BRAND NAME AND COUNTRY-OF-ORIGIN EFFECTS ON CONSUMERS

IN MALAYSIA

by

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DEDICATION

Dedicated with love to
my wife Su Koon, my parents and sisters

ACKNOWLEDGEMENT

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ABSTRAK

Dalam karya pemasaran, pengaruh negara asal produk sudah dikaji sejak berdekad lagi and ia mempunyai impak terhadap keputusan membeli. Namun, produk masa kini biasanya direka di satu negara, dibuat di negara lain and dipasang di negara lain pula. Oleh itu, 'produk campuran' telah diperkenalkan. Ini menyebabkan kajian negara asal menjadi rumit and kajian negara asal jenama telah diperkenalkan kerana konsumer sekarang sudah tidak dapat membezakan antara negara pembuat atau negara produk direka. Consumer Ethnocentric Tendencies (CETSCALE) juga menjadi pembolehubah yang mewakili kepercayaan konsumer tentang kepatutan membeli produk luar negara. Pembolehubah ini dipercayai mempunyai impak terhadap citarasa konsumer juga. Kajian yang dilakukan biasanya ditumpukan di negara barat maju seperti Amerika Syarikat and Eropah dan hanya sedikit kajian dibuat di negara sedang membangun seperti Malaysia. Dengan adanya jenama motorsikal Malaysia, adalah menarik jika pengaruh percepsi tentang negara asal jenama terhadap citarasa membeli konsumer dapat dikaji. Objektif kajian ini adalah untuk memahami pembolehubah yang mempengaruhi citarasa membeli konsumer yang berkaitan dengan motorsikal. Keputusan kajian ini memberi kepastian bahawa negara asal jenama dan ethnocentrik konsumer mempunyai pengaruh terhadap citarasa membeli konsumer.

ABSTRACT

In the marketing literature, the influence of country-of-origin on the evaluation of products has been studied for decades and it have some impact on purchase intentions. However, nowadays products are typically designed in one country, manufactured in another and assembled elsewhere which led to the proliferation of 'hybrid products'. Therefore, there are new literatures on country-of-origin of brand because of country-of-origin has become confusing as consumer are not able to tell the country of assembly or country of product design of product. Consumer Ethnocentric Tendencies (CETSCALE) has become a critical explanatory variable. It represents the beliefs held by consumers about the appropriateness of purchasing foreign products and it is believed to have impact on consumer preference. Most of the studies were conducted in developed countries especially in the US and Europe and there are only few studies done in less developed countries or developing countries such as Malaysia. With the creation and development of a series of Malaysian brand motorcycles, it would be interesting to study the influence of perception of country of origin of brand on the consumer purchase preference. Objective of this study is to understand the variables influencing consumers' purchase preference related to motorcycles. The results have confirmed that country-of-origin-of-brand and consumer ethnocentrism do have an influence on consumers' purchase preference.

Chapter 1

INTRODUCTION

1.1 Introduction

It is estimated that there are about 5 million motorcycles on the road in Malaysia. Yet, the motorcycle market has not reached its saturation point and it is still expanding at the rate of 250,000 units a year. In 2001, sales of motorcycles in Malaysia totaled 234,747 units. Traditionally, Malaysian motorcycle buyers prefer smaller motorcycles in the range of 70cc to 115cc. For the first 7 months of 2002, total motorcycle sales stood at 135,971 units, of which the Honda models accounted for 26.5%, Yamaha 22.9%, Suzuki 8.0% and Modenas 42.6%.

Although there are Japanese brand such as Honda, Yamaha and Suzuki, the motorcycles in Malaysia is mainly Malaysian made product. The domestic motorcycle production is mainly CKD (Completely Knocked-Down) operations, which carries the Japanese brand name such as Honda, Yamaha or Suzuki, with varying degrees of local content. Currently there are 6 principal motorcycle manufacturers or assemblers in Malaysia and they are also exporting to other countries based on CKD & CBU (Completely Built Up) operations.

At the regional level, the ASEAN motorcycle market is estimated to be 7 million units by the year 2005. There will be a complete liberalization of the motorcycle market in ASEAN by 1 January 2005 and it will provide the opportunity for the Malaysian manufacturer to tap the ASEAN market potential. (Ministry of International Trade and Industry, 2002).

The globalization of business has brought about changes in the motorcycle industry in Malaysia. For the last few years, there are several local brands that have emerged strongly to compete in Malaysia's motorcycle market. They are Modenas,

Nitro, Comel and MZ motorcycle. They have established the brand using technology from Japan, Taiwan and China. While Modenas has achieved considerable success especially in 4-sroke-moped motorcycle, Nitro and Comel have emerged strongly in the scooter sector. In Thailand, a local motorcycle brand named 'Tiger' is taking on the competition on Japanese brand.

This is very interesting development in the motorcycle industry in Malaysia. However, no research is being done to investigate the impact of this local brands compared to the long established Japanese brand.

1.2 Country of Origin Research

Consumers' knowledge of a product's country of origin has been regarded as an important influence on consumers' purchase preference (Bilkey & Nes, 1982). The study of Country of Origin (COO) initiated by Schooler (1965) and Reierson (1966, 1967) with the prime purpose of determining whether or not a country of origin effect existed. The researches that exist mostly examined attitudes within a country toward imported goods based on their country-of-origin.

