

# The Effects of Country of Manufacture and Country of Brand on Purchase Intention: The Moderating Role of Brand Experience

Natinee Thanajaro

**Abstract**—In the past few decades, international research on the country of origin of products has garnered significant interest, particularly in investigating the effects of consumers' evaluation and perception. As globalization and market competition rise, international firms are seeking ways to control their labour costs and minimise taxes. Many products are outsourced and manufactured in countries with cheap labour. Consequently, the proliferation of 'bi-national' products has increased, raising important questions related to consumers' perception. Moreover, the rapid growth in emerging markets, especially in Asia, has made these countries attractive options for international brands. Therefore, studying the country of origin allows firms and researchers to understand how customers perceive such information regarding the country of manufacture and the country of the brand. This study aims to investigate the influence of the country of manufacture (COM) and country of brand (COB) on Thai consumers' perception of the brand. In addition, it embraces a different perspective on brand experience as a moderating factor. A sample of 403 Thai respondents was collected through face-to-face survey questionnaires in central Bangkok. This research employs an experiment using a factorial design to test the hypotheses. SPSS statistics software was adopted to analyse and validate the reliability of the testing of the constructs and model hypotheses. The results of this research show that the respondents positively respond to the COB more than the COM, and brand experience plays a moderating role in this research. This research provides a significant contribution to the existing literature and managerial practicality by using multi-dimensional information on the country and analyses the relationships between these dimensions.

**Keywords**—Brand experience, country of brand, country of manufacture, purchase intention.

## I. INTRODUCTION

WITH the technological advancement, international business is becoming borderless. Manufacturing operations are expending to alternative countries where lower costs are lower. There is a substantial body of research that examines issues such as country of origin (COO). Ditcher was one of the first researchers to investigate the effects of COO on product evaluation [11]. COO has since been investigated in multiple countries and industries. The findings associated with COO also appear to be varied [17].

This study examines COO impact by decomposing it into COM and COB effects [15]. Most COO literature has mainly focused on only the manipulation of origin from different countries and customer attitudes about a product [17].

Natinee Thanajaro is with Srinakharinwirot University, Bangkok, Thailand (e-mail: natinee@g.swu.ac.th).

Therefore, this research intended to provide a clear understanding of the relationship among brand equity and the combination of COM and COB effects [2].

## A. Research Objectives

This study extends previous studies on the country image effect to examine whether the positive and negative effects of country interact with brand experience. Since most of the studies have attempted to explore only a single cue of a product [15], this research investigated multi-cues of country information of a product in order to provide more solid knowledge on country-related information. Thus, the main objectives of this research were:

1. To investigate the effect of COB on purchase intention.
2. To investigate the effect of COM on purchase intention.
3. To explore the interaction effects of COM and COB on purchase intention.
4. To examine the relationship of COM and COB and the moderating role of brand experience on purchase intention.

## II. PRODUCT CUE

Previous research implies that COO image acts as a cue from which consumers decide about a product [19]. When people are in the process of making decisions, they generally use a cue as an influence to form their beliefs about a particular product [3]. Normally, customers use both extrinsic and intrinsic cues to evaluate a product [26]. COO is considered one of the extrinsic product cues, like price, brand name or warranty [24]. On the other hand, intrinsic cues refer to, for example, product appearance, taste, product design and physical quality [12].

Over the past decades, studies of COO image and effects have been broadened due to their being widely studied in the international business and marketing area. An early study by [25] stated that COO is "the picture, the reputation, the stereotype that businessmen and consumers attach to products of a specific country." Some research has mentioned that COO or 'country of manufacture' is similar to 'country of assembly' [1]. Since there are arguments from previous researchers about shifting to a multi-cue approach for COO effect, this study focused on both COM and COB effects. Moreover, the increase in binational products can give customers conflicting views about products [27]. Given this problem, it is significant to understand how companies could suffer from a negative effect of COO. Since there is limited research about the

combined effects of COM and COB, this research aimed to investigate this matter.

