Chapter II

REVIEW OF LITERATURE
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2.1 INTRODUCTION

The present chapter reviews the available literature in the area of Country-of-Origin (COO). COO is considered as one of the widely studied aspects of Consumer Behaviour. The research in the area of COO has evolved over time, especially due to phenomenon of globalisation. It has been observed that the concept of COO itself has undergone transformation over the years. Therefore, considering the extensive research in the area, the researcher has made an attempt to classify and review the studies into different groups on the basis of areas of research in COO.

2.2 SINGLE-CUE COO STUDIES

Single-cue studies refer to those studies where only a single cue has been considered instead of multiple cues to evaluate the products. The early studies on the effect of Country-of-Origin on Consumer evaluations of products were mostly single-cue studies, where COO was the only cue considered.

The study by Schooler (1965) examined the effect of Country-of-Origin on product evaluation. Guatemalan students were provided with identical products of juice and fabric, each labelled with a particular country. It was found that higher evaluations were given to the domestic (Guatemalan)
and Mexican products than to products labelled from El Salvador and Costa Rica. Further, to determine the direction of the biases, the study considered four aspects of a country, viz., business, labour, Government, and people. Significant differences in the respondents’ attitude towards people of a country were observed.

Reierson (1966) did a study among college students in America to examine their attitude towards foreign products. The study examined attitude towards a country’s products in general, towards classes of products, and also towards specific products. The results of the study indicated stereotyping of foreign products. It was seen that significant differences regarding quality existed between different countries’ products in general, between classes of products from different countries, and between specific products from the different countries.

In another study, Reierson (1967) used an experimental approach to study the possible influence of different communication media such as films, periodical advertising, publications etc., on the product images of Italian and Japanese products held by American consumers. The study concludes that the foreign product image held by consumers exposed to the communication media significantly differed from those not exposed to it.

Schooler (1971) did a study among American consumers to examine whether consumer bias existed on the basis of product’s origin. The study
found that hierarchy of bias existed with the intensity of bias varying significantly between identical products of different foreign origins. The products chosen for the study represented utilitarian (cotton cloth), mechanical (pen) and fashion product (goblet). It was also seen that the incidence and intensity of the bias varied on the basis of consumer socio-demographic characteristics. However, significant differences were not seen between evaluations of different products from the same origin.

Nagashima (1977) studied the attitude of Japanese businessmen towards products-in general made in different countries; USA, Japan, Germany, England, and France. Twenty descriptive adjectives on semantic differential method were considered; covering aspects such as price and value, service and engineering, advertising and reputation, design and style and consumers' profile. The study found that the US image declined considerably among the Japanese businessmen while image of Japanese product improved. Thus, it indicates the changing nature of made-in images among consumers.

Badri, Davis and Davis (1995) studied the attitude of Gulf state business people towards products with different Country-of-Origin such as USA, Japan, Germany, UK, France, Italy, and Taiwan. The study found that there was significant difference in the general attitude of the respondents towards products made in the different countries on various attributes. The study also examined the general attitude towards specific products made in
various countries. In case of automobiles, the attitude towards U.S. Made automobiles differed from that of the other countries. The Gulf business people preferred German and Japanese cars relative to U.S. Made cars but, preferred U.S. Made cars relative to cars made in countries such as Italy, France, and UK. In case of household electronic products, Japan had the highest ratings whereas U.S. had high ratings in case of food products.

2.3 MULTI-CUE COO STUDIES

Multi-cue studies refer to those studies where product evaluation has been examined by considering more than one cue. Most of early COO studies, as seen in the preceding paragraphs were single cue studies where COO was the only information provided for consumer evaluation of products. Studies such as Bilkey and Nes (1982) have stated the limitation of single-cue studies as it tends to bias results towards obtaining a COO effect, which may/may not exist in reality. Therefore, considering this possibility of demand artefacts in the single-cue studies, researchers started considering multiple cues in COO studies. Therefore, COO effect was studied by presenting it as one of cues, along with other product related information cues. There are multi-cue COO studies conducted for both uni-national, and bi-national products. In the case of uni-national products where the COO has been investigated in the traditional way as the Country-of-Manufacture (COM); and bi-national products where one or more countries involved in hybrid products have been examined.
Johansson, Douglas, and Nonaka (1985) did a multi-attribute attitudinal study to assess the impact of relevant product attribute information and COO on product evaluations. Ten car models of three national origins (United States, Japan, and Germany) and 13 product attributes were selected. The attributes selected were price, handling, horsepower, acceleration, gas mileage, safety, driving comfort, passenger comfort, reliability, durability, workmanship, styling, and colour selection. Factors such as respondents’ characteristics, nationality and familiarity with product class were also examined. Their results found low evidence of stereotyping on the basis of COO. It was not found to affect overall evaluation of the automobiles but, found to affect ratings of some product attributes such as the case of gas mileage for American cars, and driving comfort for German cars. The researchers conclude that impact of COO may be more complex that previously assumed, and put forth the view that familiarity, factors affecting information, and experience should also be taken into consideration.

Ettenson (1993) did a cross-national COO study covering countries; Russia, Poland, and Hungary. The study considered extrinsic cues - COO and brand name as well as some intrinsic cues to assess consumer decision making in case of colour televisions. It was found that there were differences in the use of COO among consumers in these countries. In case of Russia and Poland, COO played a dominant role whereas in case of Hungarians, some of the intrinsic attributes were found more dominant than COO. However, the
interaction between the extrinsic cues; brand name and COO seemed to play only a minor role in the decision making in case of colour televisions in three markets.

