likely to exhibit sensitivity towards imported products (Shimp and Sharma 1987; Sharma, Shimp and Shin 1995). In particular, Shimp and Sharma (1987) reported specific demographic and socioeconomic characteristics associated with ethnocentric tendencies. Their study along with other indicators led Samiee (1994) to explicitly recognize COO's relevance for only a segment within each market. Increasingly other research has acknowledged that the COO effect is segmented (e.g., Al-Sulaiti and Baker 1998; Klein, Ettenson and Morris 1998; Speece 2005). Despite greater recognition regarding the segmented nature of the CO phenomenon, to date the notion has not been formally incorporated in empirical studies of CO.

### **The CO Phenomenon in a Global Economy**

The notion of an "imported product" has historically conveyed that the item has been wholly and substantially produced in another country. As the world economies have globalized, this meaning has changed. Today's products are often a hybrid of domestic and imported designs, parts and/or assemblies. Products that are entirely designed and manufactured in a single county are increasingly a rare species. Customer knowledge with respect to the complexity of COs of products are also increasingly sophisticated. Most consumers realize that products that they buy,

even if labeled as having been locally manufactured, include parts, components, design and technologies that can span several countries. In conducting personal interviews with a sample of consumers, Shimp, Samiee and Madden (1993) found that the great majority of subjects were aware of international sourcing strategies used by firms and that a product or brand, particularly one associated with an MNC, is potentially made from parts acquired internationally and manufactured in a number of markets. However, there was no indication in their study that subjects actually sought CO information. In fact, their data clearly indicate that on average subjects' cognitive structures with respect to COs of products were impoverished.

The global nature of businesses, the presence of multinational, multi-product corporations and the intertwined nature of global commercial transactions complicate the assessment of origins of products. To this end, CO may be less important in the choice process and behavior than other considerations. In an era of global sourcing, manufacturing and marketing, coupled with better informed customers tooled with sophisticated means of global communications, it is increasingly difficult to define CO with any degree of precision. Accordingly, the assessment of COs of products and their impact on the choice processes for various customer segments is extremely challenging. The presence of multinational collaboration for product research, design, sourcing and manufacturing within and across a firm's network or operations and supply chain simply make CO a purely abstract concept that is very difficult to operationalize in an ecologically correct manner. This reality in turn poses a serious methodological challenge that has not been adequately addressed in the CO literature.

Concurrently, the growth of global brands truly complicates the issue. There is no empirical evidence that customers in developed markets considering the purchase of well-known brands are influenced by CO. Anecdotal evidence indicates that well-known Western luxury brands carrying a "Made in China" label have faced no negative CO bias (Galloni 2005). However, other anecdotal evidence from developing markets suggests a different scenario. Based on this evidence, it is fair to assume that a segment of population in developing markets may care where a known brand has been manufactured. However, there is no empirical evidence

to this effect and no indication as to the size of the segment. Given the advances in information technology and travel, it is reasonable to expect the size of such groups to be small and most developing market customers to rely on brand names as the basis for their purchase decisions rather than the CO of the brand. When a brand is less known, a segment of customers is naturally more likely to rely on the CO of the brand (where this information is available).

### **The Influence of Brands**

An increasing number of CO publications are giving recognition to the importance of brands as means of overcoming unfavorable CO bias (e.g., Lee and Ulgado 1996). Concurrently, a complementary and parallel line of inquiry has focused on the importance of brand origin (rather than CO) (e.g., Thakor and Kohli 1996; Thakor and Lavack 2003; Samiee, Shimp and Sharma 2005). A focus on brand origin is conceptually, methodologically and managerially valid and avoids the many criticisms aimed at the CO line of research. Even intuitively, one would expect the presence of powerful brands to influence and, thereby, overcome negative CO bias. Sears, Target, JC Penney, Bloomingdale's and many other retailers are regularly using the acceptance, reach and/or prestige of their brand names to market a variety of imported products. Sears guarantees "customer satisfaction" and it is reasonable to expect all brands associated with Sears to substantially or wholly overcome negative CO bias. Furthermore, to a lesser degree, would it be fair to assume that a customer in the market for a Zenith, a Sony or an RCA television set will be as concerned as they might be about a less known brand. Respected national and private brands in product categories for which perceived risk is high (e.g., consumer electronics, cars), greatly benefit regardless of where they are made because manufacturers and/or retailers reduce such risks. Honda Accord, Nissan trucks and Sony TVs, although made in Mexico, China or the US enjoy solid positions because of the strength of their core brands. In such cases firms have a desirable strategy which maintains a "Japanese" image (i.e., brand origin) which customers associate with high quality and superior value (Shimp, Samiee and Madden 1993) regardless of where they are manufactured or assembled.

### **Managerial Recommendations in the CO Literature**

The CO literature has enriched our knowledge regarding its antecedents and conditions under which bias might be present. However, the single most important outcome of this line of inquiry has to be its managerial guidance when such bias is present. Concurrently, the literature has offered only limited managerial implications, some of which are impractical within the context of how international and global corporations operate. Johansson (1993) has noted that CO research has not had much managerial impact and suggests that it continues to be poorly regarded by some practitioners and consultants. Managerial guidance emerging from CO research offers two possible levels of action: micro-level information relating to how customers feel about and think of CO and macro-level information involving, for example, country equity.

Micro-level information pertains to the general ignorance of consumers with respect to COs of brands and products and the lack of saliency of CO in their purchase decisions (e.g., Hugstad and Durr 1986; Hester and Yuen 1987; Thakor and Lavack 2003; Chen 2004; Samiee, Shimp and Sharma 2005). Indeed, literature reviews and meta-analyses demonstrate that the influence of CO, especially with respect to purchase behavior, is minimal (Samiee 1994; Peterson and Jolibert 1995; Verlegh and Steenkamp 1999). These findings make it very difficult to systematically incorporate CO-related bias in international marketing strategies. Other consumers demonstrate a preference for domestic products (e.g., Shimp and Sharma 1987; Sharma, Shimp and Shin 1995). Furthermore, research has also demonstrated that customers in different countries respond differently to the CO cue (e.g., Stephens *et al.* 1985; Papadopoulos *et al.* 1987). Collectively, these findings make it very difficult to appropriately segment consumers based on their sensitivity towards CO so that appropriate marketing strategies might be devised for different markets. Concurrently, using CO-related information as the basis for international market segmentation means that other more relevant criteria for international market segmentation or the delineation of intermarket segments are bypassed. The suboptimal approach to segmentation will result in sub-optimal performance.<sup>5</sup> However, using CO in international market segmentation is paradoxical in the face

of reported findings that most consumers are unaware of origins of brands and products and some prefer domestic products.

With respect to macro-level managerial information, it is pivotal to first examine how firms operate globally. To do this, one might focus on the operations of MNCs because these firms are best positioned to, not only to acquire the relevant information alerting them to CO bias, but also possess the resources to incorporate this information in their plans and strategies. To operate globally, firms must plan and implement a coordinated and inter-related plans. These firm-level managerial decisions tend to be independent of customer preferences and choice behavior with respect to CO and include marketing program standardization, product image and positioning decisions and manufacturing site selection decisions (Samiee 1994). Production rationalization and manufacturing site selection decisions are inherently intertwined with marketing program standardization and product image and positioning decisions (Samiee and Carapellotti 1984). However, there is no evidence in the literature that any of these decisions formally incorporate CO considerations. Firms make critical global expansion decision with a view towards performance. If CO is to have any impact upon managerial decision, its performance consequences must first be evident. Interestingly, the CO literature is conspicuously absent of performance considerations, even if some have attempted to bring managerial decision making with respect to the findings they report. As such, brand or product profitability should be taken into consideration.

The following is a representative list of managerial recommendations from the CO literature:

- Firms should carefully select a country for manufacture (FDI) or sourcing to avoid negative CO bias and when considering foreign sourcing, the seller must consider not only labor costs in the foreign country but also the sourcing country's image for specific product dimensions and either emphasize or downplay the sourcing country (e.g., Chao 1993, 2001; Klein, Ettenson and Morris 1998; Knight 1999; Watson and Wright 2000; Papadopoulos and Heslop 2002; Chao, Wuhner and Werani 2005; Pham 2006).

- Several studies have suggested that firms should assess the presence of negative CO bias and circumvent it by avoiding FDI in areas for which there is a strong bias (e.g., Johansson and Nebenzahl 1986; Han and Terpstra 1988).
- Exporting firms associated with controversial countries (based on their past military, economic, or political actions such as Japan, Germany, Russia, the United States, Israel, France or Great Britain) conduct research that measures to improve their knowledge of animosity in target markets (Klein, Ettenson and Morris 1998).
- International marketers might directly respond to nation-based animosity. One strategy would be to engage in public relations and other communications efforts to improve country perceptions and address sources of international tension (Klein, Ettenson and Morris 1998).
- Awareness regarding the presence of international animosity and its impact on customer choice in select target markets can guide firms to develop manufacturing alliances and the production of "hybrid" products (products manufactured in one country and branded by a firm from another country) (Klein, Ettenson and Morris 1998).
- Firms should manufacture new products in developed countries during the introductory stage of the product life cycle (since early adopters are concerned with manufacture-of-origin); products can be outsourced to low cost suppliers during the maturity stage while stressing brand-origin to consumers (Chen 2004).
- Firms from developing markets, for which negative CO bias is strong, should respond to this effect by partnering with known and respected global brands and distributors or form alliances with partners from countries with favorable rankings (Johansson, Ronkainen and Czinkota 1994; Okechuku and Onyemah 1999; Ahmed, Johnson, Yang, Fatt, Teng and Boon 2004).



- Exporters from developed countries should leverage off their country equity (Shimp, Samiee and Madden 1993; Okechuku and Onyemah 1999).
- In countries where all imported products enjoy a positive CO bias (i.e., developing countries), domestic producers should improve the quality of their products (Yamoah 2005).

The most common recommendation emerging from the CO literature alerts firms to carefully select countries from which products are sourced. Another overlapping recommendation suggests that firms in countries with unfavorable image select partners or form strategic alliances with firms from countries that carry a positive image. Other recommendations are suggested to a lesser extent. Given the plethora of published CO research, it is surprising how few concrete and managerially-appropriate recommendations have been provided.

### **Planning for the Global Marketplace**

At least three sets of firm-level decisions overlap with CO-related considerations and recommendations outlined in the literature. These include global marketing program standardization considerations, product image and positioning and plant location and sourcing decisions.

***Global Standardization of Marketing Programs.*** An important managerial consideration, particularly for MNCs, is the influence of CO upon the firm's ability to standardize its marketing program. Although a large body of literature has investigated marketing standardization, its findings has not spilled over to the CO literature. In particular, the proponents of standardization view international marketing strategy as having greater efficiencies which, in turn, should lead to improved performance (e.g., Buzzell 1968; Jain 1989). Global firms typically rationalize their manufacturing, warehousing and marketing activities on a global (or, at the very least, regional) basis to meet market demand and to optimize coordination and control of various functions (Samiee and Carapellotti 1984). Increased consolidation of global manufacturing and standardization of marketing activities result in products being sourced from fewer (but presumably

larger) manufacturing facilities located in fewer countries. Thus, internal sourcing and contract manufacturing allow MNCs and smaller firms alike to benefit from greater efficiency and improved performance. Firms deploy such money-saving approaches in part because they can calculate their impact on performance. In contrast, the performance impact of accommodating even the strongest negative CO bias (for example, by sourcing imported products from a country that is viewed more favorably by a relevant segment in a given export market) is likely smaller than deploying other strategies or the use of alternative marketing strategies.

Successful standardization of marketing activities is dependent on a high level of rationalization, coordination and control of various sourcing, manufacturing and marketing activities. Well-managed global firms source from fewer manufacturing facilities than multidomestic firms, which rely on more regional or localized manufacturing and can therefore modify or even customize to local market preferences.<sup>6</sup> If some markets demonstrate a preference for products from one country and a second and a third market favor the same product made in a second and a third country, production and distribution would be unimaginable and a corporate nightmare.

***Product Image and Positioning.*** Research seems to indicate that consumers from different countries respond differently to CO cues (Papadopoulos et al. 1987). If firms were to establish manufacturing facilities in more markets to evade negative CO bias or leverage off positive CO sentiments, the benefits and the economies offered by marketing program standardization would erode. Naturally, the marketing variable most affected by standardization is the product, but changes in the product may necessitate modifications in other aspects of the marketing program, notably the promotion aspects. The CO literature has also reported that country stereotyping varies by product type (e.g., Reiersen 1966; Nagashima 1970; 1977; Gaedeke 1973; Bannister and Saunders 1978; Chasin and Jaffe 1979; Dornoff et al. 1979; Niffenegger 1980; Festervand et al. 1985; Lumpkin and Crawford 1985; Wall and Heslop 1986).

The many criticisms aimed at the CO line of inquiry should not overshadow the fact that some customers are sensitive to this information and CO information may weigh heavily in their purchase decisions. An emerging approach within the CO literature is to steer away from products and brands in favor of the countries as the unit of analysis. It is reasoned that, like brands and other objects, people have impressions of countries based on their knowledge about each country (rather than products they produce). Country-level knowledge is accumulated over long periods based on a variety of individual experiences with and about each country (international travel, word-of-mouth, personal heritage, news and, for some individuals, experience with products made there). The concept of country equity was first proposed by Shimp, Samiee and Madden (1993). Since then, an increasing number of scholars interested in the CO line of inquiry are focusing on this construct (e.g., Okechuku and Onyemah 1999; Papadopoulos and Heslop 2002).

Another emerging alternative to the traditional CO research is to focus on brand origin. A focus on brand origin is on the premise that, in the era of powerful international and global brands, it is the country with which a brand is typically associated that may matter. In other words, where a product is designed, assembled, or manufactured does not matter. Consumers are increasingly sophisticated and recognize the intertwined nature of global trade and that, before a brand name is embossed on a product, it is in the best interest of the firm possessing the brand to make certain that the brand is every bit as good as the one originally produced in its home market. Honda cars provide an excellent example in this regard. When the firm initially planned its auto assembly plant in Marysville, Ohio, in 1980 (the first Honda Accord produced in 1982), it viewed Honda cars from Japan as its main competition. The objective was to produce cars that were superior in quality as compared to those manufactured by its Japanese parent. Today, Honda exports cars from the US to Japan and other markets. In short, firms are unwilling to sacrifice brand dilution just because they outsource supplies from multiple facilities and/or suppliers; therefore, heightening the relative importance of the brand and the country from which it originates. Thus, the notion of brand origin, as one of the component of brand equity holds substantial promise in future research (cf. Keller

1998; Thakor and Kohli 1996; Thakor and Lavack, 2003; Samiee, Shimp and Sharma 2005).

Finally, of the hundreds of articles investigating the CO phenomenon, only a handful have attempted to universally uncover the characteristics that separates CO-sensitive customers from the rest of the population. Developing a CO-sensitive international marketing strategy must begin with a precise profile of the segment of the population that is affected. Otherwise, the strategy might involve remedies that are inappropriate for the intended target market. For example, framing the message inappropriately or using irrelevant media to inform and educate origin-sensitive (via brand origin or country equity) customers. Therefore, future research effort should identify characteristics and size of origin-sensitive segments and determine the relative influence of these concepts on consumer choice using ecologically valid research designs that avoid heavy-handed approaches (i.e., exposing subjects to origins of products or brands) as the data are being gathered.

### References

- Ahmed, Z. U., Johnson, J. P., Yang, X., Fatt, C. K., Teng, H. S. and Boon, L. C. (2004), "Does Country of Origin Matter for Low-involvement Products?," *International Marketing Review*, 21 (1).
- Al-Sulaiti, K. I. and Baker, M. J. (1998), "Country of origin effects: A literature review," *Marketing Intelligence & Planning*, 16(3), 150–199.
- Bannister, J. P. Saunders, and J. A. (1978), "U.K. Consumers' Attitudes Towards Imports: The Measurement of National Stereotype Image," *European Journal of Marketing* 12, 562-570.
- Baumgartner, G. and Jolibert, A. (1978), "The perception of foreign products in France," in H. Keith Hunt, editor, *Advances in consumer research*, Provo, UT: Association for Consumer Research, 5, 603-5.
- Bilkey, W. J. and Nes, E. (1982), "Country-Of-Origin Effects on Product Evaluations," *Journal of International Business Studies*, 13, spring-summer, 89-99.
- Buzzell, R. (1968), "Can You Standardize Multinational Marketing?," *Harvard Business Review*, 46 (November-December), 102-113.
- Cattin, P., Jolibert A. and Lohnes, C. (1982), "A Cross-Cultural Study of "Made In" Concepts," *Journal of International Business Studies*, 13, winter, 131-141.
- CBI News Bulletin (2006), "Amid Concerns About Preferential Treatment, The EU Prepares New Origin Marking Regulations," September-October, 15-16.
- Chao P., Wuhrer G. and Werani, T. (2005), "Celebrity and Foreign Brand Name as Moderators of Country-of-Origin Effects," *International Journal of Advertising*, 24 (2), 173-192.
- Chao, P. (2001), "The Moderating Effects of Country of Assembly, Country of Parts and Country of Design on Hybrid Product Evaluations," *Journal of Advertising*, 30 (4), 67-81.

Chao, P. (1993), "Partitioning Country of Origin Effects: Consumer Evaluations of Hybrid Product," *Journal of International Business Studies*, 24(2), 291-306.

Chasin, J. B. and Jaffe, E. D. (1979), "Industrial Buyer Attitudes Toward Goods Made in Eastern Europe," *Columbia Journal of World Business*, 14 Summer, 74-81.

Chen, H. (2004), "Testing the role of country of origin in consumer adoption of new products," *International Advances in Economic Research*, 1083-0898, August, 10 (3), 245.

Darling, J.R. and Wood, V.R. (1990), "A Longitudinal Study Comparing Perceptions of U.S. and Japanese Consumer Products in a Third/Neutral Country: Finland 1975-1985," *Journal of International Business Studies*, 21 (3), 427-450.

Darling, J.R. (1987), "A Longitudinal Analysis of the Competitive Profile of Products and Associated Marketing Practices of Selected European and Non-European Countries," *European Journal of Marketing*, 21(3), 17-29.

Daser, S. and Meric, H.J. (1987), "Does Patriotism Have Any Marketing Value: Exploratory Findings for the 'Crafted with Pride in the U.S.A.' Campaign," in Melanie Wallendorf and Paul Anderson, editors, *Advances in consumer research*, Provo, UT: Association for Consumer research, 14, 536-37.

Dornoff, R.J., Tankersley, C.B. and White, G.P. (1974), "Consumers' Perceptions of Imports," *Akron Business and Economic Review*, 5(Summer), 26-9.

Festervand, T.A., Lumpkin, J.R. and Lundstrom, J. (1985), "Consumers' Perceptions of Imports: An Update and Extension," *Akron Business and Economic Review*, 16 (Spring), 31-36.

Gaedeke, R. (1973), "Consumer Attitudes Toward Products 'Made In' Developing Countries," *Journal of Retailing*, 49 (Summer) 13-24.

Galloni, A. (2005), "Push for 'Made In' Tags Grows in EU," *The Wall Street Journal*, November 7.

Hallén, L. and Johanson, J. (1985), "Industrial Marketing Strategies and Different National Environments," *Journal of Business Research*, 13, 495-509.

Hampton, G.M. (1977), "Perceived Risk In Buying Products Made Abroad By American Firms," *Baylor Business Studies*, 113 August, 53-64.

Han, C. M. and Terpstra, V. (1988), "Country-of-Origin Effects for Uni-National and Bi-National Products," *Journal of International Business Studies*, Summer.

Heimbach, A.E., Johansson J.K. and McLachlan, D. (1989), "Product Familiarity, Information Processing and Country-of-Origin Cues," in Thomas K. Srull, editor, *Advances in consumer research*, Provo, UT: Association for Consumer Research, 16, 460-467.

Hester, S.B. and Yuen, M. (1987), "The influence of country of origin on consumer attitude and buying behavior in the United States and Canada," in Melanie Wallendorf & Paul Anderson, editors, *Advances in consumer research*, Provo, UT: Association for Consumer Research, 14: 538-42.

Hugstad, P.S. and Durr, M. (1986), "A Study of Country of Manufacturer Impact on Consumer Perceptions," *Developments in Marketing Science*, Naresh Malhotra and Jon Hawes (eds.), Vol. IX, Coral Gables, FL: Academy of Marketing Science, 115-119.

Jain, S. (1989), "Standardization of International Marketing Strategy: Some Research Hypotheses," *Journal of Marketing*, 53 (January), 70-79.

Johansson, J.K., Ronkainen I. and Czinkota, M. (1994), "Negative Country of Origin Effects: The Case of New Russia," *Journal of International Business Studies*, 25 (1), 157-176.

Johansson, J.K. (1993), "Missing a Strategic Opportunity: Managers' Denial of Country-of-Origin Effects," in Papadopoulos, N. and Louise Heslop (eds), *Product-Country Images*, Haworth Press: New York, NY.

Johansson, J.K. and Nebenzahl, I.D. (1987), "Country-of-Origin, Social Norms and Behavioral Intentions," in *Advances In International Marketing*, Vol. 2, Tamer Cavusgil (ed.), Greenwich, CT: Jai Press, Inc.

Johansson, J.K., Douglas, S.P. and Nonaka, I. (1985), "Assessing the Impact of Country of Origin on Product Evaluations: A New Methodological Perspective," *Journal of Marketing Research*, 22 November, 388-396.

Kaynak, E. and Cavusgil, T. (1983), "Consumer Attitudes Toward Products of Foreign Origin: Do they Vary Across Product Classes?," *International Journal of Advertising*, 2 (April-June), 147-157.

Khanna, S. (1986), "Asian Companies and the Country Stereotyping Paradox: An Empirical Study," *Columbia Journal of World Business*, Summer, 29-38.

Keller, Kevin Lane (1998), *Strategic Brand Management: Building, Measuring and Managing Brand Equity*. Prentice-Hall: Upper Saddle River, NJ.

Klein, J.G., Ettenson, R. and Morris, M.D. (1998), "The Animosity Model of Foreign Product Purchase: An Empirical Test in the People's Republic of China," *Journal of Marketing*, 62 (January) 89-100.

Knight, G.A. (1999), "Consumer Preferences for Foreign and Domestic Products," *Journal of Consumer Marketing*, 16 (2), 116-117.

Krishnakumar, P. (1974), "An Exploratory Study of the Influence of Country of Origin on the Product Images of Persons from Selected Countries," Ph.D. Dissertation, the University of Florida.

Lee, M. and Ulgado, F.M. (1996), "Consumer Reactions to Bi-National Products: Implications for International Marketers," *The Journal of Marketing Management*, spring-summer, 5 (1), 29-38.

Lillis, C.M. and Narayana, C. (1974), "Analysis of 'Made-In' Product Image: An Exploratory Study," *Journal of International Business Studies*, 5 (spring), 119-27.



## CHAPTER II

Lotz, S.L. and Hu, M.Y. (2001), "Diluting Negative Country of Origin Stereotypes: A Social Stereotype Approach," *Journal of Marketing Management*, 17, 105-135.

Lumpkin, J.R. and Crawford, J.C. (1985), "Consumer Perceptions of Developing Countries," in Naresh K. Malhotra, editor, *Developments in marketing science*, Coral Gables, FL: Academy of Marketing Science, 8, 95-7.

Morello, G. (1984), "The 'Made In' Issue: A Comparative Research on the Image of Domestic and Foreign Products," *European Research*, 12 (January), 5-21.

Nagashima, A. (1977), "A Comparative Product 'Made In' Image Survey Among Japanese Businessmen," *Journal of Marketing*, 41 (July), 95-100.

Nagashima, A. (1970), "A Comparison of Japanese and U.S. Attitudes Toward Foreign Products," *Journal of Marketing*, 34 (January), 68-74.

Narayana, C.L. (1981), "Aggregate Images of American and Japanese Products: Implications on International Marketing," *Columbia Journal of World Business*, 16 summer, 31-35.

Niffenegger, P.B. (1980), "How Imports Rate In Comparison to Domestic Products: A Retailer Study," *Proceedings, Southern Marketing Association*, 369-373.

Niss, H. (1996), "Country of Origin Marketing over the Product Life Cycle: A Danish Case Study," *European Journal of Marketing*, 30 (3), 6-22.

Obermiller, C. and Spangenberg, E. (1989), "Exploring the Effects of Country of Origin Labels: An Information Processing Framework," *Advances in Consumer Research*, 16 (1), 454-459.

Okechuku, C. and Onyemah, V. (1999), "Nigerian Consumer Attitudes Toward Foreign and Domestic Products," *Journal of International Business Studies*, 30 (3), 611-622.

Papadopoulos, N.G. and Heslop, L.A. (2002), "Country Equity and Country Branding: Problems and Prospects," *Journal of Brand Management*, April, 9 (4/5), 294-314.

Papadopoulos, N.G. and Heslop, L.A. (1993), *Product Country Images*, International Business Press, New York.

Papadopoulos, N.G. and Heslop, L.A., Garby, F. and Avlonitis, G. (1987), "Does 'Country of Origin' Matter? Some Findings from a Cross-cultural Study of Consumer Views about Foreign Products," Report No. 87-104, Cambridge, MA: *Marketing Science Institute*.

Peterson, R.A. and Jolibert, A. (1995), "A Meta-Analysis of Country-of-Origin Effects," *Journal of International Business Studies*, 26, 883–900.

Pham, K.V. (2006), "Strategic Offshoring from a Decomposed COO's Perspective: A Cross-Regional Study of Four Product Categories," *The Journal of American Academy of Business*, 8 (2), March, 59-66.

Reiersen, C. (1967), "Attitude Changes Toward Foreign Products," *Journal of Marketing Research*, 4 (November), 385-387.

Reiersen, C. (1966), "Are Foreign Products Seen As National Stereotypes?," *Journal of Retailing*, Fall, 33-40.

Samiee, S., Shimp, T.A. and Sharma, S. (2005), "Brand Origin Recognition Accuracy: Its Antecedents and Consumers' Cognitive Limitations," *Journal of International Business Studies*, 36, 379–397.

Samiee, S. (1994), "Customer Evaluation of Products in a Global Market," *Journal of International Business Studies*, 25 (3), 579-604.

Samiee, S. and Carapellotti, L. (1984), "The Use of Portfolio Models for Production Rationalization in Multinational Firms," *International Marketing Review*, 1 (3), 5-13.

Schooler, R.D. Wildt, A.R. and Jones, J.M. (1987), "Strategy Development for Manufactured Exports of Third World Countries," *Journal of Global Marketing*, 1 (Fall/Winter), 53-68.

Schooler, R.D. and Sunoo, D.H. (1969), "Consumer Perception of International Products: Regional vs. National Labeling," *Social Science Quarterly*, 50 (March), 886-890.

Schooler, R.D. (1965), "Product Bias in Central American Common Market," *Journal of Marketing Research*, November, 394-397.

Sharma, S., Shimp, T.A. and Shin, J. (1995), "Consumer Ethnocentrism: A Test of Antecedents and Moderators," *Journal of the Academy of Marketing Science*, 23 (1), 26-37.

Shimp, T.A., Samiee, S. and Madden, T.J. (1993), "Countries and Their Products: A Cognitive Structure Perspective," *Journal of the Academy of Marketing Science*, 21(4), 323-330.

Shimp, T.A. and Sharma, S. (1987), "Consumer Ethnocentrism: Construction and Validation of the CETSCALE," *Journal of Marketing Research*, August, 24 (3), 280-289.

Solomon, M.R. (1983), "The Role of Products as Social Stimuli: A Symbolic Interactionism Perspective," *Journal of Consumer Research*, 10 December, 319-329.

Speece, M. and Nguyen, D.P. (2005), "Countering Negative Country-of-Origin with Low Prices: A Conjoint Study in Vietnam," *Journal of Product & Brand Management*, 14 (1), 39-48.

Speece, M., Kawahara, Y. and Miller, C.E. (1996), "The Impact of Offshore Manufacturing on Quality Perceptions," *Asian Academy of Management Journal*, 1 (1), 15-29.

Stephens, K.T., Fox H.W. and Leonard, M.J. (1985), "A Comparison of Preferences Concerning the Purchase of Domestic vs. Imports," in Naresh K. Malhotra, editor, *Developments in Marketing Science*, Coral Gables, FL: Academy of Marketing Science, 8, 100-104.

Thakor, M.V. and Lavack, A.M. (2003), "Effect of Perceived Brand Origin Associations on Consumer Perceptions of Quality," *Journal of Product and Brand Management*, 12 (6), 394-407.

Thakor, M.V. and Kohli, C.S. (1996), "Brand Origin: Conceptualization and Review," *Journal of Consumer Marketing*, 1 (3), 27-42.

Tse, A.C.B., Chan, W.K., Choi, M.Y., Kwai, W. and Lam, L.M. (1996), "The Impact of Country-of-Origin on the Behavior of Hong Kong Consumers," *Journal of International Marketing and Marketing Research*, 21 (1), 39-44.

Tse, D.K. and Gorn, G.J. (1993), "An Experiment on the Salience of Country-of-Origin in an Era of Global Brands," *Journal of International Marketing*, 1 (1), 57-76.

Usunier, J. (2006), "Relevance in Business Research: the Case of Country-of-Origin Research in Marketing," *European Management Review*, 3, 60-73.

Verlegh, W.J. and Steenkamp, J.E.M. (1999), "A Review and Meta-Analysis of Country of Origin Research," *Journal of Business Research*, 20, 521-546.

Wall, M. and Heslop, A. (1986), "Consumer Attitudes Toward Canadian Made-In versus Imported Products," *Journal of the Academy of Marketing Science*, 14 (Summer), 27-36.

Wang, C. and Lamb, C. W. (1983), "The Impact of Selected Environmental Forces Upon Consumers' Willingness to Buy Foreign Product," *Journal of the Academy of Marketing Science*, 11, (winter), 71-84.

Wang, C. and Lamb, C. W. (1980), "Foreign Environmental Factors Influencing American Consumers' Predisposition Toward European Products," *Journal of the Academy of Marketing Science*, 8 (Fall), 345-356.

Wang, C. (1978), "The Effect of Foreign Economic, Political and Cultural Environment on Consumers' Willingness to Buy Foreign Products," Ph.D. Dissertation, Texas A&M University.

Watson, J.J. and Wright, K. (2000), "Consumer Ethnocentrism and Attitudes Toward Domestic and Foreign Products," *European Journal of Marketing*, 34 (9/10).

## CHAPTER II

White, P.D. (1979), "Attitudes of U.S. Purchasing Managers Toward Industrial Products Manufactured in Selected Western European Nations," *Journal of International Business*, 10 (spring-summer), 81-90.

Yamoah, F.A.(2005), "Role and Impact of Product-Country Image on Rice Marketing: A Developing Country Perspective," *The Journal of American Academy of Business*, 7 (2), September, 265-276.

**(Footnotes)**

<sup>1</sup>Estimates vary widely and older estimates naturally exclude the more recent publication activity. Peterson and Jolibert (1995) perhaps provide the conservative estimate of under 200 publications. Usunier (2006) offers an intermediate estimate of about 400 studies. Papadopoulos and Heslop (2002) provide the highest estimate (i.e., over 750 major publications by more than 780 authors).

<sup>2</sup>See [http://www.wto.org/English/tratop\\_e/roi\\_e/roi\\_info\\_e.htm](http://www.wto.org/English/tratop_e/roi_e/roi_info_e.htm) for more information.

<sup>3</sup>Some EU governments (e.g., Italy) and a group of luxury product manufacturers are making an effort to require CO labeling on products sold in Europe. In 2005, 225 firms, including luxury brands such as Louis Vuitton and Trussardi, signed a petition to support governmental efforts for mandatory CO labeling (for example, for such products as clothing and shoes). Thus far, these efforts have met with significant resistance from most member states. Concurrently, such a requirement is a two edge sword for some manufacturers that source their luxury brands from Asia and North Africa and are currently not required to reveal their CO. However, even in the luxury good category, the brand is a stronger cue for customers than is the case for its CO. For example, LVMH Moët Hennessy Louis Vuitton handbags are made in China and, although they carry CO labels, their prestige and popularity remain intact (Galloni 2005). Lee and Ulgado (1996) confirm this observation and conclude that a well-established brand can overcome negative CO bias, especially when intrinsic product information is available.

<sup>4</sup>A case in point is Papadopoulos and Heslop (1993a: p. 28) in which they state "Origins are of interest to all buyers." Although they go on to explain that different groups seek the information for different purposes and some will use it in making purchase decisions (i.e., segments are indeed present), the opening statement quoted above is representative of the modus operandi in the mindset of the great majority of CO researchers.

<sup>5</sup>Per segmentation concept and its underlying theories of monopolistic competition and price discrimination, segmentation schemes are valid only to the extent that they result in optimal performance (i.e., the underlying theories of market segmentation are normative).

<sup>6</sup>Global and multidomestic firms pursue strategies that differ in both philosophy and organization, such that the former view makes no distinction between home and host markets, whereas firms in the latter view the world in a more fragmented manner, but consider foreign markets to be as important as the domestic market. Global firms possess a high degree of coordination and control of global activities, whereas foreign affiliates of multidomestic firms are relatively autonomous in their decision making.



**Country  
Origin  
Effects**

on Consumer Behavior

CO-BRANDING IN THE  
GLOBAL CONTEXT

III





# Co-branding in the Global Context

Paul Chao\*

## Introduction

Companies have been forging brand alliances for years. These alliances are configured in various forms and combinations. They may also be formed to achieve different strategic objectives. Multiple brands used to target different market segments under one corporate ownership structure are known as an umbrella branding strategy. Yum! Restaurants International, the owner of KFC, Pizza Hut, Taco Bell, Long John Silver's and A&W, each of which maintains its own brand identity and positioning to serve a distinct restaurant segment represents just one such example. Yum has been bringing together various brands under its ownership by locating some of the stores side by side and sometimes even housing them under the same roof. Some customers refer to the co-branding of KFC and Taco Bell as "Taco Chickens", the Taco Bell/Pizza Hut combination a "Taco

\* Paul chao, Professor of Marketing, Department of Marketing, Eastern Michigan University, MI, USA.

Hut", Taco Bell/ Long John Silver's a "Taco Silver's" and Taco Bell/Pizza Hut/KFC trio a "Ken Taco Hut". Kinko's acquisition by Federal Express in 2003 in response to the UPS' acquisition of Mail Boxes, Etc. in 2001 represents another. However, unlike Mail Boxes, Etc. whose store name for all its 4000 plus locations worldwide is switched to The UPS Store to reflect this new ownership structure, Kinko's locations are renamed "FedExKinko's" effectively creating a dual brand name.

Kmart and Martha Stewart alliance is created through a non-equity structure. Kmart continues to use its own corporate logo independently even though it is hoped that by aligning with Martha Stewart, the good image portrayed through Martha Stewart designed high quality products will become associated with Kmart thereby lifting its own image in the process. Co-branding in this case is achieved through co-promotional materials featuring Martha Stewart merchandises which Kmart carries in its stores. Other shorter term arrangements to promote two or more brands in a promotional campaign are also common. Ford Motor Company promoting the sales of its trucks by offering buyers Home Depot gift cards is just one such example.

In the era of globalization, international brand alliances are also growing in popularity. Daimler's (Germany) acquisition of Chrysler (US) to form the Daimler Chrysler Corporation as a dual corporate brand strategy is originally conceived with greater efficiency and cost savings in mind. Whirlpool, a US appliance manufacturer which acquires the appliance division of Philips of the Netherlands is originally designed to be part of its European entry strategy. Fearing that consumers in Europe are not familiar with the Whirlpool brand name, all products it sells in Europe are to be labeled Whirlpool/Philips until such a time when it is no longer necessary to do so. Other non-equity global brand alliances have also emerged. Brand alliances in the airline industry are typical as airlines form partnerships to increase passenger loads across the world while cutting costs at the same time. KLM/NWA alliance works to feed transatlantic passengers into each other's flight networks in Europe and North America. China Southern recently joins this alliance to add Asian routes to this network. Similarly, United Airlines forms its own Star Alliance with a number of airlines in Europe, Asia, South America and elsewhere

in order to remain competitive. While open sky agreements, which allow foreign airlines greater flexibility in operating routes in another country's domestic markets languishes in international negotiations among various national governments, such alliances provide one easy and convenient way for synergy in the industry.

Whereas co-branding strategies have been actively pursued by domestic and international businesses, relatively few research studies have been conducted on the effects of co-branding. Furthermore, most research in the literature dealing with co-branding strategies addresses these issues from a domestic context. Surprisingly, fewer still are research studies designed to address co-branding issues in the international context. Furthermore, even though Ettenson and Knowles study (2006) has identified 10 branding options employed by companies in recent mergers and acquisitions, the survey results reveal that brand decisions have not been the major component in most companies' M&A deliberations. This chapter will first provide an overview of co-branding in the literature followed by a discussion of major theoretical underpinnings which can be used to guide research in this area. A model with a set of research propositions will then be presented. The paper will conclude with suggestions for future research.

### **Brand Alliance Research**

Various theoretical perspectives can be offered to assist in developing the framework for studying brand alliances. It has been suggested that brand alliances can serve as a signal of quality, particularly when consumers find it difficult to ascertain product quality except through a product's brand name (Rao and Ruekert 1994; Rao, Qu and Ruekert 1999). Consumers rely on a variety of cues for making inferences. In the absence of other information cues, the brand with the largest market share must be the best product as a consumer inference represents just one such example. In cases of information asymmetry when consumers may not have direct experience with the product, a brand name may become a valuable quality signal. In such a case the attitude toward a reputable brand can be predicted to be compatible with the risk reduction hypothesis. The quality uncertainty associated with a brand can be effectively reduced. Such benefit may not accrue when information asymmetry does not exist. For instance, an

alliance between Coca Cola and Sony may not provide any incremental benefits to either brand if consumers perceive themselves to possess sufficient information and reasonably confident about qualities of both brands. However, if one brand is perceived to be more reputable and well known than the other, the less established brand may benefit more in the brand alliance. This prediction is consistent with the attitude accessibility theory, which postulates that a strongly held brand attitude is more easily retrieved from memory. Greater familiarity with a product is therefore more capable of generating an attitude toward a brand than one with which consumers are less familiar (Alba and Hutchinson 1987; Bettman and Sujan 1987). Familiarity can play a moderating role in brand alliance evaluations by the consumer.

The associative network model can also be used to account for the effectiveness of joint brand promotions (Samu, Krishnan and Smith 1999). According to this model, pieces of information about a product is stored in memory as fixed nodes. These nodes are connected by relational links (Collins and Loftus 1975; Nelson, etc. 1993; Quillian 1969). A car, BMW, may exist in a person's memory containing different nodes: car, fast, comfortable. A car seat designed by Lego may also exist in a person's memory containing different nodes: car seat, baby, toy, stylish, fun, comfortable, etc. Some of these nodes may be directly related to the BMW car such as car seat to car, stylish, comfortable, etc. To the extent that various nodes are interconnected in a positive manner, the images of either or both can be significantly enhanced. The activation of information nodes stored in our memory can be activated by advertising. When an advertisement features information about two brands, which can be connected through memory links, the activation of both brands in memory can be achieved rather quickly. This is so particularly when two brands are complementary. When the two brands are non-complementary, such as BMW and Tide (a brand of detergent), consumers may not be able to retrieve the information from the memory linkage as easily. This prediction is somewhat consistent with the attitude accessibility theory. When the brand alliance involves two brands, which are perceived to be less common or less familiar, attitude formation is less likely to occur due to the unfamiliarity of the brand alliance.

Congruity theory (Osgood and Tennenbaum 1955) can be invoked when information presented in an ad involving two brands are incongruent. According to this theory, incongruent information produces consumer dissonance, a state of psychological discomfort. Ample evidence exists in the marketing literature pointing to the efficacy of congruity in producing better consumer attitudes as well as product evaluations (Friedman and Friedman 1979; Kamins 1990; Misra and Beatty 1990; Childers and Houston 1984; Houston, Childers and heckler 1987; Unnava and Bernkrant 1991; Kellaris Cox and Cox 1993; MacInnis and Park 1991). However, in a state of incongruity, the association of two objects which are incongruent may cause consumer

evaluations of the two objects to move in the direction in which congruity can be restored. This will be true particularly when the two brands do not appear to belong to the same league. For instance, when Gucci is paired with Walmart, there is an immediate incongruity, which will cause consumer evaluations of Gucci and Walmart to change in order to restore congruity. The positive image associated with Gucci due to its high status and exclusivity will be deleteriously affected by the negative image associated with Kmart. At the same time, consumer evaluations of Kmart may be enhanced due to its association with Gucci.

### Country Equities

In the era of globalization, brand alliances across different countries are becoming more common. As such, country equities may be just as important as brand equities in consumer evaluations of a brand alliance. Like brands consumers may perceive values associated with countries in which products are made (Papadopoulos and Heslop 2002). The fact that some countries are perceived in better lights than others when it comes to consumer evaluations of products made in those countries has been well documented in the Country-of-Origin (COO) literature (Bilkey and Ness 1982; Leifield 1993; Ozsomer and Cavusgil 1991; Peterson and Jolibert 1995). The fact that consumers may prefer domestic to foreign products has been explained on the basis of ethnocentrism. However, most studies in extant literature, which provide evidence of consumer ethnocentrism have been conducted in western industrialized countries such as US, Japan and countries in Western

Europe. In developing countries such as China, India and east European countries, consumers appear to prefer products from more industrialized countries. In this case xenocentrism, the opposite of ethnocentrism may be at work. Xenocentrism is the notion that whatever comes from other countries must be better. Evidence exists to show that in some cases, this may be true (Chao 2006, Johansson, Ronkainen and Czinkota 1994; Klein, Ettenson and Krishnan 2006).

In a study addressing brand alliance using more than two brands in the alliances, Voss and Gammoh (2004) report that the second ally does not seem to improve consumer evaluation of the relatively unknown brand in the alliance. Even though this study is not specifically designed to test the COO effects in the brand alliance, it nevertheless uses a brand which is implicitly associated with another country (Sony of Japan). Not surprisingly, the result obtained in another brand alliance study (Ruth and Simonin 2003) also shows the relative ineffectiveness of the source country as an event sponsor in a brand alliance. In both studies, the authors have decided to test US vs. Japan, which are both industrialized countries. As predicted by the information asymmetry hypothesis, when information asymmetry does not exist, a well known and reputable brand is not expected to improve consumer product evaluations of another brand, which is equally well known and reputable. Such appears to be the case when US and Japan are used to test the COO effects on brand alliance in both studies.

When brand and country variables are combined in a brand alliance, the consumer evaluation process may become more complex. Information integration theory (Anderson 1971, 1982, 1991; Bettman, Capon and Lutz 1975; Lynch 1985) proposes that consumers assign importance weights to various product attributes as well as ratings to the attributes. Consumers combine these information to form an overall evaluation of the product. One version of the information integration paradigm suggests that consumers may rely on the averaging model. According to this model, if one attribute receives a greater weight, the other will receive a smaller weight since the weights should add up to unity. A strong brand name which can receive a greater weight can then be used to compensate for a weaker country equity since the country will receive a smaller weight in consumer product evaluation process.

Therefore, Sony made in Mexico may not receive a huge quality discounting from Sony made in Japan even though Japan is expected to be perceived to enjoy a higher country equity than Mexico as country may receive a smaller weight in this evaluation when compared to the weight the brand may receive. This has been partially confirmed in a study by Jo, Nakamoto and Nelson (2003). One should also consider, however, in other contexts; country may receive a greater weight vis-à-vis other attributes when other attributes may receive a smaller weight than country such as price (Chao 1993).

### **Research Propositions**

Even though some studies have been reported in the marketing literature on various brand alliance issues (Levin and Levin 2000; Levin 2000; Park, Jun and Shocker 1996; Simonin and Ruth 1998; Washburn, Till and Priluck 2004), most of these studies only involve domestic brand alliances. Other brand alliance studies focus either on the effects of brand alliance on event sponsorship (Ruth and Simonin 2003) or attitude toward charitable cause in a cause-brand partnership (Lafferty, Goldsmith and Hult 2004).

With the exception of two studies by Voss and Tansuhaj (1999) and Chao and Jo (2000), no study has been reported on the effectiveness of brand alliances involving two or more foreign brands. In the first study, Kodak (a US brand) or Fuji (a Japanese brand) was used with an imaginary camera brand made in Singapore in a brand alliance. The COO effect was not the focus of the study and was therefore not tested. The second study examined the effects of brand alliance involving Magnavox (a US brand acquired by the Philips of Netherland) and Philips (a Dutch appliance manufacturer) in Australia. In this era of globalization when many multinational corporations are increasingly forging complicated cross border alliances, there is a need to extend brand alliance studies beyond countries in the industrialized world such as US, Japan and countries in Western Europe. As suggested by Chao, Samiee and Yip (2004) in a recent guest editorial in a Special Issue on International Marketing in the Asia-Pacific region, companies in the emerging economies of China and India may be ready to launch their global enterprises by acquiring western firms while using brand alliance strategies. The acquisitions of RCA by TLC (China) and



the IBM's pc division by Lenovo (China) are just two cases in point. As China and India continue in their paths to rapid economic development, the question of how brand alliances between Chinese and western companies or Chinese companies and Indian companies may play out in the developing markets as well as the western industrialized markets will become important issues to address.

As indicated by the information asymmetry hypothesis, when two brands are well established and nearly identical in perceived product qualities, such a brand alliance may not add any incremental benefit to either brand. On the other hand, when one brand is perceived to be superior to another brand, a brand alliance involving a stronger brand and a weaker brand should benefit the weaker more than the stronger brand in the brand alliance. The same should hold true for the brand alliance if both brands involved in the brand alliance are perceived to be weak. This prediction is consistent with the congruity theory described earlier. The following research propositions can thus be formulated:

- P1a: There is no significant enhancement in attitude toward a brand alliance when both brands are perceived to be highly reputable.
- P1b: There is significant enhancement in product quality perception of a brand alliance when both brands are perceived to be highly reputable.
- P2a: There is no significant attitude enhancement toward a brand alliance when both brands are perceived as weak in brand reputations.
- P2b: There is no significant enhancement in product quality perception of a brand alliance when both brands are perceived to be weak in brand reputation.
- P3a: There is a significant attitude enhancement toward the brand alliance in favor of the weaker brand when a stronger brand is paired with a weaker brand in the alliance.
- P3b: There is a significant enhancement in the product quality perception of a brand alliance in favor of the weaker brand when a stronger brand is paired with a weaker brand in the brand alliance.

For a brand with a stronger brand equity in alliance with another brand also with a stronger brand equity, a weak country equity may adversely affect the attitude and quality evaluation of the brand alliance. Conversely, a strong country equity may be used to improve two weak brands in a brand alliance. The following research propositions can thus be formulated:

- P4a: Attitude toward the brand alliance when both brand possess strong brand equities may be adversely affected if the brands are indicated as made in countries with weak country equities.
- P4b: Quality perception of the brand alliance between two brands with strong brand equities can be adversely affected if the brands are indicated as made in countries with weak country equities.
- P5a: Attitude toward the brand alliance between two brands with weak brand equities can be significantly enhanced by indicating that these brands are made in countries with strong country equities.
- P5b: Quality evaluation of the brand alliance between two brands with weak brand Equities can be significantly enhanced by indicating that these brands are made in countries with strong country equities.

As discussed earlier, familiarity is expected to moderate attitude toward a brand alliance. The attitude accessibility posits that a high level of familiarity with a brand can moderate attitude toward the brand alliance. Similarly, a high level of familiarity or awareness about a country where the brand is made can also moderate the attitude toward the brand alliance. The following propositions can thus be formulated:

- P6a: For higher (lower) levels of familiarity with brands having strong brand equities in the brand alliance, attitude toward the brand alliance will be higher (lower).
- P6b: For higher (lower) levels of familiarity with brands having strong brand equities in the brand alliance, product quality perception of the brand alliance will be higher (lower).

- P7a: For a higher level of brand familiarity with a brand having a stronger brand equity in a brand alliance with a brand having a weaker brand equity, attitude toward the brand alliance will be moderated by the level of familiarity.
- P7b: For a higher level of brand familiarity with a brand having a stronger brand equity in a brand alliance with a brand having a weaker brand equity, product quality perception of the brand alliance will be moderated by the level of familiarity.
- P8a: For a higher level country familiarity with a brand having a stronger brand equity in a brand alliance with a brand having a weaker brand equity, attitude toward the brand alliance will be moderated by the level of country familiarity.
- P8b: For a higher level country familiarity with a brand having a stronger brand equity in a brand alliance with a brand having a weaker brand equity, product quality perception of the brand alliance will be moderated by the level of country familiarity.

## **Conclusions**

This chapter has presented discussions of brand alliance research involving cobranding both in the domestic and international contexts. It also provides the theoretical underpinnings, which can be used to guide global co-branding research. The propositions generated can be empirically tested. As more companies around the world continue to pursue co-branding as a viable global marketing strategic alternative, research of the impacts of these brand alliances on consumer attitudes and product evaluations can provide useful insights to global marketing researchers and practitioners alike. The results can also be used to formulate global brand alliance strategies. It is hoped that this chapter will generate interests in this critically under-researched area in global marketing. Studies involving cross national comparisons will be especially valuable.

### References

- Alba, J.W. and Hutchinson, J.W. (1987), "Dimensions of Consumer Expertise," *Journal of Consumer Research*, 13, 411-435.
- Anderson, N.H. (1971), "Integration Theory and Attitude Change," *Psychological review*, 78(3), 171-206.
- Anderson, N.H. (1981), *Methods of Information Integration Theory*, New York, Academic press.
- Anderson, N.H. (1991), *Contributions to Information Integration Theory*, Vols. I-III, Hillsdale (NJ), Lawrence Erlbaum Associates.
- Bettman, J.R., Capon N. and Lutz, R.J. (1975), "Cognitive Algebra in Multi-attribute Model," *Journal of Marketing Research*, 12, 151-164.
- Bettman, J.R. and Sujaan, M. (1987), "Effects of Framing on Evaluation of Comparable Non-comparable Alternatives by Expert and Novice Consumers," *Journal of Consumer Research*, 14 (September), 141-154.
- Bilkey, W. J. and Nes, E. (1982), "Country-of-Origin Effects on product Evaluations," *Journal of International Business Studies*, 13 (1), 89-99.
- Chao, P. (1993), "Partitioning Country-of-Origin Effects: Consumer Evaluations of a Hybrid Product," *Journal of International Business Studies*, 24 (2), 291-306.
- Chao, P and Jo, M.S. (2000), "The Impacts of Brand, Attribute Strength and Country-of-Origin on product Evaluation: a Web Survey," in *Proceedings of the Academy of Marketing Science Annual Conference*, Montreal, Spotts, H.E. and Meadow, H.L., eds., 186-191.
- Chao, P., Samiee, S. and Yip, L.S.C. (2004), "International Marketing in the Asia-Pacific Region," Special Issue, *International Marketing review*, 21 (3), 243-246.
- Chao, P. (2006), "Marketing Strategy Implications of Consumer rationality, Emotions and Brand Affinity in the China Market," *PKU Business Review*, 25 (8), 60-64.

Childers, T.L. and Houston, M.J. (1984), "Conditions for a Picture Superiority Effect on Consumer Memory," *Journal of Consumer Research*, 11 (September), 643-654.

Collins, A.M. and Loftus, E.F. (1975), "A Spreading Activation Theory of Semantic Processing," *Psychological Review*, 82 (6), 407-428.

Ettenson, R. and Knowles, J. (2006), "Merging the Brands and Branding the Merger," *MIT Sloan management Review*, 48 (Summer), 39-49.

Friedman, H. and Friedman, L. (1979), "Endorser Effectiveness by product Type," *Journal of Advertising Research*, 19 (5), 63-71.

Houston, M.J., Childers, T.L. and Heckler, S.E. (1987), "Picture-Word Consistency and the Elaborative Processing of Advertisement," *Journal of Marketing research*, 24 (4), 359-369.

Jo, M.S., Nakamoto, K. and Nelson, J.E. (2003), "The Shielding Effects of Brand Image against Lower Quality Country-of-Origin in Global manufacturing," *Journal of Business Research*, 56, 637-646.

Johansson, J.K., Ronkainen, I.A. and Czinkota, M.R. (1994), "Negative Country-of-Origin Effects: the Case of the New Russia," *Journal of International Business Studies*, 25 (1), 157-176.

Kamins, M.E. (1990), "An Investigation into the 'Match Up' Hypothesis in Celebrity Advertising, 19 (1), 4-13.

Kellaris, J.J., Cox, A.D. and Cox, D. (1993), "The Effect of Background Music on Ad Processing: a Contingency Explanation," *Journal of Marketing*, 57 (4), 114-125.

Klein, J.G., Ettenson, R. and Krishnan B.C. (2006), "Extending the Construct of Consumer Ethnocentrism: When Foreign Products are Preferred," *International Marketing Review*, 23 (3), 304-321.

