“The role of country of origin and psychic distance on Swedish consumers’ perception of the quality of American, German and Japanese automobiles”

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ABSTRACT

In this study, we intended to analyze the quality perception of Swedish consumers on American, German and Japanese automobiles, and the impact of psychic distance and country of origin concepts by addressing questions below:

- What is the national consumer perception towards German, Japanese and American automobile quality in Sweden?
- How do country of origin and psychic distance concepts determine consumer quality perception?

To be able to answer questions above, we conducted qualitative and deductive approaches by means of focus group, and interview methods. The focus group consists of 6 members and 6 personal interviews were carried out in addition. The result of the study gave us insights on how Swedish consumers perceived quality and confirmed that country of origin and psychic distance impact the consumers' perceived quality. Country of origin (COO) effect was most positive for German cars and least positive for Japanese cars and it had middle effect on American cars. Psychic distance was shortest and most positive for German cars and longest and most negative for Japanese cars. Psychic distance had medium level and effect for American cars.

Key words:

Country of origin, psychic distance, quality perception, physical quality, service quality, German, American and Japanese automobiles.
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1. INTRODUCTION

In the introduction part, we will introduce the thesis structure and concepts, problem area, research question and research purpose.

1.1 Background

According to Kotler (2003), in the harsh competitive environment of globalized world, consumer-centric marketing ways have gained high focus by not only practitioners dealing with hard marketing decisions but also by scholars through several researches conducted in the literature. The main reason lying behind all those efforts is simply to be able to draw attention, understand the motive of purchase decisions, construct and maintain close and profitable long term customer relationship.

Along with the producer-side decision-making, consumers also face with many purchase decisions. Roberts (2003) states that, an average household's 85 percent of consumption need can only be met through at least 150 different products. According to Ball (2005), it is extremely hard to make decision in such an environment where consumers are highly exposed to thousands of different products in different industries by hundreds of brands, which leads to confusion, and impacts the criteria of consumer decision-making process.

Hollensen (2011) states that to be successful in the globalized market with too many competitors and products, companies all around the world search for the possibilities of competitive advantage to elevate position over rivals. Hollensen (2011) further argues that recently, the significance given to the quality has risen so high that it is a vital element to have a competitive advantage for the companies. Even more, consumers are fairly eager to pay more for a better quality product, depending on the involvement level of consumers. Hence, companies strive to improve strategies and seize ever-changing desires, and needs of the consumers to enhance the perception of their products’ quality in the eyes of consumers, in a better way (Hollensen, 2011).

According to Martin (1988), the level of product involvement is a significant determinant of consumer perception and purchase behavior. The relation between consumer and product is simply defined as consumer involvement, resulting in a certain purchase behavior. Consumers, strictly depending on the level of involvement, tend to
purchase a product or a service which offers a superior quality. Hence, Bergman and Klefsjö (2011) assert that the focus on consumer side has increased to be able to meet consumer's expectation and maintain consumer satisfaction. Consumer-side studies are mainly connected to quality, which is not a simple phenomenon to define easily. That is, instead, a set of elements with an extreme complexity. Owing to this reason, the perception of consumers over quality is vitally important field to study on.

Quality is what a product or service mean to a consumer, in another way, the perceived value of the good or services by consumers defines the quality. Moreover, the perceived quality can refers to the customers acknowledge via sight, smell, taste and touch and over a certain product (Solomon, 2010).

According to Busler (2002), the perception starts with the initials of the self-image and lifestyle of a consumer that starts gathering information at a specific product. The customers' perception of quality could be different among the countries. Perceived quality depends on many factors such as price, production process, the reputation of the brand, the country of origin (COO), also economical factors such as host nation's purchasing power can even affect their perception over the quality of the product. Cultural factors like norms, values, tradition, stereotypes etc can influence the customers' perception of specific society toward a certain product too (Busler, 2002).

Basically, Bélen, Vázquez, and Iglesias (2001) argue that the perception over the product plays the key role in customers' behavior. Consumers mostly build their belief on product's quality based on the connection that they make with perceived quality rather than actual quality. Accordingly a brand which experiences the bad publicity might take the years to change its position to positive one, even if the actual quality is good. Therefore, the perceived quality may change owing to the image that a certain brand has. Moreover, the total of the perception regarding a specific brand is called as brand image, reflecting the general idea of consumers associated a brand name. (Bélen, Vázquez, and Iglesias, 2001).

Country of origin is another considerable theory to understand our study, since we will examine the products of different countries in the further parts of our study to comprehend all of the dimensions of quality.
According to Saghafi and Puig (1997), marketing world is constituted upon not only product characteristics but also the way how potential buyers perceive the product attributes. That is why, to what extent the effect of country of origin changes decision making mechanism of the consumers must be understood. Even, Baker and Currie (1993) argue that there are assertions considering country of origin as a fifth element of the marketing mix after price, product, promotion, place.

When it comes to the perception of the quality, Kinra (2006) states that country of origin has an extreme significance in the eyes of the consumers. A large number of firms has also used positive correlation between marketing supremacy and country of origin. To exemplify, we can present the positive association of high quality and durable German automobile industry, and the success of Japanese electronics market.

On the other hand, according to Kinra (2006) Chinese products are regarded as cheap but low quality For instance, quality perception difference between smart phone brands originating in China, and the industry leader American brand Apple is conversely different from each other in the eyes of conscious consumers. Moreover, Kinra (2006) states further negative associations, just like the example given, regarding the country of origin may pose a high risk of potential barriers in marketing the products owing to the perception of the consumers about the products of the country.

1.2 The brief look at the automobile industries in United States, Germany and Japan

Since the invention of modern automobile by Karl Benz until now, the automobile industry expanded globally. Many countries including Germany, Japan and America are producing and marketing automobile in international markets. Automobile industry is considered as a field that stands as a symbol of certain countries' wealth, and economical supremacy, which makes the whole car industry around the world highly significant (Spell, 2000).

To exemplify, Spell(2000) states that there are several well-known car manufacturers contributing to the well-being of Japan's automobile industry, namely Honda, Isuzu, Mazda, Mitsubishi, Nissan, Subaru, Toyota etc.

Spell(2000) states that in the very beginning, although it was asserted that Japanese cars could never be competitive owing to unfavorable technological achievements,
automobile industry in Japan elevated position thanks to vision of the car manufacturing companies, and conscious customer profile. According to Spell(2000), during the 20th century, fairly high scale of governmental and bureaucratical attention has been given to automobile industry, ending up with advancements to become a major global player.

Another country that has a strong position and sway in the automobile industry is Germany. On January, 1886, Karl Benz officially enrolled his first vehicle powered by a gas engine. With this first invention of car, Germany started the production of automobile, considered as the birth certificate of the automobile industry (MacDougall, 2012). To be descriptive concerning the magnitude of German automobile industry, Germany is precisely one of the largest manufacturing country ranked as third, one in ten of all the automobiles driven in the world are products belonging to Germany, since high priority has been given to automotive industry, resulting in being a key sector in the economy of Germany (Osswald, 2006)

Osswald (2006) argues that Germany has worldwide well-known major car manufacturing brands with high quality such as Mercedes, BMW, Volkswagen, Audi, Porsche etc. Those are the car brands considered as the most popular all around the world.

Chan (2010) states that currently the American automobile industry is the second biggest in term of volume of production with the 8-10 million production of automobile annually. The leaders of this industry within the United States companies are Ford, General Motors and Chrysler which are popular as "big three" and concerning as the largest American automakers

According to Chan (2010), especially, by the existence and contribution of two most significant USA companies- Ford and General Motors, the innovations in the field of both production and organization has been made, and the automobile industry in USA has successfully reached its current position in the world. In the American life style, car is vital element which facilitates the difficulty of the daily life. The official age to obtain a driver license is sixteen, resulting in the increasing number of cars in use with no saturation point as it is argued by “… there is no such thing as a saturation point – not until every man, woman and eligible child in the country has an automobile.” (William C. Durant, 1910).
1.3 Problem discussion

Silvakumar (2008) states that the increase in the communication and transportation possibilities have resulted in several companies' market expansion across world owing to the phenomenon called as globalization resulted at the increase in the number of products available for consumers. Silvakumar (2008) also deems the result of this product number increase as a complex problem for marketers to sell their products. Owing to this reason, he suggests that marketers have to comprehend all the underlying factors that affect consumers' product quality perceptions.

Kotler and Armstrong (2009, p. 7) state that positive customer perception regarding a product leads to customer satisfaction. Moreover, customer satisfaction is the most important element of establishing long-term profitable customer relationship. Duodu and Amankwah (2011) asserted that highly satisfied customers are approximately six times more loyal than other customers, and tend to re-purchase and recommend the product/service to others. Garvin(1984a) suggests that offering high product/service quality to consumers is one of the best ways to ensure consumer satisfaction. As a biggest marketing managerial gap, Kotler and Armstrong (2009, p. 15) argue that marketers are seeking different ways to satisfy buyers after purchase behavior to be able to set long term relationships. By fully understanding the quality perception of consumers, marketers can gain competitive advantage over rivals. In this regard, quality perception of consumers plays a significant role to overcome this managerial gap. This is why quality perception of consumers is worth studying on.

Paul and Siu (1991) argues that consumers' quality perceptions over products varies among different countries as an important element in consumer behavior, which shows the importance of country of origin. According to Tamijani and Hanieh (2007), to be aware of the significance of COO gives companies the understanding of how vital the effective product positioning and development are. Hence, it needs to be studied. In this project, we, therefore, consider perception of Swedish consumers on German, Japanese and American automobiles' quality in order to create insights about the national customer's behavior over these three automobile industries.

The main reason of choosing American, Japanese and German automobile industry is because of their large industry and high technological. As mentioned, they are three leaders in the global automobile industry development (Spell, 2000; and Chan 2010).
Also they are all from various regions in the world (Europe, Pacific Asia and America) thus they can be representative of their region as well-suited samples to this study.

Another vital reason is that the countries which are subject to our study are also segmented and chosen because of the level of psychic distance and as an example of consumer preference of an industrialized country. Beckerman (1956); and Johanson and Vahlne (1977) made the definition of the term "psychic distance" as differences (similarities) between two countries/ markets, based on socio cultural, economical and political issue. Hollensen (2011) states that when two countries have high psychic distance, it means that there are bigger differences within them. Those differences shape the quality perception of consumers, result in several product choices, and provide many perspectives to consumers about quality.

In the literature, Beckerman (1956); Johanson & Wiedersheim-Paul (1975); Johanson and Vahlne (1977); Fletcher (1996); O’Grady & Lane (1996); Stöttinger & Schlegelmilch (2000); and Ellis (2008) researched about importance of psychic distance. The main focus among majority of those researchers was not consumers. Instead, they mainly emphasized B2B aspect of psychic distance concept.

Ellis (2008) stated that interaction between COO and psychic distance shapes the consumer's understanding of quality perception. Zeithaml (1998) argues that according to the perspectives of consumers, quality is revealed after making an assessment, and comparison among cost, benefit, and actual price of the product. When it comes to making product choice, quality perception of consumers is deemed as a primary indicator of product choice. Zeithaml (1998) further argues that the idea of a consumer concerning a product's overall evaluation is called as perceived quality, which is an extremely relative phenomena changing from one to another, and might be assessed as bad, decent, and good.

There are several definitions of what quality is in the eyes of different researchers with different perspectives, according to Juran(1988) - fitness for use, Abbott(1955)- value, Crosby(1979)- convenience for the purpose of use, Levitt(1972)- compatibility to specifications, Grönroos(1983)- satisfaction of the expectations of the consumers, Ross(1989)- caution to any kind of possible loss.
Besides, there are some other definitions made in the literature. According to Cowan (1964, p. 7), “Quality is a jewel with many facets, and it is important when using the term, to define, explicitly, or implicitly, with which facet one is concerned.”

Peterson (2009) stated that in today's ever-changing world, there is nothing stable, which leads to the fact that changing dynamics of the automotive industry shapes the consumers' understanding of quality, technology, price-sensitivity, durability, environment friendliness etc. As a result of this, consumer’s quality perception is extremely manipulated due to the diversity of characteristics and attribution of the product.