Ahmed and d’Astous (1993) did a study to investigate the effect of country-of-origin, brand name and level of price and service on consumers’ evaluation of automobiles. The study was conducted on the evaluation of automobiles among consumers in Canada and Belgium. The study adopted metric conjoint analysis to examine the impact of the made-in cue and the other cues. It was found that brand name was a more important informational cue than the made-in-cue (COO) for Belgian consumers; however, not so for Canadian consumers.

Elliot and Cameron (1994) conducted a study in Australia to examine the importance of Country-of-Origin relative to other product attributes. The study found that Country-of-Origin information to be of generally low importance relative to other product attributes, especially relative to those of quality, and price. The study also suggests that consumers have a preconceived stereotype view of products made in certain foreign countries.

Okechuku (1994) in his multi-country study investigated the relative importance of the Country-of-Origin of a product among consumers in United States, Canada, Germany, and Netherlands. The study analysed the importance of COO for two products viz; televisions and car radios. Other
product attributes considered in the study were brand name, price, picture (for television)/receiver (for car radio) quality, and warranty. It was found that for both product categories, in all the four countries studied, Country-of-Origin was one among the three most important attributes in product evaluations.

Okechuku and Onyemah (1999) examined the importance of Country-of-Manufacture (COM) relative to other attributes in product choice among Nigerian consumers. In case of cars, the study found that Country-of-Manufacture was more important than brand and other attributes; but, in the case of televisions, Country-of-Manufacture was as important as brand name. Further, with regard to COM preferences, in the case of cars, made-in Germany, and made-in Japan were most preferred; while for televisions, Japan was the most preferred COM.

Supanvanij and Amine (2000) considered an experimental design in U.S. to examine the effects of Country-of-Origin and brand for a hi-tech product viz; palm-sized DVD player. The Country-of-Origin for the study was defined as the Country-of-Manufacture. The study found that both Country-of-Origin effect and brand effect were significant in overall product evaluation. It was also found that a brand name with an unfavourable Country-of-Origin image did not lose its advantage compared to that with a favourable Country-of-Origin image.
Cai (2002) did a study to examine consumers’ willingness to buy foreign products. The study investigated the willingness to buy products from less developed countries and developed countries. The study employed an experimental design and was conducted among students by considering non-durable goods (shirts) and durable goods (telephone). Japan represented the developed country and Indonesia represented the less developed country in the study. The study indicated that the ‘made-in’ effect was significant in a multi-attribute context and suggests that the degree of economic development of the country producing the product, affects consumers’ willingness to buy. The study also showed that the decrease in price of the products from less developed countries encourage towards increase in willingness to buy such products.

2.4 COO STUDIES FOR HYBRID PRODUCTS

With increased globalisation of business operations, products which were earlier produced in a single country came to be produced in multiple countries. Thus, products designed in a particular country began to get manufactured in different countries. COO research has taken this aspect of the growing presence of these hybrid products into consideration. COO studies have been conducted for hybrid products wherein COO effects have been examined considering either one or both Countries viz., Country-of-Design, and Country-of-Manufacture.
Han and Terpestra (1988) studied the effects of Country-of-Origin versus brand name cues on consumer valuations of uni-national and bi-national products by considering products such as colour televisions and subcompact automobiles. Products were considered belonging to four different cross-classifications such as foreign-branded/foreign-made products (purely imported), U.S. branded/ foreign-made products, foreign-branded/ U.S. Made products, and U.S. branded/U.S. Made (purely domestic products). The study used experimental design, and found that both sourcing country and brand name affect consumers’ perceptions of product quality. However, the effect of sourcing country was found to be higher than that of brand name on consumer evaluations of bi-national products.

Ulgado and Lee (1993) did a study to examine how consumers evaluate bi-national products under two conditions – first, when only brand name and Country-of-Manufacture (COM) information is provided; and second, when specific attribute information is also provided in addition to brand name and COM. The study found that consumers considered both brand name and COM in overall product evaluation when these were the only information provided; whereas when intrinsic attribute information was provided, consumers mainly considered the brand name only.

Chao (1993) has studied the COO effect on hybrid product by considering the two aspects of COO viz., Country-of-Design and Country-of-Assembly on design quality and product quality perceptions. Television was
chosen as the product category for the study. The study points out that a careful choice of design and assembly countries is necessary to ensure more positive consumer product evaluations. Various combinations involving different countries appear to demonstrate different impacts of Country-of-Design, Country-of-Assembly, and price on product design quality and product quality perceptions.

Ahmed and d’Astous (1996) used metric conjoint analysis to study the effects of impact of Country-of-Design (COD), Country-of-Assembly (COA), and Brand name on consumer evaluation of quality and purchase value of automobiles, VCRs, and shoes. The impact of COA was strongest in the case of shoes, COD strongest in case of purchase evaluation of VCR, and brand name in case of automobiles. The study showed that the favourableness of Country-of-Origin or brand was considerably modified in presence of additional product-related information.

Tse (1999) examined whether various product related attributes such as price, brand name, Country-of-Origin, store name etc., affect consumer perceptions of product safety with regard to colour computer monitors among university student respondents in China. The study considered Country-of-Manufacture and Country-of-Assembly to examine COO attribute. It was found that perceived product safety was significantly affected by all attributes considered including the Country-of-Origin. It was found that manufacturing
or assembling of computer monitors in China lowered the perceived product safety than if done in countries such as America or Japan.

Mort and Duncan (2000) examined the importance of three extrinsic cues viz; ‘Made in’, ‘Owned by’, and ‘Price’ using conjoint profiles for products - televisions and headache tablets. The study found that the ‘Owned by’ cue was slightly more important to consumers than the “Made in” cue. The study also considered individual difference measures such as Consumer Ethnocentrism (CET), Need for Cognition (NFC), and Economic Nationalism. However, Consumer Ethnocentrism was found to be not related to use of the “Made in” cue. Similarly, Economic Nationalism was found to be not related to use of the “Owned by” cue; and NFC was found to be not related to all the three cues.