In order to successfully communicate with customers, it is important to understand the influence of country image on customers' evaluation of a product. Country image is defined as 'a set of associations organised into groups in a meaningful way' [20]. Country image is used as an assessment of a product [21]. One study [28] proposed three dimensions of country image: country image (CI), product-country image (PCI) and product image (PI). The importance of CI is that it helps to influence customers' decision making; for example, some individuals choose to wear designer clothes with a visible brand in order to create an image for themselves. The theory of categorisation is a fundamental framework that describes the concept of things which 'belong together' [22]. It is normally used to explain customers' decisions based on a memory stored schema-triggered effect. In other words, it is used to associate how consumers organise information related to product categories with countries' associated characteristics [14].

#### A. Brand Experience

Brand experience has attracted a lot of attention in marketing research. Brand experience can occur spontaneously, as well as be a long-lasting experience that is stored in the consumer's memory [7]. In order to understand how customers experience and evaluate brands, researchers have been developing and conceptualising brand value and its effects on customers' minds [10].

References [29] and [13] divide experience into five dimensions, namely sensory (sense), affective (feel), cognitive (think), physical (act) and social identity (relate). Reference [6] mentioned that "experience occur when consumers search for products, when shop for them and receive service, and when they consume them." In recent times, brand experience has been attracting many researchers in the marketing field because of its complexity and value to customers [7].

#### B. Purchase Intention

Reference [5] mentioned the definition of purchase intention as formulated [4], that purchase intention is an individual's willingness to purchase a certain product or service. Moreover, [30] defines it as an individual's conscious plan to make an effort to purchase a brand. Many researchers have been exploring COO issues continuously due to the related competitive advantage for international firms [18].

The effects of COO have been described widely in the research, regarding its influence on perceptual or evaluating judgement [16], but these studies are insufficient to directly answer as to the impact of COO effect on purchase intention; for instance, [8] mentions inconsistencies due to problems when conducting research.

### III. THEORETICAL FRAMEWORK

The purpose of this study was to examine the combined effect of COM, COB and brand experience on purchase intention [23]. Fig. 1 depicts the construct of the conceptual

research model, which was used to explore the underlying dimensions of the relevant variables used in the research and address the relationships of the main effects and the interaction effects. Later, the main effects and interaction effects of COM and COB on purchase intention were explored to illustrate the research hypotheses that these variables are connected.

The current research first investigated the single cue of an electronic product (mobile phone). The purpose was to demonstrate if country information, in this case COB and COM, can separately enhance consumers' purchase intentions. Second, it explored the interaction effects of COM and COB regarding whether the effects reinforce or decrease consumers' purchase intentions. Third, it examined the interaction effects of COM and COB on purchase intention. Last, it explored brand experience as having a moderating role on purchase intention. Therefore, the hypotheses of this research were as shown below:

- H1: The positive effect of COB positively influences purchase intention.
- H2: The positive effect of COM positively influences purchase intention.
- H3: The interaction effect of COB and COM affects purchase intention.
- H4: The positive effect of brand experience positively influences purchase intention.
- H5: The interaction effect of COB, COM and brand experience affects purchase intention.

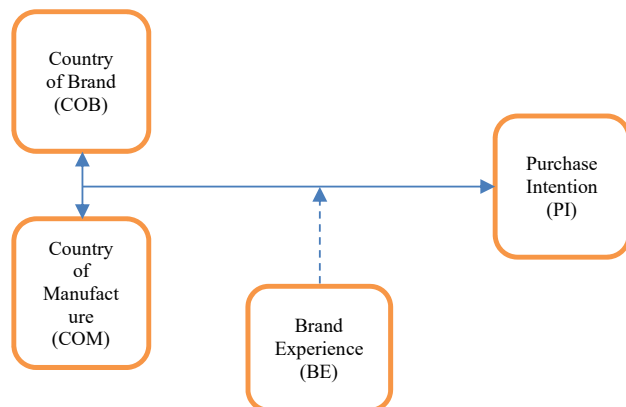


Fig. 1 Theoretical framework

### IV. METHODOLOGY

The experimental design employed 2 (high vs. low COB) x 2 (high vs. low COM) factorial design (Table I). This study intended to measure the influence of different levels of COB and COM, which was expected to provide understanding concerning consumer purchase intention and the moderating roles of brand experience.