Lafferty, B.A., Goldsmith, R.E. and Hult, G.T.M. (2004), "The Impact of the Alliance on the Partners: a Look at Cause-Brand Alliance," *Psychology & Marketing*, 21 (7), 509-531.

Levin, I.P. and Levin, A.M. (2000), "Modeling the Role of Brand Alliances in of Product Evaluations," *Journal of Consumer Psychology*, 9, 43-52.

Levin, A.M. (2002), "Contrast and Assimilation Processes in Consumers' Evaluations Of Dual Brands," *Jouranl of Business and Psychology*, 17 (1), 145-154.

Liefield, J. (1993), "Experiments on Country-of-origin Effects: Review and Meta-Analysis of Effect Size," in Product- Country Images: Impact and Role in International Marketing, Papadoupolos, N. and Heslop, L. eds., Binghamton, NY., International Business Press, 117-156.

MacInnis, D.J. and Park, C.W. (1991), "The Differential Role of Characteristics of Music High and Low Involvement Consumers' Processing od Ads," *Journal of Consumer Research*, 18 (September), 161-173.

Misra, S. and Beatty, S.E., (1990), "Celebrity Spokesperson and Brand Congruence, an Assessment of Recall and Affect," *Journal of Business Research*, 21 (2), 159-173.

Nelson, D.L., Bennett, D.J., Gee, N.R., Shreiber, T.A. and McKinney V.M. (1993), "Implicit Memory: Effects of network Size and Interconnectivity on Cued Recall," *Journal of Experimental Psychology: Learning, Memory and Cognition*, 19 (4), 747-64.

Osgood, C.E. and Tannenbaum, P.H. (1955), "The Principles of Congruity in the Prediction of Attitude Change," *Psychological review*, 62 (1), 42-55.

Özsomer, A. and Cavusgil S.T. (1991), "Country-of-Origin Effects on Product Evaluations: a Sequel to Bilkey and Nes review," in *Enhancing Knowledge Development in Marketing*, Vol. 2, Chicago, American Marketing Association, 269-277.

Papadoupolos, N and Heslop, L. (2002), "Country Equity and Country Branding: Problems and Prospects," *Journal of Brand Management*, 9 (4/5), 294-314.

Park, C.W., Jun, S.Y. and Shocker, A.D. (1996), "Composite Branding Alliances: An

Investigation of Extension and Feedback Effects," *Journal of Marketing Research*, 33 (4), 453-466.

Peterson, R.A. and Jolibert, A.J.P. (1995), "A Meta-Analysis of Country-of-Origin Effects," *Journal of International Business Studies*, 26 (4), 883-900.

Quillian, M.R. (1969), "The Teachable Language Comprehender: a Simulation Program and Theory of Language," *Communications of the ACM*, 12, 459-476.

Rao, A.R. and Ruekert, R.W. (1994), "Brand Alliances as Signals of Product Quality," *Sloan Management Review*, 36 (Fall), 87-97.

Rao, A.R., Qu, L. and Ruekert, R.W. (1999), "Signaling Unobservable Product Quality Through a Brand Ally," *Journal of Marketing Research*, 36 (May), 258-268.

Ruth, J.A. and Simonin, B. (2003), "Brought to You by Barnd A and Brand B: Investigating Multiple Sponsors' Influence on Consumers' Attitude Toward Sponsored Events," *Journal of Advertising*, 32 (3), 19-30.

Samu, S., Krishnan, H.S. and Smith, R. (1999), "Using Advertising Alliances for New Product Introduction: Interactions Between Product Complementarity and Promotional Strategies," *Journal of Marketing*, 63 (1), 57-74.

Simonin, B.L. and Ruth, J.L. (1998), "Is a Company Known by the Company it Keeps? Assessing the Spillover Effects of Brand Alliances on Consumer Brand Attitudes," *Journal of Marketing Research*, 35 (February), 30-42.

Voss, K.E. and Gammoth, B.S. (2004), "Building Brands Through Brand Alliances: Does a Second Ally Help?" *Marketing Letters*, 15 (2-3), 147-159.

Voss, K.E. and Tansuhaj, P. (1999), "A Consumer Perspective on Foreign Market Entry: Building Brands Through Brand Alliances," *Journal of International Consumer Marketing*, 11 (2), 39-58.

Washburn, J.H., Till, B.D. and Priluck, R. (2004), "Brand Alliance and Customer-Based Brand Equity Effects," *Psychology & Marketing*, 21 (7), 487-508.



## CHAPTER IV

# **An Empirical Investigation on Determinants of Consumer Adoption of Foreign Brands in Korea**

**C. Min Han\***

## **Introduction**

Numerous studies have been conducted in the area of cross-cultural consumers' buying behavior [see Cavusgil, Deligonoul and Yaprak (2005) for a comprehensive review]. Among them, the topic of new product adoption and diffusion across the nations has attracted considerable attention in the marketing literature (e.g., Dekimpe, Parker and Sarvay 2000; Gatignon and Robertson 1991; Mahajan, Muller and Bass 1990). The literature suggests that various factors associated with consumer characteristics as well as cultural factors can influence consumer adoption of foreign brands (Steenkamp, Hofstede and Wedel 1999; de Mooij 2004).<sup>1</sup>

Now, the question is, can we extend our knowledge on new product adoption and diffusion to consumer adoption behavior in Asian NICs (newly industrialized countries) such as Korea? How important

\* C. Min Han, Professor of International Marketing, Hanyang University, Seoul, Korea.

is the competitiveness of a foreign brand in consumer adoption of foreign brands? What variables as to consumer characteristics are associated with early adopters of a foreign brand? Based on the theory of the diffusion and adoption of innovation (Dekimpe, Parker and Sarvay 2000; Gatignon and Robertson 1991; Rogers 2003) and research on consumer innovativeness (Foxall 1988; Steenkamp, Hofstede and Wedel 1999), our study empirically examines what determines consumer adoption of foreign brands in Korea. Specifically, the present study investigates the effect of the perceived product attributes and the consumers' personality traits such as venturesomeness, cosmopolitanism, social participation, opinion leadership as well as consumer patriotism on the adoption of foreign brands.

### **Theoretical Background**

Marketing studies often define new products in relation to market acceptance. Innovations frequently are operationally defined as recently introduced products that have not attained approximately 10 percent of their ultimate market share (Engel, Blackwell and Miniard 1995). Keegan (1989) suggested a concept of "situational innovation," based on the premise that an existing product may be an innovation in another market because it is a new and different product for the new market. Terpstra and Sarathy (2000) also argued that an innovation might involve the modification or extension of existing products with little change in basic behavior patterns required by consumers. In this context, purchase of foreign brands in Korea may be considered as another kind of innovation.

Generally, two streams of previous studies on adoption and diffusion of innovations have focused on the individual consumer characteristics and the perceived product attributes. Rogers (2003) argues that the rate of adoption of an innovation is a function of that innovation's attributes (e.g., product attributes) and that individuals differ remarkably in their likelihood of trying out a new innovation due to differences in some personal characteristics. In the following sections, the conceptual frameworks specifying the consumer characteristics and the perceived product attributes are presented. These are followed by the construct of consumer patriotism.

### **Consumer Characteristics**

Research on consumers' adoption of innovations and consumer innovativeness has resulted in a body of literature consisting of three domains regarding consumer characteristics (Foxall 1988; Gatignon and Robertson 1991; Mahajan, Muller and Bass 1993; Rogers, 2003). First, several studies have examined the association between personality trait variables and consumer innovativeness (e.g., Foxall 1988; Steenkamp and Baumgartner 1992; Steenkamp, Hofstede and Wedel 1999). To be more specific, innovativeness has been found to be positively correlated with consumers' venturesomeness, extraversion and open-mindedness, but negatively correlated with dogmatism and conservatism (Foxall 1988; Steenkamp, et al. 1999). In addition, innovators have frequently, though not unequivocally, been described as more cosmopolitan, higher in ability to cope with uncertainty and risk and less dogmatic (Rogers 2003; Johansson 2006, p.399). Second, consumers' communication variables have been found to affect adoption of innovations. Several studies including Gatignon and Robertson (1991) and Rogers (2003) have shown that innovators tend to be higher in social participation and opinion leadership. Some of consumers' personality traits and communication variables may seem independent, but they may be conceptually related to each other. Open-mindedness, dogmatism and conservatism may be conceptually very close to cosmopolitanism. Extraversion and social participation also may be conceptually interrelated constructs. In the present study, therefore, only the following consumer characteristics were considered: venturesomeness, cosmopolitanism, social participation and opinion leadership. Third, demographic variables, such as age, social status, education level, amount of income and occupational status have been found to be closely related to consumers' adoption of innovations (Medina and Michaels, 1994; Venkatraman and Price, 1990).

In addition, a few studies on lifestyle have provided some clues for identifying the innovator (Cho 1996; Craig, Greene and Douglas 2003; Park 1996; Solomon 1999). Lifestyle studies of Korean consumers suggest that "Westernized/Americanized, self-realizing" or "progressive fashion-following" consumers tend to be patrons of Western brands, and they also tend to be actively engaged in various leisure and

cultural activities in addition to social activities such as environmental protection (Cho 1996; Park 1996).

The majority of the research, however, has been conducted on the adoption of innovations in advancing countries such as the United States and Western Europe. Recent studies reflect a renewed interest in the adoption of innovations in developing countries. Medina and Michaels (1994) argued in their Mexican study that consumers' modernism got linked to consumers' innovativeness. As the world's borders fade due to advances in communications, the allure of Western consumer culture has spread throughout the world. Several studies demonstrated that in less-developed countries or in transitional economies, such as China and Eastern Europe, that are only beginning to embrace Western-style materialism as a way of life, the degree of imitation of Western consumption patterns has some effect on the adoption of innovations (Solomon 1999; Steenkamp, et al. 2003; Zhou and Hui 2003).

### **Product Characteristics**

One of the major factors affecting the rate of adoption of an innovation is the characteristics of the innovation itself. Rogers (2003) suggests five characteristics that have a major influence on the rate of adoption of an innovation. According to him, the adoption of an innovation is positively related to relative advantage, compatibility, trialability and observability, but negatively related to complexity of that innovation. LaBay and Kinnear (1981) found that adopters of solar energy systems rated these systems significantly higher than non-adopters on relative advantage, compatibility and simplicity. Another notable study by Ostlund (1974) found the close associations between Rogers' five characteristics of innovations and predicting adoption of six new packaged foods. In his study, the most important factor in encouraging adoption and diffusion was relative advantage.

It should be noted that the product characteristics may not apply uniformly to all types of innovation adoption decision, but generally apply to the introduction of innovations that involve the establishment of new products with new consumption patterns. The present study deals with foreign brands, which are the modification

of an existing product rather than the establishment of a totally new one. Keegan (1989) suggests that an innovation is something new or different, either in an absolute sense or in a situational sense. In an absolute sense, once a product has been introduced anywhere in the world, it is no longer an innovation because it is no longer new to the world. However, an existing product may be an innovation in another country in a situational sense as it may be new and different from local products. Thus, a product may be simultaneously a new product innovation in some countries and a mature product in others.

### **Consumer Patriotism**

In marketing research on how consumers make a product choice, it has been found that affective components as well as cognitive components play an important role in consumers' adoption behavior (Batra and Stayman 1990; Zajonc and Markus 1982). Batra and Stayman (1990) argue that preferences may consist of cognitive and affective factors in a variety of combinations; in some cases the cognitive factors may be dominant, in some the cognitive and affective factors may interact with each other and in other cases the affective factors may be dominant and primary.

In the present study, consumer patriotism is considered as the affective component that is closely related to the topic of the adoption of foreign products. In several studies (Granzin and Painter 2001; Han 1988, 1994), it has been reported that consumers' patriotic emotions have significant effects on consumers' attitudes toward foreign brands and purchase intentions. Patriotic consumers may be more likely to buy domestic rather than foreign products compared to consumers who are not patriotic. According to Han (1994), consumer patriotism may indicate one's willingness to make a sacrifice in order to purchase a domestic brand. From the perspective of patriotic consumers, purchasing imported products is wrong because in their minds it may hurt the domestic economy and causes losses in jobs. These patriotic emotions may also influence cognitive responses as well as buying decisions. In other words, patriotic consumers may tend to rate domestic products more favorably or foreign imports less favorably. On the other hand, consumer ethnocentrism, introduced in the marketing literature by

Shimp and Sharma (1987), is defined as “the beliefs held by consumers about the appropriateness, indeed morality of purchasing foreign made products.” Highly ethnocentric consumers have a negative attitude toward buying foreign brands. In contrast, consumers who are less ethnocentric evaluate foreign products more on their own merits without consideration of where they were made. A similar concept, namely national identity, was also proposed by Keiller, et al (1996) and Thelen and Honeycutt (2004). Consumers' sense of national identity can influence their purchase decisions against foreign brands.

### ***Research Design***

#### **Hypotheses**

Based on the preceding discussion, the following hypotheses are proposed and tested in this study.

- H1: Adopters of foreign imported brands evaluate the attributes of foreign brands more favorably than those of domestic brands.
- H2: Adopters of foreign imported brands have different consumer characteristics from non-adopters.

With regard to consumer characteristics, the present study, based on Rogers' study (2003), mainly focuses on the influence of consumers' personality traits and communication variables on the adoption of foreign brands. Open-mindedness, dogmatism and conservatism seem conceptually correlated with cosmopolitanism. It also appears that extraversion is conceptually closest to social participation. Therefore, the following consumer characteristics were considered as variables in our study: venturesomeness, cosmopolitanism, social participation and opinion leadership.

- H2.1: Adopters of foreign imported brands are more venturesome than non-adopters.
- H2.2: Adopters of foreign imported brands are more cosmopolitan than non-adopters.

H2.3: Adopters of foreign imported brands are higher in opinion leadership than non-adopters.

H2.4: Adopters of foreign imported brands are higher in social participation than non-adopters.

The final hypothesis concerns consumer patriotism. In addition to the above consumer characteristics suggested by the literature on consumer adoption of innovations and consumer innovativeness, consumer patriotism may also play an important role in consumer adoption of a foreign brand.

H3: Adopters of foreign imported brands are lower in consumer patriotism than non-adopters.

### **Objects.**

Foreign imported cigarette brands were chosen for our study. First, at the time of study foreign brands represented slightly over ten percent of the cigarette market in Korea. This fits very well with the definition of an innovation by Engel, Blackwell and Miniard (1995) who operationalized it as recently introduced products that have not attained approximately 10 percent of their ultimate market share. Second, the introduction of foreign cigarette brands may involve an extension of existing products with limited change in technology. Thus, patterns of diffusion for foreign cigarettes may not be as marked and well defined as are those for new products representing major technological advances. In this sense, the introduction of foreign cigarettes into the Korean domestic market is applicable to the situational innovation as suggested by Keegan (1989). Two foreign cigarette brands that showed the highest market shares at the time of the study were selected from two countries: Mild Seven Lights from Japan and Marlboro Lights from the US.



### **Operationalizations**

*Adoption of Innovation.* The market share of the individual brand considered was less than 5 % at the time of the study and occurrence of social desirability bias (Han, Lee and Ro (1994) was also expected. Thus, we anticipated a difficulty in obtaining a sizable and balanced sample of adopters of the respective brands. Thus, those who purchased the respective brands at least once in ten past purchases of cigarettes were classified as the adopter in our study.<sup>2</sup> As the result, we obtained 68 adopters (130 non-adopters) of Mild Seven Lights and 52 adopters (146 non-adopters) of Marlboro Lights.

*Venturesomeness.* Venturesomeness is operationally defined as willingness to take risks in the purchase of new products (Rogers, 1983). It was measured on four-item, seven-point scales: "I strongly agree"/ "I strongly disagree." The items used are as follows: (1) "I can take risks of any kind"; (2) "If I find an opportunity to parachute, I am willing to do it"; (3) "I would like to have new and exciting experiences"; (4) "Sometimes I feel an impulse to do fearful things" (Eysenck 1977; Gatignon and Robertson 1989).

*Cosmopolitanism.* How oriented the person is beyond his community is referred to as cosmopolitanism. It was measured according to the degree of consumers' information search activities, using the three items by Gatignon, Eliashberg and Robertson (1989). The following items are used: a frequency of traveling abroad, information channels in use (Internet, satellite broadcasting, cable TV) and an average frequency of contacts with foreigners a year.

*Social Participation.* Social participation refers to the degree of participation in various social groups. It was measured by the numbers of social organizations which subjects belong to (e.g., business-related groups, religious groups, leisure groups, social groups) as suggested by Gatignon and Robertson (1989) and Robertson and Kennedy (1968).

*Opinion Leadership.* Opinion leadership refers to the extent to which individuals give information about a topic (e.g., an innovation) and the extent to which information is sought from those individuals (Gatignon and Robertson 1989; Reynolds

and Darden 1971). Opinion leadership was measured on four-item, seven-point scales: "I strongly agree"/ "I strongly disagree." The items chosen are as follows: (1) "When I encounter a new product, I like to introduce it to others"; (2) "Others ask me many questions about new products"; (3) "Others ask me many questions about product information and where to buy it"; (4) "When others ask me where to buy a product, I can explain it to them in detail" (Price, Feick and Smith 1986).

*Consumer Patriotism.* Consumer patriotism was measured by subjects' emotional intensity ("How strongly do you feel?") toward the following statements: (1) "I should buy Korean domestic cigarettes because I am Korean"; (2) "Foreign imported cigarettes are and will be damaging Korean cigarette industry"; (3) "Foreign imported cigarettes are and will be damaging the income of Korean farming population"; (4) "I feel guilty if I choose to buy foreign cigarettes instead of Korean brands" (Han 1988). These measures reflect consumers' perceived patriotic obligations to buying domestic products, their fears about the decline of the Korean industry and their guilt about not buying Korean products. Responses were measured on seven-point scales anchored by "I strongly feel"/ "I strongly do not feel."

*Relative Advantage of Perceived Product Attributes.* As indicated above, the introduction of foreign cigarettes into the Korean domestic market is applicable to the situational innovation. Thus, relative advantage, that is the extent to which consumers perceive a new product as superior to existing substitutes, is expected to be a major influence on consumers' adoption of innovations. Since foreign cigarettes are easier to try and comprehend, the rate of diffusion may not depend on the other product characteristics such as compatibility, simplicity, observability or trialability. In our study, relative advantage refers to the degree to which an innovation is superior to competitive products in terms of relevant dimensions (Rogers 2003). To identify salient attributes of cigarettes, preliminary interviews were conducted with twenty subjects. Based on the findings of a previous study by Kim (1994) and preliminary interviews, seven attributes of cigarettes were considered: value for money, scent, mildness, impact on health, package design, brand reputation and suction. Subjects were asked to evaluate foreign imported

cigarettes in terms of the seven attributes, compared to domestic cigarettes. Relative advantage was measured on seven-point Likert scales: "I definitely agree"/ "I definitely do not agree" .

### **Method**

*Subjects.* The data were obtained from a sample of 210 respondents, who were male smokers over twenty years old, residing in Korea. Specifically, subjects were selected from people who used smoking rooms of Seoul International Airport, as they were readily distinguished from non-smokers and were also expected to be familiar with foreign brand cigarettes. They were likely to be either potential or current major consumers.

*Data Collection.* First, a convenience sampling was used to select individuals in Seoul, Korea. Three hundred forty eight individuals were solicited for their participation by field staffs and then two hundred ten individuals were selected. The participation ratio was 60.3%. Average respondents were, in median values, 26 to 40 years old (82.3%) and married (71.7%). Second, a self-administered mode was chosen because personal or telephone interviews would be more likely to produce social desirability biases in subjects' ratings of product attributes, attitudes toward products and purchase intentions (Han, Lee and Ro, 1994). The occurrence of social desirability biases may be more likely to occur when subjects evaluate products that elicit strong patriotic emotions (e.g., cigarettes, automobiles). In addition, some countries such as Japan may be perceived as a threat to the Korean economy and culture. Thus, evaluations of products from these countries may be more susceptible to social desirability biases. Note that the questions measuring the patriotism were asked at the end of the survey to prevent any responses to the patriotism measures from affecting those to other measures. A total of 210 subjects participated in the study; the completion ratio was 94.3% (198 out of 210).

## **Results**

### **Reliabilities and Validities**

Cronbach alpha was computed to assess the internal consistency of multiple items for consumer characteristics, product attributes and consumer patriotism ratings. The coefficients for Cronbach alpha were .796 for venturesomeness, .850 for opinion leadership, .823 for cosmopolitanism, .869 for product attributes and .805 for patriotism. These coefficients exceeded .6, indicating reasonable degrees of reliability for the constructs.

Correlations among the independent variables are presented in the Appendix. Correlation between cosmopolitanism and relative advantage of the Japanese brand was the highest, .383 and the majority of correlations were less than .300. These also indicate reasonable degrees of discriminant validity (Bagozzi 1982).

### **Hypotheses Testing**

The present study carried out logistic regressions to estimate the proposed hypotheses, as the values taken by dependent variables were qualitative and binary choices (Greene, 2000). The dependent variables were encoded as '1' (adopters of the foreign brand under consideration) or '0' (non-adopters of the brand). In Table 4.2, parameter estimates by logit analysis are shown. With respect to the goodness-of-fit for the model estimation, hit ratios and pseudo R-square values were reasonably high for both Japanese and US brands.

The parameter estimates in Table 4.1 showed that for the Japanese brand, relative advantage of product attributes had a significant effect on product adoption. On the other hand, for the US brand, relative advantage of product attributes, cosmopolitanism, social participation and patriotism were found to have a significant effect at the .05 level. Venturesomeness and opinion leadership did not appear to have any significant influences on adoption of foreign cigarette brands. Thus, H1 is supported in case of both brands. Only in the case of the US brand, H2.2, H2.4 and H3 are supported. On the contrary, the findings do not render support to H2.1 and H2.3. Surprisingly, the study found that in the case of the Japanese brand

consumer characteristics and patriotism did not have any significant influences on product adoption. One explanation may be that subjects are more susceptible to social desirability biases in case of the Japanese brand. Subjects might report what a 'typical' Korean would be socially expected to respond.

Although statistically not significant on adoption/non-adoption of the Japanese brand, it is assumed that consumer characteristics and patriotism might have a significant effect on purchase frequency. A series of multiple regression was run to estimate the model. Purchase frequency was measured by equal interval scales (e.g., "How many times did you purchase it in the immediate ten past purchases?") as a dependent variable. The results are shown in Table 4.3. For the Japanese brand, purchase frequency was found to have a statistically significant relationship with relative advantage, cosmopolitanism, social participation, venturesomeness and consumer patriotism. No significant relationship was found in the effect of opinion leadership on purchase frequency. For the U. S. brand, the findings of multiple regression were almost in line with the findings of logit analysis.

Overall, the results of multiple regression show that relative advantage (H1), cosmopolitanism (H2.2) and consumer patriotism (H3) have significant effects on purchase frequency at the .05 level. Social participation (H2.4) has only a moderate ( $\alpha=.10$ ) effect on purchase frequency. The effects of venturesomeness (H2.1) on purchase frequency show mixed results. Venturesomeness has a significant ( $\alpha=.05$ ) effect on purchase frequency of the Japanese brand, although no significant effect is shown in case of the US brand. On the other hand, opinion leadership (H2.3) does not appear to have any significant influences on purchase frequency.

### **Discussion and Conclusions**

An empirical investigation was conducted to determine what influences Korean consumers' adoption of foreign cigarette brands from Japan and the US. Based on the literature of the diffusion and adoption of innovation and consumer patriotism, the study analyzed the role of consumer characteristics, perceived product attributes and consumer patriotism in discriminating adopters and non-adopters of foreign brands. First, the findings suggest that the perceived relative

advantage of product attributes may play a key role in adoption and purchase frequency of foreign brands. Second, consumers' cosmopolitanism and patriotic emotions also appear to have a significant influence on adoption and purchase frequency of foreign brands. In other words, adopters of foreign brands tend to be higher in cosmopolitanism and lower in consumer patriotism than non-adopters. Third, consumers' social participation seems to play a moderately significant role in adoption and purchase frequency of foreign brands. That is, although not strongly significant, the study found a tendency that adopters of foreign brands are higher in social participation than non-adopters. Finally, consumers' venturesomeness and opinion leadership were found to have very limited or no effects on adoption and purchase frequency of foreign brands.

Generally, the above findings are in line with previous research on adoption of innovations (Gatignon and Robertson 1985, 1991; Rogers 2003), consumer innovativeness (Foxall 1988; Steenkamp, Hofstede and Wedel 1999) and consumer patriotism (Granzin and Painter 2001; Han 1988, 1994). However, the findings regarding consumers' venturesomeness and opinion leadership are in contrast to the previous findings (Baumgartner and Steenkamp 1996). One interpretation may be that adoption of foreign imported cigarettes in this study does not require so much consumers' innovativeness as adoption of typical innovations does.

The findings also provide interesting practical implications for global as well as local marketers. First, the findings demonstrate that the perceived product attributes of foreign brands, at least for cigarettes, have a decisive influence on consumer adoption. Thus, both foreign and local marketers should pay due attention to functional competitiveness of their brands. In addition, foreign and local marketers ought to have a good knowledge on what non-functional values their brands deliver consumers and how suitable brand identities are to consumers' lifestyles and personality traits. Our findings suggest the existence of differences in consumer characteristics between adopters and non-adopters of foreign brands.

Finally, several caveats of this study may be noted. First, it is possible that social desirability biases might occur in subjects' responses. Subjects may underreport

their purchase frequencies for foreign cigarette brands, because they believe it socially desirable to do so. Although social desirability biases were less likely to occur in a self-administered mode than in others (Han, Lee and Ro 1994), future studies need to develop and refine alternative measurement of actual adoption of products. Second, the data in this study were obtained from a sample of male smokers who used smoking rooms of Seoul International Airport. The sample profile does not exhibit a balanced representation of age, marital status, income and sex. Another is that the study examined only two foreign cigarette brands. Future research needs to be based on more representative samples and a variety of brands and products.

## **References**

- Bagozzi, R.P. (1982), "A Field Investigation of Causal Relations among Cognitions, Affect, Intentions and Behavior," *Journal of Marketing Research*, 19 (Nov), 562-584.
- Batra, R. and Stayman, D.M. (1990), "The Role of Mood in Advertising Effectiveness," *Journal of Consumer Research*, 17 (Sep), 202-214.
- Baumgartner, H. and Steenkamp, J.E.M. (1996), "Exploratory Consumer Buying Behavior: Conceptualization and Measurement," *International Journal of Research in Marketing*, 13 (April), 121-37.
- Cavusgil, S.T., Deligonoul, S. and Yaprak, A. (2005), "International Marketing as a Field of Study: A Critical Assessment of Earlier Development and a Look Forward," *Journal of International Marketing*, 13 (4), 1-27
- Cho, H. H. (1996), "Korean Lifestyle Types and Consumer Behavior," *Korean Journal of Consumer Studies*, 7 (Nov), 223-242.
- Craig, C. S., Greene, W.H. and Douglas, S.P. (2005), "Culture Matters: Consumer Acceptance of U.S. Films in Foreign Markets," *Journal of International Marketing*, 13(4), 80-103.
- Demooij, M. (2003), *Consumer behavior and culture*, Thousand Oaks, CA: Sage.
- Demooij, M. (2004), *Global Marketing and Advertising*, 2 th ed. Sage.
- Dekimpe, M. G., Parker, P.M. and Sarvary, M. (2000), "Global Diffusion of Technological Innovations: A Coupled-Hazard Approach," *Journal of Marketing Research*, 37 (Feb), 47-59
- Engel, J.F., Blackwell, R.D. and Miniard, P.W. (1995), *Consumer Behavior*, 8 th ed. The Dryden Press.
- Eysenck, H. J. (1977), "Personality and Factor Analysis: A Reply to Guilford," *Psychological Bulletin*, 84, 405-411.



Foxall, G.R. (1988), "Consumer Innovativeness: Novelty Seeking, Creativity and Cognitive Style," in *Research in Consumer Behavior*, Vol.3, Elizabeth C. Hirschman and Jagdish N. Sheth, eds. Greenwich, CT: JAI Press, 79-113.

Gatignon, H., Eliashberg, J. and Robertson, T.S. (1989), "Modeling Multinational Diffusion Patterns: An Efficient Methodology," *Marketing Science*, 8 (3), 231-247.

Gatignon, H. and Robertson T.S. (1985), "A Propositional Inventory for New Diffusion Research," *Journal of Consumer Research*, 11 (Mar), 849-867.

Gatignon, H. and Robertson T.S (1991), "Innovative Decision Process," in *Handbook of Consumer Behavior*, Thomas S. Robertson and Harold H. Kassarijan, eds. Englewood Cliffs, NJ: Prentice Hall, 316-48.

Granzin, K.L. and Painter, J.J. (2001), "Motivational Influences on "Buy Domestic" Purchasing: Marketing Management Implications from a Study of Two Nations," *Journal of International marketing*, 9(2), 73-96.

Greene, W.H. (2000), *Econometric Analysis*, 4 th edition., NJ: Prentice Hall.

Han, C.M. (1988), "The Role of Consumer Patriotism in the Choice of Domestic vs. Foreign Products," *Journal of Advertising Research*, 28(June/July), 25-32.

Han, C.M. (1994), "Assessing the Roles of Cognitions, Country of Origin, Consumer Patriotism and Familiarity in Consumer Attitudes Toward Foreign Brands", *Asia Pacific Advances in Consumer Research*, 1, 103-108.

Han, C.M., Lee, B. and Ro, K. (1994), "The Choice of a Survey Mode in Country Image Studies," *Journal of Business Research*, 29(2), 151-162.

Johansson, J.K. (2006), *Global Marketing*, 4 th ed. McGraw-Hill, 399

Keegan, W.J. (1989), *Global Marketing Management*, 4 th ed. Englewood Cliffs. NJ: Prentice Hall.

Keiller, B.D., Hult, G.M., Erffmeyer, R.C. and Babkus, E. (1996), "NATID: The Development and Application of National Identity Measure for Use in International Marketing," *Journal of International Marketing*, 4 (2), 57-73.

## **An Empirical Investigation on Determinants of Consumer Adoption of Foreign Brands in Korea**

Kim, C. (1994), "Market Structuring and Market Segmentation in Korean Cigarette Market: A Consideration Perspective," KAIST, working paper.

LaBay, D.G. and Kinnear, T.C. (1981), "Exploring the Consumer Decision Process in the Adoption of Solar Energy Systems," *Journal of Consumer Research*, 8(Dec), 271-278.

Mahajan, V., Mulle, E. and Bass, F.M. (1990), "New Product Diffusion Models in Marketing: A Review and Directions for Research," *Journal of Marketing*, 54 (Jan), 1-26.

Mahajan, V., Mulle, E. and Bass, F.M. (1993), "New Product Diffusion Models," in *Handbook in Operations Research and Management Science*, Vol.5, Jehoshua Eliashberg and Gary L. Lilien, eds. Amsterdam: North Holland Publishers, 349-408.

Medina, J.F. and Michaels, P. (1994), "The Impact of Modernization on Consumer Innovativeness in a Developing Market," In Hassan, Salab S. and Kaynak, Erdener (eds.), *Globalization of Consumer Markets: Structures and Strategies*, International Business Press.

Ostlund, L.E. (1974), "Perceived Innovation Attributes as Predictors of Innovation," *Journal of Consumer Research*, 1(Sep), 23-29.

Park, S.Y. (1996), "Lifestyle Types and Characteristics of Koreans," *Korean Marketing Review*, 11 (1), 19-34.

Price, L., Feick, L. and Smith, D. (1986), "A Reexamination of Communication Channel Usage by Adopter Categories," In R. Lutz (ed.), *Advances in Consumer Research*, 13, 409-412.

Reynolds, F.D. and Willam, R.D. (1971), "Mutually Adaptive Effects of Interpersonal Communication," *Journal of Marketing Research*, 8 (Nov), 449-54.

Robertson, T. S. and James N. Kennedy (1968), "Prediction of Consumer Innovation: Application of Multiple Discriminant Analysis," *Journal of Marketing Research*, 5 (Feb), 64-69.

Rogers, E.M.(2003), *Diffusion of Innovation*, New York: The Free Press.

Shimp, T.A. and Sharma, S. (1987), "Consumer Ethnocentrism: Construction and Validation of the CETSCALE," *Journal of Marketing Research*, 24 ( Aug), 280-289.

Solomon, M.R. (1999), *Consumer Behavior*, 4th edition. NJ: Prentice Hall.

Steenkamp, J.E.M. and Baumgartner, Hans (1992), "The Role of Optimum Stimulation Level in Exploratory Consumer Behavior," *Journal of Consumer Research*, 19 (December), 434-48.

Steenkamp, J.E.M, Hofstede, F.T. and Wedel, M. (1999), "A Cross-National Investigation into the Individual and National Cultural Antecedents of Consumer Innovativeness," *Journal of Marketing*, 63(April), 55-69.

Steenkamp, J.E.M, Batra, R. and Alden, D.L. (2003), "How Perceived Brand Globalness Creates Brand Value," *Journal of International Business Studies*, 34 (1), 53-65.

Terpstra, V. and Sarathy, R. (2000), *International marketing*, 8th ed, Dryden Press.

Thelen, S.T. and Honeycutt, E.D. (2004), "Assessing National Identity in Russia Between Generations Using the National Identity Scale" *Journal of International marketing*, 12(2), 55-81.

Venkatraman, M.P. and Price, L.L. (1990), "Differentiating Between Cognitive and Sensory Innovativeness: Concepts, Measurement and Implications," *Journal of Business Research*, 20 (June), 293-315.

Zajonc, R. and Markus, H. (1982), "Affective and Cognitive Factors in Preferences," *Journal of Advertising Research*, 22 (1), 19-22.

Zhou, L. and Hui, M.K. (2003), "Symbolic Value of Foreign Products in the People's Republic of China," *Journal of International marketing*, 11 (2), 36-58.

# An Empirical Investigation on Determinants of Consumer Adoption of Foreign Brands in Korea

**Table 4.1 Parameter Estimates by Logit Model – Adopters/Non-adopters**

	Japanese Brand	U. S. Brand
Relative Advantage	1.358*	.908*
Venturesomeness	-.032	-.083
Cosmopolitanism	.320	.805*
Opinion Leadership	-.267	.032
Social Participation	.252	.553*
Consumer Patriotism	-.219	-.428*
Constant	-5.066*	-5.250*
Log – likelihood	-69.9	-60.6
d.f	180	183
Pseudo R square (%)	42.1	44.1
Hit Ratio (%)	81.3	83.7

**Table 4.2. Parameter Estimates by Multiple Regression – Purchase Frequency**

	Japanese Brand	U. S. Brand
Relative Advantage	.366*	.227*
Venturesomeness	-0.82*	-.032
Cosmopolitanism	.232*	.237*
Opinion Leadership	-0.62	-0.07
Social Participation	.178*	.092**
Consumer Patriotism	-.124*	-0.81*
Constant	.762	.446
F	32.2	27.8
R <sup>2</sup>	51.8	47.7

\*signigicant at the .05 level, \*\* significant at the .10 level

**Table 4.3 Correlation Matrix**

	$X_1^a$	$X_1^b$	$X_2$	$X_3$	$X_4$	$X_5$
Relative Advantage: $X_1$						
Japanese brand: $X_1^a$						
U. S. brand: $X_1^b$	.561*					
Venturesomeness: $X_2$	.252*	.222*				
Cosmopolitanism: $X_3$	.383*	.319*	.142			
Opinion Leadership: $X_4$	.244*	.133	.290*	.179*		
Social Participation: $X_5$	.318*	.331	.200*	.220*	.118	
Consumer Patriotism: $X_6$	-.244*	-.300*	-.016	-.201*	.013	-.121

\* significant at the .05 level

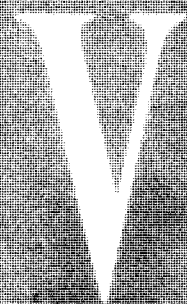
## Acknowledgement

\* The Author Acknowledges Valuable Comments by Jung Min Kim of Myoungji University and Research Assistance by Han Koo Lee.

# Country Origin Effects

by Jennifer Beltram

A CROSS-CULTURAL  
AND CROSS-NATIONAL  
PERSPECTIVE ON  
PRODUCT-COUNTRY  
IMAGES





# A Cross-Cultural and Cross-National Perspective on Product-Country Images

Nicolas Papadopoulos \*  
Irfan Butt\*\*

"We need not ask anymore who or what it is that has inherited the earth: we know.

*It is the walking wallet... in search of coffee beans certified to have ripened in the very first shaft of morning light at the tippy top of a sacred mountain in Kenya... bedframes laminated of twigs gathered atop Mount Sinai... underwear handwoven by Tibetan virgins... tomatoes from Provence... We see [here] the BMW Effect.*

*In the hopes of making whatever they produce as much the wanted thing as the BMW is among cars, manufacturers have streamlined and attempted to imbue with engineering mystique every article... they turn out."*

*(J. Freundlich, Harper's, December 1987):*

\* Nicolas Papadopoulos , Professor of Marketing and International Business Eric Sprott School of Business, Carleton University, Ottawa, Canada

\*\* Irfan Butt, Ph.D. Candidate, Eric Sprott School of Business, Carleton University, Ottawa, Canada and Adjunct Professor, Lahore University, Pakistan

## Introduction

Marketing is founded largely on the premise that *perception matters*. Buyers' attitudes and behavior are shaped by how they perceive information cues about a product's *intrinsic* and *extrinsic* characteristics such as, respectively, its technical features and its price. Since, to be properly assessed, intrinsic cues require careful product examination for which consumers most often do not have the time or inclination and/or extensive use which involves high risk since it assumes product purchase before the assessment can be made and/or detailed knowledge of intricate product characteristics which most consumers do not have, buyers more often than not turn to extrinsic cues for assistance. Extrinsic characteristics encapsulate both core and other product features, as in the case of brand names, which act as summary information carriers that play an important role in influencing behavior.



Another fundamental principle in marketing is that *culture matters*. Numerous studies dealing with a near-infinite variety of topics under the general rubric of "culture" show that its role and effects in human behavior in general, and buyer behavior in particular, are pervasive. A typical example can be seen in the juxtaposition of two thoughts on common "coffee shop" behavior in "southern", more contemplative, versus "northern", more pragmatic, societies: Burgess (1998) has noted that, "The great gift of the southern lands to our civilisation is the simple right to sit at an outside café table and look at things", while Zimionjic (2005) observed that "The British have a lot to be proud of over their long history, but grasping the essence of taking it easy in a café has completely eluded them". More generally, de Mooij (2003) shows that "it's rather clear that over time culture overtakes national wealth as the principal explainer of behavior" – in other words, that while people will *buy more things* as their income rises, *what they will buy* will be determined in large part by their culture – and, we might add, by how they perceive the goods that are on offer. While culture is relevant in purely domestic and culturally-homogeneous settings as well, these quotes suggest its particular importance in cross-cultural settings – whether these exist within a nation or across different nations.

A product's "country of origin", or, generally, its Product-Country Image (PCI) or the "place" with which a marketer may associate a product in order to enhance its appeal, is one extrinsic cue that is much studied in research and commonly used in practice when developing positioning strategies (e.g., Volkswagen's emphasis on the "German engineering" of its cars, some of which are actually made in lower-cost developing countries). PCI is of interest to both the marketers in both the private and public sectors, since it can play a key role in enhancing a company's or place's international competitiveness, as well as to researchers in various areas. Given this broad scope, the area has attracted a lot of research attention and the area has been called "the most researched" in international buyer behavior. The general conclusion of this research indeed is that *place image matters*.

This chapter, then, deals with *the effects of cross-cultural similarities, differences, and perceptions on buyer behavior in the PCI context* – in other words, with the

intersection among three of the most significant aspects of what marketing is all about, focusing on an issue that is of great importance to marketers regardless of the country in which they work, the country(ies) at which they target their products, and whether they work in the private or public sector.

Of the two co-authors of this chapter, the first has led a wide-ranging and long-term research program on PCI, and has also participated in a large number of additional studies led by others in this field. The second author is a newer lead member of the team that is working on the next wave of PCI and country branding research, by incorporating positioning theory into place image-related strategy. This international group has studied place images and their effects since the early 1980s and place branding since it emerged some 15 years ago. During this period, it has carried out more than 80 studies, resulting in over 100 publications arising from both conceptual as well as field research with over 22,000 consumers, investors, tourists and others in almost 25 countries. The authors gratefully acknowledge the contributions of over 30 professors and 300 students at universities worldwide who participated in one or more of these studies (while they are too many to list, some of this joint work is included in the cited references), and of more than 20 granting agencies, government departments, universities in Canada, the US and Europe which helped to fund this research.

The chapter draws on these studies to focus on those of their findings that pertain to the role of cross-cultural differences, whether within or across nations, in PCI. To prevent terminological confusion, we use "cross-cultural" as the general term and "sub-cultural / sub-national" and "cross-national" to refer, respectively, to analyses within and across countries. Following a brief overview of the relevant bodies of knowledge that provides necessary background for the analysis, the chapter focuses first on sub-cultural and then on cross-national research and concludes with a summary of main implications. The chapter emphasizes selected cross-cultural issues that have not been researched extensively before, rather than attempting to "catalogue" the entire potential set of related studies and results.

## **Background And Overview Of Relevant Research PCI and Perception**

Since people act on what they *believe* is true, perception has a major impact on behavior. Images and perception are intertwined with stereotyping (the process of generalizing to an entire class of objects from a limited number of observations). Stereotypes develop over time as one classifies repeated observations into schemata which are then correlated to form one's view of the world. Therefore, if one first heard of Canada in a geography class while a primary school pupil, learned to associate it with "cold and snow", and then consolidated this image with repeated reports on the same theme in the media, the probability is that, as a consumer and/or businessperson later in life, this person already carries with him or her a rather set image of the country's climate. This image may well be wrong, of course. In the populated "lower half" of the country, warm spring, summer and fall weather lasts for well over six months, some regions get snow rarely, if ever, and summer temperatures often reach or exceed 40°C in various areas. Yet in line with perception theory, perceptions of "cold" persist not only because individuals formed them at the outset but also because various sources continue to reinforce them (the foreign media, for example, are more likely to report "extreme cold" than "extreme warm" weather when discussing northern countries).

The "Made in ..." notation on product labels is in most cases a legal requirement. However, the issue is not necessarily the location of manufacturing, but *the origin with which the product is associated in buyers' perceptions, whether directly or by inference*. For example, brand names like *Ferrari* or *Gucci*, and phrases like *Hungarian gulasch* or *Lebanese humus*, have special place-related meaning. This is recognized by brand marketers, who use place images extensively – by reference both to specific places (e.g., *Colombian coffee*, *Armitron: America's Watch*, *Visit Dubai*, *A Taste of Nova Scotia*) as well as broader areas (e.g., *Euro* branding in the European Union, "global" brands such as *United Colors of Benetton*). Since the growth of foreign competition means a potential threat to the importing countries' economies, domestic producers also routinely use made-at-home appeals to enhance their products' position among local consumers.

Like a brand name, a country's image is multi-faceted and carries large amounts of both factual and affective information, ranging from its level of industrialization and known areas of production expertise to the likeability of its people. The use of PCI-based marketing is increasing (Johansson 1993) in parallel with the growth in global competition and market complexity. Since products can now be made almost anywhere and have increasingly standardized core features, marketers often turn to country associations as extrinsic cues that can help them to differentiate themselves from competitors. The use of stereotyped country associations is accentuated by the proliferation of "buy domestic" branding campaigns, which serve to highlight PCI as a purchase criterion, and by higher awareness of countries and their products through the media, education, travel and imported products.

The available research shows that positive country associations may enhance brand image and that neutral or negative ones may detract from it. For example, both consumers and industrial buyers (Johansson, Ronkainen and Czinkota 1994) view products from less developed countries less favourably. Klein, Ettenson and Morris (1998) tested an "animosity" model and showed that cross-national hostility can impact purchase decisions directly, and influence them more than patriotism or ethnocentrism, whose effects had already been established (Han 1988, Shimp and Sharma 1987). As noted earlier, the PCI phenomenon has attracted strong research interest that reflects the omnipresence of place cues in the market as well as in everyday life and language (*French panache, Russian roulette, British stiff upper lip, Balkanization*) several authors have noted that PCI is the most-researched area in international buyer behavior (Tan and Farley 1987, Peterson and Jolibert 1995, Jaffe and Nebenzahl 2001, 2006). This is in spite of the fact that these authors greatly underestimate the number of published studies, by placing it at 200 to 300 depending on the time of the estimate. An exhaustive database of relevant research, which we maintain, showed 766 publications as of 2000 and over 1,000 as of mid-2004 (Papadopoulos and Butt 2006; this includes well over 400 academic journal articles and 20 books, but not, of course, the thousands of related articles in the public media each year).

Nonetheless, close examination of the specific foci of the scholars involved in this field shows that *cross-national and/or cross-cultural issues* are not well represented in PCI research. Based on an earlier analysis of the data until 2000, as Table 5.1 shows there were only 23 studies (3% of the total) that could be classified as "cross-national" or "sub-cultural". In other words, systematic analyses of PCI issues with an intent to uncover potential cross-cultural similarities and differences were few and far between, and comprised one of the least empirically-researched subfields within PCI (see also Al-Sulaiti and Baker 1998).

**Table 5.1 Main Research Themes**

Principal focus and themes	Totals	%
<b>Countries</b>	<b>191</b>	<b>25</b>
<b>Issues</b>	<b>167</b>	<b>22</b>
Ethnocentrism (59) & domestic goods vs. imports (49)	108	
Cross-national (15) & sub-cultural (8) studies	23	
Hybrid products (20)	20	
Longitudinal studies (10) & impact of events (6)	16	
<b>Sectors and markets</b>	<b>112</b>	<b>15</b>
Organizational buyers (55) & FDI-investors (21)	76	
Specific sectors (e.g., cars, electronics)	28	
Tourism from PCI perspective (5) & services (3)	8	
<b>Research orientation</b>	<b>155</b>	<b>20</b>
Misc. consumer behavior approaches	75	
Information processing, multi-cue studies, PCI effects	67	
Studies using socio-psychological perspectives	13	
<b>Conceptual, methodological, theory dev't</b>	<b>82</b>	<b>11</b>
Methodological aspects	39	
Integrative works and models	28	
Literature reviews, meta-analyses, research agendas	15	
<b>Strategy</b>	<b>59</b>	<b>7</b>
General	37	
Advertising	11	
Other marketing mix elements	10	
legal	1	
<b>Total</b>	<b>766</b>	<b>100</b>

As shown in Table 5.2 which summarizes an analysis of only those studies that have used more advanced statistical analyses using Structural Equations Modelling (SEM), many were noteworthy, using relatively large samples, generally avoiding non-representative student respondents (only five studies used student samples), and applying the proposed model to multiple scenarios (i.e., even when single-country samples were used, respondents were asked to assess two or more origin countries or products in most cases, enabling model testing in several sample-origin combinations). On the other hand, about one-half of these studies used various types of convenience sampling and, more importantly, most were based on one country only, with barely a small handful using data from two to four countries. Using a "point" system to enable a summary rating, this analysis shows a great difference between the highest- and lowest-rated studies. Further, while recent research accounts for most of the higher-rated SEM applications, some of the earlier studies also were in this domain (e.g., Garland, Barker and Crawford 1987) while, on the other hand, some of the more recent research appears to be quite limited in scope. These findings suggest the difficulty in applying sophisticated analytical techniques in multi-cultural settings.

also acculturate to a “global” benchmark by adopting behaviors that are common worldwide (Cleveland, Laroche and Papadopoulos 2006). Because of their strong group identity, *ethnic* subcultures, which may be defined on the basis of nationality, linguistic, racial, or other similar characteristics (Hawkins et al. 1995), have been researched extensively – but rarely from the country of origin (CO) perspective. Yet ethnicity is of particular interest in the CO context: *Ethnicity* influences behavior significantly (Laroche et al. 1997, 1998) and CO can easily be seen as a matter of *brand ethnicity*. It may be posited that a subculture that identifies with a particular ethnicity-based core culture may be more receptive to the products of countries identified with the same core culture. More broadly, it can be hypothesized that ethnic identity may lead to consumer reactions ranging from very accepting to neutral and very negative, depending on a brand's perceived nationality and the consumer's views toward the core culture.

Among the few studies that have researched these issues, Klein, Ettenson and Morris (1998) developed an “animosity” model which showed that although Japan is often seen as a high quality producer in China, Chinese consumers in Nanjing (the site of atrocities during the Japanese occupation) may not purchase Japanese products because of hostility toward that country. In their model, they suggested that culture-specific factors influence the weight given to the origin country in product evaluations. In a related stream of research, Shimp and Sharma (1987) introduced consumer ethnocentrism as a construct that represents beliefs held by American consumers about the appropriateness of purchasing foreign-made products.

As noted earlier, most PCI studies have been limited to one or two samples and one or two origins, and only a few have been carried out in, or tested the images of, several countries simultaneously. This, while unfortunate, may be explained by such factors as the nationality of the researchers involved or the fact that much of the existing research is supported or sponsored by government agencies in various countries. In the latter case, the sponsors typically are interested only in the image of their own country and usually only in one or two target markets that may be high on the political agenda at a given point in time. However, the typical

study investigating "the image of India in Canada" or "of Canada in India" cannot place responses in context. For example, a rating of "7" for Canada in India on a 1-10 scale would lead to totally different conclusions if it were viewed individually rather than in comparison to, say, a rating of 5 or 9 for Australia in the same Indian study, or a rating of 5 or 9 for Canada in a parallel study in Europe. As well, such studies may lead to serious biases, since the country being investigated is obvious to the respondent. This may result in higher ratings for the origin being tested if it is the only country in the study or if respondents can deduce that it is the principal country of interest.

Against the above background, the remainder of this chapter turns to highlighting the findings from various studies carried out by the international research team in various sub- and/or cross-national contexts.

## **Selected Findings And Discussion**

### **Sub-cultural Differences in Country and Product Evaluations**

#### **Sub-national study in Canada (1)**

In what is probably the only systematic study to date of subcultural influences in the country of origin context, Heslop, Papadopoulos and Bourk (1998) researched the attitudes of English and French Canadians in the country's national capital region (Ottawa) area toward products from ethnically affiliated origins and had somewhat mixed findings. Ethno-cultural links were found to influence product views for most but not all of the five developed origins that were tested in the study (the two linguistic groups' home provinces of Ontario and Quebec, Canada overall, and the two groups' "motherland" countries of Great Britain and France). Ethnic affiliation appears to influence English Canadians' ratings of products from Ontario, Great Britain, Canada, and French Canadians' ratings of Quebec and Canada but not France. The latter was primarily attributed to the uniqueness of the French group, whose ethnic affiliation is very closely rooted to home (Quebec) after some two centuries of distinctiveness from France. The study also tested views of products from two less developed countries that are affiliated culturally and linguistically with the two groups, respectively, Zimbabwe and Côte d'Ivoire, but the findings suggested no influence from this affiliation. The high risk traditionally associated with developing



nations' products may be overshadowing ethnic influences on product ratings. Thus, overall, the valence of ethnic affiliation in affecting product evaluations appears to be dependent on the uniqueness of the ethnic group, as well as the state of economic development of the origin evaluated.