Ahmed, d’Astous, and Eljabri (2002) studied Canadian consumers’ judgments of products made in Highly Industrialised Countries (HICs) and Newly Industrializing Countries (NICs). In a single-cue context, HICs are perceived more favourably than NICs as Country-of-Design and Country-of-Manufacture, especially as Country-of-Design for technologically complex product. However, in a multi-cue context, additional product-related information such as brand name and warranty moderated the strength of COO effects. The study also showed that consumers’ COO evaluations were positively related to level of their familiarity with the products made in that COO.
Hui and Zhou (2003) studied the effects of Country-of-Manufacture (COM) information on consumers’ evaluations of a branded product. In order to control for the possible confounding effects of Brand Origin (Country-of-Brand), the study has considered brands with same brand origin. The results showed that COM information did not have significant effect on evaluations of a branded product when there is congruence between COM and brand origin. However, the COM information indicated that when the branded product was manufactured in a country with a less reputation than that of brand origin (country), that information found to have negative effects on product evaluations with such effect being more for the low equity brands. The results of the study thus, seem to indicate that brand image tends to dominate country image in the evaluation of high equity brands and vice-versa for low equity brands.

Ahmed and d’Astous (2005) in their study among Taiwanese male consumers considered the two COO dimensions- Country-of-Design (COD) and Country-of-Assembly (COA). It was found that Highly Industrialised Countries (HICs) evaluated were better than moderately industrialised countries. Further, moderately industrialised countries were found evaluated better than Newly Industrialised Countries (NICs). The NICs were found evaluated as somewhat better as COAs than CODs. The HICs were positively evaluated as CODs and COAs for technologically complex products than for technologically simple products. It was also found that consumers’ familiarity
with a country’s product was positively related to COD and COA ratings for both technologically complex and technologically simple products.

2.5 BRAND ORIGIN STUDIES

The traditional concept of COO is known as ‘made-in’ concept and it refers to the country where the product was made. However, with shifting of production locations outside the home country, COO studies emerged where the Country-of-Design and County-of-Manufacture were examined. Further, there is still another stream of COO research that has emerged, wherein the focus has been on the brand i.e. brand origin or the Country-of-Brand has been examined.

Thakor and Kohli (1996) in their study have defined brand origin as the place, region or country to which the brand is perceived to belong by its target consumers. The study discussed the strategic uses of the brand origin and stated that the potential effects of brand origin on consumer’s perceptions of brand image needs to be considered. The study suggests that in light of the growing trend of offshore manufacturing by multinationals, the country manufacturing a brand may become less significant while its brand origin becomes more important.

Phau and Prendergast (2000) have discussed the conceptual, strategic, and practical relevance of Country-of-origin-of-brand. The study put forth the view that with increasing multi-country production resulting in proliferation
of hybrid products, and the wide acceptance of such hybrid products by consumers; Country of Manufacture, regardless of its economic or industrial development, will be perceived just as a production centre and thereby its irrelevance in the evaluation. Country-of-Brand has been argued to be considered more consistent and encompassing a set of attributes and by successfully managing it; consumers are likely to use brand name and Country-of-Brand as benchmarks to evaluate the image and quality of the product.

Thakor and Lavack (2003) have presented a model of antecedents and consequences of brand origin wherein the antecedents listed include the location of ownership, location of manufacture, location of assembly, origin of top management, marketing communications and others such as press reports. The consequences mentioned include the overall quality perceptions, perceived dimensions of quality, brand-related attitudes, price expectations, perceived value, and purchase intentions. In the study, the effect of perceived location of manufacture, and the location of corporate ownership on consumer perceptions of overall quality of the brand was examined. It was seen that Country-of-Manufacture did not affect perception of brand quality in presence of Country of corporate ownership information.

Paswan and Sharma (2004) examined the relationship between accuracy of brand-country of origin knowledge and COO image in India in a franchising context. The study was conducted in five metropolitan cities in
India. It was found that accuracy of brand-country knowledge was positively related to COO image. In case of inaccurate knowledge of brand-country, the COO image seemed to be negative and somewhat confusing. Accuracy of brand-COO knowledge was found to be positively associated to socio-economic class, education, and travel abroad.

Zhou (2005) has discussed the growing consumer confusion with respect to brand origin in an era of global and local competition. The study discussed the sources of consumer confusion regarding the brand origin. Local firms adopting global branding and communication strategy, and the foreign firms adopting a localisation strategy have been put forth as forces that confound the confusion of brand origin. The study highlights mixed branding and marketing communications as potential sources of brand confusion.

Samiee, Shimp, and Sharma (2005) conceptualised a concept, brand origin recognition accuracy that refers to consumers’ ability to recognise the Country-of-Origin of brands. They measured the brand origin recognition accuracy of a set of brands among consumers in U.S. The study showed that consumers hold only modest level of knowledge about brand-origin of brands. Socio-economic status, international experiences, and gender are seen to contribute to higher brand origin recognition accuracy.
Jin, Chansarkar, and Kondap (2006) studied the brand origin concept in India in an emerging market context. The study found that brand origin is an identifiable feature for Indian consumers. Consumers found to associate brands with countries where they are originally developed than to the country where the products are being produced. However, such association seems to weaken over time as such brands are produced locally. The study also state that the concept of brand origin needs to be developed further and also needs to be considered in a wider framework such as brand image, brand equity, and corporate identity.

Jian and Guoqun (2007) examined the effects of brand origin country and made-in country on consumers’ product evaluations, and purchase intention. The study employed an experimental design and two products viz; watches and sport shoes were considered. It found that made-in country had significant influence on consumers’ product quality evaluations but, not on purchase intention. Brand origin country found not to influence consumers’ product quality significantly but, it influenced purchase intention.

