

**WHICH EVALUATION CRITERION IS AFFECTED BY COUNTRY OF ORIGIN AND FORMS  
PURCHASE INTENTION THE MOST: AN EMPIRICAL STUDY****Onur İZMİR<sup>1</sup>****ABSTRACT**

In country of origin studies, multi cue approaches are advised owing to the fact that there are many elements consumers take into account while developing attitude and behavior towards a product. However, single cue approach is utilized in this study for the purpose of comprehending the full effect of country of origin image on consumers' subjective evaluations regarding quality, value and utility of the intended product. Among these product evaluation criteria, which one affects purchase intention the most is put to the test, using structured equation modeling. According to the results, the strongest effect of country of origin image is almost equally the same on both quality and utility perceptions, while purchase intention is affected by utility perception the most. In this regard, it has been determined that in this country of origin study where Turkish consumers are subject to the research, normative approach is identified as the most important element.

**Keywords:** Country of origin image, Quality, Value, Utility, Purchase Intention, SEM

**Jel Code:** M3, M31.

**HANGİ DEĞERLENDİRME KRİTERİ MENŞEİ ÜLKE TARAFINDAN EN ÇOK ETKİLENİR VE  
EN ÇOK SATIN ALMA NİYETİ OLUŞTURUR: DENEYSEL BİR ÇALIŞMA****ÖZET**

Bir ürünle alakalı tutum ve davranış geliştirmede tüketicilerin göz önünde bulundurduğu birçok unsurun olmasından dolayı menşe ülke çalışmalarında çoklu yaklaşımlar önerilmektedir. Fakat, menşe ülke imajının kalite, değer ve fayda açısından tüketicilerin kişisel değerlendirmeleri üzerindeki tam etkisini anlamak için bu çalışma kapsamında çoklu bir yaklaşım kullanılmamıştır. Yapısal eşitlik modellemesi kullanılarak ürün değerlendirme kriterleri arasından hangisinin satın alma niyetini daha çok etkilediği test edilmiştir. Sonuçlara göre, menşe ülke imajı etkisinin kalite ve fayda algısı üzerinde neredeyse aynı olduğu; fakat satın alma niyetinin en çok fayda algısı tarafından etkilendiği gözlemlenmiştir. Bu açıdan, Türk tüketicilerin kullandığı bu menşe ülke çalışmasında kuralsal yaklaşımın en önemli unsur olduğu tespit edilmiştir.

Anahtar Kelimeler: Menşe Ülke İmajı, Kalite, Değer, Fayda, Satın Alma Niyeti, YEM.

**Jel Kodu:** M3, M31.

**1. INTRODUCTION**

According to Ball (2005), making product evaluations and decisions on purchase behavior, consumers deal with thousands of products in several industries belonging to hundreds of brands, which present a daily challenge to consumers in decision-making process.

Companies are prone to make emphasis upon some certain elements of their products to remain in consumers' mind (Kotler, 2000:9-11 and Kotler, 2003:60-74). Some relies on the extrinsic cues of the product such as country of origin, brand, price; while others rely more on the intrinsic cues of the product such as physical properties like smell, taste, appearance, durability, design etc. (Wall, Liefeld & Heslop, 1991 and Chao, 1998).

Determining international strategies, companies place great significance on consumer's attitude towards a specific country, as the notions of the consumers regarding the given country's image is of great importance. Country of origin image is the "picture, reputation and stereotype" that consumers attribute to a certain

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country. The image of a given country comes to existence through such elements as “representative products, national characteristics, economic and political background, history and traditions” (Nagashima, 1970:68-69).

Country of origin image, as an extrinsic cue, affects consumers' evaluation by cognitive, affective and normative approaches (Verlegh & Steenkamp, 1999). In this regard, country of origin studies are of great essence when it comes to understanding consumer evaluations as well as attitudes (Han, 1989).

