INVESTIGATING THE IMPACT OF COUNTRY OF ORIGIN ON CONSUMER BEHAVIOR: INVESTIGATION OF THE MODERATING ROLES OF PRODUCT INVOLVEMENT AND PRODUCT FAMILIARITY ON PRODUCT EVALUATION AND CONSUMER BEHAVIORAL INTENTIONS

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Abstract

Researchers have demonstrated that COO image influences the consumer's evaluation of products in general, specific classes of products, and specific brands. Since Schooler's (1965) seminal article the effect of country-of-origin biases on consumer attitudes has been an issue of continuing interest. Over the past four decades the attention of researchers has continuously shifted as new challenges presented themselves. A key challenge is the investigation of potential variables that moderate the influence of COO. In this article we study the effect of COO on consumer behavioral intentions and product evaluation. The emphasis of this study is to clarify how product familiarity and product involvement can moderate the importance that consumers place on COO image when they evaluate products for purchase or consumption.

The study findings show that COO image has direct effect on product evaluation and consumer behavioral intentions. Moreover, study findings show that consumers consider COO image to be more important for their product evaluations when they evaluate products from more familiar product categories and are more involved with the products that they are evaluating.

Keywords: Country of origin, Product involvement, Product familiarity, Customer behavioral intentions, Product evaluation, Country of origin image

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Introduction:

As globalization continues to elevate competition in the marketplace, productIntroduction has become highly fraught with risk (Bluemelhuber et al., 2007). A large body of research has provided strong empirical evidence of country-of-origin(COO) effects on product evaluations. COO is one of the most widely researched concepts in marketing and consumer behavior. From a marketing point of view, global companies that are operating in highly competitive domestic and foreign markets need to understand consumers' perceptions and evaluations of foreign-made products. Understanding global consumer behavior is the first step of corporate learning about how to compete in the world market (Ahmed S. A. &d'Astous A., 2008).Generally, the country of origin is an extrinsic cue in product evaluations, serving as a cognitive shortcut when other product information is limited (Janecek B., 2010). Although it is commonly acknowledged that consumers sometimes use COO information to evaluate products the importance of COO as a quality cue in consumer evaluation has been both confirmed and rejected in the literature.Some studies have demonstrated that COO information is used to signal product quality, while others have concluded that consumers use COO as an attribute (Hoffmann R., 2000). This study attempts to find out the effect of COO on consumer behavioral intentions and product evaluation. The emphasis of this study is to clarify how product familiarity and product involvement can moderate the importance that consumers place on COO image when they evaluate products for purchase or consumption.

Theoretical framework:

COO and product evaluation

Country of origin effects have been defined in many ways in the literature. Han and Terpstra (1988), Lee and Schaninger (1996), Papadopoulos (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 (Al-sulaiti KH. & Baker M. 1998).The term COO, in relation to a product, identifies the home country of a product, or where it originates, while the phrase made-in, on the other hand, is usually referring to the made-in label on the product, or where it is actually produced. Country image can play a big part in the overall success or failure of the product. Country of origin image is an external cue to the buyer,

which is used in the final purchase decision. The correlation of the product and the country can be dealt with in two ways, using knowledge about a country as a halo or a summary construct (Kim Y., 2006). This image is created by such variables as representative products, national characteristics, economic and political background, history, and traditions. It has a stronginfluence on consumer behavior in the international market, as it is associated with mass communication, personal experience, and views of national opinion leaders (Nagashima A., 1970). Researchers have expended considerable effort to understand the importance that consumers place on country-of-origin (COO) information when they evaluate a product. Results show that country of origin has a significant effect on product evaluations. So:

H1. Country of origin will influence on consumer's product evaluation.

COO and behavioral intentions

Lutz (1981) investigated the outcomes of beliefs and attitudes and proposed the unidimensionalattitude theory, which states that beliefs influences attitude formation, which leads to behavioral intentions and subsequent behavioral action. From a consumer behavior perspective, behavioral intentions reflect the consumer's inclination to engage in a specific behavior, such as purchasing a product (Carter L. L., 2009) Behavioral intention refers to "a person's subjective probability that he will perform some behavior". Several researchers suggested that understanding behavioral intention is necessary for predicting behavior from attitudes (Mosavi S.A. et al., 2012). So:

H2. Country of origin will influence on consumer's behavioral intentions.

