

The Impact of Country-of-Origin on Product Choice: A Developing Country Perspective

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Abstract

A stream of research exists that has examined attitudes within a country toward imported goods based on their country-of-origin. Most of these studies have been based on a single cue and have focused on consumers of developed countries. Consumer attitudes in developing countries toward foreign-made products manufactured in developed countries have rarely been investigated. This paper reports a field-based study of adult consumer households and residents in three major cities of Peninsular Malaysia. Country-of-origin and other marketing influences are examined in combination. It is reported that a significant positive correlation exists between favorable country-of-origin perception and product preference. However, compared to other marketing influences, country-of-origin had a lesser level of importance in the consumer's decision making process.

Introduction

Country-of-origin has been an important factor in consumer purchasing decision making (Schooler, 1965; Erickson and Johansson, and Chao 1984) as well as in industrial purchasing (White and Cundiff, 1978; Cattin, Jolibert, and Lohnes 1982). Most of the work in this area has focused on developed countries (Yaprak and Parameswaran, 1986; Han and Terpstra, 1988). Research to identify influences on consumers' choice of foreign-made products in developing countries has rarely been investigated.

Country-of-origin in combination with other marketing characteristics significantly influences the perception that

consumers have toward products from various countries. Most studies on the evaluation of American and Japanese consumer products by American consumers have shown that Japanese products are perceived to be superior in quality (Howard, 1989; Hong and Toner, 1989). The same conclusion has been supported by country-of-origin studies conducted in other areas of the world. Consumers in Saudi Arabia and Bahrain (Yavas and Alpay, 1986), Nova Scotia (Kanyak and Cavusgil, 1983), the People's Republic of China (Kanyak, 1989; LaTour and Henthorne, 1990), Finland (Darling and Wood, 1990), Southeast Asian countries (Strutton and Pelton, 1993), and Hong Kong (Cheung and Denton, 1995) rated Japanese products as excelled along most dimensions related to service, promotion, and delivery.

Since the mid-1920s, Southeast Asian markets have been a focus of increasing rivalry between American, Western European, and Japanese firms (Dixon, 1991). To date, few researchers have examined Southeast Asian consumers' preferences of competing foreign-made products. The purpose of this research is to examine purchase preferences held by Malaysian consumers toward products manufactured in Japan and in the U.S. The U.S. and Japan were chosen as the country-of-origin based on the abundance of their products and the brand representation in the Malaysian market.

The research reported in this paper is based on a survey of 304 consumers in the three major Peninsular Malaysian cities: Penang, Kuala Lumpur, and Johor Bahru. The influence of country-of-origin was identified for consumers preferring Japanese or U.S. products available in the Malaysian marketplace. Several factors were examined in addition to country-of-origin. These were quality, technology sophistication, product features, brand recognition, value perception, advertising image, and distribution/retailer perception. The major findings of the study were that a significant positive correlation exists between favorable country-of-origin perception and the consumer's product preference. It was found, however, that compared to the other marketing influences, country-of-origin had a less important influence on product choice.

Review of the Literature

In the past twenty-five years, there has been extensive research on country-of-origin effects on consumers' attitude, preference, and behavior (Peris, Newman, Bigne, and Chansarkar, 1993). With increasing availability of foreign goods in most national markets, the country-of-origin cue has become more important as consumers often evaluate imported goods differently than they do

competing domestic products (Bilkey and Nes, 1982; Farmer, 1987; Liefeld, 1993).

Most country-of-origin research has focused on examining consumers' (or industrial buyers') attitudes in developed countries. Research findings have shown that American consumers (Reierson, 1966; Gaedeke, 1973) or American industrial buyers (White and Cundiff, 1978; Crawford and Lamb, 1981; Cattin et al., 1982) have preconceived ideas about the quality of products from specific countries. Other research has demonstrated that the national stereotyping phenomenon was not limited to the U.S. Similar preconceptions were observed in England (Bannister and Saunders, 1978), Finland (Darling and Kraft, 1977), Canada (Wall and Heslop, 1986), New Zealand (Barker, 1987), France (Baumgartner and Jolibert, 1978), and Singapore (Tan and Farley, 1987).