Schooler and Wildt (1968) argued that perception is extremely complex phenomena with several dimensions whose meaning may change by time. For example, consumers' perceptions were fairly biased against Japanese-originated-products. Nevertheless, Papadopoulos (1993) claims that a couple decades later, Japanese made-of products started being considered as quality and high technology for the consumers.

As an another remarkable dimension that determines the perception of quality, Paul and Siu (1991) claim that national reputations concerning superior technology, high quality of products, and the way of design, and the value attached would differ from one country to another, yet consumers are inclined to make generalizations regarding quality perception of some of the product categories from certain countries.

Therefore, Paul and Siu (1991) claim that the image of a given country is also significant dimension in terms of the perception of the consumers all around the world. Nagashima (1970) asserts that country image is a picture, the reputation and the stereotype which is enclosed to a product of a specific country. For example, German products are very well-known with respect to its durability. In the same way, Japanese products are considered as made-of high technology.

In the literature, there are several researches conducted about COO concept by many authors. Some of those authors who emphasized the significance of quality are: Hugstad and Durr (1986); Chetty, Dzever and Quester (1988); Hong and Wyer (1989); Paul and Siu (1991); Baker and Currie (1993); Papadopoulos (1993); Fletcher (1996); Verlegh and Steenkamp (1999); Chao (2001); Ahmed et. al (2004); Kinra (2006); Tamijani and Hanieh (2007); Silvakumar (2008); and Peterson (2009).
Along with COO, Chao (2001) claims that another phenomenon which determine the perception of the quality are country of design and country of manufacture when it comes to exporting cars to different countries. This stands as another important dimension for the perception of quality. Hugstad and Durr (1986) made a research upon American consumers' perception regarding quality. Products used were basically durable such as cars, cameras, and expendable such as car tires, shoes, shirts originally from Japan, USA, Korea, Taiwan, and China. The study showed that they were fairly doubtful about purchase decisions against products manufactured in Korea, Taiwan, and China, considering that they are not be reliable products in terms of quality other than that of products from Japan and USA.

Moreover, Parvin and Chowdhury (2006) argue that some studies conducted upon the association between product evaluation and economical improvement level of the country resulted in the fact that there is a positive relationship. According to Parvin and Chowdhury (2006), many consumers believe in the fact that highly industrialized countries are able to produce high quality products due to the fact that they are fairly strong in terms of financial resources as well as they are highly advanced with respect to production and marketing capability. Chetty et all. (1988) states that it is important to point out the fact that all those differences arising from perception of the consumers living in countries with different economical, and industrialization development levels mainly based on the country of origin theory.

To conclude, as mentioned above, there are many researches about COO, and psychic distance concepts on various products. After searching different theories regarding consumer's quality perception, as Ellis(2008) suggested, we also found the gap that authors separately researched the effect of either COO on consumers, or psychic distance on B2B relationships. However, to be able to understand truly the quality perception of consumers in automobile industry, this gap should be filled through considering both COO and psychic distance concepts into account. In this research, we will emphasize the effect of both COO and psychic distance concepts on consumer's product quality perception to fill this gap.
1.4 Research Questions

The purpose of this research is to answer the main questions below, which are subject to our research:

- What is the national consumer perception towards German, Japanese and American automobile quality in Sweden?
- How do country of origin and psychic distance concepts determine consumer quality perception?

1.5 Research purpose

The purpose of this study is to analyze the effect of country of origin and psychic distance on quality perceptions of consumers in Sweden about automobile industries from Japan, USA and Germany.

In this regard, we will focus on understanding about how quality perception is shaped for Japanese, American and German cars in the eyes of Swedish consumers.

1.6 The structure of the thesis

In the first part, background information of the thesis is presented. Later on, we will discuss the problem, and mention about the research questions and the purpose.

Methodology part implicitly defines the way how we handle the research. Mainly, methodology approach, research design, and data collection will be briefly argued during methodology part.

In the theoretical part, we will give full account of description of the consumer perception over quality in product choice. Moreover, theoretical background information related to significance of consumer perception shall be provided. As mentioned in the previous chapters, country of origin theory, as a primary framework of the study, and psychic distance concept will also be explained in detail to provide the required theoretical knowledge to be able to connect empirical data to the whole study.

As a next step of the study under the title of empirical part, we will base our study on customer perception through primary data and qualitative analysis method derived from the interview and focus group methods conducted in Sweden. This part will be put an end with the main findings and the significance of customer perception over quality in
relation to consumers’ product choices about automotive industries in Germany, United States, and Japan.

In the end of the study, we will let reader know the most important outcomes in conclusion part where whole information will be gathered together, and all study will be summarized.

2. THEORETICAL FRAMEWORK

This chapter gives the main theoretical framework that will be used in the analysis part, including consumer perception of quality, country of origin (COO), and Psychic distance.

2.2 CONSUMER PERCEPTION OF QUALITY

Consumer perception of quality part consists of definition of quality, perceived quality, product quality, and product quality.

2.2.1 Quality

Lazarova (2010) states that what quality is has been defined by many authors interested in this field of study. Each of them is complementary with each other, contributing it, and carrying the meaning and the understanding of the word quality to one more step higher. Because there is no consensus upon what quality really is, a comprehensive and well accepted definition of quality has unfortunately not been made among researchers.

Nevertheless, the word quality has been defined the best by two researchers. According to Wadman (2000), quality is the total of characteristics, features, and eligibilities of a certain product that, in return, impact the perception of the consumer with respect to the degree of excellence. Bergman and Klefsjö (2003) argue that quality is the unique ability through which the needs, demands and expectation of the consumers are satisfied, or more preferentially exceeded. However, the ability of a product to satisfy a specific need may differ a consumer to another. The difference argued here is considered as the variations of the understanding of the quality. As a conclusion of the
existence of those variations in the quality perception, consumers differentiate all the existing products and services of the brands from each other (Bergman & Klefsjö, 2003).

Rosen (1974); and Stone (1956) demonstrated the significance of the perception of the quality variations for a consumer. They all argued that differences in the price of the similar products lead to a certain level of awareness realized by the perception of variations in quality in the eyes of the consumers.

Choi et al. (1997) argues that along with the definition of quality and quality variables, another aspect of quality must be presented. Perceptions of variations in the quality may cause two sorts of product differentiations. According to this assertion, product differentiation might come to existence either ways- horizontally or vertically. Horizontal differentiation takes place when differences of two products mainly arose due to the fact that there are appearance and the personal preference factors of the consumer. However, vertical differentiation comes to presence when two products have some physical differences with similar or the same price (Choi et al., 1997).

2.2.3 Perceived quality

There are also several definitions of what perceived quality is in the literature, yet the common sense in the definitions of perceived quality among the researchers is that perceived quality is the outlook and general perception of the consumer regarding the overall judgment of the product (Garvin (1984a;1984b); Zeithaml (1988); Wadman (2000)). However, as a crystal definition has been made by Veyisoğlu (2010, p. 12) "the viewpoint of the consumer, making quality a subjective assessment dependent on perceptions, needs and goals of individuals."

Zeithaml (1988) classified four remarkable aspects of the perceived quality listed below:

- Perceived quality (so-called objective quality) is rather different from the actual quality - whilst objective quality is a technical excellence and superiority of the product which is subject to an assessment trough objective criterion and measurements, perceived quality is dependent on what a consumer personally thinks about the product with his or her own value judgment.
• Perceived quality is a higher scale of consumer's feeling and sensations regarding the product than a certain attribute of the product- a consumer may psychologically and emotionally, depending on the personal values, associate the product attributes in his or her mind.

• Perceived quality is a global evaluation upon which consumers may have consensus- Holbrook and Corfman (1985) claim that perceived quality in the minds of consumers is strongly linked with a global value judgment upon beauty, conformity, pleasure etc.

• Perceived quality is a bunch of judgments that arise from consumers' evoked set about the brand and product- This is extremely personal and subjective concept claiming that consumers already had a set of choices kept in the mind about the worthiness and sufficiency of the product to be considered for purchase.

Conclusively, perceived quality directly pertains to the customers having close interaction and communication with providers of product/service. (Duodu & Amankwah, 2011) "

In this terms, perceived quality is divided into two separate categories:

- Product quality, known as "hard ware quality", in which product performance is identified (Duodu & Amankwah, 2011).

- Service quality, known as " human ware quality", which argues service quality offered to the customers (Juhl, Kristensen, Ostergaard, 2002).

2.2.4 Product quality

Steenkamp (1989) puts forward four main approaches related to the concept of quality:

• The metaphysical approach gives high focus on the definition and meaning of what product quality is, by means of philosophy.

• The production management approach mentions about the aspects of quality control and cost, and standardized production process.
• The economic approach gives account of economic perspectives such as market equilibrium, and quality competition of the firms etc.

(Those three mentioned above are slightly within our area of interest, since the focus is not solely on the consumer side.)

• The perceived (so-called behavioral) quality approach of consumer behavior deals with the process of quality perception. This approach intents to find out the fact that judgements of consumers are shaped in accordance with what criterion, in a rather insufficiently informed consumption environment. Moreover, it also takes into consideration the unstable structure of quality perception process highly affected by the phenomena personal variables and conditional variables.

Similar way has been followed by Garvin (1984a, p. 25) for the definition of quality. He alleges that product quality has been defined by many scholars through mainly five different approaches: (1) Transcendent approach of philosophy, (2) the product-based approach of economics, (3) the user-based approach of economics, (4) the manufacturing-based, and (5) value-based approaches of operations management. In the content of table 1 taken from the study of Garvin (1984a p. 26), the examples of those approaches are provided.

There are many interesting results found through those approaches defining different points of views of product quality. For instance, according to manufacturing-based approach, "a well-made Mercedes is a high quality automobile, as is a well-made Chevette." (Garvin, 1984a, p. 28). However, this approach extremely paid attention on production consistency, lacking factors like expectations, needs and perceptions of users.

Furthermore, this statement presented above may be accepted by an addition according to what Veyisoglu (2010) asserts. He states that only if the product quality is achieved in the same level, yet only the product quality is not a sufficient determinant for the quality perceptions of the consumers. Veyisoglu (2010) further argues that production specifications of the both car brands (Mercedes and Chevette) may conform to their quality assertions of products. To exemplify, the product specification of Mercedes might take more attention in terms of meeting the user needs than as does
Chevette. In conclusion, Mercedes may have higher quality than Chevette, or in some other cases vice-versa.

When it comes to value-based approach, Evans (2004) give a good example of this with a quote from marketing executive of Chrysler "One of the main reasons that the leading Japanese brands – Toyota and Honda – don’t offer the huge incentives of the Big Three (General Motors, Ford and Chrysler) is that they have a much better reputation for long-term durability". Here, the big three presents an offer incentives to elevate the quality perception of their cars to balance the low product quality.

Garvin (1984b) states that another significant approach towards the product quality is quality characteristics. According to this one, there is a bunch of quality attributes, so-called dimensions of quality emphasizing the significance of the association between product specifications and user needs (Garvin, 1984b). In his work, he conceptualized the product quality in terms of that of user need, namely:

- Performance
- Features
- Reliability
- Conformance
- Durability
- Serviceability
- Aesthetics
- Perceived quality

(As it is previously argued, the main focus of our study is upon consumer side. Among all those approaches mentioned above, user-based approach is directly related to consumer point of view of quality.) According to Garvin(1984a; 1984b), every consumer has different needs, wants and expectations. By this definition, it is clarified that a product that is designed and produced in accordance with these needs and expectations, then it can only be considered as a good quality product.
Along with the statement of Garvin (1984b), Mahmud (2001, p.6) emphasized that "comfort" is significant dimension of physical quality. Moreover, in the literature, there are many researchers who have also emphasized the significance of vehicle performance. Kumblekere (1996); McKinney (2009); Savino (2009); Berry (2010) argued that automobile performance comprises vital elements such as

- Flexibility- maneuverability, steering wheel.
- Security- airbags, body resistance, brake system.
- Speed- high level of agility and acceleration.
- Power- strong engine.

