The impact of country of design and country of manufacture on consumer perceptions of bi-national products’ quality: an empirical model based on the concept of fit

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Abstract
Purpose – The purpose of this paper is to decompose the concept of country of origin (COO) and test the influence of country of design (COD) and country of manufacture (COM) on consumer evaluations of bi-national products (products designed in one country and manufactured in another). In addition to global country images, the paper aims to introduce the concept of “fit” or the logical connection between product categories and the COD or COM.

Design/methodology/approach – Relationships between constructs (perceived product quality, COD image, COM image and perceived fits) are hypothesized and data are collected via survey on the Tunisian market. Each of the 389 respondents evaluated different combinations (COD/COM) for two product categories (automobiles and television sets). All hypotheses are tested using multiple regression analysis.

Findings – The paper finds that the concept of fit between country image (both COD and COM) and product category is an important determinant of product evaluations. For products with status symbolic meanings (automobiles), consumers from emerging countries are more sensitive to COD than for more private goods (television sets) for which COM and COM/product fit are important.

Research limitations/implications – This study used two informational cues (COD and COM), and fairly complex durable goods. Results need to be expanded and confirmed with other product categories on other emergent markets.

Practical implications – Practical implications of the study are that, beyond country images, measurement of fit between COD or COM and the product category will help define marketing communications and product promotions by emphasizing (or de-emphasizing) global country information, country image/product fit, or both.

Originality/value – The paper provides new insights into consumer judgements of product quality for bi-national products.

Keywords Country of origin, Product design, Perception, Consumer behaviour, Emerging markets

Paper type Research paper

An executive summary for managers and executive readers can be found at the end of this article.

Introduction
In the modern context of market globalization and competition, firms are looking for cost advantages through proximity to end-user markets, cheaper labor and lower taxes. Consequently, delocalization and manufacturing in developing countries has been growing in recent decades, such that many products are designed in one country and manufactured or assembled in others. Country of design (COD) (whether actual or as perceived by consumers) and country of manufacture (COM) choices can provide firms with competitive advantage and represent important concepts in consumer behavior literature. Another growing trend is the rapid development of consumption in emerging markets such as China, India, Malaysia, and Tunisia, to name just a few, and the parallel stagnation of many mature markets in developed countries.

A direct consequence of the combination of rapid growth in global sourcing and the emergence of new markets has been the proliferation of bi-national products, that is, products designed or conceived in one country and manufactured and/or assembled in another. Manufacturing relocation can be financially profitable but nevertheless raises important questions related to consumers’ perceptions of value. A product manufactured in its COD (e.g. France) compared with in a country with lower manufacturing costs (e.g. Romania) is likely to be perceived and evaluated differently by the consumer. Consumers from developed countries might not trust the ability of an emerging country to produce quality goods conceived in a developed country (e.g. Ford cars manufactured in Malaysia), and consumers from developing countries might not consider a well-known brand (e.g. Gucci) from a developed country that has been manufactured in a developing country (e.g. Morocco) as able to provide sufficient status and prestige. Many studies
have shown that consumers maintain images and stereotypes about foreign (and their own) countries and that these stereotypes induce a generally negative evaluation of products manufactured in developing countries (Bilkey and Nes, 1982; Gaedeke, 1973; Wang and Chen, 2004; Wang and Lamb, 1983). Such country images are likely to vary depending on the level of economic development of the country (Kaynak et al., 2000; Papadopoulos et al., 1990).

The existence of country stereotypes also justifies the actions of some companies to create strong associations with specific countries for their brands (through brand name, packaging, or communication). Building brand image and brand equity can rely on the communication of the product’s origin, because many countries are favorably associated with specific product categories or for their capacity to imply positively evaluated product characteristics (Steenkamp, 1989). Some firms also have recognized the possible negative impact that manufacturing in developing countries may have on consumers’ perceptions and therefore highlight the country in which the products have been designed (e.g. Volkswagen highlights the German engineering of its cars, not their assembly in Mexico). It is thus essential for brand managers to determine to what extent bi-national products are associated with countries, overall country images, or specific competencies related to these countries and then evaluate the impact of these constructs on consumer behavior.