Given the gravity to this reality, a study focusing on which dimension of product evaluation criteria among cognitive, affective and normative approaches influences purchase intention the most is to be conducted. In this context, using SEM (Structured Equation Modelling) by AMOS (Analysis of Moment Structures) 20.0, this research aims to prove that which approach in product evaluation criteria is affected the most by country of origin image and also among these product evaluation criteria suggested by Verlegh and Steenkamp (1999) namely cognitive, affective and normative, which approach affects purchase intention stronger than the others.

## **2. LITERATURE ANALYSIS**

The definition of the concept of country of origin has been a long debate in the literature. There are certain prominent definitions of what country of origin is: Bilkey and Nes (1982)- production or assembly place; Wang and Lamb (1983)- consumer's abstract barriers derived from their prejudices about the imported country; Johansson, Douglas and Nokata (1985)- head quarters of the product or brand where the marketing activities take place; Han and Terpstra (1988)- "made in" labels; Thakor and Kohli (1996)- the country with which the consumer associates the product; Jo, Nakamoto and Nelson (2003)- the country where the product is designed and produced.

In the literature has been put forth the fact that country of origin is addressed by three levels namely production of origin where the assembly or the production process of the product is completed (Hamzaoui & Merunka, 2006 and d'Astous & Ahmed, 1993); design of origin where the product is designed (Chao, 2001); brand origin where the headquarters is situated or marketing efforts are made (Thakor, 1996; Nebenzahl & Jaffe, 1997 and Verlegh & Steenkamp, 1999). However, the opinion that country of origin is the place with where the consumer associates the product outweighs (Chao 1998).

The phenomena country of origin image makes a significant impact on the attitudes of consumers and international strategies of companies through marketing efforts, consumer experience and the opinion leaders. The needs and wants of the consumers resemble to one another, yet what differs is the way how these needs and wants are satisfied (Nagashima, 1970).

Country of origin image impacts consumer evaluations in three ways: Cognitive, affective and normative (Verlegh & Steenkamp, 1999). Country of origin image, through beliefs of consumers, indirectly affects purchase intention. Moreover, consumer's subjective evaluations (beliefs), in accordance with halo effect concept, make a significant impact on purchase intention, as well (Han 1989 and Han 1990).

Cognitive approach shapes consumers' quality perception, for relying on the information like technical advancement, education level and economical situation of a country, consumers draw conclusions regarding the quality of a product from a certain country (Nagashima, 1977; Han, 1989 and Bloemer, Brijs & Kasper 2009).

In accordance with the affective approach that shapes value perception of consumers (Zadra & Clore 2011), special connotations linked to a product based on certain countries affect consumer's feelings and emotions (Li & Wyer, 1994). Consumers seek for satisfaction of the "need for affiliation" which refers to being a member of a group, "need for power" which refers to domination of an individual's environment, and "need for uniqueness" which refers to an individual's personal identity (Solomon et. al. 2006:98).

Consumers are also affected by the total utility of a product to both the consumer and country. In this term, buying a foreign-made product may damage the economy and employment rate of the home country. National pride, ethnocentrism and patriotism may also affect consumers. Hence, consumer evaluation and even purchase intention, to a certain extent, is determined by the normative approach (Shimp & Sharma, 1987 and Verlegh & Steenkamp, 1999).



Given the gravity to all these elements, product evaluation of consumers forms purchase intention (Dodds, Monroe & Grewal, 1991 and Kotler & Armstrong, 2001:193-201). Consumers develop beliefs concerning a product (product evaluations), which lead to purchase intention (attitudes toward a product) in the end, based on their country of origin image (Han, 1990). Hence, it can be said that consumer's evaluation significantly affects purchase intention (Ahmed et. al., 2004).

This study shall argue about which evaluation criteria is affected by country of origin the most. Moreover, it is also to be illustrated that among evaluation approaches, which approach affects purchase intention the most is to be proven.

### 3. METHODOLOGY

Automobile industry, as a high involvement product, is chosen for this research. The research data bases on the two representative brands, Peugeot 308 and Renault Megane, belonging to France. Although in order to have a better understanding of country of origin effect, multi-cue studies are suggested (Peterson & Jolibert, 1995 and Ahmed et. al., 2004), in this study is preferred single-cue approach to better comprehend which evaluation approach matters the most in country of origin studies with regard to developing purchase intention.

