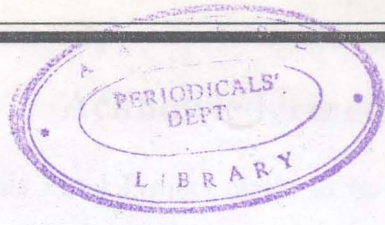


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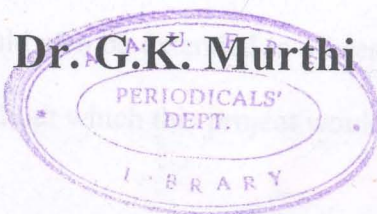
Impact of Country of origin Image on Perceived Product Quality:

A Survey on Selected Brands of Cell Phones Marketed in Ethiopia

A project Report Submitted in Partial Fulfillment of the Requirement for the Degree of Masters in Business Administration (MBA)

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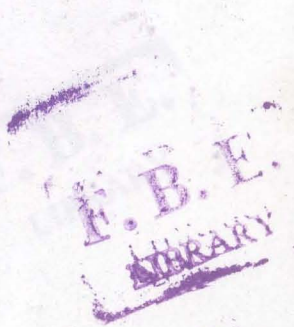


Addis Ababa University
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ABSTRACT

Country image and perceived quality are two research foci in the marketing literature. However, little research has been done to explicitly address the impact of country image on the perceived quality of a brand name. The present research attempts to synthesize the two streams of research by developing a conceptual model to analyze the relationship among country image, perceived quality, perceived values and purchase intention. South Korea has been an underdeveloped country and the products from South Korea are perceived as of lower quality. The lower quality perception may be improved in recent years due to the economic development of South Korea. A research on one brand name of Cell phone from South Korea and one other brand name from Germany (served as the control group) were designed to test the conceptual model.

The country image is conceived as consisting of two major dimensions: country perception and product perception. The perceived quality is hypothesized to be related to four independent variables: country perception, product perception, brand reputation and perceived price.

A survey was conducted on 240 respondents randomly selected from two cities, Addis Ababa and Debre Zeit.. The results show that brand reputation and product perception have significant impact on perceived quality of a brand name. The positive impact on quality will lead to a higher perceived value and a higher purchase intention. Recommendations based on our research findings are given at the end of this report.

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Chapter One

Introduction

Country Image has been one main stream of research focus in the past thirty-five years. Research in this period showed that country image has affected peoples' buying decisions on specific brands in the absence of other information cues. (Schooler 1965; Bilty and Nes 1982; Yaprak 1987; Hooley, Shipley and Krieger 1988). Papadopoulos, Johansson and Nebenzahl (1987) and Yaprak and Liefeld(1986) have extensively reviewed the influence of country image on buyers' reactions to products. The research by Nagashima (1970, 1977) was a pioneer study to explore the relationship between country image and product preferences.

Another mainstream of research focus was on perceived product quality. Many researches have found that extrinsic cues (e.g. price, brand name and advertising) and intrinsic cues (e.g. product's characteristics) have influences on product quality (Nelson 1970, 1974; Olson 1977; Schmalensee 1978; Milgrom and Roberts 1986). Previous researches have also showed the correlation between perceived quality and the perceived value (Young and Feigin 1975, Rokach 1973, Olson and Reynolds 1983). As country image can be regarded as one of the extrinsic cues, I would expect that country image would affect the perceived quality of a product and hence affect the purchase behavior.

However, it seems to the present authors that no research has explicitly addressed this issue in Ethiopia. The present research attempts to synthesize the two streams of research

and investigate how country image may affect the perceived quality of selected brands of product. In analyzing the impact of country image on perceived quality of products, the information obtained may also provide insights to the government to enhance country image in stimulating international marketing. Foreign investors can evaluate the value of investing in particular countries in case the country-of-origin of their products may have positive or negative images as perceived by the local consumers.

1.2 Statement of the problem

As the volume of the world trade is enormous and global product competition is intense, any factor that may affect consumers' evaluation of a product should not be neglected by marketers. In this regard international marketers has long been focused on issues relating to the impact of marketing variable such as quality, technology sophistication, product features brand recognition, value perception, advertising image and distribution /retailer perception. However, the need to examine the influence of country image (country-of-origin) in addition to marketing variables remains.

Country image (Country-of-origin) has been an important factor in consumer purchasing decision-making as well as in industrial purchasing. Specially as the importer of products and the search for new markets increases, understanding consumer choice preference related to a product's country image becomes increasingly important. Country image in combination with marketing characteristics, significantly influences the perception that consumers have toward products from various countries. In line with these many studies have examined attitude within a country towards imported goods based on their country-of-origin. Most of these studies have been focused on consumers of developed countries.

Consumers' attitudes in developing countries including Ethiopia, toward foreign made products manufactured either in developed or developing countries have rarely been investigated.

Therefore, this study explicitly will try to address the impact of country image effect on Ethiopian consumers toward foreign made products. It also will rank the significance of the identified factors that affect consumer's perception.

1.3 Research Framework

Figure 1 depicts the conceptual model for the present research. This model is adopted from Sa' ari Md. Nooh and Thomas L. Powers conceptual framework. The country image is conceived as composed of two major dimensions: the Country Perception and the Product Perception. The Perceived Quality of a brand name is hypothesized to be influenced by four independent variables: Country Perception, Product Perception, Brand Reputation and Perceived Price. Better perceived value will then lead to high perceive value by the consumers, which then will lead to higher purchase intention.

As the respondents should have some knowledge on German and South Korea. I think there is no need to incorporate the influence of country familiarity in this research.

I will focus on investigating the relationship between country perception (measured by country perception and product perception) and perceived quality as previous research has not explicitly addressed this issue. Those respondents who are more familiar with a brand name will be less likely to use country perception to evaluate the perceived quality

(Jacoby et al.1978).

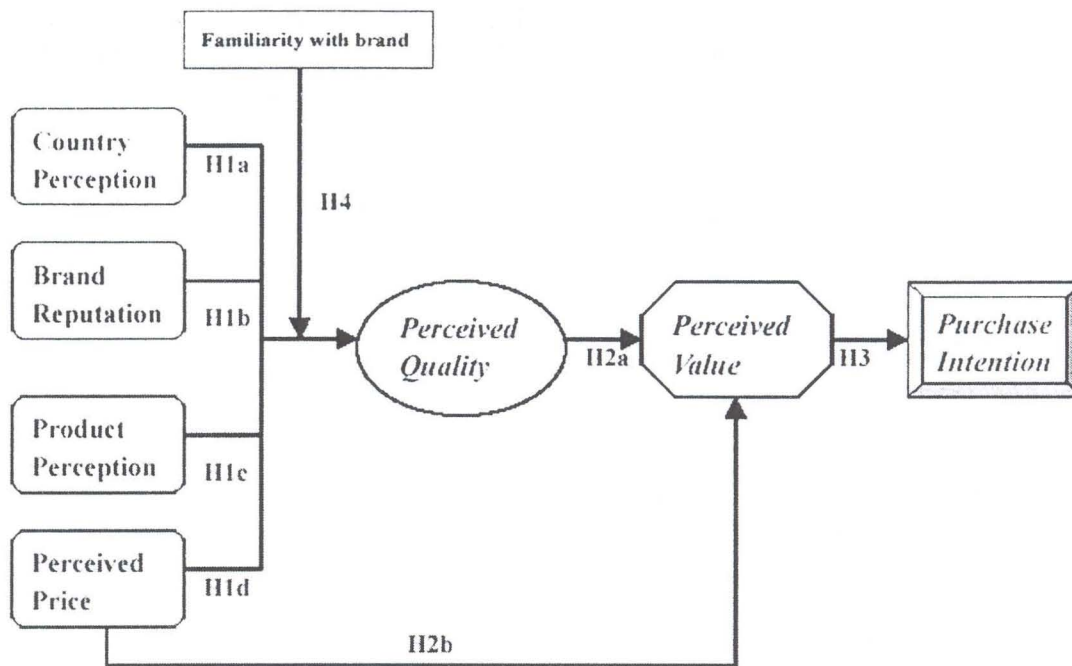
The Framework

Brand reputation is the estimation of the consistency over time of an attribute of an entity (Jacoby et al.1978). When respondents perceive a brand's reputation is high, they will have more trust and confidence on the brand, hence a better perceived quality. Besides, when the respondents have favorable product perception, they will infer a higher perceived quality.

Perceived price is based on the consumers' subjective judgments whereas the objective price is the actual price of a product (Jacoby and Olson 1977). Perceived price is therefore the consumers' encoded prices in the ways that are meaningful to them (Dickson and Sawyer 1985; Zeithaml 1982, 1983). The perceived price should have negative relationship with perceived value (Bishop 1984; Dodds and Monroe 1984; Shapiro and Associates 1985).

Besides, Perceived value also affects the relationship between quality and purchase (Olshavsky 1985). Finally, the perceived quality has direct impact on the perceived value and perceived value induces the purchase (Dodds and Monroe 1985).

Chart 1: The conceptual model for the impact of country image on the perceived quality of the selected brand names of cell phones marketed in Ethiopia



1.3.1 Hypotheses

The following hypotheses will be tested for Germany and south Korean perceived quality in Ethiopian market.

H1: Perceived quality is positively correlated with Country perception (**H1a**), Brand reputation (**H1b**), Product perception (**H1c**) and Price (**H1d**).

H2: Perceived Value is positively correlated with Perceived Quality (**H2a**) and is negatively correlated with Price (**H2b**).

H3: Perceived Value will positively affect Purchase Intention (**H3**).

H4: Familiarity with a brand (**H4**) may modify the relationship between Perceived Quality and the 4 independent variables: Country perception (**H1a**), Brand reputation (**H1b**), Product perception (**H1c**) and Price (**H1d**).

1.4 Research Objectives

The primary objective of this study is to investigate the effects of Germany and South Korea country image on the perceived quality of a selected high involvement products, i.e, cell phones marketed in Ethiopia. More specifically, the principal objectives with respect to the consumers understudy can be summarized as follows.

