



The cognitive processes underlying country of  
origin-effects and their impacts upon consumers'  
evaluation of automobile

**IB3443 Independent degree project**

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## Abstract

**Purpose** The main purpose of the research is to continue to the understanding of the relationship between the country-of-origin effects and automobile evaluation and apply the Extended COO-ELM model (Bloemer, Brijs and Kasper, 2009) for the cognitive processes underlying country of origin-effects. The study also aims to give managers some information to assess consumer's purchase intentions of car and assist them in managing their product's COO.

**Design/methodology/approach** A self-administered survey was used in this study. The main samples consist of the 31 students in Vaxjo University from more than 10 countries. The Spss software was used to analyze the empirical data which provide the source of judging three hypothesis of the study.

**Findings** The results indicated the impact of country of origin on automobile evaluation is mainly moderated by other prior country-product knowledge rather than the perceived economic development. In addition, the different cognitive processes underlying country of origin-effects occur when respondents evaluating Chinese automobile and Swedish automobile

**Originality/value** The paper applies ELM model with extensions. This finding yields some insight for the efficiency in marketing strategy of Chinese car and Swedish car. By designing the marketing strategy more efficiently, the managers will subsequently make a better decision of how brand and country of origin should be managed.

**Keywords** Automobile evaluation, Country of origin, Consumers, International marketing

**Paper type** Research paper



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## 1. Introduction

### 1.1 Background

The purchasing behavior in the automobile market is interesting to the author as the car industry is currently in a regression. The two practical issues are involved: One concern how the automobile manufacture can survive in the fierce competition by attracting more potential car buyers. The second concerns what the most important factors are when the potential car buyers make their decision.

When it comes to consumer's purchase behavior in the international market, the very important factor in which known as the country-of-origin effects (COO) is very interesting. As put forward by Albaum and Duerr (2008), the COO effects refer to the extent to which the place of manufacture influences product evaluation, including consumer as an attribute of product quality. The global marketers are trying to benefit from positive, and neutralize negative effects of COO. For example, Skoda, a car brand from Czech Republic, has designed their promotional activities very innovative to overcome the negative COO effects in China.

Interesting, in the year of 2005, when company Volkswagen reintroduced Skoda to Chinese



market, they managed to defeat negative COO effects associated with the Czech Republic, which had a very bad impact on their product when they firstly entered Chinese market in 1950s. The Skoda's story of defeating negative COO effects is insightful and it also indicated that COO effects turn to be an important factor when people evaluate cars and make purchase decision.

## **1.2 problem discussion**

Since Ernest Dichter (1962) claimed significance of the "made-in" information cue, "country of origin-effects" (COO) research has become one of the heated discussions within the literature on international marketing and consumer behavior. Unfortunately, the findings with this topic still remain controversial. For example, some researchers hold the opinion that as long as the COO information is available consumers will view it as relevant information and deliberately use it in their evaluation of products. Others, on the contrary, insist that survey results that repeatedly show consumer's lack of intention and desire to use COO as a basis of product judgment. (Bloemer, Brijs & Kasper, 2009)

However, in the international marketing field, the studies of Consumer using country of origin information as an extrinsic cue to evaluate products and services are still extensively conducted. Some of them concluded that Consumers were biased for or against products from a less



developed country and considered the products are not with high quality (Schooler, 1965; Gaedeke, 1973; Crawford and Lamb, 1981). Some of them hold the opinion that product cues (e.g., price and quality) may have a stronger effect than country of origin information (Johansson, 1985; Ettenson, 1988; Han & Terpstra, 1988; Al-hammad, 1988; Veale & Quester, 2008). The others focus on examining the effects of country of origin and product category on product evaluation (Festervand, 1985; Roth & Romeo, 1992; Manrai, Lascu & Manrai, 1998). Definitely, there are a lot of studies for the relationship between the COO effects and consumer's buying behavior of car products, however, the recent study of this topic, especially the country of origin of the automobile is developing country or don't enjoy the reputation of manufacturing high quality cars (For example, China) has not been involved in many study. Therefore, this research topic is quite interesting and has contribution to the international marketing of automobile industry.

Further, the processes of COO-cue can be cognitive, affective or conative/normative. The cognitive COO effects are under the assumption that the consumers rationally make use of COO-cue. In other words, they try to gain information about the quality of the production from the COO-cue. On contrary, the affective COO effects are referred to a purely emotional reaction in the consumer. In addition, conative/normative effects are suitable for the situation where the consumer's behavioral intentions towards the product are directed by moral reflection generated by COO-cue. One reason this research paper would apply the cognitive



COO-effects is motivated by the several studies that empirically found consumer's evaluations of foreign products are mostly and substantially determined by cognitive processing COO-cue(Al-Sulati&Baker, 1998; Verlegh& Steenkamp, 1999).The other is developed by Holbrook and Hirschman's (1982) idea that the attitudes towards the technically complex and financially expensive utilitarian products is mainly cognitively driven. So, the COO effects of automobile should be investigated by the cognitive process.

### **1.3 Problem statement**

This study aims to continue understanding the relationship between the COO effects and car purchasing behavior on the international market, the research question can be like this: Do buyers hold different attitude toward a car by considering its country of origin? And how they process the COO-cue when doing car evaluations?