#### 3.1. Aim of the Research

This study intends to understand the relationships between country of origin image and evaluation approaches that lead to purchase intention. In this context, which evaluation approach affects the purchase intention and is affected by country of origin image the most is to be explored in this research.

#### 3.2. Research Method and the Sampling Procedure

In the country of origin studies, multi-cue approaches are advised to identify the true effect of it, yet in this research is intended to investigate the full effect of country of origin image on one of the evaluation approaches. Also, which evaluation approach affects purchase intention the most shall be determined. This is the reason why single-cue approach is used in this study.

Product selection criterion bases on model specifications of the French car brands serving in the Turkish market. In terms of real price information and model specifications such as max speed, horse power, average gas consumption etc., the closest models from different French brands in Turkish market were determined. The main reason of selecting Peugeot 308 and Renault Megane is based on click-through rate (CTR) obtained from Google Trends from where the closest click-through rates in Turkey among French automobile brands were selected.

In the process of the determination of the sample size of the research within the universe, representativeness of the population along with the fact that SEM is to be used in the model test should be considered. According to Hair et al. (2006), in the event that sample size goes higher than 400, model fit indices get weaker, or goes lower than 150, error in the prediction of parameters occurs. Sample size, therefore, is advised to be in an interval between 150-400.

In accordance with calculations of the year 2015 in TUIK (Turkish Statistical Institution) records, the population of Turkey is 78.741.053. Approximately, 54 millions of the population is at the age over 18, which consist of the population of the research. Margin of error of %5, the sample size is to consist of 384 respondents. By this token, considering on the difficulties of reaching the data and the use of SEM, the sample size reached to 400 respondents using convenience sampling method.

The application of the research has been conducted in Turkey. Data is gathered through both internet survey methods. Questionnaire has been conducted separately for both Peugeot 308 and Renault Megane. Then, the average of the variables derived from both the results of Peugeot 308 and Renault Megane were used in the structured regression model. Data is improved through SPSS (Statistical Package for Social Science) 21.0; confirmatory factor analyses (CFA) of latent variables and structured equation modeling (SEM) of the proposed model are conducted through AMOS (Analysis of Moment Structures) 20.0

### 3.3. Hypotheses and the Proposed Model

Relying on both intrinsic and extrinsic cues, consumers are inclined to make inferences about products based on certain countries (Chao, 1998 and Ahmed et. al., 2002). Country of origin image, as an extrinsic cue, affects consumers evaluations by three levels, namely cognitive (quality), affective (value) and normative (total utility) (Verlegh & Steenkamp, 1999).

H1: Country of origin image positively affects quality perception.

H2: Country of origin image positively affects value perception.

H3: Country of origin image positively affects total utility perception.

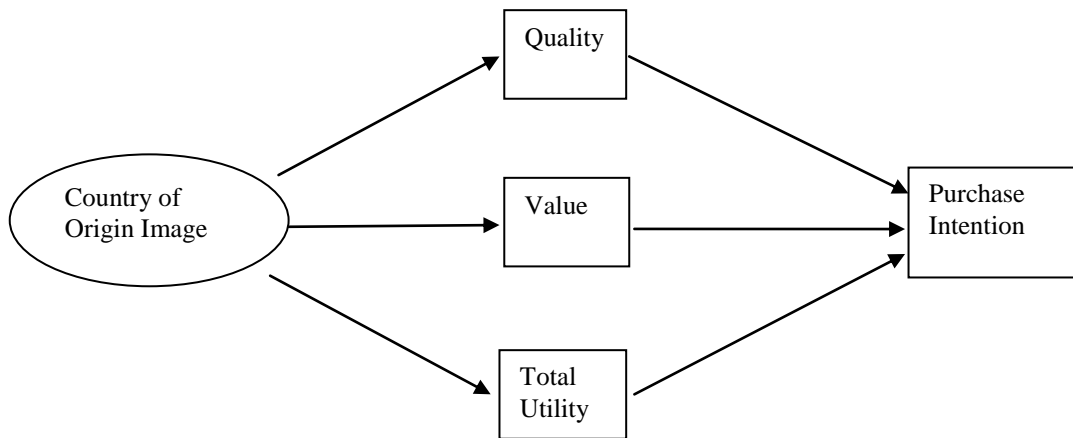
Purchase intention, as a consumer attitude towards a product, is affected by subjective evaluations of consumers (Han, 1990 and Ahmed et. al., 2004). Based on evaluation approaches claimed by Verlegh and Steenkamp (1999), the following hypotheses, hence, are stated:

H4: Quality perception positively affects purchase intention.

H5: Value perception positively affects purchase intention.

H6: Total utility perception positively affects purchase intention.

Based on the hypotheses above, the model of the study is illustrated in the Figure 1.



**Figure 1. The Proposed Model of the Research**

### 3.4. Scales in the Research

The valid and reliable scales used in the study have been obtained from the literature. Country of origin image is measured with COISCALE (Knight, Spreng & Yaprak, 2003); product evaluation is measured on 3 levels, which are cognitive (quality), affective (value) and normative (total utility to both country and the consumer) (Verlegh & Steenkamp, 1999) and purchase intention scale is obtained from Kotler (2003: 135)

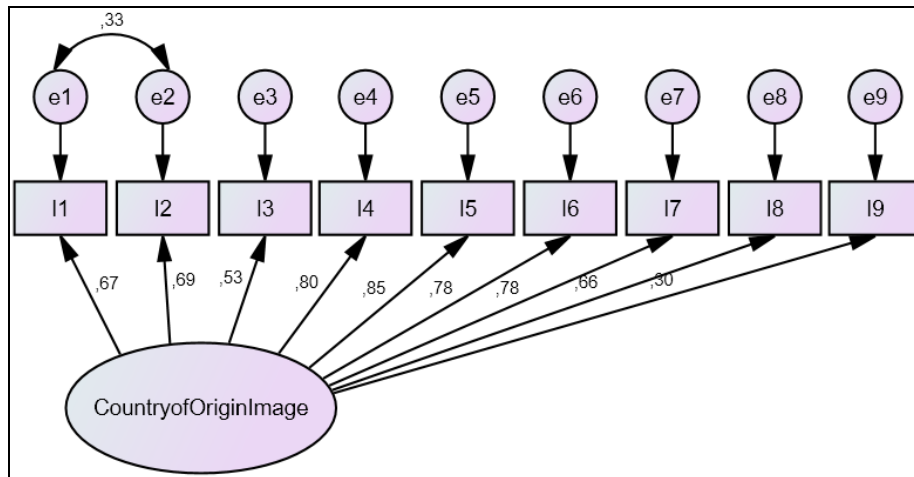
COISCALE items used in this model are coded as "People are well-educated (I1); Technical skills of work force are high (I2); Products are unreasonably expensive (3); Country produces highly technical products (I4); Products are made with meticulous workmanship (I5); Products are innovations (I6); Products are distributed worldwide (I7); Advertising of products is informative (I8); Friendly toward the Turkey in international affairs (I9)."

**4. RESULTS**

In the model, there is only one latent variable. Before starting the test of SEM of the proposed model, CFA of the latent variable in the model, which is country of origin image, is to be completed. Having done the CFA of the latent variable, test of the proposed model shall be put to test through SEM.

**4.1. CFA of the Latent Variable**

Latent variable model of country of origin image is presented in Figure 2.



**Figure 2. Country of Origin Latent Variable Model**

Country of origin scale used in this study is comprised of 9 items. Standardized estimates, standard errors and p values of country of origin image are illustrated in Table 1.