Consumers' attitudes toward imports from various countries can vary significantly from one country to another (Cattin et al., 1982). Even consumers in the same country can have significantly different perceptions of the country-of-origin. Consumers' attitudes and behavioral intentions in a particular country can also vary over time due to a change in their country's level of industrialization, marketing development, and lifestyle (Papadopoulos and Heslop, 1993). It follows that it is necessary to identify country-of-origin impacts on each country that a firm is considering exporting to and doing this on a timely basis.

Early studies of consumers' preferences toward domestic and foreign-made products focused on single cue rather than multiple cue designs. Since the 1980s, the country-of-origin cue has broadened to include multi-cue designs and the use of tangible products rather than product descriptions. Many researchers reported that the effect of the country-of-origin on consumer attitudes was found to have an indirect effect based on the existing beliefs of the consumer (Erickson et al., 1984; Johansson, Douglas, and Nonaka, 1985). Other studies have shown that country-of-origin effects diminish in importance when additional information cues are presented in the choice situation (Ettenson, Gaeth, and Wagner, 1988; Hong and Toner, 1989).

Consumers use evaluation-based inferencing (Alba and Hutchinson, 1987) to reason that product image (i.e., quality, value, styling) correlates with the producer country and its characteristics (Yaprak and Parameswaran, 1986; Khachaturian and Morganosky, 1990). This phenomenon is known as a halo effect in which a belief about one product trait (in this case, the country in which the product was made) produces a belief structure

about unknown traits that are congruent with the known trait (Erickson et al., 1984; Han, 1989).

A consumer's willingness to purchase a product is related to the characteristics of the originating country and its people (Johansson and Nebenzahl, 1987; Han 1989; Pisharodi and Parameswaran, 1992; Roth and Romeo, 1992). The country-of-origin perception is also affected by consumers' perception of similarity between their own country and the country-of-origin. This can be in terms of economic development, political status, and cultural climate (Crawford and Lamb, 1981; Wang and Lamb, 1983; Yaprak and Parameswaran, 1986; Papadopolous, Heslop, and Bamossy, 1990).

The Influence of Other Marketing Variables

In addition to country-of-origin, research has focused on issues relating to the impact of other marketing variables (Reierson, 1967; Schooler and Width, 1968; Hester and Yuen, 1986; Daser and Meric, 1987; Garland and Reha, 1988; Thorelli, Lim, Jeen-Su, and Ye, 1989; Jaffe and Nebenzahl, 1993; Lin and Sternquist, 1993). However, the need to examine the influence of marketing variables in addition to country-of-origin remains. In this study, seven elements were examined besides country of origin: quality, technology sophistication, product features, brand recognition, value perception, advertising image, and distribution/retailer perception.

Perception of Quality. Consumers use quality to develop descriptive and inferential beliefs about products and their actual product choice can be a direct function of these mediating beliefs (Olson 1978). Perception of quality plays a significant role in consumer product evaluation and decision making (Stephen, Fox, and Leonard, 1985; Hugstad and Durr, 1986; Kraft and Chung, 1992). The perception of quality by consumers toward a product will increase consumer confidence in the product evaluations before arriving at a final choice (Rogers, Kaminski, Schoenbachler, and Gordon, 1994). The perception of quality in influencing consumers' preferences in the buying of foreign-made products has been documented in the literature with quality playing a significant role (Dickerson, 1982; Hugstad and Durr, 1986; Stephen et al., 1985; Wall and Heslop, 1989).

Perception of Technology Sophistication. Sophisticated technology involves a high level of operations, complex material and equipment, and the knowledge to formulate and to develop a product (Hunt, 1989). It has been reported that products developed by industrialized countries are perceived as superior because the product technology and process technology are advanced

(Johansson, 1989; Papadopolous, Heslop, and Bamossy, 1989; Papadopolous et al., 1990). It has been shown that American consumers prefer German-made products because of Germany's capability of producing high technology products (Eroglu and Machleit, 1989). In another study it was reported that Austrians prefer European-made products compared to those from outside Europe because of the high level of technological complexity (Schweiger, Habul, and Friederes, 1995).

