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Abstract  
This article aims at researching on the relationship of country image and customer perception on product quality and purchasing intention in South Korean. Additionally, the moderating roles of product quality warranty and country image transferred strategies are also taken into investigation in this empirical research. In order to make a research on these areas, questionnaire forms were distributed by emails and sending hard copies to 350 target samples in South Korea including Koreans and foreigners who have been living in South Korea and 215 forms were returned back and analyzed by SPSS v.21. The results indicated that gender, age groups and nationalities can significantly influence consumers’ perception on the relationship country image and product quality. Surprisingly, the image of origin country produced products does not really affect consumers’ perceived product quality, but the image of manufacturing country has a strong and significant influence on consumers’ perception in terms of product quality. More interestingly, country image transferred strategy is ineffective in altering consumers’ psychological perceptions on country image and perceived product quality. Apart from this, product quality warranty is still workable for boosting consumers’ confidence in consuming products in Korean context. Even though this empirical research was considerably and carefully implemented, there are still some significant limitations in practice. The limitations and suggestion are finally introduced and explained.

Keywords: Country Image, Perceived Product Quality, Purchase Intention, Quality Warranty.
1. Introduction
In today’s business world and for strategic expediency, most giant and multinational firms optimize to produce and manufacture some of their merchandise and product components in developing or least developed countries as a means of leveraging cheap production cost and economies of scale. From the literature, these developing economies are characterized by poor business environments, lack of skilled labor, poor economic infrastructure, difficulties in accessing other suppliers, among others. For instance, Apple which has its origins in America has decided to produce most components of its computers and mobile phones in China (Blodget, 2012) whiles some I-Phones are completely made in China (Minasians, 2017). Yet still, some big companies with a wide range of branded products decide to move their own factories to manufacture products in least well-known developing or least developed countries. In keeping with the foregoing, BMW, a German automobile giant manufacture some of its products in many different countries, especially in least developed and developing countries including both Africa and Asia (Brand South Africa, 2005). For example, in 1994, BMW opened one of its assembling factories in Pretoria, South Africa.

In a similar fashion, Volkswagen, a German international company, has established a factory in South Africa to make product parts and engines to be exported to European and other African and South American countries (Toyota Global Website, 2017). These notwithstanding, some international companies still prefer building their production and assembling plants in developed countries. This, the literature reports, is due to the fact that they have more effective and sufficient resources, tools and technology such as qualified human resource, modern technology, effective transportation system, good infrastructure as well as supplying system. For instance, LG company has built its new factory for washing machines in Tennessee, USA (BMW Company, 2018). LG has also imported a wide range of laptop components from factories in Taiwan (Nashville, 2017). It is clear to argue that this business phenomenon has become a hot spot in the last two decades with an increasing trend in which many brand products will be produced in other least known countries other than their origin countries. Several reasons in the literature have accounted for why some companies decide to extend their businesses or move their production bases to other countries. One of these outstanding reasons can be attributed to reduced production cost which insures to increasing patronage and eventually expanding their market share. In other words, these companies attempt to achieve cost leadership to gain competitive advantage over rivals or competitors. Some others move their production bases or factories to the countries which are considered as the center of product distribution as a means of reducing the cost of product transportation to target markets. Toyota, for instance, has built its assembling and manufacturing factory in Thailand in order to produce cars and other parts of Toyota products for export into the South-East Asian markets and neighboring regions (Bannister & Saunders, 1978).

Aside the foregoing reasons, other companies build their manufacturing plants or production bases in other developing countries in order to increase company profits and competitive capabilities in the market. In the situation where the production system still needs a lot of labor for producing goods, the companies decide to manufacture their products in countries with less image appeal in order to access cheap labor cost, cheap materials for manufacturing and other natural resources. Some big companies are interested in manufacturing in least known countries due to governments’ investment supporting policies and international exemption agreements for exporting products to other countries with high market demand. For instance, WTO, EU and America allow some products which are made in least developed countries to enter European and American markets without (or with lowest) import tax. This serves as an impetus for these multinational companies to produce their brands in those countries. However, from a branding and consumer psychological standpoint, we argue that brand image of least well-known countries has the disposition of negatively influencing the image and quality perceptions of consumers about those brands. Bayraktar (2015), for instance, reckoned that macro country image has a strong positive relationship with consumers’ quality perceptions of products and therefore managing the influences of country image on consumer’s perceptions is an integral part of marketing strategy. Consistent with the foregoing, Kim, Choi, Kim and Liu (2015) note that country of origin can also have indirect impacts on the perception of product quality. Vijarankorn and Shannon (2017) lent credence to this argument by contending that other images of country can also have negative effects on customers’ perceived quality and purchasing intentions, especially based on the level of country development, technology, national income, human resource development index, among others.

