

A study of the effect of country image on consumers' evaluation of an unfamiliar foreign utilitarian product

Danny C. K. Ho, The Hong Kong Polytechnic University, tcdanny@inet.polyu.edu.hk

Abstract

The country of origin literature is full of mixed findings. One issue of concern is the conceptualisation of country image at the global level which has been reported to affect consumers' evaluation of all products of a particular country. This study questions the effectiveness of such an overall country image in inferring the quality of an unfamiliar foreign brand-name utilitarian product. The findings of an experiment indicated that for both participants with low and high product involvement, the origin of material instead of the overall country image and brand origin helped consumers to infer product quality of Chinese and Australian silk quilts. Further research is expected to explain when, how and why country image at different levels take effect.

Keywords: country of origin, advertising, cognitive, judgment, involvement, perception

A study of the effect of country image on consumers' evaluation of an unfamiliar foreign utilitarian product

Introduction

Past studies show that country of origin (COO) as product information affects consumers' evaluation of products (Peterson and Jolibert, 1995; Verlegh and Steenkamp, 1999). The deepening globalisation of production has driven division of labour to the extent that the true COO of a product cannot be easily identified nowadays. COO no longer refers to place of manufacture only. It is a multi-dimensional concept which consists of elements such as country of brand (COB) (Srinivasan, Jain and Sikand, 2004), country of design (COD), country of assembly (COA), and country of parts (COP) (Acharya and Elliott, 2001; Chao, 1998, 2001; Insch and McBride, 2004). Marketers have tried hard to deliberately conceal or highlight such COO cues in advertising aiming to elicit positive product evaluations from consumers. Some famous global brands have successfully taken the advantage of their positive brand image to guard against the negative effect of their association with lower quality COO in global manufacturing. For example, Jo, Nakamoto and Nelson (2003) showed that the perceived quality of a Sony TV set which is made in India or Singapore is not different from that of a made-in-Japan Sony TV set. Despite the growing interest in studying COO effects, research that examines the relative importance and effectiveness of COO cues at various levels for product evaluation is insufficient. The current study seeks to address this gap by examining the influence of overall country image, COB and country of material (COM) on evaluation of unfamiliar foreign brand-name utilitarian products—silk quilts.

Literature Review and Hypothesis

Country Image and Product Involvement

Past COO studies have examined how product responses (e.g. evaluation, purchase intention, etc.) are influenced by country image—consumers' general perceptions of quality for products made in a particular country (Bilkey and Nes, 1982). This view of country image reflects the product image of a particular country and not an overall country image (Roth and Diamantopoulos, 2009). The impacts of country image on product evaluation are moderated by different factors. For example, depending upon the familiarity of consumers with a country's product, the COO effect can be considered as (1) a halo effect that country image directly influences consumers' inference of product attributes of an unfamiliar foreign brand which in turn affect overall evaluation of the product when consumers' product familiarity is low, or (2) a summary construct effect that consumers abstract product information into country image which affects overall evaluation of the foreign product directly when their product familiarity is high (Han, 1989; Hong and Wyer, 1989).

Another key moderator is product involvement which can be defined as “a person's perceived relevance of the object based on inherent needs, values, and interests” (Zaichkowsky, 1985, p. 342). The object can be product of any kind. There are two different views on the moderating effect of product involvement (Josiassen, Lukas and Whitwell, 2008). According to the Elaboration Likelihood Model, consumers tend to apply a peripheral (central) route to evaluate product information available to them under low (high) involvement situations (Petty, Cacioppo and Schumann, 1983). When the product is of low relevance to consumers, country image becomes an important and highly accessible extrinsic cue for product

evaluation and could provide a shortcut for these consumers to infer product quality. In contrast, when consumers are highly involved in the product, they use both intrinsic and extrinsic cues such as price, brand and design to evaluate the product. Country image as a cue will also be scrutinized carefully. Either way, COO takes effect on product evaluation.

Country Image and Product Type

While country image has traditionally been conceptualised as specific to product categories, some studies have adopted a broader view on country image and positioned the construct at the global rather than product level. For example, Orbaiz & Papadopoulos (2003) developed a measure of overall country image based on five aspects including standard of living, wealth, technology level, education and stability, and reported a positive relationship between country image and beliefs of the country's products. Similarly, Laroche et al. (2005) operationalised overall country image as a higher order factor comprising three elements (consumers' beliefs about the country's industrial development and technological advancement, consumers' affective response of the country's people, and consumers' desired level of interaction with the country) and found a positive relationship between overall country image and product beliefs. One argument for taking this broader view of country image is that consumers form a country image not only based on production-oriented dimension but also non-production dimension of the country and the people (Heslop, Lu and Cray, 2008), and the other argument is that country stereotypes exist at the global level (i.e. all products of a country), product class level, and product or brand level are congruent among themselves (Laroche, *et al.*, 2003; Laroche, *et al.*, 2005). Although these studies provided some support for the effect of overall country image on formation of product beliefs at the global level, it is naive to assume that high congruence of country image at various levels exists for different types of products and that different COO elements exert similar influence, given the fact that some consumers may have developed a less than favourable overall country image, yet perceived a particular product of that country to be superb (e.g. Iranian caviar and Cuban cigars).