- 1 To see how much perceived quality is affected by country perception, Brand reputation, product perception and price.
- 2 To measure the impact of perceived quality and price on perceived value.
- 3 To examine the influence of ones received value on his or her purchase intension or purchase decision making.
- 4 Try to forward suggestions based on the research findings.

1.5 Research significance.

The success of marketers highly rests on knowing the critical factors that affect consumer purchasing intention or purchasing decision making. Country image effect with other marketing variables is one of the most important factor that affect consumers perception and their purchase intention. Therefore, the results of this study are Primarily believed to benefit Ethiopian importers or global firms in formulating an effective segmentation strategy. It will also enhance the awareness of importers about relative perception of their imported products based on their relative strengths and weaknesses in addition to their country of origin effect. Finally, this study is imagined to benefit academicians in laying down the groundwork for further research work in related fields.

1.6 Research Scope

This study is limited to only country image effect on perceived quality of selected brands of cell phones marketed in Ethiopia. For this, two brands of cell phones: German brand (Nokia) and South Korean Brand (Sam Sung). Nokia and Sam Sung brands are selected because Germany is a developed country and has good reputation for most branded products; and South Korea is a developing country and many brands are perceived as lower quality. The contrast between the two countries may provide useful insight to marketers. Furthermore, people in Ethiopia are familiar with or at least have heard of the brand from these two countries. Finally this research is only interested in the country of origin image (country of design) effect. I set aside the country of production or assembly effects for the time being. This is to make the study manageable in scope and depth, besides financial and time constraints.

1.7 Research Methodology

1.7.1 Research Design

The research design is determined by first considering the research objective stated previously.

A literature review was first conducted to understand the concepts and definitions of country perception, product perception as well as perceived quality, and formulate the

conceptual framework for the present study. I obtained the required information from periodicals, journals, articles, magazines and books. In literature review, I have clarified what and how those concepts like country perception, product perception and perceived quality are measured.

To study the effects of country image and product perception on perceived quality, a descriptive research is adopted. I propose to conduct an undisguised and structured questionnaires survey on a selected sample of people in Addis Ababa and Debre Zeit.

1.7.2 Sample

The sample was drawn from students and academic staffs of Addis Ababa University in two locations. They were Addis Ababa and Debre Zeit. One hundred twenty respondents (n=120) were selected in each city. The sample was drawn across socioeconomic strata, represented by lower, middle, and upper income groups. The sampling was selected to obtain a representation of Ethiopian buyer population of imported cell phones.

1.7.3 Sampling Method

Though cell phone is a shopping item, shopping mall-intercept questionnaire was not adopted; rather a mail questionnaire was used. Besides, judgmental sampling was used as probability sampling is not feasible and expensive, judgmental sampling is legitimately and effectively.

1.7.4 Questionnaire Design and Measurement

Two sets of questionnaires were set. One was asking about the South Korea country image and one brand name of South Korea-made cell phone (Samsung); the other one was on Germany country image and one brand name of Germany Cell phone (Nokia).

The questionnaire was divided into four parts. The first part is talking about the respondents' opinions toward brand of cell phone from Germany or South Korea. The second part is measuring the country image. Product perception was measured in the third part, and the last part is about personal information. Every selected respondent was randomly assigned to one set of questionnaire. Then they were asked to indicate their preferences and opinions on each questionnaire assigned.

Finally, demographic information was collected. The English questionnaire was translated into Amharic to assist the respondents to comprehend the questions asked. The country image was measured by different attributes, such as economic development, economic environment, democratic system, types of products, quality of product, civilization of government, level of industrialization, labor cost, literacy rate, market system, welfare system, standard of living and the level of technological research.

The perceived quality of country brand products was measured by the familiarity with brand, brand reputation, ease of use, durability, specific functions, performance of products and customer service provided. The product perception was measured by the advancement of the country's production process, the innovativeness of the country's products, the quality of the country's product, the reliability, performance county's products and the customer service of the country's product.

1.8 Organization of the Study

This study will incorporate four chapters. The first chapter will include the general background or introduction of the study that raises basic problems and methodology. The second chapter will cover the theoretical background of country image and perceived quality and the results of related empirical studies. The third chapter will offer the analysis of the study. Finally, the fourth chapter will wind up with by presenting the summary, conclusions and recommendations.

Chapter Two

Literature Review and Related Researches

2.1 An Overview

Country-of-origin (COO) analysis focuses on buyers' opinions regarding the relative qualities of goods and services produced in various countries. Origin cues are available to consumers in a far broader set of circumstances than is usually realized or acknowledged.

Some of the main manifestations of the origin cue can be categorized as follows:

- Embedded directly into the company name or brand name.
- Indicated indirectly through the brand name.
- Included as the centerpiece or a part of package design.
- In connection with the company's sales staff
- Written on the made-in label.

This list is partial but enough to make the point: product origin information is provided to consumers through hundreds of thousands of brand and company names, promotional messages, product labels, and other means, whether directly or through symbolism. The images of countries and their relationships with products are an integral part of daily life.

“Made in“ labels as such have been used to identify product origins for at least 100 years. But the practical use of country-of-origin identifiers became important with the international trade explosion that followed the Second World War. Many of the country/product images now spread through practically all social ranks and influence the attitudes of, hundreds of millions of buyers.

There are product-specific characteristics which may be linked strongly to country-of-origin which involve for instance specific design or workmanship skills. These have been linked historically to certain countries. This might be used by consumers to reduce risk in purchasing. Some examples are the skills and technologies associated with the production of Persian carpets, Scandinavian design of furniture, French or Italian design in clothing, U.S. know-how in the production of military equipment and so on. Sometimes it is the raw materials that a country produces, which creates a comparative advantage for the production of certain products (e.g., Colombian coffee, Canadian furs, French wine, or South African diamonds).

Even when they are not expressed as country-of-origin, the decision criteria used by consumers may lead to country-related choices.

2.1.1 The concept of images

Now let us have a closer look on the nature and meaning of images, their functions. According to Papadopoulos (1993, p.5) the functions of images include the classification of objects, the development of element hierarchies and the symbolization of elements or objects and of the bundles of attributes that characterize them, which facilitates recall.

The images of objects result from people's perceptions of them, which will be different for each individual. Therefore each object has a different image for each individual observer but you can probably observe similar perceptions within the same cultural group

because the group members are all culturally conditioned in the same direction of perception. Hofstede (1991, p.5) defines culture as “the collective programming of the mind which distinguishes the members of one group or a category from those of another.”

This will lead to the stereotyping of objects. People use it as a means of coping with the world around them. Stereotyping begins in the form of abstract generalizations from a limited number of observations. The stereotype is likely to move closer to something that might be called “objective reality”, if the number and intensity of observations about the object increases. The use of stereotyped images by sellers and buyers may make their decisions easier.

2.1.2 COO across product categories

Research has shown that country quality perceptions may vary across product categories. Han and Terpstra (1988), for instance, assessed the association between five image dimensions (Technical Advancement, Prestige, Workmanship, Economy, Serviceability) and two product categories (automobiles and televisions). They found that country image ratings are not consistent across the five dimensions (e.g., German autos are rated high on prestige, but low on economy). This suggests that country image is specific to the dimensions being measured. They also found that country image ratings tend to be consistent across product categories (e.g., both Japanese autos and televisions have moderate levels of prestige). However, their study was limited to U.S. consumers' perceptions of two products and four countries (Germany, Japan, Korea, U.S.).

Roth and Romeo (1992) examine in their study COO in terms of the fit between countries and product categories. The two researchers assume that consumers' perceptions are formed by relating what they know about a country's ability to produce goods and services to a product. They suggest a framework which matches the importance of product category dimensions with the perceived image of the country-of-origin along the same dimensions. Such matches or mismatches can be either favorable or unfavorable.

2.1.3 Concept of Country image

In general the country image as reflects consumers' general perceptions about the quality of products made in a particular country and the nature of people from that country. One of the first conceptualisations of the country-of-origin phenomenon was that of Nagashima (1970). He defined the image that consumers associate with a given country-of origin as "the picture, the reputation, the stereotype that businessmen and consumers attach to products of a specific country. This image is created by such variables as representative products, national characteristics, economic and political background, history, and traditions (p.68)." It is frequently used as a screening device by consumers to decide whether a product is included in the consideration set or not (Cordell 1992).

According to many researches on country image, we may ascertain that country image is an important factor that affects the purchasing intention (Ahmed, d'Astous and Mathieu 1995). When people buy the goods such as electronic appliances, they may first consider the country-of-origin of the product (Cordell 1992). In other words, country image may affect the evaluations of product directly or indirectly through personal beliefs

(Nebenzah, Jaffe and Lampert 1997). Besides, Bilkey and Nes (1982) and Han (1989) mentioned that some researchers have attempted to define country image as consumers' general perceptions of quality for products made in a given country. Generally speaking, country image information is important for consumers to evaluate a product from a specific country.

Most researchers acknowledge COO's role in overall product evaluation. So the COO acts as a proxy for other, more intrinsic, qualities, which are difficult to discover for consumers. Intrinsic cues involve the product's physical composition, including such quality attributes as reliability, operator convenience, flavor and fit. Extrinsic cues are external, but related, to the product, such as price, brand, warranties, and country of design, manufacture and assembly. Buyers use these extrinsic cues as the basis for their evaluations of product quality because it is often difficult for them to recognize a product's true intrinsic quality.

2.1.4 Input factors of country images

There is also some research which tried to identify the inputs to origin images. The study of Wang and Lamb (1983) was explicitly designed to eliminate the effect of product influences so that the result would reveal environmental influences independently. They investigated whether consumers' readiness to accept foreign products is influenced by the environmental conditions that exist in the product's country of origin. Specifically they wanted to find out, if U.S. consumers' willingness to buy foreign products is influenced by the culture, political climate, and level of economic development of the products'



country of origin? In this research, the environmental influence of 36 countries with variations in the dimensions of socio-economic development, political climate, and culture was tested with a sample of 500 randomly chosen people.