### Sub-national study in Canada (2)

A later study carried out among the same linguistic groups in Canada but in the city of Montreal (Quebec) enabled a more detailed exploration of these cross-cultural issues, focusing this time on the national rather than sub-national level. The study used two distinct 7-point scales (1= poor, 7=good), one to assess the image of the origin countries themselves and one for their products, as shown in Tables 5.3 and 5.4

**Table 5.3 Ethnic Group Differences in Attitudes to Countries**

(English n=254, French n=197)

Origin	Britain		Canada		US		Japan		Sweden	
Sample	E	F	E	F	E	F	E	F	E	F
MANOVA F (sig. at 0.000)	22.6		7.8		8.4		17.0		7.6	
Technologically advanced	5.0	4.9	5.4	5.4	6.2	6.1	6.5	6.5	5.2	5.1
Wealth	<b>4.6</b>	<b>5.2</b>	5.0	5.1	<b>5.5</b>	<b>5.8</b>	<b>5.2</b>	<b>5.7</b>	5.2	5.5
Refined taste	5.2	5.3	<b>4.9</b>	<b>5.2</b>	<b>3.9</b>	<b>3.4</b>	5.3	5.5	5.0	5.1
Educated	<b>5.2</b>	<b>5.5</b>	5.2	5.2	4.7	4.7	5.8	5.8	5.4	5.5
Politically stable	<b>6.1</b>	<b>5.6</b>	5.4	5.6	6.0	5.7	5.2	5.3	6.0	5.9
Admirable role in world	<b>5.5</b>	<b>4.6</b>	<b>6.0</b>	<b>5.5</b>	<b>5.1</b>	<b>4.5</b>	4.0	3.8	<b>5.2</b>	<b>4.4</b>
Know a lot (country)	<b>5.1</b>	<b>3.1</b>	<b>6.6</b>	<b>6.3</b>	<b>6.4</b>	<b>5.6</b>	<b>3.3</b>	<b>2.5</b>	<b>2.6</b>	<b>1.9</b>
Hardworking people	<b>4.7</b>	<b>5.1</b>	5.0	5.2	4.7	4.7	6.0	6.2	5.1	5.1
Trustworthy people	<b>6.0</b>	<b>5.6</b>	6.1	6.0	5.0	4.7	4.8	5.1	5.7	5.4
Likeable people	<b>5.5</b>	<b>4.7</b>	<b>6.2</b>	<b>5.7</b>	<b>4.8</b>	<b>4.3</b>	4.8	4.9	5.4	5.1
Ideal country	<b>4.7</b>	<b>4.0</b>	<b>6.1</b>	<b>5.6</b>	4.4	4.1	3.8	3.7	5.0	4.8
Would like to visit	6.3	6.0	n.a.	n.a.	<b>6.0</b>	<b>5.6</b>	5.5	5.8	6.0	6.0
Aligned with Canada	<b>5.9</b>	<b>4.8</b>	n.a.	n.a.	<b>5.8</b>	<b>5.3</b>	<b>4.6</b>	<b>2.8</b>	4.9	4.7
More investment from	<b>5.9</b>	<b>4.8</b>	n.a.	n.a.	5.1	4.8	5.2	5.0	<b>5.7</b>	<b>5.2</b>
More imports from	<b>5.7</b>	<b>4.1</b>	n.a.	n.a.	<b>4.9</b>	<b>3.8</b>	<b>4.6</b>	<b>3.8</b>	<b>5.5</b>	<b>4.7</b>
Closer ties with	<b>5.0</b>	<b>4.3</b>	n.a.	n.a.	<b>4.7</b>	<b>4.3</b>	4.8	5.1	5.3	5.1
Summary mean	<b>5.4</b>	<b>4.8</b>	5.6	5.5	<b>5.2</b>	<b>4.8</b>	5.0	4.8	<b>5.2</b>	<b>4.9</b>
<i>Between subjects (paired columns for each origin; pairs in bold indicate significant differences at 0.009)</i>										
# sig. variables:	E > F	10	4		8		3		4	
	E < F	3	1		1		1		1	

**Table 5.4 Ethnic Group Differences in Attitudes to Products**  
(English n=254, French n=197)

Origin Sample	Britain		Canada		US		Japan		Sweden	
	E	F	E	F	E	F	E	F	E	F
MANOVA F (sig. at 0.000)	6.14		2.78		9.06		2.89		2.76	
Workmanship	5.4	5.3	5.6	5.5	4.7	4.1	6.0	5.7	5.7	5.3
Reliability	5.3	5.3	5.6	5.6	4.7	4.4	5.9	5.9	5.4	5.2
Quality	5.5	5.5	5.5	5.6	4.9	4.3	5.9	5.7	5.6	5.3
Appearance	4.9	4.9	5.3	5.1	5.4	5.0	5.5	5.5	5.2	5.0
Innovativeness	4.5	4.8	4.4	4.7	5.1	4.6	5.2	4.9	5.0	5.1
Technically advanced	4.2	4.4	5.0	5.2	5.7	5.4	6.3	6.3	4.8	4.7
Value for money	4.4	4.3	5.2	5.2	5.1	4.6	5.4	5.3	4.5	4.3
After-sales service	4.4	4.6	5.2	5.6	5.0	4.7	5.0	5.1	4.5	4.4
Good products	5.2	5.2	5.6	5.7	5.4	4.7	5.8	5.7	5.3	5.0
Price level	5.4	5.1	4.6	4.6	4.2	4.2	4.6	4.7	5.1	4.7
Variety	3.6	3.5	5.0	4.9	6.5	6.1	5.7	6.1	3.3	3.4
Recognizeable brands	4.5	5.0	5.4	5.2	6.3	5.5	6.0	6.0	4.0	4.2
Easy to find	3.2	3.1	5.5	5.4	6.7	6.4	6.3	6.3	2.9	2.9
Know a lot (products)	3.4	3.0	5.4	5.5	5.7	5.5	4.7	5.1	2.9	3.0
Normally buy	2.7	2.2	5.6	5.5	5.7	4.9	4.4	4.7	2.3	2.3
Products have what I like	4.2	3.8	5.4	5.5	5.7	4.6	5.4	5.2	4.2	4.0
For people like me	5.0	4.3	6.1	5.9	5.6	4.6	5.3	5.0	4.8	4.3
Proud to own	5.2	4.3	6.4	6.0	5.1	4.0	4.9	4.6	5.1	4.2
Satisfied	5.1	4.8	5.6	5.5	5.3	4.4	5.6	5.5	4.9	4.6
Willing to buy	5.7	4.8	6.6	6.3	6.1	4.8	5.6	5.2	5.4	4.7
Summary mean	4.6	4.3	5.5	5.4	5.4	4.8	5.5	5.4	4.5	4.3

*Between subjects (paired columns for each origin; pairs in bold indicate significant differences at 0.008)*

# variables:	sig. E > F	4	2	15	1	5
	sig. E < F	1	-	-	2	-

The study used cluster analysis first, to classify the respondents into three main groups – “strong English”, “strong French”, and “acculturated” consumers who belong in one group but share some traits with the other. The main hypotheses were, (a) that the greater the cultural links of a “strong” ethnic consumer group with an origin country, the more favorable the consumers’ attitudes will be toward that country and its products; and (b) that consumers of either group who, by virtue of living in the same city, have acculturated toward the other, would fall between the

two extremes. A corollary hypothesis was that attitudes would not be significantly different when the countries of origin being tested are not linked with either of the linguistic groups.

Between-groups MANOVA was used to test the first hypothesis and all models were found to be highly significant. That is, the two samples differ in their evaluations of Great Britain, Canada, the US and their products. However, while ethnicity-based differences clearly exist, the direction of these findings was surprising in some instances. The data strongly confirm more positive attitudes toward Britain by English than by French Canadians (Table 5.3). On the other hand, there were no significant differences on 15 variables and the summary mean in the product scale for Britain. Concerning Canada as an origin, the number of variables contributing to the overall model differences was small and the summary means were not significantly different for either scale. Overall, the French sample's views seem to be slightly less positive, and the differences may be partly due to its tendency to give somewhat lower ratings to all the origins (to be discussed more below). The findings for the US were perhaps the most surprising. The expectation was that the US would be seen differently by each group, but that the differences would be fewer than for Britain and Canada. Yet, this origin produced the largest number of univariate differences from the product scale and the second largest (after Britain) as a country. Its ratings by the French group are low in absolute and often the lowest for all origins.

The second hypothesis was tested using Japan and Sweden as the origins. The MANOVA models were also highly significant, but the number of variables contributing to the overall model differences was very small and distributed unevenly across the two scales. In summary, this analysis supports the first hypothesis (since English Canadians assessed Britain, Canada, the US, and their products more positively than the French) but also showed some unexpected intensity in inter-group differences, and also the second hypothesis, since the profiles of Japan and Sweden, while significantly different overall, were highly similar on the specific variables.

The acculturation hypothesis was also tested (details not shown here due to lack of space) and was strongly supported, with the "moderate" French or English

groups falling between their "strong" counterparts in virtually all cases. This led to a highly interesting observation, in that most studies of this type do not account for acculturation effects. In other words, if researchers study the views of consumers in "city (or country) X" without controlling for the particular culture or subculture in which their respondents belong, it is possible that their results will contain confounding effects that will be unobservable and can lead to misinterpreting their implications. (We have also committed this "sin" in many other studies, given typically limited resources in academic research.)

The data also enabled a closer look at the potential role of *affect* in PCI-related evaluations. Four observations point in this direction: (a) The variables that help explain the MANOVA main effects in the above tables most often reflect a *divergence of cognitive evaluations from affective and/or conative views*. For example, there are virtually no inter-group differences on the cognitive product variables (first nine in Table 5.4) except for the US (b) The main exception to the previous point was French Canadians' lower ratings on many *more* variables for Britain and the US. (c) The French sample rated all foreign countries significantly *higher* on "wealth" (Table 5.3) and indicated a strong aversion to "more imports". Lastly, (d) French Canadians tended to provide lower ratings in general. It would appear that a combination of three factors, identified in numerous earlier studies on the "French factor" in Canada, may be at play in the French sample: nationalism and strong ethnicity; a sense of isolation in comparison to their North American counterparts; and a more emotional orientation. These seem to be reflected in this case through a broader feeling of *disaffect*. In other words, the *lack of affect* directed at Anglo origins may be superimposed over *and above* a base of *disaffect* that colours perceptions of other countries in general. This additive result may explain the very low French ratings for US products (summary mean 4.8), and the lopsided results from the tests of the Canadian and US data (respectively fewer vs. more inter-group differences than anticipated). More importantly from the general research perspective, this explanation does not quite fit any of the social psychology concepts mentioned in the literature review, such as ethnocentrism. If it did, this might have been expressed in different evaluations of Japan and its products, for

example, where this group's ratings were, instead, virtually identical to those of English Canadians. Rather, the findings appear to reflect combined elements from two or more sources and perhaps a unique notion of *disenfranchisement* which may form a potentially useful future research avenue.

### **Cross- and Sub-national study in Spain and France**

In another study, this time carried out in Spain and France, the research team was able to further explore the inter-related issues of affect and animosity and also to combine both cross- and sub-national data. Spain was selected as the main target for the study because of four characteristics which, combined, provide a rich environment for research of this type: (a) since it is a nation, its citizens share a common national culture; (b) it is internally heterogeneous, and sub-national differences occasionally lead to animosity among its regions; (c) its colonial past leads to historic cultural ties with countries that are geographically far; and, conversely, (d) its membership in the European Union leads to cooperation with as well as competition against other EU members, which are culturally dissimilar to it but geographically close. The study was carried out at three locations: two within Spain, including the Basque Country (whose citizens are often reported in the media to harbour animosity toward the country at large) and Navarra (more "mainstream" Spanish), and one in France (Bordeaux). In terms of origins, respondents were asked to assess each other's region/country plus Argentina, a nation that is closely affiliated both culturally and economically with Spain. A total of 803 usable responses were obtained (Navarra 302, Basque Country 231, France 270) on three scales (product, country in general, animosity) and the results were analyzed using such statistics as factor analysis and between- and within-subjects MANOVA.

While limited space does not allow a full presentation of the results, they are rather fascinating as shown in Table 5.5 below. First, a hypothesis that consumers "always prefer their home products" is supported but not as strongly as we expected. This is in line with claims by earlier researchers that such a preference should not be taken for granted, particularly by practitioners. While both the individual variables and the overall scores show that there is a generalized pattern of preference for domestic goods, the differences are often small (even if in most cases statistically

significant). Given the evidence in the public domain of Basque nationalism, the initial expectation was that this sample would display the strongest preference for home-grown products – but the results suggest that this preference, to the extent that it exists, was in fact weaker than in the other two samples.

**Table 5.5 Scale Summaries in Intra- and Inter-national Study**

Samples	Navarra					Basque					France				
Origins	A	F	S	N	BC	A	F	S	N	BC	A	F	S	N	BC
<b>Means</b>															
Products	<u>3.4</u>	4.5	5.7	<b>5.9</b>	5.2	<u>3.4</u>	4.5	5.4 <sup>a</sup>	4.8	<b>5.6<sup>a</sup></b>	<u>3.5</u>	<b>5.6</b>	4.6	3.8	4.3
Country	<u>4.0</u>	4.8	5.5 <sup>a</sup>	<b>6.0</b>	5.5 <sup>a</sup>	<u>3.9</u>	4.8	5.3 <sup>a</sup>	5.4 <sup>a</sup>	<b>5.6</b>	<u>3.8</u>	<b>5.4</b>	4.9	4.4 <sup>a</sup>	4.5 <sup>a</sup>
Affect(+)/Animosity(-)	4.6	<u>4.0</u>	5.7	<b>6.2</b>	5.4	4.5	<u>4.2</u>	5.6 <sup>a</sup>	5.7 <sup>a</sup>	<b>5.8<sup>a</sup></b>	<u>4.3</u>	<b>5.2<sup>a</sup></b>	5.0 <sup>a</sup>	4.6 <sup>b</sup>	4.6 <sup>b</sup>
<b>Ranks</b>															
Products	5	4	2	1	3	5	4	1	3	1	5	1	2	4	3
Country	5	4	2	1	2	5	4	2	2	1	5	1	2	3	3
Affect(+)/Animosity(-)	4	5	2	1	3	4	5	1	1	1	5	1	1	3	3

Legend: Places: Argentina, France, Spain, Navarra, Basque Country. The highest score per row within each sample is in bold and the lowest underlined. Means compared and ranked based on paired-sample two-tail T-tests at 0.001. Within each sample, for each of the three measures, means with the same letter superscript are not significantly different.

Second, level of *economic development* assumptions would suggest that Argentina should be evaluated least positively in comparison to the other origins and it was. On the other hand, the *culture* assumption would suggest that the two Spanish samples (especially Navarra) would evaluate it the highest – but they did not. Further, both *culture* and *development* assumptions would have the Spanish samples evaluate France highly – yet this was not the case. The absolute ratings even on widely recognized French strengths were not very high, which, coupled with lower ratings on other variables, resulted in overall scores that in other studies are more typically encountered for developing nations only.

A possible explanation for these findings can be gleaned when the three scale means for each origin are viewed together. On Argentina, the product, country and affect/animosity ratings were at about 3.5-4.5 by all samples, suggesting that consumers see it as less able to produce quality goods, but rate it significantly

higher as a country, and even higher on affect (i.e., when only the affect variables are considered). On France, the differences between the scales by the Spanish samples are much smaller, the scores are low for such a developed country and the affect scores are the lowest (i.e., animosity is highest). On Spain, all three scores by both Spanish samples are virtually identical and significantly higher than those for France. Therefore, *if there is animosity in either the Basque Country or Navarra, it is not directed at Spain by the former and the Basque Country by the latter, as hypothesized – but at France by both*. Some support for this conclusion can be found in another cross-national study by Papadopoulos, Heslop and Graby (2000), who also reported very low ratings for France by consumers in Spain (Madrid). It would appear that in spite of the EU partnership, neighbour status, and shared Latin culture, Spanish consumers harbour some antipathy toward France. This may be due to intra-EU trade disputes (particularly on wine exports and other agricultural issues, in which all of the regions sampled have a strong interest) or other factors, which can be investigated in future research.

These results support certain conclusions from earlier studies, challenge others, and provide new information that can be useful to both practitioners and researchers. For the former, the findings suggest that it would certainly be worthwhile to engage in international as well as intra-national PCI research prior to expanding to various countries or regions, since strong positive or negative feelings by buyers can clearly bias the way they perceive various products. For researchers, the study contributes to understanding the PCI phenomenon and suggests a number of areas for future research, including, in particular, the potential linkages between country and product measures and further exploration of affect, animosity, and their correlates. As well, and while limited space does not permit presentation of these results, it should be noted that the scales used were shown to be appropriate and helped to confirm seven summary constructs which Papadopoulos, Heslop and IKON (2000) had claimed portray the patterns of consumer thoughts in the PCI context. This points the way toward the potential development of more standardized measurement instruments, which would facilitate and enhance the usefulness of the results of future studies.

## **Cross-national Differences in Country and Product Evaluations**

The preceding analysis examined PCI effects at the sub-cultural/-national level, looking essentially at the same issues (links between sub-cultural affiliation and product evaluations) through a handful of studies. This section also uses findings from various studies but contains subsections that focus on various different PCI-related issues.

### **Cross-national Variability on Consumer Views of “Home” vs. “Other” Countries**

A cross-national study carried out in fifteen countries, using similar approaches to those described above for sampling, questionnaire design and analysis (approximately 300 respondents per site, drop-off/pick-up fieldwork, structured self-administered questionnaires, 7-point scales, uni- and multi-variate statistics), made it possible to make a variety of interesting observations including differences from one sample to the next in how each evaluated its own country and products in relation to others. Table 5.6 shows selected results by focusing on four countries in comparison to the overall summary view of the complete 15-country sample.

The first set of observations (“by 15 samples”) sets the benchmark – this is the summary view of over 4,500 respondents worldwide, based on a composite index of four variables (overall product rating, willingness to buy, overall country rating, and willingness to have closer ties with the origin tested). As can be seen, the origins follow more or less an expected rank-ordering from most to least developed. Against this background, one might expect that the views on the same issue but on a sample-by-sample basis would follow the same general pattern – in other words, that consumers in any given country might rate their “home” somewhat higher but would generally follow the global pattern. Yet the data show that this is far from being the case and, in fact, suggest significant and highly interesting differences (the main ones are bolded for easier identification). Using the same scales (except for “closer ties” in assessing the home country), only in Germany did the “home” and “global” rank match, the German respondents placing their country first just as their counterparts elsewhere did. In fact, these respondents can be said to be somewhat modest, since, in spite of their country’s acknowledged industrial prowess, assigned it only a 5.6 rating on the 7-point scale. By contrast, the



same sample seems to have a less enthusiastic view of Japan than respondents elsewhere (ranked 9<sup>th</sup> vs. 2<sup>nd</sup>).

**Table 5.6 : Views of 18 Countries by Selected Sampled Countries**

Origin countries assessed	by 15 Samples (n=4,627)		by Germany (n=294)		by Greece (n=332)		by Hong Kong (n=332)		by Spain (n=301)	
	Mean	Rank*	Mean	Rank*	Mean	Rank*	Mean	Rank*	Mean	Rank*
Germany	5.3	1	5.6	1	5.4	2	5.3	2	5.2	3
Japan	5.2	2	4.8	9	5.5	1	5.4	1	4.9	4
US	5.1	3	4.9	8	4.9	9	5.2	4	4.4	9
Holland	5.1	4	5.0	7	4.8	11	4.6	8	5.3	2
Australia	5.1	5	5.1	4	4.9	8	4.9	7	4.8	6
Canada	5.1	6	5.0	6	4.9	10	4.4	10	4.4	10
France	5.0	7	5.2	2	5.4	3	5.3	3	3.5	17
Britain	5.0	8	4.6	11	5.0	6	5.0	5	4.0	13
Sweden	5.0	9	5.1	3	5.0	7	4.5	9	4.8	7
Norway	4.9	10	5.0	5	4.7	12	4.1	11	4.9	5
Spain	4.8	11	4.7	10	5.1	5	4.1	13	6.3	1
Hong Kong	4.3	12	4.3	12	4.3	13	4.9	6	4.1	11
Greece	4.3	13	4.2	13	5.4	4	4.1	12	4.1	12
Hungary	3.9	14	4.1	15	3.8	14	3.7	14	3.8	14
Israel	3.8	15	4.1	14	3.5	16	3.0	17	3.5	18
Mexico	3.8	16	3.8	16	3.7	15	3.2	15	4.5	8
Indonesia	3.7	17	3.6	17	3.4	17	3.1	16	3.7	16
India	3.5	18	3.6	18	3.3	18	2.8	18	3.8	15

\* Based on the unrounded means. Inter-scale differences of 0.2 or higher generally are statistically significant at 0.01.

Even more interestingly, respondents in the other three countries rated their "home" significantly higher than did other consumers, resulting in notably different rankings. For instance, Greek consumers ranked Greece 4<sup>th</sup> overall, versus a ranking of 13<sup>th</sup> by the full global sample, with a full-point difference on the means. Hong Kong consumers were somewhat more modest, ranking their home as 6<sup>th</sup> (vs. 12<sup>th</sup> globally). But by far the greatest difference is observed in the case of Spain, where respondents gave their home country the single highest rating compared to all

other cases (6.3), placing it first internationally. In other words, while Greek and Hong Kong respondents at least acknowledge the superiority of such countries as Germany and Japan, those in Spain do not. It will be recalled that Spanish respondents also rated France very low in the sub-cultural study discussed above. Coupled with the findings in this case, this suggests that in some cases exporters to countries where, for whatever reason, consumers consider themselves superior and are reluctant to accept even major recognized suppliers, may have difficulty penetrating the market (or need to offer significantly more to achieve the desired results).

### **Variability by Attribute and Product vs. Tourism Images**

Two studies carried out in South Korea and Canada (Elliot and Papadopoulos 2006) make it possible to observe some highly interesting inter-attribute differences that have also been noted in some other studies by the research team, and also to relate the "product" to the "tourism" image of a place. Given the primary interest of the research to study tourism vs. product images, the studies were carried out by consumer intercepts at major travel fairs in Seoul and Toronto, otherwise using the same techniques as in the other studies discussed above.

Tables 5.7 and 5.8 summarize some of the main results. Concerning the attribute issue, the first table, focusing on the two samples' image of the US, shows how perceptions by very diverse consumers can be very similar about the same object on some issues but not others. In this case, the inter-sample differences are relatively minor in most cases (even though some of the differences of 0.2 or more are statistically significant) but stand at 0.5 or more in those highlighted in bold. Specifically, South Korean respondents, whose country is more distant than Canada from the US in terms of development, see the US as significantly wealthier than do Canadians (5.6 vs. 5.1) and want to have closer ties with it (5.0 vs. 4.5). On the other hand, they are less willing to buy US products and less willing to travel to that country, and consider it to be less safe and its people less friendly and trustworthy than do the Canadian respondents. Table 5.8 also shows some significant inter-attribute differences, this time focusing on the Korean samples comparative views of the US versus three other highly developed countries. As can be seen, respondents gave

significantly higher ratings to the US and Japan on “cognitive factors” (cognitive country image, product beliefs), similar ratings to all countries on “destination beliefs”, and the reverse, significantly lower ratings to the US and Japan versus Canada and Australia, on “affective country image” and “receptivity”.

These findings were tested using SEM (LISREL) in order to address a significant gap in the literature: Even though both PCI and tourism destination image (TDI) research deal with the same base issue (the image of a place and its effect on behavior), the two fields rarely interact, each developing independently of and not learning from the other. In this first study of its kind, the intent was to explore the potential interactions between general country, product-specific, and tourism-specific constructs such as those shown in Tables 5.7 and 5.8. While space does not permit a presentation of the model, suffice it to see that the results of this analysis were striking. The model, tested on various combinations of the two sampled countries (S. Korea and Canada) and four origins (Japan, the US and Australia common to both, plus the “other of the two” countries for each of S. Korea and Canada), was posited so as to explore two distinct and one cross-over sets of paths. The former linked cognitive and affective country image to each of product or destination beliefs and thence to receptivity, while the latter explored the interaction between the product and tourism paths. In summary, all paths were significant in all cases with only minor exceptions. In other words, the models confirm (a) a path from country to product beliefs and product receptivity; (b) a path from country to tourism beliefs and tourism receptivity; and (c) paths from product or tourism beliefs to, respectively, tourism or product beliefs and receptivity.

Considering that the great efforts by many places to attract tourists based on TDI are never linked in practice with efforts by other government units of the same places to encourage exports based on PCI, and have never been researched, these findings are significant indeed: They suggest that such linkages can greatly enhance our understanding of the role of place images in research, and can be extremely important in practice as countries and other places around the world engage in comprehensive “place branding” campaigns to capture bigger shares in both the travel and export markets.

# A Cross-Cultural and Cross-National Perspective on Product-Country Images

**Table 5.7 : US Image in Two Countries as Producer and Travel Destination**

Constructs	Variables	S. Korea (n=349)	Canada (n=307)
Cognitive Country Image	Quality of life	5.7	5.5
	Wealth	<b>5.6</b>	<b>5.1</b>
Affective Country Image	Pleasant	4.8	5.0
	Friendly	<b>4.2</b>	<b>4.7</b>
	Safe	<b>3.4</b>	<b>3.9</b>
	Trustworthy	<b>3.9</b>	<b>4.3</b>
Product Beliefs	Quality	5.3	5.2
	Workmanship	5.2	4.8
	Innovativeness	5.1	5.1
	Value for money	4.8	4.9
	Recognizable brands	5.4	5.8
Destination Beliefs	Scenery	5.6	5.8
	Attractions	5.3	5.5
	Activities	5.5	5.9
Receptivity	Willing to buy US products	<b>4.3</b>	<b>5.4</b>
	Willing to travel to the US	<b>5.1</b>	<b>5.9</b>
Conative Country Image	Want closer ties with the US	<b>5.0</b>	<b>4.5</b>

**Table 5.8 : South Korean Views of Four Developed Countries**

	Canada	Australia	US	Japan
<b>Cognitive Country Image</b>	<b>5.2</b>	<b>5.0</b>	<b>5.5</b>	<b>5.3</b>
Quality of life	5.6	5.4	5.7	5.3
Wealth	5.2	5.1	5.6	5.4
Technological advancement	4.8	4.6	5.6	5.7
Education	5.1	4.9	5.0	5.0
<b>Affective Country Image</b>	<b>5.1</b>	<b>5.0</b>	<b>4.3</b>	<b>4.1</b>
Pleasant	5.4	5.4	4.8	4.1
Exciting	4.8	5.0	5.1	4.5
Friendly	4.7	4.8	4.2	4.0
Safe	5.2	5.0	3.4	4.5
Trustworthy	4.9	4.8	3.9	3.5
Ideal country	5.3	5.3	4.5	4.1
<b>Product Beliefs</b>	<b>4.4</b>	<b>4.3</b>	<b>5.0</b>	<b>5.4</b>
Quality	4.7	4.7	5.3	5.8
Reliability	4.5	4.4	4.8	5.2
Workmanship	4.4	4.2	5.2	5.5
Innovativeness	4.2	4.1	5.1	5.4
Satisfaction	4.1	4.0	4.4	4.9
Value for money	4.2	4.1	4.8	5.2
Good overall products	4.7	4.8	5.2	5.6
<b>Destination Beliefs</b>	<b>5.4</b>	<b>5.5</b>	<b>5.4</b>	<b>5.2</b>
Scenery	5.9	6.0	5.6	5.2
Accommodations	4.5	4.5	4.8	4.6
Attractions	5.6	5.7	5.3	5.1
Activities	5.4	5.7	5.5	5.2
Value for money	5.3	5.4	6.0	5.7
Good overall destination	5.5	5.7	5.5	5.2
<b>Receptivity</b>	<b>4.6</b>	<b>3.8</b>	<b>4.2</b>	<b>4.2</b>
Pride in product ownership	3.8	3.8	3.3	3.4
Willingness to travel	5.4	5.5	5.1	5.1

### The Content of Product-Country Images

Lastly, as part of the same multi-national study in 15 countries that was mentioned above (but using an additional five sampling sites in Canada and the US), it was possible to address a relatively simple question: *What products and brands do consumers have in mind when evaluating products from various countries in the marketplace?* While the question is simple, the answer is rather hard to come by, which is most likely why it has never been systematically researched before (exceptions which addressed a limited range of related topics include Heslop and Wall (1986) and Morello (1993)). Yet, the issue is important and can have

significant implications for both research and practice. Unlike product-specific PCI studies, which deal with only one or a limited set of products and therefore are not generalizeable to overall country images, "global" PCI research focuses on overall country images which can be generalized but have no point of reference. In this analysis we attempted to address this gap.

Research in social psychology strongly suggests that one's awareness of items in memory and ability to recall them depends largely on how effectively they have been encoded and whether memory traces are available to enable their retrieval (Grusec, Lockhart and Walters 1990). Encoding and retrieval in turn depend on the frequency at which an individual has been exposed to information relevant to a given schema (e.g., this leads to the principle of repetition in advertising), one's level of involvement with the object and other factors (Mowen and Minor 1998). Traditionally, research in this area has used either aided recall techniques, which rely on the subject responding to several presented cues (akin to a multiple choice test), or unaided recall, in which the respondent is asked to note whatever comes to mind at the mention of a cue. Researchers clearly prefer unaided recall techniques, since these help to reveal stronger nodes and associations in memory (Markus and Zajonc 1985, Stangor and Lange 1994; Solso 1995). Accordingly, in this study we used unaided recall by asking consumers to name the products, companies, or brands that come to mind in relation to three countries. Respondents had up to four "blanks" to fill for each country. The countries were selected to represent two nations that have a strong international presence in consumer goods but offer very different assortments of products, the US and Japan and one that is a major trading nation (7<sup>th</sup> worldwide) but focuses mostly on resource and agricultural products, Canada. The responses were coded by expert coders in each country, and double-checked by coders centrally, using a coding scheme that was unique to this study and was developed iteratively based on the actual consumer responses (i.e., an "emerged etic" approach). The coding comprised 10 sectors and up to 10 product categories within each sector. The coding used three digits that reflected the sector and product category of the consumer's response and whether the response represented a generic product category or a specific

brand name. For example, a mention of "cars" for Japan would create the code 510 (transportation, cars, generic), whereas a mention of "Toyota" would result in 511 (transportation, cars, brand name).

Table 5.9 shows the summary results of the study. In total, the maximum possible number of responses was 73,128 (sample 6,094 \* 3 countries \* 4 blanks for each), and respondents provided over 46,000 mentions of products and brands that were used to assess the "bundle of goods" image of the three origin countries. It is clear from Table 1 that respondents filled-in 3.1 of the 4 blanks for the US and Japan but only 1.4 for Canada (respectively 77%, 78% and 35% of the available blanks). While there was variation across the sampled countries (e.g., Israeli respondents filled-in only 62% of the blanks for the US and Japan, and the completion rate for Canada varied from 15% in Israel to 53% in Britain), the results were quite consistent internationally. One-way ANOVA tests confirmed that the completion rates were significantly different between Canada and either of the US or Japan but not between the US and Japan, in virtually all cases. In other words, consumers recall significantly fewer products for countries with a markedly lower level of presence in their domestic markets (in this case, Canada). Lastly, the incidence of brand name mentions was similar between the US and Japan, both of which were at significantly higher levels than Canada (overall, the proportion of brand names, as opposed to generic product categories, was 56% for the US and 50% for Japan, versus only 17% for Canada).

**Table 5.9 : Top-of-Mind-Recall Response Frequencies**

Region		North America			Europe & Israel									Pacific		
Sample	Overall	USA	Canada	Mexico	Britain	France	Germany	Norway	Holland	Hungary	Greece	Spain	Israel	Australia	Indonesia	Hong Kong
<i>n</i>	6094	586	1519	314	303	301	295	294	300	303	332	301	301	300	313	332
Origin	a. Mean number of responses provided by each sample (max. 4)															
US	3.1	3.4	3.5	3.1	3.1	3.3	3.2	3.0	3.2	2.6	3.1	3.0	2.5	3.0	3.2	3.3
Japan	3.1	3.3	3.4	3.0	3.2	3.3	3.2	3.1	3.2	2.8	3.3	3.0	2.5	3.1	3.2	3.7
Canada	1.4	1.8	3.4	1.3	2.1	1.8	1.4	1.3	1.7	0.8	1.8	1.7	0.6	1.5	0.9	0.8
Origin	b. Percent of blanks filled by each sample (max. ( <i>n</i> * 4))															
Max/origin	24,376	2,344	6,076	1,256	1,212	1,204	1,180	1,176	1,200	1,212	1,328	1,204	1,204	1,200	1,252	1,328
US	77	84	87	78	77	83	80	74	78	62	77	74	62	75	80	84
Japan	78	80	85	74	81	81	79	74	80	68	81	74	62	78	85	92
Canada	35	40	85	37	53	40	36	30	42	19	42	36	15	37	21	41
Origin	c. Percent of brand name mentions over total blanks filled by each sample (max. 100%)															
US	56	53	46	56	43	65	70	62	40	63	42	42	51	57	72	84
Japan	50	54	44	50	29	50	62	56	26	62	44	30	50	42	69	81
Canada	17	21	33	19	15	16	16	14	7	17	5	4	10	14	35	45

The specific results are in Tables 5.10, 5.11 and 5.12, respectively for the US, Japan and Canada. In line with schema theory, in each table the sectors that attracted 10% or more of the total responses provided, across all samples, are identified in bold (section (a)) and considered to be "nodal" (i.e., most important sectors associated with each country). Further detail is then provided in section (b) of each table by highlighting the main product categories that comprise the nodal sectors. Lastly, section (c) in each table shows the specific brand names, within each nodal product category, that account for at least 1% of the responses offered by the total sample.



Table 5.10 : Main Sectors, Product Categories and Brands: US

Samples		Overall avg	USA	Canada	Mexico	Britain	France	Germany	Norway	Holland	Hungary	Greece	Spain	Israel	Australia	Indonesia	Hong Kong
a. Sectors <sup>1</sup>																	
Agriculture, fishing		3	5	5	2	4	1	1	2	4	1	4	6	0	3	1	4
Natural resources		1	2	1	1	1	0	1	3	1	1	4	3	0	1	1	0
<b>Food, bev, tob, pharma</b>		<b>16</b>	<b>10</b>	<b>9</b>	<b>15</b>	<b>21</b>	<b>25</b>	<b>20</b>	<b>19</b>	<b>15</b>	<b>19</b>	<b>18</b>	<b>23</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>11</b>
Clothing		14	9	12	18	11	11	12	13	13	13	12	9	30	12	15	24
Other household		5	4	5	10	2	2	1	2	1	5	9	1	12	3	10	6
Other Industrial		2	3	3	4	0	1	2	2	1	1	3	2	1	2	2	1
<b>Services, miscellaneous</b>		<b>20</b>	<b>12</b>	<b>19</b>	<b>17</b>	<b>33</b>	<b>24</b>	<b>23</b>	<b>19</b>	<b>24</b>	<b>14</b>	<b>12</b>	<b>25</b>	<b>14</b>	<b>26</b>	<b>20</b>	<b>18</b>
Entertainment & leisure		4	4	4	6	3	7	2	4	4	5	4	6	3	5	2	3
<b>Transportation</b>		<b>19</b>	<b>33</b>	<b>26</b>	<b>14</b>	<b>15</b>	<b>15</b>	<b>22</b>	<b>23</b>	<b>20</b>	<b>23</b>	<b>22</b>	<b>14</b>	<b>16</b>	<b>20</b>	<b>19</b>	<b>6</b>
<b>Advanced technology</b>		<b>16</b>	<b>21</b>	<b>16</b>	<b>13</b>	<b>10</b>	<b>14</b>	<b>16</b>	<b>13</b>	<b>17</b>	<b>17</b>	<b>12</b>	<b>11</b>	<b>11</b>	<b>15</b>	<b>17</b>	<b>28</b>
b. Product Categories <sup>2</sup>																	
<b>Food etc.</b>	Soft drinks	49	34	32	40	36	70	53	64	36	60	52	56	45	53	46	52
	Cig/tobacco	10	6	5	3	7	8	11	8	14	14	18	17	2	0	24	14
	Alcoholic bev	8	13	19	4	25	2	7	9	9	3	8	3	0	9	1	2
	Confectionary	6	7	4	14	3	2	4	3	6	2	1	3	9	11	4	17
	Cereals	3	5	4	5	4	2	4	3	3	1	0	3	2	2	3	1
	Pharma	2	4	3	3	0	1	0	1	3	4	5	0	3	0	7	3
	Other	22	32	33	31	25	15	21	12	29	16	16	18	39	25	15	11
<b>Clothing</b>	Clothes	66	73	66	59	69	90	57	76	68	52	83	73	59	46	70	52
	Footwear	30	26	29	37	23	4	41	24	30	45	11	17	36	49	27	46
	Accessories	2	0	1	2	2	6	0	0	0	1	5	5	2	4	2	1
	Other	2	2	5	2	6	0	2	0	2	2	1	5	3	1	1	1
<b>Serv, misc</b>	Restaurants	50	37	27	45	46	73	75	54	57	54	43	58	62	52	43	32
	Movies, music	22	23	38	14	35	16	15	27	28	27	14	20	8	28	18	20
	Military	7	8	5	1	6	3	1	6	4	8	27	6	10	7	5	4
	Tourism etc.	5	3	6	8	7	2	4	4	5	0	6	4	7	4	3	10
	Fin & ins	4	3	3	4	3	3	3	1	1	3	4	0	2	1	13	9
	Sports	3	4	4	12	2	2	0	1	0	0	1	3	7	3	0	5
	Retail stores	2	9	10	6	0	1	0	1	0	1	0	0	1	0	4	3
	Other	7	14	6	10	1	0	2	6	5	7	5	9	3	5	14	17
	Other	7	14	6	10	1	0	2	6	5	7	5	9	3	5	14	17
<b>Transport</b>	Cars	85	82	92	96	81	83	85	87	82	89	83	87	88	82	82	82
	Aircraft	11	14	6	3	14	14	10	11	16	7	13	10	11	9	17	12
	Other land veh	3	4	2	1	3	3	5	2	1	3	3	2	1	9	1	6
	Other	1	1	0	0	2	0	0	0	1	1	1	1	0	0	0	0
<b>Adv tech</b>	Computing	83	86	86	80	87	78	89	82	86	72	87	72	79	85	85	85
	Telecomm	6	7	6	12	4	1	4	5	1	8	3	3	12	4	11	10
	Aerospace	4	1	4	3	6	16	3	1	3	12	3	9	1	3	2	2
	Other	7	8	4	5	3	5	4	12	10	8	7	16	8	8	2	3

## A Cross-Cultural and Cross-National Perspective on Product-Country Images

(Table 5.10 continued on next page.)(Table 10 continued: Analysis of US data.)

c. Brands <sup>3</sup>																	
<b>Food etc. Coca-Cola</b>	7	2	2	5	6	15	9	11	5	8	7	11	5	6	5	4	
<b>Pepsi</b>	1	1	1	1	1	1	1	1		2	1	1	1		1	1	
<b>Marlboro</b>	1				1	1	1	1		1	1	1			2	1	
<b>Clothing Nike</b>	3	2	2	4	2	4	4	3	2	5	1	4	3	4	2	5	
<b>Levis</b>	3	1		2	2	5	3	6	3	4	3	3	5	1	4	4	
<b>Transp Ford</b>	4	8	5	4	2	4	4	5	3	6	3	3	2	4	7	3	
<b>Gen. Motors</b>	3	5	5	1	2	3	5	4	2	3	1		2	2	1	1	
<b>Chevrolet</b>	1	3		1				1	1	1			3	1	1		
<b>Boeing</b>	1	3	1		1	1	1	1	1	1	1			1	1		
<b>Chrysler</b>	1	1	1	1	1	1	3	2	1	2	2	1		1	1		
<b>Serv, misc McDonald's</b>	6	3	3	5	8	10	12	8	8	4	3	3	5	8	5	4	
<b>Disney</b>	1		1	1	3	1	1	1				1		1		3	
<b>Adv Tech IBM</b>	3	2	3	2	2	4	3	3	2	5	2	2	1	3	5	9	
<b>Microsoft</b>	3	6	3	1	1	1	5	3	2	2	1	1	2	3	3	6	

<sup>1</sup> Cells show the % of mentions by sector over the total of responses. Main sectors are in bold.

<sup>2</sup> Cells show the % of mentions by product category within each sector, for the main sectors from (a).

<sup>3</sup> Cells show the % of mentions by brand over the total of responses, for brands with 1% or more mentions in the "Overall average" column.

The findings portray a rather fascinating image of the "bundle of goods" that is associated with the three countries and comprises their images. Five sectors, with several product categories each, are nodal in the cases of the US and Canada, while only two account for fully 77% of all mentions for Japan (entertainment & leisure 41%, transportation 36%). As well, a small handful of distinct product categories accounts for most responses within sectors (e.g., 88% for cars within transportation for Japan, 70% for wood products within natural resources in the case of Canada).

Turning to brand-specific mentions, 14 American, 16 Japanese, and only 4 Canadian brands reached or exceeded the 1% cutoff point. While the percentages of brand mentions appear low, they reflect the entire sample and concatenate up to four mentions per respondent. For example, Toyota is mentioned by 7% of the full sample. Adjusting for blanks (max.  $24,376 * \text{responses } 78\% = 19,013$ ), this adds to 1,331 mentions ( $19,013 * 7\%$ ) by 6,094 consumers. Since the same respondent does not mention the same brand twice, fully 22% of the worldwide sample ( $1,331 / 6,094$ ), a rather impressive figure, brought the "Toyota" to mind when asked to name Japanese products (as well, it can be assumed that a large number of respondents also lumped Toyota in a mention of "cars" as a generic category, given Japan's known strength and multiple brands in that market). Therefore, *many of the brands seem to be in a remarkably strong position.*

# A Cross-Cultural and Cross-National Perspective on Product-Country Images

**Table 5.11 : Main Sectors, Product Categories and Brands: Japan**

Samples	Overall avg	USA	Canada	Mexico	Britain	France	Germany	Norway	Holland	Hungary	Greece	Spain	Israel	Australia	Indonesia	Hong Kong
<b>a. Sectors <sup>1</sup></b>																
Agriculture, fishing	4	2	4	2	5	5	3	4	8		4	7	1	5		2
Natural resources	0										1	1		1		
Food, bev, tob, pharma	2	2	2	2	3	3	2	1	6	1	1	2	1	3	3	4
<b>Clothing</b>	3	2	2	4	1	3	1	3	2	5	3	6	4	3	4	5
Other household	3	2	2	3	2	2	1		2		8	3	1	3	4	17
Other Industrial	2	1	2	3	1	1		1	2	1	3	3	1	1	2	
Services, miscellaneous	2	1	1	2	1	1		1	2	1	1	2	1	2	2	6
<b>Entertainment &amp; leisure</b>	41	42	45	52	47	44	44	37	37	40	31	35	42	39	41	45
<b>Transportation</b>	36	42	37	23	31	34	42	45	33	41	42	28	44	35	41	19
Advanced technology	7	6	5	9	9	6	7	8	8	11	6	13	5	8	3	2
<b>b. Product Categories <sup>2</sup></b>																
<b>E &amp; L</b> Cons. electr	80	85	79	84	83	80	66	69	74	85	87	74	89	78	86	88
Cameras	12	9	14	6	8	13	20	23	18	11	7	16	5	14	9	5
Toys/games	6	6	5	9	7	7	12	5	5	3	4	7	5	8	3	6
Other	2		2	1	2		2	3	3	1	2	3	1		2	1
<b>Transport</b> Cars	88	95	94	91	89	81	87	93	91	88	83	63	96	90	91	95
Other(land)	11	5	5	9	8	19	12	6	4	12	14	36	4	10	9	5
Other	1		2		3		1	1	5		3	1				
<b>c. Brands <sup>3</sup></b>																
<b>E &amp; L</b> Sony	10	11	10	12	8	11	11	8	6	14	7	4	11	6	14	16
Toshiba	2	2	2	4	1	2	1	1		1	1		2	1	5	5
Sanyo	1	2	1	2	1			1		1	1	2	4	3	3	1
Hitachi	1	1	1	3	1	1	1	1		1	2			1	2	4
Panasonic	1	2	1	2	1		1	1		2	1		1	1	1	5
Fuji	1	1	1			1	1	1		1				1	2	
Canon	1					1	2		1			1		1	1	1
Aiwa	1	1		2		1	1					1	1		1	1
<b>Transport</b> Toyota	7	10	8	2	3	7	10	11	4	9	7	2	3	7	13	7
Mitsubishi	4	5	2	4	3	4	6	5	3	3	3	1	10	6	5	4
Honda	4	8	7	3	3	4	4	4	2	5	3	2	2	2	7	4
Yamaha	2	1	1	1		3	3	2	1	3	3	2		1	2	1
Nissan	2	2	2	5	2	1	4	2	1	1	3	2	1	1		1
Suzuki	1	1	1			1	1	2	1	5	2	2	1	1	2	
Kawasaki	1	1				1	1			1	1	2		1		
Mazda	1	1	1			1	2	7	1	2	1		1	1	1	

<sup>1, 2, 3</sup> Notes same as for Table 5.10.

**Table 5.12 : Main Sectors, Product Categories and Brands: Canada**

Samples		Overall avg	USA	Canada	Mexico	Britain	France	Germany	Norway	Holland	Hungary	Greece	Spain	Israel	Australia	Indonesia	Hong Kong
a. Sectors <sup>1</sup>																	
<b>Agriculture, fishing</b>		27	21	20	17	42	40	37	25	31	17	20	29	17	50	9	28
<b>Natural resources</b>		21	19	21	11	19	16	27	26	33	19	36	35	15	12	22	6
<b>Food, bev, tob, pharma</b>		10	30	10	11	15	7	5	7	7	10	9	2	13	5	12	10
<b>Clothing</b>		10	5	10	19	5	7	6	9	8	10	13	17	16	5	12	7
Other household		4	2	4	10	1	1	1	3	1	6	4	1	10	2	5	13
Other Industrial		5	3	3	8	2	3	3	5	4	15	8	5	2	4	6	1
<b>Services, miscellaneous</b>		12	15	11	11	11	12	15	12	7	6	2	6	10	13	19	30
Entertainment & leisure		4	3	4	5	2	3	2	6	4	9	2	3	4	4	5	1
Transportation		4	2	9	4	2	9	2	6	4	4	5	1	4	4	6	1
Advanced technology		3	1	8	4	1	2	2	1	1	4	1	1	9	1	4	3
b. Product Categories <sup>2</sup>																	
<b>Agri</b>	Fish	38	27	19	35	25	9	35	65	50	31	38	67	36	54	23	58
	Maple syrup	28	24	26	38	39	82	47	10	12	41	1	2	52	25	5	17
	Wheat/Grains	16	27	33	10	10	1	12	19	20	18	35	7	6	8	14	1
	Livestock	7	8	11	5	4	2	4	0	10	3	17	15	6	12	9	6
	Fruits & veg's	5	3	7	4	20	5	0	1	1	2	1	4	0	1	23	7
	Other	6	13	4	8	2	1	2	5	7	5	8	5	0	0	26	11
<b>Nat Res</b>	Wood	70	71	40	74	81	74	84	63	84	80	81	67	76	67	27	78
	Minerals	9	7	14	4	5	4	2	14	6	0	8	12	4	13	46	3
	Oil, gas, coal	8	8	22	2	8	1	5	14	4	9	8	9	12	7	7	3
	Other	13	14	25	20	6	21	9	9	6	11	3	12	8	13	20	16
<b>Food etc.</b>	Alcoholic bev	40	65	40	36	65	6	68	52	64	18	55	45	5	61	14	8
	Soft drinks	14	9	2	10	14	28	16	4	9	61	6	11	0	4	31	11
	Confectionary	9	8	2	14	3	25	0	8	0	0	2	0	4	13	6	45
	Dairy	6	3	12	14	8	10	0	12	0	0	10	0	4	0	6	6
	Other	31	16	43	26	10	31	16	24	27	21	27	44	87	22	43	30
<b>Clothing</b>	Clothes	47	61	77	61	40	19	26	48	43	41	28	23	45	59	41	89
	Fur, leather	35	22	7	12	48	65	48	39	48	45	66	74	24	18	3	6
	Footwear	12	11	12	14	9	8	22	10	7	9	3	3	24	9	41	5
	Other	6	7	4	13	3	8	4	3	2	5	3	0	7	14	15	0
<b>Serv, misc</b>	Tourism etc.	44	28	17	38	47	76	68	40	46	8	75	46	47	48	39	34
	Sports	11	28	13	6	3	5	16	16	6	31	0	15	6	23	0	1
	Finance & ins	9	4	12	13	12	0	2	11	9	15	0	16	6	0	19	16
	Movies, music	7	7	6	15	15	4	3	11	12	0	8	0	12	16	0	1
	Celebrities	6	9	4	2	3	13	8	11	6	0	0	23	0	2	8	1
	Restaurants	5	4	6	0	5	0	2	0	3	38	0	0	6	2	6	0
	Retail stores	5	13	27	0	9	0	0	9	0	8	0	0	0	0	0	8
	Other	13	9	14	26	6	2	1	2	18	0	17	0	23	9	28	39

## c. Brands

Only six Canadian brands barely reached the 1% overall cut-off point:

Molson (beer), Air Canada, Bombardier (airplane & train manufacturer), Canada Dry (soft drink and in fact a US, not a Canadian brand), Maple Leaf Gold Coin (only in Hong Kong) and MAC Cosmetics.

<sup>1,2</sup> Notes same as for Table 5.10.

To test for whether the results differed across the various samples,  $X^2$  presented itself as an appropriate statistic but required a correction factor because of the large amount of data (15 samples, 6,094 respondents, 10 sectors) and the fact that the data was multiple-response (each respondent could name two or more products in the same sector). While this approach is not ideal it serves as a more rigorous criterion for comparing the sector mentions across the samples for each origin. For all origins, the  $X^2$  test had 126 degrees of freedom and an alpha level of 0.05, leading to rejection of the null for values of  $<74.22$  or  $>129.56$ . The correction factor was calculated as:  $X^2 / \{(1 - (\text{valid mentions} / (\text{sample size} * \# \text{ sectors}))) * (\text{valid mentions} / \text{sample size})\}$

This analysis showed that the statistics were significant in all cases. Nonetheless, the inter-country variations leading to the overall statistically significant differences in the data are relatively easy to identify and explain, by referring to Tables 5.10 - 5.12 and do not detract from what essentially is a remarkable cross-national similarity in the responses for all origins. In the case of the US, sporadic variations included the larger number of mentions of food, beverage, tobacco and pharmaceutical products by the European samples (19%-25%, versus a range of 9%-15% for all other samples) and the small proportions for advance technology by some samples (particularly Britain, Spain and Israel) – but, still, the five nodal sectors dominate the country's image both overall and across virtually all samples. For Japan, the cross-country similarity is striking indeed, with the two nodal sectors dominating in all samples. The only noticeable exception to the general pattern is the case of Hong Kong, which, considering its proximity to Japan and overall receptivity to its products, imports a wider range of goods from that country. Lastly, for Canada the pattern is similar to that of the US – the five nodal sectors dominate, and the only noticeable exception is in the clothing sector which accounts for significantly more mentions, at 10% or more of the total, by seven samples (Mexico, Hungary, Greece, Spain, Israel, Indonesia and Canada itself).

To make this analysis more meaningful, the above data was related to the product evaluations of the origin countries, which respondents made as part of the same study. To make this possible, the verbatim responses from the recall section, that

were summarized above, were quantified using a five-member expert panel that rank-ordered the sectors from least to most technologically intense, based on the assumption that higher perceptions of technological advancement lead to higher perceptions of "product prowess" by a country ("if they can make that, they can make everything!"). The sectors were ranked and weighted from 1 (agriculture and fishing) to 10 (advanced technology). Average scores by sample for each origin were then calculated based on a "technology score" that was computed for each respondent (sum of weights of the sectors mentioned divided by the number of mentions; e.g., "wheat, cars, computers" for the US would yield a score of 6.67, calculated as  $1 \text{ (agriculture)} + 9 \text{ (transportation)} + 10 \text{ (advanced technology)} = 20 / 3$ ). These scores were then correlated with a 9-item "product" factor that emerged from principal components analysis of a 20-item bipolar adjective scale that was used in the study (average Cronbach's alpha of .839 across 60 tests (20 samples \* 3 origins; only 14 coefficients were below .80, with the lowest alpha at .74). Using Pearson correlation (two-tailed), the findings showed that the scores were strongly correlated, with a coefficient of 0.572 at  $p=0.000$ . In other words, the brands and products that respondents conjure up from their mental schemata when asked to assess "the products of country X" are closely and significantly correlated with their evaluations. The summary results across all samples are shown below. In line with the rationale that led to the weighing and scoring scheme that was developed for this analysis, the data show that consumers associate technological advancement more with such products as consumer electronics and cars than with other "advanced technology" manifestations (whether well-understood ones, as in computing, or more "hidden from common view", as in the extraction of natural resources). As a result, Japan is not only considered to be more advanced than the US based on the sector scores, but the global evaluation of its products is also significantly higher (the countries' product evaluation scores were tested using MANOVA, not discussed here due to lack of space and all differences were statistically significant).

## A Cross-Cultural and Cross-National Perspective on Product-Country Images

<u>Origin</u>	<u>Total Sector Score (range 1-10)</u>	<u>Product Evaluation (range 1-7)</u>
US	6.26	5.19
Japan	7.40	5.64
Canada	4.08	4.78

### Summary Implications And Conclusions

The intricacies of how PCI works, and the reason why it is important, are indicated by the following brief exchange from the movie "Back to the Future III", a comedy about time travel. It occurs in "real time" 1955 between Doc, the scientist, and Marty, the young hero who has been to 1985 and back, and helps to portray many of the elements that are the focus of this report:

*Doc* No wonder this circuit failed... it says "Made in Japan".

*Marty* What do you mean, Doc? All the best things are made in Japan.

*Doc* Unbelievable!