Most of the studies on Country-of-Origin have been based on consumers of developed countries. For consumers in developed countries, researches showed that there is a tendency for consumers to prefer their own country's products (Bilkey & Nes, 1982; Hong & Wyer, 1989; Samiee, 1994). The evolution of the COO research also leads to different definition that will be discussed in next chapter.

However, the growth of international trade resulting in the emergence of hybrid products or bi-national products has furnished fresh impetus to country of origin research (Han & Terpstra, 1988; Chao, 1993). Thakor and Kohli (1996) and Phau and Prendergast (2000) presented the construct of country-of-origin-of-brand

(COB) as a product evaluation tool for hybrid product. Ocass and Lim (2001) also found that it is highly likely that consumers now use the perceived culture of a brand's origin to provide the information they traditionally extracted from country-of-origin. This has been supported by the study on young Singaporean consumers. Therefore, this study will be based on the concept of country of origin of brand.

The American Marketing Association defines a brand as a 'name, term, sign, symbol, or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition' (Kotler & Gertner, 2002). As in the case of Country of Origin study, much of this attention has been focused on branding in western countries, particularly the U.S, with little on Asian brand issues.

1.3 Scope and Significance of the Study

Consumers today are aware that it is highly unlikely that a branded product is made from the brand country. For instance, Nike is seen to be an American product but it is established that it is made all over the world. Purchasing a Toyota motor vehicle is perceived to be purchasing Japanese quality technology.

Although Modenas is actually a Malaysian brand, it is actually using the Kawasaki technology, which is actually a Japanese origin. It would be important to look into the attitude of the consumer toward this combination.

For sometime, Southeast-Asia economy has seen strong growth, both in terms of consumption and production capacity. However, consumer attitudes in this region toward local-made versus foreign-made products manufactured in developed countries has rarely been explored. This research will extend prior country of origin

research by conceptualizing the country of origin of brand as an alternative evaluation tool.

1.4 Problem Statement

Based on the scenario mentioned in the previous section, the subject area was introduced. The problem statement will provide general guide to follow. It will address why the consumers would prefer certain brand of motorcycles. In this study, it would be considering Malaysian Brand motorcycles as compared to Japanese Brand motorcycles.

1.5 Research Objectives

The objectives of this study are outlined to address the problem statement. The research will examine whether the perceptions of country-of-origin-of-brand and consumer ethnocentrism would influence consumers' purchase preference of motorcycles in Malaysia. The objectives are to examine:

1) The relationship between the perception on the motorcycle's innovativeness and consumer brand preference.

2) The relationship between the perception on the motorcycle's value-for-money and consumer brand preference.

3) The relationship between the perception on the motorcycle's quality and consumer brand preference.

4) The relationship between the perception on the motorcycle's durability and consumer brand preference.

5) The relationship between the perception on the motorcycle's personality and consumer brand preference.

6) The relationship between the perception on the motorcycle's can-be-trusted and consumer brand preference.

7) The relationship between the perception on the motorcycle's popularity and consumer brand preference.

8) The relationship between the perception on the motorcycle's brand feeling and consumer brand preference.

9) The relationship between the ethnocentric tendencies of consumers and consumer brand preference.

This would enable especially local manufacturer and marketer to formulate strategies based on Malaysian consumers' behaviour when choosing between Malaysian brand and foreign brand. Besides, it would provide better understanding of factors that influence the consumers' purchase preference.

1.6 Research Questions

Based on the research objectives, the research questions will be asked as follows:

1) Can the perception on the motorcycle's innovativeness predict consumer brand preference?

2) Can the perception on the motorcycle's value-for-money predict consumer brand preference?

3) Can the perception on the motorcycle's quality predict consumer brand preference?

4) Can the perception on the motorcycle's durability predict consumer brand preference?

5)   Can the perception on the motorcycle's personality predict consumer brand preference?

6)   Can the perception on the motorcycle's can-be-trusted predict consumer brand preference?

7)   Can the perception on the motorcycle's popularity predict consumer brand preference?

8)   Can the perception on the motorcycle's brand feeling predict consumer brand preference?

9)   Can the ethnocentric tendencies of consumers predict consumer brand preference?

1.7 Organisation of the Thesis

This thesis is divided into five chapters. Chapter 1 discusses the background of the study, scope and significance, problem statement, research objectives and the research questions. Chapter 2 writes the literature review and prior researches and studies. Chapter 3 discusses the theoretical framework, hypothesis development, variables and measurement, questionnaire design, sample, data collection and data analysis methods. Chapter 4 presents the findings of the field research. Chapter 5 discusses the conclusions, outcomes, implications, limitations and future research.

Chapter 2

LITERATURE REVIEW

2.1 Introduction

Literature in the area of country-of-origin study and the evolution of country-of-origin study into the culture-of-origin or country-of-origin of brand will be discussed in this chapter. Consumer ethnocentrism tendencies (CETSCALE) is also discussed as it is expected to influence the consumers in making their decision.