The effect of product familiarity on relationship between COO and product evaluation

During the last decade it has become increasingly clear that a decision maker's current knowledge of a topic affects the processing of new, topic-related information. In consumer behavior, knowledge of a product class-or product familiarity- has been a feature of both traditional and more recent information processing theories of consumer choice (Johnson E. J. & Russo J. E., 1984). Familiarity is defined as the number of product-related experiences that have

been accumulated by a consumer. A consumer's familiarity with a product or brand plays a critical role in his/her information processing and brand evaluation. In both familiar and unfamiliar product categories, consumers may search their memory for some information to help guide their preference construction. In familiar product categories, their choice is likely to be an easily performed task. Even if a consumer does not have a preferred brand, s/he is likely to know which attributes are most important. In unfamiliar product categories, consumers have less information in their memory to guide them. Even with little information available, if consumers are able to find the most important attribute of the product they wish to purchase, they can apply a lexicographic rule (Sun Y., 2010).Product familiarity refers to how familiar a consumer is with a given product category. The direction of the interaction of product familiarity with COO image depends on the assumptions made by the researcher regarding the way consumers use COO information in purchase decision-making (Josiassen A. et al., 2008). According to some studies, Familiarity and experience with country's products moderate country of origin effects (Phau and Suntornnond, 2006). When researchers first showed an interest in how COO information influences consumers' decision-making, COO image was described as a halo that consumers use to infer an evaluation of a product that they are unfamiliar with (e.g. Bilkey and Nes, 1982). This description suggests that consumers use COO image as indirect evidence of a product's performance. They do this when they have little direct knowledge of the product itself. (Josiassen A. et al., 2008).So the following hypothesis can be proposed:

H3. By Increasing product familiarity the relationship between country-of-origin image and product evaluation will become weaker.

The effect of product involvement on relationship between COO and product evaluation

Consumers are more sensitive to the COO cues when evaluating some product categories and less sensitive with others. For example in the automobile category, individual brands are almost always visibly affiliated with the country of origin of the brand, and the country cue is also frequently used in advertising. The COO serves here as highly diagnostic information, as it conveys additional information about product quality and the other relevant ascriptions. In other instances, it is quiet unlikely that country superiority is attached to a product category. Research

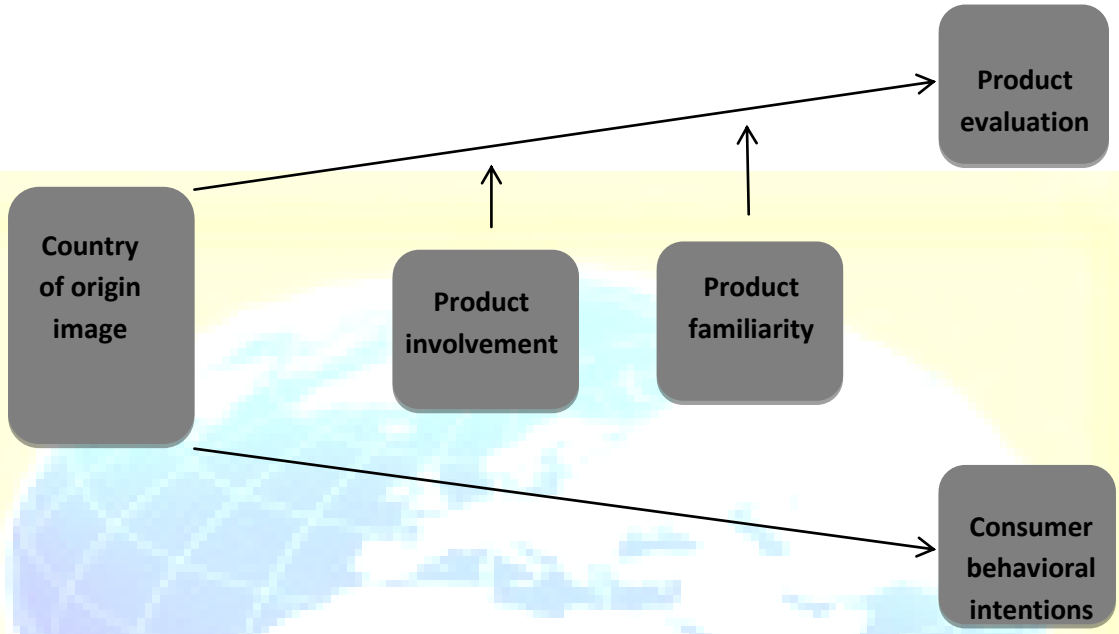
indicates that COO information is assigned high importance for products that are durable, expensive, high-involvement (product where the buyer is prepared to spend considerable time and effort in searching prior to purchase. On the other hand, country of origin is often non-diagnostic and unsubstantial with frequently purchased, inexpensive, non-durable, low-involvement products, where consumers assign little importance to the purchase(Janecek B., 2010).