Biswas, Chowdhury and Kabir (2011) corroborated the foregoing by maintaining that the country of assembly, country of design and the country of produced parts also have both direct and indirect influences on consumers’ product quality perceptions. It is further revealed that product manufactured in industrialized countries have higher product quality perception than the same products produced in developing countries. Consequently, this article will argue that as multinational firms continue to establish and manufacture some of their products in underdeveloped/developing countries, which countries may not have higher brand appeal and image, there is a higher predisposition that these unfavorable images will be transferred to the products regardless of the quality and may influence consumer’s quality perceptions about as well as intentions to purchase these products. In addition, if the country is the brand’s original country of origin, if the country has an unfavorable image, it will affect consumers’ quality perception about the product. We are motivated therefore to undertake this research to assess the impacts of country image on the consumers’ quality
perceptions about the products and by extension their purchase intention, as well as evaluate the moderating roles that country image transferred methods and quality warranty plays among these relationships. We, therefore, conceptualize country image as being made up of country of manufacture and brand’s country of origin.

Some researchers have been researched on how country of origin, country image, ethnocentricity among others influence outcomes such as product quality perceptions or purchase intentions (Biswas, Chowdhury, & Kabir, 2011; Blodget, 2012; Minasians, 2017). On the other hand, the findings of Li et al. (2009) indicated that there is no indirect relationship between country image and product purchasing intention. However, none of these extant researches has assessed both the influence of manufacture and origin country’s images on quality perceptions and purchase intentions in one framework especially using quality warranty certificate and country image transferred methods as moderators. Specifically, in the South-Korean context, this research is non-existent. Consequently, we set out to assess the impact of country image on product quality perceptions and purchase intentions while evaluating the moderating roles of quality warranty certificate and country image transferred methods. This research is opportune and timely as it seeks to fill an empirical voice.

2. Literature review

2.1. Country Image

Insights from the literature reveal that country image which could take the form of national development status, technological advancement, national income, social security, living standard etc. can have varying levels of influences on products. Country image has been defined severally in the literature. For instance, Bannister and Saunders (1978, p.562) defined country image as an overall picture of a country which can be created by a number of variables including political and economic maturity, representative products, historic events, technological advancement level, culture, traditional customs, industrialized development among others. Others also argued that country image is an impression or perception of a country. Allred et al. (2000) contended that this impression or perception is created by the national economic development, culture, political structure, living condition, environmental condition, social security among others. In a similar vein, Verlegh (2001) notes that country image is a mental image and status which can be associated with a country affectively and cognitively. Country image consists both of cognitive and affective country image. The cognitive image is the belief and perception of customers on a brand such as technological advancement, industrial development, living standard, and economic development. Affective country image is also defined as affective reactions and behaviors of customers on public policy, culture, traditional customs and people of a country (Li et al., 2014). The literature has classified country image severally and for the purpose of this research we classify country image into country of manufacture and brand country of origin (since they each influence product quality perception).

2.2. Country of Manufacture

The literature as well as anecdotal evidence suggest that in order to gain and expand their competitive advantages, many companies expand their businesses including manufacturing globally. Consequently, some product brands end up being produced or manufactured in other countries other than their main countries of origin (Insch & McBride, 2004). These countries according to the literature are called country of manufacture which Van Pham (2006) and Laufer et al. (2009) define as the country that assembles or produce whole brand products or product components.

2.3. Country of Origin

Extant research defines country of origin as a country which firstly makes or produces the brands or products. There is quite a high association between country and product brand where in some cases, products are often used as representative of the countries. In other words, when a brand product is called, customer can also recall the name of the country of origin of that product as well. For instance, the Mercedes brand has Germany as its country of origin; yet, it is currently made or assembled in different countries around the world. Similarly, Toyota and Honda which originally produced in Japan; Recently, it has been manufacturing plants in USA or other European countries without consumers recognizing unless explicitly stated (Hamzaoui-Essoussi, Merunka, & Bartikowski, 2011). Daewoo and Hyundai have South Korea as their country of origin yet some of their manufacturing production plants are located in France and Taiwan (Jaffe & Nebenzahl, 2006).