The results provide evidence to suggest that consumers' willingness to buy foreign products may be partially explained by variations in the economic, political, and cultural environments of products' country of origin. Specifically, the findings indicate that consumers were most willing to buy products from highly economically developed and politically free countries.

To understand its implication let's take a seller who knows that products from the home country are perceived favorably. Then he or she may want to emphasize the country of origin in advertising. Alternatively, if products from a particular country of origin are perceived unfavorable, the seller may want to gloss over the country of origin. Packaging and labeling strategies might also be developed based upon these results.

One could now argue that this study is rather old and outdated. Of course, in the last 17 years a lot of things in the economic and political environment has changed and COO effects are not stable as perceptions change over time. Country images will change when consumers become more familiar with the country, the marketing practices behind the product improve over time, or when the product's actual quality improves. A classic example therefore are Japanese-made cars where COO effects took a 180° turn during the last couple of decades, from a very negative to a very positive country image.

But that's not the important point here. What is really remarkable here is that consumers' willingness to buy foreign products may be partially explained by variations in the economic, political, and cultural environments of the country of origin of a product.

2.1.5 Country Image's influences on purchase

As country image is important to consumers when they want to get some products; they may first consider the country-of-origin of the product (Ahmed, d'Astous and Mathieu 1995). Furthermore, country image will influence product consideration and rejection processes (Papadopoulos and Heslop 1993). On the other hand, some researches have indicated the consumers' country image may be moderated by their familiarity with the countries and the products.

The household or industrial buyers' evaluation are based on their assessment of product cues, which include intrinsic (taste, design, performance) or extrinsic (brand name, country of origin) attributes. Buyers often make judgments about product quality and purchase value on the basis of extrinsic cues, particularly when it is not easy to assess the intrinsic value of a product (Ahmed, Astous and Adraoui 1994). Research indicates that knowledge of country of origin indeed influence buyer's perceptions of products (Ahmed, Astous and Adraoui 1994). There is a lot of product information available in the market, and consumers will use country image information as a summary statistic. It would, therefore, be more efficient to use country image as a surrogate to represent or summarize a set product attributes (Johansson 1989). Besides, consumers will also use country image in product evaluation during the pre-purchase stage (Shapiro 1982; Han 1989).

Liefeld and Heslop (1991) had found that country-of-origin information was more important in affecting product quality assessments than price and brand information. However, Alamen and d'Aston (1995) have found that brand name is a more important cue than the country image. The notion of brand consideration was first introduced into marketing as an integral component in Howard and Sheth's (1969) theory of buyer behavior.

Later, Ahmed and d'Astons (1995) has supported that brand name is a more important cue than country-of-origin. The ideas of Liefeld and Heslop(1991) and Alamen and d'Aston(1995) have concluded that both country image and brand should be viewed as important inputs to consumers' decision making (Ahmed and Astous 1999). In this research, we would like to focus on how the purchasing intention may be affected by country image, brand name as well as perceived brand image.

2.1.6 Measurement of country image

Aire (1974), Bannister and Sounder (1978), Agbonifoh (1985) and Michael (1995) have suggested that the differences in the image of products from different countries may be affected by some factors, such as, economic, political reputation and degree of technology. Furthermore, Wang and Lamb (1983) and Baugh and Yaprak (1993) have found that consumers' willingness to purchase products is related to cultural characteristic, ethnicity, industrialization, consumption acculturation as well as historical events and relationships.

Actually, Nebentahl (1984) concluded that all the current scales not only had low reliability but also were not tested for internal consistency and stability. However, some researchers such as Martin and Eroglu(1993) had found that country image perceptions might vary depending on the level of economic development of the country . For examples, a low per capita income and inefficient marketing system (Papadopoulos, Heslop and Bamossy 1990). An advantage of identifying country image dimensions is to generate consistency for conceptualizing and operationalizing country image in the future studies.

The country image dimensions were defined by Roth and Romeo (1992) as the followings:

- 1) Innovationess : Use of new technology and engineering advances
- 2) Design : Appearance, style, colours, variety
- 3) Prestige : Exclusivity, status, brand name, reputation
- 4) Workmanship : Reliability, durability, craftsmanship, manufacturing quality

After reviewing the literature, it seems that country image may be measured in terms of two major dimensions: Country Perception and Product Perception. Country perception is the perception to the country that perceived by consumers, and the consumers will use the country perception to determine the product made in those countries. Product perception is the perception of the consumers on the product.

2.1.7 Measurement problems

In this case it was also intended to use the single-cue approach, as Wang and Lamb were only interested in identifying inputs to origin images. But in general there is no question that any study which attempts to measure the effect of any one cue, independently of others, on buyers' preferences, will overestimate its importance. This will be true regardless of whether the single cue that is presented is origin, brand, price or any other variable.

A review of the early studies of country-of-origin effects reveals that, generally, these have presented production location as the only cue on which subjects were to base their product evaluations. However in real purchasing situation, consumers are likely to have additional information and access to other cues such as the brand name, price, warranty and what is probably most important, the actual product. So one should really try to take this into account.

2.1.8 Product-country matches and mismatches

The two scholars found four different situations where product and country matches and mismatches should occur which are shown in figure 2.1. A product-country match (cell 1 of Figure 2.1) would occur when the perceived strengths of a country are important



product features or benefits for the particular product category. An unfavorable product-country match (cell 2) would occur when the important product features are not the perceived strengths of the country. A favorable mismatch (cell 3) would occur when the image dimensions for a country are positive, but they are not important for the particular product category. Likewise, an unfavorable mismatch (cell 4) would occur when an image dimension is both an unimportant product feature and not a perceived strength of the country.

FIGURE 2.1: Country and Product Category Dimension, Matches and Mismatches

		Country image dimension	
		Positive	Negative
Dimensions as product features	Important	I Favorable Match	II Unfavorable Match
	Not important	III Favorable Mismatch	IV Unfavorable Mismatch

Source: Figure 1, Roth and Romeo(1992), Journal of international business studies, p. 483

Understanding favorable or unfavorable matches or mismatches could be very beneficial to managers. Such information can be used, for instance, to select or omit specific product or country information in their marketing communications.

These indicate that product-country match may be an indicator of willingness to buy foreign products. If a country is perceived as having a positive image, and this image is important to a product category, consumers will be more willing to buy the product from that country. The managerial implications for the marketing are summarized in Figure 2.2.

FIGURE 2.2: Strategic Implications for Product-Country Matches and Mismatches

		Country image dimension	
		Positive	Negative
Dimensions as product features	Important	<p><i>I Favorable Match</i></p> <ul style="list-style-type: none"> • Brand name reflects COO • Packaging includes COO information • Promote brand's COO 	<p><i>II Unfavorable Match</i></p> <ul style="list-style-type: none"> • Emphasize other benefits than COO • Non-country branding • Joint-venture with favorable match partner • Communication campaign to enhance country image
	Not important	<p><i>III Favorable Mismatch</i></p> <ul style="list-style-type: none"> • Try to alter importance of product feature dimension 	<p><i>IV Unfavorable Mismatch</i></p> <ul style="list-style-type: none"> • Ignore COO – no beneficial information

Source: Figure 2, Roth and Romeo (1992), *Journal of international business studies*, p. 495

When favorable matches exist, consumers' willingness to buy products can be enhanced by promoting COO (cell 1, Figure 2.2). For instance, a Japanese car would benefit from having a Japanese-sounding brand name. Placing the product's COO on the packaging, or on the product itself, would also be beneficial.

If an unfavorable match exists (cell 2, Figure 2.2), it would be harmful to product evaluations to provide COO information. In this case, advertising should emphasize other important product benefits than the country-of-origin. Another long-term strategy could be to initiate a campaign to alter perceptions of country image. But there you get free-rider problems and the costs for one single company are too high. One example for a governmental initiative therefore were the Olympic Games in South Korea in 1988 which enhanced the country image.

In the mismatch cases it may not be beneficial for promoting the particular product category. One option if a favorable mismatch exists (cell 3, Figure 2.2) is to alter the importance of the image perceptions and try to change the importance of the product features dimension. For unfavorable mismatches (cell 4, Figure 2.2), COO should be ignored.

2.1.9 Consumers' use of COO

Risk reduction

Moreover, according to Heslop and Papadopoulos (1993) , if the product is complex, then the country-of-origin is likely to be more important. For complex products, consumers can be expected to seek more information to reduce risk. Therefore they did not investigate differences between countries but this would have been interesting. It is true that culture plays also an important role when it comes to the perceived risk and the extend of the importance of extrinsic cues like the origin. The Dutch scholar Geert Hofstede has proposed several cultural classification schemes. Perceived risk can be seen

as one of the indicators of uncertainty avoidance. So, one would expect that consumers in societies with high uncertainty avoidance want to reduce their risk more than others and therefore they might rely more on the COO image to evaluate the product quality.

The risk avoidance may also be one explanation that consumers are more positive toward products from countries which they perceive to be more industrially developed. These countries are judged to produce goods with better quality.

Ethnocentrism

The issue of country effects on product evaluation is framed in terms of preferences for domestic products (halo effects) and negative stereotyping of foreign products. The "halo effect" refers to a situation where a positive response to one attribute (domestic production of a good) leads to an overevaluation of other attributes of that good. Within that field, researchers have identified consumer characteristics such as ethnocentrism (Shimp and Sharma 1987) and consumer patriotism (Han 1988) that may explain why certain consumers are more likely to consider a product's country of origin.

Consumer patriotism was found to be influential on the choice of domestic versus foreign products almost anywhere. The cognitive attitude towards products from different countries played only a limited role. There is also a significant relationships when it comes to demographic characteristics of "patriotic" consumers, who tend to be older, white and female. Blue-collar workers are slightly more patriotic than white-collar workers.