Zhuang, Wang, Zhou, and Zhou (2008) in their study done in China have considered the brand origin classified into two categories - foreign and local. The study measured the extent of Brand Origin Confusion (BOC) which was defined in their study as extent to which Chinese consumers perceive the local brands to be foreign brands, and the foreign brands to be local. The study found asymmetric effects of brand origin confusion, and local brands
were seen to be in an advantageous position when level of Brand Origin Confusion (BOC) is high.

Lee, Johnson and He (2009) have referred to their study where COO evaluations were considered as comprised of three components such as brand origin, product origin, and fit between brand origin and product origin. It was stated that when people are presented with a brand that is easy to process, the positive experience of fluent processing leads to more positive evaluation of the brand. The study examined whether processing fluency enhanced by Country-of-Origin fit would lead to positive attitude towards the brand. The results of the study showed that fit between country-of-brand-origin and product origin leads to more positive attitude toward the brand than with no fit.

Prendergast, Tsang, and Chan (2010) examined the influence of Country-of-Origin-of-Brand (COB) and personal involvement on purchase intentions for personal computers among respondents in Hong Kong, by considering the countries; Japan and Korea. While, the effect of COB on purchase intention was not found significant; there was significant interaction between COB and involvement. For consumers with low level of personal involvement with computers, COB seen to influence purchase intention but, not so in case of those with high level of personal involvement.
2.6 COO AND BRAND

There are many studies wherein COO and brand has been considered. In such studies, the brand/brand name has been considered as an external cue. These studies have been already reviewed and referred under the multi-cue COO studies in section 2.3. Further in COO literature, it is also found that brand has been considered in terms of brand image. The brand related measures such as brand equity and brand personality have been considered in certain studies. The influence or effect of COO on these brand-related measures has been explored. The following are the reviews of studies where COO along with brand related measures have been investigated.

2.6.1 COO and Brand Image

Johansson and Nebenzahl (1986) did a study to examine the effect of multi-national production on the brand. The study conducted on automobiles, examined the images of cars produced in various countries including the parent countries of the selected brands, brand images of car brands originating from U.S. and Japan, and the image of these brands when there is a shift in production to other countries. It was found that moving production to Germany; it did not harm the brand image of Japanese or U.S. car brands. However, the American brand suffer due to production shift to Japan, while the two Japanese car brands seen to gain on moving production to the U.S. West Germany was perceived to be the best car producing country. U.S. was perceived as a better car producer than Japan on most dimensions.
Haubl (1996) examined the effect of COO and brand name on evaluation of a new car model of Mercedes Benz. The study based on a hypothetical model considered evaluation at three levels viz., country, brand, and the product. Further, COO was considered in terms of four constructs such as affective evaluation of the country, cognitive evaluation of the country, evaluation of country’s automobile industry, and evaluation of automobiles made in that country in general. The study was conducted in Germany and Japan among car owners. Country-of-Manufacture considered for the new car in the study was Czech Republic. The study indicated that consumers’ attitudes and behavioural intentions regarding the new car are influenced by brand name and Country-of-Origin.

Koubaa (2008) studied the impact of COO information on brand perceptions and brand image structure among Japanese consumers. The products considered for the study were digital camera and plasma TV. The study suggests that high reputed brands may experience more erosion on the brand image when production gets shifted to countries other than that of brand origin; while in case of less reputed brands, they may benefit from production in the country of brand origin in case that country is well perceived as producer of that particular product. It was observed that Country-of-Production had a significant impact on brand image perception. Further, brand origin also found to have significant impact on brand image perception.
2.6.2 COO Image and Brand Image

Nebenzahl and Jaffe (1996) in their study examined the joint effects of brand and country image (made-in) on consumer evaluation of global products. Experimental design was employed in the study and was conducted in U.S. The study measured the country image and brand image, and the image of a brand when produced in different countries. It was found that the perceived value of a product was a weighted average of the perceived brand and the made in country values.

Lee and Bae (1999) examined the effects of partitioned Country-of-Origin and brand image on evaluation of bi-national brands. The COO was examined in terms of three sub-constructs viz., country of brand overall image, country of manufacture overall image, and country-of-manufacture product specific image. Six brands of televisions comprising of two American brands, two Japanese brands, and two brands from the developing countries such as Korea and China were considered for the study. Brand Image found to have a direct effect on evaluation of the bi-national brand. Both country of brand overall image, and country of manufacture overall image, individually had direct positive effects on evaluation of bi-national brands. However, the effect of country of manufacture overall image on evaluation of the brand was reduced in presence of Country-of-Manufacture product specific image, thus, indicating a mediator effect. With regard to country of brand overall image, its direct effect on evaluation of the brand was not present when the effect of
brand image on evaluation of the brand was controlled, thus, indicating that brand image was a pure mediator between country of brand overall image and evaluation of the brand. Further, it was also seen that brand image had a stronger effect than Country-of-Manufacture product specific image on evaluation of the brand, and interaction effect was not found between these two variables on evaluation of the brand.

Lee and Ganesh (1999) considered Country of manufacture overall image, product specific image, and brand image to study consumers’ evaluation of bi-national brands. It was found that the effect of Country of Manufacture Overall Image on evaluation of bi-national brand was mediated by the Country-of-Manufacture Product-Specific Image. The study also considered familiarity as a moderating variable; and examined product and brand familiarity. Consumers low on Country familiarity seen to rely more on COO (COM) information than those with high familiarity. However, in case of product and brand familiarity, it was found that consumers with high and low familiarity utilised COO information more than those with moderate familiarity.