2.4. Perceived Product quality

Perceived product quality refers to the perception of consumers on the quality of products. Based on the stimuli the sense about products, consumers can perceive the quality of products along the lines of attributes such as product performance, feature, conformance, reliability, durability, serviceability, aesthetics and firm reputation. Also according to Waller and Ahire (1996) firm managerial teams will perceive the quality of products based on four main elements such as product performance, conformance, reliability and durability. In keeping with the foregoing, Asiedu (2008) defines product quality perception as the association between product attributes and consumer values. This product
quality perception is formed and linked between product attributes and personal values and this varies from customer to customer. These variations are as a result of both extrinsic and intrinsic marketing cues which are related to the product color, size, price, brand name, style, etc. Nugroho, Rostiani and Gitosudarmo (2014) note that the extrinsic cues refer to packaging, ingredients, contents and materials which can be observed from the physical product and the intrinsic cues refer to product price, brand name, or country of origin which are more general and specific in comparison with extrinsic cues.

2.5. Customer Purchase Intention
Consumer purchase or buying intention refers to the plan of consumers for purchasing a particular product. According to Mirabi, Akbariyer and Tahmasebifard (2015) maintain that purchase intention is considered as customer’s decision and plan to buy a certain brand or product in the new future. Consistently with the foregoing, Shah, et al. (2012) also define consumer purchase or buying intention as the situation in which customers tend to buy a specific product in a specific period of time and condition. Several factors can influence consumers’ buying intention and this may include such internal and external environmental factors, as social trends, values, business advertisement, quality perception, new product emerging, word of mouth etc. (Fan & Miao, 2012; Bianchi & Andrews, 2012).

2.6. Product Quality Warranty
Quality warranty or Quality assurance is defined as a contractual agreement between producers and buyers under the particular condition that the producers will have to take responsibility for all failures of the product during the warranty period (Ben-Oumlil, 2008; Chao, 1998). The usual functions of the product are also included in the product quality assurance. According to the exploitation theory, market signal theory and investment theory, manufacturers and purchasers are key players in determining product quality warranty in terms of market power. Warranty is also deemed to be service after selling in a particular period and this is a potential contributor toward customer satisfaction, product buying intention and product quality perception (Reisenwitz & Gupta, 2011).

2.7. Country-Image Transferred strategies
In order to gain competitive advantages and reduce production cost, a number of firms decide to move production bases or factories to other countries which have negative image effects on those firm products in terms product quality perception. In some circumstances, the image of the country of origin does not have a positive image for company products. Due to these situations, companies often use country image transferred strategies in order to diminish the negative effects of country image on the product quality perception. Country image transferred strategy is a business strategy to attach the psychological perception of consumers to other countries which have better, and positively strong country image and this strategic action can influence customer behavior towards product brands and purchase intention (Guercini & Ranfagni, 2013). As a result of this strategic phenomenon, there are many terms which are used to shift the perception and recognition of products by consumers such as country of origin, country of assembly, country of design, or referring to positive country image’s technology, workforce, tools, methodologies, and so on.

2.8. Controlled Variables
In this research article, four main controlled variables will be used in testifying the relationship between country image and product purchasing intention including gender, age, education and nationality. There are some researches which claim that the influences of country image on the intention of consumer consumption will be different during the process of product evaluation in terms of gender, age and nationality. For instance, Hong and Toner (1989) found out that there is a difference between males and females in using the information of country origin to evaluate products particularly in the case of individual consumers do not have any knowledge about the products. Rocha, Hammond and Hawkins (2005) claimed that gender, age group and nationality can have a great effect on consumer behaviors in fashion industry. The reason is that age, gender and nationality are used to demonstrate their identities, lifestyles and physical appearance. Moreover, the research of Blundin et al. (2012) which studied on the effects of nationality, gender, education and age on the student buying behaviors for the Ethical and Social Responsibility products or ESR products revealed that there was no significant relationship between students’ nationality, gender and educational level and purchasing intention. Instead of this, product advertisement and price played a crucial role in influencing students’ buying attitudes. Based on these research results, gender, age groups and nationality are considered as the most appropriate controlled variables in researching the relationship between country image and purchasing intention of consumers in Korean context which still has high brand-name product consumption.