## **2.Theory**

### **2.1 Defining Country of-origin effects**

Country of-origin effects have been defined in different ways in the literature. Generally, the





COO-effects refer to a specific international marketing phenomenon, which plays a very important role in “having the product accepted in a different world market” (Ian&Vasinee, 2006). Also, the country of-origin effects can also be intangible barriers to enter new markets in the form of negative consumer bias toward imported products (Wang & Lamb, 1983).According to Johansson (1985), Ozsomer and Cavusgil (1991), the home country for the company can be used to define the country of origin of the product. So, Country of origin associates with certain brands. For example, Sony and IBM, which respectively stand for Japan and US origins (Samiee, 1994).

Under the background of globalization, defining the country of origin effects can be complicated. With the growth of the multinational corporations and outsourcing strategies, the hybrid products and joint ventures become more and more common. In many cases, the “made-in” label can’t accurately define the country of origin of the products.(Baker and Michie, 1995).

## **2.2 Cognitive COO-effects**

One basic assumption behind the cognitive approach is that products may be considered as an array of information cues, both intrinsic (taste, design, material, performance, etc.), and extrinsic (price, brand name, store reputation, warranties, or country of origin).The latter are

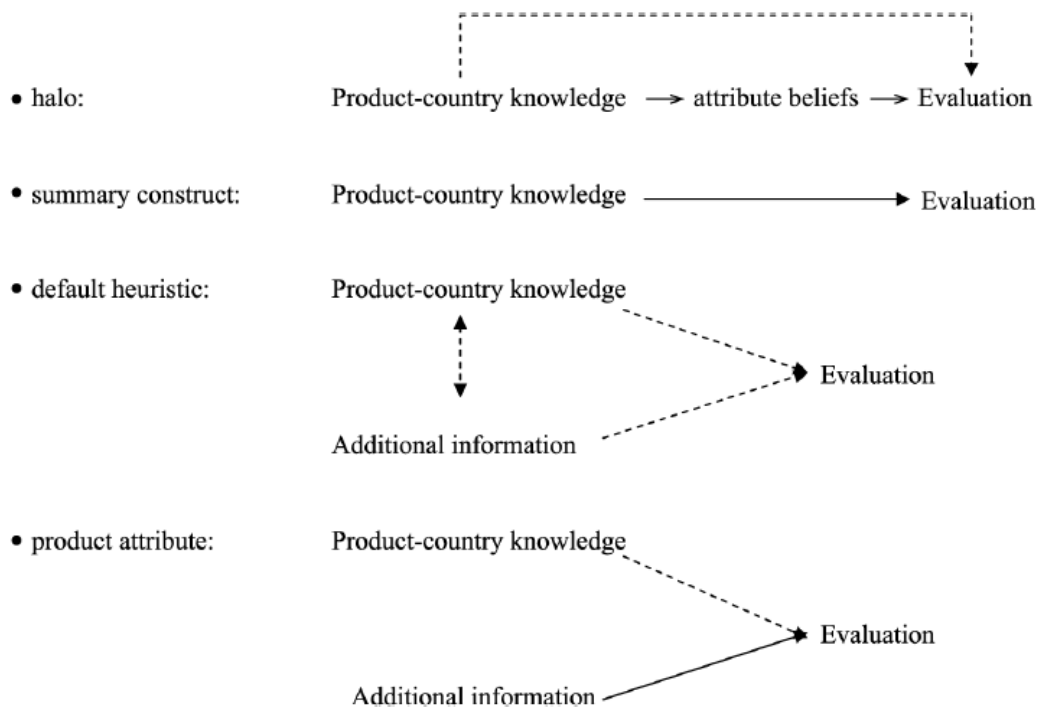


referred to the “image variable” which include the COO effects, which are referred to the term “product-country images ”, containing a person’s cognitions, affects and conations towards the country, its people and its products’ (Bloemer, Brijs, Kasper, 2009).

Four types of cognitive COO-effects can be distinguished from each other. The halo effects refer to a process where the attribute information is missing or unfamiliar with the consumers and their final evaluation of the products is only indirectly influenced by the COO effects. In case of summary construct-effects, it has more considerable and direct influences on the consumer’s overall product evaluations. Han (1989) defines it as consumers become familiar with a country’s products, country image may become a construct that summarizes consumer’s beliefs toward product attributes and directly affects the attitudes toward the brand. To sum up, country image operates as a summary construct for consumers familiar with a country’s products, and as a halo effects for consumers who are not familiar with a country’s products (Han, 1989). On the other hand, when both of the COO-cue and addition information at moderate level exert a direct impact on overall product evaluation, and at the same time COO-cue and addition information affect each other, the default heuristic-effects occur which can be also considered as an “intermediary effects” between the halo and summary-effect(Manrai, 1998). Finally, it is the product attribute-effect which corresponds to the time interval factors and contrary to the default heuristic-effect, there is no interaction between the COO-cue and addition information about the product because of the time delay



(Bloemer, Brijs, Kasper, 2009). In Figure 1, the four different types of cognitive COO effects are pictured. The full arrows stand for a substantial impact on overall evaluation of the product and the broken arrows stand for weak impact on overall product evaluation.