Several observations can be made from this vignette. First, Doc attributes the product's (poor) performance to its provenance, given his prism of experiences in the mid-1950s when Japan was known as a producer of trinkets; on the other hand, from his vantage point of the mid-1980s, Marty clearly has a very positive view of Japanese product performance. Second, the two time points roughly correspond to a "bottom" and "high" of Japan's image as a producer, and together they show that a national image can change over time as a result of a focused national strategy. Third, given their respective mindframes prior to this dialogue, Doc would be highly unlikely to choose, while Marty would probably seek out, a Japanese circuit – pointing to the fundamental tenet in consumer behavior theory that perceptions and beliefs guide consumer choices. Fourth, the screenwriter wrote Martin's line as "all the best things are made in Japan", not just "circuits" – that is, the country images of individual product classes may differ from one another but all are likely to be congruent with its overall image as a producer, which is shaped by various factors including its flagship products – as revealed in the last analysis in the previous section. Lastly, this brief dialogue is likely to lead Doc to change his attribution of the circuit failure and be more open to products from Japan.

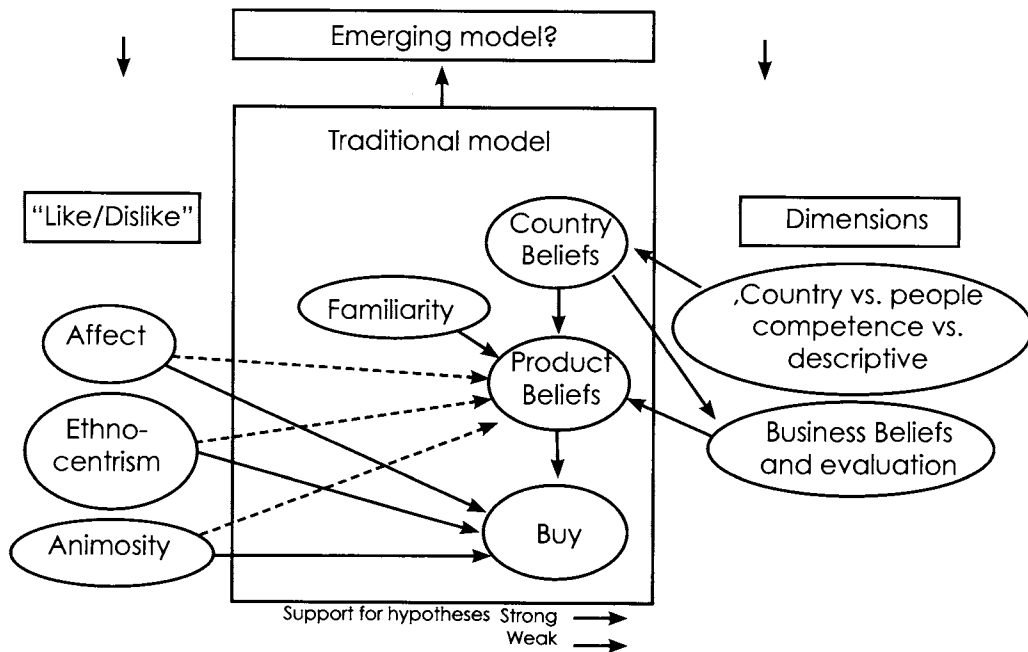


In a nutshell, perception, which can be broadly defined as "the meaning we attribute to things", matters, both generally and specifically with regards to PCI. A number of specific implications and conclusions arising from the findings were highlighted in the preceding section and they were not repeated here. What needs to be stressed, rather, is the great importance of PCI particularly in the contemporary era where "place branding" has become a must-do for many governments, at both the national and sub-national levels, worldwide. As was alluded to above when discussing the South Korean and Canadian studies, such place branding efforts need not and in fact must not, be limited to either the tourism or the product sectors, and, if both sectors are the subject of branding campaigns, interactions between them must be sought to maximize the potential benefits from such strategies.

In fact, the issue goes significantly beyond tourism and consumer products. A significant body of research has shown, first, that PCI also affects industrial buyers (notwithstanding the common misperception that they always act "rationally" and based on "facts" rather than stereotyped mental schemata like everyone else). For example, studies show PCI effects on businesspersons in the context of goods from Eastern Europe (Chasin and Jaffe 1987; Chasin, Jaffe and Holzmüller 1987; Johansson, Ronkainen and Czinkota 1994), import managers in the US (Ghymn and Kuo 1995), China (Kaynak and Kucukemiroglu 1992), Australia (Dzever and Quester 1999) and Holland (Nes and Ghauri 1998), professional retail buyers and other purchase managers (Heslop et al. 2001; Alpert et al. 1995; Ahmed, d'Astous and El-adraoui 1994; Ahmed and d'Astous 1995) and Mexican business people with regards to Canada (Labrie, Propeck and Arellano 1994). Second, and perhaps by far more important, a body of knowledge has been developing that shows direct PCI effects on investors when they decide where to locate their next international venture – a matter of vital importance to virtually all countries and especially those in the developing world (e.g., see Vogel 1976; Johansson and Moinpour 1977; Barkley and McNamara 1994; Wee, Lim and Tan 1993; Ziemiński and Warda 1997; Papadopoulos et al. 1997; Florida 2000; and Schwanen 2000).

In this context, then, inter-sectoral coordination of place branding efforts, whether directed at exports, tourism, or investment attraction, is critical. The potential to include multiple target audiences of interest to various sectors is illustrated in the emerging model, in Figure 5.1 below, which includes both the potential of including "business buyers" (right side – see, for example, Heslop et al. 2005) and an emphasis on affect (left side – see, for example, Klein, Ettenson and Morris 1998; Shim and Sharma 1987; Villanueva and Papadopoulos 2003), which has been mentioned several times in the preceding sections of this chapter and whose importance cannot be overemphasized. In short, it is hoped that this chapter has helped to portray the scope and complexity of cross-cultural issues in PCI research and practice, and that readers may benefit by considering some of these issues in their future work.

Figure 5.1 : Traditional and Emerging PCI Models



## **References**

Ahmed, S.A. and d'Astous, A. (1995), "Comparison of country of origin effects on household and organisational buyers' product perceptions," *European Journal of Marketing*, 29(3), 35-51.

Ahmed, S.A., d'Astous, A. and El-adraoui, M. (1994), "Country-of origin effects on purchasing managers' product perceptions," *Industrial Marketing Management*, 23(4), 323-332.

Alpert, F., Kamins, M., Graham, J., Sakano, T., Onzo, N. and Graham, J. (1995), "Retail Buyer Decision-Making in Japan What U.S. Sellers Need to Know," Cambridge, MA: Marketing Science Institute, Report 95-108.

Al-Sulaiti, Khalid I. and Baker, M.J. (1998), "Country of origin effects: a literature review," *Marketing Intelligence and Planning*, 16(3), 1-34.

Balabanis, G., Diamantopoulos, A., Mueller, R.D. and Melewar, T.C. (2001), "The Impact of Nationalism, Patriotism and Internationalism on Consumer Ethnocentric Tendencies," *Journal of International Business Studies*, 32(1), 157-175.

Barkley, D.L. and McNamara, K.T. (1994), "Manufacturers' Location Decisions: Do Surveys Provide Helpful Insights?" *International Regional Science Review*, 17(1), 23-47.

Berry, J. (1979), "Research in Multicultural Societies: Implications of Cross-cultural Methods," *Journal of Cross-Cultural Psychology*, 10, 415-434

Burgess, A. (1998), "The Ball is Free to Roll," One Man's Chorus, New York, NY: Carroll & Graf Publishers.

Chasin, J. B. and Jaffe, E.D. (1979), "Industrial Buyer Attitudes Towards Goods Made in Eastern Europe," *Columbia Journal of World Business*, 14(Summer), 74-81.

Chasin, J.B., Jaffe, E.D. and Holzmüller, H. (1987), "A Cross-Cultural Analysis of Industrial Buyer Attitudes Toward Goods Made in Eastern Europe," In D. Van de Bulcke (ed.), *International Business Issues, Proceedings, European Business Association* (Antwerp: December 13-15).

de Mooij, M. (2003), *Consumer Behaviour and Culture*, Thousand Oaks, CA: Sage Publications.

Dzever, S. and Quester, P. (1999), "Country-Of-Origin Effects on Purchasing Agents' Product Perceptions: An Australian Perspective," *Industrial Marketing Management*, 28, 165-175.

Elliot, S. and Papadopoulos, N. (2006), "Toward a Comprehensive Place Brand: Expanding the Measurement of Tourism Destination Image," in Proceedings, *Annual Conference of the Travel and Tourism Research Association (Canada Chapter)*, Montebello, QC: October, 15-17.

Eroglu, S.A. and Machleit, K.A. (1989), "Effects of Individual and Product-specific Variables on Utilizing Country of origin as a Product Quality Cue," *International Marketing Review*, 6(6), 27-41.

Florida, R. (2000), *Competing in the Age of Talent: Environment, Amenities and the New Economy*. Prepared for the R. K. Mellon Foundation, Heinz Endowments and Sustainable Pittsburgh, (January), 59.

Garland, B.C., Barker, T. and Crawford, J.C. (1987), "A Cross-National Test of a Conceptual Framework of Willingness to Buy Products of Foreign Origin". In K.D. Bahn and M. Sirgy (eds.), *Proceedings, 3rd Biannual World Marketing Congress, Academy of Marketing Science (Barcelona, Spain: August)*, 3, 124-130.

Ghymn, K. and Kuo, K. (1995), "U.S. Import Managers' Decision Variables: A Pilot Study," In David W. Stewart and Naufel J. Vilcassim (eds.), *Proceedings, American Marketing Association, Winter Educators Conference (Chicago, IL)*, 1-18.

Grusec, J.E., Lockhart, R.S. and Walters, G.C. (1990), *Foundations of Psychology*, Toronto, ON: Copp Clark Pitman Ltd.

Han, C.M. (1989), "Country Image: Halo or Summary Construct?," *Journal of Marketing Research*, XXVI, 222-229.

Han, C.M. (1990), "Testing the Role of Country Image in Consumer Choice Behaviour," *European Journal of Marketing*, 24(6), 41-54.

Han, C.M. (1988), "The Role of Consumer Patriotism in the Choice of Domestic Versus Foreign Products," *Journal of Advertising Research*, 28(3), 25-32.

Hastak, M. and Hong, S. (1991), "Country-of-Origin Effects on Product Quality Judgments: An Information Integration Perspective," *Psychology & Marketing*, 8(2), 129-143.

Häubl, Gerald (1996), "A cross-national investigation of the effects of country of origin and brand name on the evaluation of a new car," *International Marketing Review*, 13(5), 76-97.

Hawkins, D.I., Best, R.J. and Coney, K.A. (2001), *Consumer Behavior: Building Marketing Strategy*, McGraw-Hill Higher Education, 8<sup>th</sup> ed.

Heslop, L.A and Wall, M. (1986), "Two Views of the World: Differences Between Men and Women on Perceptions of Countries as Producers of Domestic Consumer Goods," in T. Muller, ed., *Marketing*, 7 (Whistler, B.C.: *Administrative Sciences Association of Canada*, Marketing Division; May), 123-132.

Heslop, L.A., Papadopoulos, N. and Bourk, M. (1998), "An interregional and intercultural perspective on subcultural differences in product evaluations," *Canadian Journal of Administrative Sciences*, 15(2), 113-127.

Heslop, L.A., Papadopoulos, N., Dowdles, M., Wall, M. and Compeau, D. (2004), "Who Controls the Purse Strings: A Study of Consumers' and Retail Buyers' Reactions in an Americas FTA Environment," *Journal of Business Research*, 57, 1177-1188

Heslop, L.A., Papadopoulos, N., Wall, M., Dowdles, M. and Compeau, D. (2001), "Modeling Consumer Views of AFTA Countries and Their Products," *Marketing*, Administrative Sciences Association of Canada, (London, ON: May).

Hui, M.K. and Zhou, L. (2002), "Linking Product Evaluations and Purchase Intention for Country-of-Origin Effects," *Journal of Global Marketing*, 15(3/4), 95-116.

Insch, G.S. and McBride, J.B. (1998), "Decomposing the Country-of-Origin Construct: An Empirical Test of Country of Design, Country of Parts and Country of Assembly," *Journal of International Consumer Marketing*, 10(4), 69-92.

Jaffe, E. and Nebenzahl, I. (2006). *National Image & Competitive Advantage: The Theory and Practice of Place Branding*. 2<sup>nd</sup> Edition. Copenhagen, Denmark: Copenhagen Business School Press.

Jaffe, E.D. and Nebenzahl, I.D. (2001), *National Image and Competitive Advantage*, Copenhagen, Denmark: Copenhagen Business School Press.

Johansson, J. K. and Moinpour, R. (1977), "Objective and Perceived Similarity of Pacific Rim Countries," *Columbia Journal of World Business*, 12(Winter), 65-76.

Johansson, J.K. (1993), "Missing a strategic opportunity: managers' denial of country-of-origin effects," in N. Papadopoulos and L.A. Heslop (eds), *Product-Country Images: Impact and Role in International Marketing*, Binghamton, NY: The Haworth Press, 77-86.

Johansson, J.K., Ronkainen, I.A. and Czinkota, M.R. (1994), "Negative Country-of-Origin Effects: The Case of the New Russia," *Journal of International Business Studies*, (First Quarter) 157-176.

Johansson, J.K. and Nebenzahl, I.D. (1987), "Country-of-Origin, Social Norms and Behavioral Intentions," *Advances in International Marketing*, 2, 65-79.

Kaynak, E. and Kucukemiroglu, O. (1992), "Sourcing of Industrial Products: Regiocentric Orientation of Chinese Organizational Buyers," *European Journal of Marketing*, 26 (5), 36-55.

Klein, J.G., Ettenson, R. and Morris, M.D. (1998), "The Animosity Model of Foreign Product Purchase: An Empirical Test in the People's Republic of China," *Journal of Marketing*, 62(1), 89-101.

Knight, G.A. and Calantone, R.J. (2000), "A Flexible Model of Consumer Country-of-Origin Perceptions. A Cross-Cultural Investigation," *International Marketing Review*, 17(2), 127-145.

Knox, P.L. (1996), "Globalization and Urban Change," *Urban Geography*, 17(1), 115-117.

Kotler, P., Haider, D.H. and Rein, I. (1993), *Marketing Places: Attracting Investment, Industry and Tourism to Cities, States and Nations*. New York: The Free Press.

Labrie, M., Propeck, J. and Arellano, R. (1994), "The Mutual Perceptions of Canadian and Mexican Business People Within the North American Market," In Jean-Claude Cosset (ed.), *International Business, Administrative Sciences Association of Canada, IB Div.* (Halifax, NS: June), 15, 48-57.

Laroche, M., Kim C. and Clarke, T.E. (1997), "The Effects of Ethnicity Factors on Consumer Deal Interests: An Empirical Study of French and English Canadians," *Journal of Marketing Theory and Practice*, Winter, 5(1), 100-111.

Laroche, M., Pons, F. and Turmel, A. (2000), "Direct Mail Receptivity: A Cross Cultural Comparison Between French and English Canadians," in *Proceedings of the Multicultural Marketing Conference, Academy of Marketing Science* (Hong Kong) (on CD).

Laroche, M., Papadopoulos, N., Heslop, L.A. and Mourali, M. (2005), "The Influence of Country Image Structure on Consumer Evaluations of Foreign Products," *International Marketing Review*, 22(1), 96-115 .

Laroche, M., Kim, C., Saad, G. and Browne, E. (2000). A Cross-Cultural Study of In-Store Information Search Strategies for a Christmas Gift. *Journal of Business Research*, 49(2): 113-126.

Levitt, T. (1983), "The Globalization of Markets," *Harvard Business Review*, May/June, 92-102.

Li, Z.G., Fu, S. and L. Murray, W. (1997), "Country and Product Images: The Perceptions of Consumers in the People's Republic of China," *Journal of International Consumer Marketing*, 10(1/2), 115-139.



## CHAPTER V

Markus, H. and Zajonc, R.B. (1985), "The Cognitive Perspective in Social Psychology," in G. Lindzey and E. Aronson (eds.), *Handbook of Social Psychology: Theory and Method*, 1, 137-230.

Morello, G. (1993), "International Product Competitiveness and the 'Made in' Concept," in N. Papadopoulos and L.A. Heslop (eds.), *Product-Country Images: Impact and Role in International Marketing*, Binghamton, NY: The Haworth Press, 285-310.

Mowen, J.C. and Minor, M. (1998), *Consumer Behavior*, Englewood Cliffs, NJ: Prentice Hall, Fifth Edition.

Nes, E.B. and Gauri, P.N. (1998), "Country of Origin Effects on Industrial Products Coming from Eastern Europe," *Journal of East-West Business*, 4(1-2), 129-140.

Ohmae, K. (1990). *The Borderless World*, New York, NY: Harper Collins.

Papadopoulos, N. and Butt, I. (2005), "The Use of Structural Modeling in International Marketing: A Review and Analysis," in *Managing in Turbulent Times* (Toronto, ON: Administrative Sciences Association of Canada, International Business Division; May 28-31).

Papadopoulos, N. and Butt, I. (2006), "Place Image and Place Branding: What the Data Tells Us," *Budapest Management Review*, XXXVII, (7-8), 74-87.

Papadopoulos, N., Heslop, L.A. and Graby, F. (2000), "Une étude comparative et longitudinale sur l'image des produits français en France et à l'étranger," *16<sup>e</sup> Congrès International, Association Française du Marketing* (Montréal, Québec, Mai 18-20), 681-695.

Papadopoulos, N., Heslop, L.A. and IKON Research Group (2000), "A Cross-National and Longitudinal Study of Product-Country Images with a Focus on the U.S. and Japan," (Cambridge, MA: Marketing Science Institute, Report 00-106).

Papadopoulos, Nicolas and Louise A. Heslop (2002). Country Equity and Country Branding: Problems and Prospects. *Journal of Brand Management*, 9(4-5), 294-314.

Papadopoulos, N., Marshall, J. and Heslop, L.A. (1988), "Strategic Implications of Product and Country Images: A Modeling Approach," *Marketing Productivity*, European Society for Opinion and Marketing Research (Lisbon, Portugal: September), 69-90.

Papadopoulos, N., Jog, V.M., Heslop, L.A. and D'Souza, R. (1997b), "The Investment Climate in Canada: Foreign Investor Experiences and Perceptions," In S. Preece and P. Woodcock, eds., *International Business*, 37-47. St. John's, Nfld: *Administrative Sciences Association of Canada*, International Business Division, June.

Parameswaran, R. and Pisharodi, R.M. (2002), "Assimilation effects in country image research," *International Marketing Review*, 19(3), 259-278.

Peterson, R.A. and Jolibert, A. (1995), "A Meta-Analysis of Country-of-Origin Effects," *Journal of International Business Studies*, 26(4), 883-900.

Schwanen, D. (2000), *Putting the Brain Drain in Context: Canada and the Global Competition for Scientists and Engineers*. C.D. Howe Institute Commentary, (April), 21.

Shimp, T.A. and Sharma, S. (1987), "Consumer Ethnocentrism: Construction and Validation of the CETSCALE," *Journal of Marketing Research*, 26(August), 280-289.

Solso, R.L. (1995), *Cognitive Psychology*, MA: Allyn and Bacon, Fourth Edition.

Stangor, C. and Lange, J.E. (1994), "Mental Representations of Social Groups: Advances in Understanding Stereotypes and Stereotyping," *Advances in Experimental Social Psychology*, 26, 357-416.

Tan, C.T. and Farley, J.U. (1987), "The Impact of Cultural Patterns on Cognition and Intention in Singapore," *Journal of Consumer Research*, 13(March), 540-544.

Tse, D.K. and Lee, W. (1993), "Removing Negative Country Images: Effects of Decomposition, Branding, and Product Experience," *Journal of International Marketing*, 1(4), 25-48.

Van Ittersum, K., Candel, M.J.J.M. and Meulenbergh, M.T.G., (2003), "The influence of the image of a product's region of origin on product evaluation," *Journal of Business Research*, 56, 215-226.

Villanueva, L.O. and Papadopoulos, N. (2003), "Toward a Model of Consumer Receptivity of Foreign and Domestic Products," *Journal of International Consumer Marketing*, 15(3), 101-126.

Wee, C. H., Lim, D.T. E. and Tan, G.Y.W. (1993), "The Image of Countries as Locations for Investment," In Nicolas Papadopoulos and Louise A. Heslop (eds.), *Product-Country Images: Impact and Role in International Marketing*, NY: Haworth Press, 311-338.

Zapata, J.Á.I. and Martinez, T.L. (2002), "An explanatory model of the effects caused by country-of-origin image on consumer attitudes: The moderating role of product category knowledge," In S.S. Hassan, E. Bigne and J.S. Johar, *Proceedings, Multicultural Marketing Conference, Academy of Marketing Science, Valencia, Spain, Volume IV-B*.

Zieminski, J. and Warda, J. (1997), "What Makes Technopoles Tick?," Presentation by the Conference Board of Canada at the *Technopolis '97 conference*, Ottawa (September).

Zimionjic, P. (2005), "Caffeine withdrawal," *The Ottawa Citizen*, January 30, A12.

**Country  
Origin  
Effects**  
on Consumer Behavior

THE ROLE OF NATIONAL  
CULTURAL DISTANCE  
ON COUNTRY IMAGE-  
BASED PRODUCT  
EVALUATIONS

VI



# The Role of National Cultural Distance on Country Image-based Product Evaluations

Erik B. Nes\*

Nicolas Papadopoulos \*\*

## Introduction

The concept of culture is at the heart of international marketing. It influences most or perhaps all of the broad problem areas that together make up the scope of the field in both research and practice, including product development (e.g., Nakata and Sivakumar 1996), entry mode (e.g., Kogut and Singh 1988), communication (e.g., Griffith and Harvey 2001; Griffith 2002) and inter-organizational relations (e.g., Ulijn, O'Hair and Ledlow 2000). One of the most researched areas in international marketing is the role of country image in buyer behavior, commonly referred to as Product-Country Images (PCI) or "country of origin" (CO) effects, which accounted for more than 1000 published articles and books (including almost 500 journal articles) as of mid-2004 (Papadopoulos and Butt 2006).

A large number of these studies are cross-national, which suggests interest in

\* Erik B. Nes, Associate Professor, Norwegian School of Management BI, Oslo, Norway

\*\* Nicolas Papadopoulos, Professor of Marketing and International Business Eric, Sprott School of Business, Carleton University, Ottawa, Canada

Note: The authors are listed alphabetically reflecting equal contributions to this chapter.

the potential effects of inter-national cultural variations on product evaluations. Surprisingly, however, this interest has not translated into significant research specifically on the issue of culture as such. While observed differences have often been attributed to culture, specific cultural measures have rarely been included in support of such attributions. The scarce attention on the role and impact of culture in PCI issues limits our knowledge in this area and can have substantive implications on the interpretation of research results and the international marketing strategies undertaken by practitioners.

An additional issue that limits understanding of how country images may affect consumer attitudes and behavior is that cultural distance often co-varies with level of economic development of sampled and source countries, and this suggests a potential confounding effect that has not been sufficiently explored.

The main purpose of this chapter is to ask a relatively simple two-fold question: Does cultural distance matter in cross-national product evaluations, and what, if any, is the role of economic development in such evaluations by consumers? The issue is important for researchers and practitioners in both developed and developing nations and especially for those in the latter. The reason is that the bulk of global trade occurs amongst the developed nations of the Triad (North America, Europe, Asia-Pacific) and that national culture differences among these nations tend to be smaller than those between them and developing countries. If cultural distance plays a role in consumer behavior, then producers in developing countries would be faced with a double-edged conundrum. First, considering "economic development" alone, their products may be evaluated as of lower quality by consumers in developed countries – while their own domestic consumers may perceive products by competitors in industrialized nations to be superior. This creates a disadvantageous situation for them both abroad and at home. Second, if "cultural distance" is found to affect consumer predispositions and thus added to the equation, their disadvantage is further accentuated. As will be seen in the methodology section, below, the selection of countries for testing in this study can be considered particularly relevant to readers of this book. To address its target issues, the chapter begins with a review of the relevant literature leading to stating

of two hypotheses, presents the methodology used for the study, highlights the analysis of the data used, and concludes with a discussion and implications for research, business and government.

## **Literature Review and Hypotheses**

Culture is a broad and extremely complex concept. It includes almost every aspect of a person's life. National culture is the idea that the people of a nation have a distinctive and enduring pattern of behavior and personality characteristics (Clark 1990). Traits are not evenly distributed in a country, and individuals and subgroups within it may have cultural characteristics that deviate from the national traits. Cultural boundaries between nations may also become fuzzier with increasing economic integration (Fukuyama 1995). However, several studies suggest dimensions which explain differences in national character (Clark 1990). While several scholars have made significant contributions to our understanding of culture (e.g., Schwartz 1994; Trompenaars and Hampden-Turner 1998; Inglehart and Baker 2000), Hofstede's (1980) taxonomy of cultural dimensions and their implications for management are probably the most frequently cited in this context. Hofstede (1980) defines culture as the collective "programming of the mind" that distinguishes the members of one group from another, and his four cultural dimensions – uncertainty avoidance, individualism, masculinity and power distance – are the most frequently used in management and marketing studies.

Studies concerning the impact of national culture in PCI theory have addressed four main problem areas: The premises of theory and the need for a flexible model of PCI effects (Knight and Calantone 2000); source country culture in advertising (Moon 1996); home country advantage (Gurhan-Canli and Maheswaran 2000); and the impact of cultural similarity, or culture-related variables, on product evaluations and buying intentions (Tongberg 1972; Wang 1978; Crawford and Lamb 1981; Wang and Lamb 1983, Heslop et al. 1998; Watson and Wright 2000).

As Knight and Calantone (2000) have noted, "Despite hundreds of studies on the country of origin effect little is known about the cognitive processing that occurs during CO-based product evaluations". These researchers found that the use



of PCI information in forming purchase attitudes differs between American and Japanese samples, and attributed this to differences in their respondents' national cultures. This suggests that culture impacts the premises of theoretical models for information processing in the PCI literature. The question of whether theories that are confirmed in one cultural setting may be valid in other cultural settings is a general problem in international marketing research.

Moon (1996) developed a conceptual model of consumers' psychological processing of advertisements that pitch a foreign product in the source country's own cultural context and proposed that attitudes toward the advertisement, brand and purchase intention depend upon ethnocentricity and upon the attitude toward the culture of the foreign country and the country itself. Gurhan-Canli and Maheswaran (2000) examined whether national culture influences CO effects on product evaluations in Japan and the United States. Japanese respondents evaluated the product that originated in the home country (versus foreign country) more favourably regardless of product superiority. American respondents, however, evaluated the product that originated in the home country more favourably only when it was superior to its foreign competitor. The authors attribute the differences to differences in national culture with regard to individualism and collectivism. Parameswaran and Pisharodi (1994) analyzed CO measurements and factor structures using multiple equation modeling. They have one dimension for the country image that is split into two factors, which they termed "cognitive" and "conative". The latter consists of cultural, economic and political similarity.

Several studies suggest that cultural similarity between source and consuming countries, or variables that seem to be related to cultural similarity, have a positive impact on product evaluations (Crawford and Lamb 1981, Wang and Lamb 1983, Heslop et al. 1998, Watson and Wright 2000). Wang (1978) asked American respondents to indicate their willingness to buy products from 36 countries, and attributed the findings to level of economic development and perceived similarity to the source country's culture and political climate. Tongberg (1972) also studied preferences among American respondents for selected products made in 13 nations at various stages of economic development, and attributed the differences

## **The Role of National Cultural Distance on Country Image-based Product Evaluations**

to economic development and perceived similarity with the source country's belief system. The findings of Parameswaran and Pisharodi (1994) that cultural, economic and political similarity make up one conative factor support that what we have termed culture-related variables in the early studies are indeed related to culture.

One problem in all of the early studies which suggest that cultural similarity impacts product evaluations is a possible relationship between culture and economic development. A positive relationship between a source country's degree of economic development and evaluations of products from it is probably the relationship that has received the strongest support in the literature (e.g., Nes and Bilkey 1993; Papadopoulos and Heslop 1993). The literature review by Al-Sulaiti and Baker (1998) offers a thorough review of this issue. If economic development and national culture are related, then the design of these studies makes it very hard to infer which part, if any, of the evaluations should be attributed to culture.

The study by Watson and Wright (2000) illustrates this problem. The researchers hypothesized that individuals with high levels of consumer ethnocentrism would have more favourable attitudes toward products from culturally similar countries, in comparison to products from culturally dissimilar countries, when no domestic manufactured products are available. The values classification of culture proposed by Schwartz (1994) was used to establish cultural similarity. Using New Zealand as their sample, they selected Germany and the US as culturally similar, and Italy and Singapore as culturally dissimilar, origin countries. The researchers found that products made in the culturally similar countries received higher evaluations and attributed this to the cultural similarity variable. Other studies have, however, demonstrated that Germany and the US tend to be evaluated among the top source countries irrespective of where the data are collected (e.g., Papadopoulos and Heslop 1993, *Financial Times*, May 29 1995). Hence, we do not know whether the findings are due to cultural similarity or to a general attitude that the US and Germany are among the "best" countries of origin, irrespective of the cultural distance from the country where data are collected.

The above discussion suggests that we have a need for information on the impact of cultural distance in PCI evaluations where these factors are taken into account, which is the main objective of this chapter. Our hypotheses build on the inferences from the studies referred to above and we try to control for economic development. We do this by, first, drawing on data collected in several countries that represent various cultures and degrees of economic development; and second, by using product assessments and buying intentions from the sampled countries with regards to products from several countries that represent various cultures and degrees of economic development. Hence, it was possible that the underlying relationships between cultural distance and economic development may counterbalance each other. Previous studies suggest that cultural distance or culture-related distance negatively affects product evaluations and/or buying intentions (Tongberg 1972; Wang 1978; Crawford and Lamb 1981; Wang and Lamb 1983, Watson and Wright 2000). In light of the above, our hypotheses are:

H1: National cultural distance between the country of origin of a product and the sample country negatively affects product evaluations.

H2: National cultural distance between the country of origin of a product and the sample country negatively affects buying intentions.

### **Methodology**

Field data on consumer assessments of products from various nations was collected as part of a larger study carried out in the capital or other major city of 13 countries, selected to represent regions and countries of importance in international marketing – North America (3), Europe (7), Asia-Pacific (2) and Israel. While the number of countries in Asia-Pacific was constrained by the availability of local collaborators for the fieldwork, the sample included a highly developed and a developing country, thus enabling sufficient analysis similarly to the other regions. The total sample was 3,992, or an average of 307 respondents per location. The study was managed centrally and administered locally and achieved an overall response rate of 63% using the drop-off/pick-up fieldwork technique. The questionnaire was structured and self-administered and was translated and back-

## **The Role of National Cultural Distance on Country Image-based Product Evaluations**

translated for the various languages involved. Respondents were asked to assess the products of 16 countries, comprising the 13 sampled nations plus two highly developed ones (Japan and Sweden) and one developing (India) nation. Two single-item measures, which have been found to encapsulate product evaluations and respondent intentions well in other work from the larger study, were used for the analysis in this chapter: "[country X produces] overall poor/good products" and "I am not / I am willing to buy products from country X". In each case, respondents provided a rating from 1 (poor) to 7 (good).

As noted in the literature review, Hofstede's (1980) measures of national culture is the most widely used in management research and were adopted for this study. The measure of the cultural distance between the sample country (where the data was collected) and the origin country (the country whose products were evaluated) was created by subtracting each sample country's scores on Hofstede's four dimensions (individualism, power distance, uncertainty avoidance, masculinity) from the scores of each origin country, and then adding the differences to compute a "total cultural distance" score for each pair of countries. Gross National Income (GNI) per capita in the year 2000, as reported by the World Bank, was used as a proxy for economic development. The sampled countries and the sample size in each, the origin countries, and their GNI/capita, are shown in Table 6.1. The large number of sample and origin countries, including both developing and industrialized nations, is an important factor in assessing the validity of the study as this will reduce correlation problems between cultural distance and economic development.

**Table 6.1 : Sample and Origin Countries and GNI/capita \***

Sample Countries **	Sample Size	Origin Countries	GNI/capita
US	338	US	34.4
Norway	294	Norway	35.7
Great Britain	303	Great Britain	25.4
Netherlands	300	Netherlands	25.2
Germany	295	Germany	25.1
France	301	France	24.0
Canada	300	Canada	21.8
Australia	300	Australia	20.1
Israel	301	Israel	17.1
Spain	301	Spain	14.8
Greece	332	Greece	11.3
Mexico	314	Mexico	5.1
Indonesia	313	Indonesia	0.6
		Japan	35.3
		Sweden	28.7
		India	0.5

\* Countries arranged by GNI/capita ("sample" countries first, then additional "origin" countries).

\*\* Respondents in each sample country evaluated all the origin countries.

## Results and Analysis

Table 6.2 shows the total inter-country "national cultural distance" using Hofstede's (1980) four dimensions (the detailed data by dimension are not shown individually to reduce clutter, but were used for the main part of the analysis as will be seen below). Even though the data in this table summarize four different measures, it can be seen that inter-country distances are very small in some cases and significant in others. For example, the four main Anglo-Saxon countries in the sample clearly are highly similar, with the distances being only 11 from the US to Australia, 22 to Britain and 24 to Canada; only 23 from Australia to Britain and 25 to Canada; and only 40 from Canada to Britain. By contrast, Mexico, Greece and Indonesia have some of the highest distance scores from other countries (e.g.,

## The Role of National Cultural Distance on Country Image-based Product Evaluations

the distances from Mexico, Greece and Indonesia to Sweden are, respectively, 208, 200 and 164). Overall, the data support the assertion made in the Introduction section that cultural distance tends to be shorter amongst nations that are highly developed and have significant trade flows with one another.

**Table 6.2 : Inter-country National Cultural Distance \***

Countries	US	NO	GB	NL	D	F	CA	AUS	IL	SP	GR	MX	INDO	avg
US														
Norway	89													89
Gr. Britain	22	97												60
Netherlands	68	27	82											59
Germany	52	79	52	80										66
France	107	110	125	101	81									105
Canada	24	65	40	44	48	85								51
Australia	11	80	23	61	43	104	25							50
Israel	114	103	122	112	70	81	90	103						99
Spain	117	114	135	109	83	32	95	114	57					95
Greece	147	174	165	169	113	84	135	144	107	60				130
Mexico	145	182	155	177	103	84	143	144	116	76	68			127
Indonesia	133	142	151	143	133	108	111	136	139	100	114	76		124
Japan	138	175	137	170	96	97	136	137	108	67	75	79	149	120
Sweden	103	26	89	49	105	132	83	102	129	140	200	208	164	118
India	92	125	98	126	96	91	82	99	120	83	103	77	53	96
Average	91	107	106	112	88	90	100	122	111	88	112	110	111	

\* Countries arranged by GNI/capita as in Table 6.1.

The relationship between GNI/capita, each of the four Hofstede dimensions, and total national culture differences, was tested using Pearson correlations and the results are shown in Table 6.3. The average scores in each nation were used in the computations. Since 16 countries were evaluated in 13 countries, and evaluations where the sample and origin country were the same (e.g., Mexicans evaluating Mexico) were excluded, the total number of observations is 195  $([16 \times 13] - 13)$ . The correlations between the GNI/capita and individualism and power distance in Table 6.2 are significant. A high degree of economic development is associated with a high degree of individualism and a low degree of power distance for the

countries that are evaluated. The two other dimensions, masculinity and uncertainty avoidance, are not correlated with GNP/capita at the .05 level but are well within the .10 level. This implies that we can hardly attribute high product evaluations to certain cultures without taking the degree of economic development into account. (Economic development may in itself be culturally dependent (Ryh-Song and Lawrence 1995), but that subject is outside the scope of this chapter.)

The correlation between GNP/capita and the total cultural distance between sample country and the country being evaluated is not significant. Eventual inherent relationships between total national cultural distance and GNI/capita seem to be zeroed out when the scores of all countries are included. The impact of total cultural distance on product evaluations and on willingness to buy may therefore be indicated without the problems of correlations between culture and economic development.

**Table 6.3 : Correlations Between Cultural Distance and GNI/capita**

		GNI / capita	Power distance	Uncertainty avoidance	Indiv- idualism	Masc- ulinity	Total cultural distance
GNI/capita	Correlation Sig. (2-tailed)	1	-.658 ** .000	-.124 .085	.676 ** .000	-.130 .070	-.096 .182
Power dist.	Correlation Sig. (2-tailed)		1	.268 ** .000	-.660 ** .000	.301 ** .000	.150 * .037
Uncertainty	Correlation Sig. (2-tailed)			1	-.478 ** .000	.387 ** .000	.113 .115
Individual.	Correlation Sig. (2-tailed)				1	-.192 ** .007	-.281 ** .000
Masculinity	Correlation Sig. (2-tailed)					1	-.014 .846
Total cultural distance	Correlation						1

N= 195 for all calculations

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

## The Role of National Cultural Distance on Country Image-based Product Evaluations

Tables 6.4 and 6.5 show the field results for the two variables of interest, product evaluation and willingness to buy. The tables lead to a number of interesting observations. First, Table 6.4 shows that consumers in sampled countries, that are less developed than the others, tend to evaluate products from the various origins more positively. For example, by reference to the column averages in this table, Israel, Greece, Mexico and Indonesia gave the highest evaluation scores overall, respectively at 4.8, 4.7, 4.9, and 4.8 on the 7-point scale, compared to a range of 4.3 to 4.6 assigned on average by consumers in the more developed countries (overall differences of two decimal points or higher are statistically significant). Likewise, the average score received by the origin countries (row averages) differs significantly between developed countries, such as top-ranked Germany (6.0), developing nations such as Mexico and Indonesia (both at 3.6) and India (3.4). In other words, the distance between the highest- and lowest-rated countries in this case is fully 2.6 scale points.

On the other hand, Table 6.5 presents a rather different picture. Considering the column averages first, the same Indonesian respondents who provided one of the highest scores on "evaluation", above (4.8), provide one of the lowest overall scores on "willingness to buy" in this case (4.4). Conversely, consumers in the more developed nations, such as the US, the Netherlands and Britain, account for the highest scores on "willingness to buy" (respectively 5.0, 5.0, and 4.9). Turning to the row averages, the general ranking of countries is similar to that of the previous table but the range of difference between the highest- and lowest-rated countries is significantly narrower, at 1.8 scale points (Germany 5.5 vs. India 3.7). As well, while the relative ranking of countries in both tables is similar, there are some significant exceptions such as the case of Australia (10<sup>th</sup> on product evaluation but 5<sup>th</sup> on willingness to buy), Spain (11<sup>th</sup> vs. 8<sup>th</sup>) and, conversely, France (4<sup>th</sup> vs. 7<sup>th</sup>) and Israel (12<sup>th</sup> vs. 14<sup>th</sup>). In other words, the findings suggest that respondents appear to be quite willing to buy some countries' products even though their evaluation of them is not superior (e.g., Australia), and the reverse, indicating a reluctance to buy products from some countries even though they are evaluated fairly highly (e.g., France).



**Table 6.4 : Evaluation by 13 Samples of 16 Origin Countries**  
(Overall Poor/Good Products)

Origin Countries	Sampled Countries													
	US	NO	GB	NL	D	F	CA	AUS	IL	SP	GR	MX	INDO	avg
US		5.2	5.2	5.0	4.9	5.4	5.2	5.1	5.7	5.0	5.5	5.8	5.8	5.4
Norway	4.9		5.1	5.4	4.9	5.1	4.8	4.6	5.0	5.2	4.7	5.0	4.7	4.9
Britain	4.8	4.9		4.8	4.4	5.1	4.8	5.0	5.5	4.4	5.5	5.7	6.1	5.3
Holland	5.1	5.0	5.3		4.9	5.3	5.3	4.8	5.4	5.5	5.1	5.4	5.5	5.3
Germany	5.9	5.9	6.0	5.9		6.1	5.8	5.6	5.7	5.9	6.3	6.1	6.4	6.0
France	5.1	5.1	5.2	5.1	5.2		4.8	4.9	5.7	4.2	5.6	5.9	5.8	5.3
Canada	4.6	4.8	4.8	4.7	4.6	5.0		4.7	4.9	4.6	5.1	5.2	5.1	4.9
Australia	4.8	4.8	4.9	4.9	4.7	4.7	4.7		5.0	4.6	4.8	4.8	5.4	4.8
Israel	4.2	4.0	4.3	4.7	4.2	4.2	4.2	4.1		3.8	3.7	4.2	3.9	4.0
Spain	4.4	4.3	4.3	4.5	4.4	4.8	4.2	4.1	4.9		4.9	5.2	4.3	4.7
Greece	4.1	3.5	3.5	3.9	3.8	3.8	3.9	4.1	4.2	3.8		4.4	4.0	4.0
Mexico	3.2	3.5	3.2	3.7	3.5	3.6	3.4	3.4	4.0	4.1	3.6		3.3	3.6
Indonesia	3.8	3.4	3.4	4.0	3.5	3.5	3.4	3.3	3.8	3.6	3.2	4.0		3.6
Japan	6.0	5.6	6.0	5.5	5.2	5.5	5.8	5.6	5.8	5.5	6.1	5.8	5.8	5.7
Sweden	5.0	5.5	5.3	5.5	5.0	5.1	5.0	5.0	5.0	5.0	5.2	4.7	5.3	5.0
India	3.3	3.2	3.0	3.4	3.3	3.2	3.3	3.3	3.5	3.4	2.9	3.9	3.4	3.4
Average	4.5	4.5	4.5	4.6	4.3	4.5	4.4	4.4	4.8	4.4	4.7	4.9	4.8	

## The Role of National Cultural Distance on Country Image-based Product Evaluations

**Table 6.5 : “Willingness to Buy” Products of 16 Origin Countries  
by 13 Consumer Samples**

Origin Countries	Sampled Countries													
	US	N	GB	NL	D	F	CA	OZ	IL	SP	GR	MX	INDO	avg
US		5.7	5.7	5.2	5.3	5.3	5.6	5.1	6.0	4.4	5.3	5.4	5.5	5.3
Norway	5.2		5.3	5.4	5.2	5.3	5.1	4.6	5.0	4.8	4.7	5.0	4.2	4.9
Australia	5.5	5.4	5.6	5.3	5.4	5.1	5.4		5.2	4.7	4.9	4.8	5.0	5.1
Britain	5.3	5.3		5.2	4.9	5.2	5.1	5.1	5.6	3.9	5.3	5.4	5.6	5.1
Germany	5.9	5.9	5.6	5.6		5.8	5.6	5.1	4.7	5.4	6.0	5.7	6.0	5.5
Holland	5.4	5.1	5.6		5.3	5.3	5.6	4.8	5.5	5.2	4.9	5.2	5.0	5.2
Sweden	5.2	5.6	5.5	5.3	5.4	5.3	5.3	5.0	5.1	4.3	4.7	4.6	4.4	4.9
Canada	5.3	5.4	5.7	5.3	5.3	5.5		5.0	5.4	3.9	4.7	4.8	4.4	4.9
Mexico	4.2	3.9	4.1	4.5	4.2	4.2	4.1	3.8	4.1	4.5	3.7		3.0	4.0
Spain	5.0	4.7	5.0	5.2	5.1	5.3	4.7	4.4	5.0		5.1	5.3	4.0	4.9
Greece	4.8	3.9	4.2	4.6	4.5	4.5	4.5	4.3	4.4	4.0		4.5	3.7	4.3
Israel	4.5	4.0	4.5	4.7	4.5	4.2	4.4	4.0		3.4	3.4	4.0	3.3	3.9
Indonesia	4.2	3.6	3.7	4.8	3.9	3.9	3.7	3.8	3.9	3.7	3.3	3.9		3.8
Japan	5.9	5.7	5.7	5.5	5.3	5.1	5.6	5.3	5.9	5.1	5.8	5.4	5.8	5.5
France	5.4	5.2	5.3	5.2	5.6		4.9	4.4	5.6	2.7	5.5	5.6	5.6	5.0
India	4.0	3.7	4.0	4.2	3.9	3.9	3.8	3.9	3.5	3.9	3.2	4.0	3.0	3.7
Average	5.0	4.7	4.9	5.0	4.8	4.8	4.8	4.5	4.8	4.2	4.6	4.8	4.4	

While a number of explanations may be offered for these findings and the discrepancies that were observed, ranging from perceptions of product superiority due to economic development (e.g., evaluations of and willingness to buy German products) or, as in the case of Indonesia, to the potential presence of nationalist feelings (overall evaluation at 4.8 vs. willingness to buy at 4.4), this analysis focuses on cultural distance and its potential role.

Regression analysis with “overall product evaluation” as the dependent variable and total national cultural distance as the independent variable shows no significant impact of total cultural distance. Therefore, H1, which postulated that national cultural distance between country of origin of a product and the

sample country negatively affects product evaluations, is rejected. On the other hand, regression analysis with “willingness to buy” as the dependent variable and cultural distance as the independent variable gives a significance of 0.008 and an  $R^2$  of 0.036. Therefore, H2, which posited that national cultural distance negatively affects buying intentions, is supported.

### **Discussion, Implications and Conclusions**

This chapter seeks to explore the potential role of national culture in product evaluations based on a product's origin. Several previous studies have suggested that culture and culture-related variables impact product evaluations. Our findings show that national culture, as measured by Hofstede's (1980) four dimensions, and degree of economic development, as measured by GNI per capita, are related. However, the total cultural distance between the 13 sample and 16 origin countries in our study does not correlate with economic development. Our analysis shows that total cultural distance does not have a significant relationship with product evaluations, but it is related to the willingness of respondents in the sample countries to buy products from the origin countries.

To explain this we build on a review of the PCI literature conducted by Verlegh and Steenkamp (1999). They use a framework developed by Obermiller and Spangenberg (1989) to classify the processing of the CO cue as cognitive, affective, or normative. Cognitive information processing implies that the origin cue is used as a signal for overall product quality and specific quality attributes. Affective processing implies that the CO cue links the product to symbolic and emotional associations. Normative processing implies that consumers hold social and personal norms related to origin countries. For example, consumers may feel a moral obligation to boycott products from countries they dislike politically, or they may feel a moral obligation to buy domestic products in order to protect jobs in their home country. The three classes of processing are of course not mutually exclusive. Using this classification it seems possible that cultural distance may have no role, or a very small role only, in cognitive processing where product quality is evaluated. Rather, cultural distance seems to be mainly a case of affective processing and mainly normative processing, which may have a larger role in willingness to buy. This interpretation is also supported by the research of Villanueva and Papadopoulos

(2003), who, in a study dealing with the potential effects of affective factors on behavior, found that affect impacts "willingness to buy" directly rather than through "beliefs" (a cognitive measure) about a country's products.

For researchers, these findings suggest that future studies would benefit by including measures of cultural distance and incorporating them in their efforts to better understand whether, how, and in what ways culture may influence various consumer behaviors and how these may be interpreted when reporting study results. For business firms and for the government agencies that work to support their exporters (or to protect their domestic firms from imports), the results suggest strongly that putting forth products that are judged to be of good quality by their intended target markets may simply not be good enough. The findings of this study suggest that additional measures directed at reducing the target consumers' perception of how dissimilar their and the supplier's country are can help to overcome the potential negative effects of cultural distance. Such measures may, for example, advertising, packaging, and other marketing elements that put less emphasis on differences between the origin and target countries (e.g., the use of models from the origin country in advertising) and that, instead, emphasize cultural similarities where these may be available for use – or, at the least, that portray the product and its benefits in a culture-neutral context.

To summarize, our study shows that national cultural distance may not impact product evaluations, but may have a significant negative impact on the willingness to buy products. Products may be perceived as being of equal functional quality, but consumers still may be reluctant to actually buy and use products from nations that are culturally dissimilar due to psychological and social normative reasons. More broadly and quite aside from the specific findings that are reported here, this study helps to emphasize a commonly-noted but rarely-researched issue in PCI research: that "culture matters".

### References

Al-Sulaiti, K.I. and Baker, M.J. (1998), "Country of Origin Effect: A Literature Review," *Marketing Intelligence and Planning*, 16(3), 150-199.

Clark, T. (1990), "International Marketing and National Character: A Review and Proposal for an Integrative Theory," *Journal of Marketing*, 54(October), 66-79.

Crawford, J. and Lamb, C. (1981), "Source Preferences for Imported Products," *Journal of Purchasing and Materials Management*, 17, 28-33.

Fukuyama, F. (1995), *Trust: The Social Virtues and the Creation of Prosperity*; New York: Free Press.

Griffith, D.A. (2002), "The Role of Communication Competencies in International Business Relationship Development," *Journal of World Business*, 37(Winter), 256-265 .

Griffith, D.A. and Harvey, M.G. (2001), "An Intercultural Communication Model for Use in Global Interorganizational Networks," *Journal of International Marketing*, 9(3), 87-103.

Gurhan-Canli, Z. and Maheswaran, D. (2000), "Cultural Variations in Country of Origin Effects," *Journal of Marketing Research*, 37(3), 309-317.

Heslop, L.A., Papadopoulos, N. and Bourke, M. (1998), "An Interregional and Intercultural Perspective on Subculture Differences in Product Evaluation," *Canadian Journal of Administrative Sciences*, 15(2), 113-27.

Hofstede, G. (1980), *Cultures Consequences; International Differences in Work-related Values*; Beverly Hills, CA and London: Sage Publications.

Inglehart, R. and Baker, W.E. (2000), "Modernization, Cultural Change and the Persistence of traditional Values," *American Sociological Review*, 65(1), 19-51.

Knight, G.A. and Calantone, R.J. (2000), "A Flexible Model of Consumer Country of Origin Perceptions: A Cross Cultural Investigation," *International Marketing Review*, 17(2), 127-145.

## **The Role of National Cultural Distance on Country Image-based Product Evaluations**

Kogut, B. and Singh, H. (1988), "The Effect of National Culture on the Choice of Entry Mode," *Journal of International Business Studies*, 2(Fall), 411-432.

Moon, B.J. (1996), "The Role of Consumer Ethnocentricity and Attitude toward a Foreign Culture in Processing Foreign Country of Origin Advertisements," *Advances in Consumer Research* (23), 436-437.

Nakata, C. and Sivakumar, K. (1996), "National Culture and New Product Development: An Integrative Review," *Journal of Marketing*, 60(1), 61-72.

Nes, E.B. and Bilkey, W.J. (1993), "A Test of Country of Origin Theory"; in N. Papadopoulos and L.A. Heslop (eds.), *Product-Country Images: Impact and Role in International Marketing*; New York: Hayworth Press.

Obermiller, C. and Spangenberg, E. (1989), "Exploring the Effects of Country-of-Origin Labels: An Information Processing Framework," *Advances in Consumer Research*, 16, 454-459.

Papadopoulos, N. and Butt, I. (2006), "Place Image and Place Branding: What the Data Tells Us," *Budapest Management Review*, XXXVII(7-8), 74-87.

Papadopoulos, N. and Heslop, L.A., eds. (1993), *Product-Country Images: Impact and Role in International Marketing*; New York: Hayworth Press.

Papadopoulos, N. and Heslop, L.A. (2002), "Country Equity and Country Branding: Problems and Prospects," *Journal of Brand Management*, 9(4-5), 294-314.

Parameswaran, R. and Pisharodi, R.M. (1994), "Facets of Country of Origin Image. An Empirical Assessment," *Journal of Advertising*, XXIII, 43-56.

Ryh-Song Y. and Lawrence, J.J. (1995), "Individualism and Confucian Dynamism: A Note on Hofstede's Cultural Root to Economic Growth," *Journal of International Business Studies*, 25(3).

Schwartz, S. (1994), "Beyond Individualism/collectivism: New Cultural Dimensions of Values"; in U. Kim, H.C. Triandis, C. Kagitcibasi, S. Choi and G. Yoon (eds.), *Individualism and Collectivism: Theory, Method, and Applications*; Thousand Oaks, CA: Sage Publications.

## CHAPTER VI

Tongberg, R.C. (1972), "An Empirical Study of Relationships Between Dogmatism and Consumer Attitudes Toward Foreign Products," *unpublished PhD dissertation*, Pennsylvania State University.

Trompenaars, F. and Hampden-Turner, C. (1998), *Riding the Waves of Culture*; London: Nicholas Brealey Publishing.

Ulijn, J., O'Hair, D., Weggeman, M. and Ledlow, G. (2000), "Innovation, Corporate Strategy and Cultural Context: What is the Mission for International Business Communication?," *Journal of Business Communication*, 37(3), 293-316.

Verlegh, P.W.J. and Steenkamp, J.E.M. (1999), "A Review and Meta Analysis of Country-of-origin Research," *Journal of Economic Psychology*, 20, 521-546.

Villanueva, L. and Papadopoulos, N. (2003), "Toward a Model of Consumer Receptivity of Foreign and Domestic Products," *Journal of International Consumer Marketing*, 15(3), 101-126.

Wang, C. (1978), "The Effect of Foreign Economic, Political and Cultural Environment on Consumers Willingness to Buy Foreign Products," *unpublished PhD dissertation*, Texas A&M University.

Wang, C. and Lamb, C. (1983), "The Impact of Selected Environmental Forces upon Consumers' Willingness to Buy Foreign Products," *Journal of the Academy of Marketing Science*, 11(2), 71-84.