This research was conducted adopting the quantitative method, using a factorial research design. This method allowed the researcher to understand the interaction effects between COM and COB effects and the moderating role of brand experience. The questionnaire of this research was

designed in order to rate customers' evaluations and different countries' image using a 7-point Likert scale, from (1) strongly disagree to (7) strongly agree. Furthermore, the method of analysis of this study used the Statistical Package for Social Sciences to analyse the data.

TABLE I  
FOUR SCENARIOS OF EXPERIMENT

	High	Low
COB	USA	South Korea
Innovative		
Excellent quality		
Comfortable		
Functional		
High-quality materials		
Reliable		
Highly recognised by consumers		
Durable		
COM	South Korea	China
Innovative		
Excellent quality		
Comfortable		
Functional		
High-quality materials		
Reliable		
Highly recognised by consumers		
Durable		

Data collection involved a field survey in the shopping district of Bangkok, Thailand. This research studied customers' perceptions of different levels of COM and COB image.

#### V. RESEARCH CONTRIBUTIONS

Past studies have shown that COM has a strong impact on consumers in different product categories [15]. However, research involving the interaction effects between COM and COB has not been focused [11]. Previous studies show that the effect of country can be differentiated, between the COB and country of production (COP), considering that a poorly perceived COM can negatively affect the brand [9]. Therefore, this study intends to provide theoretical insights about the COO dimensions: COM and COB. The development of COO has existed in research for decades. Therefore, deconstructing COO into its dimensions enables the understanding of its influences and effects [15]. This study develops a modified model of PI and PCI of COM and COB. It also explains the relationship of COM and COB image and the related consequences in the Thailand context.

Previous research has focused on only manufacturing countries [1]. However, not many studies attempt to examine COB information. This contribution provides a theoretical insight about the interaction effects of COM and COB. It also offers an explanation of how brand experience can have an indirect effect on Thai consumers. In terms of managerial contributions, this study offers empirical evidence of how COM and COB can be important cues for consumers' decision making. It enables managers and businesses to enhance the understanding of country information. Given the limited knowledge of COO, the findings provide an advantage for managerial plans and international strategies.

#### VI. DISCUSSION AND LIMITATIONS

There are many competitive players in the electronics industry, especially mobile phones. Functions and features are considered quite similar in everyday use. Consequently, information about COO becomes a significant cue when a consumer evaluates a specific product.

The results provide an overall understanding about the importance of country information that is attached to a product. Table II provides a brief description of the respondents of this study. The main results of this research suggest that positive COM and COB image indicate positive consequences (H1-H2). In other words, a highly perceived country can lead to a positive result of higher purchase intention (Table III). Products that originate from a country with a better or positive image can enhance the impact of COO effect; in some cases, they highlight the origin of products in order to present the benefit of a desired image [31].

TABLE II  
PROFILE OF RESPONDENTS

Item	Description	Percentage
<b>Gender</b>	Male	48%
	Female	52%
<b>Age Range</b>	18–25 years old	32%
	26–35 years old	36%
	36–50 years old	13%
	Over 50 years old	19%
<b>Income</b>	Less than 15,000 baht	35%
	15,001–25,000 baht	32%
	25,001–35,000 baht	16%
	More than 35,000 baht	17%
<b>Level of Education</b>	Below undergraduate	10%
	Undergraduate	62%
	Postgraduate and higher	28%
<b>Occupation</b>	Student	37%
	Employee	41%
	Business owner/Self-employed	19%
	Unemployed / Others	3%

TABLE III  
ANOVA RESULTS OF COM AND COB ON PURCHASE INTENTION

	Purchase Intention	
	Mean	Sig.
1. High COB × High COM	5.6	.00
2. High COB × Low COM	4.0	.00
3. Low COB × High COM	3.5	.00
4. Low COB × Low COM	3.0	.00

