Consumers’ product evaluations in emerging markets

Does country of design, country of manufacture, or brand image matter?

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Abstract
Purpose – The purpose of this paper is to investigate, in an emerging market, the simultaneous effects of country of design (COD), country of manufacture (COM), and brand image on consumers’ perceptions of bi-national products. A comprehensive model broadens country-of-origin literature by incorporating brand image and the concepts of fit and congruity borrowed from brand extension research. Perceptual (in)coherences that might exist among COD, COM, and the brand are incorporated.

Design/methodology/approach – Tunisia is the emerging market studied. A total of 389 respondents evaluated different product combinations (COD/COM/brand) in two categories. Relationships between constructs are tested using structural equation modelling.

Findings – Consumers are sensitive to the COD (more so for public than for private goods) and also value the COM of branded products. The transfer of the COD image to brand image is significant. It is very high for one product category (cars). Brand/COM congruity is also important since product evaluations decrease when consumers perceive incoherence in a manufacturing location.

Research limitations/implications – The paper used limited informational cues for products’ descriptions and concentrate on fairly complex durable goods. Research design should be expanded.

Practical implications – Perceived COD competencies can benefit brand image through strong COD-brand associations. In emerging markets, COD (through brand image) and COM effects are important for understanding consumers’ perceptions of publicly versus privately used branded products.

Originality/value – The major contribution consists of a simultaneous examination of the effects of COD, COM, brand, and of their inter-relationships. Investigating bi-national products and related consumer behaviour in emerging markets is of particular interest as it corresponds to the reality of these markets.

Keywords Country of origin, Brand image, Customer behaviour, Emerging markets

Paper type Research paper

Introduction
Consumption is increasing rapidly in developing economies such as China, India, Malaysia, and Tunisia, to name few, whereas a parallel stagnation in the mature markets of developed countries seems prevalent (Wilson and Purushotaman, 2003). International marketers thus are seeking opportunities outside advanced markets, and multinational firms are considering emerging markets with renewed interest (Keller and Moorthy, 2003).
because of their unique high-growth potential and current and future size. In such markets, consumers are becoming more aware of products/services available throughout the world as a result of advances in satellite communication, internet access, and travel, as well as increased education. These consumers now have access to a wide variety of foreign products, especially as global alliances and foreign sourcing developments result in the production of many brands outside the countries that originally designed and manufactured them. They also are faced with many different offerings that vary in their brand images, countries of origin (COO), and countries of manufacture (COM), such a German Mercedes car manufactured in Brazil, a French Renault car manufactured in Romania, or a Korean Kia car manufactured in Slovakia.

Several studies conducted in developed and mostly Western nations show a significant preference for domestic versus imported (or foreign) products (Balabanis et al., 2001; Netemeyer et al., 1991). However, preference for imported, branded products over domestic ones seems to prevail among consumers in developing countries (Agbonifoh and Elimimian, 1999; Batra et al., 2000; Ettenson, 1993; Marcoux et al., 1997), suggesting some reverse ethnocentrism. Consumers in developing economies appear to perceive that products from developing countries are of lesser quality and will result in higher levels of dissatisfaction (Okechuku and Onyemah, 1999; Wang et al., 2000). However, in contrast with the vast amount of research conducted in Western economies, very little is known about the role of COO images for imported products in comparison with binational or domestic products in developing economies. The importance of these economies makes a clearer understanding of consumer behaviour essential to the formulation of better marketing strategies and policies.

Existing knowledge largely is derived from empirical studies of consumers in Western countries, especially the USA. However, more than 80 per cent of the world's consumers live in emerging consumer markets and transitional economies (Steenkamp and Burges, 2002), while developed nations represent a shrinking portion of the world's economy (Wilson and Purushotaman, 2003). These countries differ significantly culturally, economically, and demographically from Western countries and historically have experienced unique and rapid rates of socio-political and economic change (Batra, 1997), which likely makes them the next great opportunity for global growth (Klein et al., 2006). As companies become more global, they must possess a thorough understanding of the attitudinal and behavioural characteristics of emerging consumers markets, because what is known about consumers in one part of the world is not applicable to consumers in other parts. Investigating the COO phenomenon in emerging economies can provide important implications for foreign companies/manufacturers in terms of branding, relocation, and communication strategies, as well as for emerging markets' policymakers who want to establish local design and manufacturing competencies.