Bi-national products raise a particular problem because, associated as they are with both a COD (e.g. through the brand name) and a COM (through the “made in” attribution), they may be subject to multiple and sometimes contradictory associations. The objective of this research is to provide a better understanding of how consumers use information related to COD and COM to evaluate bi-national products. From a theoretical point of view, we propose a model based on categorization theory, often used in brand management literature, but rarely in country of origin (COO) literature. We propose that beyond just country images, the perceived fit (or logical connection) between a country and a product category will influence consumers’ perceptions of product quality. Just as brand extensions benefit from brand-positive associations if the extension (or extension category) fits with the parent brand (Aaker and Keller, 1990; Park et al., 1991), positive country associations might be transferred to the product if the product category is logically related to the country (whether COD or COM).

Furthermore, we propose a conceptual and operational distinction between COD and COM and furnish an explication of the relative influence of these constructs on product evaluations for bi-national products. Finally, we build and empirically validate a model of the influence of COD and COM on consumers’ product evaluations for two product categories: television sets, a private product that offers little social distinction, and automobiles, a more symbolic product that can communicate status to others. We collected empirical data in a developing country (Tunisia) from consumers faced with a choice of local brands, foreign brands, and foreign brands manufactured in Tunisia or other foreign countries (bi-national products). This data source sets our research apart from prior published work on the impact of COO on perceived quality or choice, most of which uses data from developed countries, although Batra et al. (2000) note that the processes by which consumers use COO information might differ for developed and developing countries.

We review relevant COO literature and derive research hypotheses linked to COD and COM effects on product quality evaluations. We then describe the research methodology and present the research results. Finally, we provide a discussion of results and conceptual and managerial implications.

**Literature review and hypotheses**

Studying COO effects on product evaluations has been a major research field in international marketing for more than 35 years (Jaffe and Nebenzahl, 2001; Verlegh and Steenkamp, 1999). COO represents an important extrinsic cue associated with a branded product (Klein et al., 1998), particularly when consumers are less familiar with foreign products (Han and Terpstra, 1988).

**Decomposing the COO construct**

Many studies in the COO literature have been criticized for adopting a single-cue approach that biases the results in favor of significant COO effects (Johansson et al., 1985; Ozsomer and Cavusgil, 1991), which indicates the need for a multi-cue approach that can simulate actual market conditions. Other articles have focused on the relative influence of COO information versus other product cues (e.g. brand name, price, warranty), as well as on the moderating impact of these other cues on COO effects (Eroglu and Machleit, 1989; Tse and Gorn, 1992; Wall et al., 1991). In addition to the inclusion of multiple cues, decomposing the COO construct, rather than using a general “made in” approach, has proven an important contribution to the study of COO effects (Insch and McBride, 2004). Multinational production and various forms of competition also have highlighted the complexity of COO effects (Chao, 1993; Ettenson, 1993; Samiee, 1994). While globalization has made identification of a product’s COO less clear to consumers, it also has given managers more control over choosing the countries with which a product will be associated.

The proliferation of hybrid (or bi-national) products in international markets, including manufacturing activities carried out in countries with varying levels of economic development, has encouraged researchers to consider the different countries involved in the process of product design and development explicitly. Global sourcing has transformed COO into a multifaceted construct (Nebenzahl et al., 1997; Ozsomer and Cavusgil, 1991; Samiee, 1994), which has been broken down into country of assembly and COD (Chao, 1993). For example, Ulgado and Lee (1993) and Iyer and Kalita (1997) use COM to show that the production location affects consumer perceptions of product quality. Ahmed and d’Astous (1995) study the effects of COD and country of production and indicate the influence of these two variables on perceived product quality. An extension of this research led to the decomposition of the concept into, on the one hand, COD and, on the other hand, country of assembly or COM (Chao, 1998; Insch, 1995; Insch and McBride, 2004). That is, the COO construct may be decomposed into multiple dimensions, including COD, country of assembly, COM, or country of parts. For example, a Samsung television set may...
have been designed in Japan, include parts and components bought in China, and be assembled in Taiwan.

Several studies (Klein et al., 1998; Nijssen and Douglas, 2004) suggest that national or cultural “animosity” may affect consumers’ attitudes toward products associated with a particular country. Emphasizing the origins of different product attributes to avoid this animosity effect thus is important for hybrid products. In this study, we consider two dimensions of COO, namely, COD, or the country where the product is designed/conceived (and with which the brand is generally associated), and COM, or the country in which the product is manufactured or assembled. These two dimensions represent the basic constituents of the bi-national (or hybrid) products we study herein.