What is always very important is to define patriotism or ethnocentrism specifically for products and to be aware of political statements. Shimp and Sharma (1987) developed a seventeen-item Consumer Ethnocentric Tendency Scale called CETSCALE to measure the propensity of consumers to consider the morality of buying domestic instead of foreign products. The authors defined highly ethnocentric consumers as those who believe that buying domestic products is morally superior to buying imports. Shimp and Sharma (1987) found that consumers with higher levels of ethnocentrism were more likely to rate foreign products negatively and less willing to purchase imports.

2.1.10 Conceptual meaning of perceived quality

Quality is subjective and ambiguous (Zeithaml 1988). The ISO current definition of quality is "The totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs." Perceived quality is different from objective or actual quality. It is an abstraction rather than a specific attribute of a product. It is a global assessment on the superiority of products or services and a judgment usually made within a consumer's evoked set (Lewin 1936).

Moreover, it is the discrepancy between consumers' perceptions and expectations (Parasuraman, Zeithaml, Berry 1988). Perceived quality arises because people possess imperfect information about product/service (Smallwood and Conlisk 1979). In different product categories that come from the same country, the perceived quality may be different (Han and Terpstra 1988). Regarding perceived quality, consumers not only

consider the functional, objective benefits of products, but also the subjective, psychological and emotional benefits (Caminal and Vives 1996; Smallwood and Conlisk 1979).

Extrinsic cues and intrinsic cues have influences on perceived quality. Extrinsic cues include price, store image, brand image, country image, promotional message and reputation of manufacturer. Intrinsic cues are specific product characteristics, for example, products' size, color, flavor and aroma (Szybillo and Jacoby 1974).

Perceived quality was most strongly affected by the country image of the products/services when there was no sufficient information about the brands considered (Lim et al. 1994). Another study found that country-of-origin information was more important in affecting perceived quality than price and brand information (Liefeld and Heslop 1991). However, a study commented that brand information was more important than country-of-origin (Ahmed and d'Astons 1995).

For the price attribute, price can be a surrogate indicator of perceived quality when consumers have little information and confidence to make a choice (Peterson 1977). But price becomes less important as a quality indicator when other product cues, such as brand name or store image are provided (Olson 1977). Another study indicated that price is the least important attributes that consumers associate with quality (Bonner and Nelson 1985; Parasuraman, Zeithaml, and Berry 1985). One of the notions is "the higher price;

the higher perceived quality” (Scitovsky 1945). However, the direction of price-quality relationship may not always be positive (Peterson and Wilson 1985).

For the brand attribute, when brands are unfamiliar, price will be more important as a quality cue (Smith and Broome 1996). Brand can serve as shorthand for perceived quality when consumers had a bundle of information about the products (Jacoby et al. 1978).

2.1.11 The influences of perceived quality on purchase

The perceived quality has direct impact on the perceived value and perceived value induces the purchase (Dodds and Monroe 1985). Perceived value may be taken as “The quality I get for the price I pay”. Hence, when the perceived quality of a products/service is high, the perceived value is also high given the perceived price and hence a higher likelihood for purchase (Bishop 1984; Dodds and Monroe 1984; Doyle 1984; Shapiro and Associates 1985).

2.1.12 Measurement of perceived quality

Perceived quality can be measured in terms of a number of product attributes, such as performance, features, reliability, conformance, durability, conformance, durability, serviceability, aesthetics (Garvin 1987). Zeithaml (1988) identified reliability, empathy, assurance, responsiveness and tangible as attributes to measure perceived service quality. These dimensions are also useful to measure the quality of packaged goods, industrial products and durable goods. Besides, Brucks and Zeithaml (1987) used six dimensions,

namely, ease of use, functionality, performance, durability, serviceability and prestige, to measure the perceived quality of durable goods.

2.2 Empirical Studies

In the past thirty-five years, there has been extensive research on country-of-origin effects on consumers' attitude, preference, and behavior (Peris, Newman, Bigne, and Chansarkar, 1993). With increasing availability of foreign goods in most national markets, the country-of-origin cue has become more important as consumers often evaluate imported goods differently than they do competing domestic products (Bilkey and Nes, 1982; Farmer, 1987; Liefeld, 1993).

Most country-of-origin research has focused on examining consumers' (or industrial buyers') attitudes in developed countries. Research findings have shown that American consumers (Reierson, 1966; Gaedeke, 1973) or American industrial buyers (White and Cundiff, 1978; Crawford and Lamb, 1981; Cattin et al., 1982) have preconceived ideas about the quality of products from specific countries. Other research has demonstrated that the national stereotyping phenomenon was not limited to the U.S. Similar preconceptions were observed in England (Bannister and Saunders, 1978), Finland (Darling and Kraft, 1977), Canada (Walland Heslop, 1986), New Zealand (Barker, 1987), France (Baumgartner and Jolibert, 1978), and Singapore (Tan and Farley, 1987). Consumers' attitudes toward imports from various countries can vary significantly from one country to another (Cattin et al., 1982). Even consumers in the

same country can have significantly different perceptions of the country-of-origin. Consumers' attitudes and behavioral intentions in a particular country can also vary over time due to a change in their country's level of industrialization, marketing development, and lifestyle (Papadopoulos and Heslop, 1993). It follows that it is necessary to identify country-of-origin impacts on each country that a firm is considering exporting to and doing this on a timely basis.

Early studies of consumers' preferences toward domestic and foreign-made products focused on single cue rather than multiple cue designs. Since the 1980s, the country-of-origin cue has broadened to include multi-cue designs and the use of tangible products rather than product descriptions. Many researchers reported that the effect of the country-of-origin on consumer attitudes was found to have an indirect effect based on the existing beliefs of the consumer (Erickson et al., 1984; Johansson, Douglas, and Nonaka, 1985). Other studies have shown that country-of-origin effects diminish in importance when additional information cues are presented in the choice situation (Ettenson, Gaeth, and Wagner, 1988; Hong and Toner, 1989). Consumers use evaluation-based inferencing (Alba and Hutchinson, 1987) to reason that product image (i.e., quality, value, styling) correlates with the producer country and its characteristics (Yaprak and Parameswaran, 1986; Khachaturian and Morganosky, 1990). This phenomenon is known as a halo effect in which a belief about one product trait (in this case, the country in which the product was made) produces a belief structure about unknown traits that are congruent with the known trait (Erickson et al., 1984; Han, 1989).

A consumer's willingness to purchase a product is related to the characteristics of the originating country and its people (Johansson and Nebenzahl, 1987; Han 1989; Pisharodi and Parameswaran, 1992; Roth and Romeo, 1992). The country-of-origin perception is also affected by consumers' perception of similarity between their own country and the country-of-origin. This can be in terms of economic development, political status, and cultural climate (Crawford and Lamb, 1981; Wang and Lamb, 1983; Yaprak and Parameswaran, 1986; Papadopolous, Heslop, and Bamossy, 1990).

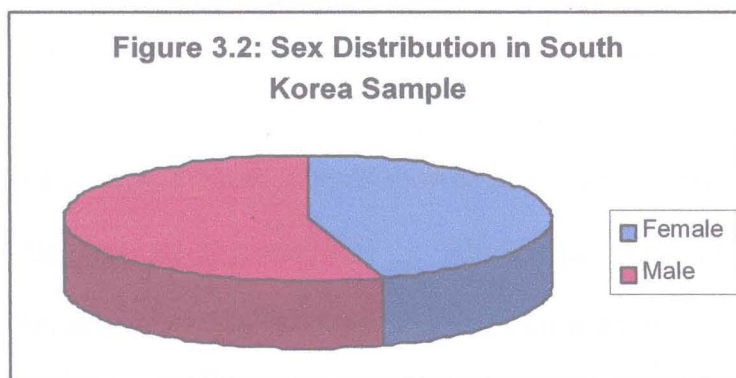
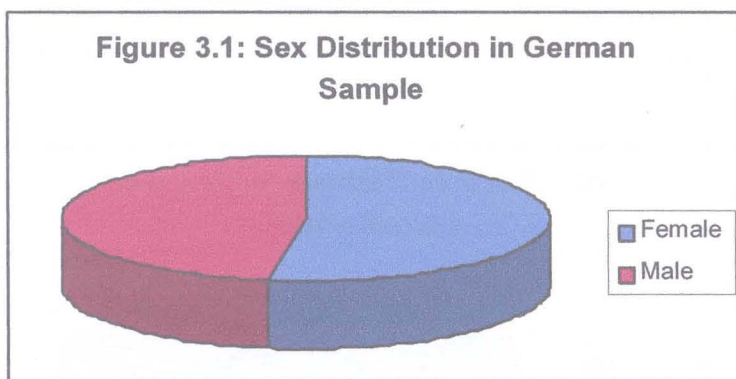
Chapter 3 Findings and Analysis

3.1 Demographic Summaries

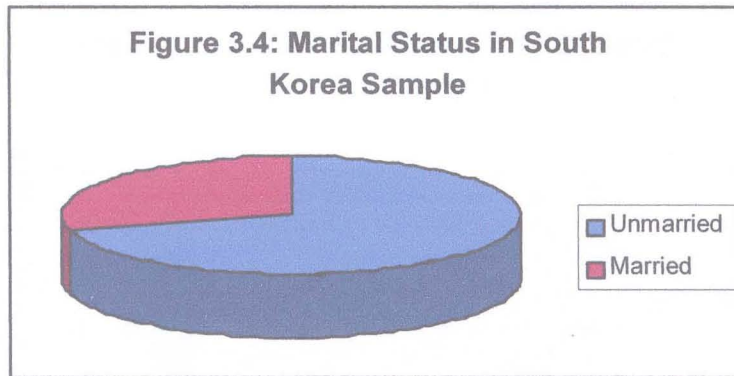
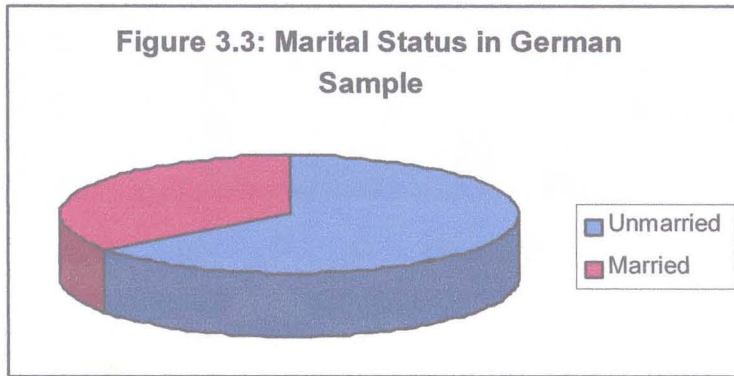
Table 3.1: Demographic profile of the respondents