Consumers in emerging countries consciously shop for quality goods but often are unfamiliar with product category attributes and benefits (Batra, 1997). Therefore, brands and COO serve as surrogates to inform the consumer about products' quality (Reardon et al., 2005). Also, their increased exposure to global media has increased consumers' desire for branded goods from certain developed countries; Western branded products enable them to demonstrate social status (Marcoux et al., 1997) and improve their quality of life. However, through globalization and production relocation, an increasing number of branded, bi-national products render consumers' perception
processes more complex, so researchers should consider the various countries included in the process of product design and development explicitly. For example, the decomposition of the COO construct has proven to be an important contribution to the study of its effects on consumers’ product evaluations (Insch and McBride, 2004). In turn, brand managers must determine the influence of perceptions of countries of design (COD) and COM, as well as their related skills, on consumer behaviour, especially in emerging countries. Many COO studies focus on consumer behaviour in developed countries (Agbonifoh and Elimimian, 1999; Batra et al., 2000; Reardon et al., 2005) and acknowledge that the processes by which consumers use COO information may differ in developing countries. However, the few studies of developing countries concentrate mainly on “foreignness” and individual variables (e.g. ethnocentrism) and fail to address COO decomposition into COD and COM.

This research therefore provides a better understanding of how consumers in emerging economies use information related to images of the brand, the COD, and the COM jointly to evaluate bi-national products. We develop a conceptual model to integrate these three effects and propose that COD and COM may each have two sub constructs: one representing country image in global terms (e.g. is the image of France favourable?) and the other representing the perceived capacity of the country to design or manufacture a specific product category (e.g. are automobiles designed or manufactured in France valued?). We also integrate two additional variables, the congruity between the image of the brand and that of the COM (is the country suited to manufacture such a brand?) and the typicality of the brand for the COD (is the brand strongly associated with or related to that country?). We empirically validate our proposed model for two product categories, automobiles and television sets. The categories are distinct in the sense that one (TV) is a private product that offers little social distinction, whereas the other (automobile) is more symbolic and liable to communicate status to others. We collect our empirical data in a developing Mediterranean country (Tunisia), where consumers increasingly have been exposed to imported and bi-national products. In the subsequent sections, we review relevant COO literature and derive research hypotheses linked to COD, COM, and brand effects on product quality evaluations. Then, we describe the research methodology and present our research results. Finally, we offer a discussion of our results and some conceptual and managerial implications.

Literature review and hypotheses
Country of origin perceptions and evaluations
The proliferation of hybrid (or bi-national and in some cases multinational) products in international markets encouraged the partitioning of the global COO concept into country of assembly and COD (Ahmed and d’Astous, 1996; Chao, 1993) or COM (Chao, 1998; Insch, 1995; Insch and McBride, 2004). For example, a Sony television may have been designed in Japan, include parts and components manufactured in Taiwan, and be assembled in China. Thus, bi-national products relate to several countries with various economic levels and images. Although globalization can render a product’s COO less clear to consumers, it also gives managers more control over choosing the countries associated with the product. Several studies (Klein et al., 1998; Nijssen and Douglas, 2004) also find that national or cultural animosity can affect attitudes toward products associated with particular countries. Discrimination against imports from
some countries can create invisible barriers to globalization, so in certain circumstances, it might be necessary to emphasize the origins (design and/or manufacture) of different product attributes to avoid this animosity effect for bi-national products. In this study, we consider two dimensions of COO, namely, COD, which is the country where the product is conceived (and generally the country with which the brand is associated), and COM, the country in which the product is manufactured or assembled.

Antecedents of perceived product quality

Country image may be conceived of in relation to a specific product category (is the image of Japan favourable for cars?). However, in accordance with more recent concepts of national/cultural animosity or, in contrast, national/cultural proximity, we believe the former approach is limited and that more general facets of country image might be important for product or brand evaluations. We therefore adopt a more general approach of COO image, as suggested by Hooley et al. (1988) and Lawrence et al. (1992) and consider a wider set of associations related to the country. In this sense, we extend country image to national and cultural symbols, economic and political situations, degrees of industrialization, values, and products associated with the country. We apply this definition to both COD and COM images; that is, we distinguish COD and COM overall images and study their respective effects, in conjunction with other variables, on the perceived quality of a product. In line with COO literature, we hypothesize:

H1. Product quality relates positively to overall COD image. The more positive the COD image of the product, the better the perceived quality of the product will be.

H2. Product quality relates positively to overall COM image. The more positive the COM image of the product, the better the perceived quality of the product will be.