**Country image**

Categorization theory offers a natural, if recent, theoretical framework for studying COO effects (Agarwal and Sikri, 1996). The stereotypic beliefs associated with COOs have led some authors to apply categorization principles to COO information processing. According to this approach, COO is a cognitive category that consists of elements such as the different products designed or manufactured in the country (Odou and Nicholson, 1998). These studies demonstrate the existence of distinct COO cognitive categories, such that consumers organize information related to product categories conceived and/or manufactured in a given country, along with their associated characteristics. Product categories are not allotted in a random way; for example, Germany is associated with electric household appliances and cars, the USA with sport-related articles and computers, and Japan with cameras and televisions. The COO thus may provide a category label that consumers use to evaluate products from a country, possibly by activating their stereotypic beliefs attached to the country.

The image of a country is defined as a perceptual unit that includes various country associations, such as what the consumers know or think they know about the characteristics of a country, its people, their habits and behaviors, and the products associated with it (e.g. innovation, technology, reliability, price, overall quality, typical products). In contrast with this broad definition, COO studies using the concept of country image generally have defined it as specific to a given product category. In this case, country image gets reduced to product-related associations (e.g., quality, features, relative price). Some authors have suggested defining and measuring COO image at a more global level (e.g. Hooley, 1988; Lawrence et al., 1992). This approach would enable us to consider a wider set of associations that might be related to the country, such as national and cultural symbols, economic and political situations, degree of industrialization, values, and products associated with the country. In turn, we apply this definition to both the COD and COM images. We thus propose to distinguish COD and COM images and study their respective effects on perceived product quality.

**Fit between country and product category**

Country image influences existing product evaluations, but also can be transferred to new products associated with the same country. This transfer occurs because of the perceived similarity between products strongly associated with (or typical of) the country and new products. Agarwal and Sikri (1996) demonstrate the moderating effect of perceived similarity between known and new products on the relationship between product-specific country image and new product evaluation. However, they use the image of the country for a specific product category, not the global country image, which might explain the role of product similarity. Other conceptualizations of the perceptual distance between a country and a product include the “match” between country image and product (Roth and Romeo, 1992), which is similar to the concept of “fit” used by Bridges (1989), Aaker and Keller (1990), and Park et al. (1991) in brand extension literature. Although these authors suggest the importance of the perceived consistency between the product and the country image, they do not measure it directly.

Consumers’ perceptions of overall country images vary substantially in terms of the number, strength, and valence of the associations they make (Shimp et al., 1993). In many cases, they hold strong associations in memory when thinking about countries (e.g. high-technology and highly skilled labor for Germany, fashion and good taste for France, design for Italy, cheap for China). These strong country associations may get activated when consumers know or are informed that a given product (or brand) has been designed or manufactured in a given country. By analogy with brand extensions, which can benefit from a positive, strong brand image, a country image may be transferable to products according to the logical connection (fit) or perceptual distance between the country image and the product.

**Research hypotheses**

On the basis of the literature and the designations we make for this research, we propose the following hypotheses:

**H1.** Product quality is positively related to the global country of design image. The more positive the country’s image, the better the product’s perceived quality will be.

**H2.** Product quality is positively related to the global country of manufacture image. The more positive the country’s image, the better the product’s perceived quality will be.

The fit between the image of the COD and the product refers to the perceived capacity of the country to design a product within a specific product category. This fit is determined by the adequacy, or perceived consistency, between the perceived competence of the COD (associated with the global country image) and the important product characteristics. A high COD/product fit occurs when the consumer perceives the product as being strongly associated with the country or the country as having the abilities and competence required to conceive of the product. In this case, the positive COD associations (e.g. values, perceived competence) correspond to the important characteristics of the product category. Inversely, a weak fit results when the strong associations of the COD do not correspond with the important product characteristics or the important product characteristics correspond to negative COD associations. The country image/product fit concept implies that the logical connection perceived by a consumer between a country and a product (or product category) will influence perceived product quality. This conceptualization seems more complete than that proposed by Agarwal and Sikri (1996), who dealt with perceived similarity (in technology, prestige, and price) between the known products of a country and new products. However, we believe dissimilar products may benefit from the same strong country associations when there is high fit between each product category and the country image.
H3. Product perceived quality is positively related to the strength of the COD image/product fit. The greater the fit, the better the perceived quality of the bi-national product will be.