**Figure 1 Cognitive COO-effects identified**

**(Bloemer, Brijs and Kasper, 2009)**

### 2.3 Determinants of the cognitive COO process

Having defined and classified the different types of the cognitive COO effects within the literature, the next theory part should identify the determinants of the cognitive COO effects, which means determining when a particular effect can be expected to occur. As Bloemer, Brijs



and Kasper (2009) stated, the extended ELM-mode will be considered as a promising framework to integrate the different cognitive COO effects in a meaningful way. The key-concepts appearing within this overall framework are as follow: **Prior knowledge, Predictive value, confidence value, motivation, ability to engage in cognitive processing, the role of additional product-related information and time interval.**

Firstly, the value and usefulness of the prior knowledge should be taken into considered since it can be the source of the information activated by the COO-cue. Secondly, according to theory on cue selection procedures, the high predictive and confidence value can help the consumers to base their overall evaluation of the product on information cue. Then, the predictive and confidence value of consumer's COO prior knowledge together turn out to determines consumer's motivation and ability to process the COO-cue and the additional information about the product. Finally, it should be taken into considered whether the COO-cue is presented before or after the additional product specific information, then the occurrence of a country of origin-effect in terms of halo-effect, a summary-construct effect, a product attribute effect and a default effect on the consumer's evaluative tendency can be determined( Bloemer, Brijs & Kasper, 2009).

The detailed theory within the literature and discussion of the above key-concepts of the ELM-model is in the following parts.



### 2.3.1 Prior knowledge

Consumer's prior knowledge is normally activated by the COO-cue functioning as a kind of stimulus and the more this COO-prior knowledge has been developed, the higher a COO-cue's predictive and confidence value will be. Consequentially, the increase of the predictive and confidence value is expected to result in a higher motivation and ability to process the COO-cue and a bigger chance of central process (Bloemer, Brijs & Kasper, 2009).

On the contrary, when the consumer's COO-knowledge is only at moderate or limited degree and they are less confident in the COO-cue as a source of information about the attributes of the product, consumer will be less motivated and able to consider the COO-cue, resulting in a peripheral processing mechanism. As Bloemer, Brijs and Kasper claimed this has been empirically supported by Han (1989, 1990), Maheswaran(1994) and Gurhan-Canli and Maheswaran(2000).

Consumer's prior knowledge has been mentioned as one factor of COO-effects in various publications. For Schaefer(1995), the dimensions of consumer knowledge on country of origin effects are: Brand familiarity, objective product class knowledge and subjective product class knowledge. It empirically found that brand familiarity and objective product knowledge



together have a significant effect on the use of the country of origin cue in product evaluation, although neither of the two factors has a general effect on its own.

### **2.3.2 Predictive and confidence value**

The concepts of predictive and confidence value are very important to determine whether a specific information cue is valuable or useful to consumer when making their product evaluation. Consequently, they affect the consumer's motivation and ability to process this cue. The predictive value can be defined as 'the degree to which a consumer believes that a cue is indicative of a particular product characteristic of interest' (Eroglu&Machleit, 1989, p.29). Cox (1962) and Johansson (1989) say that confidence value indicates 'how certain the consumer is that the cue is what he thinks it is'. According to the previous studies about the two above concepts, the men and women used different criteria when making product evaluations based on COO (Wall, 1989). Men are inclined to use a country's technological development and political orientation to form opinions about overall product quality and women tended to use geographic proximity, and specific product to form product quality evaluations for each country. Also, through investigating UK, Canada and France consumer's perceptions of foreign consumer goods from 6 different countries, Papadopoulos (1989) found that consumers in different countries respond differently to COO cues due to the stereotyping attitudes towards different countries. Very important to notice is that for the automobiles, the predictive and



confidence value of prior knowledge about a country's car products tends to differ to the customers from different countries (Akaah & Yaprak, 1993; Anderson & Cunningham, 1972; Baker & Michie, 1995; Olsen, 1993).

### **2.3.3 The motivation and the ability to engage in cognitive processing**

As Bloemer, Brijs and Kasper (2009) put forward 'a consumer's motivation and ability to engage in processing cues are determinants of the way in which consumers will employ the coo-cue' and very importantly, they argue that a consumer's intrinsic motivation to process the COO-cue will increase in line with the high level of this cue's predictive and confidence value. For instance, Han and Terpstra (1988) suggest that country-of-origin effects need to be examined in the context of specific products. If it is not, the COO-cue will become irrelevant for the overall product evaluation.

Therefore, if the consumer holds the high level of predictive and confidence value, they tend to process the COO-cue with high motivation and ability via the central route.