Another key antecedent of perceived product quality may be drawn from brand extension literature. Beyond its overall country image, a consumer will tend to associate a product category with a country. If there is a logical connection between the country and the product category (e.g. Japan and consumer electronics), there is fit between them, which has a positive impact on perceptions of quality. The fit between the COD and the product expresses the perceived capacity of that country to design a product within that product category; in other words, fit is determined by the adequacy, or perceived consistency, between the perceived competencies of the COD (which reflect associations of the overall country image) and important product characteristics. Furthermore, the concept of a fit between country image and product implies that the logical connection perceived by a consumer between a country and a product category will influence perceived product quality. This conceptualization seems more complete than that proposed by Agarwal and Sikri (1996), who deal with perceived similarity (on technology, prestige, and price dimensions) between the known products of a country and new products or than the concept of “match” between country image and product proposed by Roth and Romeo (1992). Thus, we hypothesize:

H3. Perceived product quality relates positively to the strength of the fit between COD image and the product. The higher the fit, the better the perceived quality of the bi-national product will be.
Similarly, the fit between COM and the product reflects the perceived capacity of the country to manufacture a product in that product category. This fit occurs when the consumer expects the product to be manufactured in that country and is determined by the adequacy between the perceived competencies of the COM and the important product characteristics. We expect that some countries present a weak COD image/product fit but a strong COM image/product fit (e.g., clothing or toy industries in China). Also, the diffusion and standardization of production technologies makes it possible for more countries to be perceived as able to manufacture diverse product categories. Moreover, the dimensions perceived as important for product design may differ from those perceived as important for manufacture. Therefore:

**H4.** Perceived product quality relates positively to the strength of the fit between COM image and the product. The higher the fit, the better the perceived quality of the bi-national product will be.

**Antecedents of perceived quality of the branded product**

The preceding hypotheses pertain to the antecedents of perceived product quality. In reality, consumers are exposed to branded products, so we must take into account the influence of the brand itself on the overall evaluation of the branded product. Brand can be a signal of quality, and the dimensions of brand image affect consumer perceptions and preference. Beyond these simple effects, we also introduce relationships between the brand and COD or COM. We show the overall conceptual model in Figure 1.

A straightforward relationship connects perceived product quality (unbranded) to perceived branded product quality, leading to the following hypothesis:

**Figure 1.** Conceptual model of perceived quality of the branded product
H5. Perceived product quality has a direct positive impact on the perceived quality of the branded product.

That is, a consumer evaluates and chooses products designed in a specific country, manufactured in another country, and carrying a specific brand name (e.g. a car designed in Germany, made in Taiwan, and carrying the Audi brand name). In this case, consumers use the brand as a proxy of quality when they do not have a specific idea about product characteristics (Leclerc and Schmitt, 1994). Moreover, as brand equity literature shows, brand associations generally are transferred to branded extensions (Aaker and Keller, 1990; Bridges, 2000; Broniarczyk and Alba, 1994). Hence:

H6. Brand image has a direct positive impact on the perceived quality of the branded product.

Moreover, a brand can refer implicitly to the COD of the product (or “country of brand” such that L’Oreal is associated with France and Coca-Cola with the USA) and may use the image of that country to build its identity, regardless of the place of manufacture (Thakor and Lavack, 2003), which helps explain country stereotypes. Shimp et al. (1993) propose the term “country equity” to define the performance reputation the country provides to the product or the brand. We expect a COD with strong positive (or negative) associations to transfer those associations to the brand. Therefore, we hypothesize:

H7a. The image of the COD has a direct positive impact on brand image.

However, not all brands benefit equally from country equity. Some brands are strongly associated with their COO, whereas others are weakly associated with it, if at all. One important source of origin is the brand itself (Thakor and Kohli, 1996), such that brands like Sony and GE may automatically activate origin cues in consumers, even though the country is not mentioned in the brand name. Brands strongly associated with a country (whether COO or COD) benefit from their country’s positive stereotypes and suffer from their country’s negative stereotypes. Moreover, some brands take more advantage than others of their COD image, especially if the brand is perceived as typical of its COD (e.g. Chanel for France, Sony for Japan). Therefore, the typicality of the brand in the COD has a positive moderating effect on the relationship between COD and brand image.

H7b. The more typical the brand is of its COD, the stronger the impact of COD image on brand image.

Finally, consumers often consider COM identical to COD, unless specified otherwise. Branded products manufactured in a country other than the COD might induce a perceptual (in)coherence or (in)congruity between the brand and the COM (Häubl and Elrod, 1999; Johansson and Nebenzahl, 1986), which in turn may influence evaluations the branded product (Heimbach, 1991). When brand image and COM are congruent, this congruence effect will directly impact perceived quality of the branded product (Häubl and Elrod, 1999), but when perceived high-quality brands are produced in a COM with a less positive image, consumers might experience an incongruity between the brand and the country, which would imply a negative impact on quality perceptions. Therefore, we hypothesize:
**H8.** Congruity between brand image and COM image has a direct positive impact on the perceived quality of branded products.