Watson, J.J. and Wright, K. (2000), "Consumer Ethnocentrism and Attitudes toward Domestic and Foreign Products," *European Journal of Marketing*, 34(9/10), 1149-1166.

World Bank (2001), *GNI/capita statistics* (<http://devdata.worldbank.org/data-query/>).

## **Acknowledgments**

*This chapter draws on a larger study that was carried out with assistance from 20 co-researchers and many students in various countries. We gratefully acknowledge their contributions, and especially those of Dr. Louise Heslop, of the Sprott School of Business, who worked with the second author on the larger study and contributed thoughts and ideas that helped in the early stages of conceptualizing the analysis reported here; Dr. Michael Baker who, while at Strathclyde University in the UK and in addition to collecting the British data and arranging for the data collection in Australia, offered material encouragement in the early stages of the research and assisted in its development; Dr. Jozsef Beracs of Hungary's Corvinus University, who, as an active member of the research team from the outset, contributed both fieldwork and sage advice throughout. We also wish not to thank the Marketing Science Institute (Cambridge, US), the Canadian federal departments of Industry and of Foreign Affairs & International Trade, the European Institute for Advanced Studies in Management, and our universities, which provided the funding that made the study possible.*





# Chapter Seven

## Country of Origin Effects on Consumer Behavior

SUB-CULTURAL EFFECTS  
ON PRODUCT/COUNTRY  
PERCEPTIONS

VII



# Sub-cultural Effects On Product/ country Perceptions

Sadrudin A. Ahmed\*

Alain d'Astous \*\*

## Introduction

Globalization and the widespread growth of international communications using such powerful tool as the internet as a medium for buying and selling products worldwide, have fundamentally affected many products' availability and distribution as well as the decisions concerning where they are manufactured, and how they are labeled and promoted. Whether the objective is to comply to stricter rules of origin so as to qualify for lower tariffs, to reduce production costs (labor, land, environmental, etc.) by relocating manufacturing facilities, or to take advantage of tax cuts and governmental incentives, today's companies are rethinking the "country of origin" of their products and services. What are the implications of these changes for marketing strategy and particularly market segmentation decisions? How can marketing tactics based on strategic decisions that incorporate country of origin

\* Sadrudin A. Ahmed, Professor of Marketing,  
Faculty of Administration, University of  
Ottawa, Ottawa (Ontario), CANADA.

\*\* Alain d'Astous, Professor of Marketing, HEC  
Montréal, Montréal (Québec), CANADA.

but new evidence suggests that it may be used as an affective cue as well (e.g., Arab people rejecting Israeli products). They point out view that consumers may buy the products of a country that they envy or admire in order to establish closer "links" with that country and vicariously enjoy being part of that country. In general, research has considered COO as a cognitive cue, i.e., a piece of information that is used by consumers to infer beliefs regarding product attributes such as quality. Since COO can be manipulated without changing the physical product, it is regarded as an extrinsic cue like price, brand name and retailer reputation (Pharr, 2006).

There is a significant body of work on COO that has made significant theoretical and practical contributions to the field (see e.g., Al-Sulaiti and Baker, 1998; Baughn and Yarpak, 1993; Bilkey and Nes, 1982; Jaffe and Nebenzahl, 2001; Liefeld, 1993; Ozsomer and Cavusgil, 1991; Peterson and Jolibert, 1995; Pharr, 2006; Samiee, 1994; Verlegh and Steenkamp, 1999), but most COO studies share a limitation which is common in international marketing research (Heslop, Papadopoulos and Bourke, 1998), i.e., many studies described as cross-cultural are indeed cross-national. While sub-cultural differences are taken into account by practitioners and researchers in domestic (i.e., the US) markets (Schiffman, Kanuk and Das, 2006), they have not been studied extensively from the perspective of non-US countries. Much of the literature on cultural issues has tended to focus on the cross-national divide (Laroche, Papadopoulos, Heslop and Bergeron, 2003). Thus in general, many of the single-culture and cross-culture studies on COO have implicitly assumed that homogeneous groups exist within the nations studied.

### **Culture**

Culture is commonly defined and studied as the values, beliefs and symbols shared by a particular group. Each individual perceives the world through his own cultural lens. Variation is an essential part of culture, and it is patterned by social and individual differences. There are a number of social and individual sources of variation. Sharing is an important aspect of culture. Often questions are raised as to how much is really shared and by whom. McCracken (1986) has nicely characterized culture as a lens that imbues the phenomenological world

with a blueprint that is consistent with cultural principles and categories. Cultural belief systems are important conduits through which meaning flows from culture to the individual. Belief systems supply participants in a culture with principles that furnish those goals as well as the categories of behavior relevant to attaining those goals.

In a consumption context, culture may be defined as the sum of learned beliefs, values, and customs that direct the consumer behavior of members of a society (see e.g., Schiffman, Kanuk and Das, 2006). The belief and value components of the definition refer to accumulated feelings and priorities that individuals have about material things and possessions. Values too are beliefs. However, values differ from simple beliefs in that: (1) they are few in number, (2) they serve as guides for culturally appropriate behavior, (3) they are enduring, (4) they are not tied to specific objects and situations, and (5) they are widely accepted by the members of a society.

## **Subculture**

By ignoring cultural heterogeneities within nations, international marketers may overlook many opportunities and threats. Sub-cultural biases in preferences might lead consumers to favor products from certain countries and reject some products originating from other countries, especially if there are well defined subcultures in a country. Therefore, the development of effective international marketing strategies that are sensitive to sub-cultural differences within a country is of considerable importance for success in the marketplace.

Lenartowicz and Roth (2001) define a subculture as a subdivision of a national culture, composed of a combination of social features such as ethnic background, race, language, regional, rural or urban residence, religious affiliation, and/or social class. This combination forms a functional unity which has an integrated impact on participating individuals. Members of a specific subculture possess beliefs, values and customs that set them apart from other members of the same society. In addition, they adhere to most of the dominant beliefs, values, and behavioral patterns of the larger society. A subculture then is a distinct cultural group that

exists as an identifiable segment within a larger, more complex society. The distinct shared history and values of a sub-cultural group may influence its consuming patterns and behavior (Schiffman, Kanuk and Das, 2005).

Subcultures may be defined according to several characteristics, such as ethnicity, religion, geographic location, age, sex occupational and social class. Sub-cultural analysis forces marketing managers to focus on sizeable and natural market segments. When carrying out such analysis, marketers must determine whether these segments' characteristics make them desirable candidates for special marketing attention. Subcultures, therefore, are relevant units of analysis for market research.

But as Schouten and McAlexander (1995) point out, consumers do not always neatly fit into the analytic categories ascribed by researchers (i.e., ethnicity, gender, social class etc.). Marketing researchers need to identify and understand organizing forces that people bring to their own lives through their consumption choices and discover subcultures of consumption. Based on a three-year ethnographic research carried out with Harley Davidson motor-cycle owners, Schouten and McAlexander (1995) define a subculture of consumption as a distinctive subgroup of a society organized around the shared consumption of a particular product, brand, product class, country of origin, or consumption activity. The other characteristics of a subculture of consumption are an identifiable, hierarchical social structure, and a set of beliefs and values. Members of such subculture typically perceive in certain products and activities cultural meanings that ultimately get articulated as unique homogenous styles and ideologies of consumption (Schwendinger and Schwendinger, 1985). Sub-culturally created styles may eventually be imitated by a larger audience for mass consumption (Blair and Hatala, 1992). Finally, certain achieved subcultures have been observed (as in the case of US-made Harley Davidson motorcycles) across national boundaries. Prior ethnographies of self-selected and achieved (vs. ascribed) subcultures reveal glimpses of characteristics that make such groups (Schwendinger and Schwendinger, 1985).

## **Subculture Literature Review And Discussion**

Based on a comprehensive review of the COO literature published during the 1965-1997 period, Al-Sulaiti and Baker (1998) conclude that demographic variables play a significant role in explaining the relationship between COO and product choice. They report that male and female attitudes towards foreign products differ: females generally tend to show a more favorable bias towards domestic products than males. As regards age, older people tend to evaluate foreign products more favorably than younger people. From their synthesis, it appears that education is the most influential demographic variable. People with a high level of education are more favorable towards foreign products than those with limited education: as the education level increases, the level of consumer ethnocentricity displayed by respondents generally decreases. There is also a significant relationship between income level and attitudes towards imported products: the higher one's income, the more likely one will buy foreign products. It must be noted that in the studies reviewed by Al-Sulaiti and Baker (1998), foreign products refer mainly to products originating from non-domestic highly industrialized countries (HICs) rather than from newly industrialized countries (NICs).

Although the level of academic interest in studying the effects of subculture on COO perceptions has been somewhat limited, some authors have carried out a number of studies that provide interesting insights into this area (see for instance the many studies of Ahmed and d'Astous as well as those of Balabanis et al.). Often, their examination of sub-cultural effects was secondary to the main thrust of their research. Nevertheless, these studies provide very useful insights into the effects of subculture on COO perceptions. In addition, unlike the bulk of past studies on subculture, these researchers have collected data from both HICs and NICs and have considered COO perceptions of both HICs and NICs.

Ahmed and d'Astous (2001) investigated the relationship between the evaluation of 13 COOs and (1) product involvement (two products: automobile and video-cassette recorder) and (2) three demographic variables, namely, age, income, and education. The data for this survey-based study were collected from 250 French-Canadian adult male respondents through an area sampling procedure. The COO



stimuli were five HICs (Japan, Germany, the US, Canada and England) and five ASEAN countries (Singapore, Malaysia, Thailand, the Philippines and Indonesia). Respondents' country evaluations with respect to the COD (country of design), COA (country of assembly), and COP (country of parts) dimensions of COO were correlated with product involvement (automobiles and VCR), age, income and education.

The results indicated that automobile involvement was positively correlated with the COA evaluations of all countries except the US and Canada. As regards COD, the correlations with automobile involvement were positive with respect to all the East Asian countries and Japan. There was no clear pattern evident in the case of other HICs or ASEAN countries. These results suggest that more advanced Asian countries were looked at somewhat more favourably by persons who were more highly involved in automobiles. The effect of automobile involvement was also observed in the case of COP evaluations of HICs. There was a positive correlation between automobile involvement and the evaluation of Germany, the US, England, Thailand and China as COPs. Overall, automobile involvement was differentially related to COO evaluations, but the authors suggested that further research was needed to get a clear picture of why this occurs.

Involvement in the purchase of a VCR showed a very interesting correlation pattern. Whereas it was negatively correlated with COD Japan, COD and COA Germany, and COD US, it was positively correlated with COD China and COA Philippines. Thus, the more involved one is in the purchase of a VCR, the less favourable is the evaluation of products made in such industrialised countries as Japan, Germany, and the United States and the more positive is the evaluation of East Asian countries such as the Philippines and China.

The correlations between COO perceptions and age were consistent and strong. Out of a total of 24 possible correlations involving COO judgements of Asian countries, only three failed to attain statistical significance. These involved COD Malaysia, COD Thailand and COD Taiwan. In general, younger respondents were more favourable towards all the East Asian countries. In the case of COO

perceptions of HICs however, out of 15 correlations, only three were significant, namely those with COD Japan, COP Japan and COP US. The authors noted that these results were consistent with the existing literature. Baughn and Yarpak (1993) reported that age is often associated with foreign product acceptance, with younger consumers demonstrating more positive

### **Attitudes Toward Foreign Products.**

Correlations between COO perceptions and income and education were in opposite directions. Out of the fifteen possible correlations between income and COO perceptions of ASEAN countries, ten correlations were significant. In contrast, only one correlation out of the fifteen involving HICs was significant. As for other East Asian countries, the three correlations between COO judgements of China and income were significant but none of the correlations involving Taiwan and South Korea were significant. The lower one's income, the more one was favourable towards products made in China and in the ASEAN countries. Education was positively correlated with COO perceptions of Germany, Japan and England. These correlations concerned COD, COA, and COP Germany, COD and COA Japan, and COD and COA England. Out of fifteen correlations between education and COO perceptions of the ASEAN countries, only that with COD Philippines was statistically significant. As for the other East Asian countries, education was negatively correlated with COD China and positively correlated with COA South Korea. Thus, in general consumers' educational level was negatively correlated with the perception of NICs as producers of consumer goods.

The authors argue that there may be a tendency on the part of low-income consumers to purchase lower-priced products. Such products are often made in East Asian NICs. Highly educated respondents are more likely to have travelled globally and to have purchased relatively expensive consumer products made in Japan, Germany and England. Moreover, they are less likely to have animosity towards Japan and Germany because of Second World War, and towards England because of the English conquest of French Canada. Such experiences may be reflected in their more favourable evaluation of products made in Japan, Germany and England.

Ahmed and d'Astous (2004) replicated this study with data collected in Thailand and in the Philippines. Their questionnaire was written in English language and administered to English-speaking upper-middle class male respondents through an area sampling procedure. A total of 201 questionnaires were completed in Bangkok (Thailand) and 195 in Manila (Philippines).

The results indicated that involvement in automobiles was significantly correlated with the COO evaluations of Philippine respondents. This relationship was somewhat stronger in the case of COA judgements. The strongest relationships were observed with Japan, the US, Singapore, Malaysia and South Korea. Involvement in the purchase of a VCR showed an interesting pattern of correlations. In the Philippine sample, it was negatively correlated with COD China, Germany and England, COD and COA Canada and COA US whereas in the Thai sample, it was positively correlated with COD and COA Malaysia, Indonesia and Taiwan. Thus, the more involved one was in the purchase of a VCR, the less favourable were the evaluations of HICs as producers of consumer goods and the more positive were the evaluations of Asian countries. According to the authors, these results confirmed earlier findings reported by Eroglu and Machleit (1989) based on US data that the level of involvement in a product class mediates the impact of COO on consumer evaluations.

Ahmed and d'Astous (2004) also found that correlations with age were weak among Thai respondents and stronger among Philippine respondents. Out of a total of 26 correlations involving COO judgements, only one attained statistical significance in the case of Thai respondents whereas ten correlations were significant among Philippine respondents. In general, younger Philippine consumers were more favourable towards products made in Asian countries. Thus, as pointed out by the authors, the results observed in the Philippine sample confirm the favourable disposition of younger consumers towards products made in newly industrializing countries reported earlier with US respondents by Hett (1993), Shimp and Sharma (1987), and with Bulgarian respondents by Leonidou, Hadjimarcou, Kaleka and Stamenou (1999). Correlations between COO perceptions, income and education were strong in the Thai sample but weak in the Philippine sample. Only four out of 26

correlations involving Philippine respondents were statistically significant whereas out of the ten correlations between income and COO perceptions of HICs among Thai respondents, nine correlations were negative and statistically significant. In contrast, none out of the ten correlations involving ASEAN countries was significant. As for other East Asian countries, the correlations involving COA China and South Korea were significant. Thus, the higher a Thai's income, the more he was favourable to products made in HICs. In the Thai sample, education was strongly and positively correlated with COO perceptions of Germany, South Korea, Japan, Canada and England. These results are in contrast with those reported by Rawwas, Rajendran and Wuehrer (1996) (US respondents) and those of Leonidou, Hadjimarcou, Kaleka and Stamenoua (1999) (Bulgarian respondents) where educated and higher income respondents showed lower prejudice towards NIC products. Thus, the effects of income and education on COO perceptions of foreign products appear to be mediated by culture. Whereas ten correlations were positive and significant in the Thai sample, only four were statistically significant among Philippine respondents. The higher a Philippine consumer's income or education, the more positive was his evaluation of the Philippines as a COO. This result contrasts with Thai respondents where income and education were not significantly correlated with the perception of COO Thailand.

The positive and statistically significant correlations between COO perceptions and involvement with the purchase of automobiles in the case of Thai consumers contrast with the non significant correlations in the Philippine sample. One tentative explanation for this country interaction given by the authors is based on the fact that Thailand enjoys a much higher standard of living than the Philippines. The level of marketing function roughly parallels the stages of economic development (Cateora and Graham, 2005). Rostow (1991) described the take-off stage of a developing economy as a stage where an economy has achieved industrial modernisation. Based on income, Thailand should be at the later stage of economic take-off and the Philippines at the earlier stage. One element associated with this stage (of economic development) is outward orientation of local markets (Isaak, 2002), where a large variety of both domestic and imported products are available

in the marketplace. Therefore, one can speculate that with an expanded choice available in the automobile sector, Thai respondents highly involved in automobiles were better able to make distinctions between the COOs than low-involved respondents.

Previous research has indicated that older consumers are more nationalistic than younger consumers (Shimp and Sharma, 1987). Ahmed and d'Astous' (2004) results support this view and provide further evidence in that direction since younger Philippine respondents were more favourable towards Asian NICs. The fact that upper income Thais had a positive attitude towards HICs, and to a smaller extent towards East Asian countries, may reflect their greater experience with products made in HICs and East Asian NICs. Because of higher income, there would be a tendency to purchase higher-priced products. Such products are often made in HICs or in moderately industrialised East Asian countries. The authors' results indicated that the purchase of products made in HICs and East Asian countries was indeed satisfying the status needs of the high-income segment of the Thai population (Cateora and Graham, 2005). The higher the level of education, the greater the degree of worldmindedness (Rawwas, Rajendran and Wuehrer, 1996). Highly educated respondents are more likely to have travelled and more likely to have purchased foreign products. Such experiences may explain Thai respondents' more favourable evaluation of products made in HICs and South Korea.

Ahmed, d'Astous and Eljabri (2002) studied the relationship between three psychographic variables, i.e., Product Involvement, Technological Sophistication, and Technological Innovativeness and the evaluation of fourteen countries: six HICs, namely, Japan, Germany, the United States, Canada, England, France and eight NICs, namely, Singapore, Chile, Thailand, Argentina, Mexico, Taiwan, South Korea and China. These evaluations concerned both the COD and COA dimensions of COO and were made for technologically simple (VCRs) and complex (computers) products. Their results were based on an area sampling survey of 151 French-Canadian male respondents.

The results indicated that computer involvement was positively correlated with the COA evaluation of only one HIC, namely the US. With respect to COD, the relationship of computer involvement with COO was positive in the case of four HICs, namely, Japan, the US, Canada and England and two NICs, namely, Singapore and Japan. Technological Sophistication was positively related to the evaluation of Canada and Singapore as COD. All of the four statistically significant relationships between Technological Sophistication and COAs involved NICs, namely Singapore, Thailand, Taiwan and South Korea. Technological Innovativeness was correlated with one HIC COD, namely Canada, three HIC COAs (Japan, the US and Canada), three NIC CODs (Singapore, Taiwan and China), and four NIC COAs (Singapore, Thailand, Argentina and South Korea). None of the perceptions of Germany, France, Chile and Mexico were related to the three scales. On the other hand, perceptions of COO Singapore and Canada were significantly correlated with the three variables, albeit to a lesser extent.

The authors concluded that the relatively more favourable light in which highly innovative consumers viewed the assembly of technologically complex products such as computers by countries like Singapore, Thailand, Taiwan, and South Korea attests to the fact that these countries may indeed be carrying out a higher quality assembly work than the average consumers perception of them as COAs of technologically complex products would indicate. The more favourable evaluations indicate that innovators perceived these countries as being more advanced than respondents who score low on technological innovativeness. In searching for new and innovative product features and new technologically advanced products, technologically innovative consumers may indeed be getting exposed to products made by these countries, which would make them better able to assess their quality.

Ahmed, d'Astous and Champagne (2005) replicated Ahmed, d'Astous and Eljabri (2002) study in Taiwan with a sample of 202 middle and upper-class residents of Taipei using a questionnaire written in Chinese (Mandarin) language. The results indicated that Computer Product Involvement (CPI) is positively correlated with COA perceptions of all the HICs and NICs, except Singapore. With regards to COD,

the correlations with CPI were positive for all the HICs. However, none of the COA and COD perceptions of NICs was correlated with CPI. It is interesting to note that the strongest correlations involved the relationship between CPI and COD South Korea and COA Taiwan. Other strong correlations involving CPI were with COD US, COA Taiwan and COA Japan. Thus, some empirical evidence suggests that consumers involved in computers evaluate CODs and COAs differently. On the other hand, out of the thirteen correlations of Television Product Involvement (TPI) with CODs, only two were statistically significant. In terms of COA, none of the correlations with TPI was significant.

It is not surprising to observe that consumers who are highly involved in the purchase of computers recognize that the US are a world leader in the design of technologically complex products like computers and that NICs, like Taiwan and South Korea, are catching up technologically with HICs. These respondents also appear to acknowledge the manufacturing excellence of Japan and recognize the achievement of Taiwan as a manufacturer of high quality, technologically advanced products. In general, they appear to value the design and assembly capacity of HICs and NICs more highly than less involved consumers. One may therefore speculate that consumers who are technologically sophisticated find it easy to use technologically complex products and are not afraid of tinkering with them, and consequently are better able to assess the technological quality of a product and the country where it was made. For example, Maheswaran and Sternthal (1990) found that persons who are technologically sophisticated tend to focus on the complex technical attribute information of a product. Whereas technologically sophisticated persons use attribute information in making judgement about a technologically complex product, novices are likely to rely mostly on stereotypical information (Alba and Hutchinson, 1987).

The COD and COA evaluations of Taiwanese respondents were also related to three demographic variables: age, income and education. The results indicated that, with only five statistically significant relationships with country perceptions out of total possible of fifty-four, income was the worst performing demographic variable, followed by age with seven significant correlations. Education was the

best predicting demographic variable with twenty-five statistically significant relationships. The strongest correlations involving age were with the evaluations of HICs and the weakest with the evaluations of NICs. None of the COA correlations of age with country perceptions in the context of technologically simple (TS) products was statistically significant. In the case of technologically complex (TC) products, age was correlated only with one COD evaluation and one COA evaluation. Thus, evidence suggests that the higher the age of a consumer, the more likely he evaluates favorably TS products designed in HICs. It is interesting to note that education was correlated positively with the evaluations of NICs: out of eight possible relationships involving NICs, seven were statistically significant. The impact of education on the evaluation of HICs was less generalized since 12 out of 24 possible relationships were statistically significant. The strongest relationships involving education level and the evaluation of HICs were with COD TS products, followed very closely by COA TC products. The weakest were with COA TS products.

In another series of studies, Ahmed and d'Astous (2004; 2007) report results based on an area sampling survey of 209 Chinese respondents from the city of Beijing. The product categories chosen for the study were refrigerators, cameras and t-shirts. Thirteen countries had to be evaluated as CODs and COAs: seven Industrialized Countries (ICs), namely, the United States, Italy, France, Germany, Japan, Canada and South Korea and six NICs, namely, China, Brazil, Morocco, Mexico, Russia and India. To get a better understanding of the Chinese consumer evaluations of the COOs, a factor analysis of the COD and COA ratings was carried out separately. The results indicated that the six HICs and South Korea loaded on the first factor which was interpreted as Industrialized Countries (IC). The other six countries were grouped together in a second factor termed Newly Industrialized Countries (NIC).

Ahmed and d'Astous (2004) analyzed the relationships between the evaluations of ICs and NICs and the evaluation of two sets of variables: type of stores (small state stores, large state stores and high quality foreign stores) and demographic variables (age, marital status, education, income and number of children). The results indicated that COO China and Store Type were the only dependent variables with which all the independent demographic variables were related. A positive



relationship was found between COA Brazil and age and between COA Canada and education. Older Chinese consumers gave more favorable evaluations of COD China, COA China, as well as of high quality foreign stores. Married respondents were also more likely to evaluate COA China and high quality foreign stores. In the same vein, respondents who had children evaluated more favorably COD China, COA China and high quality foreign stores. On the other hand, university educated respondents evaluated COD China, COA China, and high quality foreign stores less positively than those who were not university educated. Middle-income respondents evaluated COA China more favorably and higher-income respondents evaluated large state owned stores less positively.

According to Ahmed and d'Astous (2004), there may be two explanations for this relatively weak predictive power of demographic variables in the Chinese sample. It is quite conceivable that the Chinese form a more homogeneous group because of Confucian cultural traditions (Lin 2001) and uniformity imposed by the very authoritarian communist regime of the past. Because of the transitional nature of the Chinese economy, the availability of foreign goods from traditionally noncommunist countries is a more recent phenomenon and Chinese consumers have not yet formed well-structured schemas around non-Chinese COOs. Because of the limited familiarity and knowledge of foreign countries, the evaluations of non-Chinese COOs may be based on a halo effect – an overall viewpoint – rather than as a summary construct treating COO as a product attribute (Han, 1989). In the case of Chinese products and stores, consumers are more familiar and knowledgeable about them and therefore, are able to form their opinion based on knowledge. In this case, COO is a summary variable becoming a product attribute whose preference varies according to demographic status.

Ahmed and d'Astous (2007) have analyzed the relationship between the importance placed by Chinese consumers on the purchase of t-shirts, refrigerators, cameras, COD and COA judgments relative to 13 countries. Five shopping variables, namely, purchase importance, extent of information search, product involvement, and purchase difficulty were grouped into three product specific purchase-based factors using factor analysis: Purchase Involvement, Ease of Purchase and Purchase

Experience. The results indicated that purchase involvement with refrigerators was the best predictor of COO evaluations with twenty two significant correlations out of total possible of twenty six. The average size of these correlations was .24. Purchase involvement with cameras followed with nineteen significant correlations having an average magnitude of .20. With eight significant correlations (mean = .22), experience with the purchase of cameras was the only other predictive variable of any consequence. All the predictive variables associated with the t-shirt product category performed poorly. Purchase involvement with t-shirts led to only two significant correlations, ease of purchase with t-shirts to three, and experience with the purchase of t-shirts to only one.

China was the only country for which COD and COA judgments were not related to any of the nine predictor variables. The COO evaluation of France was confined to three variables significantly related to COD. In five cases, the COO evaluation of Italy (COD and COA) was significantly correlated with camera-purchase factors. This was also the case for South Korea and Mexico. COO Germany had the largest number of significant correlations with predictive variables associated with t-shirts (three out of seven correlations).

Overall, it appears that the greater the involvement in the purchase of refrigerators and cameras, and to a lesser extent the greater the familiarity with cameras, the greater the likelihood of evaluating a foreign COD and COA favorably. Earlier studies conducted with respondents in Canada (Ahmed and d'Astous, 2001) and in the Philippines and Thailand (Ahmed and d'Astous, 2002) had revealed that product involvement (i.e., with respect to VCRs and automobiles) was strongly related to COD and COA evaluations. Thus, the results observed in China are consistent to some extent with those found in other industrialized and newly industrialized countries. The lack of significant correlations between predictive variables and the COO evaluation of China may be explained by the fact that Chinese consumers are much more familiar with products made in China than with foreign products.

Ahmed and d'Astous (2007) segmented the Chinese respondents by firstly grouping the fifteen product-specific shopping variables into factors through a

principal component analysis. In the second step, the derived factors were used to group the respondents into segments using a quick cluster analysis procedure. The best cluster analysis solution led to the assignment of 187 respondents to four clusters (segments) which were termed as follows: Durables Enthusiasts, Durables Uninvolved, Inexperienced Shoppers and Apparels Involved. The mean COO evaluations were compared across the four segments. In addition, for each segment five ICs (the United States, Japan, Canada, South Korea Taiwan) and two NICs (China and Mexico) were contrasted with respect to four country-of-origin product dimensions: reliability, economy, innovativeness and style.

The mean evaluations of the six NICs did not vary a great deal across the four segments. There were however significant differences in the evaluation of individual countries. Durables enthusiasts evaluated COD China somewhat less favorably than did the other three segment members. In the case of Morocco, Durables Uninvolved and Inexperienced Shoppers evaluated the country somewhat more negatively than Durable Enthusiasts and Apparels Involved. On the other hand, the COD evaluations of the seven ICs varied considerably across the four segments. Durable Enthusiasts evaluated the seven ICs much more favorably than other segment members. Durables Uninvolved gave the less positive evaluations to ICs, followed by Inexperienced Shoppers. As regards the evaluations of the industrialized countries, intra-country differences between segments were largest in the case of South Korea, followed by Japan and Germany. The lowest intra-country differences were noticed for Canada and France.

Regarding comparisons across COO product dimensions and countries, the results indicated that China and Mexico showed the smallest intra-country differences across the four segments on the four attitude scales, paralleling the NIC results discussed earlier for the mean evaluations of thirteen CODs. The largest intra-country differences among the NICs were between Durables Enthusiasts and Durable Uninvolved segment members on the product reliability scale: Durable Uninvolved respondents' perceptions of the reliability of products made in China was more positive than those of the Durable Enthusiasts. As regards between-country differences across the segments, the largest difference was observed

between China and Mexico with respect to product style among members of the Durable Enthusiasts segment: they perceived products made in Mexico as having much more style than those made in China. Durable Enthusiasts also had a more favorable attitude towards products made in Mexico with respect to their economy, their reliability, and their innovation than members of the other three segments.

Paralleling the results discussed before regarding country evaluations, among the five ICs, intra-country differences were highest in the case of the US and Japan and lowest for Canada. Intra-country differences relative to South Korea and Taiwan fell in between those of the US/Japan and Canada. In general, Durable Enthusiasts appeared to believe that products made in the US, Japan, Canada and Korea are more reliable, more innovative and have more style than members of the other three segments. They were closely followed in these beliefs by Apparels Involved and, to a somewhat lower degree, by Inexperienced Shoppers and Durables Uninvolved. In terms of their perceptions of Taiwanese products, Durables Enthusiasts and Apparels Involved were more positive than Durables Uninvolved and Inexperienced Shoppers and were more likely to think that the ICs made economical products than members of the other two segments. As regards product reliability, innovation and style, between-country differences paralleled the results reported earlier. Attitude towards Japan was the most positive across the four segments, followed by attitude towards the US, Canada and South Korea. Members of the Apparels Involved segment had the most negative perceptions of ICs regarding the economical aspect of products, followed very closely by Durable Enthusiasts. Thus, the pattern of the four segments' COD evaluations does not follow the same trend when judging the economy of products as it does for product reliability, innovation and style.

Previous studies by Ahmed, d'Astous and Zouiten (1993) and Ahmed and d'Astous (1993; d'Astous and Ahmed, 1993) showed that personality variables moderate the effects of COO cues. On the basis of data collected from French-Canadian business students, Ahmed and d'Astous (1993a) found that Excellence (Jackson, Ahmed and Heapy, 1976), Value Orthodoxy and Self-Esteem (Jackson, 1967) and Harmavoidance (Jackson, 1974) moderated the relationship between

the evaluation of different automobile brands and their countries of origin. In a comparative study involving French-Canadian and Belgian adult male consumers, Ahmed and d'Astous (1993b) found that Excellence (Jackson, Ahmed and Heapy, 1976), Self-Esteem (Jackson, 1967), Monetary Risk and Social Risk (Jackson, Hourany and Vidmar, 1972) moderated the relationship between the evaluation of different automobile brands and country of origin.

Balabanis, Diamantopoulos, Mueller and Melwar (2001) investigated the role of patriotism, nationalism internationalism and demographic variables (gender, age, income and education) as antecedents of consumer ethnocentrism in Turkey and in the Czech Republic. A reduced 10-item version of Shimp and Sharma's (1987) CETSCALE was used to measure ethnocentric tendencies. Patriotism, nationalism, and internationalism were measured using scales developed by Kosterman and Feshbach (1989). Hierarchical regression was employed to analyze the data. It was found that patriotism was related to ethnocentrism in the Turkish sample only whereas nationalism was related to consumer ethnocentrism in the Czech sample only. Internationalism was not related to ethnocentrism in either sample. As regards the demographic variables, in Turkey, income had the strongest impact, followed by age and gender. In the Czech Republic however, the effect of income was significant but very weak.

Balabanis and Diamantopoulos (2004) studied the impact of ethnocentrism (Shimp and Sharma, 1987) as well as that of gender, age, education, income on the preference for cars, food products, TV sets, toiletries, fashion ware, toys, do-it-yourself tools, and furniture made in six different COOs: Britain, the United States, France, Germany, Japan and Italy. The data were collected by means of self-administered questionnaires among 465 respondents in the United Kingdom. The preferences of the respondents were subjected to multidimensional unfolding analysis. The results indicated that the strength of the relationships between consumer preferences and consumer ethnocentrism along with demographic variables varied across both the countries and product categories.

Balabanis, Mueller and Melewar (2002) studied the impact of the Schwartz Value System (Schwartz, 1992) and demographic variables (age, gender and education) on COO images. The data were collected in Turkey (n = 303) and Czechoslovakia (n = 480) using the mall-intercept technique. Germany was chosen as a country of origin. COO image was measured using a scale developed by Pisharodi and Parasuraman (1992). Multiple regression analysis results indicated that demographic variables had more predictive power in the Turkish sample than in the Czech sample. Education and gender were significantly related to COO Germany whereas the effect of age was marginal. Although the Schwartz values were related to COO image among both Turkish and Czech respondents, the level and strength of these relationships across various dimensions of Pisharodi and Parasuraman's (1992) COO image scale varied across the two samples. Overall, the predictive power of the values was slightly better than that of the demographic variables.

A number of other studies have considered COO differences among consumers within a country as distinct to perceptions that might be held at the national level. Klein, Ettenson and Morris (1998) reported that although Japan is often seen as a high-quality COO in the People's Republic of China, Chinese consumers in Nanjing (the site of atrocities during the Japanese occupation of China) did not purchase Japanese products because of their hostility towards that country. In their animosity model related to foreign product purchase, Klein, Ettenson and Morris (1998) suggested that culture-specific factors influence the weight given to COO in product evaluations. In a related stream of research, as pointed out earlier, Shimp and Sharma (1987) introduced the construct of consumer ethnocentrism representing beliefs held by American consumers about the appropriateness of purchasing foreign-made products. In four independent studies, they uncovered different levels of ethnocentric attitudes in different regions of the United States, further supporting the notion of differences within countries.

Heslop, Papadopoulos and Bourke (1998) examined English-Canadians' and French-Canadians' attitudes towards products from ethnically-affiliated origins and obtained somewhat mixed findings. Their hypotheses for a preference for British goods among English Canadians, and for products from the respondents'

home provinces, were confirmed, but those concerning a preference for French products by French-Canadians, and for developing countries linked to each of the two groups, were not.

Laroche, Papadopoulos, Heslop and Bergeron (2003) studied English and French-Canadians' ethnic differences in COO evaluations. On the basis of survey data collected among 554 respondents in the city of Montreal, they found that ethnicity influences product views on motherland countries. The surveyed participants evaluated products from nine different countries using a four-item scale (see Papadopoulos, Heslop and IKON Research Group, 2000). Using a multidimensional index of ethnicity (Kim, Laroche and Lee, 1989), the authors separated the respondents into three groups: English-Canadians, French-Canadians and acculturated Canadians. The results were in line with the previous study by Heslop, Papadopoulos and Bourke (1998) with regards to Britain, but showed that English-Canadians displayed a more positive view of former colonies Hong Kong, Australia, Israel and the United States. There were no group differences in the evaluations of non-culturally linked countries like Germany, Japan and Mexico. They also found that the evaluations of acculturated Canadians (who spoke both English and French and did not totally consider themselves French or English) fell between the two groups.

Ethnicity is an important sub-cultural reference that guides what members of a multicultural society like Canada value and buy (Schiffman, Kanuk and Das, 2006). In terms of consumer behavior, ancestral pride is manifested most strongly in the consumption of ethnic foods, travel to old countries and in the purchase of numerous cultural artifacts. Jamal and Chapman (2000), Penalosa and Gilly (1999), on the basis of qualitative studies of immigrants in the United States, come to the same conclusion. Parameswaran and Pisharodi (2000) studied assimilation effects on country image. They collected data from 678 respondents in a culturally-diverse mid-Western US city through a drop and pick-up procedure and systematic sampling from lists of members of various ethnic and non-ethnic associations. Cameras and blenders made in Germany and Korea carrying Leica and Samsung brand names were used as stimuli. Parameswaran and Pisharodi (2000) found that US consumers

tended to evaluate favorably a product from a source country similar to their own whereas immigrants (born in Mexico, Iran, Greece, Turkey, Scandinavia and Africa) gave poorer ratings when the source country of products was similar to their origin (birth) country, with first generation respondents falling in between. According to the authors, the more negative COO evaluations given by immigrants could be attributed to the fact that the immigrants were from countries less developed than the US.

Goldberg and Baumgartner (2002) administered a questionnaire in Thai language to over 1300 Thai teenagers to explore the hypothesis that smoking cigarettes is perceived as part of an attractive American lifestyle. Those teenagers who stated they would choose to be a teenager in the US were more likely to have puffed and smoked a cigarette. These respondent's exposure to the "American way of life" came in the form of US movies. They were more likely to smoke Marlboros (American Brand) than local brands.

John and Rajeev (2006) collected data in wine sections of three supermarkets in high-immigrant neighborhoods using a questionnaire. They elicited wine preferences from 425 respondents, of whom 169 were from immigrant families, using conjoint analysis. Wines from Chile, France, Spain, Venezuela and Argentina, were included as product stimuli. The authors found that immigrant families value wine from their ancestral countries significantly more than do other families. They also found that none of the demographic variables, namely, sex, age, education and income included in the study significantly predicted preferences for the country of origin of wines.

Paswan and Sharma (2004) carried out their investigation in five cities spread across different regions of India using a 22-item scale to measure brand-COO knowledge. Data were collected using personal interviews from 695 respondents using systematic and convenience sample procedures. Coke, Pepsi, KFC and McDonald's were the brands utilized in the study to measure brand-country (USA) knowledge and their demographic correlates. They found that education and socio-economic class were positively correlated with the accuracy of brand-country knowledge.



Samiee, Shimp and Sharma (2005) suggest that socioeconomic status, age and gender may help explain product origin perceptions in some countries. A national US survey of 480 respondents revealed that socioeconomic status was positively associated with the accurate association of brands with their national origin, i.e., either US or foreign. The authors explain this result by the fact that socioeconomic status is positively correlated with international experience. In that study, age had no statistically significant impact on brand origin recognition. Gender on the other hand had a significant effect: males were more likely to associate correctly foreign brands with their proper national origin whereas females were more likely to make accurate associations in the case of US brands.

### **Summary**

This review of research dealing with the impact of subcultures has shown that the samples, sampling frames, countries where research was carried out, product classes and brand names studied, stimulus countries, data analysis techniques employed and sub-cultural variables studied are quite heterogeneous. Additionally, in the studies reviewed age and socioeconomic status-based subcultures are measured through proxy variables using actual age, education and income variables. Particularly problematic are psychographic measures that may be proxies for achieved subcultures. Thus, the task of providing a neat summary of the results is quite difficult.

Most of the studies discussed were based on survey data collected from potential consumers and therefore, provide some external validity for the results discussed. The diversity in products used and types of countries where the data were collected impedes cross validity. Thus, our summary is more qualitative in nature than quantitative.

The recent studies dealing with subcultures indicate that ethnicity in Canada is positively related to the evaluation of countries similar to a respondent's ethnic origin (English or French). Acculturated respondents, having the characteristics of majority and minority ethnic origin, exhibited evaluation that fell between the two groups. In the US whereas, US respondents evaluated products from countries similar to their ethnic origin more favorably, ethnic respondents evaluated products

from similar countries negatively. The responses of acculturated respondents fell in between. There is a strong relationship between ethnicity and evaluation of home countries in the case of ethnic food and cultural products.

Social class is related to preference for non-domestic HIC products. One of the proxies for social class, i.e., education, has been found to be positively related to less prejudice towards non-domestic products and to more favorable evaluations of NIC products. Age is positively related to preference for domestic, and to a lesser extent, HIC products. In China, wealthier older consumers prefer foreign high quality distribution outlets. In Western countries such as Canada, younger respondents are more favorable to NIC products. Sex has sometimes been found to be related to preference for COO. In some instances, females prefer domestic over foreign products.

There is also evidence that indicates that achieved subcultures exist where the group life style reflects consumption of foreign brands as is the case with Harley-Davidson motorcycle clubs in foreign countries and worship of American culture by some young Thais reflected in their smoking of American Marlboro cigarettes. A number of psychographic variables directly related to consumption behavior, such as involvement in shopping for products like computers, automobiles, videocassettes, television, refrigerator, camera, and t-shirt have shown significant relationships with product and COO evaluation among Canadian, Thai and Philippines respondents. In China, items dealing with consumer shopping behavior with refrigerator, camera and t-shirt have been used to derive market segments that may reflect ascribed subcultures. In a similar vein, attitudinal scales such as ethnocentrism, world-mindedness, patriotism, nationalism and internationalism, were found to be related to COO evaluation. These may be used at some future date to derive achieved sub-cultural groups.

The studies that we reviewed indicate that the strength of relationship between the evaluation of a COO and a sub-cultural variable depends on the country where the study was conducted, on the type of product assessed and the type of sample used. Figure 7.1 presents a conceptual framework showing sub-cultural effects on

product-country evaluation based on findings covered by us. It indicates that the sub-cultural variables discussed in this chapter are antecedents to forming beliefs regarding a COO and its products. This relationship is moderated by the country where the data are collected and the particular product studied. These beliefs are reflected in the evaluation of a product's country of origin along its manufacturing dimensions.

Subcultures and their relationships with other nations significantly affect their attitudes towards them. Our review of recent articles dealing with sub-cultural effects on product and country evaluation has shown that membership in a previously ascribed sub-cultural group based on ethnicity, socio-economic status (education, income), age and sex is related to evaluation of a COO. This result is particularly strong for ethnicity and education. As the articles reviewed were based on reasonable-sized survey data collected both from HICs and NICs, the effects appear to have some overall validity. There is also evidence to suggest that achieved sub-cultural groups such as Harley-Davidson enthusiast motorcycle owners sub-groups exist with a loyalty to a COO. In addition through using techniques such as cluster analysis, one can discover subcultures based on shopping behavior or world view reflected by such scales as patriotism. However, the strength of sub-cultural effects varies across different countries and products.

### **Managerial Implications**

For managers, our summary of findings strongly suggests that COO-based marketing strategies may need to be customized by subcultures within a country and not only across countries. At the least, international marketers should analyze sub-cultural differences before expanding into targeted countries in order to assess the strength of these differences and whether they may have an effect on market performance. If such differences are found, then sub-cultural subtleties should be factored into the development and implementation of marketing strategies. In the case of marketing strategies based on subculture variables like ethnicity and age cohorts, it is important to properly use those elements of the marketing mix that are highly visible and may act as "culture" flags such as brand names, packaging, advertising, and perhaps even the choice of retail outlets,

depending on their perceived subculture related image. For example, based on results summarized by Laroche, Papadopoulos, Heslop and Bergeron (2003), one would expect that US producers who advertise their COO in Canada will find a more sympathetic consumer base among English-Canadians than among French-Canadians. Conversely, if a particular market has a preponderance of consumers who harbor less positive feelings about a particular COO, as it was the case of Chinese consumers in the Nanjing area of China who developed animosity towards Japan because of the atrocities committed during the second world war, then the producer need to de-emphasize or perhaps hide and disguise COO information in order to make its products more acceptable.

The results we have summarized are relevant for non-Chinese producers who would be well advised to exercise more care in customizing their marketing activities if they want to penetrate the baby boomer and senior markets effectively in China. For example, it is probably wrong to simply translate advertisements from a foreign language when targeting these markets in China because of these age cohorts' preference for domestic products. In other words, these cohorts' nationalism and patriotism towards their home country and culture need respect. On the other hand, in markets like Thailand, simple translations of advertisements from English (US) when targeting the 'Y generation' Thai cohorts may be an appropriate strategy because of the desire of members of this group to emulate the American way of life.

The results reported appear to support adapted or "multi-local" strategies in international marketing, which might on the surface, be perceived as being in direct contrast to current trend globalization. However, even the most ardent supporters of standardized global strategies accept that some degree of adaptation may be necessary. Ultimately, the issue is one of effective market segmentation of local markets based on subcultures.

Multinational corporations and exporters recognize that all consumers are not alike and seek to target segments within a general population that are internally homogenous and likely to respond more positively than other segments to certain attributes of the marketer's offering. In this context, segmentation aims first and

foremost at identifying key characteristics. In this chapter, we have shown that sub-cultural variables may represent such characteristics, because they affect lifestyles and other behaviors and, through them, consumption patterns. This review, thus, adds to that body of research by suggesting that these can be important segmentation variables in relation to a product's origin, whether the latter is seen as a product attribute or as halo affecting beliefs about other product attributes (Verlegh and Steenkamp 1999).

However, the task of defining sub-cultural segmentation variables is not easy. For example, in the US it has been found that the Spanish-speaking subculture has distinct consumer behaviors in comparison with the general population (Schiffman, Kanuk and Das 2006). A number of micro sub-groups exist within this Hispanic subculture. Thus, food and musical preferences of Hispanics from Mexico are different from those of Hispanics of Cuban origin. In the same vein, assimilated, young first generation Hispanics ('Y generation') consume more English than Spanish media sources and exhibit consumption patterns that are different from those of their parents ('baby boomers') (Penalosa and Gilly, 1999).

Therefore, what the review of our literature suggests is that a "mass market" approach towards a population that is culturally (i.e., with subcultures based on ethnicity, demographics, etc.) diverse is likely to be ineffective. Where subcultures prevail (as it is the case in most countries), it simply makes sense to suggest that they should be taken into account. This is especially true of subcultures that are geographically concentrated as it is the case in ethnically diverse countries such as Canada (French versus English), China (Han versus Tibetans), India (Bengali versus Punjabi), Belgium (French versus Flemish), Switzerland (German versus French) and have distinct media consumption patterns (e.g., males versus females, 'Y generation' versus 'seniors'), which helps to reduce the adaptation costs in accessing them.

In fact, to the extent that globalization entails the identification of cross-national segments, a product's national identity "if it is deemed to be important to a particular subculture", can be used to identify relevant segments across

countries. This might be the case, for "French" identity products in France, and the corresponding ethnic groups in Canada, Switzerland and Belgium. Sports tournament is another example of global extension of marketing strategy to sub-cultural groups. Germany's program to create a favorable country image through the sponsorship of the 2006 World Soccer Championship and thus reaching soccer enthusiasts globally is an example.

The research program of Ahmed and d'Astous and to some extent the Laroche, Papadopoulos, Heslop and Bergeron (2003) article, were specifically designed to draw useful managerial implications. In the following paragraphs, particular attention is given to Ahmed and d'Astous' findings for drawing managerial implications.

Younger and less affluent Canadian respondents (i.e., the 'Y generation' cohorts) are more favourable towards Asian countries whereas highly educated respondents (upper and upper middle social class) are more favourable towards HICs outside of North America (Ahmed and d'Astous, 2002). These results indicate that products made in East Asian NICs are more likely to succeed among lower income and younger age segments. Given that products made in East Asian NICs are linked in consumers' minds with good value, it is recommended that products directed at these segments be associated with strong warranty programs and competitive prices.

Based on the research carried out by Ahmed, d'Astous and Eljabri (2002), it appears that corporations that assemble their technologically complex products in NIC countries like Singapore, Taiwan and South Korea, which already have a base for manufacturing technologically complex products, will benefit from targeting their products to technologically sophisticated rather than average Canadian consumers. Technologically sophisticated consumers are more informed about the assembly capacity of NICs and are able to judge the favourable price-quality relationship provided by more technologically advanced NIC countries.

Ahmed and d'Astous (2004) found that in the Philippines, products made in Asian NICs are more likely to succeed among younger consumer segments.

Given that products made in Asian NICs are linked in consumers' minds with poor quality, it is recommended that products directed at 'Y generation' segments in the Philippines be offered with a strong warranty using promotional programs that link Asian products with high quality. Additionally, for HIC firms looking for export markets for products where parts are sourced in HICs and which are assembled in HICs, highly educated and affluent Thai consumers appear to be a very attractive market segment. Because consumers familiar with HIC products seem to be more favourable toward HIC products, product comparison may be an attractive tool for pushing HIC products.

Ahmed and d'Astous' (2007) results indicate that Chinese male consumers can be segmented into homogeneous subgroups. A cluster analysis of shopping variables resulted into the identification of four distinct segments, namely Durable Enthusiasts, Durables Uninvolved, Inexperienced Shoppers and Apparels Involved. The mean COD evaluations and country attitudes of these segments indicated that durable products made in industrialized countries (ICs) are more likely to succeed with members of the Durable Enthusiasts segment and, albeit to a lesser extent, apparel products with members of the Apparels Involved segment. This is particularly true in the case of products made in more advanced ICs such as the US and Japan. These segment members are more likely to believe that IC products are reliable, innovative, and stylistic than NIC products in the product class of their interest. Given that these consumers are likely to search for a lot of information when shopping for durables or apparels, it would be beneficial to provide COO information at the point of purchase, in pamphlets and/or on the Web sites of the products. Because products made in ICs are linked in Chinese consumers' minds with high costs, it is recommended that products directed at these segments be associated with strong warranty programs or product exchange programs to reinforce the value image of the products by emphasizing product reliability. This would be particularly important for members of the Apparels Involved segment looking for apparel products from advanced ICs because these consumers are more likely to believe that products made in advanced ICs are very expensive.

In the case of IC firms launching a new durable product on the Chinese market, it

appears that the Durable Enthusiasts segment should be the initial target market. A similar comment applies to a lesser extent to the Apparels Involved segment for an apparel product. As these segment members tend to engage in the information search process by themselves, the cost of reaching them should be less than that for other segments. Instead of mass media sources such as radio, television and newspapers, less costly sources of communication such as specialized magazines, pamphlets, and point of purchase materials could be used to introduce and promote the products.

National governments interested in promoting their products in China may undertake institutional advertising in specialized media vehicles in order to position their COD and COA in the forefront of Chinese consumers' thoughts, especially with members of the Durable Enthusiasts and Apparels Involved segments for the product areas of interest. They may also involve themselves in a systematic surveillance of products originating from their country so as to maintain, and possibly to enhance the country's COO reputation.

Ahmed and d'Astous (2007) found that some NICs like Mexico were perceived to fabricate products that are more reliable, innovative and stylistic than those made in China. However, these NICs suffer from an overall poor COO evaluation because their products are believed to be more costly. To succeed on the Chinese market, these countries would have to be cost-competitive in the market place. By taking a long-term perspective, firms originating from these NICs may be able to recoup the higher costs of market entry in China with higher profits in the long run when their products are accepted in the market place by gradually raising their prices over time.

According to Ahmed and d'Astous (2004), older ('baby boomers' and 'seniors') and wealthier households with children (upper and upper-middle social class) are the primary target market of fashion marketers whose home designed products are assembled in China. In the case of other markets, it might be necessary to assure consumers that the assembly is of export quality and that it is therefore of the highest standard.



## CHAPTER VII

Lastly the presence of “hybrid” products in today’s market place (those that are designed, manufactured, assembled, or used parts from various different countries) presents an opportunity for producers to stress different “origins” depending on an assessment of how receptive consumers in particular markets may be toward each. For example, in Taiwan age has been found to be positively correlated with the evaluation of COD HIC for technologically simple products (Ahmed, d'Astous and Champagne, 2005). Therefore, HIC multinationals marketing their technologically simple products in Taiwan to ‘baby boomers’ and ‘seniors’ should emphasize the country of design of their products.

Marketers have some latitude in associating their products with a particular country image. For instance, the ‘Freak’ brand of wine produced in France has been introduced in the global market place to compete against light, fresh, and clean tasting new world wines produced by the US, South Africa, Australia, Argentina and Chile. Clearly promoting a country image associated with the Freak brand has little to do with where the product was in fact produced. In this case, French marketers, faced with responses (positive or negative) based on their product’s origins were able to implement a different global strategy for consumers who prefer new world wines. Thus, France which is famous for its old world wines, can market its wines to a subculture of new world wine drinkers by using a branding strategy to provide a positive image of its light tasting wines.

In the same vein, opportunities exist for creating a subculture associated with a country’s products. As discussed earlier, this has occurred in the case of the US brands Harley Davidson (motorcycles) and Marlboro (cigarettes). Internet technology provides tools for creating virtual communities for users of products and brands associated with a country. For example, clubs to taste and appreciate American wines exist in many countries. These American wine drinking clubs can be used to promote and sell US wines. This can be done by promoting web sites where comments related to US wines are welcome. Special incentives, for example, may be given to internet web site users to participate in such virtual communities of US wine drinkers by providing them with coupons, prizes, etc., i.e., promotions related to US wines.

Obviously, this chapter raises more questions than it provides answers. Although tentative managerial implications were drawn, much more work needs to be done to delineate appropriate product classes to be studied, attitude scales to be used, market segments to enter, the nature of COO evaluations, as well as the part played by such factors as trust in enhancing the reputation of a country's products globally.