### **2.3.4 The additional information and time interval**

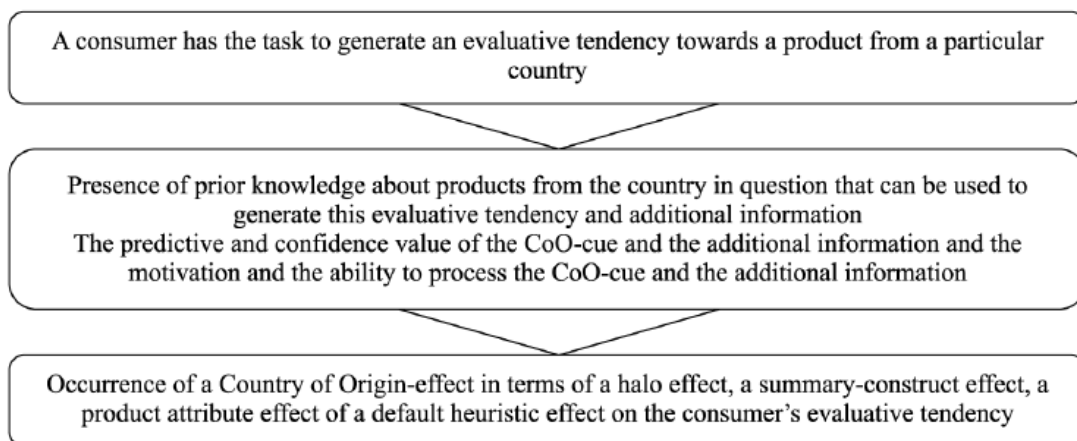
When the COO-cue is presented to consumers under the multi-cue settings, the additional



information of the product should be taken into consider. For instance, according to Akaah and Yarak( 1993)’s study on investigating the influence of COO on car product evaluations, the influence of COO was weak when it was evaluated as one cue in array of product cues.

In addition, the time interval should be considered as a situational key variable in the framework, since whether before or after the additional information the COO-cue present have a big impact on the way in which the COO-cue will be operated during the overall product evaluation.

In summary, the various elements of determining the process of COO-cue are as the figure 2 below:



**Figure 2 the summary of determinants of the cognitive COO**

**(Bloemer, Brijs and Kasper, 2009)**





## **2.4 ELM-Model**

### **2.4.1 The general introduction**

Now that the determinants of the cognitive COO-effects have already been analyzed, the extended COO-ELM model can be understood when it is applied for consumer's overall product evaluation. In this research paper, the extended COO-ELM model will lead to the concrete hypothesis of the study and also be used as the framework to analyze the findings about potential consumer's attitude towards the automobiles.

Consumer's prior knowledge can be considered as extended, moderate or limited in the extended COO-ELM model. Under the above three different situations, the cognitive COO process is going different way and then it is distinguished by whether in a multi-cue settings or single-cue settings. Then, the different cognitive COO-effects occur depending on the consumer's predictive and confidence values of the COO-cue with the additional information. In turn, the following direction is determined by consumer's motivation and ability to process the COO-cue. Finally, the specific cognitive COO process can be reached by whether the



COO-cue presented after additional information or not.

#### **2.4.2 Prior knowledge and COO-cue processes**

For Manrai, Lascu and Manrai (1998), the product-country knowledge could be industrial development, market development and information availability related to country of origin.

They also empirically proved that for newly-industrialized countries, shopping goods and consumer packaged/convenience goods would be more favorably evaluated compared to luxury/expensive goods. Further, for luxury/expensive goods, production evaluation would be highest when these goods originate in highly-developed countries, followed by newly-industrialized countries, newly-marketizing countries and developing countries.

Other former studies also claimed that product evaluations tend to be highest for products sourced in highly-developed countries, followed by newly-industrialized countries, and lowest for Eastern European/socialist countries and developing countries (Schooler, 1971; Schooler&Wildt, 1968; Tse&Gorn, 1993; Wang&Lamb, 1983).



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### 2.4.3 Different cognitive COO-cue processes

From the model, several different cognitive COO-cue processes exist.

#### *Summary construct*

Firstly, when consumers' existing COO-knowledge can be considered as extended, the COO-cue is supposed to centrally function as either a specific summary construct (arrow 1.2 in Figure 3) or a general summary construct (arrow 1.3 in Figure 3). The specific summary construct occurs in a multi-cue setting and the information showed additionally do not function as a determinants for product evaluation. The general summary construct occurs in a single-cue setting where no additional information about the product is present to the consumer and they make product evaluation by their stored expertise of the product attributes without the additional information. In addition, when only the additional information about the product is believed to be the primary importance, the COO-cue is likely to be ignored during the consumer's product evaluation process. As Roth and Romeo (1992) argued that a product-country match should occur when important dimensions for a product category are also associated with a country's image. When there is a favorable mismatch exists, COO information would be ignored for the product evaluations. Further, their findings indicate that when a country is perceived as having a positive image, and this image is important to a product category, consumers will be willing to buy the products from that country.

*Default heuristic*

Secondly, when consumers attained moderate COO-prior knowledge and in order to compensate the COO-cue's lack of predictive and confidence value, they tend to search for additional information for the product evaluation. Like summary constructs, a clear distinction exists between default heuristic-effects occurring in a single or a multi-cue setting. The specific default heuristic-effect (arrow 2.2 in Figure 3) occurs in the multi-cue setting where the COO-knowledge specifically interacted with the additional information. On the other hand, the general default heuristic-effect (arrow 2.3 in Figure 3) takes place in a single-cue format where no additional information is provided to consumers and they combined the information which is about the product being confronted with the more familiar or other product-country knowledge based information. In addition, when there is no information about the COO, the COO-effect research tends to be irrelevant. Besides, Manrai, Lascu and Manrai (1998) argued that the country-product familiarity of the products from the newly-industrialized countries (MICs) and newly marketing countries (NMCs) would be at the moderate level, neither country-halo nor summary construct. Thus, in the case of moderate country-product familiarity situations that exist for NMCs and NICs, consumers are likely to use the default approach. For their opinions, "In both cases (NMCs and NICs), consumers have less-defined beliefs and country images compared to those they have for developing countries and highly-developed



countries, and as a result, both beliefs and country image have a simultaneous influence , or interactively affect product evaluations”.