**Research methodology**

During the past decade, many countries have transitioned to a more Western-based free enterprise system, including Tunisia. This country’s economy has received the highest ranking among African countries in the World Economic Forum’s 2005–2006 Global Competitiveness Report. Increased consumption and investment spending, combined with an increase in exports, pushed Tunisia’s gross domestic product (GDP) growth up 5.1 per cent in 2004, with a GDP per capita of $6,900 in 2004. It agreed to gradually remove barriers to trade by entering the World Trade Organization, as well as through broader privatization and further liberalization of the investment code to increase foreign investment and joint venture arrangements. Therefore, Tunisia represents an ideal emerging market in which COO effects should be studied.

**Research design**

We first conducted a preliminary study with 100 respondents about the Tunisian market to select product categories, CODs, COMs, and brands for the experimental design. We used a convenience sample, composed of men (51 per cent) and women (49 per cent), aged 20-29 (52 per cent), 30-39 (30.4 per cent), and older than 40 (17.6 per cent).

To be selected, product categories had to present a strong market penetration rate and a high level of familiarity to the respondents. The categories also had to correspond to different levels of financial risk, technological complexity, personal involvement, and social distinction or status. We chose cars and television sets, product categories that have been used widely in COO effect studies and which enable comparisons of results. The selected CODs and COMs had to present clear and homogeneous images for the respondents and distinct degrees of perceived capacity to design and manufacture cars and TVs. We selected six countries on the basis of their level of economic development and their perceived capacity to design and manufacture the selected product categories. Countries retained in the experiment are Germany, France, Korea, Taiwan, Italy, and Japan (Table I).

We selected four brands for each product category among real brands available on the Tunisian market that have a high level of familiarity for the respondents. In each COD (Germany and Korea for cars and Germany and Japan for TV sets), we selected two brands: one with a strong association with the country and another with a weak association (Table II).

<table>
<thead>
<tr>
<th>Perceived capacity of design</th>
<th>Perceived capacity of manufacture</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cars</strong></td>
<td></td>
</tr>
<tr>
<td>Germany (4.63&lt;sup&gt;a&lt;/sup&gt;)</td>
<td>France (4.35)</td>
</tr>
<tr>
<td>Korea (2.43)</td>
<td>Taiwan (2.93)</td>
</tr>
<tr>
<td><strong>Television sets</strong></td>
<td></td>
</tr>
<tr>
<td>Japan (4.46)</td>
<td>Japan (4.13)</td>
</tr>
<tr>
<td>Germany (3.58)</td>
<td>Taiwan (3.97)</td>
</tr>
<tr>
<td></td>
<td>Italy (2.72)</td>
</tr>
</tbody>
</table>

**Notes:** <sup>a</sup>Scores are mean scores. All scales range from 1 to 5

*Table I.* Countries selected in the experiment
We carry out our empirical study through experimentation, which enables us to address and control for several independent variables, as well as measure the variations of the dependent variables (i.e. perceived product quality and perceived branded product quality). The four variables (product category, COD, COM, brand) each contain two levels. For each product category, one of the COD and one of the COM selected provides a high perceived capacity to design or manufacture, and the other a weak one. Furthermore, for each COD, one brand is strongly associated with the country, and the other is not. The research design thus includes 16 pairs (product category/COD/COM/brand; see Table III).

### Table II.
#### Brand selection

<table>
<thead>
<tr>
<th>COD</th>
<th>Brand</th>
<th>Perceived origin (percentage)a</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cars</td>
<td>Germany</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mercedes</td>
<td>77</td>
</tr>
<tr>
<td></td>
<td>Opel</td>
<td>55</td>
</tr>
<tr>
<td></td>
<td>Korea</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Daewoo</td>
<td>52</td>
</tr>
<tr>
<td></td>
<td>Hyundai</td>
<td>39</td>
</tr>
<tr>
<td>Television sets</td>
<td>Japan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sony</td>
<td>72</td>
</tr>
<tr>
<td></td>
<td>Sharp</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>Germany</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Telefunken</td>
<td>87</td>
</tr>
<tr>
<td></td>
<td>Grundig</td>
<td>69</td>
</tr>
<tr>
<td>Note:</td>
<td>aProportion of respondents identifying the COD of the brand correctly</td>
<td></td>
</tr>
</tbody>
</table>