2.2 Review of the country of origin research

There are many different definitions of COO effects in the literature; generally it can be defined as below:

1) The country where the corporate headquarters of the company marketing the product or brand is situated (Johansson, Douglas & Nonaka 1985; and Ozsomer & Cavusgil, 1991; and Saeed, 1994);

2) The country of manufacture or assembly (White, 1979; Bilkey & Nes, 1982; Han & Terpstra, 1988; Iyer & Kalita, 1997);

3) The country of product design (Ahmed, d'Astou & El Adraoui, 1994).

4) Use of the term "made in----"[1] to define the country of origin of the product (Nagashima, (1970, 1977), Mohamad, Ahmed, Earl & Tyebkhan, 2000)

Differences between the markets of different countries exist because of factors such as culture, history and geography; and there are differences between the many regions of the world in the way consumers perceive products and brands. Among the

many factors which are believed to influence consumer perceptions of products in an age of international competition, country-of-origin (COO) effects is one with growing attention. The research on effects of country-of-origin has made up the largest number in international buyer behaviour (Heslop, Papadopoulos & Bourk, 1998; Verlegh & Steenkamp, 1999).

Country stereotypes do exist and that they have some impact on product evaluations and purchase intentions (Bilkey & Nes, 1982; Cordell, 1992; Tse & Gorn, 1993). COO effects have been found to influence consumer's evaluations of foreign products mostly on two dimensions. They are perceptions of quality (Khachaturian & Morganosky, 1990) and perceptions of purchase value (Ahmed & d'Astou, 1993). More importantly, consumer preferences for products from one country over another also affected by COO effects.

It has also been found that COO effects include (1) the tendency for consumers to evaluate their own country's products more favourably than imported products (Kaynak & Cavusgil, 1983), and (2) the tendency for products from emerging economies to be evaluated negatively (Bilkey & Nes, 1982; Cordell, 1992). Other studies also suggest a relationship between COO and the level of economic development (Wang & Lamb, 1983); products from developed countries are perceived as more superior to products from undeveloped and developing countries (Cordell, 1992; Agbonifoh & Elimimian, 1999). The reasons for these perceptions have been largely attributed to the economic, cultural and political systems of the source countries (Wang & Lamb, 1983).

Country of origin effects has also been found to exist for products in general (Darling & Wood, 1990), for certain product categories (Cordell, 1992; Roth &

Romeo, 1992) and for specific brands (Han & Tersptra, 1988; Chao, 1993; Phau & Prednergast, 2000)

Consumers base their purchasing decisions on information cues; they are either intrinsic (e.g., product design) or extrinsic (e.g. brand name). Jacoby et al. (1977) and Gerstner (1985) have suggested that consumers use both intrinsic and extrinsic cues in evaluating products; extrinsic cues are likely to be used, exclusively, in the absence of intrinsic cues or when their assessment is not possible. A product's country of origin is one of the particularly important extrinsic cues that consumers use in product evaluation (Chao 1993; Han & Terpstra 1988; Johansson, Douglas, & Nonaka 1985).

2.3 Consumer brand knowledge

According to Keller (1993), consumer brand knowledge determines how a consumer thinks about a brand and how the consumer responds to different stimuli regarding a brand. Research has focused on a wide range of issues, such as the relationships between brand perceptions and purchase intentions (Laroche & Brisoux, 1989; Cobb-Walgren, Ruble & Donthu, 1995); marketing activities and brand perceptions (Dodds, Monroe & Grewal, 1991); country-of-origin effects and brand perceptions (Martin & Romeo, 1992; Lee & Brinberg, 1995), as well as the relationship between brand images and cultures (Zinkhan & Prenshaw, 1994) and between self-perception and brand image (Fournier, 1994).

Whether the brand associations imply superiority over other brands, however, depends on the types of brand associations attached to the brand by consumers. Such associations can include price, self-image brand-image congruency, country of origin and culture of origin (O'cass & Lim, 2002). It is also mentioned that brands

originating from a particular country tend to be perceived as similar. Therefore, consumers' perceptions may not be purely brand-specific but rather country-specific (Erickson et at. 1992; O'cass & Lim, 2002).

2.4 Review of country of origin of brand

In the modern marketplace where it is increasingly becoming dynamic, the products are typically designed in one country, manufactured in another country and assembled in other different parts of the world. This has resulted in the proliferation of "hybrid products" (Han & Qualls, 1985; Johansson & Nebenzahl, 1986; Han & Terpstra, 1988), where products may involve more than one country-of-origin. Therefore, the traditional view of country-of-origin effects has become very misleading and confusing to consumers (Baker & Michie, 1995; Chao, 1993; O'cass & Lim, 2002).