The COM image/product fit refers to the perceived capacity of the country to manufacture a product in a specific product category and emerges when the consumer perceives the product as logical and efficient for the country to manufacture. This fit is determined by the perceived competence of the COM to achieve important product characteristics. Because consumers generally assume that the COM is identical or similar to the COD, unless specified as different (Nebenzahl and Jaffe, 1996; Okechuku, 1994), some countries may present a weak COD image/product fit but a strong COM image/product fit. For example, the clothing and toy industries commonly sell products manufactured in countries with low labor costs. Furthermore, the diffusion and standardization of production technologies has given more countries the perception of being able to manufacture diverse product categories (e.g. electronics and cars in Korea). Similarly, Johansson (1989) mentions that when production technology is not standardized, there should be differences in countries’ manufacturing skills, and thus, COO effects should be more pronounced.

H4. Product quality is positively related to the strength of the COM image/product fit. The greater the fit, the better the perceived quality of the bi-national product will be.

Methodology

Research design

A preliminary study carried out with 100 respondents enabled us to select the product categories, COD, and COM for the experimental design. To be selected, the product categories had to present a strong market penetration rate and a high level of familiarity among respondents. We chose two product categories, automobiles and television sets, which correspond to different levels of financial risk, technological complexity, personal involvement, and social distinction or status. We required the selected countries to present clear and homogeneous images for respondents, as well as distinct degrees of perceived capacity to design and manufacture cars and television sets. On the basis of their level of economic development and their perceived capacity to design and manufacture the selected product categories, we selected the following six countries: Germany, France, Korea, Taiwan, Italy, and Japan.

In the empirical study, we use two levels each to describe the three variables (product category, COD, COM). For each product category, one of the two COD selected presents a high perceived capacity, and the other indicates a weak capacity. The same applies to COMs. Overall, the research design includes eight combinations (see Table I).

Measurements and data collection

We drew or adapted all the measurement scales from the literature. To measure global COD and COM images, we used a differential semantic scale with ten items (Martin and Eroglu, 1993). We measured the COD image/product and COM image/product fits with a differential semantic scale with three items adapted from brand extension literature (Keller and Aaker, 1992). Finally, we used a five-item bipolar scale to measure perceived product quality (Dodds et al., 1991). We purified the scales through principal component analyses and assessed scale unidimensionality through confirmatory factor analysis. Because the retained items for each of the scales loaded solely on their respective pre-assigned construct in the measurement model, we claim unidimensionality for the revised scales (Anderson and Gerbing, 1988). For the final list of items for all scales and their internal consistency coefficients (standardized alphas), see Table II. Reliability coefficients ranged from 0.88 for global country image to 0.93 for perceived product quality, in support of reliability. A measure of the respondents’ familiarity with the two product categories used a five-point bipolar scale (not at all familiar/very familiar), and we eliminated any respondents whose familiarity levels were less than three. For cars, the average level of familiarity was 4.36 (0.97); for television sets, it was 4.55 (0.83).

So that every respondent could evaluate cars and television sets conceived in one country and manufactured in two different countries, we elaborated four versions of the questionnaire that correspond to the various combinations in the research design. Each respondent evaluated different combinations (COD/COM) for each product category on questionnaires they received at either their home or their workplace. We collected the data in the Tunisian market, which is considered an emerging market with many bi-national products. Of 409 questionnaires, 389 proved usable for further analysis, and an approximately equal number of questionnaires refer to each of the four versions. We used a convenience sample mainly composed of non-students (75 percent), 53 percent of whom were men and 47 percent women, which is close to the overall gender profile of the Tunisian population. Age distribution was biased toward the younger generation, especially those between 25 and 34 years of age (52 percent). Of the respondents, 92 percent indicated that they had completed a high school education; 47 percent reported annual household incomes ranging from approximately $4,800-12,000 (middle income), less than 20 percent reported incomes of less than $4,800, and 33 percent reported household incomes greater than $12,000.

Results

Global country images

We obtained scores of global country images by averaging the answers to the measurement items (see Table III). In
acCORDANCE WITH THE RESULTS OF MANY PREVIOUS STUDIES, INDUSTRIALIZED COUNTRIES ARE GENERALLY BETTER EVALUATED THAN LESS INDUSTRIALIZED ONES. PAIRED COMPARISONS BETWEEN COUNTRIES ARE STATISTICALLY SIGNIFICANT \((p < 0.001)\) FOR ALL PAIRS EXCEPT TAIWAN AND KOREA. GERMANY APPEARS MORE FAVORABLY EVALUATED THAN JAPAN \((p < 0.001)\), FRANCE \((p < 0.001)\), OR ITALY \((p < 0.001)\).