Product Features Suited to Market. Product features are an important factor linked to consumers' product perceptions and choice preferences (Urban and Hauser, 1993). Features such as color was shown to be important to bread purchasers versus price or nutritional information (Peterson 1970). Fiber content in clothing products was reported to be the dominate factor used by consumers versus price, quality, or country-of-origin (Ettenson et al., 1988). Product features were found to strongly affect New Zealanders' evaluations and purchase preferences toward automobiles from four different countries (Lawrence, Marr, and Prendergast, 1992).

Brand Recognition. Consumers often prefer a well known brand rather than an unknown brand because of its prestige or as a way to reduce risk in a purchase decision (Ettenson, 1993). The brand recognition process helps consumers build both preference and confidence in buying of branded products. Brand association can give a product a higher source of credibility because of the maker's implied reputation, quality, or warranty. With an unknown brand name, goodwill attached to the brand is absent and the consumer cannot identify with the actual manufacturer (Cordell, 1993; Howard, 1994). Consumers have been reported to have significant differences of preference toward branded products than non-branded products made in the U.S. and in less developed countries (Gaedeke 1973). American and French brands were reported to be favored by British retail managers because they were more recognized than the domestic brands (Niffenegger, White, and Marmet, 1982).

Value Perception. Value perception involves the consumer's overall assessment of the use of a product, based on what is received and what is given and linked to the perceived quality and monetary sacrifice for the purchase decision (Dodds, 1991). The literature reflects differences in value perception between Japanese and U.S. products as well as these differences changing over time. In the past many Japanese products were low-priced and research showed that consumers felt that they got an acceptable product for their money, but not necessarily the desired quality (Dornoff, Tankersley, and White, 1974). More recently it has been reported

that Japanese products may be preferable to U.S. products without a substantial price concession (Johansson and Nebenzahl, 1987).

Advertising Image. Advertising strategies can improve the image of a product and consequently increase consumers' purchase preferences. A parallel relationship has been reported between advertising influence, brand attitude, and consumer preference (Paivio, 1971; Shepard, 1978; Mitchell and Olson, 1981). Similar to the early findings reported on brand image, positive communication about Japanese products did not improve American consumers' preferences because Japanese products were generally considered inferior at that time (Reiersen, 1967). More recently Papadopolous et al. (1990) found that consumers in Canada, the U.S., Great Britain, Greece, and Hungary all demonstrated higher purchase preferences for Japanese products than for similar products produced in their own country. They concluded that Japanese goods achieved a universally high consumer preferences through competent and aggressive advertising.

Distribution/Retailer Perception. The retailer can influence the consumer's purchase decision through their supplementary promotional efforts. These efforts include merchandise offering, merchandise display and presentation, and reliable information. Analogous to the branding condition, the retailer can also represent a higher source of credibility, and implied warranty and guarantee. It has been reported that consumers perceive quality differences within various levels of retailer activity (Sternquist and Davis 1986). Conversely, weak promotional activities negatively affect consumers' quality perceptions and purchase preferences (Rao and Monroe, 1989; Lin and Sternquist, 1993).

Research Method and Objective

The primary objective of this study was to examine the relative influence of country-of-origin and other marketing variables on the purchase preference of Malaysian consumers toward U.S. and Japanese made products. This study measured eight independent variables in relationship to a dependent variable which was purchase preference. The eight independent variables were: perception of country-of-origin; perception of quality; perception of technology sophistication; product features suited to market; brand recognition; value perception; advertising image; and distribution/retailer perception. The relationship among the eight independent variables and the dependent variable is shown in Figure 1.