Recently, Chattalas, Kramer and Takada (2008) based on Fiske et al.'s (2002) stereotype content model proposed the split of overall country image into two dimensions including perceived competence (e.g. intelligence, efficiency and skilfulness of people) and perceived warmth (e.g. sincerity, friendliness and trustworthiness of people), and posited that the perceived competence (warmth) dimension of national stereotypes determines the COO effect for evaluation of utilitarian (hedonic) products. Hedonic products are those that are mainly consumed for affective purposes, whereas utilitarian products are consumed primarily for cognitive-oriented benefits (Holbrook, 1986). Despite these refinements of the overall country image concept, an important question remains to be answered is under what conditions country image at different levels exert their influence.

Hypothesis

Although the globally distributed production process has provided different COO cues such as COD, COA and COP for marketers to manipulate in advertising, consumers may consider COO elements that are easily accessible and highly diagnostic to be more important than cues that are less familiar and/or less distinctive for product evaluation (Jo, Nakamoto and Nelson, 2003). Take country image as reflected by the origin of material as an example. It is not unusual for marketers to highlight a favourable COM in advertising unfamiliar foreign brand name apparel items such as Italian fabrics for men's suits, American cotton for jeans, and Australian lamb wool for sweaters. As compared with apparel items which are consumed publicly, the COM effect would be even more important for home textile items like quilts

because it is mainly (1) the functional rather than expressive values that consumers seek to obtain from these products and (2) the material rather than the origin of brand and manufacture or even a more remote cue of the overall country image that delivers the expected utilities. In other words, it is COM that helps consumers to infer the quality of an unfamiliar foreign quilt largely. As such, the following hypothesis is developed.

Hypothesis: COM has a greater effect than overall country image and COB on consumers' evaluation of an unfamiliar foreign brand name quilt (a utilitarian product), regardless of consumers' product involvement level.

Methodology

Participants and Procedure

The experiment included two between-subjects factors: country of material (Chinese silk vs. Australian silk) and product involvement (high vs. low). Silk quilt was selected because it was considered to be a utilitarian product. A fictitious brand name "Silky" was presented to participants in the test ads to avoid the influence of their brand preconceptions on product evaluation. Two sets of ads were designed to be the same, except the two COM cues (made from the finest Chinese/Australian mulberry silk) which were placed above the pictures of the silk quilts. To enhance the realism of the procedure, the picture of a real brand quilt was presented in the ads and the original brand name was replaced by "Silky".

A convenient sample of 131 part-time degree students of a university in Hong Kong (71% female) was used. In terms of age distribution, 12.2% of the participants were younger than 26, 36.6% were in the range of 26-30 and 25.2% were in the range of 31-35, and 26% were older than 35. Participants were randomly assigned to one of the two groups (Chinese silk quilt and Australian silk quilt), and requested to review the test ad first and then answer a set of questions. Five-point scales were used to measure all constructs. Similar to some past COO studies (e.g. Jo, Nakamoto and Nelson, 2003; Josiassen, Lukas and Whitwell, 2008) in applying single-item scales to measure singular constructs, participants' familiarity with the brand was measured by the extent to which they agreed with the statement "I am familiar with the brand Silky" (1=strongly disagree and 5=strongly agree). Attitude toward the brand was measured by a single Likert item "This brand is very good overall" on the same response format. Perceived product quality of Silky quilt was measured by four items: "The quality of the quilt is excellent", "The quilt is very durable", "The quilt can keep warm" and "The quilt is very good overall" (cf. Jo, Nakamoto and Nelson, 2003). Personal involvement with quilt was measured by three items (unimportant vs. important, useless vs. useful, and not needed vs. needed) on a bipolar adjective scale. A higher score indicated a higher level of personal involvement with the product. These word-pairs were selected from Zaichkowsky's (1985) scale to capture the cognitive involvement (i.e. the product's perceived relevance and importance rather than its perceived pleasure or sign value) which was applicable to utilitarian products like quilts. Participants' perceptions of overall country image, COB in terms of Chinese and Australian brand name quilts, and COM in terms of quality of Chinese and Australian silk were measured by single-item scales anchored by "1=bad" and "5=good". As all multi-item scales possessed good reliability (Cronbach's $\alpha > 0.9$), the means of product involvement and product quality scales were used for further analysis.

