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STATUS AND POPULARITY WITHIN THE REALM OF MULTINATIONAL PRODUCTION: EFFECT ON BRAND VALUE AND CONSUMER EVALUATIONS

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Abstract

STATUS AND POPULARITY WITHIN THE REAL OF MULTINATIONAL PRODUCTION: EFFECT ON BRAND VALUE AND CONSUMER EVALUATIONS

Given the accruing number of manufacturers which have chosen to re-establish their production facilities on an international scale, country-of-origin research has proven to no longer be a function of a uni-dimensional lieu of origin. Research has only begun treating this country cue as a multi-dimensional construct. This research not only re-affirms the findings based on the hybrid product, but also incorporates other very relevant factors.

Much of the country-of-origin research has tackled the underlying effect of country-of-manufacture on consumer evaluations. Although the effect has proven to surface in varying degrees, it is believed that other intervening factors can suppress or alleviate these country effects. This study has analyzed the effects of status and popularity within the realm of multinational production. We questioned whether a brand's popularity and status level could potentially influence brand value and consumer evaluations, following a production shift.

As previously found by other researchers, country-of-manufacture did have important effects on evaluations. However, these effects proved dependent upon varying levels of brand status and popularity. Some brands/models were shown to be significantly affected by the manipulation of disparate levels of status and popularity. Such findings divulge important consequences with respect to successful management of global brands.

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Overview

Consumers often evaluate a product on the basis of information cues. Such cues have commonly been separated into two distinct categories, namely intrinsic (e.g. taste, design, performance) and extrinsic (e.g. price, brand name, warranties, country-of-origin) [Olson and Jacoby 1972]. Consumers utilize extrinsic cues in evaluating a brand because they are often unable to detect the product's true intrinsic quality. Because consumers may not always be skilled enough or possess the necessary knowledge to adequately assess a product's merit, extrinsic cues may be relied upon as surrogate indicators; for example, price may be used to evaluate the quality of a new line of clothing. This "surrogate indicator" phenomenon is discussed in several textbooks and has also been used interchangeably with the term "stereotyping".

The bulk of this research paper will revolve around the country-of-origin informational cue. This product cue has been widely investigated: How important is country-of-origin? How do consumers use this cue? How does source-country affect product evaluations? Under what circumstances is this cue mostly employed? What marketing implications and strategy-formation options should be administered, given its effect? How important is this external cue vis-à-vis other product cues? Is the effect of this cue more pronounced with respect to different product categories?

The findings derived from the effect of country-of-origin are plentiful and continue to grow in importance as we witness a globalization of business activities. This emerging trend has in turn brought forth numerous changes in the production

and marketing of consumer goods [Terpstra 1983]. The literature review assembled for the purpose of this research will clearly demonstrate the value and resulting impact of the country-of-origin product cue. Despite what empirical research has unveiled however, there exists a multitude of real-life scenarios which could also easily and amply demonstrate the existing stereotypes and consequences of this external cue. A good example of the drastic effect of the country-of-origin cue is that of the case of the Plymouth Laser and the Mitsubishi Eclipse[1]. These two automobiles were identical sports coupes built by Diamond Star Motors (a 50-50 partnership between Chrysler and Mitsubishi). Whatever the nameplate, the car sold for $11 000 for a basic model, and around $17 500 for a fully-loaded version, in 1991. Sales however, were not the same. In 1990, Chrysler's 3000 dealers sold 40 000 Lasers while Mitsubishi's 500 dealers sold 50 000 Eclipses. An astounding difference exists, comprising of 100 cars sold per Mitsubishi dealer, 13 per Chrysler dealer - which says a lot about the possible image problem rooted in the perceived country-of-origin. "People perceive the Japanese car to be of better quality. It is a lot easier to sell than a Laser", says Ira Rosenberg, the owner of adjoining Plymouth and Mitsubishi dealerships in Crystal Lake, Illinois. This scenario not only represents a widely occurring phenomenon, but also reveals the fact that the manufacture of goods sourced in certain countries may be affected by a built-in positive or negative stereotype of product quality.

Much controversy exists based on the issue of how important or to which

[1] "Advantage Mitsubishi", Forbes, March 18 (1991), p. 102

degree the "made in..." label can exert influence on buyer attitudes, beliefs, and the ultimate buying decision. Although the magnitude of the effect of this cue has yet to be established, we can somewhat safely conclude that the source country of a product is an informational cue that is used more or less extensively by the consumer. The literature review will show that the extent of the country of origin effect is somewhat dependent upon the product class under consideration, the presence of other sources of product information and cues (price, warranty, design, ...) and numerous other intervening factors.

Until recently, much of the research effort has been directed toward finding out how a single source country could affect product evaluations. The result of such studies will be encompassed in the literature review in order to establish the importance and role of country-of-origin as a product cue. However, the structure and nature of the marketplace is evolving in such a manner that a single-country sourced product could hardly be administered in future country-of- origin research. While country-of-origin effects have been studied for the last two decades, research has yet to advance beyond uni-dimensional products that involve a single country-of-origin, that is, purely domestic and purely foreign products. Although uni-dimensional products are still readily available in consumer markets, we must consider the growth of multiple-sourced products.

Global sourcing, offshore manufacturing, joint ventures and other types of global strategic alliances are becoming commonplace. Concomitant with the development of these trends is the rapid filtering of the outcome of these processes

down to the consumer level, where variety and complexity characterize the products offered in the marketplace. The explosion of world trade has brought forth more foreign products to the consumer, while legally mandated coo marking has raised the consumer's awareness of product sourcing. It is no longer such a surprise for a consumer to purchase a Montgomery Ward refrigerator indicated "Made in Korea", with the main operating unit -the compressor- being shown as "Made in Japan" or, a Sony walkman indicated "Made in Malaysia" but "Designed in Japan". Similarly, a confusing array of automobiles is now sold in the United States spawning a new set of terminology. "Captive Import" refers to cars such as the Colt, sold in the U.S. as a Chrysler car but imported from Mitsubishi in Japan. "Transplant" refers to cars produced in U.S. manufacturing facilities set up by foreign producers such as Honda and Toyota. "Hybrid" refers to cars such as the Pontiac LeMans made by Daewoo in South Korea, designed by Opel which is owned by GM in Germany and sold in the U.S. as a GM car. Adding to this confusing array is a new labelling law established by Congress (as of October 1, 1994), which encompasses the mandatory marking of the sourcing of automobiles and small trucks. Specifically, the new labels will have to spell out the car percentage - by dollar value - of a car line's parts that originate from the U.S. and Canada. Additionally, the markings will also be indicant of the names of up to two other countries that each provide at least 15% of the car's parts. The labelling will also state the point of final assembly and the country-of-origin for the engine and the transmission.

As a result of such business practices, product-country associations are no

longer reflective of a single country phenomenon. Due to the complex nature of the products which involve multiple-country affiliations, the effects surfacing from these hybrid products justifiably deserves serious attention. How is the consumer affected by a multi-sourced product? Are perceptions of a single-country sourced product different from that of a multiple-sourced product? Is the consumer confused by this information? Is brand equity reinforced or diluted? These questions will undoubtfully set the framework upon which future country-of-origin research will be based.

The issue regarding the ultimate effects of multiple sourcing practices establishes the foundation upon which this research will be based. We are founding ourselves on a study performed by Johansson and Nebenzahl (1986), whereas their goal was rooted in monitoring brand value after relocating to a particular country. Although a stream of studies has demonstrated the varying degrees of influence of the bi-national product, this present research endeavour will tackle elements which may provide moderating effects given newly designated production sites. This study differentiates itself and extends the study of Johansson and Nebenzahl's in that additional brand characteristics/elements were highlighted: a brand's inherent status level and its relative popularity. Our objective here lies in determining how these two components may suppress or heighten country-of-origin effects which surface due a shift in production facilities.

The importance and significance of such an inquiry lies in determining whether popular brands are easier to "transfer" to new countries and whether a product's status level affects the acceptance of products associated with certain "made in"

countries. If we can monitor the effects of such moderating variables and achieve conclusive relationships, a real contribution can be made in theory and most importantly, in practice. International businesses which manage large product portfolios ultimately seek to minimize the possible damage which may result from a production relocation. Knowing that certain levels of popularity and brand status may ease or hinder this relocation process is of key significance.

The literature review which follows will mainly address the country-of-origin as a single-source cue. Much of the previous research performed involving uni-dimensional products still provides important insight and implications, however, one must be clear on the actuality of global activities: Growing multiple sourcing practices will eventually make the past two decades of country-of-origin literature virtually obsolete. Recent findings have only begun to acknowledge these global trends and, ultimately, the present research will bring us one step closer to understanding the aftermath of these complex sourcing policies.

LITERATURE REVIEW

The country-of-origin cue has taken on various forms and has been employed and manipulated extensively. Given the various contexts under which this variable has been handled, we have subdivided the literature into distinct categories. First and foremost, we have defined the country-of-origin cue and, following this, have outlined how this cue ultimately affects product evaluations and the degree of the biases which emerge from such a cue. Next, a discussion on how the country-of-origin cue is processed was included. A consumer profile vis-à-vis foreign products was incorporated and nationalistic tendencies were also an issue worthy of review. Following this profile, matters regarding the positioning of foreign products were considered, and of great interest. An examination of other product cues (in relation to the country-of-origin cue), and updated research performed within the realm of bi-national production were also of extreme importance.

As previously mentioned, an extensive review of the role of the country-of-origin cue was incorporated to demonstrate this cue's relevance, importance, and role. Later in this review, the changing nature of this product cue and its associated areas of research will surely demonstrate how the country-of-origin scope of study has evolved, and still certain areas remain untouched and in dire need of further research.

Country-of-Origin Defined

The first task at hand would be to formally define the country-of-origin construct. Country image has been shown to play a significant role in consumers' perceptions of products. One of the first studies to acknowledge country image perceptions was Nagashima's (1970) survey of U.S. and Japanese businesspeople. Nagashima defined country image as:

The picture, reputation, the stereotype that businessmen and consumers attach to products of a specific country. This image is created by such variables as representative products, national characteristics, economic and political background, history, and traditions. [Nagashima 1970, p. 68] Narayana's [1981] definition of country image is quite similar - "the aggregate image for any country's product refers to the entire connotative field associated with that country's product offerings, as perceived by consumers" (p. 32). From a marketing perspective, a definition of country image is needed that relates more specifically to product perceptions, as some researchers have attempted to do by defining country image as consumers' general perceptions of quality for products made in a given country [Bilkey and Nes 1982; Han 1989]. Roth and Romeo [1992] assembled another definition which clearly linked country image closer to the means consumers use in assessing products:

> Country image is the overall perception consumers form of products from a particular country, based on their prior perceptions of the country's production and marketing strengths and weaknesses. (p.480)

Put simply, Aaker's [1991] definition sums up country image by considering its essence to be a "strong symbol with close connections with products, materials, and capabilities". It is these type of associations which are manipulated and, in some cases, exploited by marketers to create a certain image for their product.

Country-of-Origin on Product Evaluations

In formulating appropriate marketing programs for imported products from developing countries, management must be sensitive to consumer attitudes toward such products. What are the opinions of consumers toward the quality of products "made in" various developing countries? To what extent are consumer attitudes toward the quality of products from developing countries changed when widely known US brand names are used? These questions were pursued in Gaedeke's (1973) study, and results indicated that branded products that are ranked high in quality when country of origin information is not known may rank equally high, higher, or lower when the country-of-origin information was disclosed together with the brand name.

To illustrate the effect of country-of-origin information, Gaedeke's research employed a group of subjects which submitted their opinions on branded products with undisclosed country-of-origin information, and, the other group was given the same information, but was made aware of the source country of the product in question. When asked to rank the quality of particular brands, a significant difference existed between the two groups' quality ratings. An example of this is the Magnavox brand name, which ranked third in terms of perceived quality, and the second group, for which country of origin was disclosed, rated Magnavox ("Made in Mexico") tenth in quality. The opposite outcome could also occur, where a perception of quality could be improved given the country-of-origin information, for example, a branded stereo component could benefit by having the "Made in Japan" inscription. The favourable conception of branded and nonbranded products from industrialized countries was well recognized. However, this was surely not the case for products imported from developing countries.

Along the same lines, Wang and Lamb [1983] examined the cause of consumer bias toward products of foreign origin. The authors felt that if producers and exporters could identify the cause or causes of bias against their products, this information could be used to develop appropriate countervailing marketing strategies to overcome or minimize the impact of negative consumer bias. Wang and Lamb's perspective is partially rooted in the environmental factors of the source country. The authors proposed that consumers generalize their knowledge or perceptions of environmental conditions in foreign countries to the quality of products produced in

these countries, using environmental conditions (i.e political climate, economic development...) as a surrogate for a great many other pieces of unknown information. The focus of their study was therefore on foreign environmental influence as opposed to foreign product influence. It was recognized that people may not be equally willing to buy all products from particular countries. For example, many people may be extremely willing to buy French perfumes yet extremely unwilling to buy French automobiles.

The key results from Wang and Lamb's research indicated that subjects were more receptive to products from developed countries, less receptive to products developing countries, and even less receptive to products from poor countries. Respondents also indicated that they were most willing to buy products from free countries, less willing to buy products from partially free countries, and least willing to buy products from countries that are not free. These results suggest that consumers' willingness to buy foreign products may be partially explained by variations in the economic and political environments of products' country-of-origin. The authors also attempted to illustrate this theory by the means of an environmental segmentation model composed of fifty-four (3x3x6) distinct environmental segments where every individual country belongs to one of the fifty-four segments. Having conceptualized the foreign environment in this manner, management can proceed to determine the potential of consumers' willingness to buy in each cell.

The main issue to surface within the effect of country-of-origin on product evaluations is that consumers possess built-in positive and negative biases

(stereotypes) vis-à-vis certain countries of manufacture, which in turn affects quality perceptions [Anderson and Cunningham, 1972; White and Cundiff, 1978; Bilkey and Nes, 1982; Cordell 1992]. It has been shown that country-of-origin may, to varying degrees, influence both industrial purchasing decisions and consumer purchasing decisions.

Hierarchy of Biases

Several studies have been able to demonstrate that country-of-origin biases occur at different levels. The broadest level of the country-of-origin phenomenon occurs superficially as a product is judged on the basis of its external environmental variables (i.e., economic development, political climate...). This level of the hierarchy could be characterized by the consumer who conceives a product evaluation based upon the environmental factors of the source manufacturing country [Wang and Lamb, 1983].

The next level of the hierarchy addresses whether or not consumers' attitudes towards products of foreign origin vary across product classes. Do consumers perceive all Japanese products similarly? It has been revealed that a particular country may rank high in quality for one product class and low in another [Chao, 1989; Kaynak and Cavusgil, 1983]. Japan for instance, ranks very high in their automobile industry, but very low in their fashion merchandise trade. France, on the

other hand, is ranked quite favourably based upon its fashion merchandise but, much less so as manufacturers of automobiles. Although both France and Japan are considered industrialized countries, it should be noted that consumer perceptions of quality towards products of foreign origin tend to be product-specific. This is an important finding as it would be misleading to draw assumptions or form generalizations given a country-of-origin bias and, furthermore, applying this stereotype to all product classes emerging form a particular country.