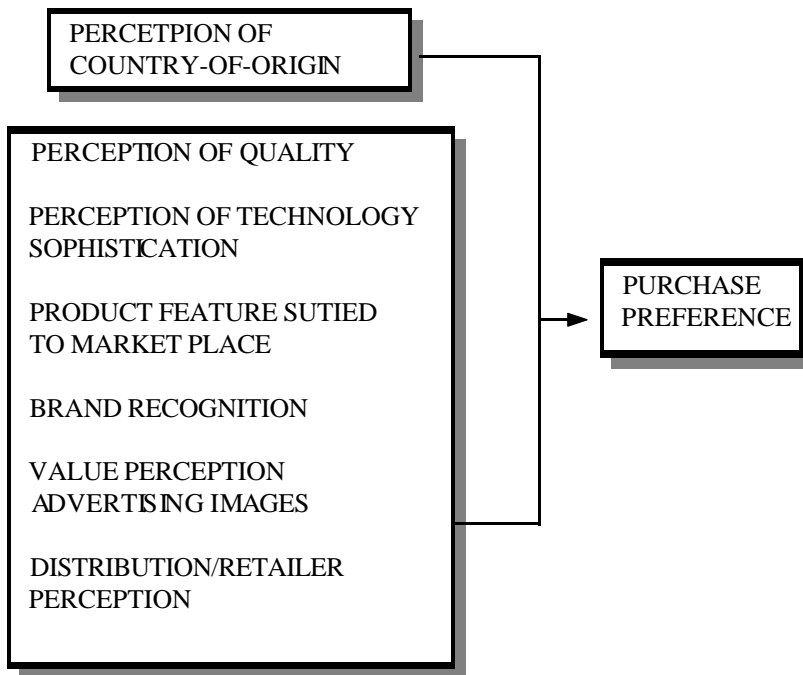


Figure 1.
Research Framework

The following hypotheses were tested for U.S. and Japanese product preferences in the Malaysian Market:

- H1: There is a positive correlation between favorable country-of-origin perception and product preference.
- H2: There is a positive correlation between perception of quality and product preference.
- H3: There is a positive correlation between perception of technology sophistication and product preference.
- H4: There is a positive correlation between product features suited to market and product preference.
- H5: There is a positive correlation between brand recognition and product preference.

H6: There is a positive correlation between value perception and product preference.

H7: There is a positive correlation between advertising image and product preference.

H8: There is a positive correlation between distribution/retailer perception and product preference.

H9: Consumers consider country-of-origin as the most important factor in purchasing a product.

The sample was drawn from residents of three major cities in Malaysia. These three major cities were Kuala Lumpur, Penang, and Johor Bahru. A national sampling was not included because urban and suburban consumers of the three cities were believed to be more knowledgeable about foreign-made products. The three cities selected have acquired a reputation as major retail centers in Malaysia. Most of the retail centers offer a wide variety of international products and brands where the potential respondents resided. Potential respondents were personally screened and considered eligible if they reported a purchasing experience and were knowledgeable about marketing practices of products used in this study.

One-hundred twenty respondents (n=120) were selected randomly in each city. The total sampling of three-hundred sixty (n=360) respondents was divided equally by gender classification. The sample was drawn across a socioeconomic strata, represented by the lower, middle, and upper income groups. The sampling was selected to obtain a representation of the Malaysian buyer population of imported consumer goods.

A multistage cluster sampling method was used to obtain samples from the three cities. Each city's municipal boundary was divided into ten geographical boundaries. Twelve households from each boundary were interviewed using a field survey. The researcher administered the questionnaire through personal contact with the respondents at their homes in the afternoon hours during the weekend or in the evening hours during the weekday. This was the most suitable time in which the researcher could meet and distribute the questionnaire to the respondents. The respondents were asked to complete the questionnaire themselves and were allowed to take as much time as needed to answer the questions. Pope (1993) notes that a field survey is a feasible technique to collect data from several households in a neighborhood that had

been selected to be part of the random sample. The decision to use a field survey in this study was based on several factors. The field survey is one of the most common forms of data collection procedures used in country-of-origin studies (Darling and Wood, 1990; Medina and Michaels, 1991; Darling and Taylor, 1993; Jaffe and Martinez, 1995) and other consumer behavior studies (Nik Yacob, 1990; Nik Yacob and Kadir, 1991; Nik Yacob and Jaffar, 1992; Dahab, Gentry, and Su, 1995; Wang and Rao, 1995). The inefficiency of the mailing system and the limitation of the telephone system limited the use of mail or phone surveys. The most important limitation on using mail or phone surveys was giving information to a stranger without knowing the person personally which is not culturally acceptable in Malaysia.