Kim (2006) in a study among U.S. respondents found that country image did not have significant impact on brand image and purchase intention. The Korean manufacturer, Samsung was considered for the study, and it was found that respondents who perceived Samsung as a Japanese brand did not
possess superior brand image or purchase intention than those who perceived Samsung to be South Korean brand.

Aydin, Say, Ustaahmetoglu, and Yamamoto (2007) made an attempt to study the relationship between country image and brand image of automobiles. The study shows weak correlations between country and brand images. In case of countries of origin, Japan had highest rating while among the auto brands, Mercedes had the highest score.

Essoussi and Merunka (2007) have studied the effects of Country-of-Design (COD) image, Country-of-Manufacture (COM) image, and Brand Image on consumers’ evaluations of bi-national products. The product categories considered in the study were cars and televisions. The COD image was found to be a strong predictor of Brand Image, and the effect was stronger in case of cars than televisions. The study also indicates that overall country image, especially the Country-of-Manufacture image and the perceived capacity of a country to design or manufacture the product influenced perceived product quality.

2.6.3 COO and Other Brand-related Measures

Apart from brand image, COO has been examined in relation to other Brand related measures such as brand equity and brand personality.

Pappu, Quester, and Cooker (2006) did a study in Australia to examine the Consumer-based brand equity according to the country where the product
is made. The Consumer based brand equity, conceptualised as a four dimensional construct - comprised of brand awareness, brand associations, perceived quality, and brand loyalty. It was found that Consumer-based brand equity of a brand varied according to its Country-of-Origin, in case of the product categories- televisions and cars.

Yasin, Noor, and Mohamad (2007) examined the effects of brand’s Country-of-Origin image on brand equity. It was found that Country-of-Origin image had direct and indirect relationship with brand equity. Country-of-Origin image found to indirectly influence brand equity through the mediating effects of brand awareness/associations, brand loyalty, and brand distinctiveness.

Fetscherin and Toncar (2009) studied COO effect on brand personality among U.S. consumers. The study considered automobiles from India and China. In addition, the automobile manufactured in USA was also considered. The study was conducted by using three experimental groups, with each of three groups evaluating the brand personality dimensions of car with different Country-of-Origins (China, India and USA). The study showed that Country-of-Origin influenced brand perceptions; and the Chinese, Indian and U.S. cars were found to be perceived differently. It was found that there were differences between the cars from the different countries in terms of the brand personality dimension such as brand excitement, brand competence, brand sophistication and brand ruggedness.
Wang and Yang (2008) examined the relationship between COO image, brand personality and purchase intention with respect to auto industry in China. The study considered auto brands available in Chinese market through Sino-German Joint Venture and Sino-Japanese Joint Venture. The foreign partner’s COO image was studied. COO image was found to be a positive moderator in the relationship between brand personality and purchase intention.

Fetscherin and Toncar (2010) examined the effect of COO on brand personality. The study used an experimental design and brand personality perceptions were found to vary with Country of Origin of Brand (COB) and Country of Manufacture (COM). It was found that a Chinese (a developing country) car manufactured in USA (developed country) was perceived to be stronger than when the same Chinese car is manufactured in China (developing country) on the brand personality dimensions of brand sincerity, brand sophistication, and brand ruggedness.

2.7 COO AND QUALITY

One of the widely studied effects of COO has been on the quality perceptions of the product. Such studies can be found in single-cue, multi-cue context and in hybrid product context. These studies have been already reviewed and referred in the preceding sections on single-cue, multi-cue and hybrid COO studies. COO effect on quality perceptions have been examined not only in single-cue context (Reierson, 1966), but also wherein other cues
apart from COO have been considered (Han and Terpestra 1988). Further, quality perceptions have also been investigated not only for uni-national products but, also for bi-national or hybrid products (Ulgado and Lee, 1993; Chao, 1993; Ahmed and d’Astous, 1996). Effect of perceived brand origin associations on consumer perceptions of quality was studied by Thakor and Lavack (2003). Phau and Prendergast (2000) have discussed the relevance of Country of origin of Brand (COB) to brand image and product quality.

Thakor and Katsanis (1997) presented a model considering the search, experience, and credence dimensions of quality; and explain how country image and brand might affect these dimensions. The study has drawn certain research propositions such as developing country manufacture may negatively affect perceptions of a brand's quality; and the brand image may substitute for (inferior) country image on search and experience dimensions of quality, but not on credence dimensions.

Loeffler (2001) studied the influence of COO on two aspects such as perception of quality and emotion-related aspects on automotive brands in different European countries. With regard to quality, study showed a general tendency of consumers in Germany, France, Italy and Spain to judge quality of foreign brands lower in comparison to the judgments in the domestic market in respect of low/medium segment and luxury car segment. However, in case of emotion-related aspects, in Germany the foreign brands were
considered superior while, in case of countries Spain and Italy, foreign brands were not found superior to domestic brands.

Hamzaoui and Merunka (2006) studied the influence of Country-of-Design (COD) and Country-of-Manufacture (COM) on consumers’ perceptions of product quality of bi-national products in a developing country. The study also considered the concept of fit of the product category with COD and COM. In the case of cars, it was found that the COD image and COM image influenced perceived product quality. With respect to the concept of fit, for cars; the COM image/product fit influenced perceived quality while, COD image/ product fit did not. However, for televisions, effect of COM image on perceived quality was greater than that of COD image. It was also found that the COM/ product fit was strong.