### Table III.
#### Research design

<table>
<thead>
<tr>
<th>Design combination</th>
<th>COD</th>
<th>Brand</th>
<th>COM</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cars</td>
<td>Germany</td>
<td>Mercedes</td>
<td>France</td>
<td>402</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Taiwan</td>
<td>402</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Opel</td>
<td>France</td>
<td>402</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Taiwan</td>
<td>402</td>
</tr>
<tr>
<td>C2</td>
<td>Korea</td>
<td>Daewoo</td>
<td>France</td>
<td>376</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Taiwan</td>
<td>376</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hyundai</td>
<td>France</td>
<td>376</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Taiwan</td>
<td>376</td>
</tr>
<tr>
<td>Television sets</td>
<td>Germany</td>
<td>Grundig</td>
<td>Taiwan</td>
<td>396</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Japan</td>
<td>396</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Telefunken</td>
<td>Taiwan</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Japan</td>
<td>396</td>
</tr>
<tr>
<td>T2</td>
<td>Japan</td>
<td>Sony</td>
<td>Taiwan</td>
<td>382</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Italy</td>
<td>382</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sharp</td>
<td>Taiwan</td>
<td>382</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Italy</td>
<td>382</td>
</tr>
</tbody>
</table>

**Notes:** C1 – combinations of German cars manufactured in France and Taiwan; C2 – combinations of Korean cars manufactured in France and Taiwan; T1 – combinations of German TV sets manufactured in Japan and Taiwan; T2 – combinations of Japanese TV sets manufactured in Italy and Taiwan
Measurements and data collection

Seven of our constructs employ measures based on scales already used and validated in the literature. Therefore, we measure overall country image by a scale with ten items (Martin and Eroglu, 1993) and COD image/product fit and COM image/product fit by scales with three items each, adapted from the brand extension literature (Keller and Aaker, 1992). For perceived product quality and brand image, we use, respectively, a five-item (Dodds et al., 1991) and a six-item (Lee and Bae, 1999) scale. For congruity of the brand image/COM image, we use a scale with seven items (Heimbach, 1991), and for typicality, we use the three-item scale of Loken and Ward (1990). Finally, our measure of perceived quality of the branded product relies on a bipolar scale with a single item (Keller and Aaker, 1992). To measure respondents’ familiarity with the product categories, we employ a single item (not at all familiar/very familiar) and find that for TV sets, the average level of familiarity is 4.55 (std dev. = 0.83) and for cars it is 4.36 (std dev. = 0.97).

We use principal components analysis to purify the scales and assess scale unidimensionality through confirmatory factor analysis. Each construct of the model is separately analysed. We provide the internal consistency coefficients (standardized $\alpha$s) and model fit indexes in the Appendix.

The various combinations of the research design led us to elaborate four versions of the questionnaire to control for order effects. All versions include the two product categories, and respondents evaluated four different combinations (COD/brand/COM) per product category. Initial questions enabled us to screen out respondents who were not familiar with the product categories or brands, and we used a pilot test with a sample of 25 respondents to identify any problems associated with the questionnaire.

Respondents received the questionnaires either at home or at their workplace, and data collection took place in Tunisia. Of 409 questionnaires, 389 proved usable for further analysis. An approximately equal number of questionnaires were collected for each of the four versions. We used a convenience sample mainly composed of non-students (75 per cent) and 53 per cent of whom were men, which approximates the gender profile of the Tunisian population. The age distribution was biased toward the younger generation, especially those between 25 and 34 years of age (52 per cent). Ninety-two percent of the respondents indicated they had completed a high school education; 47 per cent reported annual household incomes ranging from approximately $4,800 to 12,000 (middle income), less than 20 per cent reported incomes of less than $4,800, and 33 per cent reported household incomes greater than $12,000.

Analysis and results

Global country images

We obtain scores of the overall country images by summing the answers on the measurement items (Table IV). In line with results of previous research, we find that industrialized countries receive higher overall evaluations than do less industrialized ones. Paired comparisons between countries are statistically significant ($p < 0.001$) for all pairs except for Taiwan and Korea. Germany appears more favourably evaluated than Japan ($p < 0.001$), France ($p < 0.001$), or Italy ($p < 0.001$).

COD/product fit and COM/product fit

Consumers associate countries with their fields of excellence (Niss, 1996), as we confirm with the COD/product fit measurement for Germany and Japan (Table V).
Germany is considered to have the best perceived capacity to design cars, whereas Japan is considered to have the best perceived capacity to design TV sets. With regard to the COM/product fit, we find a significant difference between Japan and Italy \((p < 0.001)\) for televisions and a significant difference between France and Taiwan \((p < 0.001)\) for cars, with France perceived as better at manufacturing cars. Differences between countries show that for consumers, countries have distinctive design and manufacturing competencies.