The measures used in this study were based on those used in prior studies modified for use in the Malaysian market. Items on perception of country-of-origin were developed by Pisharodi and Parameswaran (1992). Perception of quality was measured using four items from Darling and Wood (1990) and Darling and Taylor (1993) plus two items from Petroschius and Monroe (1987). The perception of technology sophistication was measured by using five items. Two of the items were from Darling and Wood (1990) and Darling and Taylor (1993), plus three items from Eroglu and Machleit (1989). Product features suited to market were measured using six items which were developed by Darling and Wood (1990) and Darling and Taylor (1993). Brand recognition was measured using six items developed by Darling and Wood's (1990), Darling and Taylor's (1993), Ettenson et al.'s (1988), and Johannson and Nebenzahl's (1987) studies. The first two items were based on Darling and Wood's and Darling and Taylor's studies. Value perception was measured using two items from Darling and Wood (1990) and Darling and Taylor (1993), and four items from Petroschius and Monroe (1987). Advertising image using six items developed by Darling and Wood's (1990), Darling and Taylor's (1993), and Olson, Schlinger, and Young's (1982) studies. To examine the general purchase preference of Malaysian samples, the scale developed by Darling and Wood (1990) and Darling and Taylor (1993) was used for overall purchase preference. The last section of the instrument was designed to elicit the respondent's personal information. These items included the respondents' gender, ethnicity, age, marital status, family size, educational level, monthly family income, and the occupation of the head of the household.

Results and Findings

360 surveys were completed. Forty-six surveys were excluded because they did not answer the questions completely, leaving 304

for analysis. The composite results regarding respondent's personal information was calculated and tabulated. Sample characteristics are shown in Table 1.

TABLE 1.
Sample Characteristics

Demographic Measures	Frequency	Respondents Percentage
<u>Gender</u>		
Male	177	58.2
Female	127	41.8
Total	304	100.0
Mean:	1.428	
Median:	1.000	
St. Dev:	.494	
<u>Ethnic</u>		
Malays	104	34.2
Chinese	80	26.3
Indian	75	24.7
Other	45	14.8
Total	304	100.0

(table continues)

Demographic Measures	Frequency	Respondents Percentage
<u>Age</u>		
18 to 25 years	43	14.1
26 to 33 years	65	21.4
34 to 41 years	110	36.2
42 to 49 years	63	20.7
50 and over	23	7.6
Total	304	100.0
Mean:	35.0	
St. Dev.:	8.1	
<u>Education</u>		
Primary, Secondary, and Vocational	58	19.0
High School, Polytechnic, and College	125	41.2
University degree	121	39.8
Total	304	100.0

<u>Size of family</u>		
Two or less	100	32.8
Three to five	112	36.8
Six and over	92	30.4
Total	304	100.0
Mean:	4.4	
St. Dev.:	2.4	

<u>Monthly Family Income</u>		
Under MR500	7	2.3
MR501 to MR999	23	7.6
MR1,000 to MR1,499	45	14.8
MR1,500 to MR1,999	38	12.5
MR2,000 to MR2,499	39	12.8
MR2,500 to MR2,999	54	17.8
MR3,000 and over	98	32.2
Total	304	100.0
Mean:	MR2291.10	

<u>Occupation</u>		
Entrepreneur, professional	48	15.7
Management, academician	54	17.8
Clerical, non-management	32	10.5
Skilled, semiskilled	47	15.5
Unskilled, laborer	45	14.8
Student	9	3.0
Non actively employed, retired	19	6.3
Self employed	50	16.4
Total	304	100.0

Tests of reliability and validity were performed on the sample. A post test of the reliability of the survey instrument used in this study was measured by using an internal consistency approach (Churchill 1979). Cronbach's alpha was computed on each of the multi-item scales contained in the survey instrument. The alphas for each of the scales and the descriptive statistics are presented in Table 2.