### *Halo effects*

Thirdly, when consumers only have limited COO-knowledge, the COO-cue is supposed to function as either specific halo effect (arrow 3.2 in Figure 3) or general halo effect (arrow 3.3 in figure 3). The general halo effect differs from the general summary construct regarding that the general halo effect occurs under the single-cue setting and the COO-cue will be employed as a surrogate indicator since the limited product-knowledge network can not be related to specific attributes. The specific halo-effect occurs, on the other hand, under the multi-cue setting and where the consumer with limited COO-knowledge just has low predictive and confidence value of the additional information and is supposed to include the COO-cue for product evaluation even he does not know much about the country's products in question. Also, there exists irrelevant for occurrence of COO-effect.

### *Product attribute*

Fourthly, when the COO presented after additional information which means taking consider into time interval and the consumer has high motivation and ability to process the additional

information of the product, the product-attribute COO-cue (arrow 1.1.1, 1.1.1, 3.1.1, in Figure 3)

tend to occur.

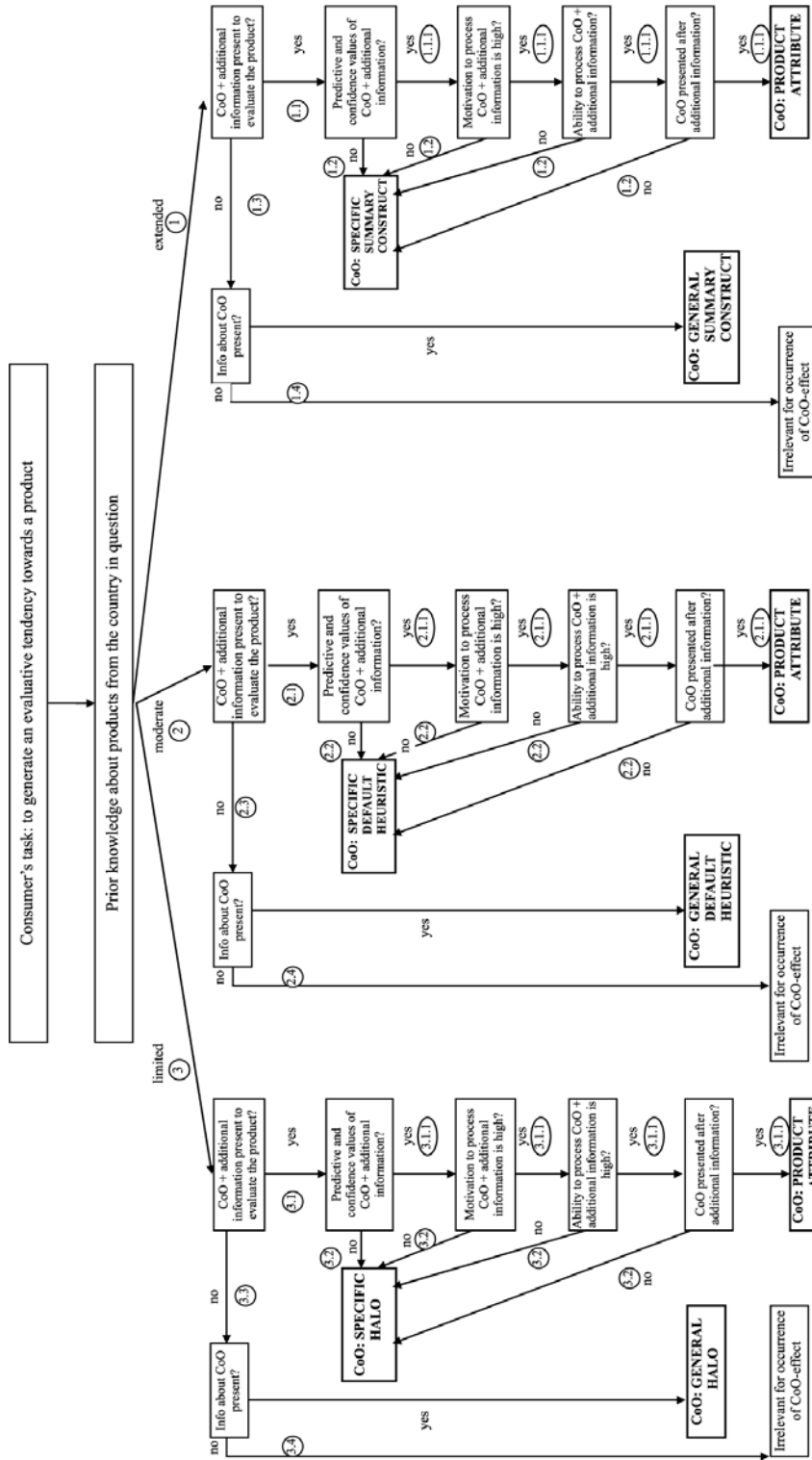


Figure 3 the extended COO ELM-model (Bloemer, Brijs and Kasper, 2007)



## 4. Methodology

### 4.1 quantitative method

There are two kinds of analyzing method, one is qualitative research and another is quantitative data. Since the purpose of this paper was aimed to testify three hypotheses, the deductive way of research should be conducted. Consequently, the research method turned out to be quantitative.