Demographic Variables		German (Sample 1) N = 120	South Korea (Sample 2) n = 120	Statistical Significance
Sex	Male	47.5%	55%	0.17
	Female	52.5%	45%	
Marital Status	Unmarried	65%	70.8%	0.52%
	Married	35%	29.2%	
Income	< 500 Birr	58%	65%	0.62%
	500 – 1000	3.3%	4.2%	
	1001 – 1500	4.2%	3%	
	1501 – 2000	25.8%	19%	
	> 2000	8.7%	8.8%	
Education	TVET/Diploma	16.7%	13.3%	0.86%
	Tertiary	83.3%	86.7%	
Occupation	Student	58.3%	67.5%	0.87%
	Technical Ass	16.7%	13.3%	
	Instructor	14.2%	12.5%	
	Researcher	10.8	6.7%	

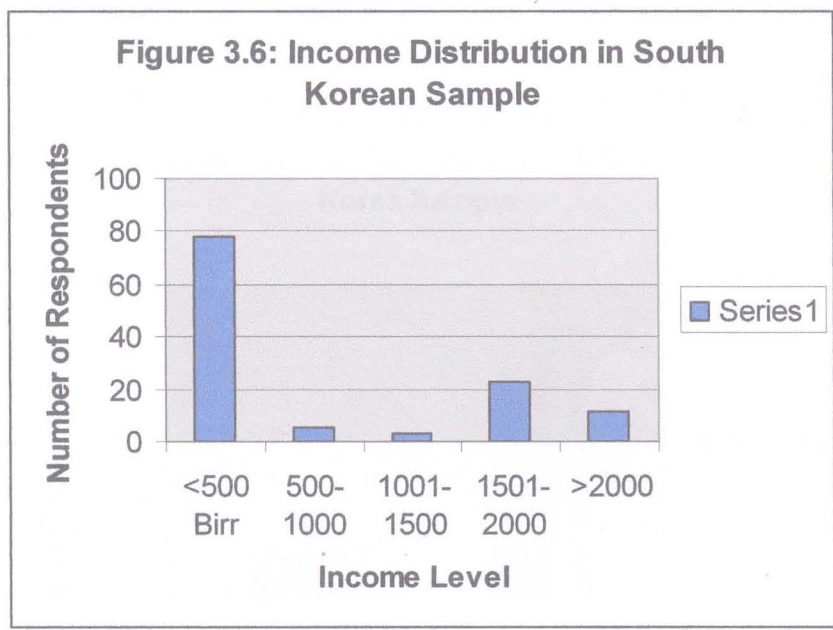
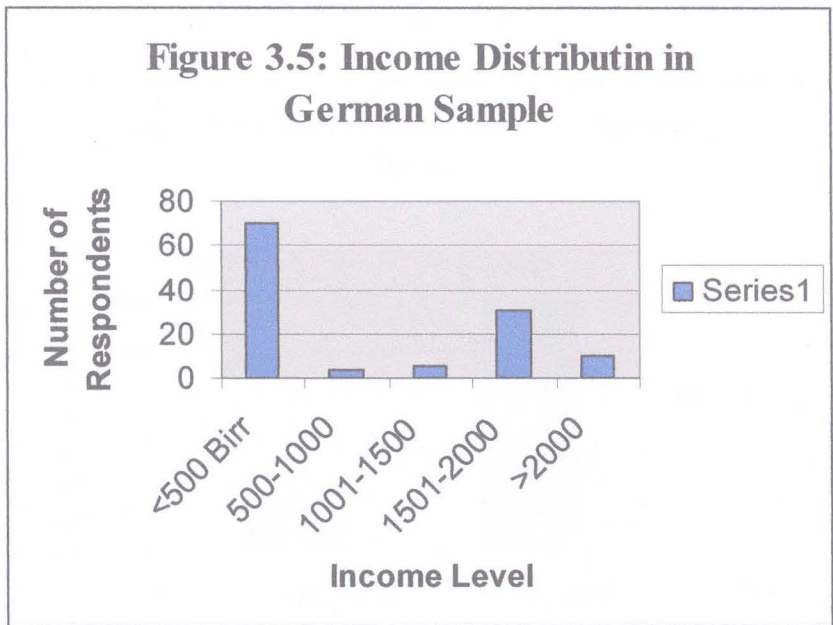
Among the 240 respondents, 120 were selected to complete the questionnaire on the German brand and the other 120 were selected to complete the questionnaire on the South Korea brand. In the German group, there were about 47.5% male respondents and 52.5% were female (Figure 3.1). In the South Korea Group, there were 55% of respondents that were males and 45% were females (Figure 3.2). Under the analysis of Crosstabs from the Descriptive Statistics, I have gotten the statistical significance with 0.17, because the statistical significance is greater than 0.05 between these two samples, we can claim that the two samples are practically similar to each other.



In accordance with the Figure 3.3 and 3.4, it shows the marital status of the respondents. There were about 35% and 29.2% of respondents that were married in both German and South Korea samples and the rest respondents were single.

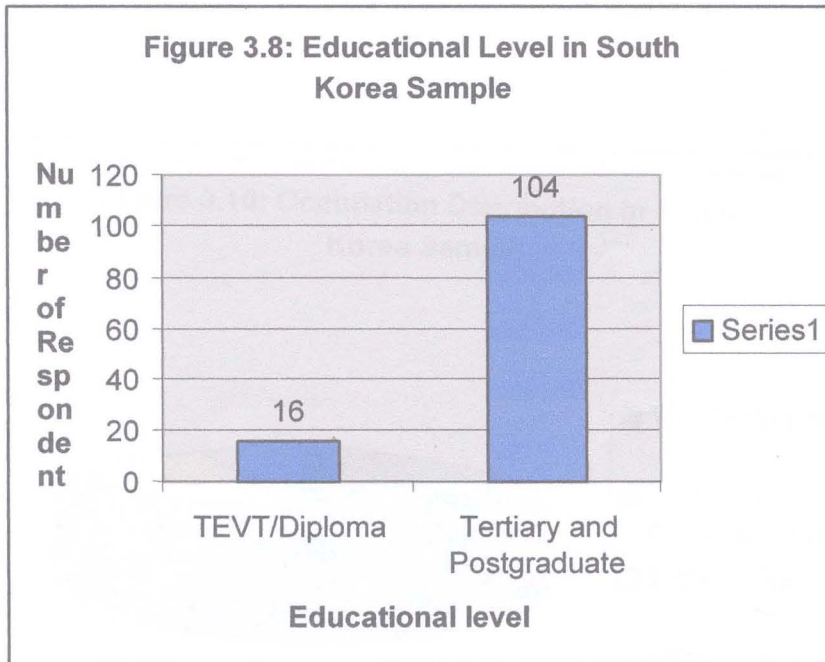
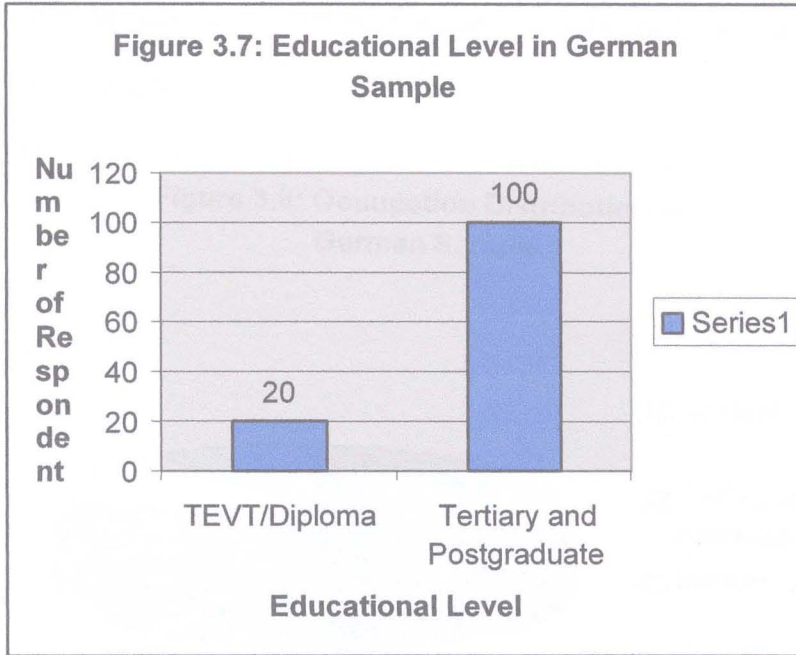


Refer to the income level of the respondents showed in Figure 3.5 and Figure 3.6, almost 58% and 65% of the respondents earned less than 500 Birr per month in both German and South Korea samples respectively. The reason may be that most of the respondents were students. There were about 3.3% of respondents in the German group that earned between 500 and 1,000 Birr per month and about 4.2% of respondents in the South Korea group earned in this level.