Along with the different approaches to product quality in the literature, it is also said that there is a gap in the perception of the quality. However the solution was offered by Steenkamp and Trijp (1996). According to them, this gap in the perception of the quality can only be exceeded through a quality guidance approach where three steps to set a bridge on this gap namely:

- Recognition of the quality judgments.
- Connection of the recognized quality judgment to perception of main quality cues and attributes.
- Interpretation of consumer perception relating to physical characteristics of the product.

2.2.5 Service Quality

According to Grönroos (1982), service quality is mainly related to product/service performance that consumers perceive. The actual definition of service quality is the conformance of service expectations of customers towards a specific offer in comparison to relative service perceptions of customers which is successfully delivered.

Other definition of service quality has been made by several researchers. According to Parasuraman, Zeithaml and Berry (1988), service quality is an attitude form related with satisfaction of the consumers resulting from a comparison between expectations and
perceptions of performance. The word expectation is regarded as a specific want of consumer such as an idea, or feeling of a consumer about what a service provider ought to offer in place of what would be offered (Parasuraman, et. al., 1998).

According to Waligóra (2007), service quality of the automobile sales has two important dimensions:

**Sales service quality:**

- Significance of the overall evaluation of dealer's service- reliability of the dealer.

- The ambiance of the showroom atmosphere- design of both of the office and showroom, and tea, coffee and snack offer.

- Qualifications of sales representatives- Clarity, respectfulness, helpfulness, large sums of information about the cars etc.

- Test drive options.

- The delivery condition of the cars- Cleanness of the car.

- The significance given to complaints from customers- The most valuable and valid feedback to the service understanding of the sales office.

**After-sales service quality:**

- The time period during the service process.

- The capability of the workers to resolve the problem.

- The grade of the effort spent.

- The ability to meet the request of the customers.

- Availability of the needed parts and pieces of the car.

- The duration warranty given to the fixation.
2.2.6 SERVQUAL Model

SERVQUAL is a method that initially offered five distinctive elements through which consumers assess the quality of the service (Zeithaml, Parasuraman, and Berry, 1990).

- Reliability: The skill to carry out the intended service in the promised way.
- Tangibles: Outer look of the whole organization including personnel, facilities, equipment etc.
- Responsiveness: The level of desire to offer solutions to consumer, and provide the possible best service.
- Assurance: Politeness and knowledge of the workers in addition to high awareness and loyalty to confidence.
- Empathy: The company ensures high care upon and individually deal with the customers' problems. (Zeithaml et al., 1990).

Later on, other dimensions have been adopted and ascribed to the current model, namely tangibles, reliability, responsiveness, competence, courtesy, credibility, feel secure, access, communication, understanding the customer.

SERVQUAL is an empirical method that aims to the field of service industry to elevate the understanding of the service quality. Furthermore, it measures the service quality perception for the organizations, and then compares the intended organization against an excellently structured organization. Another remarkable value that SERVQUAL offers is that it also focuses into the customer' perception of relative significance of service quality (Zeithaml et al., 1990).

To conclude, several definitions of the product and service quality had been presented in the preceding sections, the terms defining quality the best has been made by Juran(1988) - fitness for use, Abbott(1955)- value, Crosby(1979)- convenience for the purpose of use, Levitt(1972)- compatibility to specifications, Grönroos(1983)- satisfaction of the expectations of the consumers, Ross(1989)- caution to any kind of possible loss.
2.3 COUNTRY OF ORIGIN

In the literature, several definition of country of origin (COO) have been made by many scholars. The most prominent ones are made by Bilkey and Nes (1982)- the country of either production or assembly; Han (1988, p.235)- "made in labels"; Zhang (1996)- the information related to the place where the product is produced.

Chao (2001) argues that initially, the country origin concept was deemed as the country in which the final assembly of the manufacturing process of the product has ended, which is called as country of manufacture (COM). Later on, different versions of country of origin concept such as country of design (COD) which pertains to the country in which design and product development efforts are spent, have come to existence in the literature.

According to Peterson (2009), while the progress of internationalization concept in the production process had gained acceleration, there decomposition between COD and COM occurred. Hence, the tendency of the global companies to lower the cost of the production process through carrying the production facilities out of the country and/or organization border resulted in presence of the brand origin concept (BO), or so-called country of brand concept (COB). Relaying strongly on this knowledge, Thakor and Kohli (1996) emphasized more upon to the country to where consumers tend to think the brand's country of origin belongs, and less upon the country in which the brand actually manufactures the products. As a consequence of this result, the country of origin phenomena is supposed to be extremely deemed as the country where the consumers feel to associate the product and brand, regardless of the real origin of the brand or product where it actually designed or it is actually manufactured.

Nagashima (1970) states that consumers are inclined to make generalizations concerning the product categories of certain countries even though product design, quality, value, and technological superiority differ from one country to another. Country image is a kind of basis to form up a certain level of stereotype and reputation for the consumers to attach all those attributions to the given countries. Moreover, Papadopoulos (1993) asserts that COO is also regarded as product quality information cue, resembling other dimensions of the quality cues brand image, price etc. which as a result shape the evaluation criterion of the consumers.
According to Schooler (1965), COO can be grouped under three titles:

- **Consumer ethnocentrism:** Consumer ethnocentrism suggests that nationalistic behaviors and emotions, like patriotism, extremely impact consumers' product choices. The definition of the consumer ethnocentrism can be made as the total of the beliefs of the consumers related to the notions like morality and the sense of appropriateness, resulting in the product choices such as domestic product purchase instead of foreign originated products. (Shimp & Sharma, 1987)

- **Country of manufacture:** COM stands as a significant determinant of purchase decisions in terms of a reliable information cue for consumers in some certain industries. According to the research made by Ahmed and d'Astous (1992), the impact of the COM information cues and the brand name are considered as insignificant for T-shirt purchase; on the other hand, consumers gave relative importance on those cues for the purchase decision of high complexity products such as automobile.

- **Country of design:** Chao (2001) voiced that COD is extremely significant element for product perception of consumers, for in the cases as COM loses its worthiness for information owing to the tendency of the multinational corporation's outsourcing efforts. That is how consumers may lay high level of reliance upon COD information rather than COM.

As a remarkable dimension of COO, Chetty et al. (1999) mentions about COO effect on consumers. He asserts that the impact of the COO on an individual consumer's mind can shape the perception of a specific product or service offered by a country, resulting in a strong set of purchase behaviors for the consumer. This unique influence shaping the buyer behavior is called as COO effect that is defined as the impact of the country on the perception and assessment of the consumers pertaining to a country's products (or brands) quality.

Hong and Wyer (1989) COO effect on quality perception changes from the consumers of one country to another. Amine et al. (2005) claims that COO effect can vary when it comes the quality perception of a country by the consumers that evaluate the overall value of the product. For instance, while citizens of USA can assume the products made in Korea as low price, average quality, Southern Asian consumers may regard made-in
Korea products as attractive in terms of price and quality balance. Nevertheless, Schooler and Wildt (1968) noted that the impact of country origin bias of the consumers can be balanced through compromise in the price, yet there are other ways just as Japan followed. Instead of lowering the price with favorable penetration strategy, Japan enhanced the market share through elevating the made-in image of the Japanese products.

According to Kotler (2003), the effect of COO is also subject to change over time. He exemplifies this change as Japan originated products before World War II had a low quality image in the perception of the consumers across world. With industrialization progress over time in Japan, made-in Japanese products, especially in the field of electronic products, have a reputation of high quality in the perception of the consumers. The major reason lying behind this case has been argued by Tamijani & Hanieh (2007). They alleged that the impact of country origin on product evaluation gives, in most cases, a way to a positive result for the countries relatively more developed than those of lesser developed countries.

Another interesting result of the study conducted by Tamijani & Hanieh (2007) about quality perception issue between the developed and underdeveloped/developing countries is that consumers from developing countries have a low "manufactured in" image towards their own countries' products with respect to elements such as durability, reliability, technical superiority and some other product characteristics. According to the result of the study made upon country of origin impact on the quality perception of the New Zealand consumers regarding machine parts and components by Chetty et al. (1999), consumers from New Zealand regard developed countries' products as superior in comparison to the products manufactured in developing and underdeveloped countries.

Ahmed et al., (2004) underlined that positive image of a country upon certain product categories does not have to be the same fixed image on the other product categories; on the other hand, what Kotler (2003) alleged might be valid in some cases for some countries. According to Kotler (2003), in some cases, perception of country of origin may affect the entire product categories of a country such as the Chinese consumers' perception of USA originated products are prestigious; Japanese originated products are rather innovative; Chinese originated products are cheap.
Kotler (2003) also argues that the impact of a country of origin may differ from one type of product to another. In the further parts of his study, he asserts that there are certain countries highly benefiting from the COO reputation on some specific products such as high technological innovations, soft drinks, and tobacco products industries in USA; wine, perfumery industries in France; electronics and automobile industry in Japan etc.

However, according to Verlegh and Steenkamp (1999), along with those industrial level associations ascribed to certain countries as a superiority, it must also be taken into consideration that COO must be analyzed in a product level (product-by-product) so as to make a much more reliable overall generalization upon COO theory.

2.3.1 Three approaches to COO

According to Verlegh and Steenkamp (1999), there are three main approaches towards COO: Cognitive approach, affective approach, and normative approach.

<table>
<thead>
<tr>
<th>Mechanisms</th>
<th>Description</th>
<th>Major findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cognitive</td>
<td>Country of origin is a cue for product quality</td>
<td>Country of origin is used as a “signal” for overall product quality and quality attributes, such as reliability and durability (Li &amp; Wyer, 1994; Steenkamp, 1989).</td>
</tr>
<tr>
<td>Affective</td>
<td>Country of origin has symbolic and emotional value to consumers</td>
<td>Country of origin is an image attribute that links the product to symbolic and emotional benefits, including social status and national pride (Askegaard &amp; Ger 1998; Batra et al., 1998).</td>
</tr>
<tr>
<td>Normative</td>
<td>Consumers hold social and personal norms related to country of origin</td>
<td>Purchasing domestic products may be regarded as a &quot;right way of conduct&quot;, because it supports the domestic economy (Shimp &amp; Sharma, 1987). By the same token, consumers may refrain from buying goods from countries with objectionable activities or regimes (Smith, 1990; Klein, Ettenson &amp; Morris, 1998).</td>
</tr>
</tbody>
</table>

Figure 1: Three main approaches to COO

Source: Adopted from Verlegh and Steenkamp (1999)

As a main aspect of COO, the researches conducted on country of origin relies on cognitive cues such as inner beliefs of the consumers about the attributes of a certain product category just like functionality, quality, superiority etc. Those cues are regarded as "signals" of the product quality (Dawar and Parker (1994)). On the other hand, Hong and Wyer (1989) underlined that if the COO is solely based on signaling process of
cognitive cue, it cannot be well-identified because it also gives emotional and symbolic meaning for the perception of the consumers, which is directly related to the affective cues.

Fournier (1988) alleged that country of origin also comprises affective cues that associate a product with a national identity due to the factors like high level of emotional attachments towards certain products of some brands such as the desire for Ouzo, the cultural Greek drink, of a second generation of a Greek born and grown up in a foreign country.

Verlegh & Steenkamp (1999) argues that the effect of COO may result from a moral action. As a noticeable norm related to the concept of COO, consumers may develop some purchase behaviors for the solely purpose of acting morally, for example the countries like UK, USA and Canada emphasize the importance of domestic product purchase, resulting in the change of the purchase behaviors of the consumers.

It is emphasized that cognitive response towards country of origin encourages consumers to takes choice alternatives into account and make an impact on assessment of cognitive consideration about COO. It is said that all of the cognitive, affective and normative processes are not only interdependent with each other but also with behaviors and preferences of the consumers.(Verlegh & Steenkamp, 1999).