TABLE 2.
Results of Cronbach Alpha and Descriptive
Statistics for Survey Instrument Measures

Scale	Number of Items	Coefficient Alpha	Mean	Std. Dev.
Perception of country of origin	7	.79	51.18	4.78
Perception of quality	6	.82	49.76	4.68
Perception of technology sophistication	5	.72	40.84	3.92
Product features suited to market				

Brand recognition	6	.71	49.56	4.43
Value perception	6	.75	50.62	4.32
Advertising image	6	.84	48.47	6.18
Distribution/retailer perception	6	.72	48.19	4.67
Overall purchase preference	6	.73	48.78	4.93
Overall scale	6	.80	48.79	5.83
	54	.93	410.50	29.51

The value of the alphas indicate that each of the scales possessed a moderate to high level of internal consistency. The overall alpha for the scale was found to be .93. To test for validity, a factor analysis was performed on each of the variables, using the principal components method with varimax rotation. The factor analysis was conducted on the complete sample of 304. The sample size met the 100 or larger criteria as determined by Hair, Anderson, Tatham, and Black (1992). Since each item of a scale attempts to measure a specific construct, the items in a scale should load heavily on each factor and weakly on all other non design factors. Factor loading with varimax rotation is shown in Table 3. Each of the nine factors corresponded to a different type of factor which suggested that the measures successfully loaded on the constructs they were designed to measure (Hair et al., 1992).

TABLE 3.
Rotated Factor Pattern

Scale	Item No	1	2	3	4	5	6	7	8	9
Perception of Country of Origin	1	.55					-.32		.37	
	2	.66		-.09					.16	
	3	.59	.30							
	4	.43								
	5	.56			.21					
	6	.68								
	7	.58								
Perception of Quality	8		.51			.16				
	9		.71							
	10		.75							
	11		.68							
	12		.65							
	13		.58	.27		.35				
Perception of Technology Sophistication	14			.54						
	15*			.53						
	16			.50						

	17	.21		.72						
	18	.27		.70						
Product Features Suited to Market	19	.20		.47						
	20			.42					.29	
	21			.41						
	22*		.22	.53						
	23			.46			.44			
	24	.24		.62						
Brand Recognition	25			.38	.69					
	26		.21		.42					
	27				.49					
	28*				.45					
	29				.63					
	30				.50					
Value Perception	31				.44					
	32				.69					
	33				.64					
	34	.28			.74					
	35				.66					
	36				.51					
Advertising Image	37				.43	.45				
	38*					.76				
Scale	Item	1	2	3	4	5	6	7	8	9
	No									
Advertising Image	39*							.72		
	40					.27		.41		
	41				.28			.51		
	42							.49		
Distribution/Retailer Perception	43*								.61	
	44								.51	
	45			.31					.72	
	46								.64	
	47								.72	
	48								.66	
Overall Purchase Preference	49				.37					.52
	50	.31								
	51	.37								.54
	52									.71
	53				.30					.62
	54									.47
Eigenvalues		<u>12.8</u>	<u>3.6</u>	<u>2.6</u>	<u>2.1</u>	<u>1.8</u>	<u>1.8</u>	<u>1.7</u>	<u>1.4</u>	<u>1.4</u>

Note: Factor loading of less than .40 are omitted

* Items numbered 15, 22, 28, 38, 39, and 43 are reversed scored items.

Multiple regression analysis was performed to test the relative importance of the eight factors as they related to purchase preference. Similar regressions were run for Made in U.S.A. and Made in Japan. The data in Table 4 showed the results of the multiple regression analysis. The results for hypotheses 1 through 9 follows.