3. Hypothesis Development and Research Models
3.1. Country image and Customers’ perceived product quality
Each country has its unique characteristics, identity, development, advancement, diversity and specialty. Each country
has created its image indirectly and directly thorough different channels such as educational development, social security, economic growth, technological advancement, innovative capability and so on. Through these elements, everything that originates or is made from the country will be reflected on by the country image. This implies that products which are made in well-developed countries will have positive product quality perceptions. On the other hand, other products which originate or are made in least developed countries are often perceived as low-quality products. There are some significant findings in the literature about the relationship between country image and consumer’s production quality perception. For instance, Chao (1998) found out that both country of product-made parts and country of assembling influence consumer perception of product quality or brand quality. Consequently, this article will argue that country of product manufacture can also have an effect on perceived brand quality. This is in keeping with Thakor (1996); Müge Arslan and Korkut Altuna (2010) and Vijaranakorn and Shannon (2017) who maintain that country of product manufacture and the image of the country of have significance influence on the values and quality perceptions of product quality and consumer purchase intention. Similarly, Pharr (2005) and Hamzaoui-Essoussi et al. (2011) noted that some of similar products which have different origins have greater influences on perceived product quality at different levels. Islam and Daud (2011); Koschate-Fischer et al., (2012) and Eng, Ozdemir and Michelson (2016) lend credence to the foregoing by contending that the origin of the product does not only affect the customer’s perception of product quality but also directly affects the likelihood of purchase and behavioral dispositions towards the product. Following from the foregoing, it is convenient to argue that country image has an influence on the consumer’s product quality perception and purchasing intention, especially country of origin and country of manufacture. For the purpose of this research we conceptualize country image to be made of country of manufacture and country of origin. Consequently, we set the following hypotheses:

**H1:** The image of manufacture country will have a significant influence on consumers’ perceived product quality.

**H2:** The image of origin country will significantly influence the consumers’ perception on perceived product quality.

### 3.2. Mediator: Customer’s perceived product quality.

In this research, customer’s perceived product quality is determined as the mediator. The reason is that perceived product quality directly affects country image and customer purchasing intention. This means that some products are originally made or manufactured in countries with positive image. Those products will be perceived as high-quality products. Conversely, the products which are made in least developed or developing countries with negative image are often perceived as lower quality products (Chu et al., 2010). As the results of effects of country image on perceived product quality of consumers and perceived quality is the determining factor whether business is successful or not (Tuan & Rajagopal, 2017) and this directly influences the product consumption and buying purchasing intention of consumers. Perceived product quality is considered as an appropriate mediator for this research. Based on some significant studies on the mediating role of perceived product quality, the empirical research of Tuan and Rajagopal (2017) which examined the mediating role of perceived service quality on the relationship between brand and customer loyalty among Vietnamese consumers in mobile phone industry. The findings revealed that perceived quality plays a key role in mediating the relationship between brand trust, brand awareness and customer loyalty. Another interesting empirical research on the mediating effect of perceived quality is Monavvarian, Asgari and Dadresan (2016) which examined the mediating effect of perceived service quality on the correlation between internal market strategy and brand equity in telecommunication industry. The findings showed that perceived service quality does not really impact the relationship between internal market strategy and brand equity. Additionally, the empirical research of Calvo-Porral and Lévy-Mangin (2017) on the influence of product perceived quality on the store’s brand buying intention. This study claimed that customers’ buying intention is positively and strongly affected by both low and high perceived quality groups.

**H3:** The relationship between the image of origin country and customers’ purchasing intention will be partially mediated by customers’ perceived product quality.

**H4:** The consumers’ perceived product quality will partially mediate the relationship between the image of manufacture country and products’ purchase intention.