The next level comprising the hierarchy of country-of-origin biases is even more focused. Specifically, it has been demonstrated that country-of-origin effects are product-dimension specific. The degrees to which individual product dimensions are subject to country-of-origin effects has proven unequivalent across product dimensions [Han and Terpstra, 1988]. For example, German automobiles were found to be rated high on one product dimension (i.e. prestige value), but low on another (i.e. economy). Another interesting finding from this study by Han and Terpstra (1988) has lead to the conclusion that distinctive characteristics surfacing as a result of country images (at the level of a product's dimensions) appear to "travel", or to be generalized reasonably well across product categories: It was found that the country images for televisions and for automobiles were quite similar to each other for the countries' under study. For example, on a product dimension such as "advanced technology", Japan could be subject to generalizations on the basis of that dimension. If Japan is highly rated in terms of a dimension in one product class, it is likely that this same product dimension (i.e. "advanced technology") will be rated equally as high

along that same dimension in another product class for which "advanced technology" proves relevant.

To recapitulate the suggested hierarchy, we have established that the country of origin bias occurs at various levels: Firstly, an initial bias arises as a result of the environmental factors which pertain to a product's country of origin. Secondly, it has been established that consumer attitudes are not held constant across all products originating from a particular country. Thirdly, not only do consumer perceptions vary across product classes, but attitudes have also been shown to fluctuate along product dimensions. As a marketing manager, each level of the hierarchy proves relevant - Is the product originating from a poorly or superiorly perceived country? Is the country-of-origin an asset or detriment to the product class in question? Given the product class, should certain product dimensions be emphasized? These questions are crucial in positioning foreign products. Foreign product positioning will be discussed in-depth at a further point within the literature review.

Country-of-Origin and Perceived Risk

As has been demonstrated, country-of-origin bias can manifest itself in a variety of ways. It can be country-specific, whereby the consumer displays a consistent like or dislike for all products from that country, or it can be product-specific, where a particular country may rank high for one product class and lower for another.

Stereotypical attitudes towards developing countries, Communist and other forms of totalitarian regimes also reflect themselves in the way products coming from these countries are perceived. What has not been clearly established at this point is why bias exists with respect to foreign products.

A supplementary explanation for the existence of bias has been found to be rooted in the amount of perceived risk that the consumer associates with the country-of-origin and its products [Cordell, 1991; Lumpkin, Crawford and Kim, 1985]. Interestingly, Lumpkin, Crawford and Kim's study identified the nature of risk associated with foreign products. More specifically, they first determined the degree of perceived risk attributable to the specific countries of origin. Second, the authors established the importance of this informational input in the decision process. Last, they related the perceived risk attached to a country to the willingness to buy from that country. The level of risk attributed to the product categories either increased or decreased significantly given differing countries of origin. For example, in evaluating a product, a greater degree of perceived risk may originate in assessing shoes sourced from Taiwan, as opposed to those sourced from Italy. Not only will consumers attribute differing risk levels as a result of the country in which a product originates, but also, it was found that the risk for apparel from a given country does depend upon the TYPE of apparel. This finding is somewhat parallel to the earlier finding which postulates that attitudes vary across product classes (Kaynak and Cavusgil, 1983).

Overall, the fact that perceived-risk discrepancies exist among countries should

entice marketers to take these differences into consideration when formulating their positioning strategies. "What is essential to the successful marketing of foreign goods in the U.S.A. is the knowledge of the degree of perceived risk associated with a country and its products. Failure to realize that the consumer can and will, differentiate between items of clothing on the basis of their country of origin will result in poor marketing strategies with resulting loss of sales and profits for the individual retailer" (Lumpkin, Crawford, and Kim, 1985 p.167). Because products sourced in lower-developed countries are perceived to be more risky than the same products sourced in an industrialized country, then the literature on consumer risk relievers and the effects of risk on information processing becomes relevant. Given the effect of country sourcing, numerous risk mitigants and viable tactical options could be strategically implemented by the marketing manager. A sample of these key options will be reviewed at a later section of this paper.

Processing the country-of-origin cue

It is of importance to review how country image affects consumers' cognitive structures. The term cognitive structure connotes consumers' encoded representation of information in memory, which, in the present usage, refers to what consumers know/believe about products made in different countries [Kanwar, Olson and Sims, 1981]. Up until now, we have established the relevance of the country-of-origin cue.

However, what remains unclear is HOW the consumer uses the country-of-origin cue in evaluating products. Many theories have been offered in the attempt of exploring the role of country image on consumers' evaluations, and each will be overviewed within the boundaries of this section.

The fundamental frameworks which have evolved in processing the country-of-origin cue consist of two alternative causal mode.. the halo model hypothesizing that country image serves as a halo in product evaluation and, second, the summary construct model hypothesizing that country image functions as a summary construct [Min Han, 1989]. Nearly all previous studies have explicitly or implicitly viewed country image as a "halo" that consumers use to infer the quality of an unknown foreign brand. Though the halo hypothesis proves intuitively appealing, it provides serious limitations. It maintains that consumers use country image as a halo in product evaluation when they are not familiar with a country's products - but, what if consumers ARE familiar with the products? Will country image have no effect on product evaluations? Or, like brand image, will it behave as a summary construct? The research findings indicate that when consumers are not familiar with a country's products, country image may serve as a halo from which consumers infer a brand's product attribute rating. In contrast, as consumers become familiar with a country's products, country image may become a construct that summarizes consumer's beliefs about product attributes and directly affects their attitude toward the brand. Consumers will use country image in product evaluation because they are often unable to detect the true quality of a country's product before purchase.

Because of consumers' inability to detect true quality, they may turn to country image to infer the quality of unknown products (Huber and Mc Cann, 1982]. This view is analogous to the role of price in product evaluation. If country-of-origin serves as a halo, it will have no significant effect on product evaluation when consumers are familiar with products from that country [Johansson, Douglas and Nonaka, 1985]. Similarly, favourable or unfavourable experiences with products or brands from a specific country may influence evaluations of other products or brands from that country [Min Han 1989; Johansson, Douglas, and Nonaka 1985].

When a product's country-of-origin is presented in the context of information about specific attributes of the product, it potentially could have several direct and indirect effects on product evaluations. First, country-of-origin may activate concepts and knowledge that affect the interpretation of other available product attribute information. Second, country-of-origin may provide a heuristic basis for inferring the quality of the product without considering other attribute information. Third, country-of-origin may act simply as a feature of the product and be used in much of the same way as other more specific attributes, to arrive at product evaluations. Finally, country-of-origin may influence the attention that is paid to other attribute information, thus affecting the impact of the latter information. Given these four viable scenarios, findings [Hong and Wyer, 1989] indicate that country-of-origin itself influenced product evaluations, regardless of whether it was learned before or after the attribute information and regardless of subjects' information-processing objectives. Additionally, Hong and Wyer (1989) claimed that a product's country-of-origin

appeared to be used as an attribute of the product, much as are specific product attributes, and likely has independent influence on product evaluation. This direct informational influence appeared to occur over and above the indirect effects of country-of-origin on the impact of other presented information. Hong and Wyer's work led them to conclude that although a product's country-of-origin may stimulate interest in other information about the product, the central construct around which the product impression is formed is based primarily on the evaluative implications of the product's individual attributes, with country-of-origin serving as one attribute.

Certain authors [Shimp, Samiee and Madden, 1993] have proposed the term "country equity" as a more precise way of thinking about country image in its role either as a halo construct or as a summary construct. Rather, the idea of country equity provides added precision and serves to disentangle the equity contained in a brand from that contained in the country with which the brand is associated. In other words, new brands can leverage off the equity furnished by preexisting brands marketed by the same company or off the equity endowed by the country with which the new brand is identified. The presence of country equity is implied in the findings of Johansson and Nebenzahl (1986), who found that although US consumers' average (unweighted) ratings of Japanese and US-made Honda cars were about the same, their ratings of German-made Hondas were somewhat higher.

To further demonstrate the country-equity concept, consider the cases of Germany and Yugoslavia. Whereas a German manufacturer, regardless of the actual quality of its products, benefits from the global perception of high quality associated

with German products, a Yugoslavian manufacturer of high quality products will have greater difficulty in capturing the same position in consumers' minds. In addition to the country's image lies the actual brand equity. Highly leverageable brands are new market entries from companies with current winners in their product portfolios that are identified with countries whose commercial output is positively evaluated by consumers in the importing country. Non-leverageable brands marketed by companies finding themselves in a negative brand equity position and which are aligned with ill-perceived countries are also in a negative position. Company-deficit brands would seem to have weaker leveraging potential than would country deficit brands. In particular, Kelley's (1967) covariation theory of attributions would suggest in the case of company-deficit brands, that consumers would strongly attribute poor past performance to a company that has a distinctively poor reputation vis-à-vis other producers of the same product in the same country. Similarly, in the case of country-deficit brands, consumers would attribute strong past performance to the company and not the country inasmuch as the country has a poor reputation with respect to the product category or products in general. Because attributions often are resistant to change [Folkes, 1988], it may take years of notable successes before consumers can be expected to change their beliefs regarding the products from companies and countries that have negative equities.

Foreign Products: A Consumer Profile

Although image research is somewhat essential in guiding the international marketer, understanding the target market characteristics is also important in directing communication efforts. A consequential issue to address is wether or not consumers with high preferences for foreign products differ from those consumers with low preferences. This is important to determine because if a difference does exist between these two groups, marketing communications may be tailored to the demographic or personality profile of the group being targeted. Some authors have suspected that a significant difference existed (on selected personality and demographic attributes) between consumers displaying high or low foreign product preferences [Anderson and Cunningham, 1972; Schooler, 1971; Tongberg, 1972].

Anderson and Cunningham [1972] performed a study that confirmed that personality attributes were significant discriminators of foreign product preferences. Briefly, the "image" of the consumer displaying high foreign product preference was comprised as being an individual of relatively low status concern, low conservatism and dogmatism, with a college education, perhaps even an advanced degree. Alternatively, consumers exhibiting low foreign product preferences were characterized as relatively high in status concern, high conservatism and dogmatism, with less than a completed college education. According to Anderson and

Cunningham, the high educational attainment of consumers displaying high foreign product preference is suggestive of a high exposure level to all types of media and a proclivity for rational, logically-presented promotional messages. Taken together with the personality profile characteristics, the authors completed the image-profile of the consumer with high foreign product preferences: He or she being highly rational, open-minded, and considered to be a knowledgeable individual whose product evaluations are not significantly influenced by appeals to status or other essentially emotional appeals. In a case such as this, it would appear that marketers of foreign products should move in the direction of factual, straight-forward promotional appeals and perhaps consider broadening distribution among non-exclusive outlets.

In terms of demographic variables, Schooler (1971) and Tongberg (1972) found that older persons tended to evaluate foreign products more positively than did younger persons. Schooler (1971) and Dornoff et al. (1974) found that females rated foreign products more highly than did males, but Dornoff et al. (1974) could not confirm this for products made in more developed countries. Inferences of this nature can somewhat guide and maximize the accuracy of the communication effort and, potentially improve the efficiency of establishing other marketing mix variables.

Country-of-Origin and Nationalistic Views

There is a tendency for consumers to evaluate their own country's products relatively more favourably than do foreigners [Kaynak and Cavusgil, 1983; Lillis and Narayana, 1974; Nagashima 1970]. In trying to withhold a Canadian perspective, Kaynak and Cavusgil performed a Canadian study which clearly demonstrated "home-country goods" preferences. In their study, respondents were asked to rate the quality of products from each country; first "in general", and then for four different product classes. In terms of the results, sixty percent of the respondents expressed a preference for products of Canadian origin. This finding is similar to what Lillis and Narayana (1974) concluded, where country stereotypes appeared to be significantly affected by patriotism. In Kaynak and Cavusgil's research, the reasons given by the subjects for preferring to "Buy Canadian" were that it is patriotic, good for the economy, and keeps the money in Canada. Although respondents held positive attitudes toward the use of Canadian goods over imports, they did not necessarily believe that Canadian products were superior to imports. According to the authors, this somewhat suggested that the respondents were willing to "Buy Canadian" as long as no personal or financial sacrifice were involved. These findings have also been found to apply to the US market.

In terms of the seemingly domestic preferences, another reason for such an

inclination is rooted in the serviceability that can be offered by the manufacturer [Han and Terpstra, 1988; Morello, 1984]. Morello states that the availability of existing products may stimulate positive attitudes toward them (although in relatively deprived cultures the opposite may be true). In Han and Terpstra's study, it was also found that serviceability was a factor which encouraged consumers to prefer home country products. But, it was also found that well-known foreign brand names can help overcome the competitive disadvantage of foreign products on serviceability.

Given the existing biases and the nationalistic tendencies involved, another relevant matter has surfaced and must be addressed. In order to boost domestic demand (especially and most emphasized in the United States), "Buy American" campaigns have become the rallying cry for domestic manufactures of automobiles, computer chips, televisions, toys, and a myriad of other consumer and industrial products. From this stems a real question of ethics, as confusion evolves when one assumes that products produced domestically enable the consumers to "Buy American": Given American-known brand names, is the product truly the result of domestic efforts? To illustrate the ethical issue at hand, a fictitious example can be constructed: A company is a manufacturer of toys, which is a publicly traded company on the stock exchange. For the most part, the company is owned by investors in the United States, but the preponderance of the other company functions are performed in foreign countries. Although the products are designed in the U.S., eighty percent of the employees are foreign. Ninety percent of the products are produced in foreign markets where labour is inexpensive and import duties to the

U.S. are favourable. Nevertheless, consumers perceive that Mattel Toys, Inc. is a domestic company that is owned by U.S. citizens and therefore qualifies for "Buy American"[2]. Brand names are often tied closely to the country where the firm is located [Johansson and Nebenzahl, 1986]. In accordance with the Mattel Toys, Inc. example, we could also use a real case scenario: Chrysler's K-car. This supposed American-made automobile shifted its production location to Mexico, and this revelation not only disgruntled consumers, but also, violated their sense of having "helped America" by purchasing an American car [Johansson and Nebenzahl, 1986].

The example of domestic companies augmenting or supplementing product lines with foreign products is endless. The relevant issues can be questioned as such: How does one define a domestic product as opposed to a transplanted foreign owned company producing in the U.S.? Which situation qualifies for "Buy American" or, in this case, "Buy Canadian"? This reality emphasizes the need for rigorous lawmaking such as domestic content requirements and also, draws attention to the ethical issues which stem from this. If a consumer purchases a German automobile and later discovers that the product was mostly assembled in Canada or perhaps even some other lesser-developed country, will this affect the buyer's perception of quality? This is an important point which will be addressed at a further section of this review.