According to Chao (1993), hybrid products will be increasingly prevalent in the global marketplace because of the changing strategies of global corporations. In view of that, there is a growing need for a multidimensional concept on country-of-origin effects on product evaluation (Ahmed & d'Astou, 1994). Figure 1 showed the evolution of country of origin study adapted from Phau and Prendergast (2000).
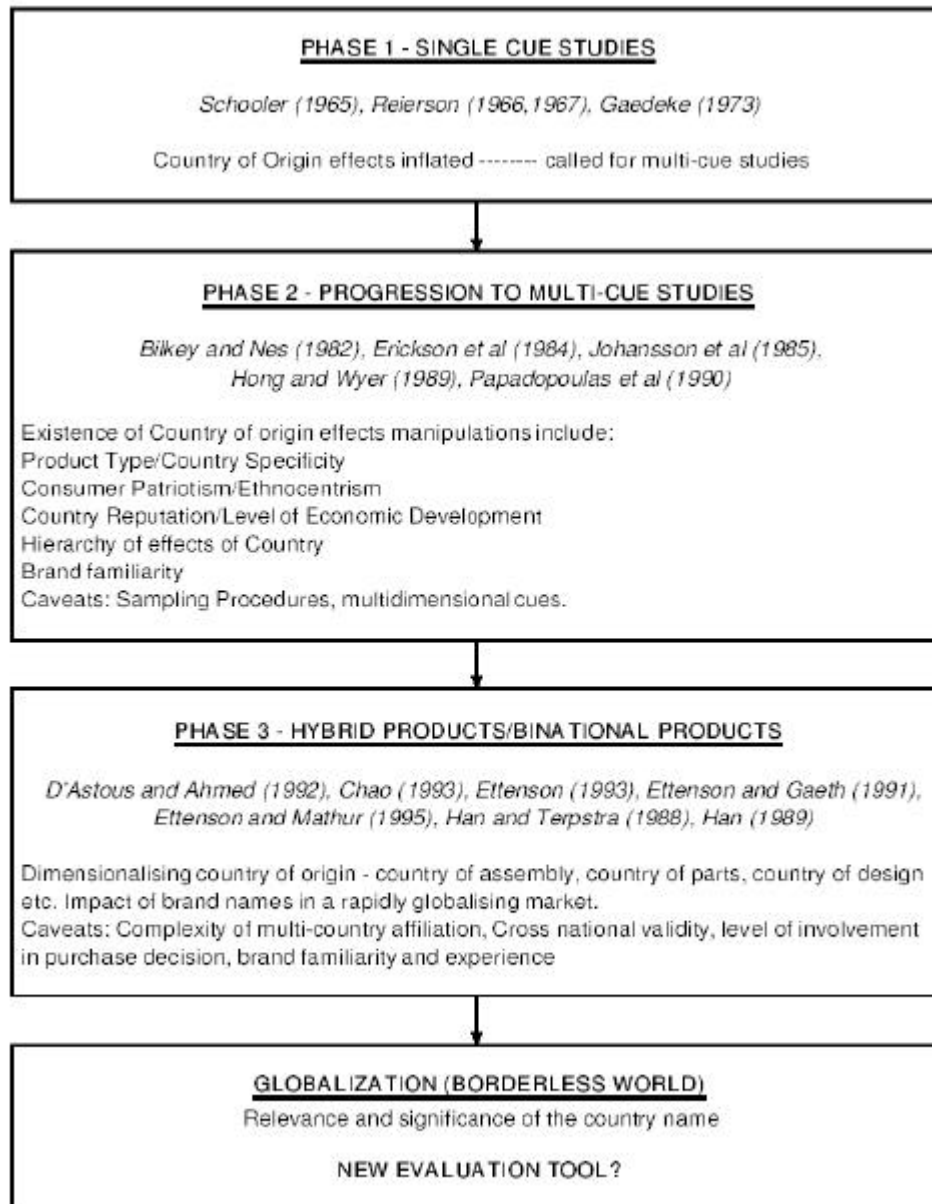
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│            PHASE 1 - SINGLE CUE STUDIES                  │
│                                                         │
│     Schooler (1965), Reierson (1966,1967), Gaedeke (1973)│
│                                                         │
│  Country of Origin effects inflated ------- called for multi-cue studies │
└─────────────────────────────────────────────────────────┘
                            │
                            ▼
┌─────────────────────────────────────────────────────────┐
│       PHASE 2 - PROGRESSION TO MULTI-CUE STUDIES         │
│                                                         │
│  Bilkey and Nes (1982), Erickson et al (1984), Johansson et al (1985),│
│        Hong and Wyer (1989), Papadopoulas et al (1990)   │
│                                                         │
│ Existence of Country of origin effects manipulations include: │
│ Product Type/Country Specificity                        │
│ Consumer Patriotism/Ethnocentrism                       │
│ Country Reputation/Level of Economic Development        │
│ Hierarchy of effects of Country                         │
│ Brand familiarity                                       │
│ Caveats: Sampling Procedures, multidimensional cues.    │
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│    PHASE 3 - HYBRID PRODUCTS/BINATIONAL PRODUCTS         │
│                                                         │
│ D'Astous and Ahmed (1992), Chao (1993), Ettenson (1993), Ettenson and Gaeth (1991),│
│   Ettenson and Mathur (1995), Han and Terpstra (1988), Han (1989)│
│                                                         │
│ Dimensionalising country of origin - country of assembly, country of parts, country of design│
│ etc. Impact of brand names in a rapidly globalising market.│
│ Caveats: Complexity of multi-country affiliation, Cross national validity, level of involvement│
│ in purchase decision, brand familiarity and experience  │
└─────────────────────────────────────────────────────────┘
                            │
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┌─────────────────────────────────────────────────────────┐
│          GLOBALIZATION (BORDERLESS WORLD)               │
│        Relevance and significance of the country name   │
│                                                         │
│                NEW EVALUATION TOOL?                     │
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Figure 1. Evolution of country of origin study.