### 3.3. Customers’ Perceived Product Quality and Purchasing Intention

Consumers almost always undertake product evaluation whenever buying a product. In the product decision-making evaluation precedes purchase intention. During the evaluation process, consumers conceptualize a set of attributes within which the product characteristics must fall. According to Waller and Ahire (1996), these attributes may include but they are not limited to product reliability, durability, serviceability, firm reputation and product performance. On the other hand, Bhuian (1997) posited that the main factor that influences consumer’s purchase intentions is marketing cues or information which persuade them to buy. Nugroho et al. (2014) lent credence to this by maintaining that intrinsic and extrinsic cues or information relating to products are significant factors during consumers’ product evaluation process leading to product purchase and this include product name, price, color, style, etc. Moreover, from...
another perceptive, (Mirabi et al., 2015) demonstrate that product quality might not be the only factor which has a significant impact on the purchasing intentions of customers but brand advertising, brand-name product also has strong effects on the buying intentions of consumers. Also, consumers’ green awareness, health benefits, subjective norms and receiving local benefits have strong influences and impacts on consumers’ purchasing intention and these factors will be more strongly effective if they are effectively supported by communication or advertisement efforts (Goriparthi & Tallapally, 2017). In line with the foregoing, (Bhaduri, 2011) note that perception of customers on product quality affects the purchasing intention of consumers and it also does mediate the relationship between product trust and product purchasing intention. Due to the inconsistent results on the connection between purchase intention and perceived product quality of consumers, we posit that consumers’ level of product quality perception will have a positive effect on their purchase intentions. Consequently, we set the following hypothesis:

**H5**: Consumers’ perceived product quality will have a positive relationship with consumers’ purchase intention.

### 3.4. Moderators: Quality Warranty and Country Image Transferred Strategies

It may be far from wrong to assert that there are some big companies with brand-named products which decide to produce its products or product components in other countries in order to reduce production cost and gain other competitive advantages. In some cases, the brand-named product or its parts are produced in countries which might have low country image in terms of product quality. This negatively contributes to consumers’ product quality perception. In order to deal with this negative effect of country image and increase the quality perception and reliability of product, many companies attempt to acquire quality warranty certificate from a well-known organization or government organization such as ISO, ECO Warranty, International Certificate Quality Warranty, Work Safe Warranty, International Certificate of Safe Food Warranty, EFQM, TL 9000, COSO, etc. (Jack et al., 2000; González-Prida Díaz et al., 2012). By having a quality certificate or quality assurance, the negative impact of country image on customers’ product quality perception is possibly diminished. Spence (1977) states that product warranty is an appropriate demonstrator of product quality because it can increase product reliability. Meanwhile, product quality warranty effectively reduces reliability of customer claims. Similarly, Neranartkomol (2001) argues that product warranty can be used by companies against customer dissatisfaction on product performance and differentiate products from competitive rivals in the same industry. Additionally, this research results indicated that the reputation of warranty organization and the warranty coverage have a strong relationship with product quality perception. This means that when warranty covers more conditions for products, it will be able to increase the quality perception of customers and if warranty organization has a lot more reputation, the perceived product quality will also increase. This therefore creates an avenue to make a further research about the moderating role of quality warranty on the relationship between country image and customers’ product quality perception. In line with this, we set the following hypothesis.

**H6**: The relationship between the image of manufacture country and perceived product quality will be moderated by product quality warranty.

**H7**: The relationship between the image of origin country and perceived product quality will be moderated by product quality warranty.

In the business world, there are several methods and strategies for diminishing the influence of negative country image on the product quality perception. One of the most popular strategies is to transfer the country image by associating the product with positive country image. Guercini and Ranfagni (2013) and Hamzaoui Essoussi and Merunka (2007) argue that connecting product brand or product parts with countries which have a strong and positive country image can increase product quality perception of customers and possibly influence customer behaviors and reactions toward product quality and brand. For instance, parts of brand-named products are made in some African countries which have quite low product quality perception, but those parts are assembled in positive countries like South Korea, Japan, or USA. In some cases, some brand-name products are totally made in the countries with quite low country image in terms of product quality perception. For example, I-phone mobiles are actually made China, but these I-phone mobiles are manufactured by American technology and the phone quality is inspected by the American quality management standard. Integrating products with positive country image can contribute to increasing customers’ product quality perception especially the image of country of product design, country of manufacture, or the country of assemble (Guercini & Ranfagni, 2013). The literature has also revealed that country of design and country of manufacture have a significant influence on brand quality and image especially in the automotive industry. In addition, the product quality perception will decrease when consumers cannot find enough connection between country of manufacture and the countries with positive image. It has also been stated in the literature (Mohd Yasin, Nasser Noor, & Mohamad, 2007; Nugroho et al., 2014) that brand equity perception is significantly influenced by the image of the country of origin. This means that referring to origin countries with good country image in terms of materials, production process, workforce, technology; and so on can positively impact consumers’ perception on product quality. Consequently, we set the following hypothesis:

**H8**: The country-image transferred strategy will moderate the relationship between the image of manufacture country
and product perceived quality.