**COD/product and COM/product fit**

Our results support the concept that consumers associate countries with their fields of excellence (Niss, 1996), particularly Germany and Japan (Table IV). Germany earns the best perceived capacity to design cars (Japan for television sets). For the COM/product fit for television sets, there is a significant difference between Japan and Italy \((p < 0.001)\).

**Perceived product quality**

We evaluated the perceived product quality for four combinations of COD/COM and for both television sets and cars (Table V). The perceived quality of Japanese television sets varies according to whether the product is manufactured in Italy or Taiwan \((p < 0.001)\). A television designed in Germany and manufactured in Japan earns a higher evaluation than one manufactured in Italy \((p < 0.001)\). The perceived quality of a car designed in Germany and manufactured in France is higher than that of one manufactured in Taiwan \((p < 0.001)\). Finally, Korean cars receive different evaluations depending on their COM (France or Taiwan). These results suggest, as we expected, that countries’ capacities to design or manufacture a product within a specific category can have a positive impact on consumers’ evaluations of product quality.

**Effects of COD and COM on perceived product quality**

To test the relationships between constructs, we first treat COD and COM separately. For each country type, we use...
regression analysis to explain any variations in perceived product quality with two explanatory variables – global country image and country image/product fit – and present the results in Table VI. We next consider all variables simultaneously and regress perceived product quality against the four explanatory variables (COD image, COD image/product fit, COM image, COM image/product fit), for which we present the results in Table VII. This procedure enables us to test H1-H4.

The COD image has a strong effect on perceived product quality for automobiles, but the COD image/product fit has none (standardized regression coefficients β = 0.32 (p < 0.01) and 0.08 (non significant), respectively). In contrast, for television sets, the effects of the two variables are of similar importance (β = 0.12 and 0.13, respectively, p < 0.01). These results support H1 and partially support H3 relative to the effect of the COD.

In the case of cars, the global image of the COM strongly influences perceived product quality (β = 0.41), as does the COM image/product fit (though with a lesser effect, β = 0.11). For television sets, the results show the important influence of both variables with similar intensity (β = 0.28 for country image; β = 0.36 for COM image/product fit). All β for cars are significant at p < 0.01 These results support H2 and H4.

The test of the model with all four variables (global images and fits) leads to satisfactory results in terms of an overall explanation of product quality perceptions (R² = 0.34 for cars, 0.28 for televisions; see Table VII). The coefficients indicate two main findings. First, COM and COD have similar influences on perceived product quality for cars (COM image = 0.36, COD image = 0.25; COM fit = 0.13, COD fit = 0.11; all coefficients significant at p < 0.01). For television sets, the COM effects are much greater than the COD effects; both the COM global image effects (β = 0.29, non-significant for COD) and the COM fit effects (β = 0.34, 0.07 for COD) are strong.

Second, the intensity of the relations tested varies with the product category. This finding may be because cars entail a higher mean level of involvement and represent a social and status symbol category. We test the effect of product category formally subsequently.

Next, we introduced a dummy variable for the product category in a data set in which we pooled the data from the two different product categories (n = 1,556). This dummy variable captures the mean-level differences across cars and television sets. As we show in Table VIII, the product category has a significant effect on perceived product quality.

**Discussion and managerial implications**

Globally, the results indicate a lesser influence of global COD image than global COM image on perceived product quality for two categories of durable goods (more for television sets than for cars). The same conclusion applies to the country image/product fit, which implies that respondents attach more importance to the perceived capacity of the country to manufacture the product category than to its perceived capacity to design or conceive it. Therefore, information
environment might not be applicable elsewhere (Hofstede, 1980). Most analyses of COO effects use data collected in developed countries (mainly the USA, with some rare exceptions; see Agbonifoh and Elimimian, 1999; Batra et al., 2000). Our results conform some conclusions drawn by Batra et al. (2000); there are non-quality-related direct effects of a product’s COO on product evaluation. Our decomposition of the COO construct shows the significant effect of the global COO image for cars, as well as the effect of the perceived capacity of the country to design cars, due to the symbolic associations the COD image might evoke. (In contrast, the COD image/product fit includes more “know-how” associations related to product conception.) One such symbolic association might be the prestige and status associated with owning a car designed in Germany. No similar effects occur for television sets, for which global COD image has no effect on the perceived product quality, whether the COD is Germany or Japan. Our results also indicate that global COM image has a stronger effect than the perceived capacity of the country to manufacture cars (COM/product fit), which also suggests that for a product category such as cars, associations other than just functional ones are considered important by consumers. For some consumers and some product categories, symbolic dimensions linked to the global image of a country (design and/or manufacture) contribute to overall product evaluations.