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[2] "Buy American: Economic Concept or Political Slogan?", Business Horizons, May-June (1991), p.42-43.

Positioning Foreign Products

Now that we have obtained a clearer understanding of country-of-origin effects and its related biases, we are in a better position to formulate alternate courses of action to countervail these effects. Given the findings derived from various literature, it is important to take note that many researchers have provided strategic and tactical options which could be implemented to neutralize or minimize the country-of-origin effect. This section of the literature review will address these courses of action.

First, the tactical options will be considered. If a seller knows that products from a particular country are perceived favourably, he/she may want to accentuate the country of origin in advertising or other promotional efforts. Alternatively, if products from a particular country-of-origin are perceived unfavourably, the seller may want to camouflage the country-of-origin or attempt to "Americanize" the product's image. Second, packaging and labelling strategies might also be developed based upon consumers' predispositions toward products from specific countries. For products sourced from favourable environments, packaging and labelling can be used to enhance the desirability of a particular brand. For example, using the French national colours on a label to market a scented beauty product. For products derived from unfavourable environments, packaging and labelling can be used to minimize the impact of a product's country-of-origin. Pricing decisions may also be influenced

by whether products from a particular country are perceived favourably or unfavourably. With some consumers, the negative predisposition against a foreign product is of sufficient intensity to make the product totally unacceptable. With other consumers, the bias simply results in a lowering of quality, in which case a compensating price concession might establish the value comparable with that offered by domestic goods. As the price differential between the domestic and foreign goods is increased in favour of foreign products, an increasing number of consumers may switch to the foreign good against which they had evidenced bias [Wang and Lamb, 1983].

Hooley, Shipley and Krieger (1988) formed a study which also reinforced the need to develop strategies which capitalize on favourable "made-in" images. As previously pointed out, a company that produces goods for which its country has a positive image should probably emphasize its national image. Such an approach has worked very effectively for producers of Russian vodka, Swiss watches, New Zealand lamb, and Scotch whisky, for example. The authors above have retrieved important managerial implications which are crucial in directing the communication effort. Marketing communications should aim to reinforce existing attitudes and to further extend them into new customer segments. As previously mentioned, very different strategies are required for products with negative country of origin images. Hooley, Shipley and Krieger's study also pointed out the fact that distribution through a well-known, prestigious retailer can considerably improve a product's country of origin image. Rierson (1967) also found that when bias against foreign goods is fairly weak,

consumer attitudes can be improved by means of communication activity. Furthermore, even strong unfavourable national images can be cumulatively improved if a company implements a sustained and substantial communication program.

Lumpkin, Crawford and Kim (1985) took an alternate perspective which supports the fact that marketers should take perceived-risk differences among countries into consideration when formulating their strategies. For those countries perceived as being of high risk for a particular product, a strategy of risk reduction should be adopted. Two possible approaches were suggested in their study, either as individual strategies or in concert. One is aimed at reducing a consumer's perceived risk - reducing the consequences of the product's failure to meet consumers' needs, as they perceive them. Money-back guarantees, better-than-average warranties and, initial low prices, to encourage purchase and to keep dissonance to minimum, are all possible. An alternate approach would be to provide positive information about the product and thus, reduce perceived risk. Other possibilities for risk reduction include the use of domestic-sounding brand names, free samples and technical product information. Reduction or elimination of negative information such as the removal of the "made in" label would have a similar effect. In addition, a price-premium strategy could be applied, enhancing the already favourable product image as well as taking advantage of the low-perceived risk to earn additional profits for both the manufacturer and the retailer. As Keegan (1980, p. 272) stated: "one way to reinforce foreign product preference is by charging a premium price for the foreign product to take advantage of the widespread tendency

to associate price and quality. Such a doubly reinforced image can put a product in a commanding position in the so-called "quality" segment of the market". The possibilities cited comprise a sample of the tactical elements of risk-reduction strategy.

Cattin, Jolibert and Lohnes (1982) also derived practical implications for multinational corporations, at least those that market industrial goods. Such corporations should be cautious in their use of "made-in" labelling. If a made-in designation is not favourably perceived, two main strategies were proposed: First, to rely upon a communication campaign oriented towards the improvement of the national image; however, such a strategy cannot be undertaken by one firm because of the cost involved. Support by other firms and national authorities are needed. The second strategy involves the association of the corporation with local institutions (and little or no promotion for country-of-origin). This may be achieved by using well-known local distributors, or by "domestication" of the firm through subsidiaries or joint ventures.

Han (1989) also made a valid contribution in terms of practical implications, given the country-of-origin effect. His finding that country image can serve as a summary construct may suggest "conflicts of interests" between individual companies and their industry. Individual companies can benefit from favourable country image by selling inferior products. Thus, such a practice could potentially tarnish the established country image and affect the rest of the industry of the country, because consumers continuously abstract product image. Quality control is therefore

necessary at the industry level as well as at the governmental level. The industry association and government can establish quality standards and provide incentives to exporters who meet the standards, while penalizing those who do not.

Given the possible tactics suggested, there is one clear underlying essential requirement for all manufacturers who must market foreign products to a group of consumers: Image research. Hooley, Shipley and Krieger (1988) strongly emphasized that image research is necessary due to the fact that country-of-origin images can vary considerably depending on the product group under consideration, and that attempts to identify overall stereotypes applicable to all product groups could be misleading. These authors, along with Johansson, Thorelli (1985) and Johansson, Nebenzahl (1986) and others, have more than adequately demonstrated the usefulness and the richness of information which can be drawn from conducting image research. Country-of-origin images can be a causal element in the overall evaluation of a product or service. Management needs to know the nature of those images so as to take advantage of them or minimize them.

The options available to marketing managers in altering consumer perceptions consist of relatively quasi-minor product related decisions and strategies. However, other much larger strategical moves could be administered. Another manner by which to mask a product's national identity would be to consider the possibility of engaging in overseas licensing, joint ventures, foreign assembly, and so on. The underlying issue consists of sourcing policies, and the effects of moving production facilities to new locations. It is usually hoped that the result of such moves will

improve or positively influence country-of-origin perceptions. Due to the growing importance and actual widespread adoption of this option, a subsequent section of the literature review has been allocated toward this topic.

The "Made-In" Concept in Advertising

We have established the role and, in some cases, the effects of promoting or wanting to camouflage the national origin of a product. A few decades on the made-in concept has established itself as one of the clearly identifiable strategies employed by companies of many nationalities in their domestic and international advertising. Advertisements of the made-in concept, like many other ideas, is often conveyed graphically, or by a mix of visual image and verbal message. Like the made-in label itself, however, the advertising strategy which exploits it is essentially word-based, and, as such, is heavily dependent on slogans done either to establish the characteristics of slogans communicating the made-in concept or to analyze their effectiveness. The appeal to national pride, reference to foreign cultural and social contexts (including stereotype national images) and allusion to specific expertise associated with a particular country-of-origin, are the three main categorizations of the made-in slogan [Head, 1988]. Head concluded that advertising slogans exploiting the made-in factor and similar nation-oriented selling-points, have an undeniable part to play in the

marketing process.

As important as the role of country-of-origin in advertising and promotional tactics may be, Head found that country-of-origin may not have had the effect suggested by earlier attitudinal studies. His results showed that the majority of the participants in his study demonstrated a positive attitude toward domestically produced goods, however, country-of-origin had little effect on respondents' decision-making. Most interesting in this study is Head's suggestion that, from the results, the country-of-origin effect may diminish as the amount of information available to consumer increases. This finding was solely reflected in this study and thereby, would be worthy of further research.

With respect to the use of country-of-origin as a promotional tool, Chao (1989) researched the extent to which credibility of attribute claims may be influenced by a product's country affiliation when ownership of a company is located in a newly industrialized country. Since ad credibility is an important antecedent variable affecting consumers' product evaluations, advertisers would naturally like to position their ads to achieve maximal credibility. This is particularly important in the case of a product with a negative stereotype. The results of this study demonstrated that credibility of attribute claims for products traditionally exported to the United States by a company in a newly industrialized country can be significantly improved if the same company were to consider manufacturing investments in the United States.

Re-Positioning Foreign Products

The competitive strength of a product is affected by country biases. The effect of a country stereotype will be to shift the position of the product in the perceptual space and alter the overall evaluation of its merits [Johansson and Thorelli, 1985]. The question is how these factors can be dealt with in the management of the "international positioning" task. Since perceptual influences from country stereotyping have the effect of introducing systematic shifts as well as random noise in individuals' beliefs about a product [Erickson, Johansson and Chao, 1984], the country-of-origin factors directly affect where a product is positioned in consumers' perceptual maps of the product space.

Johansson and Thorelli (1985) proposed a framework of study which attempted to overcome a relative disadvantageous "position" through a probable requirement of a temporary price reduction or some other special inducement. Employing the concept of "efficient choices", their research showed how one can compute the amount by which price has to be reduced to overcome a deficient position. A key managerial issue in international positioning is the extent to which the misperceptions due to country stereotyping affect the chances that the product will be purchased. To see whether the effect is serious on the final purchases, it became necessary for Johansson and Thorelli to introduce the PRICES at which these alternatives are made available. An inferior (lowly evaluated) product might

still be preferred if its price is very low. Generally, the actual choice from among the preferred alternatives will be drawn from the efficient frontier members, based on the customer's preference curve and his/her budget constraint. The misperceptions evidenced in the perceptual maps are generally due to image factors such as brand name and country-of-origin stereotypes and thus, examples of both firm-specific and country-specific advantages. This means that country stereotyping can at times represent quite a considerable price disadvantage in the market. Because of this, the multinational marketer might as well consider the possibility of shifting production in such a fashion as to exploit the existence of country-specific advantages.

The results and main conclusions from Johansson and Thorelli [1985] demonstrate that in the long-run, the international marketer needs to offer a product which exhibits sufficiently strong firm-specific advantages to place it on the efficient frontier of at least some segment of the market. The viable options are those where either the product attributes are superior and present an opportunity for a premium price, or where the firm has a low-cost advantage and can push its product onto the efficient frontier by way of a lower price.

In the hope of improving the perceptual field of a product, management has often, especially in this decade, opted toward shifting production centres to new locations. Multinational expansion poses a dilemma for management: How can the economic necessity of manufacturing abroad be balanced against the potential loss in brand name value? In which host country will the risk be minimal? Could one hope to boost its image by investing in a country with a favourable image?

A study by Johansson and Nebenzahl (1986) presented the way one Japanese automobile company used market research to try to pinpoint the brand image consequences before shifting to an overseas manufacturing location. They too made use of perceptual space (joint product/country space) to map respondents' perceptions. Knowing or at least trying to estimate the effects in a production shift are critical and, very often, observers will ask whether the quality of the products manufactured in the United States is as good as those made in Japan. A good example reflecting this tendency is that of Volkswagon. When VW announced plans to produce Rabbits in Pennsylvania, there were efforts made by many consumers to buy the cars still made in Germany. Thus, the Japanese automobile company, previously referred to, will want to ensure that their reputation - their brand value - is not compromised by locating in the United States.

In the study by Johansson and Nebenzahl (1986) on the effect of shifting production sights, it was shown that for each of the brands, each alternative production site helped or hindered the achievement of a desirable position in the eyes of the consumer. By examining a "production shift map", it becomes possible to identify the most promising choices. For example, it was demonstrated that if Honda moves its production location to Germany, it could only bolster its image, on the other hand, if it locates in three low-wage countries (South Korea, Mexico or the Philippines) it would detract considerably from the brand attractiveness. Also of importance is the fact that the authors proposed that some brands may do better than others (in transferring to a new country) because of a strong brand image. The

brand in question may prove easier to transfer due to a sufficiently strong base ("A Sony will always be a Sony"...).

Where the home-country shares many of the attributes of the new production location, it becomes difficult to argue that the brand image will shift measurably. If home-country image is already quite close to the image of the new country, no change need occur. This appears to represent the underlying conclusion reached by Johansson and Nebenzahl (1986). Roth and Romeo (1992) took this concept one step further by examining country-of-origin in terms of the fit between countries and product categories. Such matches (or mismatches) were categorized as being either favourable or unfavourable.

A consistent or favourable product-country match would occur when the perceived strengths of the country are important product benefits or features. Are the Japanese perceived to be strong with respect to manufacturing and workmanship, qualities better suited for electronics or food? [Han and Terpstra, 1988; and Kaynak and Cavusgil, 1983]. Whatever the explanation, both the Japanese managers and their competitors would benefit from knowing the underlying essence of consumers' attitudes toward Japanese electronic and food products.

Roth and Romeo [1992] investigated why certain product categories are preferred from one country and not another. The purpose was to determine why purchase intentions differ across product categories from a particular country-of-origin. The authors defined a product-country match as being reflective of a situation where important dimensions for a product category are also associated with a

country's image. When there is no such linkage, a mismatch between the product category and country should exist. For example, France may be associated with good design and prestige, while Hungary is perceived as very weak with regard to design and prestige. Furthermore, design and prestige may be important features when consumers consider buying shoes, but relatively unimportant for the purchase of beer. A product-country match would occur when the perceived strengths of a country are important product features or benefits for the particular product category. An unfavourable product-country match would occur when the important product features are not the perceived strengths of the country. Hungarian shoes would appear to be an unfavourable match. A favourable mismatch would occur when the image dimensions for a country are positive, but they are not important for the particular product category. Such would be the case for French beer. Likewise, and unfavourable mismatch would occur when an image dimension is both an unimportant product feature and not a perceived strength of the country. Hungarian beer would likely be and unfavourable mismatch.

Understanding favourable or unfavourable (mis) matches can be very beneficial to managers. Such information can be used, for instance, to select or omit specific product or country information in their marketing communications. A favourable match would indicate to managers the dimensions on which they should promote their product's benefits. In addition, it suggests that a brand that positively correlates with the country-of-origin would be beneficial. The presence of an unfavourable match would indicate that country-of-origin information should not be

a part of the communications strategy.

The overall essence of this section lies in the general realization that image research is a key tool in indicating the possible consequences resulting from product manufacturing shifts. Additionally, the fit of country and product-dimensions have proven to be a significant area which, if correctly manipulated and adequately marketed, could ease consumer acceptance.