Results

Manipulation Checks

Each of the Chinese and Australian silk quilt groups was divided into two groups by median split of product involvement. Table one shows the number of participants, mean and standard deviation of product involvement in different groups. One-way ANOVA showed significant differences between groups on product involvement, $F(3, 127) = 100.66$, $p < 0.001$. Post-hoc Bonferroni tests also confirmed the expected differences at $p < 0.001$.

		COM							
		Chinese silk				Australian silk			
		Group	M	SD	N	Group	M	SD	N
Product involvement	Low	1	3.77	0.56	27	3	3.59	0.68	26
	High	2	4.94	0.13	39	4	4.92	0.14	39

Table 1 Descriptive Statistics of Product Involvement

Variable	COM					
	Chinese silk			Australian silk		
	Group	M	SD	Group	M	SD
Brand familiarity	1	1.85	0.99	3	1.81	1.02
	2	1.77	0.99	4	1.64	0.96
Brand attitude	1	2.67	0.68	3	2.81	0.63
	2	2.95	0.51	4	2.77	0.67
Overall country image	1	2.93	1.00	3	3.77	0.71
	2	2.90	1.05	4	4.03	0.58
COB (Quilt brands)	1	2.56	0.97	3	3.31	0.68
	2	2.68	1.00	4	3.62	0.78
COM (Quality of silk)	1	3.19	1.08	3	3.04	0.87
	2	3.72	1.12	4	3.46	0.72
Product quality of Silky quilt	1	2.78	0.53	3	2.84	0.55
	2	3.12	0.52	4	2.86	0.74

Table 2 Descriptive Statistics of Other Variables

As expected, participants' familiarity of the brand Silky was quite low (see the mean values in Table two) and one-way ANOVA indicated no significant differences between groups, $F(3, 127) = 0.29$, $p = 0.83$. Also, no significant differences were found between groups on the brand attitude, $F(3, 127) = 1.19$, $p = 0.32$, as the brand presented to all groups was the same.

Hypothesis Tests

The hypothesis predicts that COM has a greater effect than overall country image and COB on consumers' evaluation of Silky quilts. According to independent-samples t test (group one vs. group three), low involvement participants rated the overall country image of Australia more favourably than that of China ($M_{\text{China}} = 2.93$ vs. $M_{\text{Australia}} = 3.77$, $t(51) = -3.53$, $p = 0.001$) and Australian quilt brands more favourably than Chinese quilt brands ($M_{\text{China}} = 2.56$ vs. $M_{\text{Australia}} = 3.31$, $t(51) = -3.25$, $p = 0.002$). However, these participants gave similar ratings to the quality of Chinese and Australian silk ($M_{\text{China}} = 3.19$ vs. $M_{\text{Australia}} = 3.04$, $t(51) = 0.55$, p

= 0.59). As expected, their ratings of the product quality of Silky quilt with Chinese and Australian COM were similar ($M_{\text{China}} = 2.78$ vs. $M_{\text{Australia}} = 2.84$, $t(51) = -0.40$, $p = 0.69$). Similar findings were obtained for high involvement participants. Independent-samples t test (group two vs. group four) showed that these participants rated the overall country image of Australia more favourably than that of China ($M_{\text{China}} = 2.90$ vs. $M_{\text{Australia}} = 4.03$, $t(76) = -5.88$, $p < 0.001$) and Australian quilt brands more favourably than Chinese quilt brands ($M_{\text{China}} = 2.68$ vs. $M_{\text{Australia}} = 3.62$, $t(76) = -4.53$, $p < 0.001$). However, these participants gave similar ratings to the quality of Chinese and Australian silk ($M_{\text{China}} = 3.72$ vs. $M_{\text{Australia}} = 3.46$, $t(76) = 1.20$, $p = 0.23$). It is thus not surprising to find that their ratings of the product quality of Silky quilt with Chinese and Australian COM to be similar ($M_{\text{China}} = 3.12$ vs. $M_{\text{Australia}} = 2.86$, $t(76) = 1.81$, $p = 0.074$). A stepwise multiple regression analysis also indicated that overall country image and COB failed to predict product evaluation, and COM was the only significant predictor ($\beta = 0.133$, $p = 0.019$), with the control variable of brand attitude. These results support the hypothesis.