Some products purchased or possessed by consumers have symbolic meanings and communicate social distinctions or values, particularly status (Douglas and Isherwood, 1979), especially in developing countries, where interpersonal relationships often are very important (Ger et al., 1993). Periods of economic transition also increase the importance of positional values that are oriented toward conspicuous consumption and status display. Linked to that aspect of consumption, our study strengthens our understanding of the COD and COM effects if we distinguish public versus private goods and thus relates the importance of COO effects to the significance of conspicuousness in product consumption. Conspicuous consumption represents a social event, publicly witnessed by other consumers (Piron, 2000), so conspicuous consumers may be inspired by the social rather than the economic or physiological utility of merchandise because they are motivated by their desire to impress others with their ability to pay particularly high prices for prestige products (Mason, 1981). A product’s COD and/or COM might have different levels of influence on perceived product quality depending on whether the product is used publicly (cars) and under the influence of reference groups or privately (television sets) and with minimal influence from reference groups. Our results confirm the stronger influence of COD for the public good, which indicates that for products with fashion or status symbolic meanings, consumers are more sensitive to COD than they are for more private goods. In a developing country, where imports from developed countries generally carry these symbolic meanings of fashion and status, consumers tend to show off their wealth and success by purchasing imports (Ger et al., 1993), as we find in Tunisia.

Finally, we reveal the joint effects of the global country image and the country image/product fit on perceived product quality. Perceived product quality can be affected by COD or COM through global country image, the fit between the country image and the product, or both variables simultaneously. Rather than studying only one variable, our decomposition, which simultaneously considers global

### Table VIII: Multiple regression analysis of perceived product quality

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country image and capacity to design or manufacture a product category, appears promising. This promise is particularly important when the brand is unknown to consumers (and therefore has few strong and positive associations), because in such a scenario, consumers base their judgments on the informational cues available, namely, those related to COD and/or COM. Considering country global images and fit with a product category can help managers define product promotions by emphasizing global country image, country image/product fit, or both.

We confirm that consumers distinguish between COD and COM and that these countries play different roles depending on the product category. Through this better understanding of how consumers respond to country-related information, managers can better evaluate the risks and benefits of locating various stages of their value chains in different parts of the world. We also confirm Batra et al.’s (2000) findings that the COO of a product is an important determinant of product evaluations, especially in developing countries, where it may contribute to attitudinal liking because of consumers’ status-enhancing motivations.

The study involves several limitations, including the absence of informational cues other than COD and COM. An important step for further research is to include other descriptors of the products, such as the brand and key product characteristics; we cannot rule out that our design may have emphasized the importance of country information. However, our main goal was not to contrast the influence of COO with other product cues but rather to contrast COD and COM and introduce the concept of fit.

In addition, we use fairly complex durable goods, and it would be interesting to determine the effects of COM and COD for product categories that vary on several dimensions (e.g. less complex products, repeat purchase products, categories with low levels of involvement).

Finally, even though we collected data from an emerging market, our study is limited to a specific country (Tunisia), which is certainly not in itself representative of different emerging markets (e.g. China, India). It therefore would be relevant to replicate (and augment) this study in other emerging markets. We share Steenkamp’s (2005) view about the need to test established marketing theories in the specific setting of emerging consumer markets. But because perceptions and behaviors are shaped by cultural norms and beliefs, a variety of emerging markets, which differ in their economic development, political organizations, religions, roles for women, and language, to name just a few dimensions, should be used as fields of study. Despite these differences, we believe that consumers living in emerging countries have strong sensitivities to the both COD (i.e. technological products or products with symbolic image generally are designed abroad) and COM (i.e. emerging countries are common COMs for products designed elsewhere) images. Our study certainly would benefit from replications and extensions.

References


The impact of COD and COM on consumer perceptions
Leila Hamzaoui and Dwight Merunka


Further reading

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Executive summary and implications for managers and executives
This summary has been provided to allow managers and executives a rapid appreciation of the content of this article. Those with a particular interest in the topic covered may then read the article in toto to take advantage of the more comprehensive description of the research undertaken and its results.