H9: The country-image transferred strategy will moderate the relationship between the image of origin country and product perceived quality.

3.5. Conceptual Model

4. Research methodology

In order to make a research on the relationship among country image, perceived product quality and purchasing intention in Korean context, it is necessary to use and combine some statistical techniques together. Additionally, it is very important to adapt all tools and research techniques to local situation and environment especially data collection and analysis methods. In details, each process will be explained as below.

4.1. Sample Characteristics

Due to the fact that the target samples of this research are product consumers and those products or the parts of products are made in different countries around the world. It is very necessary to have sample groups from various and different experience in consuming products which are produced in different countries with different country image in terms of product quality perception. Therefore, 215 South Korean and Foreigners in South Korea were selected as target samples. Males covers 63% and females are 37%. In terms of age gaps, most samples are between 21 and 25 years’ old which shares approximately 42%. 31-35 group is ranked in the second place which takes over 20% and 26-30 group of age takes the third place. Samples is classified into two main groups 71% is Korean while foreigners living in South Korea is 29%. Nearly 60% already gained bachelor and approximately 28% had already graduated master or doctoral degree (Figure 1).

4.2. Designing Measurement Tools
Due to the fact that it is an empirical research and data was collected by five-point Likert scales. The measure tool was partially adapted and developed and adapted from previous researches on perceived quality, buying intention and country image’s influences of Islam and Daud (2011), Laroche et al. (2005) and Olshavsky and Miller (1972). And then the measurement questions were tested by 35 Korean and foreigners living in South Korea for checking their reliability before distributing to the target samples. 20 questions were evaluated by using Principle Component Analysis and Promax rotation methods. Based on the standard of Eigen value (Eigen value > 1), six factors were identified and variances with factor loading lower than 0.7 were omitted. As the result of this analysis, there are only 17 variances classified with six factors in the research model. In terms of factor reliability, Cronbach’s alpha was computed for six factors. In general, the internal reliability of all factors is greater than 0.7. According to Hulin, Netemeyer and Cudeck (2001) and Ursachi, Horodnic and Zait (2015), factors with Cronbach’s alpha value is ranged between 0.6 and 0.7 is acceptable level of reliability. The dependent variable (purchasing intention) consists of 2 variances including “I decide to use or buy a product based on price or quality rather than country image (.926)” and “I buy a product based on my purchasing power or affordability rather than country image (.705)” and its reliability value is 0.74. The image of origin country factor include four variances such as “Product that is made in less developed countries will always have lower quality or might have many product faults (.818)”, “Products originally made from less developed countries are less reliable by comparing to the ones made in developed countries because of their workforce skills, technology and resources (.780)”, “If Samsung phone is made in less developed country other than Korea it will have a lower quality (.739)”, “I think origin country can make higher quality products rather than representative producers or franchising companies in other countries (.737)”, “Products from unwell-known countries will have a lower product quality because of low skill workforce and low technological development (.724)” and this factor’s Cronbach’s alpha value is 0.8. While the image of manufacture country has only three predicting questions including “Products produced in less developed countries will be reliable if they are made by workforce and engineers from developed countries (.919)”, “Products made in less developed countries are still reliable if they received good services from developed countries as well (.773)”, “Products produced in less developed countries will be reliable if they are made by technology from developed countries (.756)” and the Cronbach’s alpha of this factor equals to 0.73. The product quality warranty and country image transferred strategy’s factors consist of two variables for each factor. The internal reliability values of both factors are approximately 0.70 (Figure 2).