2.3.2 Psychic distance

As a first researcher, Beckerman (1956) was the first one who claimed that when evaluations is made in terms of psychic distance, there are some certain markets in which consumers perceive closer than other markets. Moreover, he gives a favorable example of psychic distance as a Swiss supplier must be perceived closer to a buyer in Italy than a rival supplier in Turkey, regardless of taking into account the shipping cost of the product.

To put into other words, O'Grady and Lane (1996) voiced the psychic distance as the total of differences and similarities between foreign country and home country. All those similarities and differences lead to consumer to develop a certain type of perception towards the products of the other countries, resulting in different level of product stereotypes. Moreover, there are several elements of psychic distance determining the
level of proximity in the perception of the consumers such as language, culture, education, degree of the economical development of the country etc. (Beckerman, 1956).

According to Sousa and Bradley (2004), psychic distance is generally considered as a phenomenon coming to existence owing to the factors related to the level of uncertainty such as cultural and business affairs resulting in barriers against markets situated in overseas countries. In opposition to this assertion, Fletcher (1996) claimed that psychic distance should be assessed at individual level, and cultural differences must be measured at national level. Consequently, similarities and differences between markets situated in home country and overseas countries are dealt with the psychic distance' function of how cultural distance is interpreted through experience.

2.3.3 The link between COO and psychic distance

According to Fletcher (1996), there is an extreme interaction between COO concept and psychic distance concept. Whilst country of origin is a variable for consumer decision-making process, psychic distance is a variable used by sellers in the decision making process.

Fletcher (1996) asserts that by harmonizing those two concepts, we can truly understand how consumer perception is shaped. COO impacts on buyer/importer part, and psychic distance affects seller/exporter part as a reciprocal international relationship, then those are vital factors driving consumer perception, and there is highly significant connection between both parties. As opposed to the idea about psychic distance that Fletcher (1996) argues, Ellis (2008) asserted that psychic distance concept is an important element to understand consumer behavior. This is why COO and psychic distance are remarkable concepts to search for the quality perception of consumer about foreign originated brands.

Fletcher (1996) argues that factors lying behind both COO concept and psychic distance concept are culture, language, business relationships, political and economical environments, education level, information availability etc. According to Low and Fletcher (2004), both of the concepts are fairly affected by culture as a main value of a given society. That is why culture, as the most significant element of the both concepts, is regarded as common ground where both COO concept and psychic distance concept meet to understand consumers' tendency about quality perception.
2.4 Theoretical model

Based on the literature reviewed, we develop the theoretical model below.

Figure 2: The theoretical model

According to developed theoretical model consumer perception of quality could be influenced by Psychic distance and country of origin (COO). Quality consists of Physical and service dimensions. Physical quality includes factors such as performance, aesthetic, durability and comfort. Service quality covers various perspectives such as after sell service. COO and psychic distance can have either positive or negative impact on what consumers perceived about quality.

3. METHODOLOGY

Methodology comprises the methodology approach, research design, research method, data collection, operationalization, validity and reliability.

3.1 Methodology approach

There are two main approaches to conduct research. According to Bryman and Bell (2007), these are deductive and inductive approaches.

The inductive approach goes from particular to general. Moreover, the main reason to gather data is to have means to formulate theories. According to this approach, theory
comes to existence with the help of observations derived from empirical data and the total of all the findings (Bryman and Bell, 2007).

Bryman and Bell (2007) further argues that a researcher conducting an inductive approach is required to gather data; later on, according to the collected data, the theory shall be constructed. The most significant philosophy of this approach is the result of research that gives birth to the theory.

According to Bryman and Bell (2007), the deductive approach offers a theory that is formed up first, and then applied to the practical and operational gaps. There are many stages that must be taken into account in the deductive approach. The first thing to do is to find a problem area with conflicts that are worth studying. Having found it, the researcher should assert a hypothesis to seek for the ways in order to resolve the conflict, and then eventually approve the theory through the research conducted (Bryman & Bell, 2007).

Saunders, Lewis and Thornhill (2003) state that one of the most significant dimensions of the deductive approach is that it intends to find explanations and answers why some certain phenomena have some certain characteristics.

Saunders, Lewis and Thornhill (2003) further argue that to be able to find explanations about the characteristics and traits of a certain phenomenon, the vital thing is to benefit from controls so as to study, test and analyze the hypotheses that have formerly been developed. These controls are expected to provide that the situation A takes place owing to the situation B, which are happening separately, not at a time. This is why a researcher must first operationalize and then clearly identify the variables that are subject to research.

According to Saunders, Lewis and Thornhill (2003), a negative aspect of deductive study might be that if the high level of independence could not be achieved, the result of the research might be biased. Moreover, it can also be hard to interpret what the interviewees really mention during the interview, in comparison to numerical outcomes derived from quantitative studies. Based on this statements, we became aware of certain limitation of deductive study and we try to avoid the negative aspect of it.

As mixture of both deductive and inductive approaches, an abductive approach comes to existence. We can simply define it as follows:
To conduct our research, we strictly relied on the deductive approach owing to the reason that the nature of the topic chosen as the basis of the study is extremely dependent on several theoretical frameworks developed by scholars in this field of the study. Therefore, as a first step of our research, we consulted the literature to find theories about quality, COO, and psychic distance concepts. In order to provide high credibility to our research, and abstain from the personal bias of ours, we intended to find independent interviewees who had their own objective ideas about the quality perception of the intended industries.

3.2 Research Design

According to Sontakki (2010), the research design is a vitally important element determining whether the research will be successful, or not. Research design is defined as a mixture of the structure, plan, and strategy of research to be able to find out responses to the questions addressed in the research.

Bryman and Bell (2007) argue that there are mainly two methods to conduct a research: Qualitative method and Quantitative method, which might be, in some cases, complementary with each other.

Bryman and Bell (2007) state that quantitative research is composed of data collection and analysis that will gradually be translated into numerical outcomes. The most prominent way to conduct quantitative research is made through a survey method.

On the other hand, Parasuman et al. (2006), asserts that qualitative research makes interpretation and analysis regarding the information gathered, which cannot be quantified in terms of the numerical outcomes. According to Kolb (2008), the definition
of qualitative research can be made as the study that reveals the attitudes, ideas and judgments of consumers rather than focusing on the reality and factual conclusions by continuously addressing “What” and ‘Why’ questions. There are several ways of conducting qualitative research. Those methods would be observation, interview, focus group etc.

Moreover, Javalgi, Granot and Lejandro (2011) argue that conducting a specific research, using qualitative method is fairly suitable for cross-cultural and mainly social-oriented researches, since it creates deeper insights into research issue with regard to social and cultural phenomena.

Figure 4: Elements of qualitative methods

According to Churchill and Iacobucci (2005), the most well known qualitative research technique is made through focus groups and personal interviews through which researchers create insights to the set of feelings and attitudes concerning products. The average number of people for a focus group is composed of 6-10 people questioned by a moderator regarding some certain products and services. The moderator manages the
group by addressing related questions, yet he highly relies on natural flow of their
discussion, ideas and interpretations instead of solely asking questions, and writing down
the answers.

Kolb (2008) states that a personal interview associates the experienced and
knowledgeable people's information to a current research problem. Anyone who holds
information such as target customers, sales representatives, managers, and retailers of the
researched industries, is eligible for an interview.

According to Saunders, Lewis and Thornhill (2003), a negative aspect of qualitative
method that may cause to biases that lower the level of the credibility of the research
could be the choice of the interviewees and the interpretation of their comments.

We selected qualitative research techniques through focus groups and personal
interview methods because we intend to improve the knowledge of a consumer's feelings
about product quality perception. Through the mix of those two methods, we can inquire
the interviewees' thoughts and feelings in order to understand the effect of COO and
psychic distance concepts on consumer quality perception. To prevent any kind of
biases, we spend our best effort both to understand each statement they talked, and to
interpret their comments the way what the interviewees really meant and mentioned by
asking further question to clarify the unclear statements and parts in both interview and
focus group.

We addressed same questions in personal interview and focus group so as to provide
higher credibility to the research through the awareness of the differences and similarities
of the results and statements in both personal interview and focus group. In personal
interview, we did not let interviewees interact with, and affect each other. We collected
their own ideas, notions and feelings. In the focus group, we manage the group without
spoiling the natural flow of the debate by the lead of interviewer. Moreover, in the focus
group, we let interviewees interact with each other, and come to the conclusion about
their quality perception in relation to COO and psychic distance concepts with the help
of the related questions addressed.

To conclude, we had high level of awareness whether our interviewees were affected
by one another owing to the atmosphere of the meeting environment and the flow of
debate because we desperately needed their own thoughts shaped by their experiences
and feelings. In this term, we used personal interview to reach those feelings, experiences and thoughts of the interviewees. However, we also needed interaction among the interviewees in order to surface either the notions hidden in the sub-conscious or out-of-mind ideas, thoughts and criteria of the interviewees, which might expectedly help them realize different aspects and dimensions of the quality perception. In this term, we benefited from focus group method.

According to these statements, we conducted our study in:

1. Personal interview
2. Focused group

3.2.1 Interviewees selection

According to Lu (2013), one of the dimensions of Non probability sampling method is purposive sampling.

According to Auerswald et.al (2004); Topp, Barker, Degenhardt (2004); Babbie (2011); Patton (1990), purposive or judgmental sampling is a sampling method which chosen respondents are able and willing to provide information from their knowledge and experience. The purposive method consists of choosing potential respondents, verifying inclusion criteria and asks whether the respondent is interested to participate in the study or not.

Based on the study about the perception of automobiles, we intended to sample a group of people who have both owned and driven an automobile; therefore, the sampling group is associated with criteria. It was intended to choose among people who have owned and experienced at least one automobile from the Japanese, German and American industries due to their direct relationships with one of these cars. Regarding these statements, we have chosen the non-probability sampling method in the form of purposive sampling, in order to define the criteria for the sampling group. The criteria limit the sampling group to those who have owned at least one of the German, American or Japanese cars.

It must be noted that for both personal interviews and focused group discussion, we have sampled the interviewees according to non-probability sampling method.
It should also be mentioned that all members of the group discussions differ from all members of personal interviews.

All of the members have been introduced by the third person and have no personal relationship to interviewers.

**Personal interviews interviewees**

Personal interviews include 6 interviewees:

The first interviewee is Swedish self employed who runs his own super market in Stockholm. He owned an American automobile for five years and has now owned a German automobile for 3 years. According to his statement, he is interested in automobiles that follow the new models of various automobiles' companies.

The second interviewee is a Swedish employee of a firm (Requested name and type of the firm to stay anonymous). He owned a Japanese car for 5 years and has currently owned and used German automobile for 2 years.

The third interviewee is Swedish who works for the government. He owned a Japanese automobile for 2 years and since 3 years ago, he has owned and used a German car.

The fourth interviewee is a self-employed Swedish who owns two restaurants in Goteborg. For 3 years, he owned an American automobile. As of today, he has currently owned a Japanese car for 3 years and has also recently bought a German car 2 years ago.

The fifth interviewee is a Swedish student who currently does his internship in Bauman Technical University in Russia. He currently owns an American automobile that he bought 3 years ago. According to his own voice, he is quite interested in automobiles as well as being a follower of news about different models of cars.

The sixth Interviewee is Swedish PHD student in Sweden. He is studying in a Business Administration faculty. Despite of his education, he is working within an insurance company (He willed to keep the name of the company anonymous). In the past, he owned both a Japanese and an American car for 2 years. He currently owns a German car.
It is good to note that all of the interviewees mentioned that they purchased their cars as first hand products.

According to all interviewees, the personal information such as their name and surname as well as level of income was desired to remain anonymous.

Focused group interviewees

In the focused group discussion, we have chosen people who have had experience being owners of at least one of all Japanese, American, and German automobiles. Due to our choice of study, this is a legitimate group of individuals for our research.

It must be noted that all 6 members of the group currently own or previously owned one model of all Japanese, American and German automobiles.