2.8 MODERATORS OF COO

Studies have examined whether COO effects are moderated by other variables. The moderating variables studied broadly include consumer-related factors as well as external factors such as type of attribute information, price, culture etc. The variables such as product familiarity, product involvement, consumer knowledge, consumer personality etc. have been found to be considered in certain COO studies.
2.8.1 COO and Product Familiarity

Schaefer (1997) investigated the relationship between various dimensions of consumer knowledge and consumers’ use of the Country-of-Origin cue. Consumer knowledge includes Brand familiarity, Objective product class knowledge, and Subjective product class knowledge. The study suggests that Brand familiarity and Objective Product Knowledge together has an effect on the use of Country-of-Origin cue in Product evaluations. But, subjective product knowledge and personal experience were not seen to have effect on the use of Country-of-Origin cue.

Josiassen, Lukas, and Whitwell (2008) studied the moderating role of product familiarity and product involvement on the importance of COO image in evaluating products. It was found that consumers considered COO image as more important in product evaluations while, evaluating products from less familiar product categories. Further, COO image was found to be more important for product evaluations when consumers were less involved with the products being evaluated. The study also examined the influence of product-origin congruency, and found that more importance was given to COO image when product-origin congruency is higher.

Many other studies (Johansson, Douglas and Nonaka, 1985; Lee and Ganesh, 1999; Ahmed, d’Astous, and Eljabri, 2002; Ahmed and d’Astous, 2005) have also considered product familiarity in examining COO effects and these studies have been already reviewed in earlier sections.
2.8.2 COO and Other Moderators

Zhang (1996) considered an experiment design to study the influence of culture, product type and presentation format on the COO effect in China. Study showed that Chinese consumers preferred USA and Japanese products than those from South Korea, thus indicating stereotyping. Considering the cultural similarity of China with Japan and South Korea, and the cultural dissimilarity between Japan and USA, it appeared from the study that COO influenced Chinese consumers independent of cultural influences. Further, for products from positive COO image countries such as USA and Japan, product effect was more salient for a more sophisticated product such as colour television than for shirts, but, the product effect was much less salient for Korean products.

Zhang (1997) considered the individual level differences of consumers in their information processing tendency. Respondents were presented with test stimuli in the form of print ads which included COO (Made in) as well as other product attributes (referred to as attribute arguments). Consumers’ Need for Cognition (NFC) was measured which assessed the degree to which the respondents enjoyed effortful thinking. NFC was found to moderate COO effect. When consumer’s NFC was low, COO was influencing product evaluation. It was also seen that those with higher NFC recalled more product information than those with lower NFC. Further, it was indicated that
respondents recalled more product information when the country image was favourable.

Cordell (1991) examined COO preferences considering competitive context (referred to the hierarchical relationship in a choice set) and price as moderators. Four products considered were colour televisions, micro ovens, bicycles, and telephones. Study shows that consumers were more wary of products from less developed countries when financial risk involved is higher, and when seeking a product with superior tangible attributes. But, within a given product class, price had no interaction effect with COO.

Maheswaran (1994) studied the effect of COO (Country-of-Manufacture) on product evaluation of personal computer by considering the moderating effect of consumer expertise and type of attribute information. When the product’s attribute information was ambiguous, both novices (those who were low on product knowledge) and experts used Country-of-Origin information, whereas, when product’s attribute information was unambiguous, only novices depended on Country-of-Origin.

Karunaratna and Quester (2007) did a study to examine how consumers’ Need for Cognition (NFC) influence the way of consumers used information about product components in forming product evaluation. The product category chosen for the study was motor vehicles. The study suggests
that consumers with higher levels of NFC are likely to be more involved in assessing the COO cue than consumers with lower levels of NFC.

2.9 COO, PRODUCT ATTITUDE AND BELIEFS

Erickson, Johansson, and Chao (1984) did a study on effect of image variables (COO was the particular image variable considered in this study) on beliefs and attitudes in a multi-attribute model framework. The study was done for German and Japanese automobiles. Country-of-Origin appeared to have direct effect on beliefs while, its effect on attitude was not direct and was secondary in nature acting through beliefs.

Parameswaran and Yaprak (1987) measured general country attitudes (GCA), general product attitudes (GPA) and specific product attitudes (SPA) for cars, cameras, and calculators on five point likert scale among Turkish and American respondents. The findings of the study shows that same scales may have varying reliabilities in different cultures. Further, the same scales may show different reliabilities when used by same individual in the evaluation of products from different cultures.

Pisharodi and Parameswaran (1992) conducted a confirmatory factor analysis of a COO scale developed by Parameswaran and Yaprak, 1987. The scale which comprised of general country attributes, product country attributes, and specific product attributes for cars. They suggested that such
study to be done with other product categories, and different sourcing and consuming countries.

Parameswaran and Pisharodi (1994) have considered the different facets of COO Image such as general country attributes, general product attributes, and specific product attributes; and tested it using confirmatory factor and incremental fit analyses.

Laroche, Papadopoulos, Heslop, and Mourali (2005) in their study found that Country image is a three-dimensional concept comprising of cognitive, affective, and conative components. The study shows that when the country’s image includes a strong affective component, its direct influence on product evaluation was stronger than its influence on the product beliefs. Also when the cognitive component of the country’s image is strong, its direct influence on product evaluations was smaller than its influence on the product’s beliefs. Further, country image and product beliefs were seen to affect product evaluations regardless of the level of familiarity of consumers’ with the country’s products.

2.10 COO STUDIES IN DEVELOPING COUNTRIES

Though most studies have been done in developed countries, there are certain studies which have been conducted in developing countries.

Kaynak, Kucukemiroglu, and Hyder (2000) examined Bangladeshi consumers’ perceptions of quality of products from different countries. It was
found that Country-of-Origin significantly influenced Bangladeshi consumers' perception of products imported from overseas. The products from developing countries were perceived as less desirable in quality than those products from developed countries.