The Country-of-Origin Cue and Other Product Cues

Up until now, the research reviewed has encompassed the country-of-origin cue in isolation. Much of the evidence presented is based on single cue studies, with country-of-origin being the only information cue available to respondents [Bilkey and Nes, 1982]. One of the major limitations Bilkey and Nes pointed out about this research stream concerns the number of product cues considered. Most studies have used a single cue, country-of-origin, as the ONLY source of information upon which respondents based their evaluations. This not only has created internal and external validity problems, but also has prohibited the assessment of how much influence the country-of-origin cue has in the presence of other product cues. Several other authors have taken note of this limitation [Cordell, 1992; Eroglu and Machleit, 1989; Hong and Wyer, 1989; Lumpkin, Crawford and Kim, 1985; Shimp, Samiee and Madden, 1993;Thorelli and Ye, 1989; Wall, Liefeld and Heslop, 1991]. Overall, these

researchers have acknowledged the fact that country-of-origin could not be considered alone, as this does not reflect reality. Products are not solely comprised of "made in" labels, rather they are composed of numerous other informational cues such as price, warranty, packaging, retailer, and so on.

Lumpkin, Crawford and Kim (1985) performed one of the first real studies which incorporated other product cues. The practical finding which arose from their research deals with shopping for apparel, in which the price/quality relationship, guarantees of satisfaction and store reputation dimensions were found to be of greater importance to the consumer than the country-of-origin. Nevertheless, the country-of-origin was found to be fairly important and at least as important as brand reputation. This was true across all product categories within their study. Thus, it could be inferred that along with the emphasis placed on brand, marketers should either emphasize or de-emphasize the country of manufacture.

Eroglu and Machleit (1989) investigated the relative perceived predictive value of country-of-origin as a quality indicator when other salient product cues were present, and, researched the extent to which this influence depended on selected individual and important product variables. The key finding consists of the fact that the importance of the country-of-origin as a quality indicator was likely to be higher for more technically complex products than for less complex ones. Given this finding, manufacturers and retailers of complex technical products may wish to emphasize or de-emphasize the country-of-origin cue through promotion, packaging, layout and display methods. Another relationship discovered consists of the fact that a positive

relationship existed between the two involvement dimensions (importance and interest) and product class experience. Similarly, a strong positive link was found between product class experience and ability to detect interbrand quality differences. Interestingly, the authors showed that with a higher number of available quality cues, consumers' perceptions of their own ability to detect quality differences would increase.

Another study which investigated the relative importance of country-of-origin versus other product cues is that of Thorelli, Lim and Ye (1989). The researchers compared country-of-origin with two extrinsic cues, product warranty and retail store image. Specifically, their study tested whether the negative effect of the country-of-origin cue could be reduced by the offerance of a good warranty and/or a favourable store image. The consistency of information available for the purchase decision influenced the effect of the country-of-origin cue. If two or more extrinsic cues provided a consistent indication of quality information, consumers displayed more confidence in those cues; however, if the extrinsic cues provided conflicting information, credibility could decrease and consumers discounted the information [Weinberger, Allen and Dillon, 1981; Kelley, 1987]. For example, a product sold in a prestigious retail store with an excellent warranty evaluation would be perceived as acceptable and of high quality, although it is made in a country of low origin. Conversely, a poor warranty, a non-prestigious retailer, or both, would decrease the credibility of the positive image conveyed by a relatively unfavourable country-of-origin cue.

The findings of Thorelli, Lim and Ye's study demonstrated that the effect of country-of-origin on the perceived quality and overall attitude was significantly less when the product was sold in a prestigious retail store with an excellent warranty. Since warranty combined with store reputation was found to be more important than country-of-origin, it would be possible to reduce the effect of a negative country image by compensating with an excellent warranty and by selling the product in a prestigious retail store. This finding may well have important managerial implications for countries (especially lower developed countries) that are trying to increase manufactured exports, and for firms and retailers that source products in countries different from where these products are retailed. For example, exporters can distribute to local prestigious retailers who can offer a favourable warranty - in order to reduce negative country-of-origin effects.

Wall, Liefeld and Heslop (1991) also evaluated the impact of country-of-origin on consumer judgments in multi-cue situations. The most pertinent finding is that well-known brand names were preferred when the product was technologically complex, while unknown brands were favoured for less complex products. However, it was found that the interaction between country and brand indicated that unknown brands were favoured only for high reputation countries as opposed to low reputation countries. This finding was supportive and parallel to those of Nes (1981), who found that well-known brand names could not compensate for the negative bias against products from developing countries. Possibly, brand name and country cues are used as alternate guarantees of satisfaction in helping consumers make product choices.

The overall role of country-of-origin in relation to other product cues has been well summarized by Hong and Wyer (1989). In their study, a product's country-of-origin appeared to be used as an attribute of the product, much as are specific product attributes, and the authors concluded that it likely had an independent influence on product evaluation. Cordell (1992) also summed up the role of the country-of-origin cue. He described this cue as an extrinsic product cue, a class of intangible product traits which include a product's brand, price, and warranty. Unlike physical characteristics, a change in these cues had no direct bearing on the product's performance. Nonetheless they can still act as risk mitigants or quality cues for consumers who may be either unable to evaluate tangible traits or competitive offerings or unwilling to expend search effort.

Bi-National Products

A sub-section of this literature review must be attributed to the bi-national product. A bi-national product involves two countries of origin - products which may be foreign-made but carry a U.S. brand name (i.e., General Electric TV made in Taiwan) or U.S. made products which carry a foreign brand name (i.e., Honda Civic made in the U.S.). While country-of-origin effects have been studied for the last two decades, research has yet to advance beyond uni-national products that involve a

single country-of-origin. A study by Han and Terpstra (1988) addressed the bi-national product and has evaluated the relative importance of source country versus other relevant cues such as brand names in affecting consumers' evaluations of products.

Han and Terpstra's research was designed to

determine the effects of country-of-origin versus brand name cues on consumer evaluations of bi-national products. The format tested consisted of products with such combinations: U.S. made/U.S. brand, U.S. made/Foreign brand, Foreign made/U.S. brand, Foreign made/Foreign brand. It was found that both source country and brand name affected consumer perceptions of product quality. Interestingly, source country stimuli were found to have more powerful effects than brand name on consumer evaluations - this outcome being in accordance with Lumpkin, Crawford and Kim's earlier finding (1985). This result provided important implications as the decision on a brand name may be influenced by the brand country image for the product under consideration. If the product's source in question is perceived favourably, then, a foreign name may be chosen to reflect that country-of-origin. In sourcing policy, a foreign seller has two alternatives: to produce at home or produce in the U.S. Among the variables affecting that decision will be the source country image of the different alternatives. A firm may emphasize or downplay the source country depending on the favourableness of the consumers' perception of that country. When a foreign producer displaying an unfavourable image chooses to relocate its production facilities to the U.S., the foreign seller may see improvement

in perceived quality of its products by emphasizing "Made in America". The seller may also achieve additional improvement in perceived quality by localizing its brand name. When relocating to the U.S. from the country with a favourable image, the foreign seller should downplay its location of production and capitalize on the favourable image of the brand country. Another viable option, previously referred to, open to a seller who has an unfavourable image is the possibility of relocating production operations to a neighbouring foreign country with a favourable image. For example, a Korean television maker may assemble its TV's in Japan, leaving its major and costly stages of production in Korea. As a result, the Korean manufacturer may obtain a "Made in Japan" label at a low incremental cost for the assembly operation.

Multiple-Sourced Products

As a result of the rapid changes and development in the global business environment, product-country associations are no longer just a single-country phenomenon. Increasingly, more products are emerging as a result of multi-firm and multi-country efforts. Contrary to the traditional country-of-origin research paradigm which typically assumes that a product can be specifically tied to a country in which it is made, today's complex global reality has divulged a multifarious "made in" labels.

As the process of internationalization continues to mount, global ventures have demonstrated increased complexity. It has become rather common for firms to seek production rationalization by cooperating with firms in different parts of the world. This montage is often achieved by assigning firms in different countries to different specialized tasks in the production process such as the production of parts, the product's design or final assembly. Specifically, companies worldwide are supplementing or augmenting their foreign production capacity because[3]:

1) Can better contain the cost of direct labour input

2) Enables manufacturer to gain access to foreign markets

3) Can better provide access to raw materials

4) Possibly reducing the impact and power of labour unions

5) Limit governance of regulatory bodies

6) Able to delay tax payments

These reasons roughly represent a subset of the main motivations for pursuing international market activities. As appealing as these grounds may appear, we must consider how the consumer will react to the evolving country-of-origin cue. Too much attention has been drawn towards the merits and shortcomings associated with strategic alliances which have mainly focused on the cost, supply or operational aspects. Alternately, very little attention has been devoted towards the evaluation of

[3] "Buy American: Economic Concept or Political Slogan", Business Horizons, May-June (1991), p.44.

how consumers may appraise products of such alliances in their choice decisions - the demand aspect.

Previous country-of-origin studies have mainly focused on one single-source country cue. Chao (1993) tackled the hybrid product and focused on how U.S. consumers would evaluate a hybrid product: a product comprised of multiple country designations. Regardless of the intricacies of his study, his research demonstrated the value of dimensionalizing the existing country-of-origin construct into separate entities, namely, the country of assembly (COA) and the country of design (COD). Chao's results were parallel to that of Johansson (1985), which generally indicated that a careful choice of design and assembly locations were warranted if one wished to ensure more positive consumer evaluations. Divergent strategic combinations of COD and COA, involving several countries with distinct stereotypes, exhibited varying impacts on the price of consumer products and product quality perceptions. More specifically, a good design country location could not be used to compensate for a poorly perceived country assembly location in terms of quality. However, a positive COD certainly could be used to circumvent the traditional price/quality relationship in the sense that a lower price did not necessarily connote lower perceived quality if a good design country location is carefully selected.

Sourcing decisions represent a critical issue within an everchanging, dynamic, international marketplace. The ultimate effects of producing in multiple locations/countries still remains unclear, and in dire need of further investigation. How can a multiple-sourced product upkeep its brand equity and inherent value?

For example, much of the advantages tied to Japanese products - their intrinsic brand value - have been ascribed to their particular production systems, their skilful workers and their management techniques. How these distinctive elements can be reproduced in a foreign country is a question asked by the Japanese themselves and by people in other countries [Johansson and Nebenzahl, 1986]. One cannot take for granted that the same quality can be produced elsewhere.

Popularity and Country-of-Origin

We have established the fact that products are prone to a varying loss of value given a product shift to a lower developed country. Having said this, this research paper will seek to uncover whether the component "product popularity" affects the transference (or consumer acceptance) of goods which succumb to a production relocation.

Claude Martin, (1986) brought forth a report which assessed the relevance and significance of the DOUBLE JEOPARDY phenomenon which states that: "The greater the proportion of buyers of a product class who buy a particular brand, the larger will be the proportion of those buying the brand who will be loyal to that brand". Later, it was shown that this trend was validated within the realm of a variety of product classes (Ehrenberg, A., Goodhardt, G. and P. Barwise, 1990). If more popular brands entice greater degrees of loyalty, would this relationship prevail

following a manufacturing move to a lower developed country? Will the Double Jeopardy trend arise under the circumstances of such relocations? Questioning whether more popular brands will entail greater loyalty (as opposed to less popular brands) after such moves is extremely relevant and will be one of the prime considerations of this study.

The present research report will tackle the multiple-sourcing issue, its consequences, and will hopefully reinforce some of Chao's (1993), and Johansson and Nebenzahl's (1986) findings. Also of importance here is the fact that multiple cue models incorporating information cues, other than the country of origin cue, continue to assume a product as a single product/country phenomenon. As a result of this, an attempt will be made to incorporate and study the effects of other consequential extrinsic product dimensions bound with the multiple sourcing occurrence. Other conditions could partially be responsible for strengthening (or weakening) the country-of-origin product cue. These circumstances will be incorporated within the study undertaken, and their ultimate effects monitored.

Research Objectives

The literature encompassing the study of country-of-origin is rather substantial, and has provided us with a solid foundation upon which to build on. An interesting point to be made regarding the country-of-origin product cue is that it has not remained a constant product cue. Earlier country-of-origin studies have employed this cue within a uni-dimensional context, whereas a product was known to originate from one very distinguishable country. Consumers knew that a HONDA was a Japanese-branded car manufactured in Japan, a VOLKSWAGON was a German car made in Germany, and FORD an American brand made in the United States. As discussed within the realm of the literature review, relatively recent research has taken into account the nature of this changing product cue, whereas product associations were no longer deemed to be a function of a single isolate country-of-origin, rather, subject to the emergence of the hybrid product. Established companies world-wide have and will continue to establish new assembly/production plants in new and diverse countries. German automobile manufacturers for example, have been avidly opening plants in eastern Europe, China, and South Carolina, to tap into cheap labour, and to serve faster-growing markets from local bases. It is said that the move abroad might ultimately undermine Germany's reputation for producing top-quality

items[4]. Having said this, a valid question to pose would thereby be whether different qualitative aspects of the product are maintained following a production shift, and whether consumer perceptions towards the product which succumbs to these shifts, are altered. For example, if consumers have always relied upon and perceived Japanese technology and workmanship to be a superior criteria in evaluating automobiles, how will perceptions shift if the same label now reads "Designed in Japan" and "Assembled in Mexico"? The traditional uni-dimensional country-of-origin cue is no longer truly reflective of the consumers' marketplace. Given the multiple sourcing trend globally adopted by manufacturers, the purpose of this study is rooted in determining how such business practices have affected the ultimate consumer. Specifically, we will be oriented towards pinpointing consequential brand image shifts resulting from a change in manufacturing location. This type of research endeavour resembles that of Johansson and Nebenzahl's study (1986) which focused on the effect of multinational production and its underlying effect on brand value. The differing nature of our study lies in attempting to uncover elements which may have the potential to strengthen or weaken the country-of-origin influence, and as a result, we have incorporated other relevant product components which were not previously considered in evaluating the effects following a relocation of manufacturing operations. Johansson and Nebenzahl's study (1986) selected various automobile brand names and sought the effect of disparate production locations on consumer

[4] Templeman J. and G.E. Schares (1993), "Germany Fights Back", Business Week, May 31, p. 48-51.

perceptions and product ratings. In the case of automobiles as the stimulus object, it is important to note that this object is not necessarily uniquely defined by reference to just the global name (like "HONDA", say), as there are various models which fall within a global brand. Consumers will sometimes make discriminations between various models of the same make ("HONDA CIVIC" and "HONDA ACCORD", for example). These potential differences become important when the decision is whether to manufacture the ACCORD or the CIVIC abroad, for example. It might certainly be that one model is easier to transfer than another, and that the customers for one would care much less about country-of-manufacture than the customers for another.

The current study will not only incorporate varying models within a particular global brand, but will also include differing classes of the product category at hand. For example, if we compare automobiles which are valued in the

$40 000 range, as opposed to the $20 000 range, will the status differences involved influence consumer perceptions via product evaluations when differing countries of manufacture are considered?