TABLE IV  
INTERACTION EFFECTS ON PURCHASE INTENTION

Dependent variable: Purchase intention	Sig.	Partial Eta Squared
Source		
COB	.00	.00
COM	.00	.00
COB * COM	.00	.00
COB * COM * BE	.00	.01

BE= brand experience

The interaction effects of COM and COB (Table IV) show that there is a significant effect of all the variables, COB, COM and brand experience, on purchase experience. This confirms H3, that the congruity of COB and COM information

indicates a strong effect on Thai consumers. Moreover, it can be concluded that positive brand experience can also improve the effect on purchase intention (H5).

## VII. LIMITATIONS

There are some limitations to this research, such as in terms of the restricted number of countries that can be investigated in a single study. Further research could extend the number of countries as well as other moderating variables.

The findings from this research are not valid for other product categories such as fast-moving consumer goods because consumers tend to use other cues when evaluating these types of product categories. Those products correspond to different levels of financial risk, technological complexity and social distinction [14]. Hence, the results from this research are not applicable to other types of products.

## VIII. CONCLUSION

This research investigates a combination of different COO information, namely COM and COB. It is important to understand that country-related information can be a crucial factor for consumers. Further studies should be conducted using different factors and contexts.

## REFERENCES

- [1] Ahmed, S.A. and d'Astous, A. (2004). 'Perceptions of countries as producers of consumer goods: a t-shirt study in China', *Journal of Fashion Marketing and Management*, Vol. 8(2), pp. 187- 200.
- [2] Ahmed, S.A., d'Astous, A. and Peterson, H.B. (2011). 'Product-country fit in the Canadian Context'. *Journal of Consumer Marketing*. Vol. 28(4), pp. 300-309.
- [3] Ahmed, Z.U., Johnson, J.P., Ling, C.P., Fang, T.W. and Hui, A.K. (2002). 'Country- of-origin and brand effects on consumers' evaluations of cruise lines'. *International Marketing Review*, Vol. 19(2/3), pp.279-303.
- [4] Ajzen, I. (2005). *Attitudes, Personality and Behavior*. 2nd ed. Berkshire: Open University Press
- [5] Al-Ekam, J.M.E., Mat, N.K.N., Salleh, S.M., Baharom, N.B., The, T.R.B.T., Noh, N.A.B. and Hussain, N.E.B. (2012). The Influence of Trust, Advertising, Family on Intention and Actual Purchase of Local Brand in Yemen. *American Journal of Economics, Special Issue*, pp.64-68.
- [6] Brakus, J.J. (2001). A theory of consumer experience. *Dissertation Abstracts International*, 62 (10): 3478.
- [7] Brakus, J.J., Schmitt, B.H. and Zarantonello, L. (2009). 'Brand Experience: What Is It? How Is It Measured? Does It Affect Loyalty?'. *Journal of Marketing* Vol. 73.pp. 52–68.
- [8] D'Astous, A. and Ahmed, S.A. (1999). The importance of country images in the formation of consumer product perceptions. *International Marketing Review*. 16(2), pp. 108-125.
- [9] Eng, T., Ozdemir, S. and Michelson, G. (2016). 'Brand origin and country of production congruity: Evidence from the UK and China'. *Journal of Business Research*. Vol. 69, pp. 5703-5711.
- [10] Esch, F.R., Langner, T., Schmitt, B., Geus, P. (2006) 'Are brands forever? How knowledge and relationships affect current and future purchases'. *Journal of Product Brand Management*. Vol.15(2), Pp. 98–105.
- [11] Fetscherin, M. and Toncar, M. (2010). 'The effects of the country of brand and the country of manufacturing of automobiles: An experimental study of consumers' brand personality perceptions'. *International Marketing Review*, Vol. 27 Iss: 2, pp.164 – 178.