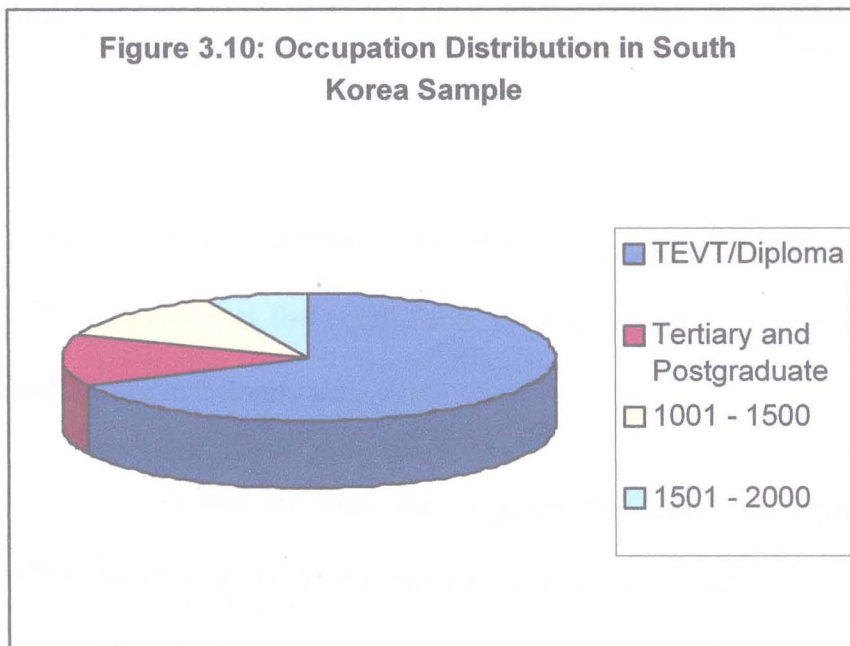
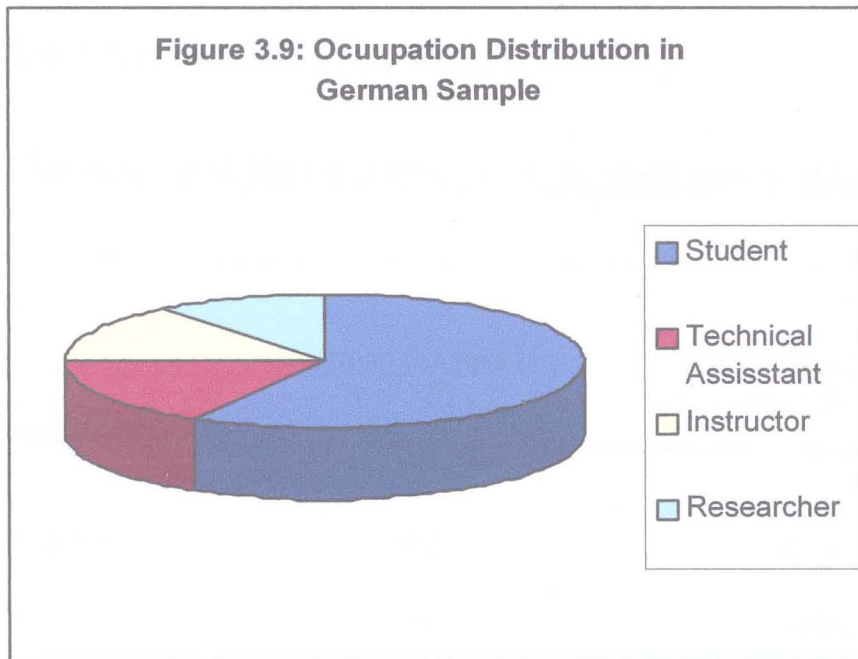


In Figure 3.7 and 3.8, they show us the education level of the respondents, 85% of the respondents' education level were at tertiary or above in both samples. Also, one third of the respondents' education level were at the current technical or the previous Diploma

level. So, 100% of the respondents in both German and South Korea samples had at least Diploma education level.



For the occupation distribution of the respondents referring to the Figure 3.9 and 3.10, about three fifth and two third of the respondents were students in both German and South Korea samples respectively. The rest of the respondents in both two samples were academic staffs consisting of different nature of jobs such as technical assistants, instructors and researchers.



In the demographic profile of respondents, all items including sex, marital status, income, education as well as occupation do not have significant differences because it is greater than 0.05 between German and South Korea sample. Therefore, the two samples are equivalent samples.

3.2 Reliability Coefficients

Table 3.2: Reliability Coefficients for the Multi-item Measures

	German (Sample1) n = 120	South Korea (Sample 2) n = 120
Country Perception	0.88	0.77
Product Perception	0.88	0.86
Brand Reputation	0.65	0.69

Table 3.2, shows reliability coefficient for the multi-item measures in this study. Nunnally (1978) suggests that the coefficients α should be 0.7 or above. Coefficient between 0.6 and 0.7 are marginally acceptable.

Besides, Table 3.2 shows that for both country perception and product perception, the reliability coefficients of country perception for German and South Korea are 0.88 and

0.77 respectively, while the coefficients α of product perception for German is 0.88 and for South Korea is 0.86.

For Brand Reputation, although the reliability coefficients of Nokia (German) and Samsung (South Korea) do not exceed the threshold of 0.7 (0.65 and 0.69 respectively), they are still acceptable.

3.3 Comparison of Country Perception and Product Perception

Table 3. 3: Comparison of Country Perception and Product perception between German and South Korea

	German (sample 1) n = 120	South Korea (sample 2) n = 120	
Country Perception			
Political (5 items)	6.86*	3.20*	
Economic (2 items)	6.03	3.10	
Technological (4 items)	6.32	4.25	
Overall (11 items)	6.51	4.48	
Product Perception			
Technologically advance	5.77*	3.61*	0.00
Innovative	5.49	3.19	0.00
Quality of product	5.49	3.33	0.00
Reliability	5.08	3.27	0.00
Performance	5.18	3.33	0.00
Services	5.03	3.15	0.00
Overall (6 items)	5.34	3.31	0.00

- scale ranged from 1 to 7, 1=most unfavorable, 7=most favorable

In this part, I am using the independent samples t-test to analyze the country perception and product perception between the two samples. Factor analysis shows that the country perception consists of 3 sub-dimensions. Political (democratic system, civilian government, market system, welfare system and economic environment), economic (quality of products and standard of living), and technological (economic development, mass produced product, industrialization and level of technological research).

According to Table 3.3, Germany has more favorable country perception than South Korea. The respondents report that Germany has more stable political environment, more developed economy, more technological innovation than South Korea has.

The product perception is measured by 6 items which are technically advance, innovative, quality of products, reliability, performance and services. Referring to table 3, the results are similar to that found for country perception. German products have more favorable product perception than the South Korean products. The respondents think that German products are more innovative, more reliable, with higher quality, have better performance and better services than South Korean products.

Therefore, We may conclude that the German products have a more favorable country perception (in terms of country and product perception) than the South Korean brand products have.

3.4 Regression Analysis for the Two Selected brands as Perceived Quality being dependent variable

Table 3.4: Regression Analysis for the Two Selected brands of Cell Phones—Perceived Quality as the dependent variable

	Nokia n = 120	Samsung n = 120
Country Perception	- 0.013	- 0.018
Reputation	0.454	0.383
Product Perception	0.197	0.260
Price	- 0.040	0.164
R ²	0.309	0.326

* = p < 0.05

The results of the regression analysis for German brand when perceived quality is treated as the dependent variable will be illustrated in the following. According to table 3.4, you can see that reputation is the most important factor in the mind of customers due to the significance in the two brands. In other words, reputation may be an important factor affects consumers' choices on Cell phones no matter South Korean brand or Germany brand products.

On the other hand, the results show the product perception is also important to those customers. As I mentioned in the beginning of this proposal, I have assumed that country perception and product perception are vital to affect the perceived quality. In this regression test, we have obtained a result that product perception is more important than the country perception. It is because there are no significant values on country perception in the analysis. So, it shows that product perception has a greater influence to those customers than country perception has.

3.5 Regression Analysis for Germany brand as Perceived value being the dependent variable

**Table 3.5: Regression Analysis for Germany Brand—
Perceived value as the dependent variable**

Nokia (Germany)		
Standardized coefficient		
	Scenario 1	Scenario 2
Country Perception	0.083	0.087
Reputation	0.025	0.071
Product Perception	0.166	0.108
Price	0.058	0.070
Quality		0.297
R²	0.110	0.167

* = p<0.05

Table 3.5, it shows the results of regression analysis for German brand when perceived value as the dependent variable, the implications will be illustrated in the following parts.

In Scenario 1, only reputation has significant influences on perceived value. However, after adding quality as independent variable in Scenario 2, quality has replaced all other items and has become the only factor that has significant influences on perceived value. Besides, as the R^2 has increased from 0.110 in Scenario 1 to 0.17 in Scenario 2, it can be proved that perceived quality is the intervening variable between country perception, reputation, product perception, price and perceived value.

3.6: Regression Analysis for South Korean brand as Perceived value being the dependent variable

**Table 3.6: Regression Analysis for South Korean Brand—
Perceived value as the dependent variable**

Samsung (South Korea)		
Standardized coefficient		
	Scenario 1	Scenario 2
Country Perception	- 0.100	- 0.093
Reputation	0.440	0.276
Product Perception	- 0.006	- 0.177
Price	- 0.039	- 0.109
Quality		0.429
R^2	0.221	0.345

* = $p < 0.05$

In Table 3.6, it shows the results of regression analysis for South Korea Brand when Perceived Value as the dependent variable, the implications will be illustrated in the following parts.

In Scenario 1 Midea, Reputation has significant influences on Perceived Value. However, after adding Quality as intervening variable in scenario 2 , both Reputation and Quality have influences on Perceived Value. Besides, the R^2 is increased from 0.221 to 0.345; it can be proved that Perceived Quality is the intervening variable.

3.7 Regression Analysis for Germany brand as Purchase Intention being the dependent variable

**Table 3.7: Regression Analysis for Germany Brand—
Purchase Intention as the dependent variable**

Nokia (Germany)		
Standardized coefficients		
	Scenario 1	Scenario 2
Price	0.057	0.027
Quality	0.472	0.355
Value`		0.318
R^2	0.229	0.315

* = $p < 0.05$

Refer to Table 3.7, Price and Quality are used to test their influences on the Purchase Intention in Scenario 1, but only Quality has significant influence on Purchase Intention. After the Perceived Value was added in Scenario 2, both Quality and Value have

significant influence on Purchase Intention. As the R^2 is increased from 0.229 to 0.315, it shows that the Perceived Value is the intervening variable between Price, Quality and Purchase Intention.