Another factor of relevance to be incorporated into our research paradigm consists of the brand/model popularity. Will popularity become a factor in the transference of various brands to new designated production locations? Will highly popular brands suffer to more significant degrees given a transference to an ill-perceived country of manufacture? Popularity appears to provide value to customers by enhancing their confidence in forming purchasing decisions. Popularity also

functions in a manner which reassures buyers, especially within product categories in which product features are complex and difficult to process. With the increasing complexity of the product category in question, consumers may be able to reduce the risk-level entailed by purchasing popular models. Could it be that popular brands/models are subject to a lessened threat from a manufacturing move to a less-favourably perceived country? The "Double Jeopardy" theorem may be applicable here, a line of reasoning which stems from William McPhee's original observations (1963) that less popular brands not only had less buyers, but their buyers were proven to be less loyal. Will consumers remain more loyal to popular brands following a production shift?

To summarize the relevant components of the study which lies ahead, we will be incorporating various brands and MODELS, their respective degree of popularity, opposing status levels, and the resulting effects given newly designated countries of manufacture.

Thus, our principal research objectives are as follows:

1) To explore how potential manufacturing locations could affect consumers' ratings of a product's physical dimensions, given differing models of the brand, and associated levels of popularity and status.

2) To evaluate how these newly designated production locations affect consumers' perceptions of quality, confidence in the product, liking, pride of ownership and intentions to purchase. Are consumer perceptions influenced by the varying countries, car models, status or popularity levels involved?

Proposed Hypotheses and Associated Reasoning

As previously cited, product associations are no longer a function of a single isolate country of origin, rather, are subject to the emergence of the hybrid product. Contrary to the traditional country of origin research paradigm, which typically assumes that a product can be specifically tied to a country in which it is made, today's marketplace is increasingly comprised of products derived of newly designated or multiple sources. We must seriously question how consumers appraise this more complex product cue, and the resulting influence on the buyer's final product selection. Consumers may typically encounter intricate product sourcing information which may prove more difficult to appraise than the product's original "Made in ___" label information. As previously questioned, if consumers have always relied upon and perceived Japanese technology and workmanship to be a superior criteria in evaluating automobiles, how will perceptions shift if a label known to be Japanese now reads "Assembled in Mexico"? This represents the underlying issue upon which this research and further hypotheses are based.

The research involved thereby encompasses multi-national production and its effect on brand value. Some studies have shown (in particular, that by Johansson and Nebenzahl; 1986) that country-of-origin does in fact have an impact (in varying degrees) on a brand's value when relocated somewhere other than it's original lieu of production. As Johansson and Nebenzahl strived to do, our study also pursues the

need to assess the potential damage inflicted on brand value from the relocation of production facilities. We are interested in pinpointing which factors contribute or influence a brand's image, whereas a particular product label might suffer in country A but not in country B. This study differs from the above in that the only treatment previously imposed was the global brand NAME of automobiles and how it was affected by a production relocation. This study not only strives to somewhat replicate a segment of Johansson and Nebenzahl's research, but also to explore other product characteristics which may be pertinent and partially responsible for determining which product/brands could be "transplanted" to new production facilities with greater ease. Specifically, this study involved the inclusion of different car models as subsets of a brand name. It might certainly be that one model of automobiles would be easier to transfer than another, and that customers for one would care much less about country-of-manufacture than customers for another. For example, differences in the degree of consumer acceptance may arise given the transference of the HONDA ACCORD vis-à-vis the HONDA CIVIC.

Another differentiating element of this study is reflected in the use of the disparate levels of status existent within the automobile industry. Given the fact that various models compete from within each category, we have decided to include two separate classes of automobiles: LUXURY automobiles versus the class of FUNCTIONAL automobile models. Not only do these categories entail differing financial commitments, but also represent distinguishable status levels for which consumer attitudes toward multi-national production locations might differ. The

consumer looking to buy a Mercedes-Benz may be seeking contrasting automobile characteristics and may react differently toward this luxury car's production originating from a lower developed country, rather than its original home-country (Germany). Would the buyer of a Ford Escort perceive the shift in production in a similar manner?

Given two separate brands characterized by disparate financial commitments and possibly differing product involvement levels, we can somewhat assume that the inherent risk will also vary accordingly. For example, the buyer of the Mercedes-Benz may encounter higher risk levels resulting from a production relocation to Mexico. The buyer of a luxury automobile is also perhaps more affected in that the financial commitment involved and status represented proves more consequential. In purchasing a functional automobile, the buyer of the Ford Escort model may be characterized by a lower performance risk level, initially requiring a somewhat moderate financial commitment in comparison.

Given the fact that physical product dimensions and other affective evaluations will be sought out, we must somewhat assume that high status automobiles will probably receive higher ratings (overall) when compared to its lower status counterparts, based on physical product dimensions and other affective criteria. For example, quality and pride of ownership evaluations may still remain quite high - and even still higher than that of a functional product - even though manufacturing facilities are transferred to lower developed countries (LDC's). Therefore, in an overall raw analysis of the evaluative attributions, we can hypothesize this simple

founding expected relationship:

H1: Compared to a low/functional status level, luxury brands/models will exhibit higher ratings with regard to its product's physical dimensions and via consumers' affective evaluations - regardless of the country-of- manufacture.

This first hypothesis however, is rather limiting in that it does not suffice to demonstrate that luxury brands are evaluated more favourably than low status brands. Furthermore, we are principally interested in the *degree* of the "shifts" resulting from a production relocation and the consequential effects inflicted upon product and affective evaluations. Given the possible disparate attitudes towards opposing levels of status (luxury and functional automobile models), we have thus hypothesized the following relationship:

H2: A shifting in production facilities to an LDC will prove less detrimental with regard to functional automobile models. Therefore, car dimension evaluations and consumers' affective ratings are expected to be hindered to a lesser degree for low status versus the reductions succumbed by a higher status automobile.

In addition to the inherent risk present in the respective classes of the automobile product category, country sourcing in itself has also proven to represent a significant risk factor in purchasing products (Lumkin J., Crawford J.C., and G. Kim, 1985). Seeing that two risks of differing nature exist, it may seem reasonable to expect consumers to evaluate products accordingly and avoid undertaking high levels of multiple risks simultaneously. This would suggest that as the financial

commitment rises, consumers would increasingly eschew products from higher risk countries. In light of this, a possible interaction effect could surmount given differing product classes and willingness to buy form lower developed countries. As the product choice becomes more important (especially with regard to the status involved) and financially binding, a consumer may exhibit a lesser degree of willingness to purchase from LDC's. It may prove less likely that a subject will choose an LDC-made product as the financial commitment involved accrues. This is ultimately reinforced by the notion that country of origin may also be perceived as an additional risk component. This precludes our third hypothesis:

H3: Status and country-of-manufacture will interact such that the higher the level of status incurred, the more its product evaluations will suffer from a transference to a lower developed country.

Another potentially influential component included in the research design was brand popularity. We have questioned whether consumer attitudes and their car dimension evaluations would differ, given opposing levels of popularity. Could it be that, in comparison to unpopular models, popular models can maintain higher product and attitude ratings given a new production facility in a LDC? Will high levels of brand/model popularity compensate for the lack of consumer confidence derived from a newly designated manufacturing country?

Following this line of reasoning, if consumers become perplexed from the intricate geographical sourcing cues, this information may be utilized less extensively

in forming product evaluations. If the made-in label is relied on to a lesser extent, will the popularity of the brand name cue become more prominent and reliable to the consumer? Given the increased complexity of the country of origin cue, consumers may increasingly rely on the brand name reputation (popular brand names) in order to assess and infer a product's quality or performance risk. As David A. Aaker puts it: " The name is the basic core indicator of the brand, the basis for both awareness and communication efforts ". Also, Aaker reinforced the fact that people like the familiar and that these known names in turn have the ability to divulge this sense of familiarity. Having said this, consumers may shift from the reliance of unfamiliar territory, such as a newly designated country-of-origin cue, to a more familiar and often reassuring product cue, that of a popular brand name.

We can pursue the matter that an unfamiliar brand name is a potential source of risk, as consumers often rely on the brand reputation (or brand popularity) in evaluating the quality standards or performance level of a particular product (Aaker, A., 1991). Brand unfamiliarity represents a source of inherent risk attributable to the trial of new or unfamiliar products. Having said this, consumers will also be faced with the risk of purchasing goods from ill-perceived countries. Consumers will perhaps avoid taking on multiple risk levels simultaneously. For example, a consumer may be more inclined towards a popular car model manufactured in an ill-perceived country as opposed to that of an unknown (or less popular) brand name built in an ill-perceived country.

Brand name obscurity is assumed to contribute to an aversion of products

from LDC's. If a brand name is known, familiarity may decrease the inhibition or perceived risk of buying a foreign-based LDC product. Generally, consumers might display more concern about origin when the product carries an unfamiliar brand name, and therefore the diagnostic value of the country-of-origin cue will be diminished.

Two possible implications stem from the outlaid reasoning. First, if a familiar brand is compared to the unfamiliar, a famous maker or manufacturer can perhaps shift its production from the IC to a LDC with significantly less loss of market share than an unfamiliar brand. Firms with famous name products are perhaps better positioned to take advantage of low cost LDC production with less product derogation than are firms whose products do not carry famous names.

Before exploring the hypothesis of principal importance with regard to the ultimate effects of popularity, we have based ourselves and have drawn upon various literature encompassing the "double jeopardy" theorem regarding brand popularity (Chatfield and Goodhart, 1975; Keng and Ehrenberg, 1984; C.K Kim, 1994) in developing this study's founding relationships. To allow the development of other related hypotheses, we initially hypothesized the following basic relation regarding popular and unpopular brands:

H4: Popular brands/models will be evaluated more favourably than their unpopular counterparts within each respective level of status encountered, even after a production shift to a lower developed country (LDC).

Additionally, given the line of reasoning previously outlined, we can also hypothesize a more profound relationship which can be summarized as follows:

H5: A shift in production facilities from an IC to an LDC will prove less detrimental to the popular car models. Therefore, after a shift in production, the evaluation of physical car dimensions and consumers' affective ratings via the product are expected to maintain proportionally higher ratings in the case of popular models, as compared to that of unpopular ones.

If the hypothesis proposed (H5) is proved to be of null significance, the ramification involved would prove detrimental to manufacturers or producers of well-know brands. Put simply, if a familiar or popular brand name cannot overcome the negatively predisposed consumer attitude vis-à-vis a country-of-origin, then, the numerous companies which have moved their assembly or design quarters to LDC's may ultimately be faced with a potent threat to their pre-established brand equity. For example, if Mercedes-Benz decided to re-locate or move certain production facilities to the Philippines, the brand name equity might not be able to compensate for poor country-of-origin perceptions. Alternately, it would also be plausible that individuals would be willing to purchase popular goods from LDC's but might expect something in return - a compensation. Price reductions, extended warranties and guarantees are possible examples of elements which could be integrated in the product mix in order to mitigate risk. However, will these "extra's" offered to the consumer prove to be more expensive in the long-run as compared to the company's

savings from moving to a cheaper production sight in a LDC? The two possible outcomes of the hypothesis previously outlined will surely be preclusive to valuable information upon which managerial implications and strategies will be drawn.

If the product of concern is designated as originally derived from an LDC, a pre-existing negative predisposition towards this product may already exist. For example, Korean cars are not derived from a country of branding which can be categorized as an industrialized country. Therefore it will be of interest to monitor the effects of status and popularity on models originally sourced from LDC's.

Having incorporated differing car model extensions, their relative brand popularity, and the status effect which may surface from the inclusion of both functional versus luxury models, we expected that these factors would yield interesting results. Findings should indicate whether these supplemental research components influence product ratings and consumers' affective perceptions. The outcome of such a research inquiry will surely assist brand managers in the formation of decisions englobing production relocation points, as surely some brands may be easier to transfer than others. Knowing WHICH factors contribute or ease the relocation of manufacturing facilities can prove extremely relevant given the accruing internalization of global businesses.

METHODOLOGY

Research Design

The primary objective of the study at hand is to determine the effects of country-of-origin, popularity, and status levels in relation to various models within the automobile product class (i.e. independent variables) on consumers' ratings of quality, confidence in the product, pride of ownership, purchase intention, and overall liking (i.e. dependent variables).

In order to address the research paradigm involved here, a full understanding of the design proposed is necessary. Table 1 (Please refer to Appendix I), clearly identifies the independent variables to be manipulated. The 4x2x2x2 factorial design layout will ultimately allow us to test for the main effects and possibly will be subject to surfacing interactive effects. The design is comprised of 32 cells for which there will be 8 disparate label treatments for each of four original producing countries. Specifically included into the design are four countries which are the original manufactures (i.e. COUNTRY OF BRANDING) of particular car models on the market (U.S., Japan, Germany, and Korea), two brand status levels (LUXURY and FUNCTIONAL classes of automobiles), two disparate levels of popularity (POPULAR versus UNPOPULAR) and designated countries of COUNTRIES of MANUFACTURE represented by two levels: Industrialized versus Developing

manufacturing locations.

Subjects and Approach

The most logical methodology for assessing consumer perceptions and attitudes towards brands following a shift in manufacturing location or any multiple sourcing practice would be field-experimental. This type of experiment would ultimately furnish a researcher with quasi-accurate and valid answers to the present research inquiry. By using measures of consumer attitudes prior to a change in labelling practice and then contrasting those to the perceptions of a brand after certain production shifts, one could evaluate the degree to which brand value has gained or deteriorated. How would consumers' judgments be changed, given a newly designated car-producing country?

Unfortunately, a study of this magnitude could hardly be administered for this research project due to the high costs entailed, and the prolonged time required to account for both before and after comparisons. The procedure to be used relies instead on a relatively standard (and therefore low-cost) survey procedure. A questionnaire was designed to amass the needed data for this study.

Although a large share of the country-of-origin research has employed students as "consumer surrogates", we did not choose this path due to the lack of accuracy. Given the stimuli product category selected for this research inquiry (car buyers),

students were not considered truly representative of the body of consumers desired. Providing generalizations from such homogenous samples may have proved rather limiting as the student population lacks the demographic richness of an adult sample, and thereby, could ultimately mask unanticipated bias.

The questionnaire designed for the purpose of this study was therefore administered in the form of a mail survey, and issued to 1000 Ontario residents. The respondents were not selected on a random basis, rather, a mailing list was purchased in order to improve the selection of an adequate sample. *Quebec Listes* (the firm which supplied us with the list/data) provided us with a listing of 5000 names and the addresses of individuals who had purchased a car since 1992. The individuals which were incorporated into the mailing list had originally filled out a reply card inserted in a car "buffs" magazine. The reply card contained ownership questions amongst various product categories, including automobiles for which they identified if they owned a car, and the year of the actual purchase. Those customers which have purchased an automobile since 1992 were incorporated into the purchased mailing list. These represent consumers who are probably familiar with the various buying options within the product category, a product class of significant financial outlay.