### 4.2 Hypothesis

Informed by the literature review and the theories, three key areas of research were chosen for detailed analysis. These three areas investigated the direction, process and influence of COO effects on evaluating the car from Sweden and China:

- The relationship between the Perceived economic development of the COO and the car evaluation
- The prior knowledge of Sweden and its impact on the COO-cue processes
- The prior knowledge of China and its impact on the COO-cue processes

Three principal null hypotheses were used in the study, as explained in the following list. For these principal null hypotheses, the relationship between variables, and not the differences between groups, is being examined.





1. The car buyers would evaluate the economic development of Sweden higher than China, which result in the evaluation of Swedish car higher than Chinese car.

2. The buyers would have the extended knowledge of Swedish car, which result in the general summary construct to process COO effects through their evaluation.

3. The buyers would have the moderated knowledge of Chinese car, which result in the general default-heuristic way to process COO effects through their evaluation.

### **4.3 questionnaire design**

The author conducted a questionnaire survey to the potential car buyers in Vaxjo to collect data. Besides, a survey on the internet was also an approach to collect data, since it can reach more people with low cost.

The questionnaire consisted of 9 sections. The first section surveyed demographic information, which was similar to other studies in this area. (Roth&Romeo, 1992)

The second and third sections measured the economic development of China and Sweden.

Answers are on 7-point scales (1=Developing countries; 7=Highly-developed country).



In the fourth and fifth sections, consumer's knowledge about the various types of brands in China and Sweden was measured. Respondents can express their opinions by four choices: a. I know a lot about them; b. I have an average knowledge about them; c. I don't know very much about them; d. I know very little or nothing at all about them.

In the sixth and seventh sections, the prior knowledge about the automobile from China and Sweden was measured. Finally, in the eighth and ninth sections, subjects were asked how willing they would be to purchase the automobile from China and Sweden when all the available information of this car was satisfied. Subject responded on 7-point scales (1=Not to buy; 7=Buy). The main reason of their choice was stated.

#### **4.4 Sample**

There were several types of probability samples. The author would choose the stratified sampling, where the parent population was divided into strata that were homogeneous within but heterogeneous between. In my study, the strata can be the potential buyer from different countries. A stratified random sample was obtained by taking a simple random sample from each strata. When choosing the stratified sampling, the result would be a smaller sampling variation that was more stable results in repeated samples than we would get by using simple random sampling. Besides, because the means (the attitude toward COO effects) were very



different in different strata, the every stratum would get a better representation. In other words, the stratified random sampling can give higher precision with the same sample size.

#### **4.5 Reliability and Validity**

Three prominent factors are included in the measurement of reliability: stability, internal reliability and inter-observer consistency. For the criteria of stability, the author chose the stratified sampling, which would provide more stable results in repeated samples. For the inter-observer consistency, the questions of the questionnaire were perceived as same by different respondents.

On the other hand, the validity concerned whether the measures we use captured what we want to measure or not, which comprise five factors: face validity, concurrent validity, and predictive validity, construct validity and convergent validity. For this study, the survey conducted by the questionnaire can find the answers to the research problem: whether or not the COO effects influenced car evaluation and how it processed. Therefore, the validity issues would be settled.



## 5. Findings

### 5.1 Perceived economic development & buying willingness

First, the two countries' economic development and willingness to buy car were scored by the respondents on the basis of 7-point scale (see Table 1). On the one hand, the mean score of the economic development of China is 4.48, which is lower than mean score of Sweden (M2=5.93). On the other hand, the mean willingness to buy the Chinese car is 5.38, which is also lower than it of Sweden (M4=6.48).

**Table 1. Comparison of mean economic development level and scores of willingness to buy (N=31)**

Country-of-origin	Level of economic development	Willingness to buy the car
China	4.48(M1)	5.38(M3)
Sweden	5.93(M2)	6.48(M4)

\*Mean economic development level were obtained on a 7-point scale with 7 being a highly-developed country and 1 being a developing country. Mean scores of willingness to buy the car were obtained on a 7-point scale with 7 being to buy and 1 being not to buy.