Source: Phau, I and Prendergast, G. (2000). Conceptualizing the country of origin of brand, Journal of Marketing Communications, Vol. 6, 159-70.

In addition to this shift, it is proposed here that specific country-of-origin information is becoming less relevant, as it is becoming increasingly difficult for consumers to extract the multiplicity of country information (manufacture, design, assembly and head office). In the modern global marketplace country-of-origin may be more appropriately seen as the country-of-origin-of-brand (or culture-of-brand-

origin or brand origin), which is more readily available to the consumer as a result of exposure to the marketing activities of the brand.

It is reasonable to infer that the influence or bias resulting from a country may be attached to a brand name over time, even though its products are no longer designed, manufactured or assembled in its country of origin. The COO effects have been shifted from the product level to the brand level in consumers' product evaluations.

The similar concern also addressed by Thakor and Kohli (1996) by proposing a similar concept; that of brand origin, defined as "the place, region or country to which a brand is perceived to belong by its target consumers". They suggested that the origin of manufacture - the traditional description of country-of-origin - is no longer significant to buying behaviour and that the perceived origin of the brand is more suggestive as a demographic variable.

Therefore, brand origin should not change with a change in manufacturing location. Hence, the perceived origin of a brand need not be the same as the country shown on the "made-in" label. This difference is particularly relevant in light of the growing trend toward offshore manufacturing by multinationals. For example, Taiwanese manufacturers assembling computers for brand names like Compaq using components made in Taiwan as well as ones made in South Korea and elsewhere. Telling experimental subjects that a Samsung sound system or Toyota car was assembled in one or the other country may not stop them continuing to regard them as a Korean or Japanese brand respectively (Thakor & Kohli, 1996).

Consequently, culture-of-brand-origin may be the reason why consumers still attach certain cultural characteristics to a brand when specific information about the foreign country is not available (O'cass & Lim, 2001). The concept of brand origin

will be a straightforward way to deal with such situations rather than to have the distinctions of "country-of-component" and "country-of-assembly" distinctions.

Phau and Prendergast (2000) have provided the following propositions:

P1: Country of Brand Origin is a better evaluation tool than Country of Manufacturing hybrid products of luxury brands since consumers are conditioned to the fact that the products may not be made in the brand country.

P2: The product quality and brand image are not affected by the location of manufacture (countries with different levels of economic development), as consumers perceive the brand through its brand personality, origin cues, country ethnicity and brand names.

P3: Consumers associate themselves with brands which match their self-concepts (status symbol being one of these concepts); thus, the ingrained characteristics of the brand will not change with a change in manufacturing location.

P4: Prior studies of the negative effects of COM in developing or underdeveloped countries would have changed with the advent of the international sourcing of assembly and manufacture (Phau & Prendergast, 2000).

2.5 Consumer Ethnocentric Tendencies

Consumer Ethnocentrism is the beliefs held by consumers about the appropriateness, indeed morality, of purchasing foreign-made products. The measurement of consumer ethnocentrism was made possible with the development of the CETSCALE (Consumer Ethnocentric Tendencies Scale) by Shimp and Sharma (1987). The CETSCALE consists of 17 items which measure the tendency of consumers to act consistently towards foreign and domestic products. Sharma et al. (1995) note that consumer ethnocentrism may result in an overestimation of the

attributes and overall quality of domestic products and an underestimation of the quality of foreign products.

Of the characteristics that influence consumer attitudes toward brands Consumer Ethnocentric Tendencies (Netemeyer, Durvasula & Lichtenstein, 1991; Sharma & Shimp, 1992) has become a critical explanatory variable. It is argued to represent the beliefs held by consumers about the appropriateness of purchasing foreign products (Shimp & Sharma, 1987). Substantial country of origin research has shown a tendency for consumers to prefer their own country's products (e.g. Han, 1988; Hong & Wyer, 1989; Papadopoulas et al., 1990). Described as `ethnocentrism', it is perceived to impact on consumer choice both through product attribute evaluation and through direct affective factors regarding the purchase itself (Yaprak & Baughn, 1991).

While originally introduced in the context of American consumers, the ethnocentric tendencies of consumers have been tested by researchers in a limited but growing number of countries (Netemeyer, et.al., 1991). Domestic goods are preferred in countries where (1) consumers have a strong sense of patriotism or national pride (Reierson 1966; Nagashima 1970; Baumgartner & Jolibert 1978), (2) the domestic economy is threatened by foreign goods (Heslop & Papadopoulas 1993), (3) there is availability of product serviceability (Han & Terpstra 1988) and (4) there is unfamiliarity with foreign products and brands (Ettenson et al., 1988; Phau & Prednergast, 2000)

However, most of the studies done were from the developed country. It has also come to be expected to show similar effects across national boundaries. Yet, it is still unclear whether consumer in the developing countries like Malaysia will show such similarity. Earliest study showed that products made in less-developed countries

were not evaluated as quality products (Schooler, 1965). Studies have consistently found that the more ethnocentric a nation is, the less favourable their attitudes and the less likely they will hold purchase intentions toward foreign products. This negative relationship with preferences and purchase intentions toward foreign products has been found with consumers in, for example, France and Japan (Netemeyer, et.al., 1991), Soviet Armenia (Plank & Lindquist, 1999), as well as Korea.