Stereotypes and reputations
Research has shown that country of origin (COO) cues are important when consumers are faced with foreign goods that they may be unfamiliar with. It is also accepted that consumers resort to stereotypes about their own and other countries and on that basis make evaluations about such as quality, features, innovations and price of products. These perceptions tend to arise partly from the degree of economic development of each country in question and have influenced people to associate, for example, fashion with France, design with Italy, and advanced technology with Germany.

Certain countries also boast powerful reputations for quality within specific product categories. Examples include Japan’s reputation for cameras and televisions, and Germany’s for automobiles and electrical appliances. Such associations can also influence evaluation of new products, especially when consumers perceive the new product closely relates to the category the country’s reputation is founded upon.

Earlier studies have indicated that hostility towards certain nationalities or cultures can influence customer perceptions of products associated with a specific country. Where such negative associations exist, organizations are keen to distance their products from such places. For many, the ideal response is to stress the origins of other product attributes. Volkswagen epitomizes this strategy by highlighting the German design of its cars, rather than the fact they are assembled in Mexico. The example serves to illustrate that the growing trend of designing and manufacturing in separate countries brings with it an increased potential for different and often contradictory associations to emerge.

Consumer evaluation of bi-national products
Against this background, Hamzaoui and Merunka expand on earlier work by investigating how country of design (COD) and country of manufacture (COM) influence consumer perceptions of bi-national products. On the premise that the issues are especially relevant within developing countries, the authors used data collected from 389 respondents in Tunisia. Participants were exposed to different brands of car and television set, designed or manufactured in Germany, France, Korea, Taiwan, Italy or Japan, or in their own country. Many of the products evaluated were bi-national.

The results indicate that the perceived fit between country image and product category considerably influenced product evaluation. There was also agreement with other studies that showed industrialized countries were usually more highly rated than their less developed counterparts. COM information appeared to influence consumer perceptions of quality significantly. For instance, participants rated Japanese designed televisions sets more highly when they were manufactured in Italy rather than Taiwan. Likewise, televisions manufactured in Japan were regarded as superior to those manufactured in Italy, even though both were of German design. Similar revelations occurred with consumer evaluation of cars, where COM again appeared to exert greater influence on how the products were rated. The findings supported the belief that perceptions of product quality are closely linked to the strength of COD or COM image.

The degree of perceived importance of COM was perhaps contrary to expectation, especially in light of the fact that technologies have now largely become standardized across many areas of the world. Hamzaoui and Merunka argue that this has enabled various countries to acquire the capabilities to manufacture a diverse range of products. Design, on the other hand, remains more specialized and consumers perceive that only certain countries possess the necessary ability.

The overall results showed that global COD image had a lower impact than global COM image on the perceived quality of the products analyzed. This was especially found to be true for televisions, where COD had no significant effect. The authors believe this has much to do with the relative absence of any social status being attached to owning a television set. On the other hand, COD had an effect similar to COM on the evaluation of cars, a product that has much greater social value. This led to the conclusion that consumers become more sensitive to COD with sophisticated products that also serve to symbolize status or wealth. Such a response is likelier within developing countries, where it is often considered prestigious to own products imported from countries boasting a strong reputation for design.

Marketing implications
Hamzaoui and Merunka now believe that consumers use COD as an indicator of performance and superiority, while COM conveys information about a product’s functional attributes. However, the study suggests that consumers are likelier to place greater value on COM, unless the product in question signifies status. The authors point out that marketers can use this knowledge to promote their products more effectively by highlighting information relating to global
country image and/or the fit between country image and product category. Just as important is the fact that managers will also be better equipped to assess the potential benefits and risks involved before deciding where to design and produce their goods.

Sweeping generalizations should not be drawn from this study, as the results may not be applicable in other contexts. While Tunisia is a developing country, it is not representative of other emerging markets such as China or India, where different cultural norms exist. Extending the analysis to other developing countries could therefore provide additional insight. The authors also note the scope to investigate other product categories and to use information cues different to COD and COM in order to identify additional variables that may influence consumer evaluation of product quality.

(A précis of the article “The impact of country of design and country of manufacture on consumer perceptions of bi-national products’ quality: an empirical model based on the concept of fit”. Supplied by Marketing Consultants for Emerald.)