The interviewees include 3 Swedish students who currently study on a PHD level of business administration within same university (the name of university was willed by them to remain anonymous). Also, among 3 Swedish selves–employed interviewees, one owns his own restaurant in Stockholm, the second individual owns a supermarket in Kalmar, and third owns a barbershop in Malmo.

It must be noted that all of the interviewees willed to keep the name of themselves, their businesses, and the level of income anonymous. Also, it should be mentioned that they purchased their cars in first hand.

3.2.2 Interview administration

The interviewers and project researchers were the same persons. Total duration of personal interview was 90 minutes. Each interview lasts within 10 to 20 minutes based on the data expressed by interviewees. The duration of group discussion was 120 minutes.

The personal interview has been held by face to face conversation between interviewees and interviewers and each one of the interviewees has been interviewed separately. During the personal interviews the leading researcher/interviewer acted as a person who asked questions. This individual tried to encourage the interviewees to break in more details as well as trying to lead the interview according to the questions and study guideline. Following this procedure helped avoid unnecessary discussion. The other
interviewer acted as a recorder of given data. A voice recorder documented the
interviews’ contents.

In the focused group discussion, all members as well as interviewers gathered together
and the discussion has been held with the full appearance of group members and
interviewers. 6 interviewees and 2 interviewers came together around the table and
talked about the topic. During focused group discussion, one of the interviewers was
leading the discussion group. He tried to motivate interviewees to break the
conversations into detail and make discussion about the questions. He tried to move the
discussion toward the study and avoid the unnecessary topics. The other interviewer
acted as recorder also using a voice recorder to document the discussions’ contents.

It is good to note that the questions are provided by the consultancy of this project's
researchers with one another.

We used the same general questions for all of the interviews. The general questions are
semi-structured and touched on the main dimension of the operationalized model, as
shown in the Appendix. As stated above, the focus group discussions were interactive
between the members. Thus, when we asked the main questions, the discussions usually
took up some of the sub-dimensions. We then asked follow-up questions to probe the
remaining dimensions. We used the same format in the personal interviews. In all cases
the interviewees described one or two sub-dimensions initially. We then followed up
with questions to find out about the remaining dimensions.

3.3 Data collection

According to Kotler and Armstrong (2010), there are two main types of data: Primary
data and Secondary data.

According to Kotler and Armstrong (2010), primary data collection is achieved
through study or research made in certain areas of interest for the first time where the
required data was not previously present. Along with the value and necessity of this type
of data, it might sometimes be time-consuming, and expensive in comparison to
secondary data through the elements of the qualitative research such as surveys,
observations and/or the elements of the quantitative method such as in depth interview,
focus group etc.
Kotler and Armstrong (2010) argue that in spite of the significance of the primary data for the study, the secondary data is regarded as the first type of data owing to the ease of gathering it. The secondary data already exists, and may be gathered for different purposes. Comparing with primary data, secondary data is gathered faster and at lower cost with a high level of flexibility and availability mainly through the internet, statistics, and newspapers.

Figure 5: Sources of data

Source: Adopted from http://esfsourcebook.eu

In the examination of this study, we found ourselves in a situation in which there was not a previously conducted research about the quality perception in car industries in relation to COO and psychic distance concepts. Therefore, we will rely heavily on primary data owing to the reason that this study is exploratory. To gather primary data, we will use mix of interview and focus group methods to find out the quality perception of Swedish consumers by addressing related questions to our carefully chosen group of people. Our study bases on qualitative research techniques due to the nature of the major topic that we chose to study on.
The study is being conducted here in Sweden. We therefore, have the means to easily be able to reach to those consumers, and to form the efficient study group that will provide the highest contribution to the credibility of the research. Another reason is that, as an industrialized country, the structure of the consumers perception in Sweden might somewhat be representative to the other industrialized countries' consumers perception.

3.4 Operationalization

Interview guide designed according to developed theoretical model. The questions criteria include:
Table 1: operationalization model

<table>
<thead>
<tr>
<th>Topics</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>✷ Country of Origin and psychic distance perceptions</td>
<td>Questions 1,7,13</td>
</tr>
<tr>
<td>✷ Quality</td>
<td></td>
</tr>
<tr>
<td>1. Physical Quality</td>
<td></td>
</tr>
<tr>
<td>• Performance</td>
<td></td>
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<tr>
<td>o Speed</td>
<td>Question 2,8,14</td>
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<tr>
<td>o Flexibility</td>
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<td>o Power</td>
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<td>o Safety</td>
<td></td>
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<tr>
<td>• Durability</td>
<td>Question 3,9,15</td>
</tr>
<tr>
<td>o Lasting duration</td>
<td></td>
</tr>
<tr>
<td>• Aesthetics</td>
<td>Question 4,10,16</td>
</tr>
<tr>
<td>o Beauty and design</td>
<td></td>
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<tr>
<td>• Comfort</td>
<td>Question 5,11,17</td>
</tr>
<tr>
<td>o Technology and equipments</td>
<td></td>
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<tr>
<td>o automobile design</td>
<td></td>
</tr>
<tr>
<td>2. Service quality</td>
<td></td>
</tr>
<tr>
<td>• After sales service</td>
<td>Question 6,12,18</td>
</tr>
<tr>
<td>o Spare parts price and availability</td>
<td></td>
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</tbody>
</table>

People's perception toward quality in Sweden
Questions are including two dimensions of quality. First is the physical quality of automobiles. The second is the service quality.

Regarding physical quality, a set of characteristics have been mentioned and compared in German, American and Japanese automobile. These characteristics are:

- **Performance**
- **Durability**
- **Aesthetic**
- **Comfort**

According to the theories (mentioned in the theory section), there are sets of quality characteristics, which are significant measures for product quality. Within the characteristics, 4 alternatives have been chosen.

Based on the theory, in terms of services, the after sales service (which is one of the dimensions of service quality) has been selected.

By asking question about the different dimensions of quality, we attempted to receive insight about Swedish people’s taste toward German, Japanese and American automobiles as well as trying to gain an understanding about their quality perception. Then based on findings, we also intended to answer other question regarding the country of origin (COO), and psychic distance impact on people's perception of quality. According to the consumers' perceived quality, we can understand how people are affected by COO and psychic distance. In other words, we can learn how short and long psychic distance creates positive and/or negative influence on consumer's perception toward the product and how far the background within the country of origin can create a positive and/or negative perception on product quality.
3.5 Validity and Reliability Discussion

In this part, we will discuss the significance of validity and reliability.

3.5.1 Validity

According to Michael (2007), when we ask the question ‘How valid is it’, we are seeking whether the data that is selected qualifies to find what the author is researching for. This is why validity corresponds to the level to which the data ensures the relevant and required information, which is a subject to our study. In this term, there are two approaches: Internal and External validity.

According to Michael (2007), internal validity makes sure whether the procedures that are selected affect the gathered data. We usually conduct research in order to identify cause and effect relationship. In this regard, Hansen (1998) states that we search for whether the evidence is sufficient or poor to be able to make a conclusion. This is why if a research includes the sufficient level of instruments of internal validity, it is said that there is sufficient evidence of causality, or vice versa.

Michael (2007) asserts that external validity corresponds to the level of the possibility whether or not the findings are qualified enough to generalize. It gives the answer of the question 'Will it constitute the relevance to the contemplated research'. Hansen (1998) states that external validity can be grouped into two:

Population Validity- The more representatives, the higher level of possibility to generalize the population from the sample.

Ecological Validity- Generalization across population happens only if the finding of particular research is conducted in lots of different people including those who are not represented in the sample.

As Michael (2007) offers the significance of generalizability of the findings, we intended to qualify our study to the extent that both theoretical and empirical level can be generalized through high level of variability in theoretical data and empirical. In order to enhance the scale of validity, we utilized many different resources to successfully present different ideas and notions of many scholars in the process of theoretical data collection. To be able to abstain from adding our personal biases into our study, along
By choosing focus group along with personal interview, we intended to balance the level of interference of interviewer in personal interview by letting interviewees express what they personally think because we did not mean to disrupt to the natural flow of discussion among the focus group by solely asking narrow and biased questions.

### 3.5.2 Reliability

According to Hansen (1998), when the question 'How reliable is the research?' is asked, the gravity given the question strives to determine the level of the accuracy of data that was gathered. The main focus is on the findings to identify whether they are 'the truth, the whole truth, and nothing but the truth.' (Hansen, 1998)

Hansen (1998) states that reliability, hence, corresponds to extent to which the data are 'truthful' and the level to which the research's results are 'replicable'.

Hansen (1998) further asserts that reliability can only be ensured as a result of data gathering from multi-sources (so-called triangulation.). Iterative data gathering for similar results might show reliability, yet it does not promise for reliability. However, according to Hansen (1998), putting different segments of a procedure into test may show reliability. The most important thing is that the instruments should be valid; otherwise, invalid results are the most probably going to happen.

In this regard, we, as a first step, intended to provide high level of validity so that reliability can come out. After collecting data, and making analysis, we supported our findings with the help of the concepts and assertions of the researchers and scholars mentioned in theory chapter.

We can advocate that our research findings and conclusion of the study shall remain valid as long as socio-economic dynamics of the Swedish society does not change owing to the fact that we utilized many resources in the theoretical data collection to find the remarkable aspects of quality perception, and we ensured high level of variety in interviewee selection.

To conclude, to be able to provide validity and reliability to our research, we used different resources from many authors, and chose people from different fields and socio-
4. EMPIRICAL FINDINGS

Empirical study results are:

4.1 Focused Group Discussion

The group members first discussed about their perceived quality of automobiles in terms of five dimensions: Performance, Aesthetics, Durability, Comfort, and After Sales Service. They argued upon which factors can determine performance, durability, comfort, and aesthetics as well as after sales service.

Performance

All of 6 interviewees emphasized that qualified automobiles must be able to accelerate quickly. It should be capable of moving at a high speed as well as being flexible as a response to unexpected factors. In flexibility terms, factors such as turning on time in curvy roads while going at a fast paste were agreed by a discussion group. They also assert that flexibility can be related to steering wheels as well. This simply means that they must also be flexible and easy to move with high functionality to make the car capable of rapid reaction. According to the discussion group, characteristics involving engine power and cars body resistance are also regarded as important. In this regard, it was argued that the engine power contributes to quick acceleration of the cars speed, and the body resistance is significant elements of cars’ security. It was claimed that resistance in the body could decrease the possibility of damage in accidents for both the automobile and the passengers. It was also argued that the number of air bags could be important in cars security as well as providing more safety for the passengers in intensive accidents.

Durability

The interviewees also prefer to have cars containing long lasting components. They also perceived qualified cars as the one, which has durable parts with low depreciation. It was mentioned that if the components of cars resist the tear and wear effect of the
environment in longer duration, they are durable and vice versa. It was also mentioned that qualified automobiles are more durable and the components last longer.

**Comfort**

They argued that the comfort of a car depends on a certain set of elements. One of the factors that have been discussed is the design of the interior room of the car. It was mentioned that a comfortable car has enough room to easily fit 5 passengers; 2 in the front seats (including driver) and 3 in the back seats. It was also discussed that all 5 passengers must be able to sit comfortable and freely. Included in the group discussion, it was stated that the design of the chairs could be a significant comfort factor of the automobile. The group also mentioned that the material of the seats as well as their design could be quite effective on comfort. The group also argued that the equipment on a car could also provide comfort, that being either manual or automatic, depending on the customer's desire and taste. The point of this custom is to make the equipment easier for the customer to use.

**Aesthetics**

In this part, each member of group discussed its own interest and perception about aesthetics. One said "I would prefer cars with dark color and uncommon design", while two people emphasized that the big cars, in terms of length are more appropriate as well as being more attractive. One claimed that he liked cars with a classical look. Two members also said that it depends on the cars manufacture. They agreed upon one statement that perceived quality in terms of aesthetics depends on specific sets of factors such as color, design and view. This is very personal due to each individuals perception regarding the beauty in his/her own way.