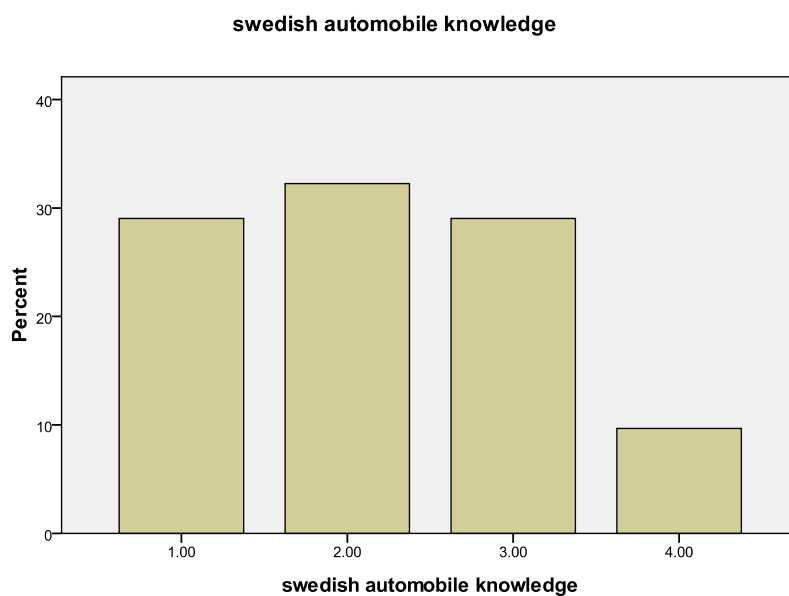


## 5.2 The prior knowledge of Swedish car

Third, the frequency data of the prior knowledge about Swedish car are provided in

Figure 5. For the 31 sample respondents, most of them have average prior knowledge of Swedish car (32.3%).

Figure 4. The bar chart of prior knowledge of Swedish car





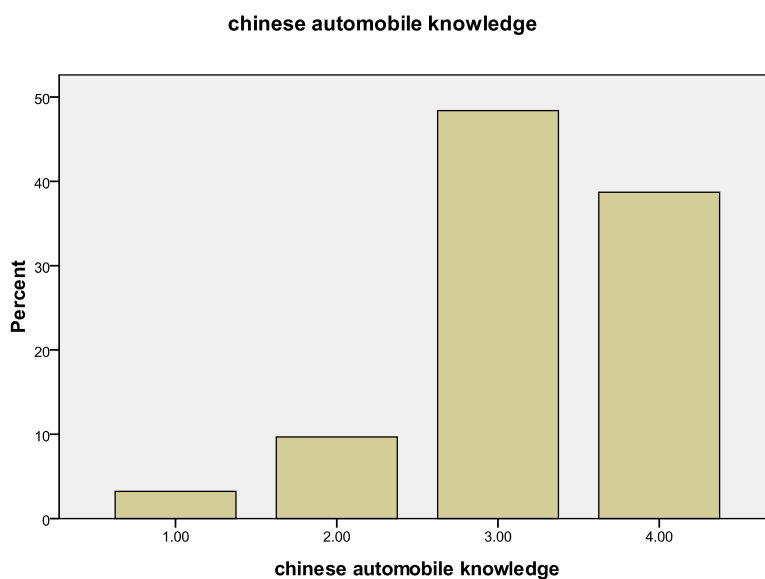
\*The prior knowledge of Swedish car were scored by 4 choices. 1-I know a lot about them; 2-I have an average knowledge about them ; 3-I don't know very much about them ; 4-I know very little or nothing at about them

### 5.3 The prior knowledge of Chinese car

Second, the frequency data of the prior knowledge about Chinese car are provided in

Figure4. For the 31 sample respondents; most of them have limited prior knowledge of Chinese car (48.4%).

**Figure5. The bar chart of prior knowledge of Chinese car**





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\*The prior knowledge of Chinese car were scored by 4 choices. 1-I know a lot about them ;  
2-I have an average knowledge about them ; 3-I don't know very much about them ; 4-I  
know very little or nothing at about them

## 6. Analysis

### 6.1 Car purchasing behavior and Economic development.

Hypothesis H1 predicted a main effect of the perceived level of economic development on automobile evaluation. Two statistical analyses were made to test this hypothesis. (1) The mean of the perceived level of economic development of these two countries and the mean of score of car evaluation. The mean score of the economic development of China is 4.48, which is lower than mean score of Sweden ( $M_2=5.93$ ). In addition, the mean willingness to buy the Chinese car is 5.38, which is also lower than it of Sweden ( $M_4=6.48$ ). These means are in the direction predicted by hypothesis H1. The comparison of the Chinese car evaluation versus Swedish car evaluation was significant at  $t(df)=-4.095(31)$ ,  $p=0.000$  (see Table 2). These results provide support for H1. (2) the study of correlation between the economic development and automobile evaluation (see Table 3) suggest that the impact of country of origin on product evaluations is mainly moderated by other prior country-product knowledge, since the perceived



economic development just have no significant correlation with the automobile evaluations(the significance (2-tailed)  $P1=0.227>0.05$  and  $P2= 0.636>0.05$ ).

On the one hand, the finding is similar to the study of Manrai et al. (1998).The possible explanation is that the consumers will attempt to reduce risk by purchasing a car made in a country with a reputation that is conferred on it by its level of quality. On the other hand, the finding also indicate the economic development of the country have no direct impact on consumer’s final automobile evaluation.