Product involvement refers to the general level of interest in the object or the centrality of the object to the person's ego structure (Josiassen A., 2010). Involvement with products has been hypothesized to lead to greater perception of attribute differences, perception of greater product importance, and greater commitment to brand choice. Involvement with purchases leads one to search for more information and spend more time searching for the right selection (Zaichkowsky J. L., 1985).

A number of researchers have discussed the potentialeffects of involvement on consumers' attention. Some of them represent that consumers who are more involved with a product will seek, use and give more attention to information about that product class before evaluating and choosing a product. For high-involvement products, consumers will not only use cues such as price and design when evaluating a given product, but will draw on additional information including COO image. Furthermore, consumers will scrutinize all sources of information more carefully (Josiassen A.et al., 2008).The importance placed on COO may depend on various moderating factors. The degree of involvement in the product class is a case in point: the greater the involvement, the greater the likelihood of using COO information in a product evaluation situation(Ahmed S. A. &d'Astous A., 1999). So the following hypothesis can be proposed:

H4. By Increasing product involvement the relationship between country-of-origin image and product evaluation will become stronger.

Figure 1: Research framework



Method:

To test our hypotheses we asked consumers of household electrical appliances, particularly televisions, refrigerators and washing machines who lives in Qazvin, Iran, to answer a questionnaire. From a total of 420 questionnaires distributed, 389 were consideredvalid (the final sample).The data collection instrument is a structured questionnaire which contains 28 questions that are organized in 6 parts. Part one consists of statement items to measure variable country-of-origin image. Part two consists of items that measure product evaluation. In part three we measure consumer behavioral intentions. Part four and five include some questions that measure product familiarity and product involvement. Finally part six includes some demographic questions such as age, gender, education and marital status.The questionnaire includesLikert scales to measure these variables.

We also examine the reliability and the validity of the data collection instrument. For examining the reliability we used The Cronbach Alpha and Composite reliability methods.

The Cronbach Alpha reliability coefficient for all items in the questionnaire was found to be 0.861, which is in close approximation to the acceptable range. Moreover, the amount of Composite reliability for all variables was more than 0.6, which shows that our data collection instrument is reliable. For examining the validity we used Construct Validity, Discriminant Validity and content validity methods. The results of these entire tests show that our data collection instrument is valid.

Result:

The data were analyzed by structural equation modeling technique and the LISREL (linear structural relationship) approach. LISREL is a statistical technique that has been developed since the 1970s asan approach to structural equation modeling. Essentially, the LISREL approach to structural equation modeling is the outcome of combining two well-established approaches to model fitting: the structural approach of multiple regression analysis and the measurement approach of factor analysis.

Measurement model (Confirmatory Factor Analysis)

The measurement model specifies how the latent variables or hypothetical constructs are measured in terms of the observed variables, and it describes the measurement properties (validities and reliabilities) of the observed variables. Table 1 shows the factor loading and t-value for each observed variables. As it is obvious, observed variables have the essential accuracy for measuring the latent variables (t-value>1.96).