**Table 1. Values of the Latent Variables in the Model**

Items			Standardized Estimate Values	Standard Error
I1	<---	COI	,663	,037
I2	<---	COI	,666	,037
I3	<---	COI	,692	,038
I4	<---	COI	,532	,046
I5	<---	COI	,797	,029
I6	<---	COI	,854	,016
I7	<---	COI	,779	,027
I8	<---	COI	,782	,029
I9	<---	COI	,301	,046

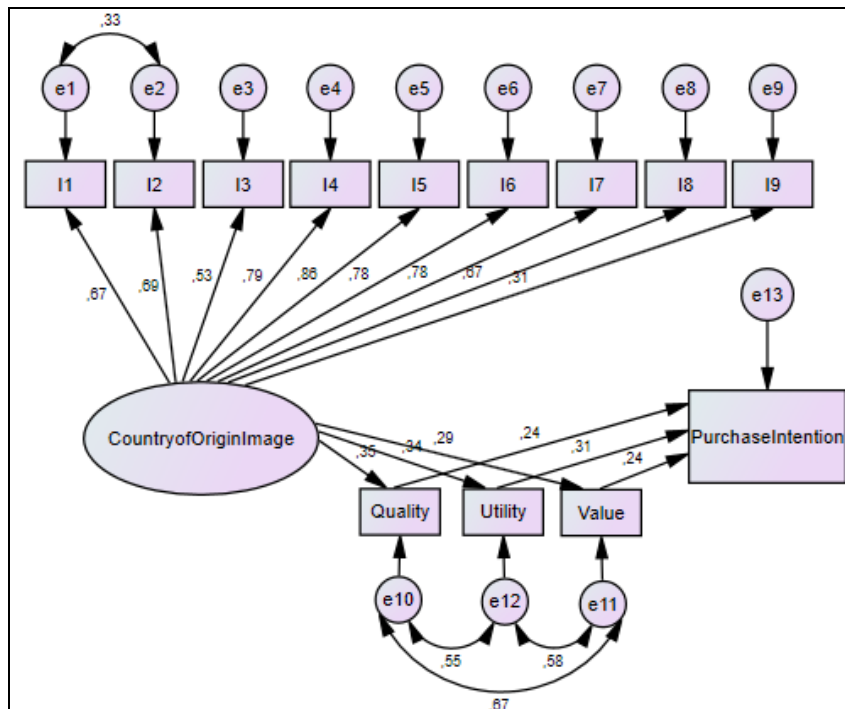
All the items are found significant on the level  $p < 0,001$ . Standardized estimates of the country of origin image latent variable are on the acceptable level. Model fit indices of the model are presented in the Table 2.

**Table 2. Model Fit Indices of Latent Variables**

Model Fit Indices	Values	Suggested Values
$\chi^2/sd$	2,775	$\leq 5$
GFI	,961	$\geq 0,85$
AGFI	,932	$\geq 0,85$
NFI	,958	$\geq 0,90$
IFI	,973	$\geq 0,90$
CFI	,973	$\geq 0,95$
RMSEA	,067	$\leq 0,08$
Reliability of the Scale	$\alpha = ,883$	

Model fit indices are on an excellent level. Reliability of the scale, Cronbach’s alpha, is also high. Therefore, considering on the fact that the items are significant, fit indices are excellent and the reliability is high, the latent variable model belonging to country of origin image is accepted.

Because there is no any other latent variable in the structured regression model, no further latent variables shall be put the analysis. Hence, the structured regression model is ready for testing. Test of the proposed model is given in Figure 3.



**Figure 3. SEM of the Proposed Model**



Error covariance is added among quality, utility and value variables, since they all are a part of a similar construct of which the name is product evaluation. Hypotheses test of structured model is illustrated in Table 3 in which standardized estimates, standard errors and significance levels are given.