3.8 Regression Analysis for South Korean brand as Purchase Intention being the dependent variable

**Table 3.8: Regression Analysis for South Korea Brand—
Purchase Intention as the dependent value**

Samsung (South Korea)		
Standardized coefficients		
	Scenario 1	Scenario 2
Price	0.200	0.213
Quality	0.510	0.442
Value`		0.166
R^2	0.355	0.375

* = $p < 0.05$

Refer to Table 3.8, Price and Quality are used to test their influences on the Purchase Intention in Scenario 1, and both of them have significant influences on Purchase Intention. Moreover, after adding Value in Scenario 2, it shows that Price, Quality and Value have significant influences on Purchase Intention. As the R^2 increases from 0.355 to 0.375, we can determine that Value is the intervening variable between Price, Quality and Purchase Intention.

3.9 Regression Analysis for German brand as Perceived Quality being dependent variable

**Table 3.9: Regression Analysis for German Brand—
Perceived Quality as the dependent value**

	Nokia (Germany) n = 120	
	Standardized Coefficients	Statistical Significance
Country Perception	0.134	0.206
Reputation	0.378	0.001
Product Perception	0.250	0.014
Price	0.223	0.043

* = $p < 0.05$

In Table 3.9, it shows the results of regression analysis for German Brand when Perceived Quality as the dependent variable. The aim of this test is determining whether the factor Familiarity with brand is an intervening variable or not. The implications will be illustrated in the following parts.

In this part of analysis, we have added the component, Familiarity with brand, into the regression analysis with Country Perception, Brand Reputation, Product Perception and Price. The results show that apart from the Generic Country Image, Brand Reputation,

Country of Origin of the product and Price all have statistical significance after adding the component, Familiarity with brand, into the analysis . Then, Familiarity with brand has been proved to be the intervening variable in the model.

3.10 Regression Analysis for Chinese brands as Perceived Quality being dependent variable

**Table 3.10: Regression Analysis for Chinese Brands—
Perceived Quality as the dependent value**

	Samsung (South Korea) n = 120	
	Standardized Coefficients	Statistical Significance
Country Perception	0.104	0.196
Reputation	0.254	0.027
Product Perception	0.230	0.022
Price	0.185	0.080

* = $p < 0.05$

In Table 3.10, it shows the results of regression analysis for South Korea Brand when Perceived Quality as the dependent variable. The aim of this test is determining whether brand Familiarity is a moderating variable or not. The implications will be illustrated in the following parts. There are only two components affected by adding Familiarity with brand in the analysis, those are Brand Reputation and product perception.

3.11 Hypothesis testing

Hypothesis One

Perceived quality is positively correlated with Country Perception, Brand Reputation, Product perception and Price.

Referring to Table 3.4, regression analysis was employed to test if there is significant difference between Perceived Quality and those four factors. The significant difference can show that there are positively correlation between perceived quality and those four factors. Since the results for hypothesis one were almost all significant, the hypothesis is confirmed except country perception and part of price.

The statistics obtained from the results were shown to be significant except country perception and part of price; it implies that almost all those factors will have significant effects on perceived quality. In other words, Perceived Quality is positively correlated with Country Perception, Brand Reputation and Product Perception.

According to the findings, Reputation is the only factor that has statistical significance on both Germany and South Korea brand product. It means that the reputation of the products is an important factor in those customers' mind. In other words, Reputation will

be considered when those customers want to buy a new cell phone no matter German or South Korea brand product.

As mentioned above, I have assumed that both Country Perception and Product Perception will have a large effect on the Perceived Quality in those customers' mind. However, the results show us there is only Product Perception having the power to change those customers' mind. Therefore, I can perceive that the factor of Product perception is more important than Country Perception.

Hypothesis Two

Perceived Value is positively correlated with Perceived Quality (H2a) and is negatively correlated with Price (H2b).

Regression analysis was employed to test if there is significant difference between Perceived Quality, Perceived Value and Price. According to table 3.5 and 3.6, the significant difference shows that there is a positive correlation between Perceived Quality and Perceived Value. And, the negative significant difference will also show that there are negative correlation between Perceived Value and Price.

Since the result for hypothesis H2a is significant and for hypothesis H2b is insignificant, it shows that the Perceived Value is positively correlated with Perceived Quality (H2a) and is negatively correlated with Price (H2b). Therefore, these two hypotheses are confirmed.

According to the findings, I have known that those Country Perception, Brand Reputation, Product Perception and Perceived Price are important to the Perceived Quality in the customers' mind. Therefore, it can be easy to prove that the Perceived Quality is positively correlated with Perceived Value. That is, the higher the rating on Perceived Quality, the higher the rating on Perceived Value. For example, when those customers think the German brand cell phone have high Perceived Quality, then high Perceived Value of German brand cell phone will also stay in the customers' mind.

On the other hand, Perceived Value is negatively correlated with Price. That is, the lower the Price of the cell phone, the higher the Perceived Value on the Products. For instance, when a brand reduces the price of its cell phone, the Perceived Value on this brand's product will be increased in the customers' eyes.

Hypothesis Three

Perceived Value will positively affect Purchase Intention.

The statistics obtained on Perceived Value and Purchase Intention was shown to be significant. In table 3.7 and 3.8, there is significant difference between Perceived Value and Purchase Intention. That is, the higher the rating on Perceived Value, the higher the Purchase Intention. It implies that the higher Perceived Value in customers' mind will lead to increase their intention to purchase the product. Since the results for hypothesis three were significant, the hypothesis is confirmed.

In accordance with the study of Wang and Lamb (1983) and Baugh and Yaprak (1993), they have found that consumers' willingness to purchase products is related to the Perceived Value. In this study, there is a significant difference between the Perceived Value and the Purchase Intention. In this sense, we believed the Perceived Value would play a very important role in affecting Purchase Intention.

Hypothesis Four

Familiarity with a brand (H4) may modify the relationship between Perceived Quality and the 4 independent variables: Country Perception (H1a), Brand Reputation (H1b), Product Perception (H1c) and Perceived Price (H1d).

In table 3.9 and 3.10, the statistics obtained shown that Familiarity with a brand has significant effects on Country Perception, Brand Reputation, Product Perception and Perceived Price. A lot of items have significant difference after adding the component, Familiarity with a brand, into the analysis. It implies the component, Familiarity with a brand, having the intervening power to these factors except some products.

Since the results on Familiarity with a brand, Brand Reputation, Product Perception and Perceived Price were all significant except Country Perception, the hypothesis is confirmed except Country Perception.

In accordance with the statistic results, if consumers do not familiar with the brand, consumers would have insufficient information for determining the Perceived Quality. From this , we can say that the higher the degree on familiarity with the brand, the image

of Country Perception, Brand Reputation, Product Perception and Perceived Price will tend to be modified by this factor. Therefore, the customers may have a better Perceived Quality on the products.

5.4 Summary of hypotheses

Most of the hypotheses are confirmed except H1a, Part of H1d and Part of H4. In hypothesis one, it was found that Country Perception does not have significant effect on Perceived Quality (H1a). It implies that the effect of Product Perception may be greater than the effect of Country Perception. In addition, I have also found that Part of the hypothesis of Price (H1d) does not have significant effect on Perceived Quality.

In hypothesis four, it was proved that Product Perception has more powerful influence on the Perceived Quality than Country Perception has. Countries may use more resources to promote and improve the Product Perception to upgrade the Perceived Quality on the consumers' mind. Furthermore, all investors in the country may support the action to promote and improve the Product Perception. It is because there is a positive correlated relationship between the country, the perceived quality on the products of those investors and product perception

CHAPTER 4

Conclusions and Recommendations

4.1 Conclusions

This is a study on the assessment of Perceived Quality, Perceived Value and Purchase Intention under the four independent variables: Country Perception, Brand Reputation, Product Perception and Perceived Price, and the intervening variable: Familiarity with brand.

Major findings of this research include:

- 1) Perceived quality is positively correlated with Country Perception, Brand Reputation, product perception and price

- b) Perceived Value is positively correlated with Perceived Quality, i.e. the higher the rating on Perceived Quality, the higher the rating on Perceived Value. In addition, Perceived Value is negatively correlated with Price, i.e. the lower the Price of the air-conditioners, the higher the Perceived Value on the Products.

c) The higher Perceived Value in customers' mind will lead to increase their intention to purchase the product.

d) Familiarity with a brand has the intervening power to Generic Country Image, Brand Reputation, Country of origin of the product and Perceived Price, and then extends to the Perceived Quality. It also implies that the influencing power of Country of Origin of the product is greater than the power of Generic Country Image.

4.2 Recommendations

Based on the results and findings obtained, some recommendations can be drawn. First of all, according to the findings, brand reputation is an important factor that has statistical significance on German and South Korea products. It means that the consumers will consider reputation as an important decision factor. That is, they will use the reputation to infer the quality, especially when they do not have any information on the actual quality of the products. In other words, the marketers may improve the brand reputation through improvement of quality of the product or may increase the brand recognition by heavy advertising to provide quality cues to the consumers so as to induce their purchase intention.

The positive correlation between Perceived Value and Perceived Quality will bring us an implication that marketers should put more efforts on enhancing the Perceived Quality to improve the Perceived Value. When the consumers have an impression that the products

of German cell phone have high quality, it means that they also think the perceived value is high.

In product perception, there are some effects on the perceived quality. We can see that the higher the image on product perception, the higher the perceived quality. So, it can lobby the marketers to have more promotion to the products of their countries, and help to increase the product perception.

As country perception has no effects on the purchase intention of consumers, marketers can change the production plants to other countries to reduce the production cost. It is because no effects of country perception mean that production location having no effects on consumers' mind. Therefore marketers can choose a place that helps them to achieve economies of scale.