Table 4.
Results of Multiple Regression Analysis: The relationship between eight purchase attributes and purchase preference

Variables	"Made in the U.S.A."			"Made in Japan"		
	Beta	T	SigT	Beta	T	SigT
Perception of Country of Origin	.21	3.999	.0001*	.11	2.074	.0390*
Perception of Quality	.00	.068	.9458	.11	1.997	.0467*
Perception of Technology Sophistication	.08	1.460	.1452	.18	3.174	.0017*
Product Features Suited to Market	.07	1.040	.2990	.08	1.442	.1503
Brand Recognition	.08	1.374	.1705	.19	3.750	.0002*

(table continues)

Variables	"Made in the U.S.A."			"Made in Japan"		
	Beta	T	SigT	Beta	T	SigT
Value Perception	.32	5.598	.0000*	.14	2.744	.0064*
Advertising Image	.07	1.208	.2281	.12	1.941	.0532*
Distribution/retailer Perception	.15	2.656	.0083*	.08	1.402	.1618

* Significant at p-value < 0.05 level.

Discussion

The findings of this study contribute to the literature by addressing both the impact of country-of-origin and other marketing variables on consumers' product purchases in a developing country. It was hypothesized that a significant positive correlation existed between favorable country-of-origin perception and product preference for that country. The results revealed that Malaysian consumers were influenced by country-of-origin in their purchase decisions. Recall that Erickson et al. (1984) and Han (1989) indicated that when knowledge about a product is limited, a country's image (origin and its people characteristics) is used as a "halo effect" to evaluate

the consumer's purchase preference. Substantial and consistent similarities were observed by Malaysian consumers when their purchase preferences were associated with favorable country-of-origin perception.

It was hypothesized that a significant positive correlation exists between perception of quality and product preference for that country. The results of this study supported the hypothesis for Japan as the perception of quality was associated with the product preference for that country. However, this relationship did not exist for U.S. products. This finding is important because it shows that in Malaysia, Japan's reputation for quality products exists and is important to that country's purchase preferences. Thus, Malaysian consumers did use the perception of quality to arrive at their product choice.

The role of perception of technology sophistication was seen in previous research to have an influence on purchase decisions for American consumers (Eroglu and Machleit, 1989) and Austrian consumers (Schweiger et al., 1995). Similar to the findings on perception of quality, technology sophistication influenced product preference for Japanese products, but not for those from the U.S. Malaysian consumers perceive high levels of technology sophistication of Japanese products and it affects their product preference.

It was hypothesized that a significant positive correlation existed between product features suited to market and product preference for that country. The results of the study did not support this hypothesis, contrary to what was previously reported (Urban and Hauser 1993). It may be that in the case of U.S. and Japanese products in the Malaysian market that this issue is a moot one for the consumer as the products may be perceived as similar in this regard.

A positive correlation was hypothesized to exist between brand recognition and product preference for a country. The results found that brand recognition was associated with product preference for Japan alone. This pattern follows that of perception of quality and perception of technology. The reputation of Japanese products on all three of these marketing aspects may work in combination, reflecting Japan's reputation and image for excellent products.

It was hypothesized that a significant positive correlation existed between value perception and product preference for a country. The results of the study found that value perception was associated with product preference for both the U.S. and Japan. This is

consistent with the literature that has shown that product value has been an important determinant of product purchases for American consumers (Dodds and Monroe, 1985; Petroshtus and Monroe, 1987; Johansson and Nebenzahl, 1987), French, Austrian and Swiss consumers (Chadraba and Czepiec, 1993), and Israeli consumers (Nebenzahl and Jaffe, 1993).

A positive advertising image and product preference for a country was hypothesized to exist. A statistically significant relationship between advertising image and product preference was found for Japan but not the U.S. This finding is different from the previous issues as advertising is more likely to be separate from the product itself, compared to variables such as brand perception or quality. It is possible that the advertising image that Malaysian consumers have may reflect the positive perception toward Japanese products shown in the above hypotheses, rather than toward the advertising itself.