The discussion of consumer ethnocentric tendencies in this study is important because it has been used largely to explain consumer preference of domestic over foreign products. The preference for domestic products held by U.S. consumers, for instance, could be explained by the level of their ethnocentric tendencies when compared to consumers in another country with different preferences. There is as yet a lack of research into whether consumers from Southeast-Asia, for example, would make the same distinction in favour of their domestic (or culturally similar) brands. Comparatively, in examining if consumers in Malaysia hold favourable attitudes and preferences toward foreign products and brands, it is important to also measure ethnocentric tendencies as an influence on those attitudes and preferences. (O'Cass & Lim, 2002)

The distinction made by consumers between domestic and foreign products and brands is an important one in understanding consumer brand associations as it highlights the influence of origin effects on brand perceptions. It is especially important in understanding differences in consumer perceptions of foreign brands and domestic brands in different parts of the world, particularly in understanding consumers in the emerging markets of Asia, and their apparent preferences for foreign brands over domestic or regional brands

2.6 Existing Researches

There are a lot of researches done in term of the country-of-origin study. Under the scope of country-of-origin studies, there have been different variables to explain country-of-origin and there were also wide range of product categories under studies. Some of the selective literature reviews are listed in Table 1.

Table 1

Selective Literature Review on Country-of-Origin Research: 1982-2001

Study	Topic and Context	Conclusion
Kaynak and Cavusgil (1983)	Studied how quality perceptions of consumers varied across product categories. These were electronic items, food products, fashion merchandise and household goods in twenty-five countries.	The U.S. was ranked the first place in categories except for food products. Consumer perception of quality tends to be more uniform among U.S., Canada and Western European countries.
Wang and Lamb (1983)	COO effect, economic and political factors are studied in terms of American consumers' willingness to buy European-made products.	American consumers have a negative bias toward foreign countries. Both main-effects of respondents and respondent x environmental factors interaction was significant.
Erickson, Johansson and Chao (1984)	Estimated the effects of image and COO variables on beliefs and attitude using the multi-attribute model framework. U.S., German and Japanese automobile models used.	COO has a direct effect on beliefs and not on attitudes. There is reciprocal relationship between beliefs and attitude.
Johansson, Douglas and Nonaka (1985)	A multi-attribute approach was used to study COO along with other factors such as familiarity, nationality and demographic factors. Respondents from U.S. and Japan evaluated automobiles from U.S., Japan and Germany	Attributes affect overall evaluation and overall evaluation affects attribute ratings (halo effect) even when knowledge of attribute is accurate. Little evidence for nationality or home country products.
Shimp and Sharma (1987)	Formulated and validated the Consumer Ethnocentric Tendencies Scale (CETSCALE)	CETSCALE (17 item scale) was high on reliability, and convergent, discriminant, and nomological validity.

Han and Terpstra (1988)	Effects of COO (sourcing country) and brand name cues on evaluation of uni-national and bi-national products. Colour TVs/automobiles used.	Sourcing country has greater effects on consumer evaluation of product quality than does brand name. However, both have significant effects.
Han (1988)	Examined role of patriotism on purchase intention and cognitive attitude toward foreign products.	Choice of domestic over foreign products is influenced by consumer patriotism and not necessarily by cognitive attitude.
Ettenson, Wagner and Gaeth (1988)	Evaluating the Effect of COO using a patriotic promotional campaign design	Previous studies using surveys could by subject to demand artifacts. Conjoint also allows for assessing COO from among an array of attributes.
Chao (1989)	Examined the impact of country affiliation on the credibility of product attribute claims. Three consumer electronics products using U.S./Korea.	Credibility of attribute claims for products exported to U.S. from and NIC country can be enhanced by manufacturing in U.S.
Thorelli, Lim and Ye (1989)	Investigated whether the negative effect of COO can be reduced by warranty and store image. Stereo cassette recorder was used with Japan, Taiwan as the two countries.	Significant 3-way interaction effect of warranty, store reputation and COO on perceived quality & overall attitude but not on purchase intention.
Hong and Wyer (1989)	Examined four hypotheses with respect to the underlying cognitive processes that explain the influence of COO and specific attributes on product evaluation. PC/VCR used.	Of the four hypotheses: encoding, heuristic, primacy-recency and cognitive elaboration hypothesis, the last hypothesis was the most viable.
Han (1989)	Country image as a halo or a summary construct. Colour TV sets/compact automobiles used using three countries: U.S., Japan and Korea.	Country image serves as halo construct for consumers unfamiliar with country's product and as summary construct for consumers familiar.
Wall, Liefeld and Heslop (1991)	Determined the effect of COO, brand name, and price on consumer ratings of quality, purchase risk, value and purchase likelihood.	COO was significant for quality assessment for all three products. Price was significant for value in all three product categories. Brand name affected quality.