- [12] Forsythe, S., Kim, J. O. and Petee, T. (1999). 'Product cue usage in two Asian markets: Across cross-cultural comparison'. *Asia Pacific Journal of Management*, Vol.16, pp.275-292.
- [13] Gentile, C., Spiller, N. and Noci, G. (2007). How to Sustain the Customer Experience: An Overview of Experience Components that Co-create Value With the Customer. *European Management Journal*. Vol. 25. No. 5, pp. 395-410.
- [14] Hamzaoui, L. and Merunka D. (2006) 'Consumers' Product Evaluations in Emerging Markets Does Country of Design, Country of Manufacture, or Brand Image Matter?' *International Marketing Review*, 24(4), pp.409–426.
- [15] Hamzaoui-Essoussi, L., Merunka, D. and Bartikowski, B. (2011). "Brand Origin and Country of Manufacture Influences on Brand Equity and The Moderating Role of Brand Typicality". *Journal of Business Research*, 64(9), pp.973-978.
- [16] Hui, M.K. and Zhou, L. (2002). Linking Product Evaluations and Purchase Intention for Country-of-Origin Effects, *Journal of Global Marketing*, 15(3-4), pp.95-116.
- [17] Kabadayi, S. and Lerman, D. (2011). Made in China but sold in at FAO Schwarz: country-of-origin effect and trusting beliefs. *International Marketing Review*. 28(1), pp. 102-126
- [18] Kaynak, E., Kucukemiroglu, O. and Hyder, A.S. (2000). Consumers' country-of-origin (COO) perceptions of imported products in homogenous less-developed country. *European Journal of Marketing*. 34(9/10), pp. 1221-1241.
- [19] Khan, H. and Bamber, D. (2008). 'Country of Origin Effects, Brand Image, and Social Status in an Emerging Market'. *Human Factors and Ergonomics in Manufacturing*, Vol. 18 (5), pp.580–588.
- [20] Keller, K. Understanding brands, branding and brand equity. *Journal of Direct Data Digital Marketing Practice*, Vol. 5, 7–20.
- [21] Laroche, M., Papadopoulos, N., Heslop, L. A. and Murali, M. (2005). 'The influence of country image structure on consumer evaluations of foreign product'. *International Marketing Review*. Vol. 22(1), pp. 96-115.
- [22] Lee, D. and Ganesh, G. (1999). Effects of partitioned country image in the context of brand image and familiarity, *International Marketing Review*, 16(1), pp. 18 –41.
- [23] Lee, H. M., Chen, T., & Guy, B. S. (2014). 'How the country-of origin image and brand name redeployment strategies affect acquirers' brand equity after a merger and acquisition', *Journal of Global Marketing*, 27(3), 191–206.
- [24] Mostafa, R.H.A. (2015). "The impact of country of origin and country of manufacture of a brand on overall brand equity", *International Journal of Marketing Studies*. 7(2), pp. 70-83.
- [25] Nagashima, A. (1977). "A comparative 'made in' product image survey among Japanese businessmen", *Journal of Marketing*, 41(3), pp. 95-100.
- [26] Papadopoulos, N. and Heslop, L. A., (2014). *Product-Country Images: Impact and Role in Interantional Marketing*. New York: Routledge.
- [27] Phau, I. and Prendergast, G. (2000). 'Conceptualizing the country of origin of brand', *Journal of Marketing Communications*, Vol. 6(3), pp.159-170.
- [28] Roth, K. P. and Diamantopolous, (2009). Advancing the country image construct. *Journal of Business research*, 62, pp.726-740.
- [29] Schmitt, B. (1999) *Experiential Marketing*, *Journal of Marketing Management*, 15:1-3, 53-67
- [30] Spears, N. and Singh, S.N. (2004) Measuring Attitude toward the Brand and Purchase Intentions, *Journal of Current Issues & Research in Advertising*, 26(2), pp.53-66.
- [31] Witek-Hajduk, M. and Grudecka, M. (2019). 'Country of origin from a management perspective of emerging market companies'. *International Journal of Management and Economics* 2019, Vol. 55(3) pp.212–229.