**Table 3. Hypotheses Test of the Proposed Model**

Relationships in the Model			Standardized Estimates	Standard Errors	p	Hypotheses
Quality	<---	Country of Origin Image	,348	,065	,000	H1-Accepted
Value	<---	Country of Origin Image	,293	,061	,000	H2-Accepted
Utility	<---	Country of Origin Image	,344	,071	,000	H3-Accepted
Purchase Intention	<---	Quality	,235	,058	,000	H4-Accepted
Purchase Intention	<---	Value	,237	,062	,000	H5-Accepted
Purchase Intention	<---	Utility	,309	,048	,000	H6-Accepted

All the hypotheses alleged are accepted. The paths between the variables in the model are positive and significant in the prediction of the indigenous variables. Although of all the hypotheses alleged are accepted, model fit indices are to be examined whether the proposed model is fit to the data. Therefore, the fit indices of the model are shown in the Table 4.

**Table 4. Model Fit Indices of Structured Model**

Model Fit Indices	Values	Suggested Values
$\chi^2/sd$	2,551	$\leq 5$
GFI	,943	$\geq 0,85$
AGFI	,913	$\geq 0,85$
NFI	,942	$\geq 0,90$
IFI	,964	$\geq 0,90$
CFI	,964	$\geq 0,95$
RMSEA	,062	$\leq 0,08$

Fit indices of the structured model are on an excellent level. Taking into account that the paths in the model are positive and significant as alleged in the hypotheses, the model, hence, is accepted as it has been originally proposed.

**5. CONCLUSION**

As Verlegh and Steenkamp (1999) suggested, three evaluation criteria are affected by country of origin image among which the quality perception is relatively affected the most by this construct. However, effect size difference between quality (.348) and utility (.344) perceptions is very small (.004), which is not a distinctive amount to literally say that country of origin image affects quality perception the most. Thus, it



can be said that country of origin image approximately equally affects both quality and utility perceptions the most. Country of origin image, hence, makes a significant impact on the evaluations of consumers in both cognitive and normative terms.

The possible explanation for the reason that country of origin image affects the quality perception the most can be made by the fact that automobiles are classified as a high involvement product. Accordingly, the quality of such a high involvement product is rendered important in product evaluation for consumers.

It is a well-known fact that ethnocentrism and patriotism levels of Turkish consumers are rather high. On that account, it is an expected outcome that utility perception, representing the normative approach, is identified as an equally vital element in product evaluation as quality perception is.

When it comes to arousing purchase intention, utility perception precedes, comparing with other elements of the product evaluation approaches. In comparison to cognitive and affective concerns of the consumers, normative concerns in purchase intention outweighs. The reason of this, again, roots in consumers' ethnocentrism and patriotism of the Turks. As Shimp and Sharma (1987) and Verlegh and Steenkamp (1999) suggested, consumers might be eager to buy domestic products for the purpose of promoting the economy and employment of the home country. Renault has, out of Europe, the biggest production facility in terms of capacity, situated in Bursa, Turkey, which can be perceived as a contribution to Turkish economy and employment rate. For this reason, total utility perception matters the most for the Turkish consumers in purchase intention. Overall, normative approach represented by total utility is identified as the most significant dimension of country of origin studies.

## 5.1. Marketing Implications

In the context of Turkish consumers' beliefs and attitudes, use of normative approach in the marketing efforts is suggested to the marketing managers. Hence, ethnocentric and patriotic emphases as well as quality are decisive in the promotion of product. However, in general for Turkish consumers, making more emphasis on utility along with the country of origin information, marketers should lay stress upon a holistic approach in product evaluation, namely quality, value and utility, to shape consumers' purchase intention.

## 5.2. Limitations and Future Studies

This study deals with the subjective evaluations and also purchase intention concerning automobiles. However, it does not provide insights into Turkish consumers' product evaluations of other countries, nor does it provide insights into purchase intention regarding a product originated to different countries. It is, thus, limited with only Turkish consumers' beliefs and attitudes toward France by the given products in the study. Moreover, depending on the involvement level, results may change.

For future studies, low or moderate involvement products might be chosen to observe if the results are similar. Also, familiarity or consumer information variables can be added to the research for high involvement product categories in order to see to what extent these variables make an impact on country of origin image, product evaluation and purchase intention when they are all put to the same model together.

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