Countries and investors may put more resources to promote and improve the Product Perception to upgrade the Perceived Quality to increase their competitive power. It is because there is a close relationship among the cell phone industry and other industries. So, if the Product Perception of one product has been deteriorated, the image of other industries among the country would be deteriorated. Therefore, marketers such as those who import products from Germany and South Korea should consider on that phenomenon and cooperation of different industries should be advertised among the consumer.

Finally, I can also use price as an indicator of quality when respondents have no other information or cues in quality. In South Korean brand, for example, consumers may not have sufficient information about the products; price would be an important quality

indicator. If the marketers want to establish a high quality image, they should set up a high price to their products. Therefore, price will be a tool for positioning.

FURTHER RESEARCH DIRECTIONS

There appear to have several areas in need of further research. This study have confirmed that the influential power of Product Perception is greater than the Country Perception, plus the component, Familiarity of brand, has acted as an important role to affect the mind of customers on the perceived quality. Therefore, I suggest that the future research may stress on the ways to explore how does the information of Product Perception affecting consumers' perceived quality regarding the results.

Research results on other product categories may be different as well. Responses to different priced durable products such as television or frequently purchase goods may be different. Future studies on these product categories are recommended. Finally, this research focuses on the cell phones with Germany and South Korea brand. Future study can expand the scope of research from Germany and South Korea brand to other countries' cell phones, in order to find out the relationship between factors affecting perceived quality and product perception effects.

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Very Unsatisfactory

Very satisfactory

iv. The Durability of the product

■ ■ ■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦

Non-durable

■ ■ ■ ■ ■ ■ ■

Durable

v. The service (e.g. after sale service) of the product.

■ ■ ■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦

None

■ ■ ■ ■ ■ ■ ■

Enough

4. What do you think about the price of "Samsung cell phone"?

■ ■ ■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦

Cheap

■ ■ ■ ■ ■ ■ ■

Expensive

5. According to the price and quality, do think the "Samsung cell phone" is worthwhile for you to buy?

■ ■ ■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦

Not worthwhile

■ ■ ■ ■ ■ ■ ■

Very worthwhile

6. What is your preference for purchasing "Samsung cell phone"?

■ ■ ■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦ ■ ■ ■ ■ ■ ■ ■

Least Preferable

Most Preferable

Part III. Country image

1. What do you think about South Korean Country image (compared to South Korea)?

a/ ■ ■ ■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦ ■ ■ ■ ■ ■ ■ ■

Economically developed

Economically underdeveloped

b/ ■ ■ ■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦ ■ ■ ■ ■ ■ ■ ■

Democratic system

Dictatorial system

c/ ■ ■ ■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦ ■ ■ ■ ■ ■ ■ ■

Mass Produced products

Hard crafted Products

d/ ■ ■ ■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦ ■ ■ ■ ■ ■ ■ ■

Civilian government

military government.

e/ ■ ■ ■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦ ■ ■ ■ ■ ■ ■ ■

Predominantly industrialized

predominantly non industrialized

f/ ■ ■ ■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦ ■ ■ ■ ■ ■ ■ ■

	High labor cost		low labor cost
g/	■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦		■ ■ ■ ■ ■
	High literacy		low literacy rates
h/	■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦		■ ■ ■ ■ ■
	Free market System		centrally planned System
I/	■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦		■ ■ ■ ■ ■
	Existence of Welfare system		Lack of welfare system
J.	■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦		■ ■ ■ ■ ■
	Stable Economic Environment		Unstable economic Environment
k/	■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦		■ ■ ■ ■ ■
	Exporter of Agricultural products		importer of agricultural Products.
L/	■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦	■ ■ ■ ■ ■	
	Production high quality products		low quality products
m/	■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦		■ ■ ■ ■ ■
	High standard of living		low standard of living
n/	■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦		■ ■ ■ ■ ■
	High level of technological research		low level of technological research.

Part iv. Product Perception

1. What would be your quality perception for the cell phone originated from South Korea?
Please indicate your opinion below.

a/ The country's production process is technically advanced

■ ■ ■ ■ ■	①	②	③	④	⑤	⑥	⑦	■ ■ ■ ■ ■
Totally disagree								totally agree

b/ The country's cell phone is innovative

■ ■ ■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦

Totally disagree

■ ■ ■ ■ ■ ■ ■

totally agree

c/ The cell phone has high quality

■ ■ ■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦

Totally disagree

■ ■ ■ ■ ■ ■ ■

totally agree

d/ The country's cell phone is reliable (e.g. less fault)

■ ■ ■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦

Totally disagree

■ ■ ■ ■ ■ ■ ■

totally disagree

e/ The cell phone's performance is good.

■ ■ ■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦

Totally disagree

■ ■ ■ ■ ■ ■ ■

totally agree

f/ The service (e.g. after sale service) of this country is satisfactory

■ ■ ■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦

Totally disagree

■ ■ ■ ■ ■ ■ ■

totally agree

1501 - 2000

> 2001

5. Occupation -----

Part II. Opinions toward brand of cell phone in Germen

Suppose you will buy a cell phone in the coming year, and you can only choose from brands originated from America (e.g. Motorola). Please answer the following questions according to your knowledge about the brands.

7. How well are you familiar with this "Nokia cell phone"?

■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦ ■ ■ ■ ■ ■

Very Unfamiliar

Very familiar

8. Do you think "Nokia cell phone" has a good brand reputation?

■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦ ■ ■ ■ ■ ■

Poor reputation

excellent reputation

9. Are you satisfied with the performance about the product of Nokia a the following aspects? Please refer to your past experience to answer the following questions.

i. The ease of use of the product

■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦ ■ ■ ■ ■ ■

very simple

Very Complicated

ii. The sufficiency of the special functions of the product.

■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦ ■ ■ ■ ■ ■

None

Sufficient

iii. The performance of the product

■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦ ■ ■ ■ ■ ■

Very Unsatisfactory

Very satisfactory

iv. The Durability of the product

■ ■ ■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦ ■ ■ ■ ■ ■ ■ ■
Non durable Durable

v. The service (e.g. after sale service) of the product.

■ ■ ■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦ ■ ■ ■ ■ ■ ■ ■
None Enough

10. What do you think about the price of " Nokia cell phone"?

■ ■ ■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦ ■ ■ ■ ■ ■ ■ ■
Cheap Expensive

11. According to the price and quality, do think the " Nokia cell phone" is worthwhile for you to buy?

■ ■ ■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦ ■ ■ ■ ■ ■ ■ ■
Not worthwhile Very worthwhile

12. What is your preference for purchasing " Nokia cell phone"?

■ ■ ■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦ ■ ■ ■ ■ ■ ■ ■
least Preferable Most Preferable

Part III. Country image

2. What do you think about German Country image?

a/ ■ ■ ■ ■ ■ ■ ■ ① ② ③ ④ ⑤ ⑥ ⑦ ■ ■ ■ ■ ■ ■ ■
Economically Economically

Developed

Undeveloped

b/ ■■■■■■ ① ② ③ ④ ⑤ ⑥ ⑦ ■■■■■■

Democratic System

Dictatorial System

c/ ■■■■■■ ① ② ③ ④ ⑤ ⑥ ⑦ ■■■■■■

Mass Produced Products

Hard crafted Products

d/ ■■■■■■ ① ② ③ ④ ⑤ ⑥ ⑦ ■■■■■■

Civilian government

Hard crafted Products.

e/ ■■■■■■ ① ② ③ ④ ⑤ ⑥ ⑦ ■■■■■■

Predominantly industrialized

predominantly non industrialized

f/ ■■■■■■ ① ② ③ ④ ⑤ ⑥ ⑦ ■■■■■■

High literacy rate

low literacy rates

g/ ■■■■■■ ① ② ③ ④ ⑤ ⑥ ⑦ ■■■■■■

High literacy

low literacy rates

h/ ■■■■■■ ① ② ③ ④ ⑤ ⑥ ⑦ ■■■■■■

Free market System

Centrally Planned System

i/ ■■■■■■ ① ② ③ ④ ⑤ ⑥ ⑦ ■■■■■■

Exbtence of Welfare system

Lack of welfare system

J. ■■■■■■ ① ② ③ ④ ⑤ ⑥ ⑦ ■■■■■■

Stable Economic Environment

Unstable economic Environment

k/ ■■■■■■ ① ② ③ ④ ⑤ ⑥ ⑦ ■■■■■■

[Handwritten scribble]

[Handwritten scribble]

Exporter of
Agricultural products

importer of agricultural
Products.

L/ ■■■■■■ ① ② ③ ④ ⑤ ⑥ ⑦ ■■■■■■

Production & high
quality products

Production of low
quality products.

m/ ■■■■■■ ① ② ③ ④ ⑤ ⑥ ⑦ ■■■■■■

High standard
of living

low standard of living

n/ ■■■■■■ ① ② ③ ④ ⑤ ⑥ ⑦ ■■■■■■

High level of
Technological research

low level of
technological research.

Part iv. Product Perception

2. Are you satisfied with the cell phone of German ?

Please indicate your opinion below.

a/ The country's production process is technically advanced

■■■■■■ ① ② ③ ④ ⑤ ⑥ ⑦ ■■■■■■

Totally disagree

Totally agree

b/ The country's cell phone is innovative

■■■■■■ ① ② ③ ④ ⑤ ⑥ ⑦ ■■■■■■

Totally disagree

Totally agree

c/ The cell phone has high quality

■■■■■■ ① ② ③ ④ ⑤ ⑥ ⑦ ■■■■■■

Totally disagree

Totally agree

d/ The country's cell phone is reliable (eg less fault)



1

2

3

4

5

6

7



Totally disagree

Totally disagree

e/ The cell phone's performance is good.



1

2

3

4

5

6

7



Totally disagree

Totally agree

f/ The service (eg. after sale service) of this country is satisfactory



1

2

3

4

5

6

7



Totally, disagree

Totally agree

[Handwritten signature]

[Handwritten text]