From the 5000 names supplied, 1000 consumers were randomly selected and issued a questionnaire. Given the language of the province in question (Ontario), the survey was submitted in English, thereby, no translation costs were incurred. Ontario also has proven to be more reflective of the rest of Canada's population, thereby providing more substance with regard to generalizing the data. No incentive was

provided to these respondents other than a pre-addressed envelope and pre-paid postage. A 31% response rate was achieved, whereas 27.5% of the returned questionnaires were deemed usable for the purpose of the study. The target population in this case was really the adult consumer. By balancing respondents based on demographics or other characteristics (typically with a quota system), this ultimately produced reasonable samples at a reasonable cost.

Questionnaire Design

The administered questionnaire tested the effect of the *independent variables*: two status levels (LUXURY and FUNCTIONAL car models), two levels of popularity (POPULAR and UNPOPULAR car models), and four predominant countries which are original producers of the cars available on the market (country of branding) and two levels of country of manufacture (IC's and LDC's). For each of the possible overall treatments, each cell was subject to a brand/model which divulged a level of popularity, status, and paired with its original country-of-origin. Each of the product combinations were then evaluated based upon the previously outlined *dependent variables*, namely: various predominant car dimensions, perceived quality, willingness to purchase, confidence in the product, pride of ownership, and overall liking. These dependent measures were also used to evaluate respondents reactions to changes incurred from production relocations in Johansson and

Nebenzahl's study, and frequently used within the realm of country-of-origin research. The use of these measures is important in that a company (or a researcher) must strive towards acquiring insight into which dimensions (physical and affective) will be most affected by a shift in production.

Respondents were asked to rate each of the dependent variables cited, not only on the basis of the original country from which the brand originated, but also given the newly designated countries of manufacture (For an extract of the questionnaire format, please refer to appendix II - where one of the brands/models has been manipulated). Each subject evaluated all car dimensions selected, and also rated the affective dimensions according to the new country of manufacture. Given the hypotheses set forth, we strived to monitor the "degradation" of the evaluations given a move from an industrialized country to a lesser developed country. Another question of interest asked respondents to state how much more (or less) they would be willing to pay for a certain make/model which was not built in its home country. This inquiry consists of the examination of the monetary consequences of the contemplated production shifts. This line of questioning was also incorporated into the study of Johansson and Nebenzahl (1986). It has the advantage of forcing the respondents to translate their preferences into monetary terms and exhibits therefore more external validity than pure rating scales (Pessemier 1963, p.23).

Each of the dependent variables were measured by a seven-point semantic differential bi-polar scale, such as that demonstrated in Appendix II. Through the use of these type of scales, we were able to efficiently secure attitudes from a large

sample. These attitudes were measured in both direction and intensity, which provided us with a picture of the meaning of the object under consideration as well as a measure of the subject doing the rating. The combinations of independent variables were organized at random, and all products evaluated in the questionnaire contained the same limited level of labelling (product) information.

An important facet of the questionnaire design was the series of segmentation variable-related set of questions at the end of each questionnaire submitted: Demographic items were included (age, sex, marital status), socioeconomic dimensions (income categorization), and ownership questions were also incorporated (which automobile(s) is presently owned and which model the respondent expects to purchase next). The information acquired in this section was ultimately employed for control purposes, and to establish the respondents' profile.

Important manipulation check items were also incorporated within the framework of the questionnaire. In this study, country cues and popularity were incorporated and manipulated. To assure that the experimental stimuli countries selected for HIGH-end manufacturers (typically industrialized countries) and LOW-end manufacturers (typically developing or lesser-developed countries) were in fact perceived as such, a question asking respondents' to rate each of the countries incorporated in the study was included. Also, to assure that the POPULAR/UNPOPULAR manipulation had been attained, all the brand/models employed in this study were rated by respondents on a seven-point scale (For a presentation of both respondent segmentation and manipulation check items, please

refer to Appendix III).

Four separate questionnaires were administered in this study, whereas each one manipulated and measured the results based on a specific producing country - the country of branding. For example, out of the four original car-producing countries (U.S., Japan, Germany and Korea), each was assigned 4 particular models pertaining from the respective country in question. Therefore within the Japanese car-models for example, four disparate models were chosen to satisfy our treatment descriptions: A POPULAR and UNPOPULAR model within the LUXURY category, and a POPULAR and UNPOPULAR model within the FUNCTIONAL category. An appropriate brand/model was selected to adhere to each of these treatments for each of the four original branding countries. The popularity and automobile categorization (functional/luxury) was determined according to reports sourced from the *Automotive News Data Centre* (1993) and from the *Aftermarket Watch*, published by the Automotive Industries Association of Canada (1993), where sales figures and categorizations for all brands were supplied.

Country Product Cue

This section will clarify how and why certain countries were used within the realm of the research design. As previously mentioned, four countries were selected as the main or predominant ORIGINAL car producers on the market: U.S.A., JAPAN, GERMANY, and KOREA. These countries constitute active producers and represent the source of the brands available in the automotive marketplace today. Because one of the purposes of this study included determining the change in perception and product ratings after having altered the original manufacturing location, six countries were also selected to reflect those HIGH and LOW-end levels potentially-producing countries. The actual countries selected for this experiment were distinctive, well-known countries which have a pre-established status of being either an industrialized or lesser-developed country. Among the countries selected to represent the favourably-perceived category (IC's) were Japan, Germany, and the United-States. For the low-end, or rather ill-perceived source countries (LDC's), we included Mexico, China and Korea. According to a report in the March 14th, 1994 issue of Business Week, these countries were rated very differently and were located at opposite ends of the spectrum in terms of their capabilities of making a "good product". Also reinforcing the use of these opposing countries is the fact that previous research has used these countries in abundance in order to reflect the two poles desired. To be sure however, as previously mentioned, a manipulation check

item was incorporated within the questionnaire design to assure that the image perception did in fact differ significantly.

An important point to be made here is the fact that although Canada could have been considered as a potential candidate for testing as an industrialized country, it was rejected as a choice due to an existing consumer bias of preference for domestically produced goods (T. Cavusgil, 1983). In order to control for patriotism, which influences buyer attitudes, Canada was omitted to adequately isolate foreign sourcing effects.

Product

The product category chosen for the study at hand - automobiles - was chosen for a number of reasons. Firstly, automobiles belong to a product category which is frequently bi-national for which numerous publications have repor[illegible] widespread internationalization, or bi-nationalization: "The rush into developing countries is energizing the auto industry"[5]. Johansson and Nebenzahl (1986) also employed automobiles as the stimulus object in their study, C. Min Han and V. Terpstra (1988) used automobiles and televisions, and P. Chao (1992) used televisions. Most importantly, this study is rooted and somewhat founded on the previous study by

[5] Treece, J. (1994) "New Worlds to Conquer", BusinessWeek, February 28, p. 50.

Johansson and Nebenzahl (1986), who exclusively used automobiles as their target product category. In employing this type of good, we will be able to hopefully reaffirm their findings and most importantly, elaborate on their conclusions.

Secondly, the respondents for this particular study were chosen from a mailing list which consisted of car buyers, thereby this product was considered salient to the subject group, most of who should be relatively familiar with the product category. Thirdly, automobiles constitute a shopping good for which most consumers would engage in serious brand and feature comparisons before exercising choice. This is mainly due the high financial commitment involved in the purchase. As previously mentioned, the actual brands were selected from the *Automotive News Data Centre* and the *Aftermarket Watch*, where we were able to classify each brand as POPULAR or UNPOPULAR, and categorize status as either LUXURY or FUNCTIONAL. Overall, 12 real brands were selected to match the intended manipulations. Also, three fictional unpopular luxury models were assigned to each Japan, Germany and Korea, but made by well-known car producers (For example, if HONDA introduces a new luxury model...: this represents the UNPOPULAR/LUXURY component). This was done due to the fact that no apparent models clearly fit into this categorical manipulation. In the case of the POPULAR/LUXURY manipulation, no brand existed originating from Korea, therefore none could be assigned for this particular treatment. The actual existing brands incorporated into the study were: The Volkswagen Jetta, Volkswagen Golf/GTI, BMW 3 Series, Honda Accord, Mazda 626, Acura Legend, Ford Taurus, Plymouth Acclaim, Chrysler Imperial, Cadillac DeVille,

Hyundai Elantra, and the Hyundai Scoupe. Please refer to Appendix IV for a display of each brand/model selected in order to meet the manipulations undertaken.

The questionnaire partly involved the subjects' ratings of each of the brands/models selected, based upon certain pre-selected car dimensions. The items designated to represent the relevant car dimensions were principally founded on the previously employed dimensions located within the context of the existing literature (Nagashima, 1970; Johansson and Nebenzahl, 1986). It is important to incorporate more than one dimension, especially from a managerial perspective, as it is very relevant that a company acquire insight into which dimensions will be most affected by a move of its production facilities.

Previous studies initially administered thirteen car dimensions. These dimensions were not only very similar, but also would prove to make our respondents' evaluative task quite lengthy. Therefore, in order to capture the relevant dimensions, a convenience sample of fifty randomly selected respondents were selected (prior to the actual questionnaire distribution), and were asked to list/name the car dimensions which proved most relevant and important in the formation of a car purchase. The attributes most frequently cited (and also in accordance with other studies' selection of image variables for automobiles) were incorporated within the realm of this study.

The final set of image items comprised the following eight dimensions:

1) RELIABILITY
2) WORKMANSHIP
3) INNOVATIVENESS
4) STYLING
5) HANDLING
6) SERVICING
7) PERFORMANCE
8) QUALITY

Product Popularity

Market share has often been used to draw inferences in evaluating a brand's position in the market - its strengths and weaknesses, and most importantly, how market share might be related to certain purchase patterns and various forms of consumer behaviour. A brand's size is typically measured in terms of market share or user share to reflect the extent to which is has gained customers. Although this represents a relatively superficial mean by which to evaluate a product class in that it does not account for the QUALITY of user share, it does often explain the existing deviations and fluctuations which exist within and across various product classes (Lehman, D.R. 1979; Raj, S. 1985).

As previously mentioned, the Double Jeopardy phenomenon has often been determined via the route of market share and has been used to evaluate consumer loyalty. Given the case of automobiles, the models were categorized by their market

share information. The market share data was employed to determine varying levels/poles of popularity, and derived from the *Aftermarket Watch* (automobile industry publication).

Main Analysis Method

The 4x2x2x2 factorial design format will allow the accomplishment of several things, all of which are important advantages of the approach and method. The treatments imposed consist of four original countries of branding (treated as within-subject) and three other types of treatments analyzed as between-subjects: status, popularity and country-of-manufacture. The advantages of the design employed consists of the fact that it will ease the process of manipulating and somewhat controlling for the three independent variables simultaneously. Secondly, the factorial analysis will enable the study of interactions, which may potentially arise and thereby could be directly tested. The mean score of the respondents on each of the dependent variables will be compared to determine wether or not the difference between means are large enough to be attributable, at least in part, to the difference in the effects of the variations in the brand/model category, status, popularity, and country of origin.

The factorial paradigm previously outlined entails the study of status, country of manufacture and popularity levels, which were specified as between-subject factors,

and, country- of-branding as a within-subject treatment. Given the categorical nature of the independent variables observed, we employed dummy variables in identifying the independent variables within a context of a multiple regression equation.

Because our study involves multiple independent variables (four factors) which are to be analyzed simultaneously on each dependent variable, MANOVA will be employed at the first stage of the investigation. This multivariate analysis will encompass covariates, which will also be included within the framework of analysis (MANCOVA). We must include covariates in the design to remove extraneous influences from the dependent variables, thus increasing our measurement precision and reliability. The integration of covariates is appropriate in this case because first, we need to eliminate some systematic error outside the control of the researcher that can bias results and second, to account for differences in the responses due to unique characteristics of the respondents. We will be faced with some demographic differences which were not necessarily accounted for, for example, differing social class levels, age, sex or income, are factors which have not been incorporated into the design. The factors cited may be correlated with the dependent variables (though not necessarily correlated with the independent variables) and thereby we would like to extract any differences due to these factors before the effects of the "experiment" survey are measured. The information relating to the "extraneous" variables will be acquired through the use of the demographic data accumulated at the end of each questionnaire.

In employing MANCOVA, this application represents a simple extension of

the principles of ANCOVA but accounts for multivariate or rather, multiple dependent variables in the analysis at one time as opposed to separately testing the individual effects on each dependent measure. That is, for every F-statistic in the simple ANCOVA that evaluates an effect on a single variable, there is a corresponding multivariate statistic (i.e. Wilks' lambda) that evaluates the same effect on a set of dependent variables means. It would perhaps be unrealistic to assume that a difference between any two "treatments" will be manifested only in a single measured dependent variable. In the study proposed, it may prove enlightening to examine differences on several dependent measures. For example, confidence in the product category and intent to purchase in the evaluation of a product may correlate highly with each other, thereby we will use MANCOVA to help us uncover the relations, or differences, between the four dependent variables employed.

Univariate t-tests will also be administered within the realm of the analysis in the hopes of divulging the significance of each dimension separately. The mean ratings obtained from such comparisons will be analyzed and conclusions will be drawn to aid in the support of our hypothesized relationships.

Results from the Data Analysis

Respondent Profile

The first portion of the results to be divulged include the demographic profile of our study's respondents. The average respondent (car purchaser) derived from the mailing list reflected the following profile:

1) Average Age: 40 years

2) Sex: 93% - Male, 7% - Female

3) Marital Status: 62% - Married, 33% - Single, 5% - Other

4) Income Levels: 12.4% (Less than $25 000)

27.2% (Between $25 000 and $40 000)

24.9% (Between $40 000 and $55 000)

13.6% (Between $55 000 and $70 000)

18.9% (Over $70 000)

5) Ownership: a) 55% of all Respondents Owned Foreign-Automobiles

- 73% of the foreign car owners = Japanese brand
- 5% of the foreign car owners = Korean brand
- 14% of the foreign car owners = German brand

- 8% of the foreign car owners = other

b) 45% of all Respondents were American Car Owners

6) The Average Level of Satisfaction : 2.148

(Based on a 7-point scale where 1 = High and 7 = Low)

a) American car owners' satisfaction level: 2.444

b) Japanese car owners' satisfaction level: 1.666

c) German car owners' satisfaction level: 2.294

d) Korean car owners' satisfaction level: 4.1

7) In their next purchase:

a) 53% of respondents would buy a foreign car:

- 72% of them would buy a Japanese brand
- 22% of them would buy a German brand
- 6% of them = other

b) 47% of all the respondents would buy American.

Initial Findings

In having incorporated manipulation checks within the scope of the questionnaire, two important treatments were verified: brand/model POPULARITY and the COUNTRY IMAGE as a potential car manufacturing production site. In terms of the manipulation of COUNTRY IMAGE, the means attributed (on a 7-point scale) proved significantly different whereas the manipulation of high and low-end producing countries was successfully differentiated by the respondents, and these were oriented in the proper direction. With regard to the POPULARITY of the brands manipulated, these poles were more or less achieved. The assignment of popular/unpopular models proved valid in the cases of the Japanese and American car models. In the case of the two models selected to represent popular/unpopular models within the FUNCTIONAL status category, the German and Korean brands chosen displayed little differentiation with regard to the ratings attributed. This may have potentially affected the results obtained and will therefore subsequently be discussed as a possible limitation of the study at hand. Please refer to Appendix V for the results of the manipulation checks outlined above.