Rahman (2001) did a study to examine COO effects in a developing country. The perception of consumers in Bangladesh towards products from countries such as Australia, Canada, Japan, India, UK, and USA were studied. It was found that with regard to overall rating, products from developed countries had higher ratings than products from developing country (India). Further, Japanese and US products were rated highly on dimensions such as quality, branding, and design whereas, Indian products had highest rating for price. The study points that for a developing country like Bangladesh, producers from developed countries need to improve their image with respect to price while, Indian producers need to work on improving quality, design, and image of their brand names.

Sohail (2005) conducted a study among Malaysian consumers to examine the effect of Country-of-Origin of Products made in Germany. The products made in Germany were evaluated on various product dimensions such as design, style, quality, branding, packaging, price and support services. It was seen that the highest ranking was for the quality of the product. It was also found that among all the product categories considered in the study such as automobiles, consumer electronics, electrical appliances and household
durables; the Malaysian consumers gave high preference to the automobiles from Germany.

Khan and Bamber (2007) did a study to investigate the Country-of-Origin (COO) effect among elite consumers in Pakistan. It was found that elite consumers rely on Country-of-Origin information to determine the product quality especially in case of luxurious or expensive products. The study also examined the COO effect among consumers with respect to the demographics. It was seen that COO was more important for younger consumers than for the older consumers.

2.10.1 COO Studies in India

Considering the vast COO literature, studies in the Indian context is relatively scanty. The studies that investigated COO among Indian consumers are discussed below.

Kumar and Barker (1987) did a study to investigate the attitudes of Indian consumers towards foreign (U.S. and Japanese) products and Indian products. The study done among consumers in Chandigarh found that distinct images were associated with the products made in these three countries. U.S. Products had a mild favourable image such as technically advanced, highly inventive, mass produced, and heavy-industry goods producing country. On the other hand, Japan had a highly favourable image such as producing good value, reliable, reasonably priced products with high workmanship, design,
and style. In case of Indian products, not perceived favourably, but, the respondents were proud to own Indian products.

Batra, Ramaswamy, Alden, Steenkamp, and Ramachander (2000) studied perceived localness and perceived non-localness of brands in a developing country context. The study was done in the two large cities, Bombay and Delhi in India. It was found that the effect of perceived brand non-localness on brand attitude was greater among consumers who had more admiration for lifestyles in economically developed countries. This effect was found to be stronger among consumers high in susceptibility to normative influence and towards product categories high in social signalling value. Further, it was also found that consumers’ usage of brand’s degree of perceived local or non-local origin was found to be moderated by consumer familiarity with the product category.

Kinra (2006) investigated Indian consumers’ attitudes towards local and foreign brand names. The study shows that foreign brands were perceived as more reliable and safe than domestic brands, and indicated by high ratings on the aspects of technology and quality. In case of Indian brands, they were favoured for value for money. The author suggests that foreign firms entering Indian market could use their own foreign brand name for high technology products and could adapt local brands for low technology products. Indian manufacturers, on the other hand, need to consider working on product quality improvement and offering quality products at competitive prices.
2.11 COO STUDIES ON AUTOMOBILES

Lawrence, Marr and Prendergast (1992) examined whether Country-of-Origin stereotyping existed in the New Zealand new car market. The study assessed the attitude of new car owners towards automobiles from Japan, Germany, Italy, and France. The study showed that COO stereotyping is present in New Zealand car market and Germany was the most favoured COO.

Chao and Gupta (1995) have examined Country-of-Origin effects by considering aspects such as the amount of pre-purchase information search and the post-purchase efficiency of choice. It was seen that the Country-of-Origin did not affect the amount of pre-purchase search. Other variables such as age of the respondents and number of models considered before purchasing a car were found to have effect on the amount of pre-purchase search. However, COO had an effect on the efficiency of consumer choices.

Kim (1995) examined the effect of country name, FDI in a target country, and brand popularity (these referred to as long term intangible assets) on short run market share and on effectiveness of a short term marketing tool such as price cut. The study was conducted for the subcompact car market in North America. The study shows the existence of country-related equities. It was seen that even after adjustments made in respect of the effect of marketing and product attribute variables, the favourable image of a country name, positively influenced brand’s market share. The study also shows that
higher the country image, smaller was the price sensitivity towards premium pricing. Further, it was found that foreign brand’s FDI (especially the case of Japanese) in the target country (which was USA) had positive effect on the foreign brand’s market share.

Thanasuta, Patoomsuwan, Chaimahawong, and Chiaravutthi (2009) in their study attempted to quantify the value of brands and COO in the automobile market in Thailand. A direct relationship was observed between market acceptance and price premium in case of luxury car segment but, not in the case of economy car segment. German cars were considered to have the highest value while, cars from Korea had lowest valuation.

Chinen and Sun (2011) examined the effect of product quality, ethnocentrism, country image, and ethnicity on U.S. consumer buying behaviour towards Chinese automobiles made in different countries. The countries were China, Japan, Mexico, Canada, South Korea, Germany, Russia, India, and the U.S. The study found that among the variables considered, only product quality influenced consumers’ buying behaviour.

2.12 OTHER COO RELATED STUDIES

Obermiller and Spangenberg (1989) based on information processing theories, provided a theoretical framework to examine COO effects. Three types of effects such as cognitive (traditional hierarchy of effects), affective (an emotional response to country stereotypes that influences attitude directly
without intervening belief changes), and normative (a direct effect on behaviour) were identified. The model shows the three processes that involve COO effects, and also identified situational and individual difference variables that mediate COO effects. Four situational variables viz., product country heterogeneity, Country brand heterogeneity, clarity of the CO label, and presence of other information were also considered to mediate the inference process.