## **Research Implications**

From a research standpoint, this literature review highlighted the importance of including questions dealing with different subcultures in COO studies. Although nations have been used as a proxy for culture because it is more convenient, cultures and subcultures are not appropriately circumscribed by national and other boundaries. For example, the Indian Maya culture is prevalent in the south of Mexico and in such neighboring countries like Guatemala. The cultural and sub-cultural groupings should not be an assumed or inferred state, nor should the unit of analysis be chosen by convenience (Lenartowicz and Roth, 2001). This applies to researchers interested in COO effects, who need to include regional and sub-cultural differences in their studies where appropriate and possible. As this review has shown, these differences can be major source of variation in the evaluation of COOs. Profiling various sub-cultural groups in a nation would provide a much clearer picture of the many different perceptions and buying behaviors that are present in those environments. The study of COO is a mature area and therefore one needs to go beyond merely studying the effects of COO on product evaluations and explore topics like measuring effects of subcultures and their moderators on product and country evaluations.

Many studies in the area dealing with sub-cultures such as Laroche, Papadopoulos, Heslop and Bergeron (2003), Parameswaran and Pisharodi (2000) dealing with ethnicity-based subcultures, were carried out in North America. Similar studies need to be conducted in other geographical areas, and particularly in NICs to allow for the global generalization of results. Such studies should take into account sub-cultural groups that often extend beyond geographical boundaries, such as Arab immigrants in various European Union (a transnational grouping) countries like

## CHAPTER VII

Spain, France, Belgium, and Holland who may exhibit similar country and product evaluations. Perhaps, such language based subcultures may be further sub-divided by taking into account the national origin of the respondents. In the case being discussed, the birth country of an Arab immigrant may be Algeria, Morocco, or Tunisia with both language and country of birth exercising an influence.

Furthermore an important and interesting finding that emerged from this literature review is the prominent role of acculturation in the evaluation of foreign countries and their products. Therefore, in multicultural studies focusing on ethnicity based subcultures that are in continuous contact with one another, it would be necessary and useful to incorporate acculturation as a key variable.

Future studies should examine subcultures other than those reviewed here, in various regions of the world, in order to extend and validate research findings. This type of research is germane to countries where many different cultures are living together and/or under going rapid economic and socio-cultural changes. Thus, it would be interesting to investigate the attitudes of Hispanic communities in the US towards the product and country images of such countries as Mexico, Chile, Argentina, Colombia, Venezuela and Peru. These studies should obviously include respondents who originated from the above mentioned countries. Belgium, Switzerland, France, and Germany are also ethnically diverse countries whose member perceptions may differ from one another depending on the degree of affinity they feel towards, say, France, Germany, Turkey and Algeria. Russia, Brazil, China, India, and South Africa are also countries with different socio-economic and age-based subcultures whose members' perceptions may vary depending on the degree of admiration or antipathy they feel towards countries like Japan and the United States.

In Ahmed and d'Astous' COO research program, involvement in shopping for products like automobiles, computers, televisions, refrigerators, cameras and t-shirts was consistently related to COO evaluations, but little explanation was provided as to why this occurs. Therefore, further research is needed to get a clear picture of the relationship between shopping-related non achieved subcultures

and country and product evaluation. For example, in Ahmed and d'Astous' (2002) study, the positive correlations observed between COO perceptions of HICs and automobile involvement contrast with the negative correlations observed between COO perceptions of the same countries and VCR involvement. One tentative explanation provided by the authors for this product category interaction is that the mean level of VCR involvement was significantly lower than the automobile involvement level in the sample (mean involvement scores: 23.2 for automobiles versus 18.9 for VCR;  $p < .001$  – paired-samples t-test). One explanation is that when involvement is very low (i.e., low VCR involvement), consumers do not care very much about the product and its origin and therefore HICs are evaluated positively in a stereotypical fashion. In contrast, when involvement is very high (i.e., high automobile involvement), consumers care about the product and its origin and HICs are evaluated positively because these countries meet or even exceed consumer expectations. The less positive COO perceptions would then correspond to a medium level of involvement (i.e., high VCR involvement and low automobile involvement). Future research should address such issues.

Another promising area for future research is the identification of patterns among different kinds of product categories (consumer and industrial products and services) that may moderate the relationship between subculture and its effect on country-product perceptions. This would enable marketers in a target country to identify how different sub-cultural groups categorize different countries depending on whether it is for an industrial product, industrial service, consumer product, or consumer service. For example, industrial product purchase behavior may be strongly related to ethnic subcultures, because of each sub-cultural group's core values (e.g., individualism vs. collectivism). Thus, industrial purchasers who are members of the Chinese American subculture may be more positively inclined towards Japanese industrial products because they value long-term relationship with industrial product suppliers. Ibiza in Spain has excellent beaches along with noisy and permissive bars and night clubs. 'Y-generation' people may evaluate Ibiza much more favourably as a beach destination than 'senior' sub-culture consumers who dislike noise and noisy night life.

One area of subculture yet to be studied is urban vs. rural. Many fast growing NICs, such as China and India, exhibit large differences in income, level of consumer sophistication, and modernization between their urban and rural population. Additionally, a large number of farmers are leaving rural areas for large urban areas. Thus, there may be at least three subcultures that belong to this class of variable: urban, newly urban and rural, each showing different levels of knowledge of COOs and different preferences for product attributes. Urban dwellers might be more interested in the stylistic aspects of a product whereas rural dwellers might emphasize the economy aspect. Urban dwellers may be better informed about products from a large number of a COO. Thus, a given COO may be differentially evaluated by a consumer depending on his/her urban/rural status.

## **References**

- Ahmed, S.A. and d'Astous, A. (2007), "Shopping Behaviour, Country Attitudes and Evaluation of Countries of Origin in China," *Journal of Korean Academy of Marketing Science*, 16(2) (forthcoming).
- Ahmed, S.A. and d'Astous, A. (2004), "Perceptions of Countries as Producers of Consumer Goods: A T-shirt Study in China," *Journal of Fashion Marketing and Management*, 8(2), 187-200.
- Ahmed, S.A. and d'Astous, A. (2002), "South East Asian Consumer Perceptions of Countries of Origin: The Case of Automobiles and Videocassette Recorders," *Journal of Asia Pacific Marketing*, (1), 19-41.
- Ahmed, S.A. and d'Astous, A. (2001), "Canadian Consumers Perceptions of Products Made in Newly Industrializing East Asian Countries," *International Journal of Commerce and Management*, 11(1), 54-81.
- Ahmed, S.A. and d'Astous, A. (1995), "Multidimensional Country of Origin Effects on Product Evaluations: a Study in Morocco," *International Journal of Commerce and Management*, 5(3), 32-45.
- Ahmed, S.A. and d'Astous, A. (1993), "Cross-National Evaluation of Made-in Concept Using Multiple Cues," *European Journal of Marketing*, 27(7), 39-52.
- Ahmed, S.A., d'Astous, A. and Champagne, C. (2005), "Country Images of Technological Products in Taiwan," *Asia Pacific Journal of Marketing and Logistics*, 17(2), 44-70.
- Ahmed, S.A., d'Astous, A. and Eljabri, J. (2002), "The Impact of Technological Complexity on Consumers' Perceptions of Products Made in Highly and Newly Industrialised Countries," *International Marketing Review* 19(4/5), 387-407.
- Ahmed, S.A., d'Astous, A. and Zouiten, S. (1993), "Multi-Cue Evaluation of Made-In Concept Using Personality Variables as Moderators," in *Product-Country Images: Impact and Role in International Marketing*, N. Papadopoulos and L. Heslop (Eds.), New York: International Business Press, 197-222.

## CHAPTER VII

Alba, J.E. and Hutchinson, W. (1987), "Dimensions of Consumer Expertise", *Journal of Consumer Research*, 13(1), 411-454.

Al-Sulaiti K. and Baker, M.J. (1998), "Country of Origin Effects: A Literature Review,"

*Marketing Intelligence and Planning*, 16(3), 150-199.\_

Balabanis, G. and Diamantopoulos, A. (2004), "Domestic Country Bias, Country of Origin Effect and Consumer Ethnocentrism," *Journal of the Academy of Marketing Science*, 32(1), 80-91.

Balabanis, G., Diamantopoulos, A., Mueller, R.D. and Melewar, T.C. (2001), "Impact of Nationalism, Patriotism and Internationalism on Consumer Ethnocentric Tendencies," *Journal of International Business Studies*, 32(1), 157-175.

Balabanis, G., Mueller, R.D. and Melewar, T.C. (2002), "The Human Values' Lenses of Country of Origin Images," *International Marketing Review*, 19(6), 582-610.

Baughn, C.C. and Yarpak, A. (1993), "Mapping Country-of-Origin Research: Recent Developments and Emerging Avenues" in *Product-Country Images: Impact and Role in International Marketing*, N. Papadopoulos and L. Heslop (Eds.), New York: International Business Press, 89-116.

Bilkey, W.J. and Nes, E. (1982), "Country-of-Origin Effects on Product Evaluations," *Journal of International Business Studies*, 13(1), 89-99.

Blair M.E and Hatala, M.N. (1992), "The Use of Rap Music in Children's Advertising" in *Advances in Consumer Research*, Vol. 19, J.F. Sherry Jr. and B. Sternthal, Provo, Utah: Association of Consumer Research, 719-724.

Cateora, P. R. and Graham, J. (2001), *International Marketing*, Chicago: Irwin/McGraw-Hill.

Chao, P. (1998), "Impact of Country-of-Origin Dimensions on Product Quality and Design Quality Perceptions," *Journal of Business Research*, 42, 1-6.

Chao, P. (1993), "Partitioning Country-of-Origin Effects: Consumer Evaluations of a Hybrid Product, *Journal of International Business Studies*, 24(2), 291-306.

d'Astous, A. and Ahmed, S.A. (1993), "Country of Origin Effects as a Function of Personality Variables," in *Proceedings of the Sixth International Conference of the Academy of Marketing Science*, Istanbul, Turkey: Academy of Marketing Science, 447-450.

d'Astous, A. and Ahmed, S.A. (1992), "Multi-Cue Evaluation of Made-In Concept: A Conjoint Analysis Study in Belgium," *Journal of Euromarketing*, 2(1), 9-31.

Eroglu, S.A. and Machleit, K.A. (1989), "Effects of Individual and Product-Specific Variables on Utilizing Country of Origin as a Product Quality Cue", *International Marketing Review*, 6(6), 27-41

Goldberg, M.E. and Baumgartner, H. (2002), "Cross-Country Attraction as a Motivation for Product Consumption," *Journal of Business Research*, 55, 901-906.

Han, C.M. (1989), "Country Image: Halo or Summary Construct?" *Journal of Marketing Research*, 26(2), 222-229.

Heslop, L. A., Papadopoulos, N. and Bourke, M. (1998). "An Inter-Regional and Inter-Cultural Perspective on Sub-Cultural Differences in Product Evaluations," *Canadian Journal of Administrative Sciences*, 15(2), 113-127.

Hett, E.J. (1993), "The Development of an Instrument to Measure Global-Mindedness," *Dissertation Abstracts International*, 52, 2099A.

Issak R.E.(2002), *Managing Economic Change: International Political Economy*, 3<sup>rd</sup> ed. Upper Saddle River, NJ: Prentice-Hall.

Jackson, D.N. (1974), *Jackson Personality Form Manual*, New York: Research Psychologists Press, Inc.

Jackson, D. N. (1967), *Jackson Personality Inventory*, London, Ontario, Canada: University of Western Ontario.



## CHAPTER VII

Jackson, D.N., Ahmed, S.A. and Heapy, N.A. (1976), "Is Achievement a Unitary Construct?", *Journal of Research in Personality*, 10, 1-15.

Jackson, D.N., Hourany, L. and Vidmar, N. J. (1972), "A Four-Dimensional Interpretation of Risk Taking" *Journal of Personality*, 40(4), 483-501.

Jaffe, E.D. and Nebenzahl, I.D. (2001), *National Image and Competitive Advantage: Theory and Practice of Country of Origin*, Copenhagen: Copenhagen Business School Press.

Jamal, A. and Chapman, M. (2000), "Acculturation and Inter-Ethnic Consumer Perceptions: Can You Feel What We Feel?," *Journal of Marketing Management*, 16, 365-391.

John, I. and Rajeev, K. (2006), "The Role of Consumer Ethnicity in Country of Origin Preferences," in *Proceedings of the 35th Annual Conference of the European Marketing Academy*, G. Avlonitis, N. Papavassiliou and P. Papastathopoulou (Eds.), Athens: Greece.

Kim, C, Laroche, M. and Lee, B. (1989), "Development of an Index of Ethnicity Based on Communications Patterns among English and French Canadians," *Journal of International Consumer Marketing*, 2(2), 43-60.

Klein, J.G., Ettenson, R. and Morris, M.D. (1998), "The Animosity Model of Foreign Product Purchase: An Empirical Test in the People's Republic of China," *Journal of Marketing*, 62(1), 89-100.

Kosterman, R. and Feshbach, S. (1989), "Towards a Measure of Patriotic and Nationalistic Attitudes," *Political Psychology*, 10(2), 257-74.

Laroche, M., Papadopoulos, N., Heslop, L. and Bergeron, J. (2003), "Effects of Subcultural Differences on Country and Product Evaluations," *Journal of Consumer Behaviour*, 2(3), 232-47.

Lenartowicz, T. and Roth, K. (2001), "Does a Sub-culture within a Country Matter? A Cross-Cultural Study of Motivational Domains and Business Performance in Brazil," *Journal of International Business Studies*, 32(2), 305-325.

Leonidou, L.C., Hadjimarcou, J., Kaleka, A. and Stamenoua, G.T. (1999), "Bulgarian Consumers' Perceptions of Products Made in Asia Pacific," *International Marketing Review*, 16(2), 126-142.

Liefeld, J. P. (1993), "Experiments on Country-of-Origin Effects: Review and Meta-Analysis of Effect Size," in *Product-Country Images: Impact and Role in International Marketing*, N. Papadopoulos and L. Heslop (Eds.), New York: International Business Press, 117-156.

Lin, C.A. (2001), "Cultural Values Reflected in Chinese and American Television Advertising," *Journal of Advertising*, 30 (4), 83-94.

Maheswaran, D. and Sternhal, B. (1990), "The Effects of Knowledge Motivation and Type of Message on Ad Processing and Product Judgements," *Journal of Consumer Research*, 17(2), 66-73.

McCracken, G. (1986), "Culture and Consumption: A Theoretical Account of the Structure and Movement of the Cultural Meaning of Consumer Goods," *Journal of Consumer Research*, 13(1), 71-84.

Noble, S.M. and Schewe, C.D. (2003), "Cohort Segmentation: An Exploration of its Validity," *Journal of Business Research*, 56(12), 979-987.

Ozsomer, A. and Cavusgil, S.T. (1991), "Country-of-Origin Effects on Product Evaluations: A Sequel to Bilkey and Nes' Review," in *Proceedings of the American Marketing Association*, M.C. Gilly et. al. (Eds.), 269-277.

Papadopoulos N. and Heslop, L.A. (2002), "Country Equity and Country Branding: Problems and Prospects", *Brand Management*, 9(4-5), 294-314.

Papadopoulos, N., Heslop, L. and IKON Research Group (2000), "A Cross National and Longitudinal Study of Product Country Images with focus on the U.S. and Japan," *Marketing Science Institute*, Report # 00-106.

Parameswaran, R. and Pisharodi, R.M. (2002), "Assimilation Effects in Country Image Research," *International Marketing Review*, 19(3), 259-278.

Paswan K.P. and Sharma, D., (2004), "Brand Country-of-Origin (COO) Knowledge and COO Image: Investigation in an Emerging Franchise Market," *Journal of Product and Brand Management*, 13(3), 144-155.

Peterson, R.A. and Jolibert, A. (1995), "A Meta-Analysis of Country-of-Origin Effects," *Journal of International Business Studies*, 26(4), 83-101.

Penalosa, L. and Gilly, M.C. (1999), "Marketer Acculturation: The Changer and the Changed," *Journal of Marketing*, 63(3), 84-104.

Pharr, J.M. (2006), "Synthesizing Country-of-Origin Research from the Last Decade: Is the Concept Still Salient in the Era of Global Brands," *Journal of Marketing Practice and Theory*, 13(4), 34-45

Pisharodi, R. and Parasuraman, R. (1992), "Confirmatory Factor Analysis of a Country-of-Origin Scale: Initial Results," in *Advances in Consumer Research*, Vol. 19, J.F. Sherry Jr. and B. Sternthal, Provo, Utah: Association of Consumer Research, 706-14.

Rawwas, M.Y.A., Rajendran, K.N. and Wuehrer, G.A. (1996), "The Influence Of World Mindedness and Nationalism on Consumer Evaluation of Domestic And Foreign Products," *International Marketing Review*, 13(2), 20-38.

Rostow, W.W. (1991), *The Stages of Economic Growth - A Non-Communist Manifesto*, London: Cambridge University Press.

Samiee S. (1994), "Consumer Evaluation of Products in a Global Market," *Journal of International Business Studies*, 25(3), 579-604.

Samiee, S., Shimp, T. and Sharma, S. (2005), "Brand Origin Recognition Accuracy: Its Antecedents and Consumers' Cognitive Limitations," *Journal of International Business Studies*, 36(4), 379-398.

Schouten, T.W. and McAlexander, H. (1995), "Subcultures of Consumption: An Ethnography of the New Bikers," *Journal of Consumer Research*, 22(1), 43-61.

Schwartz, S.H. (1992), "Universalism in the Content of Values. Theoretical Advances and Empirical Tests in 20 Countries" in *Advances in Experimental Psychology*, Vol. 25, A. Zanna, (Ed), Orlando, FL: Academic Press, 1-65.

Schwendinger, H. and Schwendinger, J.S. (1985), *Adolescent Subcultures and Delinquency*, New York: Praeger.

Shiffman, L., Kanuk, L. and Das, M. (2006), *Consumer Behavior: Canadian Edition*, Toronto: Prentice Hall.

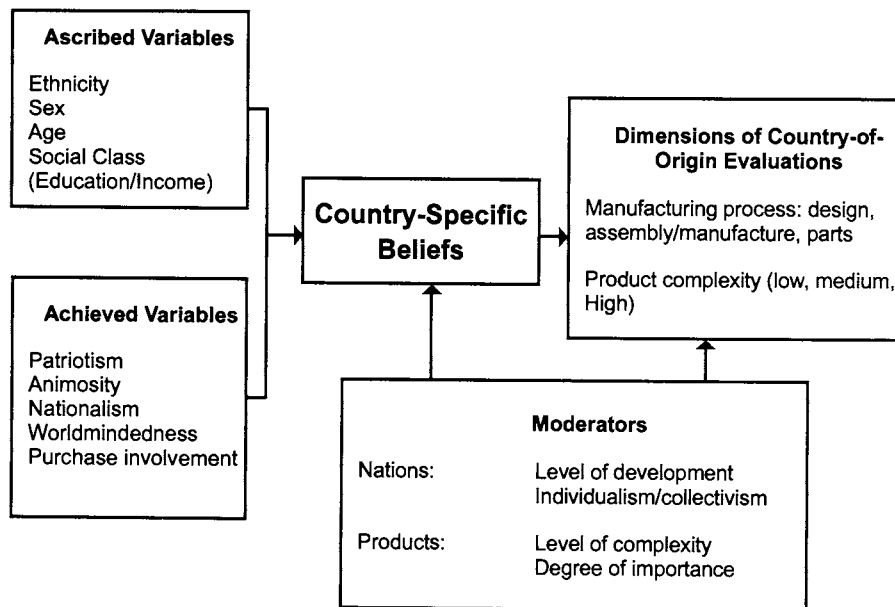
Shimp, T. A. and Sharma, S. (1987), "Consumer Ethnocentrism: Construction and Validation of the CETSCALE," *Journal of Marketing Research*, 24(3), 280-89.

Tan, C.T. and Farley, J.U. (1987), "The Impact of Cultural Patterns on Cognition and Intention in Singapore," *Journal of Consumer Research*, 13(4), 540-544.

Verlegh, P.W.J. and Steenkamp, J.-B.E.M. (1999), "A Review and Meta-Analysis of Country-of-Origin Research," *Journal of Economic Psychology*, 20(5) 521-546

Verlegh, P.W.J., Steenkamp, J.-B.E.M. and Meulenberg, T.G.M. (2005), "Country of Origin Effects in Consumer Processing of Advertising Claims," *International Journal of Research in Marketing*, 22(2), 127-139.

**Figure 7.1 A Conceptual Framework of Sub-Cultural Effects on COO Evaluations**



# Chapter Eight

## Country of Origin Effects

on Consumer Behavior

SERVICE COUNTRY-OF-  
ORIGIN EFFECTS:  
EVIDENCE FROM THREE  
COUNTRIES



# **Service Country-Of-Origin Effects: Evidence From Three Countries**

**Edward R. Bruning\***

## **Introduction**

Country-of-origin (COO) is considered an important factor in a number of purchase decisions. Previous research has indicated the strength of its role in a number of product categories: textiles and fashion clothing, automobiles, fine wines, consumer electronics, computers, and household goods to name a few more prominent applications. Over the years, COO studies have dramatized that consumers, to varying degrees, are biased towards their own country's products (e.g., Bilkey and Ness 1984; Peterson and Jolibert 1995; Al-Sulaiti and Baker 1998; Verlegh and Steenkamp 1999). The research shows that consumers hold distinct images of various nations and use them to evaluate product quality, cope with complex product information, and assess the social acceptability of their purchases. Consumers appear to use country image as a surrogate to evaluate product attributes when familiarity with the

\* Edward R. Bruning, Professor of Marketing,  
I.H. Asper School of Business, University of  
Manitoba, Winnipeg, MB, Canada



product is low, and to employ it as a summary construct when attribute familiarity is high (Han 1989). Also, country image stereotype is employed when products are manufactured, assembled or sold from developing countries—country image bias is generally negative for products from such countries. Country image is also linked to one's social group affiliations—patriotic and ethnocentric consumers tend to view the country image cue in terms of group loyalty, and are biased in favor of national versus foreign-made products. While the evidence is not completely supportive of a country bias with respect to products, it is nonetheless compelling and worthy of serious consideration when devising marketing strategies in both foreign and local markets.

But does the COO effect carry over to services? The amount of research, theoretical and empirical, that is devoted to studying the COO effect in service contexts is substantially less than for products. It is an interesting contradiction, however, that for the past sixty years many of the world's economies have relied on service industries to drive growth and prosperity, yet COO research has focused largely on product effects. One is led to the question—why the oversight? Is the COO effect relevant to services?

In the section following this introduction, I contrast services and products and follow with a discussion of the relevance of COO to service purchases. I follow in the second section with a discussion of the theoretical and empirical literature related to the service COO effect. In section three, I evaluate the COO effect in an international airline service consumption context for three populations—air travelers from Canada, the United States and Mexico. I hypothesize that the COO cue is statistically relevant and is linked to the degree of cultural similarity between own-country and foreign service-providers. My empirical results are presented in section four, followed by a discussion of the results in section five. In the chapter's final section, section six, I summarize the findings of the study, link the relevancy of the findings to the service COO literature and suggest ways the findings relate to both managers and researchers.

## Services And The Service CoO Effect

### *Characteristics of Services*

What is an international service and how does it differ from an international product? International services are defined as "deeds, performances and efforts, conducted across national boundaries in critical contact with foreign cultures" (Clark *et al.* 1996, p. 15). Unlike physical, tangible goods, services are usually regarded as performances (e.g., legal services, physician assessments), or experiences (e.g., travel excursions, sporting events), which may be primarily equipment based (e.g., airline travel, telecommunications) or people based (e.g., management consulting, independent sales representatives), or both. According to Zeithaml and Bittner (1996), services are differentiated from manufactured goods in several ways. First, they are largely *intangible*, that is, their intrinsic attributes are more difficult to ascertain compared to products. As Zeithaml and Bittner (1996) have noted, service attributes are difficult to identify and measure, which often results in a 'gap' between perceived performance and consumers' performance expectations. Much of the performance-expectation gap is attributed to the lack of specificity in detailing performance criteria (Parasuraman, Zeithaml and Berry 1985). Furthermore, concepts such as *value* and *quality* are not well differentiated and tend to be idiosyncratic to each individual. Services tend to be categorized as experience and credence goods—goods which consumers find difficult, if not impossible, to judge prior to purchase or consumption (Zeithaml 1988). Thus, services tend to introduce higher risk in the purchase evaluation process compared to most product purchases because of the limited information about intrinsic service attributes and, consequently, the difficulty consumers have in setting expectations. Consumers find it difficult to report their experiences with respect to services because they often are not capable of interpreting whether performance was excellent, good, fair, or poor. Second, services tend to be *inseparable*, that is, production cannot be separated from consumption as is found with products. Service providers and clients often work together, and the deliverable component presented to the client is often elusive. Third, services are *perishable*, meaning that they must usually be consumed at the time they are produced, or they will be lost. Finally, services are highly *heterogeneous* in the sense that, unlike products,

no single service performance is identical to another. Each service encounter is unique and often highly customized.

Services are associated with certain problems not found with products. The intangible nature of service attributes makes communicating quality features about them to consumers more difficult compared to products, whose attributes can often be specified by measurable quality standards. Because service quality is difficult to define and communicate, and, as a corollary, because consumers have difficulty in determining good quality from average or poor quality, service prices are often difficult to set and to maintain. Barriers to entry in service industries are usually very low, which also implies that economies of scale are not substantial, except in cases where service firms are protected and operate in monopoly or near-monopoly conditions. Competition is often intense among rivals, such that relatively small service providers are capable of performing at cost levels comparable to larger providers. Finally, because services are perishable, inventories cannot be stored, which implies service providers must be capable of responding to demand through immediate production. In other words, supply must be continuously responsive to demand patterns in the immediate period—peak load demand requirements establish the capacity levels a service provider must be capable of offering in any transaction.

### ***Service COO Effect***

What is the likely COO effect in the context of services? Goods that are difficult or impossible to judge, even after consumption, require consumer's to substitute accurate proxies (employ extrinsic cues) in order to evaluate quality and value dimensions (Jacoby *et al.* 1977). Intrinsic attributes are critical bits of information the consumer processes in judging products (Jacoby *et al.* 1977). In cases where intrinsic attributes are evident, with search goods for instances, the COO cue has been shown to play a secondary role compared to instances where they are less tangible and therefore more difficult to interpret, which is often found with experience and credence goods (Han 1989). In the latter case, the COO cue served as a proxy for service evaluations; and attitudes, beliefs and biases towards the foreign country's peoples and products define the information set

consumers employ to evaluate and select service providers (Ahmed *et al.* 2002). Since services tend to be less tangible than products, we should expect the COO cue to play a more central role in influencing service assessments (Javalgi, Cutler and Winans 2001). Furthermore, the more important the service is in identifying group affiliation, the more likely will be the case for the country cue to signal group affiliation values (e.g., ethnocentric, nationalistic or social group identity values) as opposed to product attributes. Ethnocentrism, nationalism and social self-identity literatures predict that individuals will over-state the value of own-group member affiliations and discount the value of out-group members because of the threat to one's in-group, either real or imagined (Sumner 1906). Furthermore, numerous examples can be found in the literature where country affiliation is an important factor in product and service choices (Shimp and Sharma 1987; Klein, Ettenson and Morris 1998; Bruning 1997).

### **Service Coo Literature Review**

As mentioned in an earlier section, the literature addressing the COO effect in services is rather sparse. The studies cited in this chapter represent the general findings regarding COO cue's influence in service settings. In total, fourteen research studies representing ten service sectors: ski resorts, retail, airlines, medical services, legal services, public services, insurance and cruise lines. Three of the fourteen studies were conducted in the US with American respondents/subjects while the others represented consumer populations in Singapore, Australia, Korea, Netherlands, Thailand, Qatar and Canada. A significant COO effect was found in all thirteen studies, although in several cases the effect size was weak. Table 8.1 organizes the details of the several studies.

**Table 8.1 : Summary of Service COO Studies**

Study	COO Effect	Service Industry	Sample Source	Major Factor
Ofir and Lehmann (1986)	Yes	Ski Resorts	US	Familiarity
Kraft and Chung (1992)	Yes	Importers	Korea	Cultural Similarity
Kaynak <i>et al.</i> (1994)	Yes	Airlines	US	Familiarity
Lascu and Giese (1995)	Yes	Retail	US	Familiarity
Harrison-Walker (1995)	Yes <sup>1</sup>	Ophthalmology	Mixed	Familiarity
Shaffer and O'Hara (1995)	Yes	Legal Services	Mixed	Familiarity and Cultural Similarity
Wetzels, <i>et al.</i> (1996)	Yes	Public Services	Netherlands	Cultural Factors
Pecotich, <i>et al.</i> (1996)	Yes	Banks and Airlines	Australia	Cultural Factors and Familiarity
Al-Sulaiti and Baker (1997) <sup>2</sup>	Yes	Airlines	Qatar	Not Reported
Bruning (1997)	Yes	Airlines	Canada	Cultural Factors
Pinkaeo and Speece (2000)	Yes	Insurance Companies	Thailand	Economic Development
Ahmed <i>et al.</i> (2002)	Yes	Cruise Lines	Singapore	<sup>3</sup> See note
Marchant and Ward (2003)	Yes	Airlines	Singapore and Australia	Cultural Factors

<sup>1</sup>Harrison-Walker found weak but significant evidence of a COO effect.

<sup>2</sup>Information about this study was extracted from Al-Sulaiti and Baker's excellent literature review of COO studies. (Al-Sulaiti, K. and Baker, M. 1998. Country of origin effects: A literature review. *Marketing Intelligence and Planning*, 16(3), 1-34).

<sup>3</sup>The authors did not attribute the COO effect to any specific factor; however, in concluding their study they alluded to the possibility that the strength of the effect could be due to national loyalty.

In terms of major stimuli that accounted for significant COO effects, the literature points to two major types: familiarity and culture. Familiarity was generally associated with the extent consumers knew about or had experience with the service situation prior to the study. Culture's influence, on the other hand, was much more varied. In some cases cultural dissimilarity was the factor that stimulated the cue, in

other cases it was contrasts in economic development, and yet in other cases ethnocentrism and nationalism appeared to be linked to the COO cue. Several studies in fact observed a multi-faceted explanation for the COO effect—both familiarity and cultural. In order to clarify the findings, I have organized the review into two discussions: studies that identified familiarity as the predominant factor in explaining the COO effect and those that suggest culture plays the prime role.

***Familiarity and the Service COO Effect***

Ofir and Lehman (1986) studied American consumers' attitudes towards ski resorts in Switzerland, Austria and France and found that the COO cue was important when resorts were not well-known. Lascu and Giese (1995) focused on a case of hypothetical start-up retailers from Germany and Mexico opening business in the US. Consistent with product COO findings, with little additional information, the authors found respondents expected the German retailer to outperform the Mexican retailer in product offerings, service levels and promotional capabilities; however, the Mexican retailer was expected to offer cheaper prices. Kaynak, Kucukemiroglu and Kara (1994) studied consumers' perceptions of foreign and international airline service delivery in the US. Familiarity with the carrier was a critical factor in determining satisfaction—consumers with little familiarity expressed more favorable attitudes towards the domestic as opposed to the international airline, whereas those more familiar with international airlines indicated no attitudinal differences. Together with past travel experiences, respondents identified reliability and price as the three most important factors used in choosing a foreign airline. The authors also indicated the results were moderated by a number of demographic factors (i.e., gender, age, occupation, economic status). Harrison-Walker (1995) focused on national stereotyping and its effects on the selection of ophthalmology services. Using students from three different countries, the authors had the subjects rank order preferences for service providers after varying the amount and type of information about each provider. They discovered no evidence of same-country bias—Americans did not overwhelmingly support American providers, nor did Japanese or Spanish providers indicate a bias towards providers from their own countries. One interesting finding they did report, however, was that American

subjects preferred an American option when no information was provided and when information was given about services offered by each provider, but that this preference did not exist when information was given about provider availability. Their findings suggest the COO cue may moderate attitudes towards foreign versus domestic service providers in situations where consumers face risks in the selection of a service provider.

Al-Sulaiti and Baker (1998) investigated quality perceptions of airlines from one's own country as well as foreign airlines. While over two-thirds of respondents preferred a local airline to a foreign one, foreign airline images were superior to local airlines, and local airlines' images were higher than local's images of Arab airlines in general. The findings are consistent with the product COO literature and dramatize the importance of information, knowledge, and risk factors in the assessment and selection context.

### ***Culture and the Service COO Effect***

Kraft and Chung (1992) compared Korean importers' attitudes towards American and Japanese export service providers and found significant differences—Koreans rated Japanese businesses higher than their American counterparts along a number of service dimensions.

Shaffer and O'Hara (1995) studied attitudes towards domestic versus foreign immigration lawyers. Basing their findings on responses from 122 conference attendees from over 30 countries, the authors discovered that trust in an American legal professional and attitudes about the American professional's ethics differed across the 30 countries. Individuals from high power-distance and low-individualism cultures perceived less trust and lower ethics for the American professional compared to those from low power-distance and high individualism societies. Their findings may reflect a difference in perceived service quality based on national cultural values; however, given the broad sweeping generalizations regarding power distance and individualism values. Another interpretation is that economic development moderates the perceptions. Countries with high power distance and low individualism national values also tend to be less developed economically,

which, if correct, are consistent with Wang and Lamb's (1983) findings regarding the level of economic development and the COO effect.

In a study conducted in the Netherlands, Wetzels, Birgelen and Ruyter (1996) found that the strength of the COO effect impacted respondent attitudes towards the provision of infrastructure services by a foreign provider. Focused on Dutch consumers of public services, the authors discovered that a person's degree of cultural openness moderates the extent of negative attitudes towards foreign providers, although demographic factors also play a role.

Pecotich, Pressley and Roth (1996) evaluated the COO effect with respect to service quality perceptions, price and purchase intentions for Australian banks and airlines. Using four countries of origin and two different brands, the authors uncovered a strong COO effect for airlines but a weaker effect for banks. Based on the results of their experiment, the authors concluded that the COO effect is mediated by consumers' experience and level of ethnocentrism—the COO effect was weaker for more experienced subjects but was stronger for subjects measuring high in ethnocentrism. Thus, according to the authors, prior experience with the service and one's cultural orientation are important factors that impact the strength of the COO effect.

Bruning (1997) also studied airlines but focused on national loyalty as one of the determining influences in the carrier assessment process. Using a conjoint experiment conducted in three Canadian provinces, the author discovered that the country effect was very strong—second only to price—and that other travel choice factors (e.g., services, flier programs, timeliness and dependability) were less important. Canadians indicated a weak but significant preference for the domestic carrier relative to the American option; however, they strongly preferred the Canadian relative to the Mexican carrier.

Pinkaeo and Speece (2000) studied the COO effect in the Thai insurance market and found that COO cue impacts prices consumers expect to pay, their quality impressions and their pride of buying. Based on the hierarchy of development argument, where products from more developed countries are expected to be



## CHAPTER VIII

preferred to products from lesser developed countries, the authors found that consumers value insurance products from developed countries higher than products from developing, or lesser developed countries.

Ahmed *et al.* (2002) examined the COO effect on consumers' quality perceptions, attitudes and purchase intentions for international cruise lines from Singapore, Malaysia and the US. The results confirmed the existence of a COO effect and reinforcing the notion that consumers use the COO cue to judge service providers. In fact, they found the COO effect stronger than the brand effects for quality and attitude ratings, although brand image was more important in explaining purchase intentions. Although they discovered that a positive COO effect could nullify a negative brand effect, the reverse was not true—a negative COO effect could not be overcome by a positive brand image.

Paswan (2003) studied loyalty to country, state and service provider (i.e., university affiliation) brands and discovered loyalty was strongest for country, followed by state and service provider, respectively. Although country loyalty differed across countries included in the study, it was more stable than either state or service provider (i.e., university) loyalty.

Marchant and Ward (2003), in their study of the international airline market between Singapore and Australia, found that airline brand, COO and price directly impacted service evaluations, but that the evaluations differed according to intra-country and sub-culture factors. They cautioned against the common practice of generalizing COO results to entire countries, particularly when populations are substantially heterogeneous.

Several studies addressed country differences with respect to the impact of warranties and guarantees on consumer evaluations (Ahmed and d'Astous 1993, 1995). These studies, however, involved tied-purchases of service-like products (warranties) in the context of an automobile purchase, rather than transactions with pure services. Furthermore, the research focused on remedial actions marketers could take given that a COO effect exists. Studies of a similar nature that focused on country differences have been conducted on export services (Seringhaus and

Botschen 1991); family medical practitioners (Schlegelmilch, Carmen and Moore 1992); university selection (Edgett and Cullen 1992; Ford, Joseph and Joseph 1993, 1999). Several service quality dimensions were found to differ across a number of countries; however, the focus was not on the COO effect per se, but on the country differences in consumer's practices and attitudes regarding services.

### **Service Cue, Country Branding And Cultural Similarity**

Findings from the service COO literature are consistent with conclusions reported by researchers studying product COO effects. First, the amount of information and the degree of familiarity about product and country attributes determines the COO effect size and valence (Ofir and Lehman 1986; Lascu and Giese 1995; Kaynak *et al.* 1994; Harrison-Walker 1995). As consumers become more familiar with a service, the COO effect diminishes in importance (Kaynak *et al.* 1994; Pecotich *et al.* 1996), although evidence also points to the possibility that, with increased knowledge about the COO and about service features, the COO cue becomes a short-cut signal for service quality (Ahmed *et al.* 2002). Second, national cultural values and the extent to which consumers are loyal to their country impacts the nature and size of the service COO effect (Pecotich *et al.* 1996; Bruning 1997). Thus, the country cue also reflects ethnic or 'national' biases favoring local versus foreign products to the extent consumers identify with the nation and base judgments about products and services based on notions of their nation relative to attitudes and ideas about other nations (Shimp and Sharma 1987; Klein, Ettenson and Morris 1998). Theoretical underpinnings of the national bias aspect of the service COO effect can be traced to the literatures focusing on nationalism (Seymore 2000), national identity (Ethier and Deaux 1994), national character (Baer and Grabb 1993), and ethnocentrism (Sumner 1906; LeVine and Campbell 1972). The common thread woven through each of these bodies of thought is that group affiliation plays an important role in an individual's economic, political and social choices. We see ourselves as individual entities; however, we also recognize that our economic and social interests depend upon our group relationships (Ethier and Deaux 1994). Thus, we tend to think and act from self-interest imperatives, but we also act from deeply held beliefs associated with our membership in a larger social collective.

Several noticeable trends have emerged in the service COO literature since the mid-1990s. One stream of scholarship focuses on country as a brand within marketing's well-established branding framework, while a second deals with country as a reflection of one's cultural identity. Within the country-branding stream, emphasis is placed on studying ways in which symbols and images about country are combined to create an appropriate set of perceptions with targeted audiences (Papadopoulos and Heslop 2002), which, if managed properly, should impact favorably upon product and service brands. Scholars have explored factors that moderate country brand image within the product category (e.g., familiarity, country similarity (economic, cultural, political), strength of regional/national/ethnic identity, level of development, animosity between nations, etc.); however, we know little about the effects of country branding as applied to services. Simonin and Ruth (2003) learned that brand nationality and fit characteristics between the service provider, situation and buyer affect consumers' attitudes towards a service. Although a main effect country bias was not observed in their study, the authors did find a significant interaction between nationality and service attributes, thus suggesting, "country-of-origin effects in event sponsorships are context specific."

Scholars from a second evolving research stream believe that people from one nation possess positive and negative stereotypes of people from other nations (Klein *et al.* 1998), that these stereotypes generalize beyond product or service categories to include valuations of the people's beliefs, attitudes and behaviors, which alters perceptions of the people, their country, their culture and products and services they produce and sell (Shimp and Sharma 1987; Klein, Ettenson and Morris 1998). In this stream, the service COO cue reflects one's group affiliation (Kraft and Chung 1992; Pecotich *et al.* 1996; Marchant and Ward 2003) and national loyalty (Bruning 1997). In recent years more studies have included cultural variables in service COO analyses along with traditional attitudinal measures about the product, the country, service satisfaction levels and purchase intentions. Scholars are now questioning the cultural significance of the COO effect in greater depth (Wetzels *et al.* 1996; Pecotich *et al.* 1996; Bruning 1997; Ahmed *et al.* 2002; and Marchant and Ward 2003).

An interesting contribution from social psychology sheds light on the relevance of focusing on the second growing research stream that addresses cultural dimensions of the service COO effect. Fiske (1982) proposed that the schematic match-up between two parties determines the extent to which relationships are made. In his writings, he emphasizes the notion of congruence—the fit between schemas or realms of understanding. Congruence can be decomposed into two important aspects: expectancy and relevancy. Expectancy is defined as the degree to which an item or bit of information fits into a known pattern or evoked structure (Heckler and Childers 1992), and could be depicted as associations consumers have about transacting with a foreign service provider, or their expectations developed from personal or secondary accounts of past customer service performance with a foreign supplier. Furthermore, expectancy is a necessary condition for congruence (Houston, Childers and Heckler 1987; Heckler and Childers 1992) and is closely linked with “familiarity” (Simonin and Ruth 1998), “knowledge” (Rao and Ruekert 1994) and “similarity” ((Rao, Qu and Ruekert 1999; Levin and Levin 2000; and Levin 2002). Thus, expectancy refers to the “expected attributes” that are common (i.e., similar) between two or more service providers. Referred to as the Similarity-Contrast (SC) process, this comparison focuses on how one’s expectations of the similarities and contrasts with respect to another person determine the positive or negative affinity between them. Furthermore, similarities and contrasts relate to both products as well as group affiliation factors. In their comprehensive review, Rosenthal *et al.* (1979) documented support for a “cultural proximity” hypothesis, which argues consumers expect culturally similar countries to “fit” together more effectively than culturally dissimilar countries. In a related study, Gudykunst and Ting-Toomey (1988) noted that the effect of cultural similarity on emotion recognition accuracy appeared to be highest for members of the same or very similar cultural group, thus reinforcing the emphasis on expectancy similarities as an explanation of positive attitudes towards others.

In summary, expectancy relates to common expected attributes (both product and group-related) between two parties. Within the context of the service COO effect, the “cultural proximity” hypothesis suggests therefore that cultural affiliations

are most likely to occur when the service relationships are 1) highly expected (i.e., the "fit" between the attributes is similar or congruent across product and social group characteristics; 2) when consumers are familiar with and aware of the product attributes of the foreign provider; and 3) when consumers perceive an identity consistence with the foreign provider.

A number of COO studies indicate that products from countries viewed as culturally similar to the home country tend to be preferred over those from culturally dissimilar countries (Heslop *et al.* 1998; Sharma *et al.* 1995). In their recent article, Laroche *et al.* (2003) argue that consumers evaluate products more favorably from countries for which they have close cultural ties. Other researchers present findings that show individuals with high own-country preferences have more favorable attitudes toward products from culturally similar countries in comparison to products from culturally dissimilar countries (Watson and Wright 2000; Klein *et al.* 1998). Using the values classification by Schwartz (1994) for cultural similarity, and a representative sample of New Zealand shoppers, Watson and Wright (2000) conclude that cultural similarity is an important consideration in the evaluation of foreign products. Culturally similar countries (Germany and the US) were more favorably evaluated compared to culturally dissimilar countries (Italy and Singapore). The results hold whether or not a local product was in competition with a foreign product. Gurhan-Canli and Maheswaran (2000) studied the extent to which cultural orientation influences COO effects on product evaluations in the US and Japan, and discovered that the COO effect is related to a country's degree of individualism and collectivism. Balabanis *et al.* (2001) report a similar finding in their study of nationalism and ethnocentrism in Turkey and the Czech Republic.

Empirical findings in branding research support a similar conclusion with respect to brand similarity between competing brands and consumer's response to both brands. Levin and Levin (2000) found that a brand's success depends on the degree to which its image is 'similar' to that which consumers are led to expect. Furthermore, greater similarity among individual brands encourages more consumer acceptance of both brands. In essence, consumers assimilate information about individual brands more readily when competitor brands are similar. In the case of

substantial differences or 'contrasts' among member brands, less acceptance is likely because it costs consumers more to gather and process information (Levin, 2002).

Therefore, based on the predictions of the Similarity-Contrast processing model and the theoretical and empirical support found for the "cultural proximity" hypothesis, I propose two hypotheses to explain the service COO effect in the international airline sector. The first hypothesis asserts the expected relationship that own-country preferences will exceed preferences for foreign airlines:

H<sub>1</sub>: In evaluating airline service performance, consumers will display a positive *preference for their own-country carrier relative to a foreign carrier.*

With respect to the second hypothesis, we know that brand similarity and brand familiarity affect consumers' attitudes towards brands and, ultimately, preferences towards the products these images reflect. We also know that individuals do not judge all groups equally. Research on ethnocentrism, nationalism, national identity, national character and national loyalty suggests that consumers will respond to product and service providers differently, depending on the relative similarity between the provider, the consumer and her group. Evidence suggests that attitudes towards a foreign service supplier will be affected by the degree of cultural similarity between the consumer and the service provider—greater cultural similarity will result in higher service provider assessments. Therefore, my second hypothesis is:

H<sub>2</sub>: In evaluating airline service performance, consumers will prefer service providers from

*countries that are culturally proximate to them relative to those culturally more distant.*

In the sections that follow, I present a test of the two hypotheses using data collected from Canadian, American and Mexican air travelers.

### **Methodology**

#### ***Research Design***

The focus point of the conjoint exercise is a hypothetical 2000 mile trip between two unspecified points. The instrument involves twenty scenarios (four of these are hold-out scenarios) with various trip attribute combinations and a rating form for subjects to indicate trip bundle preferences based on a nine-point preference scale. Attributes selected for inclusion in the experiment are suggested by previous research in marketing and transportation (Bruning 1997; Green and Wind 1975). The six attributes are: price, in flight service, number of stops, on time performance, country of carrier, and whether a flyer mileage program is offered. Price is represented as three levels—low medium and high. In-flight service is characterized by being at low, medium and high levels. Low in-flight service is defined as the scenario of poor selection of magazines, no newspapers, no meals, to few attendants for quick service, poor music quality, noisy aircraft and inhospitable staff. Moderate service is defined as the scenario of at least one interesting magazine, no newspaper, cold sandwich and dessert, satisfactory speed of service, reasonable music quality, aircraft not too noisy and congenial staff. The high in-flight service is characterized as having a good selection of newspapers and magazines, a hot meal, quick service, clear music and a movie, quiet aircraft and excellent staff. All other attributes and their levels—number of stops (i.e., non-stop, one-stop and two-stops), on time performance (95%, 85%, 70% for high, medium and low levels, respectively), and existence of a frequent flyer program (yes or no) are presented in Table 8.2. The country of carrier attribute (three levels) is our proxy for the relative importance of the national identity in the air carrier selection process and thus the national bias variable in our analysis. Table 8.2 presents the six attributes and their respective levels.

**Table 8.2 : Conjoint Experimental Attributes and Attribute Levels**

	Attribute Levels		
Attribute	Low	Moderate	High
Price	\$560	\$685	\$779
In-flight Service	Low	Medium	High
Number of Stops	2 Stops	1 Stop	Non-Stop
On-time Performance	70%	85%	95%
Flyer Program	No		Yes
Carrier Country	Mexico	US	Canada <sup>1</sup>
	Japan	Switzerland	Canada
	Malaysia	New Zealand	Canada
	Singapore	S. Africa	Canada
	Spain	G. Britain	Canada

<sup>1</sup>US is substituted for Canada in the American sample and Mexico

is substituted for Canada in the Mexican sample.

We employ a full-profile, main effects presentation method to air traveler subjects. The specific attribute level combinations presented in the scenarios are determined based on a fractional factorial design yielding 16 combinations (Cochran and Cox 1957). Orthogonal arrays are used to determine the appropriate combinations necessary for effectively estimating main effects. As mentioned earlier, four hold-out scenarios are used to test the predictive validity of the conjoint model. As well, a hold-out sample of Canadian air travelers from the several airports are used to compare actual and predicted values of the dependent variable. Individual ratings of the experimental scenarios are based on a nine-point preference scale and serve as the dependent variable while the six attribute levels are effect coded (1, 0, -1) independent variables representing the six flight-specific attributes. OLS regression is employed to estimate individual as well as aggregate part-worth coefficients associated with each attribute level (i.e., low, medium, and high price;



low medium and high service, etc.). Our procedures are commonly applied in studying marketing phenomena (Hair anderson, Tatham and Black 1995; Green and Srinivasan 1978; Churchill 1999).

Typically, the disaggregate approach is used to interpret conjoint results. However, an aggregate analysis will be conducted since our study focuses on values of the national bias attribute to determine the extent of consumer bias among airline participants. The aggregate approach has been supported when the purpose is to understand and predict aggregate behavior (Hair et. al., 1995). Our primary purpose in the analysis is to understand aggregate preferences for own-country airline rather than to predict individual airline choices based on these preferences.

**Service COO Cue.** In the study, the Service COO cue is defined as the country in which the airline is domiciled and is comprised of: a home country carrier and two foreign carriers included in a hypothetical trip that is presented to respondents in a scenario. In order to test for the existence of a service COO effect, five different combinations of countries are included as stimuli in the conjoint scenarios. Specifically, of the approximately 400 respondents interviewed at each collection site, one-fifth of study respondents received conjoint scenarios that required evaluations between Canadian, Mexican and US carriers. Another one-fifth completed exercises where Japan, Switzerland and Canada were represented. One-fifth of the respondents were presented with scenarios including New Zealand, Malaysia and Canada. One-fifth viewed Great Britain, Spain and Canada. Finally, one-fifth evaluated scenarios that included Singapore, South Africa and Canada as the airline options. Thus, each of the five combinations is equally distributed among respondents in each of the sample sites in Canada and the US. The inclusion of eleven different country-of-carrier stimuli (ten foreign countries and an own-country carrier) in the conjoint analysis provides the ability to determine whether positive or negative Service COO bias exists when choosing between domestic and foreign airlines (the basis for *hypothesis 1*). Furthermore, analyzing the results according to whether the carrier alternatives were airlines from English-language or non-English-language countries allows us to determine whether any biases that exist in the data are due to cultural dissimilarities (the basis for testing *hypothesis 2*).

***Sampling Design***

As mentioned in the prior section, data were collected at sites in Canada and the US-Canada traveler data were collected in Halifax, Montreal, Quebec City, Winnipeg, Calgary and Vancouver. Samples of US respondents were collected in Seattle, Denver, Phoenix, Birmingham, Columbus and Syracuse. All Mexican interviews were collected in Houston as it serves as a major gateway for Mexican travelers coming into the US. A convenience sample design was employed to select respondents and administer the conjoint instrument. Each administration required approximately 17 minutes to complete. The goal was to collect 400 interviews from each site, although in several cases slightly less than 400 people were interviewed. A total of 4,701 (2,244 for the US, 1,855 from Canada and 622 from Mexico) air travelers participated in the conjoint exercise and follow-up survey. A purposive sample design was employed to identify and collect information from the sample units. Based on Canadian air traveler statistics, interviewers attempted to balance the sample according to gender, age, and departure times and days. Interviewers were instructed to randomly select passengers from the participating airports based on seat locations within departure gate areas. Each selected traveler was screened in terms of 1) Canadian citizenship, 2) local residency, 3) gender, 4) dominant language spoken and 5) age of traveler (interviewers attempted to balance the sample age distribution with the historical age profile for Canadian air travelers in general). The questionnaire was translated from English into French for participants whose dominant language was French. A double-back translation method was employed to assure accuracy in the translated items. We interviewed only citizens from each of the local areas in order to reflect the demographic characteristics of the population in each city sample.

### **Results**

#### ***Model Validation and Reliability***

An additive composition rule is presumed to operate in the air travel population. That is, travelers are presumed to simply "add up" the values of each attribute (the part-worth estimates) to get the total preference value for a given combination of attributes. Furthermore, we are treating the relationships among levels of an attribute as linear. Preliminary tests indicated that a linear relationship exists among the levels of all price and service attributes. For example, with respect to the price attribute, high prices reflect lower part-worth values than medium prices and medium prices incurred lower part-worth values than low prices. Thus, part-worth estimates are inversely related to price levels. An opposite relationship is observed for the service attributes (in-flight service, number of stops and on-time performance): service levels and part-worth estimates are positively related across all service attributes.

Five waves of pre-tests confirmed that respondents recognized the relevance of each attribute in the conjoint exercise and distinguished between the levels of each attribute. Preliminary analyses demonstrated that subjects identify \$560 as the low price, \$685 the moderate level price, and \$779 as the high price. In-flight services, defined as low, moderate and high, were successfully confirmed as well. Respondents were completely in agreement that the number of stops and on-time performance levels were appropriately identified as low, medium and high.

In designing the study, we wanted to assure accuracy in the estimated models at each city site. For the aggregate analysis, therefore, we used a holdout sample of respondents at each regional airport to assess predictive accuracy. The correlation coefficients measuring the relationship between actual and predicted preference ratings exceeded .90 ( $p < .01$ ) across all sample sites. The results are strong indications of the conjoint estimating models predictive accuracy.