**Hypothesis testing**

We use structural equation modelling to test the proposed theoretical framework because it is well suited to depict the network of hypothesized relationships and moderating effects (through multi-group analysis); we apply the maximum likelihood estimation procedure of LISREL (Jöreskog and Sörbom, 2001) for this purpose. To assess the goodness-of-fit of the hypothesized structural model, we examine different indices and find that the models achieve satisfactory levels of fit for both cars \(\chi^2 (10) = 239.10, p < 0.01\), root mean squared error of approximation (RMSEA) = 0.122, root mean residual (RMR) = 0.05, goodness-of-fit index (GFI) = 0.96, adjusted goodness-of-fit index (AGFI) = 0.86, confirmatory fit index (CFI) = 0.93) and TV sets \(\chi^2 (10) = 288.17, p < 0.01\), RMSEA = 0.134, (RMR) = 0.06, (GFI) = 0.95, (AGFI) = 0.84, (CFI) = 0.87). We show the results of the path analysis in Figure 2.

Our proposed relationships are significant and in the direction hypothesized, except for the relationship between overall COD image and perceived product quality \((H1)\), which is non-significant for TV sets. Overall COM image has a substantial positive effect on product evaluation for both product categories, in support of \(H2\).

<table>
<thead>
<tr>
<th>Country</th>
<th>Sample size</th>
<th>Mean ratings (std dev.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>389</td>
<td>4.77 (0.43)</td>
</tr>
<tr>
<td>Japan</td>
<td>389</td>
<td>4.65 (0.52)</td>
</tr>
<tr>
<td>France</td>
<td>389</td>
<td>4.53 (0.57)</td>
</tr>
<tr>
<td>Italy</td>
<td>389</td>
<td>4.06 (0.69)</td>
</tr>
<tr>
<td>Korea</td>
<td>188</td>
<td>3.31 (0.79)</td>
</tr>
<tr>
<td>Taiwan</td>
<td>389</td>
<td>3.31 (0.81)</td>
</tr>
</tbody>
</table>

**Table IV.** Score for global country images

<table>
<thead>
<tr>
<th>Product</th>
<th>COD/product fit</th>
<th>COM/product fit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Television sets</td>
<td>Germany ((n = 198)) 4.66 (0.60)</td>
<td>Italy ((n = 198)) 4.02 (0.93)</td>
</tr>
<tr>
<td></td>
<td>Japan ((n = 191)) 4.80 (0.46)</td>
<td>Italy ((n = 191)) 3.78 (1.15)</td>
</tr>
<tr>
<td>Cars</td>
<td>Germany ((n = 201)) 4.69 (0.62)</td>
<td>France ((n = 201)) 4.44 (0.78)</td>
</tr>
<tr>
<td></td>
<td>Korea ((n = 188)) 3.49 (1.23)</td>
<td>Taiwan ((n = 201)) 3.73 (1.25)</td>
</tr>
</tbody>
</table>

**Table V.** COD/product fit and COM/product fit

**Note:** Mean ratings and standard deviation
Figure 2. Structural equation modelling results for (a) cars and (b) TV sets
The COD/product fit has a small and significant effect on perceived product quality (H3), and COM/product fit influences product quality (H4), though its effect is stronger for TV sets than for automobiles. In support of H6, the path from brand image to perceived branded product quality is significant and positive. Our results also support H7a, because COD image is a significant predictor of brand image, and the intensity of the relationships varies across product categories (stronger for automobiles). As we hypothesized in H8, congruity between the brand image and COM has a positive impact on branded product evaluation.

To test the moderating effect of brand typicality (H7b), we use a multi-group analysis in which we compare two models (constrained and unconstrained) for each product category on the basis of a $\chi^2$ difference test ($53.72$, df = 1 for cars; $3.06$, df = 1 for TVs). The test of invariance of the relationship between overall COD image and brand image shows that brand typicality (high vs low) moderates the relationship for cars but not for TVs ($p < 0.01$). For automobiles, the finding that consumers consider a brand very typical of a COD reinforces the effect of COD image on brand image and confirms H7b.