Roth and Romeo (1992) examined COO in terms of the fit between country and product categories. Country image was defined by them as “the overall perception consumers form of products from a particular country, based on their prior perceptions of the country's production, and marketing strengths and weaknesses”. On basis of earlier studies, they identified four dimensions of the construct viz., Innovativeness (use of new technology and engineering advances), Design (appearance, style, colours, and variety), Prestige (exclusivity, status, brand name and reputation), and Workmanship (reliability, durability, craftsmanship, and manufacturing quality). The study stated that product-country match would occur when important dimensions for a product category are also associated with a country's image; and when there is no such linkage, a mismatch between the product category and country should exist. The study found a uni-dimensional nature for Country image construct. The study considered the product-country match for various product categories such as automobiles, beer, leather, shoes, crystal, bicycles,
and watches for different countries such as England, Germany, Hungary, Ireland, Japan, Korea, Mexico, Spain, and the United States. It was found that country and product familiarity did not affect image perceptions.

Askegaard and Ger (1998) have considered stereotype and semiotic theory to research in COO area. Their approach has combined stereotypes and semiotics to explain the role of social environment and individual social psychology in construction of product-country images. Accordingly, product-country images are context-dependant, and the study proposed a conceptual model of Contextualised Product-Place Images (CPPI), with place, product (or phenomenon), market context, and usage context as the four dimensions.

Al-Sulaiti and Baker (1998) discusses a very comprehensive review of literature of COO effects. The review shows that while, research has widely shown that COO of a product affects product evaluation, there are differing opinions on the extent of its influence. They have also pointed out that most COO studies have focused on studying COO effect in more developed countries.

O’cass, Lim, and Julian (2000) did a study in Singapore to examine brand classification by consumers using the culture-of-origin and the country of origin. The knowledge of culture-of-origin of the brands was assessed by obtaining their responses to a dichotomous scale - Western or Eastern. Regarding classifying brands on basis of Country-of-Origin, respondents were
asked to mention the country where they thought the brand was made. The study found that consumers could more readily identify the culture-of-origin than the Country-of-Origin. The study also considered consumers’ familiarity such as country familiarity and brand familiarity; and it was found that familiarity levels differed among those who could classify brands correctly and those who could not classify a brand correctly.

Verlegh (2001) in his study examined the Country-of-Origin Effects on consumer product evaluations. The study showed that consumer ethnocentrism and national identification have positive effect on consumers’ willingness to buy domestic products. The study also found that the general image of products from a country within a category was influenced by the prior experience with the product and the country image. The country image in the study examined considered the consumers’ cognitions and feelings about a country. The cognitive component included the geographical factors (such as climatic and natural landscape) and human factors (such as competence and creativity). The geographic components of the country image influenced beliefs towards food products from different countries but not so in case of technology-based consumer durables. The perceived competence influenced the beliefs towards technology-based consumer durables but not in case of food. It was also shown that positive and negative feelings towards a country have influence on beliefs towards the country’s products.
Baker and Ballington (2002) referring to the challenge of establishing sustainable competitive advantage in a competitive global market, discussed on the Country-of-Origin as an attribute with potential for sustainable competitive advantage especially for improving competitiveness in domestic markets.

Bhaskaran and Sukumaran (2007) did a review of literature of COO studies to identify the reasons for contradictory conclusions in past COO studies. They identify varying study contexts and methodologies used in the past studies. The broad themes of past studies discussed include national stereotyping, national culture, Inter-country COO beliefs, COO beliefs across products, across product market segments, across brands, and hybrid products, COO effects and price elasticity, buyer decision process and communication strategies. Past studies have used wide range of research methodologies such as single-cue studies, multi-cue list format, multi-cue advertisement format, single country versus cross country studies, case studies, comparing pre- and post consumption experience, comparing home and foreign brands across different products. Variations in sampling frames, sample selection and size, data collection, analysis and timing have also been mentioned.

Ahmed and d’Astous (2008) examined Country-of-Origin perceptions of consumers in a framework wherein antecedents, moderators and dimensions of Country-of-Origin evaluations in three countries were
considered. The study was done in Canada, Morocco and Taiwan. Familiarity with products made in a country was found to have an important role in COO evaluations.

Bloemer, Brijs, and Kasper (2009) based on the COO-Elaboration Likelihood Model, have attempted to explain and predict which of the cognitive processes with respect to COO viz; the halo-effect, the summary construct-effect, the product attribute-effect or the default heuristic-effect can be expected to occur. The model has been discussed by considering the level of consumers’ prior knowledge about products from the particular country, which can be extended, moderate or limited knowledge. The flowchart model provided in their study depicts how COO effects would occur under different situations.

Kumar, Kim, and Pelton (2009) studied the effects of individuals’ self-concept, consumer’s Need for Uniqueness (NFU), clothing interest and some brand specific variables on purchase intention toward a U.S. Retail brand and local brand available in the Indian market. It was found that self-concept and NFU directly influenced clothing interest and indirectly influenced the purchase intention in case of both U.S. Brand and local brand.

2.13 CONCLUSION

It is obvious from a review of the work done so far in the field that the early COO studies were based on the ‘made-in’ concept or a single-country
i.e. the country where the product was made/ manufactured. This concept of COO is not relevant now, and it has undergone transformation due to the increasing trend of multi-country production. The partitioned concept of COO is relevant in the present day context of multi-country production. The review also indicates that most of the COO studies have been done among respondents from developed countries. There are relatively few COO studies done in developing countries especially in Indian context. Some of these Indian studies have been done in the context of pre-globalisation where foreign products were mostly imported into Indian market. There are some COO studies in Indian context in which only the Country-of-Brand or the brand-origin has been considered. However, there had been no systematic and comprehensive studies in the Indian context by considering the Partitioned Concept of COO such as COO at the brand level and COO at the product level. Thus, it is in this context the researcher has made a humble attempt to fill this lacuna.
REFERENCES