Roth and Romeo (1992)	COO is examined in terms of the fit between countries & product categories. Data collected in Ireland, Mexico and U.S. on ten countries and six product categories.	Product-country match may be an indicator of willingness to buy foreign products.
Cordell (1992)	Examined COO perceptions of twelve countries and eight products using both perceived quality and choice measures. Investigated the consistency of perceptions within country class diminishes the value of the country cue. Performance risk and the moderator effects of branding and Performance risk	COO effects occurred in all conditions. Moreover, variances in perceived product quality were greater in industrialized countries than less developed countries. A well-known brand interacts with COO such that evaluation derogation rises as performance risk increases in less developed countries.
Lee, Kim and Miller (1992)	Examined the relative effect of COO, price, and warranty. Consumer ethnocentric and Nationalistic characteristics were also linked. PC/wall clock used as products categories.	Price had the highest relative importance followed by warranty for both products. Ethnocentrism was significant as COO moderating variable for PC and rigidity and conservatism for wall clock.
Chao (1993)	Studied two aspects of COO- country of assembly (COA) and country of design (COD) using TV set.	A good design country location cannot be used to compensate poorly perceived country assembly location. A good COD circumvents the price-quality relationship.
Chao and Rajendran (1993)	Examined consumer feelings toward COO by evaluating individuals (occupational states) who were presumed to own foreign products. Samples included U.S., Japan and Germany.	Attitudes toward people who own foreign products are favorable more so for people with high occupational status.
Ulgado and Lee (1993)	Consumer evaluations of bi-national products with and without specific attribute information-TV sets and athletic shoes were used.	Main effects of both brand and COO were significant when no attribute information was given and only brand name was significant with attribute information.

Martin and Eroglu (1993)	Measured the multi-dimensional nature of COO construct – COO defined as the total of all descriptive, inferential and informational beliefs about the country (samples from Germany/India)	Examined the reliability and validity of the multi-item scale with three dimensions: political, economic and technological.
Tse and Gorn (1993)	Examined the salience of COO and global brand name both before and after product experience.	COO is a salient factor in product evaluation. As compared to global brand, COO is more enduring, influencing even after-product experience.
Maheswaran (1994)	Studies the moderating role of consumer expertise and type of attribute information between COO and product evaluations.	When attribute information is unambiguous, experts based their evaluations on attribute strength whereas novices relied on COO. When attribute information is ambiguous, both experts and novices used COO in evaluations.
Parameswaran and Pisharodi (1994)	Conducted a study to clarify the underlying facets of COO	General country attributes (GCA) were found to consist of two dimensions-conation (the interaction facet) and cognition (the people facet). General product attributes (GPA) split into three parts; negative, positive promotional & positive product image.
Han, Lee and Ro (1994)	COO and purchase intention was studied in the context of different survey modes: personal, telephone and self-administered surveys. Products: cars/cameras. Countries: U.S., Japan and Brazil.	Personal interviews may be more susceptible to demand artifacts than social desirability bias. Self-administered surveys are quite susceptible to haloing bias.
Ahmed and d'Astous (1996)	Studied how consumers react to a multi-dimensional formulation of COO, namely COD and COA, in the presence of brand name & other product information. Also, studied the impact of a priori perceived differences between brands, CODs, and COAs on overall evaluation.	COO cues perform stronger than brand cues when COD and COA effects are considered together. Also, the magnitude of a priori perceived differences between brands, CODs, and COAs play a significant role in product evaluation.

Kim and Chung (1997)	Examined how brand popularity and marketing variables influenced brand performance directly and indirectly by interacting with country image.	Country image is strengthened over time by the performance of brands from that country and significantly interacts with marketing variables.
Iyer and Kalita (1997)	Empirically tested the impact of price, country of brand origin and country of manufacture on consumer evaluations of perceived quality, perceived value & willingness to buy using four product categories.	Brand effects should be partitioned into brand equity and country of brand origin as to correctly assess the compensatory influence of brand equity on negative country of brand origin or country of manufacture. Purchase value rather than perceived quality may guide consumer evaluations of products from countries with less favorable images.
Klein, Ettenson and Morris (1998)	Constructs and tests an "animosity" model of foreign product purchase. Country: People's Republic of China (Nanjing) towards Japanese products.	Animosity has a significant negative image on buying decisions above and beyond the effect of consumer ethnocentrism. Animosity and ethnocentrism are two distinct constructs.
Agbonifoh and Elimimian (1999)	Examined Nigerian consumers COO effect using three products made in six countries that were either technologically more advanced or less advanced.	All products from developed countries were rated superior to homemade product suggesting reverse ethnocentrism. The concept of "foreignness" contributing to superior perception may be attributed to denigrating colonial experience.
Verlegh and Steenkamp (1999)	Conducted a review and meta-analysis of COO effect. The magnitude of COO is assessed on perceived quality, attitude, and purchase intention. Tests the role of economic development/multinational production/consumer-industrial purchasers.	It is found that COO has a larger effect on perceived quality than on attitude toward the product or purchase intention. It is also found that differences in economic development are important underlying the COO effect. Does not differ between industrial/consumer purchasing nor affected by multi-national production.