**Discussion**

The purpose of this paper is to provide a better understanding of how images of the brand, the COD, and the COM jointly influence consumers’ evaluations of bi-national products in an emerging country. Our main results indicate that a country can influence perceived product quality through its two sub constructs, as defined in our model: overall country image and perceived capacity of a country to design or manufacture the product category (country/product fit). More specifically, consumers in emerging markets seem to consider the overall image of the country in which the product is manufactured (COM) as more important than where it is conceived; overall COM image (vs overall COD image) is the most influential on perceived product quality.

Consumers also attach importance to the second sub construct, COD/product fit and COM/product fit. Studying the effects of COD and COM on perceived product quality is particularly relevant when the brand is unknown to consumers (and has few strong and positive associations), as is the case for many imported, branded products in emerging markets. Consumers tend to base their judgments on the informational cues available – mainly those related to COD and/or COM – to assess the product quality, because in most cases, they remain unfamiliar with product attributes. Research demonstrates that a highly regarded brand name can alleviate the negative effect of poor COO image in product evaluation (Cordell, 1993). When the brand is unknown to consumers, a negative COD or COM often cannot be compensated for by another product attribute and therefore will have a significant negative impact on product evaluation. This finding highlights the need to identify the importance consumers in emerging markets attribute to COD and COM (through their sub constructs).

The relative importance of COD and COM depends on the perceived level of complexity of the product: if a product is perceived as complex to design and manufacture, the COD effect on perceived product quality is more important. In the case of a product with low complexity that is not strongly typical of one or more CODs, the COD image influences perceived product quality weakly, as we show for televisions. For low-complexity products, the possible sources of variation of product quality relate more to the COM, such as its level of development and the quality of its skilled labour.
Johansson (1989) mentions that when production technology is not standardized, differences in country manufacturing skills emerge, so COM effects should be more pronounced (as for cars herein).

Differences in our results between cars and television sets might be influenced by the level of consumer involvement and the distinction between public and private goods (i.e., cars are public, whereas TVs are private). For highly involved consumers, purchase decisions become more elaborate, indicating that the purchase is important and has social signalling value. Products more commonly owned, such as TV sets, tend to represent lower monetary risk and hedonic value and therefore command less involvement. These results coincide with Li and Wyer’s (1994) study, in which they find stronger COO effects for luxury goods than for necessities.

Another interesting distinction also pertains to whether the product is a public or a private good. The choice of a product that is used publicly might be influenced by status symbols, self-images, or ideal selves. Consumers often casually display overt preferences for national product categories by publicly consuming or using goods such as Italian and French designer fashions, German cars, or American casual wear. Our results confirm a stronger influence of COD on perceived product quality for public goods (automobiles); that is, for products with symbolic meanings and status, consumers tend to give greater importance to COD. This influence might be particularly strong in an emerging market such as Tunisia, because the symbolic acquisition and communication of social distinctions are valued particularly by consumers in developing countries where interpersonal relationships are important. These results support the concept of “foreignness” introduced by Agbonifoh and Eliminian (1999) and Batra et al. (2000) to highlight the importance consumers in emerging markets place on public goods, their foreign origin, and their display.

Our results further indicate that for public goods, the influence of COM is also important. The desire to publicly consume a branded product to communicate self- or social image thus appears to be influenced by where the product is actually manufactured or assembled. Consumers seem to value-branded products that are designed and manufactured in foreign countries that have been recognized for either their specific skills or their “prestige” status (usually developed countries). In this sense, COD and COM link indirectly to consumers’ images, in that consumers wish to be seen publicly with products congruent with their ideal personalities and actual or desired ranking in society.

The influence of a congruent brand/COM image on the perceived quality of the branded product also highlights the importance of COD (through brand image) and COM for public goods. Our results reveal weaker congruence for cars than for TV sets, which may indicate that for products with high-signalling value, product quality evaluations might be lowered by any perceived incoherence of the manufacturing location of the branded product. The congruity brand/COM construct also offers a significant explanation in terms of evaluations of branded products. As Heimbach (1991) suggests, the concept of congruity may have been the “missing part” in many studies of evaluations of multi-label products. Another explanation of its influence may be that TV manufacturing delocalization seems to be better accepted and more favourably evaluated than car manufacturing delocalization, likely because the technical skills required to manufacture TV sets are more widespread than those needed for cars.
For most consumers, well-known brand names and their COD form automatic and strong associations. We confirm the transfer of country image to brand image for both product categories in our study, though it is more pronounced for cars than for televisions. Many manufacturers already use this transfer effect in their branding strategies when they choose brand names (e.g. an electronic equipment manufacturer designs products in France but brands itself KAISUI to benefit from positive associations with Japan). Finally, our results also indicate a moderating effect of the typicality of the brand in the COD for cars. When a car brand is considered by consumers typical of a COD, the effect of COD image on brand image is reinforced. We might explain the insignificant effect for TV sets by noting that most developed countries are perceived as able to design (and manufacture) this product category, which does not require specific competencies that only a few countries might master. This result appears important insofar as it shows that consumers consider some brands as being more representative of the category and COD to which they belong than others. The most typical brands therefore benefit from the positive image of the COD.