4.3. Pearson’s zero-order correlations
There are six main factors and 4 controlled variables which are checked the correlation among main factors and controlled variables. Generally, the correlation between controlled variables and 6 main factors is significantly strong. Gender significantly correlate with the image of origin country produced products \((p<0.01)\). Age groups also correlate with the image and origin country and perceived product quality at significant level 0.001 and 0.01 respectively \((p<0.001; p<0.01)\). In terms of nationality, it is strongly and significantly correlated by perceived product quality and the image of manufacture country factors at significant level 0.001 \((p<0.001)\). Additionally, perceived product quality and the image of manufacture country also significantly relate to educational qualification \((p<0.01; p<0.001)\). It is also interesting to note that the image of origin country has a quite strong and positive relationship with the image of manufacture country, country-image transferred strategies and product quality warranty factors. In a similar vein, the image of manufacture country also has a strongly positive correlation with country-image transferred strategies, purchasing intention and perceived product quality. Apart from this, there is a significant correlation between perceived product quality and product quality warranty factors. Surprisingly, the correlation table indicated that there is no significant correlation between buying intention and perceived product quality (Figure 3).

4.4. Model Fit

The conceptual model was tested the goodness of fit by using IBM AMOS 21.0. The model fit indices generally indicated that the goodness of fit for this model is considered as acceptable fit. Even though CMIN/DF is approximately 5 which is considered by Moss, Lawson and White (2015) as unacceptable level for model fit. However, Wheaton et al. (1977) and Marsh and However (1985) argued that if CMIN/DF is ranked between 3 and 5, it is still reasonable fit \((P<0.05)\). In a similar vein, AGFI is also quite low by comparing to the standard of excellent-fit model \((AGFI=0.84)\). Based on Abedi, Rostami and Nadi (2015), when AGFI is greater than 0.8, it is acceptable level for the fitness of model with sample size. The rest of model fit indices \((RMR=0.02; GFI=0.98; NFI=0.91; IFI=0.93; CFI=0.92)\) indicated that this model has a good fit and the goodness of model fit is unquestionable (Figure 4).

4.5. Results

Based on the analysis result of Hierarchical Linear Regression for investigating the relationship among controlled variables, country images and moderating effects of product quality warranty and country-image transferred strategies, it demonstrated that controlled variables, the images of manufacture and origin countries significantly predicted perceived product quality \((p<0.01)\). In case of controlled variables, perceived product quality significantly explained by age groups \((\beta=-0.166; t=-2.069; p<0.05)\). This result has reaffirmed the research results of Rocha, Hammond and Hawkins (2005) and Blundin et al. (2012) who firmly claimed that age groups have a great influence on consumers’ product evaluation and purchasing behaviors. Regardless of relationship between the country image of countries produced a product and perceived product quality, it indicated that the image of manufacture country significantly and strongly influences the perception of South Korean consumers on product quality \((\beta=0.290; t=3.933; p<0.001)\). It is correspondent with the empirical researches of Chao (1998) and Vijaranakorn and Shannon (2017) which stated that manufacture country’s image critically affects consumers’ perception on product quality which is an integral part of
driving forces for customer buying intention. This means that hypothesis one is strongly supported. More interestingly, it is noted that the image of origin country has a weak relationship with perceived product quality and it is not significant ($\beta = -0.101; t = -1.401; p > 0.05$). As a result, it significantly contradicts the previous works of Pharr (2005); Hamzaoui-Essoussi et al. (2011); Nugroho et al. (2014) and Eng, Ozdemir and Michelson (2016). This means that the origin country’s image does not really affect the perceived product quality in South Korean context. Therefore, it is possible to state that hypothesis two is rejected.