Before tackling the main statistical manipulations required, one of the first steps initiated to somewhat ease the analytical portion of this study was the derivation of a fewer set of dimensions than the nine main car attributes evaluated by respondents. Specifically, the purpose of having run a factor analysis was to group

together certain variables which might be considered highly correlated (and thus, to some extent redundant). In this study the variables included within the factor analysis were: RELIABILITY, WORKMANSHIP, INNOVATIVENESS, STYLING, HANDLING, SERVICING, PERFORMANCE and QUALITY. After having performed our analysis, we examined the eigen values (Please refer to Appendix VI) and were thereby able to determine what percent of the total variance was accounted for by each component. In this component analysis, only the factors with latent roots smaller than one were considered insignificant and thereby disregarded. In the observations of dimensions D1-D8, only one factor was retained. No other eigen value was quite close to one, therefore we only considered this one factor extracted in the analysis (the solution was not rotated). Factor D1 possessed a communality of .89615, representing a large variance within this variable. Given this finding, we attempted to seek out what the variables (which loaded heavily onto the one factor) had in common. As a result of this, we chose to label our one factor "OVERALL QUALITY". We felt that this was an adequate summarizing term which adequately encompassed the car dimensions which are so often linked and considered components which make up an automobile's quality. As a result of this reduced number of variables, we were able to more efficiently analyze the results of our study by reducing the number of variables (pieces of information) considered.

MANCOVA RESULTS

Following the performance of a factor analysis, another principal step pursued within the realm of data analysis consisted of performing a multivariate analysis of covariance (MANCOVA). Because this study involved multiple independent variables, which were potentially intercorrelated, we sought to uncover the differences between the groups (or experimental treatments) and potential interactive effects. Covariates were incorporated into the analysis of variance with the purpose of eliminating some of the systematic error which may have biased results and also, to account for differences in the responses due to the unique characteristics of the respondents. The covariates within this particular study however (age, sex, status, income, and satisfaction), were not deemed influential nor did they account for differentiated responses.

The results stemming from the multivariate analysis were as such that the main effects were very significant with respect to country of branding (with a p-value less than .01), country of manufacture (with a p-value less than .01), and status (with a p-value less than .05). Popularity, on the other hand, surprisingly did not divulge a particularly significant main effect. In terms of the possible interactive effects which may have surfaced, no significant interactive effects arose within the multivariate analysis, and therefore our third hypothesis must be discarded. For the statistical findings resulting from the analysis, please refer to Appendix VII, which includes our hypothesized relationships and furthermore, displays other non-significant

interactions.

Aside from the fact that no interactive effects surfaced from the data, the non-significant main effect of popularity was particularly surprising. A multivariate form of analysis was firstly implemented to determine whether the dependent measures were significantly correlated, and after such an analysis, we moved forward with univariate forms of testing procedures. We also chose to handle this multiple-criterion situation through the application of individual univariate t-tests until all of the dependent variables would be analyzed. This approach has been labelled deficient at times and subject to criticism due to the consideration of what might happen to the type 1 error rate (inflation over multiple t-tests) and the inability to detect differences among combinations of the dependent variables that are not apparent in the univariate tests. Having performed a multivariate method of analysis which encompassed our non-existing interactive effects, and because of our surfacing significant main effects, t-tests -univariate comparisons were applied to allow us to take a closer look at the individual effects on the dependent variables given our manipulations of product status, country of manufacturing, and popularity. Very differing results emerged with regard to the significance of popularity in the formation of pairwise comparisons. Reasons for the occurrence of such results and further explanations will be discussed in the next section.

Other Interesting Findings

As aforementioned, the next area of analysis of the data centred on the assessment of status, popularity and country images. The comparative t-test analysis consisted of a computation of the means across the overall car dimensions and the means of the affective attributes - our dependent measures. In this particular analysis however, we had to observe the differences - discrepancies - in the respondents' evaluations from high-end to low-end for each brand/model given the respective producing countries. In the evaluation of the raw/absolute mean values attributed to each brand/model, we could verify our first and fourth hypothesis. yet, the mean values attributed to each brand would not reveal results geared towards validating our predominant research inquiries formulated in both our second and fifth research hypotheses. The assigned raw mean values would simply divulge whether luxury cars are evaluated higher than functional automobiles, and whether popular brands are evaluated more favourably than unpopular ones. Although the ratings involved would generally decrease from high to low-end producing countries, luxury cars would still perhaps command higher overall ratings even though it was more severely negatively affected by a production shift. The decrease in the mean value attributed allowed us to compare the "damage" inflicted to functional versus luxury models (the same applies to the differing levels of popularity). We were interested in the degree by which evaluations diminished when a relocation of production facilities was moved

to a lower developed country (LDC). We therefore sought to uncover the DIFFERENCES or discrepancies which occurred given the HIGH/LOW manipulations, and seeking the effect on various brands which were deemed either popular or unpopular, and, belonging to either the functional or luxury product class. Will popular brands be affected to lesser degrees given production shifts to LDC's? To answer this question we subtracted the mean values assigned to a specific manipulation for low-end producing countries from those mean ratings assigned to higher-end newly designated manufacturing countries. This allowed for a comparison in degrees of "degradation" succumbed by a shift in production site, given brands which held differing levels of popularity and status.

In reporting our results however, initial, more basic comparisons were made (points one through ten) - statistically represented in Appendix VIII, followed by more intricate results which could answer or validate more in-depth research inquiries (point ten through twenty-two), supported in Appendix IX. The averages displayed yielded interesting results leading us to suggest the following points:

1) Given the evaluations based upon the physical car attributes/car dimensions, there existed significant differences between popular and unpopular car models, but only with respect to U.S. brands. Popular models were evaluated significantly higher than unpopular ones.

2) In terms of levels of confidence within the product class in question, foreign automobile producers exhibited discrepancies with regard to popular versus unpopular models. Popular foreign models resulted in much higher confidence levels, as opposed to unpopular models. Popularity levels did not affect consumers' confidence with regard to American products.

3) Given opposing levels of popularity, only American and German brands exhibited varying levels of pride in ownership. Specifically, unpopular German and American brands were subject to significantly lower overall pride in ownership ratings. Disparate popularity levels were not subject to a variation in pride of ownership in the case of Japanese and Korean brands.

4) In terms of consumers' intention to purchase, only U.S. car models were influenced by particular brands' level of popularity. Consumers were less willing to purchase unpopular brands. This was not found with respect to foreign brands.

5) Regarding overall liking evaluations, only American car models displayed a difference when comparing the ratings of popular and unpopular models. Consumers did prefer popular models significantly more than unpopular ones. This was not found in the case of foreign automobiles.

6) With regard to the overall ratings of the physical car attributes, luxury models were evaluated significantly much higher than that of functional car models. This was not so in the case of American automobile manufacturers, where the car attribute evaluations did not differ significantly with status.

7) In the case of a consumer's confidence in the product, significant differences existed across all brands and models with respect to status. High status automobiles entailed more consumer confidence across all branding countries.

8) In the case of foreign-branded automobiles and consumers' pride of ownership, high status cars entailed high ratings and low status cars exhibited much lower pride of ownership. American cars did not display such a relationship - pride of ownership stayed relatively at the same level, regardless of status.

9) Only German brands displayed differing levels of consumers' intention to purchase with regard to luxury cars versus functional ones. Korean, American and Japanese brands were not affected by status when considering intent of purchase.

10) Disparate levels of status were particularly responsible for opposing ratings with regard to overall liking in the case of German-branded automobiles. All other labels (U.S., Japan, Korea) were liked similarly, despite status.

11) In the case of rating car dimensions, only functional Japanese car models displayed a major sensitivity towards differing popularity levels. Popular automobiles were subject to less negative evaluations than that of unpopular models given a production relocation to an LDC; Popular models were less "hurt" by this manufacturing relocation.

12) Within the functional automobile category, consumer confidence levels in the product decreased to a much greater degree in the case of unpopular models. Popular models were also subject to a lower confidence level, yet, these models were hindered to a much lesser degree than that of unpopular automobile models. This relationship surfaced and proved highly significant for all four car producing countries (Japan, Germany, U.S.A., and Korea).

13) In the consideration of consumers' evaluations of pride of ownership and overall liking of the automobile in question, a move from an IC to an LDC proved significantly more detrimental for unpopular American cars compared to the popular models. This relationship proved validated within the functional level of status.

14) In the functional car category, the dollar value (or assigned price willing to pay) of automobiles was strongly affected by the level of popularity involved. Popular car models experienced less of a price drop given a move from an IC to an LDC. Unpopular models were assigned much lower monetary values in lieu of a relocation to an LDC. This was the case for all functional models, except for Korean brands.

15) Within the luxury class of automobiles, popular car models were also subject to higher confidence levels following a move from an IC to an LDC. Less popular automobiles displayed significantly greater losses in terms of consumers' confidence in the product. This was the case for all automobile manufacturers, except Korean brands.

16) In the case of German automobiles, popular luxury cars still maintained a much higher rating with regard to consumers' intention to purchase versus the ratings attributed to unpopular models. After moving production from an IC to an LDC, respondents were much less willing to purchase unpopular models.

17) Overall, the prices which consumers were willing to pay for a luxury and functional automobile, given a production shift to an LDC, were much lower for unpopular models as compared to the popular ones. Popular luxury and functional models experienced much less degradation in their assigned pricing after relocating

to a LDC. In the case of functional/popular Korean models, this relationship did not emerge.

18) Popular Japanese and German cars exhibited much more favourable ratings given a luxury product class than those within the functional status level. Luxury automobiles were not damaged by an LDC manufacturing country as much as that of the functional automobile with regard to consumers' confidence in the product. No significant difference arose with regard to the car dimensions and the other affective dimensions evaluated by respondents.

19) In comparing the popular/luxury and popular/functional models, luxury models were lowered in willingness to pay a certain price to a much greater degree (proportionally) than that of functional models. When consumers assigned a price "willing to pay" given a new producing facility in an LDC, luxury cars experienced much larger proportionate reductions in price equivalency compared to the lessened prices assigned to functional models.

20) Confidence in the product were deemed significantly different with respect to functional versus luxury models for unpopular brands. Unpopular luxury models experienced a greater reduction in its brand confidence evaluations following a production relocation, compared to that of unpopular functional models. This degree of lessened confidence was most apparent within the unpopular/luxury automobile

category.

21) For American cars (where unpopular/luxury and unpopular/functional evaluations are compared), pride of ownership decreased significantly more given the evaluations of a luxury unpopular brand versus the functional brand. These evaluations are based on the relocation of a production site from an IC to an LDC, whereas the relationship is solely validated within the context of American brands/models.

22) The price consumers are willing to pay for functional/unpopular automobiles remained much closer to the originally set price when production facilities were transferred to LDC's. Unpopular/luxury automobiles were assigned proportionally much lower pricing levels given a move to a lesser developed country.

Only the framework of our raw findings has been outlined above, and the resulting conclusions, implications, and deductions linked to such findings will be examined and deliberated within the subsequent section of the research at hand. For a restatement and summary of the accepted, partially accepted and rejected hypotheses, please refer to Appendix X.

Discussion

The results presented in the previous section reflect our raw, relatively uninterpreted findings. Although some relationships proved relevant and valid, as hypothesized, others' failed to surface. This section will not only overview the findings and implications to be drawn from the results, but will also overview why some relationships did not prevail.

In the formation of our hypotheses, a shifting in manufacturing locations was somewhat presumed to ultimately affect ratings as effectively demonstrated in previous studies of the literature. What was mainly of interest here however, was the possibility that other intervening effects (popularity and/or status) could potentially suppress or heighten the impact of the country-of-origin effect. The first outlined hypothesis (H1) was in fact validated for foreign automobile brands, whereas high status brands/models were in fact more favourably evaluated then the lower status brands with regard to physical automobile dimensions and the consumers' affective evaluations. Our second hypothesis was directed toward the assumption that opposing levels of status would yield differing product dimension evaluations, and in turn would also display disparate affective ratings through evaluative criteria such as overall liking, confidence in the product, pride of ownership and purchase intent. Given this, we compared luxury and functional automobile models and verified whether a production shift from an industrialized country to a lower-developed

country would prove more or less detrimental to opposing levels of status. The results which stem from such an inquiry proved to be very relevant. Car manufacturers which are faced with decisions based upon the relocation of its production facilities would probably have much to gain from knowing which car models would be less likely to be affected by these strategic moves. A company like Honda for example, which manufactures both high and low-end automobiles reflecting differing status levels, may want to avoid jeopardizing their brands' images in forming a production relocation decision. Some automobile models may prove to be hindered to a lesser degree compared to others, given the varying degrees of status levels involved. Having said this, it is crucial for car manufacturers to carefully evaluate and weigh the potential loss of brand image resulting from moving its production facilities.

Our fourth hypothesis stated that popular brands/models would receive more favourable ratings with regard to the automobile's dimensions and affective constructs. In evaluating the car dimensions, only the American cars exhibited a discrepancy of ratings between its popular and unpopular models. With regard to affective constructs, significant differences arose in the evaluations of confidence in the product and pride of ownership because of the disparate popularity levels of the brands involved. This was the case regardless of status (functional versus luxury) and of the manufacturing location involved.

Of most importance is the consideration of our second hypothesis which examined whether brand/model popularity moderated the effects of the ease or

difficulty of transference vis-à-vis a production relocation. As in the previous hypothesis, we are interested in the evaluation of physical product dimensions and consumers' affective ratings. Are popular brands/models of automobiles which engage in a production shift less affected by consumers' negative predispositions of a particular country? Can a high level of popularity soften the impact of a poorly perceived manufacturing location? Although brand popularity cannot generally be controlled by the branding country, if a company's product portfolio encompasses various models within its global brand name (i.e. HONDA ACCORD, HONDA CIVIC, HONDA PRELUDE, and so on), perhaps it would be wise to consider the production of some of their more popular models in an LDC. Popularity, in this case may perhaps be a valid consideration by brand managers.

Significance of Variables:

Given the research design constructed for the purpose of this study, we examined the impact of the independent variables (status, popularity, country of branding and country of manufacture) simultaneously. Respondents were randomly assigned to evaluate our pre-designated combinations and, a multivariate analysis was thus performed. As a whole, interactions between the effects of our independent variables were expected to emerge. However, the MANCOVA analysis implemented in this study divulged no significant interactions amongst the four factors considered.