**After sales service**

The Group also discussed that the after sales service quality depends on various factors. It was argued that the price of spare parts as well as their availability could be a significant part of the after sales service. It was also discussed that the duration of warranties and the related condition such as comprehensiveness of them also have an influence on the perception of after sales service quality. The group also discusses the repairing services. It was mentioned that relative price of repairing services that the car's firm offer is also important and it can be varied depending on the country, and the car's
brand. It was also claimed that in some countries, the repairing services of certain car models include warranties, free of additional charge, during the time period of making the purchase.

The members agreed that the car, which possesses more of these mentioned elements, is considered more qualified by them.

According to what has been discussed, the group members further argued their perception about the quality of German, Japanese, and American cars.

**German automobiles**

All of the group members discussed about Germany as a country with high technological capability. They all mentioned that Germany is highly industrialized and developed country. They continued by saying that after the World War 2 Germany experienced the important economical recovery and currently after several decades Germany is well known in terms of production technology and production process throughout the world. Majority of members claimed that German automobiles possess high quality and they considered most of German cars as reliable ones. Almost all of the members asserted that they perceive German cars close to their expectation in terms of quality.

All of the members agreed that German cars are fast and capable of high speed, as well as the security of German cars. They also discussed that German cars have several airbags and the body of the cars are resistant to accidents. It was also claimed that, despite of high body resistance, the intensity of an accident is important, and if the accident is overly intensive, then the most resistant car's body might not resist the collision and damage of the accident. 4 out of 6 members agreed that spare parts and repairing services of German cars are more expensive in comparison to the income that they earn, however, it is agreed that the availability level of spare parts are high and it is possible to find them quickly in different parts of the country.

They continued to say that the warranties of their German cars are relatively shorter than other automobiles that they owned. They also claimed that their German car's warranty, covered majority of eventuality that could happen during the usage of an automobile. The group continued to state that German cars are capable of a fast response to the sudden danger as well as having steering wheels that are soft and hydraulic. The
members of the group agreed that German cars are beautiful. For example, the X6 model of BMW was mentioned that the model is most unique in the world. This statement was agreed by the confirmations of other group members.

All group members mentioned that overall, they were satisfied with the German cars, which they own and/or owned. Regarding these statements, one member said "It seems like German manufacturer knew what I wanted while producing the automobile and I am very satisfied with that." 5 out of 6 members claimed that the German automobile, which they own and/or owned, possessed and/or currently possess the most of comfort aspects that they discussed about. All members said that the durability of German cars, according to their experience, is high and the components are long lasting.

American automobiles

The group members also held a discussion about the American cars. First they discussed that Americans are leader in the science fields and America is powerful country. They also mentioned that America is a developed country in technological terms. They argued that America was pioneer of the commercialization of cars as well as being one of the leaders in the car industry until recent decades. As an outcome, due to the set of factors, they lost their position in the global automobile market. However, they expressed their recent experiences on American automobiles. In further discussion, they all agreed with the significance of engine power of American automobiles and claimed that American cars have a high acceleration rate.

They also mentioned that American cars have strong body resistance providing a high amount of security. Almost all of the group members asserted that American cars are not comfortable. They were discussing about the interior room design of American cars. According to their experience, they stated that the design does not provide much space for the passengers, and the long period driving with American cars makes the driver exhausted. Regarding comfort, one of the members said "American cars are not even comfortable for the passengers".

It was also agreed by 4 out of 6 members that American cars are not durable. They further added that according to their experience the inferior parts of American automobiles are short lasting. Regarding this statement one said, "I have an already 2-year old American car and I have changed window handler three times". They continued
to say that when it comes to inferior parts, the components of the automobile are still usable for driving, even if they break down.

In terms of engine durability, the group continues to mention that American cars they were using have long lasting features. 2 out of 6 members disagreed on the statements of the other group members about the American car's life expectancy. They also claimed that according to their experience, the American cars not durable in neither inferior, nor main components as well as the components were supposed to be changed frequently. It was agreed that their American cars' spare parts were expensive in comparison to their income. The required spare parts lasted longer than other cars that they owned. Repairing service fees were relatively high for them.

The group also stated that the warranties duration were short. At the end of the discussion, all of the interviewees perceive American cars with set of both high and low quality in various dimensions of automobiles. In this regard, they claimed that they perceive American cars close to their expectations. In some cases, these certain aspects are far from their personal preferences.

Japanese automobiles

Members of focused group claimed that Japan is industrialized country with high production capability. The group members also discussed about economy boom in Japan after the World War 2 and they claimed that Japan obtained significant reputation within the countries in terms of industry and production technology. It was mentioned that Japanese companies lead many production fields such as home appliances industry, electronic equipments (laptop, T.V, Game consuls).

The group also discussed that Japanese producers are quite active in order to improve their reputation and successes in Swedish Market. They said Japanese companies put their best effort to provide comprehensive information service and advertisement for the customers in Sweden. They tried to attract customers to their product by providing special offers such as comprehensive services or cheaper prices and they achieved great success by that. However the group members said that the success might not cover all market areas and Japanese producers are not pioneers in various markets and they need to improve their reputation in those areas.
One of those market areas which were mentioned by group members was automobile market. Members perceive that despite of great effort of Japanese cars manufacturers, the Japanese automobiles still need improvements and they are not leader in global automobile market.

The group also discussed about the quality of Japanese cars. They agreed that Japanese cars developed a lot during the recent decades and could improve their image and reputation within the global automobile customers. Regarding this statement, one of the group members said that "15 years ago I would not even think to buy Japanese cars, but now I own one of them".

They also discussed that Japanese cars are comfortable and the design of the room and the seat forms are quite appropriate for the passengers and drivers. They also claimed that Japanese cars are well equipped with technological devices such as DVD/CD players, and high quality speakers. But they also agreed that Japanese cars are not long lasting cars and the components break frequently.

The group continued to state that the Japanese cars steering wheels are not flexible and easy. Regarding these statements, one of the members said "I had a Honda civic and I experienced the accident with a tree because of low flexibility of the steering wheel when the speed was just around 70 KMPH".

It was also agreed by members that Japanese cars are not secure and the cars body are not resistant against intensive accidents. As far as aesthetics the discussion group failed to come to an agreement. 3 out of 6 members perceived Japanese cars to be well designed and beautiful, while the other half considered Japanese cars to have a low quality of design.

It was also agreed by all members that Japanese cars’ after sales service quality is quite well. It was further mentioned by the group that the spare parts availability and relative prices are quite fair and the Japanese car manufacturers provide comprehensive repairing services with reasonable prices.

The group also agreed that Japanese car companies provide longer term warranties in comparison with German and American automobiles. However, they have ultimately agreed that they perceive Japanese cars as low quality. Regarding this statement, one of the members said ""I would rather to use Japanese T.V rather than the Japanese car"."
4.2 Personal Interview

1. The first interviewee talked about Germany. He claimed that Germany is very industrialized country. He mentioned that Germany has high technological capability and is able to produce qualified product in different market segments. He also asserted that German automobiles fulfill most of his expectations. Moreover he talked about his quality perception on German cars. Interviewee said that German cars have high acceleration as well as being capable of high speed. It was stated that they are well performing cars as well as possessing a beautiful design. He also mentioned that they are quite comfortable and components are not posing trouble in short period of time. He also talked about the after sales service of German cars continuing to state that spare parts are very expensive for him. He continued to mention that the needed components were available and the accessibility to them was fast and easy. He further mentions that repairing services for German cars are expensive, yet his German car’s warranty covered almost all of the expenses, being quite comprehensive.

The interviewee claimed that Japan had rapid development in production technology during the recent decades. He mentioned that Japan obtained peak position in technological equipments segments. However he further talks about Japanese cars and he states that he does not think Japanese cars are appropriate for his taste. It is said that he thinks Japanese cars are not durable and the depreciation rate is quite high. He also said even though he has never driven a Japanese car, he experienced an accident against a Japanese automobile and the Japanese car received a great deal of damage while not being a intensive accident. He also claimed that he didn’t own a Japanese car and has no expressions about after sales services of them.

The interviewee a further describes his opinion about the American cars. He described that in his opinion American cars were one of the leaders in automobile industry. Due to technological development of America, the car industries as other product developed in earlier ages, however, he said that in recent years American cars were not as qualified as before. He goes on talking about his personal experience. He said that he owned a Chrysler. It is stated that the Chrysler had strong body resistance and high engine power. He also liked the way that his car looked like but he described that he was frustrated with the level of comfort. He said during long journeys, he was often getting tired, and he was also not happy with the spare part prices and availability. The interviewee also states that
the repairing fees were too expensive for him. He complained about the short duration of American car's warranty from his own point of view.

2. In the second interview, the interviewee claimed that in his opinion Germany is advanced industrialized country with the high technological capability. He said that Germany is the heart of the European industry and the economy size of Germany is the largest within European Union. He asserted that in his opinion the German production in different major is highly reliable and he trusts the quality of all German products in various market segments. He talked about quality of German cars. The interviewee states that they are fast car and they contain flexible steering wheels as well as flexible movements in windy roads. He continued and said that they are secure cars, the brakes system of the cars are equipped with ABS system, and quite functional in dangerous positions. They possess useful and comprehensive airbags from different sides of the car and strong body resistance. He mentioned that the spare parts are highly available throughout Sweden. He also states that the spare parts and repairing services of German cars are expensive. The warranty duration is the same as the other cars depending on the model. He also mentions that his car has a short duration of a warranty.

The interviewee talked about Japanese production. He said that the growth of Japan in technological capability during the recent decade is well known. He mentioned that Japan is leader in technology and information fields throughout the world. He claimed that although Japan had significant development in production but in terms of automobile they still are not highly reliable for him. He also described that he sees Japanese cars different from his personal expectation. He continues to express comments on Japanese cars. He said that he owned Japanese cars for three years and he was satisfied with the repairing service and spare part prices of his cars as well as their availability. It is mentioned by him that Japanese cars have comprehensive warranties along with a long-term duration. He also said that the components were breaking frequently and although the prices of spare parts were cheap in his opinion, he needed to pay for one of them many times. His example of unreliable parts was the sparking plug. He had to frequently replace it because it was not durable. He also said that he does not think the body of Japanese cars are resistant against the accidents. He further states that the low flexibility of steering radius of his own car while the car was being used. The interviewee also mentions that there is not too much to talk about when it comes to the Japanese cars designs and beauty. He said even though most people consider Japanese
cars to be beautiful, in his categorization, they are not considered one of the most beautiful automobiles. He said Japanese cars are possessing comfortable interior design and in technological terms, they are well equipped.

The interviewee talked about America. He continued by saying that America is world leader in economy and politic terms and the capability of American in production technology and capability is quite high. He said that America has well reputation in global automobile market but American automobiles were not being used by him and he never had one of them. Moreover he expressed that he is not familiar with American cars but as he notice several of them in journals, he was attracted by their design and beauty.

3. In third interview, the interviewee said that Germany is technologically advanced country. Germany is world peak in machinery and they are capable of high quality production. He also mentioned that Germany in automobile terms is one of the global market leaders. He continued by claiming that German cars have comfortable room and nice interior design. He continued and said that they are fast and powerful. He also said that technology used in the car's room is quite comprehensive and make the driving enjoyable and the design of the room making the driving with German cars because the seating place is big and the chairs are comfortable. He also said that he is quite satisfied with the services and spare parts availability as well. However he added that the repairing services as well as spare parts are expensive for him and the warranty duration is not satisfying him and he thinks it is short. He added that he is very happy with his German car and said "Germany provides high quality in manufacturing many products - not just automobile".