Apart from this, moderating effect is also taken into this empirical research in Korean consumer’s context. After interaction between predicting moderating variables were calculated, the moderating effects of product quality warranty and country-image transferred strategy was analyzed. According to Baron and Kenny (1986) stated that there will be moderating effect if the path of interaction between predicting and moderating variables is still significant. The result showed that the relationship between the image of manufacture country and perceived product quality is not significantly moderated by product quality warranty ($\beta = -0.080; t = -1.157; p > 0.05$), but product quality warranty positively and significantly moderates origin country’s image and consumer perception on product quality ($\beta = 0.217; t = 3.188; p < 0.01$). So, hypothesis six is rejected while the hypothesis seven is supported. As the result of this, it can be concluded that product quality warranty is able to generate a positive effect on perceived quality of product consumers specifically the case of the influence from origin country’ image (Jack et al., 2000; Neranartkomol, 2001; González-Prida Diaz et al., 2012). In case the moderating role of country image transferred strategy, it can positively moderate the relationship between the image of manufacture country and quality perception of consumers at significant level 0.01 ($\beta = 0.187; t = 2.677; p < 0.01$). In addition, the relationship between the image of origin country and perceived product quality is also positively moderated by country-image transferred strategy, but this relationship is not significant ($\beta = 0.117; t = 1.679; p > 0.05$). Despite of these results, hypothesis eight and nine is supported and rejected respectively (Figure 5).
In fact, perceived product quality was firstly used as the mediator for the relationship between the image of manufacture origin countries and purchasing intention and Sobel testing method would be used for investigating the mediating effect of perceived product quality. Simple regression analysis was performed for the relationship between origin country’s image and perceived product quality ($\beta = -0.048; t = -0.696; p > 0.05$); the relationship between origin country’s image and purchasing intention ($\beta = 0.049; t = 0.718; p > 0.05$) and perceived product quality and purchasing intention ($\beta = -0.063; t = -0.925; p > 0.05$). These relationships are not significant and they are unqualified to investigate the mediating effect (Baron & Kenny, 1986; MacKinnon et al., 2007) and it also rejected hypothesis five which claimed that perceived product quality has a strongly positive relationship with consumer purchasing intention. However, it slightly supported the study of Mirabi et al., (2015) which indicated that perceived product quality is just a small fraction contributing to purchase intention. Due to the fact that purchasing intention is driven by other significant factors rather product quality’s perception such as product advertisement, brand, price, etc.

In the circumstance of the mediating effect of perceived product quality on the relation between manufacture country’s image and buying intention, similar process was performed. It showed that the image of manufacture country has a significant impact on perceived product quality ($\beta = 0.158; t = 2.340; p < 0.05$) and purchasing intention ($\beta = 0.173; t = 2.571; p < 0.05$). It is not suitable for examining for mediating effect because of the relationship between the mediator and dependent variable is not significant based on Baron and Kenny (1986). However, multiple regression was additionally performed to check the qualification of perceived product quality as mediator. The result indicated that perceive product quality was suitable for using as moderator rather mediator. The reason is that manufacture country’s image has a stronger influence on purchasing intention variable at better significant level when it is controlled by perceived product quality ($\beta = 0.0188; t = 2.759; p < 0.01$).

5. Discussion

In the context of consumers in South Korea, perception on product quality and country image can be influenced by gender, age groups, nationality and education especially the origin country of products tend to be taken into consideration when males or females purchase products in South Korea. In a similar vein, age group is another factor which can influence on the perception on country image especially origin country of product. This means that young customers might be more serious in considering the country image for product evaluation before purchasing a product that aged customers. Additionally, consumers’ education is another significant force to influence on country image and perceived product quality. It is also true to reaffirm that product quality warranty is still useful for diminishing negative effects caused by country image such as the image of manufacturing and origin country of those products. The country image transferred strategy might work less effectively in Korean context.
Limitations and Suggestions for the future research
Due to the fact that this empirical research attempts to figure out the influence of country image on perceived product quality and purchasing intention of consumers in Korea including Korean and foreigners who have been living in Korea. In fact, country image is formed by different factors such as national development status, technological advancement, national income, social security, living standard, culture, etc. (Bannister and Saunders, 1978). Therefore, it is necessary to have more specific concepts on country image and perceptions on products which are made in specific countries. In addition, the images of manufacture country and origin country are closely related to each other. Therefore, it might be good idea to combine these variables as a single factor rather than separating them. In a similar vein, country image transferred strategy consists of a wide range of methods for altering psychological perceptions of product consumers on products. Some specific strategies should be identified in the conceptual model. Apart from this, there are still many nationalities from different surrounding environment and conditions in target samples. Because of these differences, perceptions on using products made in other countries or Korea can be instable and biased. It is recommended to have enough sample size and balance between Korean and foreigners with sufficient experiences in consuming products in Korea.

Conclusion
In the new phenomenon in competition in business world, many giant companies effectively produced products in abroad rather than origin countries in order to enlarge market share and gain other competitive advantages over rivals. As the results of this business phenomenon, country image is another critical factor affected product consumers’ perception in the product evaluation process and the image of manufacturing country can be considered as the key influence on customers’ perceived product quality and buying intention. Even though there are many different ways for altering psychological perception of customers on products produced in abroad, product quality warranty is still powerful tools for enriching consumers’ confidence in consuming a product.

References