Gurhan-Canli and Maheswaran (2000a)	Examines the influence of cultural orientation on country of origin effect in two countries Japan and U.S.	Japanese (collectivist culture) respondents evaluated home product superior to US product regardless of product superiority. In contrast, American (individualist culture) respondents evaluated home product favorably only when product was superior to competition. Specifically, the vertical dimensions of individualism & collectivism explains country of origin effects.
Gurhan-Canli and Maheswaran (2000b)	Examines the effects of processing motivation and information type as determinants of country of origin effect.	When consumers use country of origin as a basis for judgment under low motivation or when the processing goal is to evaluate the country or origin, they focus on the country of origin information. In contrast, under high motivation, or when processing goals direct away attention from country of origin information, country of origin is less likely to be utilized.
Granzin and Painter (2001)	Developed and tested a model that explains motivational influences on "buy domestic" purchasing. Model tested in two countries: U.S. and Portugal	In both countries, supportive purchase-related behaviors increases as purchasers feel competent to help, believe that the threat from imports is salient, perceive social influences that support helping, hold values that derogate foreigners but support domestic citizens, and for the U.S. only, perceive lower personal costs of helping.

Source : Agarwal, James, Malhotra, Naresh K and Wu, Terry. (2002). Does NAFTA influence Mexico's product image? A theoretical framework and an Empirical Investigation in Two Countries. Management International Review, 42(4), 441-471

2.7 Summary

From the previous literature review, there are several variables that were identified and used in the study of country-of-origin. They are used to measure the perception on country-of-origin or country-of-origin-of-brand. These variables are sometime called product-country image. They are:

1) Reliability / Durability

2) Value for money

3) Innovativeness

4) Quality

5) Performance/can-be-trusted

6) Popularity

7) Personality

This chapter has looked into the research in country of origin and the country of origin of brand. With the understanding of the concept, this research will look into the Malaysia context. The next chapter will look into theoretical framework, hypothesis and methodology.

Chapter 3

RESEARCH METHOD

3.1 Theoretical Framework

Based on the literature review discussed in Chapter 2, the theoretical framework for this research is formulated and is shown in Figure 2. This framework attempts to explain the impact of the perceptions of country of origin of brand and consumer ethnocentrism on the consumer purchase preference.
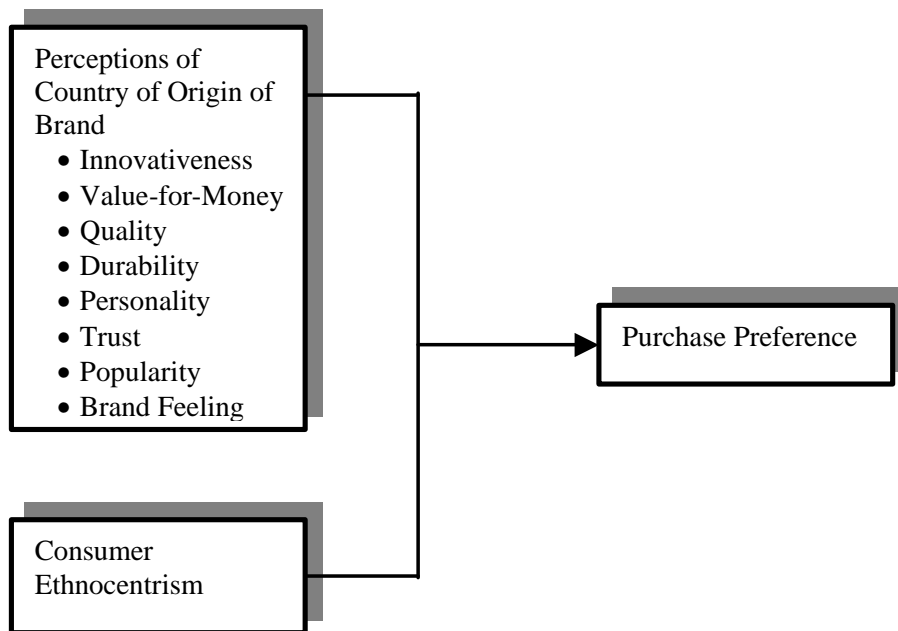

Figure 2. The Theoretical Framework.

The independent variable to be measured is characteristics of motorcycles by Country of Origin of Brand. The independent variables will be having an impact on the dependent variable which is the purchase preference of the motorcycle.

Consumer ethnocentrism will be one of independent variable. It is measured via Shimp and Sharma's (1987) measure. Similar to studies conducted by previous researcher, the items were modified to be specifically directed at the Malaysian

context. CETSCALE has been tested by different researchers and found to be comparably reliable and valid in the United States, France, Japan, West Germany (Netemeyer et al., 1991), Russia (Durvasula et al., 1992), Korea (Sharma et al., 1995), Poland (Good and Huddleston, 1995; Marcoux et al., 1997), Spain (Luque-Martinez et.al., 2000) and Singapore (O'cass & Lim, 2002).

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3.2 Hypotheses Generation/Development

From the literature review, the following research hypotheses relating to country-of-origin-of-brand and consumer ethnocentrism were investigated in the study. The first seven hypotheses test for significant of whether the perceptions of country-of-origin-of-brand would predict consumer brand preference. The distinction made by consumers between domestic and foreign products and brands is important in understanding consumer brand associations as it highlights the influence of origin effects on brand perceptions. It is especially important in understanding differences in consumer perceptions of foreign brands and domestic brands in Malaysia (Ocass & Lim, 2002). The following dimensions were most commonly used based on the previous studies to measure country images and would affect consumer's purchase preference.

H1   The perception on the motorcycle's innovativeness can predict consumer brand preference.

H2   The perception on the motorcycle's value-for-money can predict consumer brand preference.

H3   The perception on the motorcycle's quality can predict consumer brand preference.