The interviewee claimed that Japan is advanced country and grew a lot recently. He mentioned that after World War 2 Japan had great economical recovery and currently they are global leader in electronic market segments. He described about companies such as Sony and Panasonic that they are one of the bests in electronic equipments production. He also talked about Japanese cars, he said that Japanese automobile companies developed a lot and obtained well reputation recently however they need to improve more because in his opinion they are still not one of the world leaders in this area. He explained about his experience on Japanese cars. He mentioned they are fast cars with quite comfortable rooms and they are appropriate to his taste in terms of beauty and design. But he talked about his experience regarding the security of Japanese cars while
he owned one of them and he felt that it is not very resistant against intensive accidents. The ABS brakes according to his experience are not holding enough on snowy roads. He continued and said that car's components were not lasting for long time and he said that "I bought Honda Accord and after one month the car cooler stopped working". He said that that he thinks Japanese spare parts are available in every regions of the country and spare parts prices as well as repairing service fees are fair and he is satisfied with it. He mentioned that in his point of view Japanese cars companies offer comprehensive warranties that cover the majority of eventualities and the warranty durations are fairly long in his opinion.

The interviewee also mentioned that America is world super power and possess high capability of production. He said that Americans contain high production technologies that make them enable of producing qualified products. He also mentioned that America is science leader throughout the world. As well as second interviewee, he also said that he never owned and drove any American cars and cannot describe about it very well. He said that he cannot give us any idea of how he perceives the quality of American cars and said he does not have any perception about them specifically.

4. In fourth interview, the interviewee claimed that Germany has well reputation in production technology. He mentioned that Germany is the leader in global automobile market. He also described that the German cars are close to his standards and they satisfy his expectation in automobile terms. He also talked about his own experience about German automobiles. He said that German cars are comfortable and durable but he said when components are breaking he needs to spend too much money to fix them. He mentioned that even repairing services for German automobiles consume lots of money in his opinion and warranties are not providing services for long period of time after the purchasing. The warranty duration is short in his point of view. He said he never had accident but he feels safe while driving with his car. He talked about the beauty of German models and was emphasizing on AUDI cars and he mentioned that all models of AUDI attracting him to themselves and he loves the appearance of models of this car brand. He also mentioned about technology used in German cars and he is quite impressed with it. He said "I feel like I am at home while driving with my car because it has everything that I need to live and it is comfortable".
The Interviewee mentioned that Japan had great improvement in production process and technologies recently. He claimed that now Japan is one of the leaders in automobile industries. He talked about his personal experience on Japanese cars and said that they are fast and have comfortable rooms. He said that he thinks in term of security and body resistance they have low quality and not trustable in accidents because he thinks they damage a lot. He asserts that he is satisfied with repairing services and availability of spare parts as well as the prices in terms of services. Also he mentioned that he is satisfied with the duration of warranty.

The interview stated that America is developed country and is leader in scientific researches. He mentioned that America has significant production capability in many market segments. He added that American automobile is also well known and has well reputation however in his opinion recently the American faced the recession in their automobiles global position. He continued by saying that older American cars are better than the models that have been produced during the recent years. He talks about his own experience and how the American cars are not comfortable. He also mentions that the level of flexibility in steering wheels is quite low. The spare parts are expensive and lack availability. He also asserted that the repairing services are expensive for him and the warranty duration is low. He further discussed his opinion on the engine of American cars. He said American engines are powerful ones and last long without breaking. In addition, the interviewee also states that during his ownership of an American automobile, while experiencing an accident, the car received a low level of damage, proving that American cars are body resistant. He also was satisfied with the beauty of his car and he said that he thinks most of American cars possess classic views, which makes them beautiful.

5. In the fifth interview, the interviewee described his opinion toward Germany. He said that Germany is highly industrialized country. He claimed that Germany has the highest Gross Domestic Product (GDP) among the countries of European Union. He also said that Germany has high production capability and German automobile industry has well reputation in automobile global market. However he expressed that German cars are different from his standards and expectations. He mentioned that the German cars are not his preference, and has never driven them. He continues to say that even though he likes American cars, they are highly qualified. He also said that he could not comment on the qualification of German cars precisely because he does not have information about it.
The interviewee expressed the same thing about Japanese cars. He states that he never owned a Japanese car, but when he drove one, his opinion was that they are fast and comfortable. In addition he stated that Japan increased its capability in production and currently is one of the world leaders in production technologies and machineries.

During the interview, he states his view on American cars. He discussed how he perceives them as cars, which satisfies his needs and expectation of an automobile. In addition, he says that they are well-designed cars with a beautiful view. He further claims that American cars are secure and there body resistance is high. Further into the interview, he mentions that American cars are enjoyable to drive. He also said that the components are long lasting, but the spare part prices are high as well as having expensive repairing services. He further claims that American cars have long-term, comprehensive warranties. In this regard, he states that the American companies offer warranties for majority of driving outcomes and eventualities. In addition, the interviewee states that the interior room of his car is big and the seat chairs are comfortable. In conclusion, the interviewee states that he thinks America is most developed country in a technological term as well as being capable of producing cars with a high quality. Further more, he states that he sees his own expectations about automobile close to American models. In addition to his conclusion, he said that he is both happy and satisfied with his car.

6. In the sixth interview, the interviewee says that he is quite happy with his German car. He continued by saying that Germany is developed country and is one of the bests in scientific researches within European Union. He mentioned that Germany has significant technological capability and it enables qualified production. He also said that the automobile industry of Germany is one of the most well known throughout the world. He expressed his own experience with German cars. He thinks German car is comfortable and fast. He continues by saying that he feels it is quite secure and has very flexible steering wheels. It is also stated that German cars are very well designed and contain very good performance. He further states that the car parts are stable and long lasting. Though on the contrary, when something happens with the components, it requires a lot of money for him to repair it. In addition, the repairing fees are high as well. He further mentions that the warranty offered for his German car is covering almost all of the eventualities, which is satisfying.
The interviewee talks about Japanese cars. The interviewee mentions that he owned Toyota Corolla. During his ownership of the car, he states that it was well equipped as well as being very comfortable. However, the components did not last long, which resulted in him changing the components on a frequent level. He also said that his car contained airbags, but the body resistance was quite low. The interviewee further says that "the air bag can provide security, but not against the intensive accidents. The body of the car must be also well resistant". He also said that the car was not flexible, the steering wheel was too tough, and it was not hydraulic. When it came to service, the interviewee says that his Japanese car has good quality. He continued to say that repairing services and spare parts are available within every area of his home country providing fair prices. He was very satisfied with the after sales services. His point of view on the warranty of his Toyota was quite comprehensive and possessed longer duration than his current car. As a conclusion, he mentioned that currently Japan is one of the advanced country in the world with high production capabilities but in automobile industry Japanese Company should increase their reputation and he said that he does not consider Japanese cars among the bests in automobile market area.

The Interviewee talked about America as the world super power. He claimed that technological advancement of America make the country enable of high quality production in most of market segments. He also said that the reputation of America contribute to the image of industries of this country. He claimed that despite of the technological development of America in production, the American automobile industry is facing downward movement. He continued by explaining his perception about American cars, he states that he owned an American car. As a result, he claims that he was frustrated with the comfort of the car's room and mentioned that he was getting tired while driving for the long amount of time. The interviewee further states that spare parts were expensive as well as repairing services. He further mentions that he did not have quick access to spare parts whenever something would happen to his cars components. The warranty duration was shorter than the warranty on his current automobile. He also mentioned that the car was secure in terms of body resistance and airbags. He said that he trusted the car to save him in intensive accidents. The interviewee says that he likes how American cars look and is satisfied with the design of the car. He also mentions that the car had a powerful engine and was able to accelerate quickly.
5. ANALYSIS

According to (Juhl, Kristensen, Ostergaard, 2002) perceived quality involves with two categories:

1. Product quality
2. Service quality

Also based on empirical findings, it stated that the quality of automobile has two aspects:

1. The quality of physical characteristics of automobile (product)
2. The quality of intangible characteristics of automobile.

The combination of these statements can be interpreted that quality of automobile can be perceived in two ways:

1. Product (physical) quality of automobile
2. Service quality of automobile

5.1 Perceived physical quality about German automobiles

Garvin (1984b) mentioned that product quality has various dimensions such as performance, durability, aesthetics and comfort.

On the other hand the result of empirical findings indicates that majority of Interviewees consider German cars as well performing ones. Regarding that they continued by discussing that German cars are fast and flexible automobiles with high security level. All of the Interviewees who owned German car stated that during using the German automobile they were quite satisfied with its performance. They also mentioned about the design of German cars and it was described as beautiful one. Also, in the example of X6 model of BMW, same aspect was mentioned by one interviewee and confirmed by others who emphasized on unique design of the model. It was also mentioned that German cars are very comfortable. Majority agreed upon the comfortable room of German automobiles. It was majorly mentioned that they were not getting tired while they were driving with their German cars and it was enjoyable for them even in long journeys. They also explained that the components of their cars were lasting quite long and they needed to repair them quite few times in the long period of time.
Based on theories and empirical findings we can interpret the result in two forms.

First: performance, durability, aesthetics and comfort consider as significant characteristics of physical quality because despite of theory of Garvin (1984), these 4 dimensions were discussed frequently by interviewees in physical term of quality.

Second: German cars perceived as high quality in terms of physical quality of automobile in Sweden.

5.2 Perceived service quality about German automobiles

According to Waligóra (2007), service quality has two dimensions: sales service quality and after sales service quality.

According to empirical findings we see that interviewees majorly were not quite satisfied with the level of after sale service quality of German automobiles. They were complaining about the expensive prices of spare parts and repairing services although there is high availability of them. Also they mentioned about short duration of warranties, however they are comprehensive and covering majority of eventualities.

From association of theory with empirical findings we can interpret that despite of well costumers' perception of German cars in physical quality term; there is not too much success in perceived quality of services. It can also be confirmed that after sales service is significant part of the service quality as it was also majorly discussed by interviewees.

5.3 Perceived service quality about Japanese automobiles

According to empirical studies, majority of interviewees have positive perception about the Japanese after sales service. They were satisfied with the level of prices and availability of spare parts and they majorly mentioned that Japanese car's companies mostly make long duration of warranties for their automobiles and also provide fair priced repairing services for them.

This statement combined with Waligóra (2007) theory which states that sales and after sales services are the significant service quality dimensions, can make us to confirm that Japanese cars are perceived as qualified automobiles in terms of service quality.
5.4 Perceived physical quality of Japanese cars

Based on empirical findings, we can see that Japanese cars were not perceived as high quality cars in term of physical quality. Majority of interviewees emphasized that Japanese cars are not durable and the components break in a short period of time. Regarding this statement one of the interviewees said that "I bought Honda Accord and after one month the car cooler stopped working". They were also frustrated with flexibility of Japanese cars during their ownership and use of them. One of the interviewees stated that "I had a Honda Civic and I experienced the accident with a tree because of low flexibility of the steering wheel when the speed was just around 70 KMPH". Interviewees also agreed upon the low level of body resistance of Japanese cars and majorly stated that the cars are not highly secure despite of possessing the airbag. "the air bag can provide security but not against the intensive accidents, the body of the car must be also well resistant" said by one interviewee. In term of aesthetics, majority of them mentioned that Japanese cars were quite regular and there was not too much special elements of beauty and design in Japanese models which differentiate them with other cars. It was also perceived that Japanese cars are comfortable cars and they do not make the passengers of car exhausted in long way. It also mentioned that they are well equipped by technological equipments such as well CD/DVD player with strong and well speakers.

These statements that were derived from the majority of interviewees which are demonstrating that Japanese cars were not evaluated as high quality in factors such as durability, flexibility, security, and aesthetics is associated with the theory of Garvin (1984b) that states that physical quality has various characteristics such as performance, durability, aesthetics and comfort. According to this combination, we can interpret that Japanese cars are not perceived as high quality in physical terms although there was few positive comments about the comfort ability and technological equipment.