Discussion and Conclusion

The findings show that as compared with COM, overall country image and COB are less effective to help consumers to infer the quality of an unfamiliar foreign brand-name utilitarian product (quilt). As expected, participants in the experiment expressed a more favourable view toward Australia than China as a whole, regardless of the basis on which the perceived country image was formed. Participants also held similar views on the brand origin of quilts. In principle, the Silky quilt with Australian origin should receive more positive evaluation than the one with Chinese origin, if overall country image and/or COB are said to have any effect. In reality, these two COO cues failed to explain the similar ratings given to product quality by the participants. In face of the availability of the cues of overall country image, COB and COM, participants considered COM to be most useful for product evaluation. These findings cast doubt on the diagnostic utility of overall country image as a COO cue in inferring quality of a specific utilitarian product regardless of the level of product involvement. It is expected that even though the competence dimension of country stereotype is activated (which was not measured in the experiment), such an overall country image is still less influential than the COO cue that is highly specific to the product category. In view of these findings, marketers can highlight material information especially when the origin of material is considered to be favourable in advertising unfamiliar foreign silk quilts. This natural resource-based competitive advantage may be sustainable as the barriers of imitation could be very high. More research questions including when, how and why country image at different levels take effect should be answered with respect to the call for more theory development and theory testing for COO research (Phau and Chao, 2008).

Acknowledgement: The author thanks The Hong Kong Polytechnic University for the funding of this research (A/C code: A-PC0V).

References

- Acharya, C., Elliott, G., 2001. An examination of the effects of 'country-of-design' and 'country-of-assembly' on quality perceptions and purchase intentions. *Australasian Marketing Journal* 9 (1), 61-75.
- Bilkey, W. J., Nes, E., 1982. Country-of-origin effects on product evaluations. *Journal of International Business Studies* 13 (1), 89-99.

- Chao, P., 1998. Impact of country-of-origin dimensions on product quality and design quality perceptions. *Journal of Business Research* 42 (1), 1-6.
- 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.
- Chattalas, M., Kramer, T., Takada, H., 2008. The impact of national stereotypes on the country of origin effect. *International Marketing Review* 25 (1), 54-74.
- Fiske, S. T., Cuddy, A. J. C., Glick, P., Xu, J., 2002. A model of (often mixed) stereotype content: Competence and warmth respectively follow from perceived status and competition. *Journal of Personality and Social Psychology* 82 (6), 878-902.
- Han, C. M., 1989. Country image: Halo or summary construct? *Journal of Marketing Research* 26 (2), 222-229.
- Heslop, L. A., Lu, I. R. R., Cray, D., 2008. Modeling country image effects through an international crisis. *International Marketing Review* 25 (4), 354-378.
- Holbrook, M. B. 1986. Emotion in the consumption experience: Toward a new model of the human consumer. In: Peterson, R. A., Hoyer, W. D. Wilson, W. R. (Eds.), *The Role of Affect in Consumer Behavior: Emerging Theories and Applications*. D.C. Health, Lexington, MA, pp. 17-52.
- Hong, S.-T., Wyer, R. S., 1989. Effects of country-of-origin and product-attribute information on product evaluation: An information processing perspective. *Journal of Consumer Research* 16 (2), 175-187.
- Insch, G. S., 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 (3), 256-265.
- Jo, M. S., Nakamoto, K., Nelson, J. E., 2003. The shielding effects of brand image against lower quality countries-of-origin in global manufacturing. *Journal of Business Research* 56 (8), 637-646.
- Josiassen, A., Lukas, B. A., Whitwell, G. J., 2008. Country-of-origin contingencies: Competing perspectives on product familiarity and product involvement. *International Marketing Review* 25 (4), 423-440.
- Laroche, M., Papadopoulos, N., Heslop, L. A., Bergeron, J., 2003. Effects of subcultural differences on country and product evaluations. *Journal of Consumer Behaviour* 2 (3), 232-247.
- Laroche, M., Papadopoulos, N., Heslop, L. A., Murali, M., 2005. The influence of country image structure on consumer evaluations of foreign products. *International Marketing Review* 22 (1), 96-115.
- Orbaiz, L. V., Papadopoulos, N., 2003. Toward a model of consumer receptivity of foreign and domestic products. *Journal of International Consumer Marketing* 15 (3), 101-126.
- Peterson, R. A., Jolibert, A. J. P., 1995. A meta-analysis of country-of-origin effects. *Journal of International Business Studies* 26 (4), 883-900.
- Petty, R. E., Cacioppo, J. T., Schumann, D., 1983. Central and peripheral routes to advertising effectiveness: The moderating role of involvement. *Journal of Consumer Research* 10 (2), 135-146.
- Phau, I., Chao, P., 2008. Country of origin: State of the art review for international marketing strategy and practice. *International Marketing Review* 25 (4), 349-353.
- Roth, K. P., Diamantopoulos, A., 2009. Advancing the country image construct. *Journal of Business Research* 62 (7), 726-740.
- Srinivasan, N., Jain, S. C., 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 (1), 65-82.

- Verlegh, P. W. J., Steenkamp, J.-B. E. M., 1999. A review and meta-analysis of country-of-origin research. *Journal of Economic Psychology* 20 (5), 521-546.
- Zaichkowsky, J. L., 1985. Measuring the involvement construct. *Journal of Consumer Research* 12 (3), 341-352.