#### ***Sample Representativeness.***

The sample characteristics are reported in Table 8.3. Age and gender ratios across the three country samples are compatible with population proportions reported

in earlier studies (Bruning 1997). Mexican participants were slightly younger and somewhat less familiar with airline travel compared to Canadian and American travelers. Canadian and American respondent samples were quite similar with regard to traveler age, familiarity and usage (average number of trips taken per year). A statistically significant difference, however, was observed in gender split—the proportion of Canadian males was higher than the proportion of American males. Considering all factors, however, the samples are quite comparable and conform closely to average values reported in previous research (Bruning 1997).

**Table 8.3 : Descriptive Statistics for Selected Traveler Variables**

Variable	Canada	US	Mexico
Age	44%	42%	39%
Gender			
Male	62%	53%	60%
Female	38%	47%	40%
Familiarity	4.9	5.0	3.2
Average Trips			
Domestic	3	5	0
International	1	1	1

### ***Importance of Flight Attributes***

Respondents from the three countries differed in terms of the relative importance placed on each of the six flight attributes. Table 8.4 reports the mean importance figures for each country sample. Canadian travelers place equal weight on price, service and number of stops, whereas US and Mexican travelers distinguish between them. Americans place greater importance on Price and Number of Stops, and less importance on Service, Mileage Programs and Service COO Cue. Mexicans value Service and On-Time Performance above Price and Number of Stops. Like Canadians, both Mexicans and Americans value Mileage Programs and the Service COO Cue significantly less than Price, Service and Number of Stops.

**Table 8.4 : Relative Importance of Six Flight Attributes:  
Canadian, US and Mexican Samples**

<i>Attribute</i>	<i>Canada</i>	<i>US</i>	<i>Mexico</i>
Price	24%	29%	18%
Service	25%	20%	28%
Number of Stops	26%	26%	20%
On-Time Performance	14%	11%	28%
Mileage Program	5%	6%	2%
Country of Carrier	6%	7%	4%
Adj. R-square	.404	.414	.363
SEE	1.677	1.787	1.956
n	1855	2244	602

The summary statistics for the regression analyses reported in Table 8.4 are nearly identical for the three samples. Measures of goodness of fit (i.e., adjusted R<sup>2</sup> values) center around .400, and standard errors of the estimates (SEE) are respectably low and consistent across the three country samples. The slightly larger SEE for the Mexican sample is likely due to it having a smaller sample size compared to Canadian and American samples. In brief, the diagnostic indicators suggest a consistent and accurate modeling of the conjoint relationships has occurred.

#### *Service COO Effect Comparisons*

**Japan and Switzerland.** Table 8.5 reports part-worth values for the Canadian, Mexican, and US samples for the sub-samples presented the conjoint exercise with Japan and Switzerland as foreign carrier choices respondents evaluated along with Canadian, Mexican and US air carriers.

**Table 8.5 : Service COO Effects:  
Canada, US and Mexico compared to Japan and Switzerland**

	<b>Canada</b>	<b>US</b>	<b>Mexico</b>
Japan	-.280 **	-.178*	-.161**
Switzerland	.037	-.079	-.044
Canada	.230 **		
US		.245**	
Mexico			.118**

\*\* significant at  $p < 0.01$  level.

\* significant at  $p < 0.05$  level.

As is evident in Table 8.5, Canadians differ from Americans and Mexicans in their assessments of Japanese and Swiss airlines. When presented with the option of flying with a Japanese carrier, Canadian respondents' trip assessments changed by -.280 on a nine-point scale, indicating a loss of perceived benefit flying with a Japanese airline. Canadian utility levels, however, were not significantly affected when the Swiss carrier was identified as the carrier in the scenario (.037); however, they were positively affected when the option was to fly with a Canadian carrier (.230). American respondents responded negatively to the Japanese option (-.178) (although they were less negative than the Canadian's), thus indicating a significant drop in utility when the Japanese airline was the chosen carrier in the scenario. Unlike the Canadians, however, American respondents were indifferent to the Swiss carrier (-.079)—their utility was not enhanced or reduced with it as the identified carrier in the scenario. Likewise, Mexicans experienced a loss in utility with the Japanese carrier (-.161), were indifferent to the Swiss carrier (-.044), and experienced a positive effect when the Mexican carrier was presented in the scenarios (.118). In summary, the results provide support for hypothesis 1, which states that a positive Service COO effect exists. Hypothesis 2 was also supported—travelers will prefer airlines from countries more culturally similar to their own. In this case, the Swiss carrier received higher assessments than the Japanese carrier, which is from a more dissimilar country and whose presence in the scenarios actually led to reduced assessments for all respondents.

**Malaysia and New Zealand.** Table 8.6 reports the effects upon respondent utility functions when the conjoint scenarios included Malaysia and New Zealand as foreign carrier options. The pattern is very similar to that reported for Japan and Swiss airlines. The Canadian sample reported the greatest disutility (-.457) for scenarios depicting them traveling with a Malaysian carrier, and a substantially higher utility for scenarios with the Canadian carrier as the option (.342). Canadians were indifferent about flying with an airline from New Zealand (.073). Similar to the Canadians, American and Mexican travelers reported lower assessments (-.139 and -.230, respectively) with the airline from Malaysia. Americans and Mexicans also demonstrated their approval of scenarios containing each of their own-country's airlines (.501 and .223, respectively). Although Americans regarded the New Zealand airline quite positively (.230), Canadians and Mexicans were indifferent. These findings provide support for both study hypotheses: travelers indicate a significant positive Service COO effect (hypothesis 1) and they indicate a significantly lower evaluation of the airline most culturally distant (hypothesis 2).

**Table 8.6 : Service COO Effects:**

**Canada, US and Mexico compared to Malaysia and New Zealand**

	Canada	US	Mexico
Malaysia	-.457**	-.139	-.230**
New Zealand	.073	-.482**	.006
Canada	.342**		
US		.501**	
Mexico			.223**

\*\* significant at  $p < 0.01$  level.

\* significant at  $p < 0.05$  level

**Singapore and South Africa.** Table 8.7 identifies the part-worth attribute values associated with travel scenarios that included airlines from Singapore and South Africa. In the Table, the data demonstrate that Canadians and Americans lowered their service assessments

## Service Country-Of-Origin Effects: Evidence From Three Countries

(-.361 and -.356, respectively) when the Singapore airline was presented. At the same time, both groups indicated indifference with respect to the South African airline (-.013 and .014, respectively) and provided their highest scenario assessments when the airline was from their own country (.419 for Canadians and .345 for Americans). Mexicans were indifferent towards the Singapore carrier, and they were equally indifferent towards their own-country carrier as well. Yet they displayed a significant but minor drop in assessments when the South African airline was evident. Thus, hypotheses 1 and 2 are supported by the Canadian and American data, but do not receive support from the Mexican sample—all Mexican part-worth coefficients were either insignificant or weakly significant.

**Table 8.7 Service COO Effects:  
Canada, US and Mexico compared to Singapore and South Africa**

	Canada	US	Mexico
Singapore	-.361**	-.356**	.084
S. Africa	-.013	.014	-.116*
Canada	.419**		
US		.345**	
Mexico			.003

\*\* significant at  $p < 0.01$  level.

\* significant at  $p < 0.05$  level

**Spain and Great Britain.** Respondents from all three countries reported reductions in assessments with scenarios that included the Spanish airline. The findings in Table 8.8 report that Canadians' assessments declined the greatest (-.340), followed by Americans' (-.111) and Mexicans' (-.107). Whenever the British carrier was presented in the scenarios, however, Canadian assessments improved (.126), as did the Mexican's (.107); however, American evaluations fell (-.179). Canadian assessments were by far highest when a Canadian carrier was presented (.345), Americans also rated their own-carrier the highest of the three airlines (.294); however, Mexicans, on the other hand, were indifferent between having their own-



country carrier or a foreign carrier included in the scenarios (.015). The results thus support hypotheses 1 but not hypothesis 2.

**Table 8.8 Service COO Effects:  
Canada, US and Mexico compared to Spain and Great Britain**

	Canada	US	Mexico
Spain	-.340**	-.111*	-.107
G. Britain	.126*	-.179**	.107
Canada	.345**		
US		.294**	
Mexico			.015

\*\* significant at  $p < 0.01$  level.

\* significant at  $p < 0.05$  level

**Canada, US and Mexico.** Table 8.9 presents Service COO values associated with scenarios presenting Canadian, Mexican and American airlines—Canadian travelers evaluated scenarios with foreign carriers from the US and Mexico, Americans assessed scenarios with Canadian and Mexican foreign airlines and Mexicans evaluated scenarios with Canadian and American air carriers. The evidence presented in Table 8.9 points out that Canadians incur the highest Service COO effect of the three groups (.421), the Mexicans the second highest (.312), and the Americans the lowest (.267). It also indicates Canadians lowered their assessments for scenarios with US and Mexican carriers, while Mexicans' assessments were lowest when a Canadian (-.107) or a US (-.205) carrier was included. American assessments, however, fell when a Mexican carrier was the airline described in the scenario (-.342), and were neutral when a Canadian airline was described (.057). The results, therefore, are quite mixed. Hypothesis one is supported for all three groups; however, the second hypothesis, which deals with the cultural proximity thesis, is supported with the Mexican data, and only partially supported with the American and Canadian data. Mexicans respond negatively in their assessments when a foreign carrier from a culturally distinct society is included (-.205 for the American airline and -.107 for the Canadian airline). The Americans, on the other

## Service Country-Of-Origin Effects: Evidence From Three Countries

hand, indicate more negative assessments of the Mexican carrier (-.342), which is consistent with the cultural proximity hypothesis, but are neutral with regards to the Canadian carrier, which is weakly supportive of the hypothesis. We would expect a positive significant Service COO effect in the Americans evaluating Canadian carrier case. Canadians, on the other hand, lend support to the cultural proximity hypothesis when the Mexican carrier is identified, but rather than assess American carrier scenarios in a positive light, they in fact reduce their assessments of scenarios with American carriers.

**Table 8.9 Service COO Effects:  
Canada, US and Mexico**

	<i>Canada</i>	<i>US</i>	<i>Mexico</i>
Canada	<b>.421**</b>	.057	-.107*
US	-.204**	<b>.267**</b>	-.205**
Mexico	-.186**	-.342**	<b>.312**</b>

\*\* significant at  $p < 0.01$  level.

\* significant at  $p < 0.05$  level

### Average Service COO Effects and Cultural Similarity

The results presented in Tables 8.5 through 8.9 illustrate differences in service COO effects for samples from each of the three countries—Canada, the US and Mexico. In Table 10, I have compiled average Service COO Effect scores according to cultural sub-groupings—Asian, English-speaking, Spanish-speaking, Other and Own-country. The sub-groupings are comprised of the following countries' airlines: Asian—Japan, Singapore and Malaysia; English-speaking—Great Britain, New Zealand, Canada, the US and South Africa; Spanish-speaking—Spain and Mexico, Other—Switzerland and Own-Country—Canada, the US and Mexico. Referring to Table 8.10, when Canadians evaluated scenarios containing a Canadian carrier, average Service COO effects were highest, which lends strong support for hypothesis one. Table 8.10 also shows that Canadians, on average, significantly reduced their trip scenario assessments whenever airlines were from Asian (-.366) or Spanish-speaking (-.180) countries. According to Hofstede (2001), Canada differs from each of the countries

## CHAPTER VIII

contained in the Asian and Spanish-language sub-groups along his five cultural dimensions. Thus, the differences reported in Table 8.10 comparing Service COO Effects for airlines from own-, Asian and Spanish language countries are significant, which supports the second study hypothesis the "cultural proximity" hypothesis. Canadians did not indicate a strong positive Service COO bias towards airlines from English-language countries; however, the effect for English-language based airlines is significantly more positive than the effect for Asians or Spanish-language airlines. Americans displayed a Service COO Effect pattern nearly identical to the Canadians, except the Asian and Own-Country biases are less pronounced (-.224 versus -.366 for the Canadians in terms of the Asian sub-group and .330 versus .445 for the Own-Country measure). Mexican respondents were considerably different from both other country samples in their responses to the ethnic groups. They were much less biased against Asian and Spanish-language airlines, slightly more negative with regards to English-language airlines and substantially lower in their assessment of their country airline. Although both hypotheses one and two are supported by results from all three country samples, Mexicans were substantially lower in overall bias towards airlines from culturally dissimilar countries compared to Canadians and Americans, and displayed less bias towards their own country's carrier relative to the other two sample groups.

**Table 8.10 : Average Service COO Effects by Country Sample and Cultural Group**

<b>Cultural Group</b>	<b>Canadian</b>	<b>American</b>	<b>Mexican</b>
Asian	-.366	-.224	-.102
English-language	-.002	.074	-.108
Spanish-language	-.180	-.227	-.107
Other	.037	-.079	-.044
Own-Country	.445	.330	.134

## **Discussion And Conclusions**

Data from the three country samples strongly support the existence of a Service COO Effect for air travelers in the three countries studied in this chapter, which is quite consistent with the literature dealing with Product COO Effects. Findings point to a significant effect in recreation and leisure activities, retail, medical and legal services, banking, public services, insurance and air travel. Furthermore, theoretical arguments have been offered that suggest the effect may be stronger for services than it is for products because of the greater role relationship's play in satisfying customer service quality demands. Based on the type of service—search, experience or credence the Service COO Effect may be more or less prominent. Search-type services are likely to require less information, less contact and may allow the buyer to depend less on the service. Hence, with fewer demands in the relationship, the country of origin cue becomes less important for buyers and sellers. As information requirements increase, or as service quality becomes more difficult to determine through direct observation, testing, or through word-of-mouth, the importance of the buyer-seller service relationship heightens and, consequently, the cultural backgrounds and orientations of the parties take on greater meaning. The "cultural proximity" hypothesis predicts buyers will seek out and prefer to deal with service suppliers that are similar to them, that communicate effectively with them, and with whom they can trust. Suppliers whose cultures are dissimilar to the buyers' are less likely to develop the same degree of trust and commitment, and will likely receive lower service performance assessments. Thus, my model of the Service COO Effect is based on the notion that higher service ratings are a result of the extent of similarity between buyer's and seller's cultures as well as the intrinsic attribute values buyers associated with the services and the service provider.

The study hypotheses were tested with data from three different populations—Canadian, American and Mexican air travelers. An extensive set of steps involving data collection, data cleansing, processing and analysis led to the conclusions reported in the earlier section. I relied on conjoint analysis to isolate the Service COO Effects as well as the size and signs of the intrinsic attribute values. A conjoint exercise requires respondents to make judgments about travel service options

based on the trade-off between intrinsic and extrinsic attributes as presented in the various scenarios (i.e., price, services, on-time performance, number of stops, and air mileage program plus the origin of the airline provider). Using a combination of travel scenarios and five sets of airlines from ten countries (certain carriers that were culturally similar and others quite dissimilar with regard to the respondents from the three populations), I was able to extract the relative effects of each of the intrinsic attributes as well as the Service COO Effect—the airline's home country.

The results from the conjoint experiment supported both study hypotheses—the Service COO Effect is positive and statistically significant; and, furthermore, cultural similarities between traveler and service provider influence the size of the Service COO Effect. Not only are consumers biased in favor of their own country's service suppliers, they also appear to transfer positive attitudes to suppliers from countries more culturally similar to them rather than to those who are more dissimilar. Secondly, although the bias pattern appears to be the same across the study samples, the absolute magnitude of the effect differs markedly for specific country pairings. For example, Canadians were clearly supportive of all English-language airlines except the US carrier. A similar pattern was observed for American travelers, although Americans did not reduce service assessments whenever a Canadian airline was presented in the scenarios—unlike Canadian assessments when US airlines were presented. Perhaps it is animosity (Klein et al. 1998) or the perceived existence of a cultural threat by a large neighbor (Sumner 1906; LeVine and Campbell 1972) that leads Canadians to think less of American providers; nonetheless, the findings suggest several moderators and mediators may impact the Service COO Effect before its essence is transferred to intentions and behaviors. Earlier, I discussed the informational and relational characteristics of services as a category (e.g., information requirements, the ability to confirm intrinsic attribute values, social acceptance, etc.) and suggested that services with transparent attributes that do not require large information investments, or services that do not threaten one's social status or group norms, may incur a Service COO Effect that is relatively low—that is, low relative to less transparent, higher information cost and socially important services.

The generalizations from the study's findings have important implications for Service COO researchers as well as practicing service providers. First, the results confirm the existence of a positive Service COO Effect; however, they also imply that the specific cultural mix between consumers and providers is important in determining the size of the effect. Data reported in Tables 8.5 through 8.10 reflect several relevant patterns. First, Canadians and Americans displayed strong negative Service COO Effects with respect to Asian and Spanish-language airlines. Mexican respondents, on the other hand, while displaying a positive Service COO Effect, were much more accepting of both Japanese and Spanish-language airlines. In fact, their Service COO Effect values generally were significantly lower for Asian and Spanish-language airlines compared to Canadians or Americans. Given differences between Canada, the US and Mexico one may conclude the existence of an economic development bias. Is the Service COO bias related to the degree of economic development of the provider's country as Wang and Lamb (1983) have argued in the case of products? The data suggest that economic development is not the critical factor. In terms of intrinsic attributes, all three samples identified Price and Service—or some form of service—as the most relevant criteria they use to evaluate airline services. Therefore, respondents are general in agreement about the dominant factors important in assessing an airline. The size of the Service COO Effect across the three samples was quite negative for Asian carriers, regardless of their stage of development. Japanese and Singaporean airlines received as low a rating from American and Canadian travelers as Malaysia. Also, South Africa's airline was rated higher than Japan's, Singapore's and Spain's, in spite of its lower economic development stage. The fact that Canadians, Americans and Mexicans gave low assessments to countries from both developed and developing countries suggests that development is not the critical factor explaining variations in Service COO Effects. It is interesting that such a negative perception exists for the Asian carriers as both Japan and Singapore are very prosperous, well developed societies with highly developed air. Malaysia, while perhaps still in the early-to-mid stages of development, nonetheless, has gained wide spread respect for its economic "miracle" and rapid progress over the past two decades. Furthermore, its national airline has garnered respect as a

value-based carrier and a vital member of one of the prominent international air alliances. Thus, the low evaluation assigned to Asian carriers from the three NAFTA samples (particularly from Canadians and Americans) is likely a reflection of social distance and cultural biases rather than inferior flight-specific attributes or country stage of economic development.

This study has dramatized that the Service COO Effect is as prominent in services as in products—perhaps even more prominent. Researchers are advised to search for moderating and mediating factors that affect biased perceptions and attitudes that lead to consumer judgments and decisions. Service providers should understand the antecedents to forming sound relationships. The literature in relationship marketing, which has been translated into the popular management press, is quite useful in describing ways managers can enhance service quality and performance. Most importantly, a vital lesson from the relationship marketing literature is that service connections between buyers and sellers are built on trust, commitment and forms of bonding that help nurture the relationship through time. This study reinforces an important point: enhancing familiarity by providing information and encouraging learning in a service relationship greatly reduces the likelihood of incurring a negative Service COO Effect. It also points to the importance played by group-based attitudes and evaluative processes that influence the nature and size of the Service COO Effect. Researchers and service providers will gain a clearer understanding of the Service COO Effect by understanding similarities and differences between the cultures of service providers and their customers.

## **References**

- Ahmed, S. and d'Astous, A.(1993), "Cross-national evaluations of made-in concept using multiple cues," *European Journal of Marketing*, 27(7), 39-52.
- Ahmed, S. and d'Astous, A.(1995), Comparison of country of origin effects on household and organizational buyers' perspectives," *European Journal of Marketing*, 29(3), 35-51.
- Ahmed, Z. Johnson, J. Ling, C. Fang, T. and Hui, A.(2002), "Country-of-origin and brand effects on consumers' evaluations of cruise lines," *International Marketing Review*, 19(2/3), 279-302.
- Al-Sulaiti, K. and Baker, M.(1998), "Country of origin effects: a literature review," *Marketing Intelligence and Planning*, 16(3), 1-34.
- Baer, D., Grabb, E., and Johnston, W.(1993), "National character, regional culture, and the values of Canadians and Americans," *Canadian Review of Sociology and Anthropology*, 30(1), 13-36.
- Balabanis, G., Diamantopoulos, A., Mueller, R., and Melewar, T.(2001), "The impact of nationalism, patriotism, and internationalism on consumer ethnocentrism tendencies," *Journal of International Business Studies*, 32(1), 157-175.
- Bilkey, W. and Ness, E.(1982), "Country-of-origin effects on product evaluations," *Journal of International Business Studies*, 13(1), 89-99.
- Bruning, E.R.(1997), "Country of origin, national loyalty, and product choice: the case of international air travel," *International Marketing Review*, 14(1), 59-74.
- Churchill, G. (1999), *Marketing Research. Methodological Foundations*, Dallas: Dryden Press.



Clark, T. Rajaratnam, D. and Smith, T.(1996), "Toward a theory of international services: marketing intangibles in a world of nations," *Journal of International Marketing*, 4(2), 9-28.

Cochran, W. and Cox, G. (1957), *Experimental Designs*, New York: John Wiley & Sons.

Edgett, S. and Cullen, C.(1993), "Service organization selection: a cross-sectional analysis of the role of involvement," *European Journal of Marketing*, 27(2), 33-45.

Ethier, K.A. and Deaux, K.(1994), "Negotiating social identity when contexts change: maintaining identification and responding to threat," *Journal of Personality and Social Psychology*, 67,243-251.

Fiske, S.(1982), "Schema-triggered Affect: applications to social perception in affect and cognition," *The Seventeenth Annual Carnegie Symposium on Cognition*. M. Clark and S. Fiske, Eds. Erlbaum, Hillsdale, NJ, 55-78.

Ford, J. Joseph, M. and Joseph, B.(1993), "Service quality in higher education: a comparison of universities in the United States and New Zealand using SERVQUAL," *Proceedings of the American Marketing Association*, Summer, 75-81.

Ford, J. Joseph, M. and Joseph, B.(1999), "Importance-performance analysis as a strategic tool for service marketers: the case of service quality perceptions of business students in New Zealand and the USA," *Journal of Services Marketing*, 13(2), 171-186.

Green, P. and Srinivasan, S.(1978), "Conjoint analysis in consumer research: issues and outlook," *Journal of Consumer Research*, 5, 103-23.

Green P. and Wind, Y.(1975), "New way to measure consumers' judgments," *Harvard Business Review*, July-August, 107-17.

Gudykunst, W. and Ting-Toomey, S.(1988), "Culture and affective communication," *American Behavioral Scientist*, 31, 384-400.

Gurhan-Canli, Z. and Maheswaran, D.(2000), "Cultural variations in country of origin effects," *Journal of Marketing Research*, 37(3), 309-317.

Hair, J.F. Jr. Anderson, R.E. Tatham, R.L. and Black, W.C.(1995), *Multivariate Data Analysis with Readings* (4<sup>th</sup> ed.), Upper Saddle River, NJ: Prentice Hall, Inc.

Han, C.(1989), "Country image or summary construct?," *Journal of Marketing Research*, 26(2), 222-229.

Harrison-Walker, L.(1995), "The relative effects of national stereotype and advertising information on the selection of a service provider: an empirical study," *Journal of Services Marketing*, 9(1), 47-59.

Heckler, S. and Childers, T.(1992), "The role of expectancy and relevancy in memory for verbal and visual information: what is incongruity?" *Journal of Consumer Research*, 18(4), 475-492.

Heslop, L. Papadopoulos, N. and Bourke, M.(1998), "An interregional and intercultural perspective on subculture differences in product evaluation", *Canadian Journal of Administrative Sciences*, 15(2), 113-127.

Hofstede, G.(2001), *Culture's consequences: comparing values, behaviors, institutions, and organizations across nations*, Second Edition, Thousand Oaks, CA: Sage Publications.

Houston, M. Childers, T. and Heckler, S.(1987), "Picture-word consistency and the elaborative processing of advertisements," *Journal of Marketing Research*, 24(4), 359-369.

Jacoby, J. Szybillo, G. and Busato-Schach, J.(1977), "Information acquisition behavior in brand choice situations," *Journal of Consumer Research*, 3(4), 209-216.

Javalgi, R. Cutler, B. and Winans, W.(2001), "At your service: does country of origin research apply to services?" *The Journal of Services Marketing*, 15(6/7), 565-582.

Schwartz, S. (1994), "Beyond individualism/collectivism: new cultural dimensions of values", in Kim, U.Triandis, H.C.Kagitcibasi, C.Choi, S.and Yoon, G.(Eds), *Individualism and collectivism: theory, method, and applications*, Sage Publications, Thousand Oaks, CA.

Seringhaus, F.and Botschen, G.(1991), "Cross-national comparison of export promotion support services: the views of Canadian and Australian companies," *International Marketing Review*, 22(1), 115-133.

Seymore, M.(2000), "On redefining the nation," in Miscevic, N.(ed), *Nationalism and beyond*, New York: Central European University Press

Shaffer, T.and O'Hara, B.(1995), "The effects of country of origin on trust and ethical perceptions of legal services," *The Services Industries Journal*, 15(2), 162-185.

Sharma, S.Shimp, T.Shin, J. (1995). "Consumer ethnocentrism: a test of antecedents and moderators", *Journal of the Academy of Marketing Science*, 23(1), 26-37.

Shimp, T. and Sharma, S. (1987), "Consumer ethnocentrism: construction and validation of the CETSCALE," *Journal of Marketing Research*, 24, 280-89.

Simonin, B.and Ruth, J.(1998), "Is a company known by the company it keeps? assessing the spillover effects of brand alliances on consumer brand attitudes," *Journal of Marketing Research*, 35(1), 30-42.

Sumner, W.G. (1906), *Folkways*. New York: Ginn.

Verlegh, P.and Steenkamp, J.(1999), "A review and meta-analysis of country-of-origin research," *Journal of Economic Psychology*, 16(4), 521-547.

Wang, C.and Lamb, C.(1983), "The impact of selected environmental forces upon consumers' willingness to buy foreign products," *Journal of the Academy of Marketing Science*, 19(2), 71-84.

Watson, J. and Wright, K. (2000), "Consumer ethnocentrism and attitudes toward domestic and foreign products," *Academy of Marketing Science Journal*, 34(9/10), 1149-1166.

Wetzels, M., Birgelen, M. and Ruyter, K. (1996), "Ain't it much, if it ain't Dutch?: an application of the consumer ethnocentrism concept to international services in the Netherlands," in Beracs, J., Bauer, A. and Simon, J. (Eds), *European Marketing Academy, Proceedings*, 2, Budapest University of Economic Sciences, 1255-1269.

Zeithaml, V. (1988), "Consumer perceptions of price, quality and value: A means-end model and synthesis of evidence," *Journal of Marketing*, 52(July), 2-22.

Zeithaml, V. and Bittner, M. (1996), *Services marketing: Integrating customer focus across the firms*, 2nd ed. McGraw-Hill, New York, NY.



## Country Origin Effects

on Consumer Behavior

CUSTOMER SERVICE  
CENTERS ARE  
LIKE TAXI CABS:  
COUNTRY-OF-ORIGIN AND  
CONSUMER PERCEPTIONS OF  
FOREIGN CUSTOMER SERVICE  
CENTERS

# IX



# **Customer Service Centers Are Like Taxi Cabs**

## **Country-of-Origin and Consumer Perceptions of Foreign Customer Service Centers**

**Francis M. Ulgado\***

**Moonkyu Lee\*\***

### **Introduction**

In the United States, calling customer service is often like riding a taxi cab. When you take a taxi cab in a major US city such as New York, it is likely that you cannot help but get the feeling that you are overseas since the cab driver is usually from another country such as Nigeria or Pakistan. As a result, you are exposed to a different culture and a foreign accent. Similarly, when an American consumer calls a toll-free customer service number for a credit card balance inquiry or to check on a mail-order status, it is not unusual that one will get a customer service agent in Mumbai or in Manila, also being exposed to another culture and a foreign accent. This illustrates how the foreign location of customer service centers (CSCs) has rapidly increased in popularity in recent years. Specifically, companies based in developed countries such as the United States or the United Kingdom, have established their CSCs in overseas less-

**\* Francis M. Ulgado, Associate Professor of International Marketing, Georgia Institute of Technology, College of Management, Atlanta, U. S. A.**

**\*\*Moonkyu Lee, Professor of Marketing, Yonsei University, School of Business, Seoul, Korea.**



developed countries such as India and the Philippines, overwhelmingly due to lower labor costs. Various sources have noted such a trend and expect its growth to continue over the next decade (A.T. Kearney 2005; Betts, 2006; McCarthy 2002; Powell 2005).

However, such popularity and growth is not without its problems or concerns. For instance, while many financial institutions and other service firms look to extend the amount of work carried out in foreign customer service centers and other business process operations (BPOs), the latest research from management consulting firm *DiamondCluster International* suggests that the number of firms prematurely terminating contracts with foreign service providers has doubled to fifty one percent while the number of companies satisfied with their foreign providers has declined from seventy nine percent to sixty two percent (Frauenheim, 2005). Meanwhile, another recent survey by *Bain & Company* found that while a significant amount of multinational corporations (MNCs) continue to locate customer services overseas, almost fifty percent of the respondents indicated that their international experience did not meet their expectations (*The Economist*, 2005). Additional research has also found that overseas services can result in a bad customer service experience and perception, costing the company brand equity and goodwill (*Marketing News*, 2004).

Therefore, it is not surprising that in March of 2004, credit card giant *Capital One Financial Corporation* terminated its contract with a New Delhi-based firm to provide a 250-seat customer service call center in India (*Marketing News*, 2004), while *Dell Inc.* transferred its Indian customer service call center support for corporate business to Texas, Iowa and Tennessee in 2003 (*Newsweek*, 2004). *General Electric* has been reported intending to sell its \$400 million annual revenue India-based call-center business (King, 2005). American customers simply have not been getting the type of "quality" service they were used to or expected. A recent study done by *Opinion Research Corporation* found that sixty-nine percent of Americans would be less likely to do business with a company after a negative customer service call center experience, while over sixty percent of respondents expressed dissatisfaction with their most recent experience with an overseas CSC

agent (*BusinessWeek*, 2006). While consumers already associate higher levels of perceived risk with services (Zeithaml and Bitner, 1996), much of the quality problems and issues involved in these two trends are rooted in the added risk associated with international and hence cross-cultural services. Such issues have ignited continued debate on the benefits and costs associated with foreign CSCs, from the perspective of the firm and from the perspective of the involved economies, particularly the United States.

To this extent, only a few studies so far (Sinha and Terdiman, 2002; Buelen, Van Fenema and Currie, 2005) have examined the link between service and service provider quality in the foreign location experience, and the cross-cultural dimensions of business process operations (BPOs) delivery and processes risk. For example, Sinha and Terdiman (2002) identified and examined the cross-cultural categories of national culture, language and communications, security and privacy, knowledge transfer, business processes and change management, as factors that can influence the outcome of the foreign operations experience for the domestic firm. Even less studied, a significant part of this debate comes from the perspective of the US consumer and the impact of the foreign location of services on consumer behavior and perception. In an examination of foreign CSCs, the results of the study done by Kelly Services and Purdue University confirmed that the customer service call center experience has an important impact on how American consumers perceive a company, and how likely they are to repurchase from US companies that situate their customer service calls in foreign locations (Kelly Services, 2004).

The purpose of this chapter is threefold: (1) to identify country-of-origin (COO) issues and concerns involved in the foreign location of customer service centers or CSCs from a consumer's perspective, (b) to examine the characteristics of products or services and countries which would affect consumer perceptions and evaluations of foreign CSCs and (c) to develop management strategies to overcome potential perceptual problems which may arise from the foreign location of CSCs.

### **The Country-Of-Origin Phenomenon**

With recent emerging problems pertaining to the decline in company satisfaction with their foreign customer services, the resulting cases of firms' reversal of overseas service operations locations, and the growing issue of the effects on customer behavior, there is undoubtedly a need for further study on the matter, particularly from the perspective of the end-user consumer and customer perception. This chapter seeks to help meet this need by examining the effects of the foreign location of customer services, customer service call centers in particular, on customer perception and behavior. Specifically, our study examines the influence of country-of-origin (COO) factors, along with product/service and consumer specific characteristics.

This chapter assumes the notion that the nationality associated with consumer products and services, or their COO, is deemed to remain a significant factor in consumer perception and buying behavior (Al-Sulaiti and Baker, 1998; De Wet, Pothas and De Wet, 2001; Peterson and Jolibert, 1995; Verlegh and Steenkamp, 1999). International marketing literature offers substantial evidence that customers evaluate products or services based on the country where they are produced or associated with, and that under specific conditions, consumers may exhibit a preference for domestically made alternatives (Douglas and Nijssen, 2004; Granzin and Olsen, 1998; Han, 1988; Shimp and Sharma, 1987). A number of COO studies support the notion that consumers have diverse perceptions about products or services made in or associated with foreign countries, and that these perceptions affect their behavior based on stereotyped national images of the country of association. Extensive empirical research has been done in this area throughout the past twenty years (e.g., Bilkey and Nes, 1982; Inch and McBride, 2004; Kaynak and Kara, 2002; Papadopoulos and Heslop, 2002; Peterson and Jolibert, 1995; Ulgado and Lee, 1993; Verlegh and Steenkamp, 1999).

While the majority of COO research has involved products, the application of COO to services has been less. Nevertheless, Javalgi, Cutler and Winans (2001) conclude that COO does matter as well with regard to services. A handful of studies have focused on specific types of services, such as legal services, travel,

export assistance, ophthalmologist services, airlines and retailing (Bruning, 1997; Harrison-Walker, 1995; Kraft and Chung, 1992; Lascu and Giese, 1995; Ofir and Lehman, 1986; Shaffer and O'Hara, 1995). To date, no study has applied COO to customer support services such as CSCs.

It is from this stream of literature that we apply the concept of COO to the case of the foreign location of CSCs and develop the following rationale to determine its effects on the perception and behavior of US customers. We posit that in general, the COO of the CSC affects the perception and attitudes of the American consumer. More specifically, however, we look into the determinants of this effect in terms of level of cultural similarity, product category and economic development. We also consider the possible moderating factors to the COO effect by including other extrinsic product cues such as brand strength.

### **Research Rationale**

To achieve the research goals described in the introduction section of this chapter, a field survey was conducted. The survey was composed of the questions exploring potential issues and concerns involved in the foreign location of customer service call centers or CSCs from a consumer's perspective. These questions in the context of the research methodology will be explained later. Specifically, the survey was performed with the following research background.

An important country-specific factor that can potentially influence COO effects on the consumer is cultural similarity. Studies have indicated that customers tend to prefer products that come from culturally similar countries than from countries that are culturally dissimilar to the home country (Heslop, Papadopoulos and Bourke, 1998; Johansson, Douglas and Nonaka, 1985; Wang and Lamb, 1983). Furthermore, research has suggested that cultural familiarity between a specific COO and the home country may temper the negative effect of consumer ethnocentrism in their perceptions and evaluations (Sharma, Shimp and Shin, 1995; Watson and Wright, 2000). Since we focus on the CSC experience, typically involving a one-on-one verbal relationship and personal interaction between a customer and a service provider, we support the notion that language similarity and pronunciation similarity are important components of the overall cultural comparison.

Moreover, there is evidence that COO effects vary across product or service categories (Jaffe and Nebenzhal, 2001; Javalgi, Cutler and Winans, 2001; Kaynak and Cavusgil, 1983; Ulgado and Lee, 1993). Most studies of COO effects have focused on high-involvement complex products, such as automobiles and electronics (e.g., Chao, 1989, 1993; Han, 1988; Han and Terpstra, 1988; Maheswaran, 1994; Tse and Lee, 1993). Others have looked at the impact of customers' COO perceptions on low-involvement less complex products such as clothing or coffee (Ahmed *et al*, 2004; Ulgado and Lee, 1993; Wall, Leifeld and Heslop, 1991). Li and Wyer (1994) concluded that COO effects on product evaluation are more significant in the purchase for complex high involvement products, such as automobiles, electronics and white goods. Conversely, for low-involvement basic products such as food and apparel, the purchase decision is less significant. Thus, the influence of COO in product evaluation is expected to be weak due partly to the product's lower monetary risk (Ahmed *et al*, 2004). Similarly, for low-involvement products where the value for money matters more than image and quality, price can be seen as more influential than COO effects in customers' purchase decisions (Wall, Leifeld and Heslop, 1991).

The COO literature further reveals that consumer perception and evaluations of products and services can be influenced by the country of production or association. As studies have suggested that consumers prefer products from some countries over others (Tongberg, 1972; Yaprak, 1978), such preference bias for products generally exists across levels of economic development of countries, indicating their hierarchical nature (Schooler, 1971; Tongberg, 1972; Wang and Lamb, 1983). Specifically, research has shown that country identification generally has a positive effect on product evaluations for some, relatively more developed countries (Cattin, Jolibert and Lohnes, 1982; Darling and Wood, 1989; Gaedeke, 1973; Han and Terpstra, 1988; Papadopoulos, Heslop and Beracs, 1990; Wall and Heslop, 1986), while it has a negative impact for other, less developed countries (Khanna, 1986; Krishankumar, 1974). The level of a country's economic development can be seen as representative of a country's overall ability to manufacture products that require a particular level of skill and technology (Verlegh and Steenkamp, 1999).

Therefore, a country's ability to produce globally competitive products or services, embodied in its economic capacity is an information cue that influences customers' perceptions and image of COO (Lin and Sternquist, 1994). In the case of CSCs, we introduce the notion that consumer perception and evaluation of customer service can be significantly affected by the country-of-origin of the foreign located CSC, or the country associated with the customer call center experience. Specifically, the level of economic development of the country associated with the CSC affects consumer perception and evaluation.

In addition to COO, studies have also considered other extrinsic cues in a multi-cue approach to determining their effects on consumer perception (e.g., Miyazaki, Grewal and Goodstein, 2005; Srinivasan, Jain and Sikand, 2003). Research has found that when additional cues are present, the relative importance of COO on product evaluation decreases (Hastak and Hong, 1991; Johansson, Douglas and Nonaka, 1985; Johansson and Nebenzhal, 1986). One extrinsic cue that has received considerable focus is brand and related country-of-brand (COB) effects. The rationale is that customers who lack information about the product may resort to the brand name to infer its quality (Szybillo and Jacoby, 1974). In today's global environment, it is not unusual to find products manufactured in one country and branded in another. Research has shown that a strong brand and/or COB effect can outweigh negative COO effects (Ahmed *et al*, 2004; Chao, Wuhner and Werani, 2005; Cordell, 1993; Jo, Nakamoto and Nelson, 2003; Tse and Gorn, 1993; Ulgado and Lee, 1993). In the case of CSCs, the strength of the domestic company's brand may have a moderating influence on possible negative COO effects caused by its foreign operations.

### Research Approach

To gain better insights into what issues and concerns are involved in what types of products or services associated with foreign operations, we incorporated corresponding questions in several sections in a survey. One part of the questionnaire asked respondents to rate according to their level of importance (on a 7-point Likert scale), their general concerns about locating CSCs overseas. Specific questions asked about credit card information/transaction security, communication difficulties,

negative impact on the domestic economy, performance of the product they were calling about, general personal information privacy, significant job loss in the home country, attitude-related differences due to cultural differences, accuracy of information/responses given by the customer service center, the quality of product or service they had purchased, identity theft, product (service) fulfillment delays/errors in processing or delivery, conflict with patriotism, and the performance of the service they would be calling about.

Another section of the questionnaire asked the respondents to rate their level of agreement with thirteen statements regarding overseas foreign toll-free customer service call centers. These statements included "I do not like them due to their indecipherable accents", "They are fine for providing information but not for actual purchases", "I don't mind, if the brand/company is reputable and well known", "It would be better if the domestic firm trains the foreign workers better", "They can be a problem due to cultural distance", "I would not mind it for relatively low-cost purchases", "It's fine, if the purchase is for non-technical products or services", "It is not a good idea for new products from small firms", "It is OK for purchases of products but not services", "It depends on the economic development of the foreign country", "They are useless because they give generic unhelpful information", "It is not good for the overall domestic economy" and "I have no problem with them at all".

In a third section, respondents were asked about the likelihood that they would switch to a competitor if they found out that the CSC for the actual brands/companies that they currently use (or would use) was located in India. Their opinion was asked for 13 product and service characteristics, namely financial and banking services, food and beverage products, electronics and appliance products, clothing and apparel stores, computer products and service, long distance telephone providers, healthcare services, airlines, utilities (electric, gas, cable TV, etc.), cellular phone services, office supplies, cosmetics and insurance services. India was selected for the study because it is one of the countries with a lower level of economic development among the five countries used in the study, and it is actually one of the fastest growing countries for foreign CSC businesses.

The respondents were additionally asked to indicate how they felt about the brand and product (or service) when they realize during their customer service experience, that the customer service center is located in a foreign CSC in each of five specified countries (i.e., Australia, France, India, Ireland and the Philippines) which varied across the dimensions of economic development and cultural similarity. Respondents were further asked about their opinion for each call center in each country under varying conditions. The situations were manipulated across different product/service categories (e.g., consumer electronics, banking services, wireless phone service and apparel).

The final section asked for classification of information about the respondent. Responses from a convenience sample of 242 consumers in a Southeastern United States urban area were used for this study.

### **Research Findings**

#### ***Survey Sample***

The survey responses of 242 adults were used for the study, of whom 120 were male (49.5 percent) while 122 were female (50.5 percent). The age range was distributed among 18-24 year old (23 percent), 25-34 (45 percent), 35-45 (12 percent), 46-55 (16 percent) and 56-65 (4 percent). A large majority of the respondents were well-educated, having attended a 4-year college (87 percent). Furthermore, eight percent earned a high school diploma while two percent finished graduate school. The occupational nature of the respondents varied across professional services and consumer services (25 and 20 percent respectively), business services (20 percent), student (15 percent), technical products (10 percent) and retail (10 percent). All respondents resided in a large metropolitan area of the southeastern United States.

#### ***Analysis of Results***

In part of the survey, respondents were asked to rate the importance of the issues and concerns involved in receiving services from the foreign-based CSCs. The results are shown in Table 9.1.



**Table 9.1 : Consumer Concerns About Foreign CSCs**

Issues	Mean*	Std. Dev.
Credit card information/transaction security	5.83	1.35
Communication difficulties caused by accent or language differences	5.79	1.33
Accuracy of information/responses given by the call center	5.42	1.57
Identity theft	5.40	1.67
Product/service fulfillment delays/errors in processing or delivery	5.35	1.47
Personal information privacy	5.10	1.66
Performance of the service you are calling about	5.00	1.55
Quality of the product or service you purchase	4.83	1.65
Attitude-related difficulties due to cultural differences	4.80	1.60
Performance of product you are calling about	4.67	1.52
Any negative impact on your domestic economy	4.61	1.62
Significant loss of jobs in your home country	4.55	1.67
Conflict with patriotism	4.07	1.76

\* 1= Not-at-All Important, 7=Very Important

Interestingly enough, respondents considered credit card information/transaction security ( $M=5.83$ ), communication difficulties ( $M=5.79$ ), accuracy of information ( $M=5.42$ ) and identity theft ( $M=5.40$ ) as the most important. In other words, people thought that protection of privacy information and communication as the most serious issues, particularly critical in high-involvement financial services. In addition the results underscore the consumers' concern over foreign accents and language differences in their perceptions of foreign-based CSCs.

In another section of the questionnaire, respondents were asked to rate their level of agreement with thirteen statements regarding overseas foreign toll-free customer service call centers. The purpose of this section was to identify important issues associated with the foreign location of CSCs. The results are presented in Table 9.2.

**Table 9.2 : Importance of Issues Regarding Foreign CSCs**

Issues	Mean*	Std. Dev.
I do not like them due to indecipherable accents.	5.20	1.64
It would be better if the domestic firm trains the foreign workers better.	4.90	1.42
They would be a problem due to cultural distance.	4.90	1.49
I would not mind it for relatively small, low-cost purchases.	4.88	1.55
It is not a good idea for new products from small firms.	4.87	1.53
It is not good for the overall domestic economy.	4.22	1.50
I don't mind, if the brand/company is reputable and well-known.	4.20	1.56
It depends on the economic development of the foreign country.	4.18	1.55
It's fine, if the purchase is for non-technical products or services.	4.16	1.40
They are useless because they give generic unhelpful information.	3.91	1.56
It is O.K. for purchases of products, but not services.	3.79	1.48
They are fine for providing information, but not for actual purchases.	3.78	1.53
I have no problem with them at all.	3.37	1.72

\* 1= Strongly Disagree, 7=Strongly Agree

Respondents thought that the language ( $M=5.20$ ) and cultural differences ( $M=4.90$ ) would be the most serious concerns, further confirming the findings shown in Table 1. They also responded that they would not mind the foreign-based service centers for relatively small, low-cost purchases ( $M=4.88$ ), or for non-technical products/services ( $M=4.16$ ), a finding consistent with subsequent results and a following table. Other results indicate that brand strength ( $M=4.20$ ) and economic involvement of the foreign CSC country ( $M=4.18$ ) can moderate any negative COO effect on consumer perception. The importance of brand strength and a proven, well-known brand is further indicated by the consumer sentiment that foreign CSCs are not good for new products from small firms ( $M=4.87$ ). Lastly, the respondents also felt that foreign-located CSCs are not beneficial to the domestic economy ( $M=4.22$ ).

In a third part of the exploratory survey, respondents were asked about the likelihood that they would switch to a competitor if they found out that the CSC for the actual brands that they currently use was located in India. The results are summarized in Table 9.3.

**Table 9.3 : Switching Likelihood If CSC Is in India**

Product/Service	Mean*	Std. Dev.
Healthcare Services	5.44	1.76
Insurance Services	4.99	1.73
Financial and Banking Services	4.98	1.78
Utilities (Electricity, Gas, Cable TV, etc.)	4.49	1.82
Airline Services	4.43	1.88
Cellular Phone Services	4.39	1.77
Computer Products and Services	4.12	1.79
Long Distance Telephone Services	3.94	1.74
Electronic Appliance Products	3.90	1.67
Clothing and Apparel Stores	3.60	1.71
Food and Beverage Products	3.40	1.84
Cosmetics	3.16	1.80
Office Supplies	2.95	1.62

\* 1= (Switching is) Highly Unlikely, 7=Highly Likely

It was found that people reacted very sensitively when it came to high involvement service items such as healthcare services ( $M=5.44$ ), insurance services ( $M=4.99$ ) and financial/banking services ( $M=4.98$ ). On the contrary, they did not react sensitively in the case of low involvement products such as office supplies ( $M=2.95$ ), cosmetics ( $M=3.16$ ) and food and beverage products ( $M=3.40$ ). The results suggest that people consider the COO information more important when they evaluate high involvement items. It can also be inferred that COO effects seem to be more important when it comes to more intangible and complicated services relative to more standardized and basic physical goods.

Finally, the respondents were asked to rate various products/services whose CSCs were located in various different countries. The results are indicated in Table 9.4.

**Table 9.4 : Mean Evaluation Ratings of the CSCs Located in Different Countries\***

Service	Location of Customer Service Center					Row
	India	Philippines	France	Ireland	Australia	Average
Credit Card Service	2.75 <sup>a</sup> (1.34)**	2.85 <sup>a</sup> (1.32)	2.97 <sup>a</sup> (1.48)	3.33 <sup>b</sup> (1.38)	3.55 <sup>c</sup> (1.47)	3.08 (1.16)
Debit Card Service	2.57 <sup>a</sup> (1.29)	2.72 <sup>b</sup> (1.33)	2.75 <sup>b</sup> (1.40)	3.11 <sup>c</sup> (1.39)	3.29 <sup>d</sup> (1.44)	2.88 (1.16)
Cell Phone Service	2.93 <sup>a</sup> (1.32)	3.04 <sup>a</sup> (1.24)	3.00 <sup>a</sup> (1.43)	3.45 <sup>b</sup> (1.29)	3.68 <sup>c</sup> (1.44)	3.21 (1.12)
Computer	3.19 <sup>a</sup> (1.37)	3.07 <sup>a</sup> (1.11)	3.03 <sup>a</sup> (1.34)	3.52 <sup>b</sup> (1.15)	3.93 <sup>c</sup> (1.30)	3.35 (0.95)
Long Distance Telephone	3.42 <sup>a</sup> (1.11)	3.55 <sup>a</sup> (1.03)	3.49 <sup>a</sup> (1.25)	3.92 <sup>b</sup> (1.01)	4.10 <sup>c</sup> (1.16)	3.69 (0.87)
Electronic Appliance	2.90 <sup>a</sup> (1.30)	3.05 <sup>a</sup> (1.29)	2.95 <sup>a</sup> (1.31)	3.41 <sup>b</sup> (1.27)	3.68 <sup>c</sup> (1.34)	3.19 (1.04)
Apparel	3.19 <sup>a</sup> (1.07)	3.35 <sup>b</sup> (1.07)	3.41 <sup>b</sup> (1.39)	4.02 <sup>c</sup> (1.09)	4.27 <sup>d</sup> (1.22)	3.64 (0.83)
Shoes	3.17 <sup>a</sup> (1.23)	3.36 <sup>b</sup> (1.21)	3.28 <sup>b</sup> (1.34)	3.62 <sup>c</sup> (1.12)	3.92 <sup>d</sup> (1.25)	3.46 (0.93)

\* For each row, mean values with different superscripts are significantly different from each other at  $p < .05$ .

\*\* Standard deviation

As shown, overall Australia is deemed the relatively optimal location whereas India is the least preferred across all product categories, ranging from high involvement (financial services such as credit card/debit card services) to low involvement (apparel and shoes). However, the ratings for least preferred countries such as India and the Philippines tend to increase as the level of involvement decreases and as the category changes to primarily physical products. Overall, the results also show support for previous research indicating that more developed countries (such as Ireland, Australia and France) tend to have a more positive COO effect, while less developed counterparts (such as India and the Philippines) tend to have a more negative effect on consumers.

### **Discussions And Implications**

Although foreign-located CSCs are a fact of life these days, the survey results suggest that American consumers seem to have significant concerns about them. These concerns stem primarily from the countries associated with these overseas CSCs and the corresponding COO effects. According to US consumers, one important concern they have involves cross-cultural communication problems. Therefore, companies that consider the foreign location of their customer service centers need to recognize that the potential difficulties caused by cultural and language differences. Additionally, they are concerned about the associated increased security, information accuracy and privacy risks.

#### ***The Importance of Cultural Similarity***

As indicated by this study, an important critical factor that can significantly influence the COO phenomenon is cultural similarity. Foreign-based CSCs located in cultures or countries such as India, France or the Philippines, that are distinctly different from one's own American culture can potentially lead to significantly negative customer perceptions and attitudes. Therefore, US firms should weigh the typical foreign location benefits such as cost savings, against the possible detrimental effects on consumers brought about by strong cultural differences. Such a result can be minimized by a more selective location of CSCs in countries that are more culturally alike, such as Australia or Ireland and possibly offer labor cost advantages as well.

A very important element of cultural similarity indicated by the study results is language similarity. Indeed, the nature of CSCs and its high degree of verbal communication activity dictate the prominent role of language in achieving the customer service objectives of such facilities. American consumers seem to have strong negative perceptions and attitudes towards customer services if the language associated with the COO of the CSC is generally considered significantly different from English (such as Indian, French, or Filipino). As a result, firms catering to its US market should locate CSCs in countries (such as Australia or Ireland) whose language more closely resembles English. For companies that decide to continue CSC operations in countries such as India or the Philippines, substantial English

language education and training of their CSC staff would be a critical factor to their success.

### ***Foreign CSCs Are Not For Everyone***

In addition, while there are the often-cited cost advantages to the foreign location of CSCs from the perspective of the firm, American managers should bear in mind that the locating customer services in foreign countries may not be for everyone. US consumers are willing and most likely to switch to a competitor when high involvement complex services such as healthcare, insurance and financial/banking services are located overseas. Financial services companies like Chase or MBNA may need to more carefully consider the risks and impact that locating their CSCs in foreign countries may have on their customer satisfaction. However, for companies that are associated with relatively basic and standardized low-involvement products such as Nike or Ecco (shoes), or Van Heusen or Hanes (apparel), the implications of the foreign location of their customer call centers may not be as critical to customer perception. American consumers are more open to foreign-based service centers when it involves relatively low-cost, simple, low-involvement purchases.

### ***The Impact of Economic Development and Brand Strength***

The results of the study further indicate that the level of economic development of the CSC's COO can affect consumer perception and attitude of the CSC service, as well as the corresponding product and brand. This effect can be a significant factor that can potentially negate the low labor cost benefits of locating customer service centers in less developed countries such as India or the Philippines. Companies may want to more actively consider more developed foreign environments such as Ireland or Australia, to locate CSCs. Meanwhile, companies need to further keep in mind that consumer perception of the country location of CSCs can possibly influence brand strength. A positive country image associated with the foreign-based CSC location can potentially enhance the favorable influence of a strong brand on consumer behavior. Conversely, a strong brand can better moderate less-than-favorable COO effects than a weaker or unknown brand, such as in a new product or service situation.