It must be noted that according to Zeithaml (1988) the perceived quality is rather different from actual quality. Based on this theory and regarding the empirical result about Japanese cars, we can confirm that the actual quality of Japanese automobiles in physical term is possibly different from what is majorly perceived by studied groups in Sweden.
5.5 Perceived physical quality about American cars

According to the empirical findings majority of interviewees were stating that American cars are powerful and have strong body resistance, they also have beautiful design. But almost all of the interviewees said that American cars are not comfortable cars and it is very difficult to drive them in long period. For instance, one of the interviewees mentioned that "American cars are not even comfortable for the passengers" it means that except drivers passengers also feel uncomfortable. Majority of interviewees also explained that American cars are durable in main parts of automobile such as engine. It was also mentioned by them that when it comes to inferior parts, there is low durability. For example, one of the interviewees said that" I have an already 2-year old American car and I have changed window handler three times"

It has been mentioned before that the theory of Garvin (1984b) asserts that the product quality has various characteristics such as performance, durability, comfort and aesthetics. He also continued and said that every consumer has different needs, wants and expectations. By this definition, it is clarified that a product that is designed and produced in accordance with these needs and expectations, then it can only be considered as a good quality product.

Statements regarding the quality of American cars associated with Garvin (1984) theory can help us to interpret that American automobiles are perceived as cars that both negative and positive physical quality characteristics are divided between them almost equally and the quality perception of consumers depends highly on their individual expectations and needs.

5.6 Perceived service quality of American cars

In terms of service quality interviewees were quite dissatisfied of their American automobiles. Based on empirical results, we can see that majority of interviewees were complaining about the spare parts availability of American cars and also the relative prices which described as very high. The short warranty duration as well as expensive repairing services for American cars also mentioned.

The empirical statements combining with Waligóras (2007) theory about the significance of sale and after sale service in perceived quality of service can make us to
confirm that American cars are not considered as well service quality automobiles in Sweden.

5.7 Impact of Country of Origin (COO) on perceived quality

Based on the studies that have been done in the theoretical and empirical parts, we can see how the country of origin can have impact on people's perception on quality.

According to Chetty et al. (1999) Country of Origin (COO) can shape the costumer's perception toward the product or service, resulting in a strong set of purchase behaviors for the consumer. This unique influence shaping the buyer behavior is called as COO effect that is defined as the impact of the country on the perception and assessment of the consumers pertaining to a country's products quality. This theory simply interpreting as what is perceived on quality can be influenced by COO.

Regarding this theory, in the interviews and discussions, we have seen that majority of interviewees consider the German cars as high quality in physical perspective. In terms of performance, most of the interviewees agreed upon the speed and flexibility of German cars. It was stated that they are quite comfortable and well-designed. They also mentioned that Germany as developed and industrialized country is capable to provide high quality products such as automobile. It was mentioned by one of the interviewees that "Germany provides high quality in manufacturing many products- not just automobile".

These statements can be interpreted in this way: The image and reputation of Germany as industrialized country with high technology and knowledge of production can impact the positive perception on German automobile quality. It can also be interpreted in this way that success of Germany in producing certain qualified products can contribute to their image in the eyes of costumers to perceive all of German products (such as automobile) as high quality. Regarding this interpretation, we can confirm that Germany in terms of COO effect has significant impact on what consumers perceived as their automobile quality.

It is good to note that one interviewee said, "I would rather to use Japanese T.V rather than the Japanese car". Also Kotler (2003) says that the impact of COO differs from one type of product to another and the theory of Ahmed et al., (2004) says that positive image of a country upon certain product categories does not have to be the same fixed
image on the other product categories. These statements can make us to confirm that although Japanese automobile are not perceived as high quality in physical term and Japan in terms of country of origin effect could not contribute to the perceived quality of people about automobile, but in other products such as T.V the image of Japan as COO possibly affects positively on consumer's perceived quality.

Also regarding the Japanese automobiles majority of interviewee emphasized that the Japanese cars developed during last decades and one Interviewee said that "15 years ago I would not even think to buy Japanese cars but now I own one of them". These statements can be related to the theory of Kotler (2003) that argues that the effect of COO is also subject to change over time. He also continues and says Japan originated products before World War II had a low quality image in the perception of the consumers across world. With industrialization progress over time in Japan, made-in Japanese products, especially in the field of electronic increased the reputation of perceived quality of Japanese products. Based on these Empirical and theory results we can interpret that Japan has developed during the last few decades and now as the COO could improve its image on customer's perceived quality.

The focus group and interviewees perceived America as generally very technologically advanced, world science leader and a powerful country. However, they mentioned the history of the American automobile industry as the pioneer of commercialization of cars and the leader of the car industry until recent decades. It was mentioned that because of the factors such as the economical crisis, they recently lost their position in the global automobile market. On the other hand, according to empirical findings, interviewees expressed their personal experience on American automobile. They proceed to perceived American cars as both positive and negative way in terms of quality dimensions. They talked about power and durability as well as lack of room comfort and inadequate after-sales services. From these statements we can confirm that the COO view of America was positive, but it did not remarkably contribute to perceived quality of American automobiles based on the result of empirical study.
5.8 Impact of psychic distance on perceived quality

O'Grady and Lane (1996) defines psychic distance as total differences and similarities between home country and foreign country and According to Sousa & Bradley (2004) similarities and differences between markets situated in home country and overseas countries are dealt with the psychic distance' function of how cultural distance is interpreted through experience. Both Germany and Sweden located in European Union and the geographical distance between them is relatively shorter than Japan and U.S.A distance to Sweden, it is more likely that there is strong cultural closeness between them. Regarding this statements one of interviewee mentioned that "It seems like German manufacturer knew what I wanted while producing the automobile and I am very satisfied with that". By combining the results we can interpret that due to cultural closeness both countries (Sweden and Germany) are sharing high level of similarity, which can be called as short psychic distance.

Ellis (2008) asserts that psychic distance concept is an important element to consumer perception. On the other hand results say that German cars are perceived as high quality in physical aspect. The association of these statements can confirm that short psychic distance between Sweden and Germany has significant positive impacted on people's perception about German cars quality.

According to the results, Japanese cars were not perceived as high quality in physical term. Regarding this statement, we can refer again to Ellis (2008) theory, which state that psychic distance is important element on consumer perception. Based on these statements, we can confirm that long psychic distance of Sweden to Japan could significantly impact the quality perceived on Japanese automobile.

According to empirical results, American cars were perceived almost equally both positive and negative in physical quality characteristics.

Both Sweden and America are industrialized countries with similarities involving economical term. Both countries have free markets as well as being regarded as western countries. On the other hand, America and Sweden have a geographical distance from each other. U.S.A located in continent of North America, and Sweden located in Europe. The far geographical distance along with cultural differences between two countries as
well as the similarity between them confirms that the distance and similarities are both significant between Sweden and America. These statements associated with the theory of O’Grady and Lane (1996) which defines the psychic distance as similarities and differences between two countries can be interpret in the way that psychic distance between Sweden and America has elements of both short and long distances. In other word, psychic distance between Sweden and America is at a medium level.

According to the empirical study and the result of psychic distance between Sweden and America, we can interpret that the neutrality of perceived quality of interviewees has been impacted by medium psychic distance level between Sweden and America.

6. CONCLUSION

The purpose of our study is to understand the Swedish perceived quality about the American, German and Japanese automobiles, also to study the impact of Country of Origin (COO) and Psychic Distance on the perceived quality.

We designed three questions in order to simplify the purpose and provide certain answer for each one.

1. What is the national consumer perception towards German, Japanese and American automobile quality in Sweden?

According to study and analysis, we have seen that quality of automobiles could be interpreted in physical and service quality. Based on this statement, we can conclude that:

German cars perceived as high quality in physical term and people expressed positive opinion about German automobiles in different dimensions of physical quality such as performance, aesthetics, durability and comfort.

In service quality, interviewees complained about after sale services, they frequently complained about the price of spare parts and after sales services as well as warranty conditions, and German automobiles were not perceived as high quality in service term.

Japanese cars were perceived as not highly qualified automobiles in physical term. Despite of several positive comments on physical dimensions (performance, durability,
aesthetics and comfort) but majority perceived Japanese automobiles as not high quality in physical term.

The Japanese cars were perceived as automobiles which include qualified services and factors such as spare parts' prices and availability voted highly by studied groups.

The perception on American automobiles in physical term had various reflections by interviewees. There were many positive and negative expressions about it, conclusively we can say the negative and positive physical quality perceptions on American automobiles are almost divided equally.

Regarding the service quality of American automobiles, we can conclude that dimensions of service quality such as after sales service were not well perceived among the interviewees. Therefore, majority of the interviewees were complaining about various dimensions of American automobiles' service quality.

2. How does country of origin concept determine consumer quality perception?

According to the study and analysis, we can confirm that country of origin (COO) can be significant determinant in people's perception about the quality. The image and reputation of COO can either positively or negatively influence on what people perceive as automobile quality. According to the result of our study, the positive image and the reputation of country of origin in the consumers market can contribute to how consumers perceive the quality of product that country of origin's producer offers to them and vice versa.

3. How does psychic distance concept determine consumer quality perception?

According to the result of the study and analysis, we can conclude that psychic distance is important determinant on how people perceive the quality of product (automobile). Less psychic distance between producing country and consuming country can provide better perceived quality to consumers. We can conclude that shorter psychic distance can create more common understanding on the product between the product manufacturer and product consumer.
6.1 Recommendation

According to the result of the study and analysis, we can recommend to the manufacturers to provide comprehensive study during the production and marketing process. Manufacturers should take into the consideration that despite of actual quality, set of elements such as country of origin (COO) and psychic distance can impact customer's perceived quality. By conducting researches from different aspects on the market in which they want to operate, they can increase their chance for successful activity and operation in the intended market.

We can suggest to future researches to be conducted about perceived quality of customers in other products such as shoes, cloths, laptops, refrigerators, TVs etc. Also the impact of country of origin and psychic distance can be studied on the perceived quality of customers on other products.

Even the study can be conducted on perceived quality of same product (automobile) about customers in other countries such as Germany, Spain, Turkey, Russia etc. Moreover, study can also be conducted on how psychic distance and country of origin impact the automobile perceived quality of customers in other countries.

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Electronic Websites:


**Personal interview and focused group discussion references**

**Personal interview’s interviewees**

First interviewee: Name willed to remain anonymous, owner of super market in Stockholm, 2013/05/10

Second interviewee: Name willed to remain anonymous, firm’s employee, 2013/05/10

Third interviewee: Name willed to remain anonymous, consultant of Insurance Company, 2013/05/10

Fourth interviewee: Name willed to remain anonymous, owner of restaurant, 2013/05/10

Fifth interviewee: Name willed to remain anonymous, student of master degree, 2013/05/10

Sixth interviewee: Name willed to remain anonymous, PHD student and senior manager in insurance company, 2013/05/10

**Focused group members**

First member: Name willed to remain anonymous, PHD student, 2013/05/11

Second member: Name willed to remain anonymous, PHD student, 2013/05/11

Third member: Name willed to remain anonymous, PHD student, 2013/05/11

Fourth member: Name willed to remain anonymous, owner of Barbershop, 2013/05/11

Fifth member: Name willed to remain anonymous, owner of restaurant, 2013/05/11

Sixth member: Name willed to remain anonymous, owner of super market, 2013/05/11
APPENDIX

Personal interview and focused group discussion guideline

1. How do you perceive German industries and productions in general terms?
2. How do you perceive the quality of German automobiles in terms of performance?
3. How do you perceive the quality of German automobiles in terms of durability?
4. How do you perceive the quality of German automobiles in terms of aesthetic?
5. How do you perceive the quality of German automobiles in terms of comfort?
6. How do you perceive the quality of German automobiles in terms of after sales service?

7. How do you perceive Japanese industries and productions in general terms?
8. How do you perceive the quality of Japanese automobiles in terms of performance?
9. How do you perceive the quality of Japanese automobiles in terms of durability?
10. How do you perceive the quality of Japanese automobiles in terms of aesthetic?
11. How do you perceive the quality of Japanese automobiles in terms of comfort?
12. How do you perceive the quality of Japanese automobiles in terms of after sales service?

13. How do you perceive American industries and productions in general terms?
14. How do you perceive the quality of American automobiles in terms of performance?
15. How do you perceive the quality of American automobiles in terms of durability?
16. How do you perceive the quality of American automobiles in terms of aesthetic?
17. How do you perceive the quality of American automobiles in terms of comfort?
18. How do you perceive the quality of American automobiles in terms of after sales service?
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