Managerial implications
Consumers in emerging countries previously were exposed to imports from only a limited number of countries but now can consider, though globalization, products from all parts of the world. Consumers pay particular attention to the COO when they have little else to base a decision on, whether they are looking for mustard, clothes, perfume, or cars. This tendency occurs in emerging markets, where imports (often products with unknown brand names) are increasing in numbers and consumers’ perceptions of the countries in which the products are designed and manufactured become decisive. The place where the product is designed or manufactured matters more or less depending on the product category (high or low involvement, public or private good).

Companies that offer high-involvement, public products have better chances of success in emerging markets when their COD and COM have positive images and are recognized for their specific competencies. Consumers distinguish among imported bi-national goods, and product evaluations based on images of specific countries can be negative, which may create substantial market barriers. Companies that offer bi-national products manufactured in countries with less positive images therefore should promote their alliances with foreign brands and use the partner country’s technology to reassure customers about the quality of their products. Understanding the country images associated with different imported products thus certainly can benefit importing firms that compete in emerging markets.

Other specific managerial implications in areas such as branding strategy, foreign manufacturing, and communication strategy may also be drawn from our study. In terms of brand management, a company could seek to reinforce the associations between the brand and the COD (through its communication strategy) to benefit from perceived competencies (especially when imported products use unknown brand names). More specifically, companies must assess whether the overall country image, the perceived capacity of the country to design/manufacture the product category, or both should be highlighted in their communication strategy to benefit the brand. If the country has an overall negative image or no recognized competencies, marketers should devise strategies to downplay COO information and lead the consumer to base his or her evaluation on other product characteristics and benefits.
With regard to manufacturing relocation strategies, a relocation choice might be guided by the existence of an (in)congruity between the brand and the COM image, as perceived by the consumers, as well as by the type of product (public or private). A measurement of (in)congruity can provide managers with a useful strategic tool offers them a better understanding of how current and potential customers might react to imported goods that carry a specific brand name or that are associated with a particular COD but manufactured in another country.

Everywhere, but particularly in emerging countries, consumers tend to communicate their success and self-esteem by purchasing goods from countries whose symbolic meanings indicate fashion and status, which reinforces the importance of the concept of public versus private consumption in COO effects. Emphasizing COD (or suggesting it through a brand name) will have a strong influence on public goods (e.g. cars, watches, clothes) that carry symbolic meanings but a lesser influence on private goods (e.g. TV sets, furniture). The COM impact on perceived product quality also is highly significant; consumers want their branded public goods to be both designed and manufactured in specific (usually developed) countries. The success opportunities for local firms in some industries therefore appear rather narrow. International managers must use COO information strategically, especially in product categories in which few domestic alternatives are available and for public goods. Because of the generally less positive image of emerging countries, domestic firms should emphasize the design and manufacture of products unrelated to conspicuous consumption, such as products for which technology standards and diffusion have been established.

Limitations and further research
The experimental design includes no other informational cues other than COD, COM, and the brand; it also employs durable, fairly complex, and involving products. Consumers may have different perceptions and attitudes toward bi-national, low-involvement products, so it would be interesting to determine the effects of brand, COD, and COM for different product categories (e.g. less complex products, those that inspire low levels of involvement). In addition, we conduct this research in a single emerging market; it seems relevant to duplicate our study in other emerging markets, such as India and China, to generalize our results. Further, advances in consumer research require that the validity of existing theories and models and their degree of generalization be examined in non-Western, emerging consumer market contexts (Douglas and Craig, 1997; Steenkamp, 2005). Insch and McBride (2004) suggest that current consumer behaviour and COO theories may not be as applicable to emerging markets as once believed. We argue that this question is of key importance as emerging markets (e.g. China, India, Latin American and North African countries) develop and consumers are exposed to more foreign and bi-national products. Finally, conspicuous consumption in emerging countries is increasing and expanding to more consumer segments and product categories. Therefore, it remains an area of considerable interest for research on brand image and COO effects.

References


### Appendix

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<th>p-level</th>
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<th>GFI</th>
<th>AGFI</th>
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<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
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</tr>
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</table>

**Table A1.** Measurement properties of the constructs

**Notes:** n – number of items; VE – variance extracted

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