Nevertheless, besides economic development, other foreign location factors that can possibly affect customer behavior should not be ignored. Despite being perceived as the most developed alternative, the study showed that a positive COO effect and consumer perception was still low for France relative to other developed locations such as Australia or Ireland. It is therefore possible that besides the level of the French economy, US consumers can also be influenced by other considerations such as ethnocentrism, anti-French sentiment, patriotism, cultural disparity and language differences. Therefore, while firms should definitely consider economic development in foreign CSC location decisions, they must also include other potential factors that can influence consumer perception which may even have a relatively stronger impact than economic development.

### ***Enhanced Training or Location Alternatives***

The findings of this study suggest that from a managerial perspective, decision-makers, particularly those concerned with the US consumer and their perceptions, need to carefully consider other call center location strategic alternatives, besides low-cost driven foreign operations. While the location of CSCs in foreign countries typically provides cost advantages, it could very well be at the expense of goodwill and customer satisfaction. Therefore, the firm has essentially two approaches- either to improve the foreign call center experience or to select an alternative to a foreign location.

The foreign CSC experience can be improved by gaining better control of such operations either through ownership or acquisition of the foreign facilities and/or establishing more effective education, training and standards in the industry. Some firms have simply increased investment and emphasis on employee training and development, such as accent-neutralization classes and American cultural immersion sessions. Meanwhile industry-wide efforts to educate and train people in telephone mediated communications have been initiated, as illustrated by the establishment of the Call Centre College in London. Similarly, other firms have even grouped together to manage the standards developed for foreign providers of customer service and offer certification services.

However, these measures that seek to improve the foreign CSC also tend to be costly and do not insure success as some cross-cultural issues will always persist. Another solution would be to resort to alternatives to the typical low-cost overseas foreign location such as India or the Philippines. US firms can locate customer service centers in more culturally compatible countries, such as Australia or Ireland. Additionally, firms should also consider options that are both geographically and culturally closer such as Canada, Mexico or even South American countries. Besides the cultural advantage, such locations also offer the advantage of minimal time zone differences as well as cost and logistics benefits.

In contrast to a foreign location, firms that cater to American consumers should also consider locating at home or the domestic location of CSCs as a foreign operation does not work for everyone. While some firms have moved back from India to the US, other companies have never left in the first place and continue to rely on domestic providers. While it is often cheaper to situate customer service centers overseas, firms can still find cost effective alternatives within the United States while eliminating the cultural, language and security issues of a foreign location. Still another emerging alternative that corporations should consider is literally an "in home" location. More and more companies are moving customer service jobs out of not only foreign locations, but out of domestic high-overhead, brick-and-mortar call centers and into what is arguably the lowest-overhead location- American homes. Even well-known companies have increasingly relied on such a practice, involving both their own internal employees and independent contractor personnel offered by provider companies.

### **Summary And Conclusion**

The overall results of the study indicate that the foreign location of services such as customer service centers or CSCs, can have a significant impact on consumer perception and attitude. Depending on the type of service or product involved, American consumers may be even driven to switch to a competitor due to foreign-based customer service centers. Their main concerns stem from cultural and language differences that can lead to problems in communication. The study also shows that foreign customer service locations heighten the US customer's sensitivity



towards financial transaction security, personal health and information accuracy issues. The survey findings contend that cultural, language and economic development dissimilarity can potentially add to a negative effect of the foreign location of CSCs. This influence on consumer perception should motivate managers to look beyond the obvious cost advantages of locating customer contact centers in foreign countries. In developing their customer support strategies, firms need to also consider the consumer perception and satisfaction advantages of other CSC location alternatives.

## References

- A.T. Kearney (2005), *Outsourcing Strategically for Sustainable Competitive Advantage*, CAPS Research, Tempe AZ.
- Ahmed, Z.U., Johnson, J.P., Yang, X., Fatt, C.K., Teng, H.S., and Boon, L.C. (2004), "Does Country of Origin Matter for Low-Involvement Products?," *International Marketing Review*, 21(1), 102-120.
- Al-Sulaiti, K.I. and Baker, M.J. (1998), "Country of Origin Effects: A Literature Review," *Marketing Intelligence & Planning*, 16(3), 150-199.
- Betts, M. (2006), "Offshoring: Not a Passing Phase," *Computerworld*, computerworld.com, February 22.
- Bilkey, W.J. and Nes, E. (1982), "Country-of-Origin Effects on Consumer Evaluations," *Journal of International Business Studies*, 8(1), 89-99.
- Bruning, E.R. (1997), "Country of Origin, National Loyalty and Product Choice," *International Marketing Review*, 14(1), 59-74.
- Buelen, E., Van Fenema, P., and Currie, W. (2005), "From Application Outsourcing to Infrastructure Management: Extending the Offshore Outsourcing Service Portfolio," *European Management Journal*, 23(2), 133-144.
- BusinessWeek* (2006), "The Future of Outsourcing," January 30, 50-64.
- Cattin, P., Jolibert, A. and Lohnes, C. (1982), "A Cross-Cultural Study of 'Made-In' Concepts," *Journal of International Business Studies*, 8(Winter), 131-141.
- Chao, P. (1989), "The Impact of Country Affiliation on the Credibility of Product Attribute Claims," *Journal of Advertising Research*, 29(April-May), 35-41.
- Chao, P. (1993), "Partitioning Country-of-Origin Effects: Consumer Evaluations of a Hybrid Product," *Journal of International Business Studies*, 24(2), 291-306.
- Chao, P., Wuhrer, G. and Werani T. (2005), "Celebrity and Foreign Brand Name as Moderators of Country-of-Origin Effects," *International Journal of Advertising*, 24(2), 173-192.

## CHAPTER IX

Cordell, V.V. (1993), "Interaction Effects of Country of Origin With Branding, Price and Perceived Performance Risk," *Journal of International Consumer Marketing*, 5(2), 5-18.

Darling, J.R. and Wood, V.R. (1989), "A Longitudinal Study Comparing Perceptions of U.S. and Japanese Consumers in a Third/Neutral Country: Finland 1975-1985", *Journal of International Business Studies*, 19(Fall), 427-450.

De Wet, A.G., Pothas A-M. and De Wet, J.M. (2001), "Country-of-Origin: Does It Matter?," *Total Quality Management*, 12(2), 191-200.

Douglas, S.P. and Nijssen, E.J. (2004), "Examining the Animosity Model in a Country with a High Level of Foreign Trade," *International Journal of Research in Marketing*, (21), 23-38.

*Economist, The* (2005), "Outsourcing: Time to Bring it Back Home?," March, 5, 63.

Frauenheim, E. (2005), "Offshore Outsourcing Satisfaction Drops," *CNet News, news.com*, June 8.

Gaedeke, R. (1973), "Consumer Attitudes Toward Products 'Made In' Developing Countries," *Journal of Retailing*, 49(Summer), 13-24.

Granzin, K.L. and Olsen, J.E. (1998), "Americans' Choice of Domestic Over Foreign Products: A Matter of Helping Behavior?," *Journal of Business Research*, 43,39-54.

Han, C. M. (1988), "The Role of Consumer Patriotism in the Choice of Domestic Versus Foreign Products," *Journal of Advertising Research*, June/July, 25-32.

Han, C.M. and Terpstra, V. (1988), "Country-of-Origin Effects for Uni-National and Bi-National Products," *Journal of International Business Studies*, Summer,235-255.

Harrison-Walker, L.J. (1995), "The Relative Effects of National Stereotype and Advertising Information on the Selection of a Service Provider," *Journal of Services Marketing*, 9(1), 47-59.

Hastak, M. and Hong, S. (1991), "Country-of-Origin Effects on Product Quality Judgments: an Information Integration Perspective," *Psychology and Marketing*, 8(2), 129-143.

Heslop, L.A., Papadopoulos, N. and Bourke, M. (1998), "An Interrogation and Intercultural Perspective on Subcultural Differences in Product Evaluation," *Canadian Journal of Administrative Sciences*, 15(2), 113-127.

Inch, G.S. and McBride, J.B. (2004), "The Impact of Country-of-Origin Cues on Consumer Perceptions of Product Quality: A Binational Test of the Decomposed Country-of-Origin Construct," *Journal of Business Research*, 57,256-265.

Jaffe, E.D. and Nebenzhal, I.D. (2001), *National Image and Competitive Advantage: The Theory and Practice of Country-of-Origin Effect*, Copenhagen Business School Press: Copenhagen.

Javalgi, R.G., Cutler, B.D. and Winans, W.A. (2001), "At Your Service! Does Country of Origin Research Apply to Services?," *Journal of Services Marketing*, 15(7), 565-582.

Jo, M.S., Nakamoto, K. and Nelson, J. (2003), "The Shielding Effects of Brand Image Against Lower Quality Countries-of-Origin in Global Manufacturing," *Journal of Business Research*, 56, 637-646.

Johansson, J.K. and Nebenzhal, I.D. (1986), "Multinational Production: Effect on Brand Value," *Journal of International Business Studies*, 17(3), 101-126.

Johansson, J.K., Douglas, S.P. and Nonaka, I. (1985), "Assessing the Impact of Country of Origin on Product Evaluations: A New Methodological Perspective," *Journal of Marketing Research*, 22(4), 388-396.

Kaynak, E. and Cavusgil, T.S. (1983), "Consumer Attitudes Towards Products of Foreign Origin: Do They Vary Across Product Classes," *Journal of International Advertising*, 2(2), 147-157.

Kaynak, E. and Kara A. (2002), "An Examination of the Relationship Among Consumer Lifestyles, Ethnocentrism, Knowledge Structures, Attitudes and Behavioral Tendencies: A Comparative Study in Two CIS States," *International Journal of Advertising*, 20, 455-482.

Kelley Services Inc. (2004), "Offshore Company Call Centers a Concern to U.S. Consumers," *Kelley Services News Release*, Troy, Michigan, September 21.

Khanna, S.R. (1986), "Asian Companies and the Country Stereotype Paradox An Empirical Study," *Columbia Journal of World Business*, Summer, 29-38.

King, W. (2005), "Outsourcing Becomes More Complex," *ISM Journal*, Spring, 89-90.

Kraft, F.B. and Chung, K.H. (1992), "Korean Importer Perceptions of US and Japanese Industrial Goods Exporters," *International Marketing Review*, 9(2), 59-73.

Krishnakumar, P. (1974), "An Exploratory Study of the Influence of Country of Origin on Product Images of Persons From Selected Countries," Ph.D. Dissertation, University of Florida, Gainesville, FL.

Lascu, D.N. and Giese, T. (1995), "Exploring Country Bias in a Retailing Environment: Implications of Retailer Country of Origin," *Journal of Global Marketing*, 9(1/2), 41-58.

Li, W.K. and Wyer, R.S. (1994), "The Role of Country of Origin in Product Evaluations: Informational and Standard-of-Comparison Effects," *Journal of Consumer Psychology*, 3(2), 187-212.

Lin, L.W. and Sternquist, B. (1994), "Taiwanese Consumers' Perceptions of Product Information Cues: Country of Origin and Store Prestige," *European Journal of Marketing*, 28(1), 5-18.

Maheswaran, D. (1994), "COO as a Sterotype: Effects of Consumer Expertise and Attribute Strength on Product Evaluations," *Journal of Consumer Research*, 21(2), 354-365.

*Marketing News* (2004), "Overseas Call Centers Can Cost Firms Goodwill," April 15, 21.

McCarthy, J.C. (2002), "3.3 Million US Service Jobs to Go Offshore," *Forrester Research*, *forrester.com*, November 11.

Miyazaki, A.D., Grewal, D. and Goodstein, R.C. (2005), "The Effect of Multiple Extrinsic Cues on Quality Perceptions: A Matter of Consistency," *Journal of Consumer Research*, 32, 146-152.

*Newsweek* (2004), "Should I Stay or Should I Go?," April 19, 52-53.

Ofir, C. and Lehman, D.R. (1986), "Measuring Images of Foreign Products," *Columbia Journal of World Business*, Summer, 105-109.

Papadopoulos, N. and Heslop, L. (2002), "Country Equity and Country Branding: Problems and Prospects," *Journal of Brand Management*, 9(4-5), 294-314.

Papadopoulos, N., Heslop, L. and Beracs, J. (1990), "National Stereotypes and Product Evaluations in a Socialist Country," *International Marketing Review*, 7(1), 32-47.

Peterson, R. A. and Jolibert, A.J. (1995), "A Meta-Analysis of Country-of-Origin Effects," *Journal of International Business Studies*, 26(4), 157-175.

Powell, R. (2005), "The Future of Contact Center Outsourcing in India and the Philippines," *Datamonitor*, March 29.

Schooler, R.D. (1971), "Bias Phenomenon Attendant to Marketing of Foreign Goods in the US," *Journal of International Business Studies*, 2(Spring), 71-80.

Shaffer, T. R. and O'Hara, B.S. (1995), "The Effects of Country-of-Origin on Trust and Ethical Perceptions of Legal Services," *Service Industries Journal*, 15(2), 162-185.

Sharma, S., Shimp, T.A. and Shin, J. (1995), "Consumer Ethnocentrism: A Test of Antecedents and Moderators," *Journal of the Academy of Marketing Science*, 23(1), 26-37.

Shimp, T.A. and Sharma, S. (1987), "Consumer Ethnocentrism: Construction and Validation of the CETSCALE," *Journal of Marketing Research*, 24, 280-289.

Sinha, D. and Terdiman R. (2002), "Potential Risks in Offshore Sourcing," *Gartner Research* September 5.

Srinivasan, N., Jain, S.C. and Sikand, K. (2004), "An Experimental Study of Two Dimensions of Country-of-Origin (Manufacturing Country and Branding Country), Using Intrinsic and Extrinsic Cues," *International Business Review*, 13, 65-82.

Szybillo, G.J. and Jacoby, J. (1974), "Intrinsic Versus Intrinsic Cues as Determinant of Perceived Product Quality," *Journal of Applied Psychology*, 59(1), 74-78.

Tongberg, R.C. (1972), "An Empirical Study of Relationships Between Dogmatism and Consumer Attitudes Toward Foreign Products," Ph.D. Dissertation, Pennsylvania State University, University Park, PA.

Tse, D.K. and Gorn, G.J. (1993), "An Experiment on the Salience of COO in the Era of Global Brands," *Journal of International Marketing*, 1(1), 57-76.

Tse, D.K. and Lee, W. (1993), "Removing Negative Country Images: Effects of Decomposition, Branding and Product Experience," *Journal of International Marketing*, 1(3), 25-48.

Ulgado, F.M. and Lee, M. (1993), "Consumer Evaluations of Bi-National Products in the Global Market," *Journal of International Marketing*, 1(3), 5-22.

Verlegh, P. and Steenkamp, J-B. (1999), "A Review and Meta-Analysis of Country-of-Origin Research," *Journal of Economic Psychology*, 20, 521-546.

Wall, M. and Heslop, A. (1986), "Consumer Attitudes Toward Canadian-Made Versus Imported Products," *Journal of the Academy of Marketing Science*, 14(Summer), 27-36.

Wall, M., Leifeld, J. and Heslop, A. (1991), "Impact of Country-of-Origin Cues on Consumer Judgments in Multi-cue Situations: A Covariance Analysis," *Journal of the Academy of Marketing Science*, 8(4), 345-367.

Wang, C.K., and Lamb, C.W. (1983), "The Impact of Selected Environmental Forces Upon Consumers" Willingness to Buy Foreign Products," *Journal of the Academy of Marketing Science*, 11(2), 71-83.

Watson, J.J. and Wright, K. (2000), "Consumer Ethnocentrism and Attitudes Toward Domestic and Foreign Products," *European Journal of Marketing*, 34(9/10), 1149-1166.

Yaprak, A. (1978), "Formulating a Multinational Marketing Strategy: A Deductive Cross-National Consumer Behavior Model," Ph.D. Dissertation, Georgia State University, Atlanta, GA.

Zeithaml, V. and Bitner, M.J. (1996),, *Services Marketing: Integrating Customer Focus Across the Firms*, 2<sup>nd</sup> Edition, McGraw-Hill, New York, N.Y.



## AUTHOR INDEX

- Aaquith, J.** 99.  
**Abdul-Malek, T.** 69, 95, 117.  
**Agarwal, J.** 85, 95, 143.  
**Agarwal, S.** 105.  
**Ahmed, S.A.** 8, 9, 20, 53, 54, 55, 63, 65, 92, 95, 96, 97, 130, 132, 133, 142, 143, 268, 271, 303, 305, 309, 312, 314, 315, 317, 318, 319, 321, 322, 331, 332, 333, 334, 336, 337, 339, 341, 342, 358, 381, 396, 397.  
**Ahmed, Z.** 97, 173, 180, 381, 409.  
**Akaah, I.P.** 54, 55, 95, 128.  
**Alba, J.W.** 194, 202, 314, 338  
**Alden, D.L.** 226.  
**Al-hammad, A.A.** 40, 41, 79, 96, 123.  
**Alpay, G.** 72, 112, 122.  
**Alpert, F.** 266, 269.  
**Al-Sulaiti, K.I.** 3, 4, 7, 10, 18, 25, 68, 79, 91, 92, 93, 94, 96, 143, 144, 145, 152, 161, 166, 178, 236, 269, 283, 294, 302, 304, 307, 338, 347, 352, 354, 379, 392, 407.  
**Anderson, N.H.** 198, 204.  
**Anderson, R.E.** 366, 383.  
**Anderson, W.T.** 81, 98, 117.  
**Aqueveque, C.** 98, 153.  
**Archer, D.** 385.  
**Arellano, R.** 268, 275  
**Avlonitis, G.** 108, 185, 342.  
**Babakus, E.** 105.  
**Baer, D.** 359, 381.  
**Bagozzi, R.** 221, 225.  
**Bailey, W.** 81, 98, 138.  
**Baker, M.J.** 8, 9, 10, 23, 27, 28, 59, 60, 81, 94, 95, 96, 98, 99, 15, 133, 163, 168, 180, 238, 271, 285, 296  
**Baker, W.E.** 238, 296  
**Balabanis, G.** 81, 99, 143, 241, 271, 309, 322, 323, 340, 362, 381.  
**Balestrini, P.** 67, 99, 151.  
**Bamber, D.** 81, 95, 104, 154.  
**Bannister, J.P.** 28, 72, 81, 96, 99, 120, 164, 175, 180.  
**Barker, T.** 239, 272.  
**Barkley, D.** 268, 271  
**Bass, F.** 211, 213, 227.  
**Batra, R.** 215, 225, 228  
**Baughn, C.C.** 28, 80, 95, 96, 99, 113, 115, 304, 306, 311, 340,  
**Baumgartner, G.** 80, 82, 96, 99, 121, 163, 164, 180, 213, 223, 225, 228, 305, 325, 341.  
**Beatty, S.E.** 197, 206.  
**Becker, K.** 40, 99, 124.  
**Bennett, D.J.** 206  
**Beracs, J.** 109, 113, 299, 387, 396, 413.  
**Bergeron, J.** 305, 306, 324, 329, 331, 335, 342, 384.  
**Berl, R.** 105  
**Berry, J.** 241, 271,  
**Berry, L.** 351, 385.  
**Best, R.** 273.  
**Bettman, J.R.** 196, 198, 204.  
**Betts, M.** 392, 409.  
**Bigne, E.** 109, 278.  
**Bilkey, W.J.** 28, 95, 96, 99, 108, 115, 162, 180, 197, 204, 206, 285, 297, 304, 306, 340, 343, 349, 381, 394, 409.  
**Birgelen, M.** 113, 137, 357, 387.  
**Biswas, A.** 56, 80, 108, 130.  
**Bittner, M.** 351, 387.  
**Black, W.C.** 366, 383.  
**Blackwell, R.** 212, 217, 225.  
**Blair, M.E.** 308, 340.  
**Botschen, G.** 359, 386.  
**Bourke, M.** 296, 306, 323, 324, 341, 383, 395, 411.  
**Bristow, D.** 61, 99, 139.  
**Browne, E.** 275.  
**Bruning, E.R.** 8, 9, 21, 92, 96, 100, 137, 349, 353, 354, 357, 359, 360, 364, 369, 381, 395, 409.  
**Buelen, E.** 393, 409.  
**Burgess, A.** 234, 271.  
**Busato-Schach, J.** 383.  
**Butt, I.** 8, 9, 17, 233, 237, 276, 281, 297.  
**Buzzell, R.** 174, 180.  
**Calantone, R.** 274, 283, 296.  
**Campbell, D.** 359, 378, 384.  
**Candel, M.** 278.  
**Carapellotti, L.** 172, 174, 185.  
**Carman, J.** 385.  
**Casey, M.** 77, 104, 135.  
**Cateora, P.** 313, 314, 340.  
**Cattin, P.** 28, 73, 96, 100, 122, 163, 164, 180, 396, 409.  
**Cavusgil, S.T.** 28, 74, 75, 95, 96, 104, 108, 123, 164, 183, 197, 206, 211, 225, 304, 306, 343, 396, 411.  
**Champagne, C.** 315, 334, 339.  
**Chansarkar, B.** 67, 103, 152.  
**Chao, P.** 8, 9, 15, 28, 38, 50, 51, 52, 96, 100, 101, 123, 129, 130, 172, 180, 181, 193, 198, 199, 204, 305, 340, 341, 396, 397, 409.  
**Chapman, M.** 324, 342.  
**Chasin, J.** 28, 35, 100, 121, 164, 175, 181, 268, 271.  
**Chen, C.** 69, 106.  
**Chen, H.** 61, 100.  
**Chetty, S.** 109.  
**Childers, T.L.** 197, 205, 361, 383.  
**Cho, H.** 213, 214, 225.  
**Choi, M.** 187.  
**Choi, S.** 297, 386  
**Chung, K.** 354, 356, 360, 384, 395, 412.  
**Churchill, G.** 366, 381.  
**Clark, T.** 272, 283, 296, 351, 382.  
**Cochran, W.** 365, 382.  
**Collins, A.M.** 159, 196, 205, 276.  
**Compeau, D.** 273.  
**Coney, K.A.** 273.  
**Cooksey, R.** 67, 109.  
**Cordell, V.** 83, 96, 100, 128, 397, 410.  
**Cox, A.** 197, 205.  
**Cox, D.** 197, 205.  
**Cox, G.** 365, 382.  
**Craig, C.** 213, 225.  
**Crawford, J.C.** 73, 100, 122, 163, 164, 175, 177, 184, 239, 272, 283, 284, 286, 296.  
**Cullen, C.** 359, 382.  
**Cundiff, E.W.** 72, 113, 121.  
**Cunningham, W.H.** 81, 98, 117.  
**Currie, C.A.** 95, 96, 98.  
**Currie, W.** 393, 409.  
**Cutler, B.** 92, 103, 353, 383, 394, 396, 411.  
**Czinkota, M.** 103, 173, 182, 198, 205, 237, 268, 274.  
**d'Astous, A.** 9, 20, 53, 63, 65, 130, 132, 133, 268, 303, 305, 309, 312, 314, 315, 317, 318, 319, 321, 322, 331, 333, 334, 358.  
**D'Souza, R.** 277  
**Darling, J.R.** 34, 41, 72, 100, 120, 125, 165, 181, 396, 410.  
**Das, M.** 306, 307, 308, 324, 330,

345.  
**Daser, S.** 164, 181.  
**De Wet, A.G.** 394, 410.  
**De Wet, J.M.** 394, 410.  
**Deaux, K.** 359, 382.  
**Dekimpe, M.** 211, 212, 225.  
**Deligonoul, S.** 211, 225.  
**Demoolj, M.** 225.  
**Diamantopoulos, A.** 101, 135, 271, 322, 340, 381.  
**DiMatteo, M.** 385.  
**Dornoff, R.** 33, 81, 96, 101, 118, 164, 175, 181.  
**Douglas, S.** 28, 39, 103, 123, 163, 183, 213, 225, 394, 395, 397, 410, 411.  
**Dowdles, M.** 273.  
**Dube, L.** 105, 133.  
**Durr, M.** 83, 96, 103, 124, 163, 171, 182.  
**Dzever, S.** 109, 268, 272.  
**Edgett, S.** 359, 382.  
**El-adraoui, M.** 97, 268, 271.  
**Eliashberg, J.** 218, 226, 227.  
**ElJabri, J.** 97, 314, 315, 331, 339.  
**Elliott, G.** 79, 80, 102, 152.  
**Engel, J.** 212, 217, 225.  
**Erffmeyer, R.** 226.  
**Erickson, G.M.** 38, 101, 123.  
**Eroglu, S.** 240, 272, 312, 341.  
**Ethier, K.A.** 359, 382.  
**Ettenson, R.** 17, 42, 95, 101, 125, 168, 172, 173, 183, 195, 198, 205, 237, 242, 269, 274, 323, 342, 353, 359, 360, 384.  
**Etzel, M.J.** 71, 101, 119.  
**Eysenck, H.** 218, 225.  
**Fang, T.** 97, 381.  
**Farley, J.U.** 237, 277, 304, 345.  
**Feick, L.** 219, 227.  
**Feshbach, S.** 322, 342.  
**Festervand, T.** 39, 81, 96, 101, 123, 164, 175, 181.  
**Fiske, S.** 361, 382.  
**Florida, R.** 268.  
**Ford, J.** 359, 382.  
**Fox, H.** 186.  
**Foxall, G.** 212, 213, 223, 226.  
**Frauenheim, E.** 392, 410.  
**Friedman, H.** 197, 205.  
**Friedman, L.** 197, 205.  
**Fu, S.** 275.  
**Fukuyama, F.** 283, 296.  
**Gaedeke, R.** 70, 71, 80, 96, 101, 118, 163, 164, 175, 176, 181, 396, 410.  
**Gaeth, G.** 42, 101, 106, 125.  
**Galloni, A.** 169, 181, 189.  
**Gammoth, B.S.** 207.  
**Ganesh, G.** 385.  
**Garby, F.** 185.  
**Gatignon, H.** 211, 212, 213, 218, 223, 226.  
**Gee, N.R.** 206.  
**Ghadir, H.** 47, 48, 83, 101, 127.  
**Ghymn, K.** 268, 272.  
**Giese, T.** 354, 355, 359, 384, 395, 412.  
**Gilly, M.C.** 108, 324, 330, 343, 344.  
**Gioulistanis, E.** 65, 112.  
**Goldsmith, R.E.** 199, 205.  
**Good, L.K.** 81, 101, 134.  
**Goodstein, R.C.** 397, 413.  
**Gorn, G.** 167, 187, 397, 414.  
**Grabb, E.** 359, 381.  
**Graham, J.** 271, 313, 314, 340.  
**Granzin, K.L.** 56, 80, 108, 130, 215, 223, 226, 394, 410.  
**Green, P.** 364, 366, 382.  
**Green, R.T.** 34, 101, 115, 119.  
**Greene, W.** 213, 221, 225, 226.  
**Greer, T.V.** 32, 81, 102, 117.  
**Grewal, D.** 397, 413.  
**Griffith, D.A.** 281, 296.  
**Grusec, J.E.** 257, 272.  
**Gudum, A.** 80, 102, 136.  
**Gudykunst, W.** 361, 382.  
**Gurhan-Canli, Z.** 283, 284, 296, 362, 383.  
**Hadjimarcou, J.** 106, 312, 313, 343.  
**Haider, D.** 275.  
**Hair, J.F.** 366, 383.  
**Hall, J.** 385.  
**Hallén, L.** 164, 177, 182.  
**Hamin, 79, 80, 102.**  
**Hampden-Turner, C.** 298.  
**Hampton, G.M.** 82, 96, 102, 120, 164, 182.  
**Hamzaoui, L.** 69, 102, 154.  
**Han, C.M.** 8, 9, 17, 21, 28, 43, 46, 47, 70, 80, 82, 96, 102, 115, 125, 126, 127, 164, 165, 173, 182, 211, 215, 218, 219, 220, 223, 224, 226, 230, 237, 240, 272, 273, 318, 330, 341, 350, 352, 383, 394, 396, 410.  
**Harrison-Walker, L.J.** 89, 90, 96, 102, 134, 354, 355, 359, 383, 395, 410.  
**Harvey, M.G.** 281, 296.  
**Hatala, M.N.** 308, 340.  
**Häubl, G.** 240, 273.  
**Hawkins, D.** 242, 273.  
**Heckler, S.E.** 197, 205, 361, 383.  
**Heimbach, A.** 165, 182.  
**Heitmeyer, J.** 66, 81, 109, 149.  
**Heslop, L.A.** 39, 80, 81, 83, 96, 99, 102, 105, 108, 109, 112, 113, 115, 123, 127, 128, 164, 172, 175, 178, 182, 184, 185, 187, 189, 197, 206, 240, 243, 250, 256, 268, 269, 273, 274, 275, 276, 277, 278, 283, 284, 285, 296, 297, 299, 304, 305, 306, 323, 324, 329, 331, 335, 339, 340, 341, 342, 343, 360, 362, 383, 384, 385, 394, 395, 396, 411, 413, 414.  
**Hester, S.** 163, 164, 171, 182.  
**Hett, E.J.** 312, 341.  
**Hoffmann, R.** 103, 140.  
**Hofstede, G.** 103, 115, 211, 212, 213, 223, 228, 283, 289, 296, 375, 383.  
**Hofstra, G.** 81, 112, 127.  
**Holzmüller, H.** 268, 271.  
**Honeycutt Jr, E.D.** 216, 228.  
**Hong, H.** 68, 111.  
**Hong, S.** 44, 103, 126, 273, 397, 411.  
**Hooley, G.** 80, 81, 103, 125.  
**Houston, M.J.** 197, 205, 361, 367, 383.  
**Hu, M.** 177, 184.  
**Huang, Y.** 68, 105.  
**Huddleston, P.** 81, 101, 134.  
**Hugstad, P.** 83, 96, 103, 124, 163, 171, 182.  
**Hui, A.** 97, 144, 381.  
**Hui, M.** 64, 103, 214, 228, 273.  
**Hult, G.T.** 199, 205, 226.  
**Hutchinson, J.W.** 196, 204, 316, 340.  
**Hyder, A.** 62, 104.  
**Inch, G.S.** 394, 411.  
**Inglehart, R.** 283, 296.  
**Insch, G.** 240, 274.  
**Issak R.E.** 341.  
**Jackson, D.N.** 321, 322, 341, 342.  
**Jacoby, J.** 95, 108, 352, 383, 397, 414.  
**Jaffe, E.** 28, 35, 60, 100, 105, 121, 138, 164, 175, 181, 237, 268, 271, 274, 306, 342, 396, 411.  
**Jain, S.C.** 174, 182, 397, 414.  
**Jamal, A.** 324, 342.  
**Jasper, J.** 106.  
**Javalgi, R.** 92, 103, 141, 353, 383, 394, 396, 411.  
**Ji, Y.** 48, 49, 106, 131.  
**Jin, Z.** 67, 103, 152.  
**Jo, M.S.** 199, 204, 205, 397, 411.  
**Jog, V.M.** 277.  
**John, I.** 305, 325, 342.  
**Johnson, J.** 97, 173, 180, 381, 409.  
**Johnston, W.** 381.  
**Jolibert, A.** 73, 83, 99, 100, 121, 122, 161, 163, 164, 167, 171, 180, 185,

# INDEX

- 189, 197, 207, 237, 277, 304, 306, 344, 349, 385, 394, 396, 409, 413.
- Joseph, B.** 359, 382.
- Joseph, M.** 359, 382.
- Jun, S.Y.** 199, 206.
- Kagıtcıbası, C.** 297, 386.
- Kaleka, A.** 106, 312, 313, 343.
- Kamins, M.E.** 197, 205, 271.
- Kanuk, L.** 306, 307, 308, 324, 330, 345.
- Kara, A.** 78, 80, 87, 89, 96, 104, 133, 141, 355, 384, 394, 412.
- Kassim, N.** 68, 111.
- Katsanis, L.** 95, 111.
- Kavas, A.** 80, 102, 136.
- Kawahara, Y.** 164, 186.
- Kaynak, E.** 62, 74, 75, 78, 80, 87, 89, 96, 104, 123, 133, 140, 141, 164, 183, 227, 268, 274, 354, 355, 359, 384, 394, 396, 411, 412.
- Keegan, W.** 212, 215, 217, 226.
- Keiller, B.** 216, 226.
- Kellaris, J.J.** 197, 205.
- Keller, K.** 178, 183.
- Kennedy, J.** 218, 227.
- Keown, C.** 77, 104, 135.
- Khachaturian, J.L.** 44, 46, 96, 104, 115, 127.
- Khan, H.** 81, 95, 104, 154.
- Khanna, S.R.** 74, 104, 124, 167, 183, 396, 412.
- Kim, C.** 80, 106, 129, 219, 227, 275, 342.
- Kim, H.** 297.
- Kim, I.** 79, 110.
- Kim, Y.** 68, 104, 153.
- King, W.** 392, 412.
- Kinnear, T.C.** 214, 227.
- Kinra, N.** 80, 105, 151.
- Klein, J.** 168, 172, 173, 183, 198, 205, 237, 240, 242, 269, 274, 323, 342, 353, 359, 360, 362, 378, 384.
- Knight, G.** 61, 105, 139, 172, 183, 240, 274, 283, 296.
- Knowles, J.** 17, 195, 205.
- Knox, P.L.** 241, 275.
- Kochunny, C.M.** 51, 52, 105, 115, 129.
- Kogut, B.** 281, 297.
- Kohli, C.** 170, 179, 187.
- Kondap, N.** 67, 103, 152.
- Kosterman, R.** 322, 342.
- Kotler, P.** 241, 275.
- Kraff, F.** 34, 72, 100, 120, 354, 356, 360, 384, 395, 412.
- Krieger, N.** 103, 125.
- Krishnakumar, P.** 32, 96, 105, 118, 163, 183, 412.
- Krishnan B.C.** 196, 198, 205, 207.
- Kucukemiroglu, O.** 78, 80, 87, 89, 96, 104, 105, 133, 138, 268, 274, 355, 384.
- Kulkarni, S.** 385.
- Kuo, K.** 268, 272.
- Kwai, W.** 187.
- Kwan, C.** 112.
- Kwok, S.** 68, 105, 152.
- LaBay, D.** 214, 227.
- Labrie, M.** 268, 275.
- Lafferty, B.A.** 199, 205.
- Lam, L.** 187.
- Lamb, C.W.** 28, 73, 100, 113, 122, 164, 177, 187, 283, 284, 286, 296, 298, 379, 386, 395, 396, 415.
- Lampert, S.** 60, 105, 138.
- Langeard, E.** 34, 101, 115, 119.
- Laroche, M.** 65, 66, 105, 148, 240, 241, 242, 275, 305, 306, 324, 329, 331, 342, 362, 384.
- Lascu, D.** 354, 355, 359, 384, 395, 412.
- Lavack, A.** 64, 111, 143, 161, 163, 170, 171, 179, 186.
- Lawrence, C.** 76, 81, 105, 128.
- Lawrence, J.J.** 290, 297.
- Leclerc, F.** 58, 59, 96, 105, 133, 137.
- Ledlow, G.** 281, 298.
- Lee, B.** 218, 220, 224, 226, 324, 342.
- Lee, D.** 28, 106.
- Lee, H.** 80, 106, 129.
- Lee, M.** 8, 9, 22, 170, 183, 189, 391, 394, 396, 397, 414.
- Lee, W.** 277, 414.
- Lehmann, D.** 40, 108, 124, 354.
- Lenartowicz, T.** 307, 335, 342.
- Leonard, M.** 186.
- Leonidou, L.** 60, 106, 139, 312, 313, 343.
- Levin, A.** 199, 206, 361, 362, 363, 384.
- Levin, I.** 55, 80, 96, 106, 130, 199, 206, 361, 362, 363, 384.
- LeVine, R.** 359, 378, 384.
- Levitt, T.** 241, 275.
- Li, W.K.** 412.
- Li, Z.** 275.
- Liefeld, J.** 48, 49, 81, 83, 106, 113, 128, 131, 304, 306, 343.
- Lillis, C.** 34, 106, 119, 163, 183.
- Lim, D.** 278.
- Lim, K.** 106.
- Lim, Y.K.** 111.
- Lin, C. A.** 343.
- Lin, L.** 106, 412.
- Ling, C.** 97, 381.
- Lockhart, R.S.** 257, 272.
- Loftus, E.F.** 196, 205.
- Lohnes, W.** 73, 100, 122, 180, 396, 409.
- Lopez, G.** 66, 81, 112, 149.
- Lotz, S.** 177, 184.
- Lumpkin, J.** 77, 101, 111, 123, 133, 163, 164, 175, 177, 181, 184.
- Lundstrom, W.** 101, 123, 181.
- Machleit, K.A.** 272, 341.
- MacInnis, D.J.** 206.
- Madden, T.** 162, 170, 174, 178, 186.
- Mahajan, V.** 211, 213, 227.
- Maheswaran, D.** 77, 107, 132, 283, 284, 296, 316, 343, 362, 383, 396, 412.
- Maihotra, N.** 94, 96, 99, 103, 107, 150, 182, 184, 186.
- Marcello, J. V.** 112.
- Marchant, C.** 354, 358, 360, 384.
- Marks W.** 105.
- Markus, H.** 215, 228, 257, 276.
- Marmet, G.** 36, 107.
- Marr, N.E.** 93, 105, 128, 220, 318.
- Marshall, J.** 277.
- Martinez, T.** 278.
- Masaaki A.** 112.
- McAlexander, H.** 308, 344.
- McBride, J.B.** 274, 394, 411.
- McCarthy, J.C.** 392, 414.
- McCracken, G.** 306, 343.
- McKinney V.M.** 206.
- McLachlan, D.** 182.
- McLain, S.** 81, 82, 107, 128.
- McNamara, K.T.** 268, 271.
- Medina, J.** 213, 214, 227.
- Melewar, T.** 63, 99, 271, 323, 340, 381.
- Meric, H.** 181.
- Merunka, D.** 69, 102.
- Meulenberg, T.** 278, 305, 345.
- Michaels, P.** 213, 227.
- Michie, J.** 28, 60, 81, 99.
- Miller, C.** 110, 186.
- Miller, J.** 106.
- Ming, L.** 112.
- Miniard, P.** 225.
- Minor, M.** 276.
- Misra, S.** 206.
- Mittelstaedt, J.** 106.
- Miyazaki, A.D.** 397, 413.
- Moinpour, R.** 274.
- Moon, B.J.** 297.
- Moore, S.** 359, 385.
- Morello, G.** 38, 107, 123, 163, 184, 256, 276.
- Morgan, F.W.** 111, 128.

- Morganosky, M.A.** 44, 46, 96, 104, 127.
- Morris, M.** 168, 172, 173, 183, 237, 242, 269, 274, 323, 342, 353, 359, 360, 384.
- Mourali, M.** 105, 275.
- Moutinho, L.** 65, 112.
- Mowen, J.** 257, 276.
- Mueller, R.** 99, 271, 322, 323, 340, 381.
- Mulder, M.** 107, 115.
- Muller, E.** 211, 213, 273.
- Murray, L.W.** 275.
- Nagashima, A.** 28, 31, 32, 34, 36, 37, 70, 72, 80, 96, 107, 117, 120, 164, 165, 175, 184.
- Nakamoto, K.** 199, 205, 397, 411.
- Nakata, C.** 281, 297.
- Narayana, C.** 34, 37, 80, 96, 106, 107, 119, 122, 163, 183, 184.
- Nebenzahl, I.** 173, 183, 237, 274, 306, 342.
- Nelson, D.L.** 196, 206.
- Nelson, J.E.** 199, 205.
- Nes, E.** 8, 82, 99, 109, 180, 204, 276, 281, 297, 304, 306, 340, 394, 409.
- Newman, K.** 81, 109, 131.
- Nguyen, D.** 65, 111, 150, 186.
- Niffenegger, P.** 36, 107, 121, 164, 175, 184.
- Nijssen, E.J.** 394, 410.
- Niss, H.** 78, 107, 136, 177, 184.
- Noble, S.M.** 343.
- Nonaka, I.** 28, 39, 103, 123, 163, 183, 395, 397, 411.
- Nydia, L.** 112.
- O'Cass, A.** 62, 81, 93, 141, 144.
- O'Hair, D.** 281.
- O'Hara, B.S.** 91, 96, 354, 356.
- Obermiller, C.** 162, 184, 294, 297.
- Ofir, C.** 40, 108, 124, 354, 355, 359, 384, 395, 413.
- Ohmae, K.** 241, 276.
- Okechuku, C.** 56, 96, 108, 132, 173, 174, 178, 184.
- Olsen, J.E.** 56, 80, 108, 115, 130, 394, 410.
- Onyemah, V.** 173, 174, 178, 184.
- Onzo, N.** 271.
- Osgood, C.E.** 108, 197, 206.
- Ostlund, L.** 214, 227.
- Ozsomer, A.** 28, 95, 96, 108, 197, 304, 306, 343.
- Pacheco, B.** 59, 111, 137.
- Painter, J.J.** 215, 223, 226.
- Papadopoulos, N.** 8, 9, 17, 19, 28, 40, 41, 75, 99, 105, 108, 109, 115, 124, 126, 164, 171, 172, 175, 178, 182, 184, 185, 189, 197, 233, 237, 240, 242, 243, 250, 253, 268, 269, 272, 273, 274, 275, 276, 277, 278, 281, 285, 294, 296, 297, 298, 305, 306, 323, 324, 329, 331, 335, 339, 340, 341, 342, 343, 360, 383, 385, 395, 396, 411, 413.
- Pappu, R.** 67, 109, 151.
- Parameswaran, R.** 79, 109, 143, 240, 277, 284, 285, 297, 324, 335, 343.
- Parasuraman, A.** 344, 351, 385.
- Park, C.W.** 197, 199, 206.
- Park, S.Y.** 213, 214, 227.
- Parker, P.** 225.
- Paswan, A.** 109, 385.
- Pecotich, A.** 354, 357, 385.
- Pelton, L.E.** 111.
- Penalosa, L.** 344.
- Pereira, A.** 61, 100.
- Peris, S.** 109.
- Peterson, R.** 185, 207, 277, 344, 385, 413.
- Pham, K.** 185.
- Pharr, J.M.** 304, 306, 344.
- Phau, I.** 109.
- Pineres, S.** 81, 98.
- Pinkaeo, K.** 385.
- Piron, F.** 109.
- Pisharodi, R.** 109, 277, 297, 343, 344.
- Pons, F.** 275.
- Pothas, A.** 394, 410.
- Powell, R.** 392, 413.
- Preez, J.P.** 101, 135.
- Prendergast, G.P.** 105, 128.
- Pressley, M.** 357, 385.
- Price, L.L.** 213, 219, 227, 228.
- Priluck, R.** 199, 207.
- Propeck, J.** 268, 275.
- Qu, L.** 207, 361.
- Qu, R.** 195, 385.
- Quester, P.** 67, 86, 109, 140, 268, 272.
- Quillian, M.R.** 196, 207.
- Rajagopalan, R.** 66, 81, 109, 149.
- Rajaratnam, D.** 382.
- Rajeer, K.** 305, 325, 342.
- Rajendran, K.N.** 52, 96, 100, 130, 313, 314, 344.
- Rao, A.R.** 195, 207, 361, 385.
- Rawwas, M.Y.** 313, 314, 344.
- Reardon, J.** 79, 80, 110, 149.
- Reierson, C.** 29, 30, 70, 80, 96, 110, 116, 163, 164, 175, 185.
- Rein, I.** 275.
- Reynolds, F.** 218, 227.
- Robert B.** 112, 304.
- Robertson, T.** 211, 212, 213, 218, 223, 226, 227.
- Rogers, E.M.** 212, 213, 214, 216, 219, 223, 228.
- Rogers, P.** 385.
- Romeo, J.B.** 49, 50, 95, 96, 110, 129.
- Ronkainen, I.** 103, 173, 182, 198, 205, 237, 268, 174.
- Rosenthal, R.** 361, 385.
- Rostow, W.W.** 313, 344.
- Roth, D.** 357, 385.
- Roth, K.** 307, 335, 342.
- Roth, M.S.** 49, 50, 95, 96, 110, 129.
- Ruekert, R.W.** 195, 207, 361, 385.
- Ruth, J.A.** 198, 199, 207, 360, 361, 386.
- Ruyter, K.** 113, 137, 357, 387.
- Ryh-Song, Y.** 290, 297.
- Saad, G.** 275.
- Sakano, T.** 271.
- Samiee, S.** 8, 9, 14, 28, 110, 159, 161, 162, 163, 165, 167, 168, 169, 170, 171, 172, 174, 176, 177, 178, 179, 185, 186, 199, 204, 304, 306, 326, 644.
- Samu, S.** 196, 207.
- Sarathy, R.** 212, 228.
- Sarvary, M.** 225.
- Saunders, J.A.** 28, 72, 81, 96, 99, 120, 164, 175, 180.
- Schaninger, C.** 28, 106.
- Schewe, C.D.** 343.
- Schlegelmilch, B.B.** 101, 135, 359, 385.
- Schmitt, B.** 105, 133.
- Schooler, R.D.** 29, 30, 31, 70, 76, 81, 96, 110, 115, 116, 117, 164, 185, 186, 304, 396, 413.
- Schouten, T.W.** 308, 344.
- Schwanen, D.** 268, 277.
- Schwartz, S.** 283, 285, 297, 323, 345, 362, 386.
- Schwendinger, H.** 308, 345.
- Schwendinger, J.** 308, 345.
- Seringhaus, F.** 358, 386.
- Seymore, M.** 359, 386.
- Shaffer, T.R.** 91, 96, 110, 115, 134, 354, 356, 386, 395, 413.
- Shainesh, G.** 107.
- Sharma, D.** 64, 109, 147, 325, 344.
- Sharma, S.** 81, 110, 135, 161, 162, 163, 164, 167, 168, 170, 171, 177, 179, 185, 186, 216, 228, 237, 242, 269, 277, 312, 314, 322, 326, 344, 345, 353,

# INDEX

- 359, 360, 362, 386, 394, 395, 413, 414.  
**Shiffman, L.** 345.  
**Shimp, T.** 110, 135, 161, 162, 163, 164, 167, 168, 169, 170, 171, 174, 177, 178, 179, 185, 186, 216, 228, 237, 242, 277, 312, 314, 322, 323, 326, 344, 345, 353, 359, 360, 386, 394, 395, 413, 414.  
**Shin, J.** 110, 135, 163, 164, 168, 171, 186, 386, 395, 413.  
**Shipley, D.** 103, 125.  
**Shocker, A.D.** 199, 206.  
**Shreiber, T.A.** 206.  
**Sikand, K.** 397, 414.  
**Simonin, B.** 198, 199, 207, 360, 361, 386.  
**Singh, H.** 281, 297.  
**Sinha, D.** 393, 414.  
**Sivakumar, K.** 281, 297.  
**Skuras, D.** 81, 111, 142.  
**Smith, D.** 219, 227.  
**Smith, R.** 196, 207.  
**Smith, T.** 382.  
**Smith, W.R.** 76, 81, 111, 131.  
**Solomon, M.** 186, 213, 214, 228.  
**Solso, R.** 257, 277.  
**Souiden, N.** 68, 111, 153.  
**Spangenberg, E.** 162, 184, 294, 297.  
**Speece, M.** 65, 111, 150, 164, 168, 186, 354, 357, 385.  
**Srinivasan, N.** 366, 382, 397, 414.  
**Srinivasan, S.** 366, 382, 397, 414.  
**Stamenova, G.** 106.  
**Stayman, D.** 215, 225.  
**Steenkamp, J.** 168, 171, 187, 211, 212, 213, 214, 223, 225, 228, 294, 298, 304, 305, 306, 330, 345, 349, 386, 394, 396, 414.  
**Stephens, K.** 164, 171, 186.  
**Sternhal, B.** 343.  
**Sternquist, B.** 57, 81, 96, 106, 107, 115, 128, 132, 397, 412.  
**Stollman, J.J.** 80, 111, 128.  
**Strutton, D.** 77, 111, 115, 133.  
**Sujan, M.** 196, 204.  
**Sumner, W.G.** 353, 359, 378, 386.  
**Sunoo, D.H.** 30, 96, 110, 117, 164, 185.  
**Suntornnond, V.** 68, 109, 152.  
**Szybillo, G.** 383, 397, 414.  
**Tan, C.** 237, 268, 377, 378, 304, 345.  
**Tankersley, C.** 101, 181.  
**Tannenbaum, P.H.** 206.  
**Tansuhaj, P.** 198, 207.  
**Tatham, R.L.** 366, 383.  
**Teas, R.K.** 87, 97, 145.  
**Terdiman R.** 393, 414.  
**Terpstra, V.** 28, 43, 80, 96, 102, 125, 164, 165, 173, 182, 212, 228, 396, 410.  
**Thakor, M.** 59, 64, 95, 111, 137, 143, 161, 163, 170, 171, 179, 186, 187.  
**Thelen, S.** 216, 228.  
**Thorelli, H.B.** 112, 115, 126.  
**Till, B.D.** 199, 207.  
**Ting-Toomey, S.** 361, 382.  
**Tongberg, R.C.** 283, 284, 286, 298, 396, 414.  
**Triandis, H.** 112, 115, 297, 386.  
**Trompenaars, F.** 283, 298.  
**Tse, A.** 62, 112, 139, 187.  
**Tse, D.** 167, 187, 227, 396, 397, 414.  
**Turmel, A.** 275.  
**Ulgado, F.** 8, 9, 22, 107, 170, 183, 189, 391, 394, 396, 397, 414.  
**Ulijn, J.** 281, 398.  
**Uncles, M.** 68, 105.  
**Usunier, J.** 160, 165, 167, 187, 189.  
**Vakrou, A.** 81, 111, 142.  
**Van Fenema, P.** 393, 409.  
**Van Iltersum, K.** 240, 278.  
**Veloutsou, C.** 65, 112, 150.  
**Venkatraman, M.** 213, 228.  
**Verbeke, W.** 66, 81, 112, 149.  
**Verlegh, P.** 163, 171, 187, 294, 298, 304, 305, 306, 330, 345, 349, 386, 394, 396, 414.  
**Vida, I.** 110.  
**Vidmar, N.J.** 322, 342.  
**Villanueva, L.** 240, 269, 278, 294, 298.  
**Voss, K.E.** 198, 199, 207.  
**Wagner, J.** 42, 101, 125.  
**Wah, K.** 112.  
**Walker, B.J.** 71, 89, 90, 96, 101, 102, 119, 134, 354, 355, 359, 383, 395, 410.  
**Wall, M.** 39, 48, 49, 80, 81, 83, 96, 102, 106, 112, 113, 115, 123, 127, 128, 129, 131, 164, 175, 181, 187, 256, 273, 396, 414.  
**Walters, G.** 257, 272.  
**Wang, C.** 28, 73, 113, 122, 164, 176, 187, 283, 284, 286, 298, 357, 379, 386, 395, 396, 415.  
**Ward, S.** 354, 358, 360, 384.  
**Warda, J.** 268, 378.  
**Washburn, J.H.** 199, 207.  
**Watson, J.** 172, 187, 283, 284, 285, 286, 298, 362, 387, 395, 415.  
**Wedel, M.** 211, 212, 213, 223, 228.  
**Wee, C.** 268, 278.  
**Weggeman, M.** 298.  
**Werani, T.** 172, 180, 397, 409.  
**Wetzels, M.** 91, 96, 113, 137, 354, 357, 360, 387.  
**White, G.** 101, 107, 181.  
**White, J.** 36.  
**White, P.D.** 28, 73, 113, 121, 164, 188.  
**Wildt, A.R.** 30, 110, 115, 116, 185.  
**Willam, R.D.** 227.  
**Winans, W.** 92, 103, 353, 383, 394, 396, 411.  
**Wind, Y.** 364, 382.  
**Wood, V.** 165, 181, 261, 264, 396, 410.  
**Wright, K.** 172, 187, 283, 284, 285, 286, 298, 362, 387, 395, 415.  
**Wu, L.** 107.  
**Wuehrer, G.A.** 313, 314, 344.  
**Wuhrer G.** 172, 180, 397, 409.  
**Wyer, R.S.** 44, 103, 126, 396, 412.  
**Xu, X.** 48, 49, 106, 131.  
**Yamoah, F.** 174, 188.  
**Yaprak, A.** 28, 35, 56, 57, 80, 95, 96, 97, 99, 113, 115, 120, 130, 211, 396, 415.  
**Yavas, U.** 74, 113, 124.  
**Ye, J.** 112, 126.  
**Yee, C.** 112.  
**Yip, L.S.** 199, 204.  
**Yoon, G.** 297, 386.  
**Yuen, M.** 163, 164, 171, 182.  
**Zajonc, R.** 215, 228, 257, 276.  
**Zapata, J.** 240, 278.  
**Zeithaml, V.** 351, 385, 387, 393, 415.  
**Zhang, Y.** 96, 113, 136.  
**Zhou, L.** 64, 103, 144, 214, 228, 273.  
**Zieminski, J.** 268, 278.  
**Zimionjic, P.** 234, 278.  
**Zouiten, S.** 321, 339.