It was also hypothesized that a significant positive correlation existed between distribution/retailer perception and product preference for that country. The study found that distribution/retailer perception was associated with the product preference for the U.S. only. This result seemed to contradict some of the earliest country-of-origin studies which indicated that the role of the retailer had a weak affect on the buying preference of consumers (Rao and Monroe, 1989; Lin and Sternquist, 1993). However, this is not the case with Malaysian consumers in terms of their perspective of U.S. products. This variable was significant and it alone was seen as superior for U.S. products over those from Japan.

Lastly, it was hypothesized that consumers would consider the country-of-origin as the most important factor in purchasing a product from that country. It was found that the country-of-origin ranks fifth for Made in U.S.A. and last for Made in Japan in order of importance relative to the other marketing variables. Country-of-origin information appears to be a weak evaluative criterion when consumers are making product evaluations. The findings for Malaysian consumers are similar to those found in the prior country-of-origin studies by Johansson et al. (1985), Ettenson et al. (1988), Eroglu and Machleit (1989), Thorelli et al. (1989), Hong and Toner, 1989; Easley (1991), and Akaah and Yaprak (1993).

The results of this study indicate that consumers in Malaysia are more likely to rely on marketing variables than country-of-origin information in their product preferences. Findings from this study also provide information pertaining to the identification of the key positive attributes of Japanese and U.S. products that Malaysian consumers perceive. The most important attribute held for U.S.

made products in the minds of Malaysian consumers was in relative value and distribution expertise rather than in superior products. The most important attributes held for Japanese products was in superior products, as measured by quality, technology, brand recognition, and image.

Managerial Implications

The results reported in this paper can have important decision making implications for Japanese and U.S. firms that are trying to maintain their competitive position in the Malaysian market region. The findings suggest that U.S. firms should strive to gain an equivalence with Japan on perception of quality, technology sophistication, brand recognition, and advertising image. In each of these areas U.S. products currently occupy an inferior position to Japanese products. For Japanese firms, the results have implications for their firms to maintain their current positioning strategy in the Malaysian market. Their currently superior perception on the above areas can be strengthened and emphasized to the Malaysian consumer. In the single area of weakness for Japan, retailer/distribution perception, they should use their position of leadership to strengthen this position in the international marketplace. Although not the most important variable, country-of-origin perception still remains an important consideration. Given the halo effect reported in the literature, the country-of-origin perception can be strengthened by improving the perception of the other marketing variables.

The methodology used in this study can aid global firms in formulating an effective segmentation strategy. By identifying the relative perception of their products compared to competing products from other countries, the global marketer can segment foreign markets based on their relative strengths and weaknesses in addition to their country-of-origin effect. Where marketing mix perceptions are high, they can be expanded upon; where their perceptions are low, the variables can be downplayed or corrective actions taken. When a firm operating in a foreign market has a positive and high country-of-origin effect, the country that the product is from can be stressed in advertising and in other elements of the marketing mix. When the country-of-origin effect is low or is perceived negatively, the country the product is from could be given less or no emphasis in their overall marketing activities.

Summary and Conclusion

This paper has reported research that has addressed the country-of-origin effect in addition to the effect of other marketing variables on product preference. Theoretical limitations of previous research

studies were addressed in this study. Unlike single-cue studies, this study used a multi-cue framework to examine the impact of the country-of-origin and other marketing variables on Malaysian consumers' purchase preferences. In addition, the research examined the issue in the context of a developing country as opposed to a developed country.

Future research is warranted to extend and repeat this study in other geographic areas. Future research can also include additional determinant factors that influence consumers' product choice. As the manufacture of products and the search for new markets increases globally, understanding consumer choice preferences related to a product's country-of-origin becomes increasingly important. Success in the changing global marketplace will require firms to more fully understand their position in this regard. Given the rapid growth and market opportunities that are available in developing countries, it is important that this information is obtained for these markets.

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