**Table2.Comparison of mean automobile scores, *t*(df), P-values**

**Paired Samples Test**

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 buying china - buying Swedish car	-1.09677	1.49119	.26783	-1.64375	-.54980	-4.095	30	.000





**Table3. The correlations between the perceived economic development and buying willingness of automobiles**

	The willingness to buy its car	No. of respondents	Sig(2-tailed)
The perceived economic development of China	0.223(r1)	31	0.227(P1)
The perceived economic development of Sweden	0.088(r2)	31	0.636(P2)

**\*Correlation is significant at the 0.05 level (two-tailed)**



## **6.2 The cognitive COO-cue process of Swedish car evaluation**

It was hypothesized in H2 that the consumer will hold an extended product-country knowledge network of the Swedish car and the COO-cue will function within a general summary process. In figure4, more than half of the respondents have the average knowledge about the Swedish car, so the H2 is rejected. The finding is in line with our discussion about general default heuristic-effects. The general default heuristic-effects occur when there is no additional information about the car presented to the respondents and they combined the specific part of the product-country knowledge of the car from Sweden and the other parts of the product-country knowledge of more familiar products of Sweden. Compared to the cognitive process of Chinese car, the general default heuristic effect indicated the respondents are more familiar with the Swedish car but not highly accurate and precise. Therefore, the respondents have to go back on what he knows about other products from the same country.

## **6.3 The cognitive COO-cue process of Chinese car evaluation**

Hypothesis H3 predicted that , for Chinese car , if the COO-cue is the only externally available information , consumer will hold a moderately developed product-country knowledge network of the Chinese car and the COO-cue will function within a general default heuristic process. As reflected in Figure5, most of respondents have limited knowledge of the Chinese car, so the H3 is rejected. Moreover, the findings show that the main reasons of respondents' evaluation of the



Chinese car could be divided into two type. One is largely depended on their formed set of stereotypical beliefs of the products from China. This result could be explained well by the general halo-effect of the ELM model(Figure3, arrow 3.4): when the COO-cue is the only available external information present to evaluate a product originating from a foreign country, the consumers with limited product-country knowledge will be forced to infer the quality of the product from their stereotypical beliefs like the spontaneous opinion he has about the country's product in general. The other holds the opinion that the COO-cue is irrelevant to assess the quality of the Chinese car. These results might be explained the respondents are experts of car and exclude the COO-cue from their cognitive processing (Maheswaran, 1994). In such cases, consumer will not attribute specific quality characteristics of the Chinese product to the COO-cue.The COO-cue are reduced to the status of zero impact on overall automobile evaluation.

## **7. Discussion and Marketing implication**

The empirical findings indicate that while the evaluation of the Chinese car is lower than Swedish as expected, the perceived economic development or the industrialized level have no direct impact on the overall automobile evaluation. The prior knowledge of the country product



is largely depended on the brand familiarity and knowledge of the product, which is similar to the finding by Schaefer (1997).

The study of cognitive processes underlying COO-effects of the evaluation of Chinese car has inconclusive results. However, it clear that although people consider China as a newly-industrialized country, they still have limited knowledge about the Chinese car since one of the major problems China face in marketing automobile in western, highly-developed countries is the lack of awareness about their products. There are some international automobile marketing implications that can be drawn from these findings. Since the consumers have limited knowledge about Chinese car, establishing strategic alliances with favorable match partners are likely to help in improving the image of goods and are also a quick and economic way to enter western automobile market. In addition, other strategies can be used for the entry mode. Instead of emphasizing country of origin messages, they should emphasize other uniqueness of the new brands, such as, price deals and public relation activity may be a more efficient way to get consumer know the product.

As it for the Swedish automobile, although it has been enjoying the reputation of safety and environmental friendly, the consumers still have average knowledge about them. This finding would suggest that a high country-of-origin development level would help immensely in marketing of their automobile products since consumers just have average knowledge about



them and tend to seek more special country-of-origin information. Therefore, the Swedish automobile company needs to address the country of origin related message in the promotion strategy; they should emphasize their superiority in product quality and social acceptability to provide brand-familiarity knowledge to the consumer. Therefore, when the marketers address the positive images of Sweden of automobile brand origin, the consumers will tend to set up personal brand experience depended on country of origin cue.

Unlike the previous opinion, the automobile from developing country may not be affected so much by the negative country-of origin effects. In reality, car consumers perhaps not generally seek country of origin information and consequently may not think it is important. Further, car buyers want to be logical, reasonable when doing car evaluation, so the intrinsic product cues rather than extrinsic cues such as country of origin would be depended on.

Despite the inconclusive results, the finding still yields some insight for the automobile marketers of China and Sweden. They can make better marketing strategy. For example, for Chinese automobile, they don't need to be concentrated about product-country images rather than emphasizing unique characteristics. On the other hand, for Swedish automobile, they can make use of a favorable product-country image to position the product.



## **8. Limitations and future research directions**

In this study, respondents were not motivated by the real purchase situation. Consequently, some were reluctant to do the questionnaire. Besides, since the samples are students from Vaxjo, the homogeneity and small scale of sample may be a caveat. Future study should focus on larger sample with different profession and age.

This study should be extended to other countries' automobile. If there are supported by the subsequent research, they will continue to contribute to our understanding of the relationship between the country of origin effects and the car evaluation by enriching the profile that can be drawn from different automobiles from more countries.



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