Moreover, the goodness-of-fit of the entire model developed may be determined by the RMR, SRMR, GFI, NFI, NNFI, IFI, CFI and the RMSEA displayed in Table 2.

Table1: measurement model result

variables	Factor loading	t-value
Country of origin image		
1	0.80	18.25
2	0.86	20.72
3	0.78	17.87
4	0.57	11.99
Product evaluation		
1	0.90	23.50
2	0.85	20.65
3	0.82	19.69
4	0.81	19.33
5	0.84	20.41
Consumer behavioral intentions		
1	0.97	26.00
2	0.92	23.67
3	0.91	23.64
Product familiarity		
1	0.80	16.89
2	0.78	16.20
3	0.48	7.65
Product involvement		
1	0.77	17.75
2	0.79	18.70
3	0.91	22.47
4	0.65	14.00

Table 2: Goodness-of-fit statistics ofmeasurement model

Goodness-of-fit statistics	LISREL model
RMR	0.15
SRMR	0.08
GFI	0.90

NFI	**0.95**
NNFI	**0.95**
IFI	**0.95**
CFI	**0.95**
RMSEA	**0.089**

Structural model (path analysis)

The structural model specifies the causal relationships among the latent variables. The hypotheses of the present study were tested by analyzing the t-values and path coefficients of the proposed research model (table 3).

Table 3: results for path analysis

Path from	Path to	Hypothesis	Direct effect	Moderating effect	t-value
County of origin image	**Product evaluation**	**H1**	**0.94**	**----**	**23.10**
County of origin image	**Consumer behavioral intentions**	**H2**	**0.99**	**---**	**23.48**
Product familiarity	**County of origin image→ Product evaluation**	**H3**	**---**	**0.08**	**2.45**
Product involvement	**County of origin image→ Product evaluation**	**H4**	**---**	**0.23**	**5.89**

The results presented in Table 3 indicate that our first Hypothesis (H1) is supported (path coefficient = 0.94 and t-value= 23.10>1.96). So, the country of origin image has a positive effect on product evaluation. In other words, consumer's product evaluation follows country of origin image.

As we can see in table 3, the second Hypothesis (H2) is supported too (path coefficient = 0.99 and t-value= 23.48). So, the country of origin image also has a positive effect on Consumer behavioral intentions.

Product familiarity has a meaningful positivemoderating effect on the relationship between COO image and product evaluation, as it is shown in table 3path coefficient = 0.08and t-value= 2.45, and this relationship will become stronger by increasing the product familiarity. As it is obvious the third Hypothesis (H3) cannot be supported.

Finally, the moderating effect of product involvement on the relationship between COO image and product evaluation is also positive (table 3), and shows that By Increasing product involvement the relationship between country-of-origin image and product evaluation will become stronger and our last Hypothesis (H4) is supported.

Conclusions:

The image of a country that consumers perceive is one of the factors that consumers consider in making their purchase decision particularly in the purchase of consumer durables such as household electrical appliances.Researchers have expended considerable effort to understand the importance that consumers place on country-of-origin (COO) information when they evaluate a product. Consumers use COO information as a signal of product quality.

Our study aims to examine the role of COO image in consumer evaluations of products and his behavioral intentions. Viewing the results of the study, the findingsshow that COO image has a positive effect on product evaluation and consumer behavioral intentions. We also hypothesized that product familiarity could weaken and product involvement could strengthenthe effect of COO image on product evaluations.The findings presented here suggest that when a company deals with more product-familiar and more product-involved consumers the COO image attached to the company's products will become more important.

Our study highlights the importance of COO image as a tool for driving consumers' product evaluations, quality perceptions of products and behavioral intentions to purchase. According to our findings, we suggest for companies with more product-familiar and more product-involved customers, to place more emphasis and importance for their COO image.We hope these findings help internal and external companies' managers to be aware of the factors that effect on product evaluation and help them to make better decisions.

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