In terms of the main effects, country of manufacture, country of branding, and status all proved highly significant. This demonstrated the fact that a difference existed between the mean ratings given to all countries of branding (Germany, U.S.A., Japan and Korea), between that of the countries of manufacture (High versus Low-end countries: IC's versus LDC's) and lastly, between the imposed status effects (Luxury and Functional). These variables certainly did have a significant impact on the overall evaluations. Surprisingly, an important factor, POPULARITY, did not divulge a significant main effect. This is quite a discrepant finding given the fact that the pairwise comparisons attempted on the basis of popularity levels pointed towards very significant differences with respect to consumers' affective evaluations. It is difficult to understand why the popularity component was deemed insignificant when evaluated within a multivariate framework with simultaneous comparisons, whereby alternate results emerged in the performance of pairwise comparisons which showed a high level of significance given opposing levels of popularity on the basis of individual brand/model levels. The reasoning behind such findings may be attributable to a variety of factors. For one, in performing the multivariate analysis, an entire branding country (Korea) was removed from the research design. We were not able to derive a popular/luxury brand/model from Korea (as it did not exist), and thereby, this presented an empty cell for which a multivariate analysis proved extremely difficult (often referred to as "messy data"). In order to eliminate this problematic form of design, Korean brands were omitted from the MANCOVA performed. Another possible reason why the popularity effect may not have attained

a high level of significance lies in the actual brands selected for the purpose of this study. As shown in Appendix V, the manipulation check items which were geared toward verifying the opposing spectrums of brand/model popularity, proved weak. In some cases very little differences in the respondents' perception of popularity existed, even though our sources indicated that the actual brands selected for the purpose of the study at hand proved to reflect very disparate popularity levels. If consumers failed to really grasp the intended popularity levels manipulated for some brands/models, than it would indeed diminish the variability and the intended effect hypothesized. Another reason for which the effect of popularity may not have surfaced in the performance of the MANCOVA may also be partly due to fact that the type 1 error rate may have been much narrower in the case of the multivariate consideration, as opposed to a more inflated error rate associated with the performance of t-tests in a multiple-variable framework, whereas the probability of committing a Type 1 error (or obtaining a significant t-ratio) is greater.

Given the preceding justifications for the lack of significance with respect to popularity in the multivariate analysis performed, we have still chosen not to discard or disregard the results from our t-tests. These individual pairwise comparisons uncovered significant differences with respect to the popularity of differing brands. These findings are of interest, yet should not be accepted at face-value. The relationship between brand popularity and new country manufacturing-designations is in dire need of further confirmation through the means of future research efforts.

On Brand Status:

In terms of elaborating on the status effects, it was proposed that luxury automobiles would be more negatively affected in shifting production to an LDC. This was assumed because it was felt that consumers would perhaps tend to avoid undertaking simultaneous forms of risk: The risk involved with a heightened financial outlay often attached to a higher status automobile, intertwined with the risk of the product originating from an ill-perceived country. Given our second hypothesis, interesting results emerged within the scope of determining whether status played a role in affecting car dimension evaluations and other affective constructs.

As previously mentioned in the analysis, popular/luxury automobiles were not damaged by an LDC manufacturing country as much as that of the popular/functional automobiles with regard to the consumers' confidence in the product. This finding is applicable to both high-end foreign branding countries - Japan and Germany. Very interestingly however, in the case of unpopular brands which were compared on the basis of status, the scenario proved completely antithetical. Unpopular luxury models experienced a greater reduction in its brand confidence evaluations following a production relocation, compared to that of unpopular functional models. Put simply, a popular luxury automobile still maintains higher consumer confidence in the product after moving its facilities to an LDC. The popular functional model on the other hand, experiences the exact opposite scenario than in the case of unpopular

models: The unpopular luxury models were subject to much greater losses in consumers' confidence after a production shift versus its functional/unpopular model. Could it be that popularity moderated these effects? No conclusive facts could be cited on this due to the insignificant interactive effects which failed to transpire in running a multivariate analysis. Therefore, in keeping with the results which did prove significant, status' main effect did surmount in the multivariate analysis, leading us to believe that is was an active and influential participant in influencing consumers' affective ratings of various brands and models.

When we compared the popular automobile models based on two differing levels of status, we found that respondents were "willing to pay" much less for luxury cars made in LDC's, compared to that of functional models. In other words, luxury experienced much larger reductions PROPORTIONATELY, compared to the discrepancy exhibited by the popular functional automobiles. A similar scenario transpired in the case of unpopular models, whereas the price consumers were willing to pay for functional/unpopular models remained much closer to the original price when production facilities were transferred to LDC's. Unpopular/luxury cars were assigned much more severe lowering in dollar value given a LDC production site. Overall then, regardless of the degree of popularity exhibited in this case, high status cars invited the assignment of a much lower assigned dollar value proportionately than that of functional automobiles.

As for the case of the image effects, considerable demand characteristics were in fact present in having respondents assign dollar values to automobiles given

differing production locations. Subjects may have possibly overstated the monetary consequences of the alternate moves. However, to rectify this, not only were relative amounts (ratios) used to evaluate and assess the degree of damage inflicted, but also and most importantly, we were interested in the direction and the comparative magnitudes of the shifts in proportional dollar values involved. We can somewhat conclude that respondents were much more "sensitive" to the luxury automobiles produced in LDC's, as opposed to functional models. Although confidence levels and other affective ratings may not all have conclusively or significantly commanded this effect, serious value depreciations surfaced from these manufacturing relocations. Using the dollar preference scale made it possible to acquire a sense of what price premiums and price decreases might be possible or necessary. Perhaps extra benefits such as the offerance of extended warranties, guarantees or other risk mitigants would be required in order to justify paying a high price for a product now assembled in a poorly perceived country.

On Brand Popularity:

Aside from the manipulation of disparate levels of status, we will still overview the results stemming from the brand/model popularity component, which also came into play within the scope of the research paradigm. In evaluating opposing levels of popularity amongst the functional car models, certain effects were proven to arise,

yet the results were somewhat dependent on the actual original country of branding considered.

In having respondents rate car dimensions based upon various designated manufacturing countries, only functional Japanese car models displayed a major sensitivity towards differing popularity levels. The popular Japanese automobiles were subject to a lesser negative evaluation when compared to the discrepancy of the loss exhibited by popular models. So, given a production shift to a LDC, popular models were less "hurt" by this manufacturing relocation. This relationship did not prove to surface in the case of luxury automobile models, whereas although popular and unpopular models each suffered from the move to a LDC, popularity did not play a role in exposing major differences between the two. Both popular/luxury and unpopular/luxury models suffered to a similar extent. Manufacturers of luxury automobiles will therefore not be affected by their cars' inherent level of popularity.

Within the functional automobile category however, consumer confidence levels with regard to the product decreased to a much greater degree in the case of unpopular models. Popular models were also subject to a lower level of confidence, however, these models were hindered to a much lesser degree than that of unpopular models. In the case of luxury car models, the same relationship proved to emerge whereas less popular automobiles displayed significantly greater losses in terms of consumers' confidence in the product. This was again the case for all countries of branding, except for Korean brands. Given these occurrences, it would perhaps be fair to say that brand popularity may have contributed to the degree of damage

derived from a production relocation to an LDC. Popularity may have proven to be a component representing a sense of familiarity and reassurance to the consumer, which in turn may have lowered the risk entailed from purchasing an automobile from a company which has moved its assembling facilities to a new location.

A relationship which surfaced and proved unique for luxury German brands/models was such that these automobiles received much higher ratings with regard to consumers' intention to purchase versus the ratings attributed to unpopular German models. After moving production from an IC to an LDC, respondents were much less willing to purchase unpopular German car models. This relationship was only deemed significant in the case of luxury models, whereas this relation did not prove significantly affected by popularity with regard to other branding countries' automobiles, nor within the functional status level.

Another relatively unique and significant relationship emerged with regard to American car models. In the consideration of consumers' evaluations of pride of ownership and overall liking of the automobile in question, a move from an IC to an LDC did prove significantly more detrimental for unpopular American cars as compared to the popular models. This relationship proved validated within the realm of the functional level of status. Perhaps this relationship would have surfaced to a greater degree for other branding countries if ACTUAL/REAL unpopular luxury models could have been employed and assigned to certain of the research manipulations, as opposed to the hypothetical models which were incorporated. American brands proved to be the only source country which clearly supplied us with

evident brand/models to be categorized and assigned to this research paradigm. Perhaps other effects would have emerged if all countries had also proven to contain these "real" brands, fitting to our unpopular/popular manipulation.

In terms of respondents assigning a dollar value to the automobiles after production shifts, overall, the prices which consumers were willing to pay for luxury and functional unpopular automobile models were lowered to a greater degree compared to that of the popular counterparts. Luxury and functional popular models experienced much less degradations with respect to their assigned pricing after having relocated to a LDC. Korean functional models were not significantly affected by popularity levels however.

Given the results which emerged from the analysis of our pairwise comparisons, it was often found that Korea, as an original country of branding, behaved somewhat differently than the other countries of branding under study (Japan, Germany and the United States). We find this deviation partly explainable by the fact that Korea has not quite reached the status of being considered an industrialized country. In fact, many consumers still very much consider Korea as belonging to the category of a lesser developed country or, that of a developing country. This viewpoint it probably partially responsible for the differing shifts in our respondents' perceptions and product evaluations, being somewhat discrepant from the ratings assigned to truly superiorly perceived countries of branding such as Japan, Germany and the United States.

Limitations of the Study

Within the scope of this research endeavour, some limitations have surfaced and these factors vary in their degree of severity. Some of the limitations which arose in this study have commonly been outlined by previous researchers within the realm of country-of-origin research, other drawbacks however, were unique to the study at hand.

Whenever respondents are asked to evaluate a product represented solely by the boundaries of a questionnaire, scepticism arises. Would the factors evaluated by our subjects normally be considered in the formation of a purchasing decision? The product described is not only unavailable for inspection purposes, but also, the amount of product characteristic information divulged has proven limited - especially given the hypothetical brands incorporated in our study. Since the study involved "pen and paper" evaluations of the automobile models selected, the same results might not necessarily transpire and become replicated within a real purchase setting.

Another shortcoming of the methodology involved lies in the demand characteristics of the measuring instrument. Asking people dollar-preference questions about their reactions to a shift in country-of-manufacture focuses their attention on the made-in labels in a manner not usually encountered. Given this however, we must keep in mind the purpose of the study and focus on the fact that

our intentions were not to show that consumers are (or are not) affected by production shifts, but rather, to examine the moderating effects of two other variables: POPULARITY and STATUS. Ample studies have documented the effect of country-of-origin effects and this particular study was aimed at uncovering whether these other intervening variables heightened or lessened these country effects. Studies have shown that as the product category under consideration augments in financial importance and as it becomes more technically complex, the country-of-origin becomes more important. Given this, automobiles were used to assure the surmounting country-of-origin effects, and thereby other influential factors (status and popularity) could be monitored with greater ease.

The reasoning above also leads us to another shortcoming with regard to the generalizability of this research. Because a unique product category (automobiles) was incorporated in the analysis, we can only draw our conclusions based on this important product category. Not much else could be said about how popularity and status would affect another product category of lesser importance.

The last limitation of our study lies in having incorporated our manipulation checks for country image and brand popularity within our questionnaire. In terms of the country evaluations, enough research had been gathered and enough information was available to assume that our manipulations would be successful in determining a highly or lower perceived country. In the case of brand/model popularity however, a pilot test should perhaps have been administered for the purpose of assuring consumers' perceptions of the differing levels of popularity. In

viewing the results from our manipulation check, it is clear that some to the brands assigned to certain treatments did not possess enough differentiation in clearly separating the two poles desired: POPULAR versus UNPOPULAR. Therefore, this may have potentially annulled or suppressed the significance of the expected effects.

Conclusions and Direction for Future Research

The research endeavour tackled within the realm of this study has proven very relevant and especially enlightening to global brand managers. Given the internationalization of business transactions, firms constantly seek to relocate their production facilities in countries which could potentially reduce costs of production/labour, can better provide access to raw materials and, allow the manufacture to gain better access to foreign markets. Given this globalization trend however, it is clear that country-of-origin effects continue to prevail and thereby, ultimately affect consumers' perceptions of brand image. Understanding the moderating factors which could conceivably suppress or heighten these consumer perceptions vis-à-vis a manufacturing shift is therefore a warranted area of research.

The present study has clearly demonstrated that global brands and the models encompassed within a company's product portfolio can be affected by their brands' inherent level status, the actual country selected for a potential new manufacturing location, and can perhaps even be influenced by the brands' level of popularity. Some models will be transferred with greater ease, and therefore, a careful consideration of a model's status and popularity should be involved in the formation of a decision to move abroad. Popular models, regardless of the status level prescribed, has succumbed to a lesser degree of damage in moving production facilities to a lower developed country. Conversely, unpopular models appear to

suffer to a greater degree following such a move. For example, if a company which produces both popular and unpopular models must select which of their models would be less damaged by manufacturing relocations, then the popularity component should perhaps be considered a valid factor in forming this type of strategic decision.

The status level of the product should also be considered. Is the model involved considered to be a high or low status brand? Although high status/luxury models were shown to be less affected or damaged by a relocation to an LDC, the manufacturer should proceed with caution due to the fact that the monetary consequences depicted that consumers devalued the product of luxury to a greater extent than the values allocated to functional models. Although the consumer beliefs about the product's physical dimensions and his/her aptitudes versus the luxury product were less affected (when compared to functional models), the consumer expects to pay less for this product of luxury; a greater compensation or dollar-value devaluation is potentially expected. The consumer can perhaps be reassured about the quality of the good through various forms of risk mitigants. The employment of extended warranties, ease in accessibility of replacement parts, strong guarantees, and so on, represent elements which are controllable by the manufacturer and can perhaps devalue the luxury automobile to a lesser degree.

The strategy explored within the literature review which suggests the "camouflaging" of a product's lieu of origin is going to prove increasingly difficult to implement. In the car market for example, as previously mentioned, new labelling laws have emerged making it even more difficult to obscure the country of

manufacture. Since October of 1994, new labelling practices have surfaced in the United States (with regard to automobiles) whereas a full disclosure of the origin of a products' parts are outlined clearly for the consumer to see. Labelling laws will continue to emerge, exacting the exposition of products' origin in an accruing degree. Given the widespread relocations to LDC's, reassurance to the consumer via risk reduction strategies will surely become prominently applied.

In the instance of pursuing future research within this area of study, perhaps the consideration of other product categories/classes should be incorporated in the research design. More and more firms are forming multinational ventures and could benefit from the results surfacing from such inquiries. The electronics and apparel industries for example, are producers which have and continue to augment their involvement with bi-national or multi-national production endeavours. It would surely be of interest to discover whether products of a lesser consequential financial outlay would also entail similar results to that exposed by the automotive product class. A comparison across various product classes would surely yield findings of interest.

There is also a need to further explore the moderating effect of popularity on multi-national production. Even though mixed results were obtained regarding this component, we are confident that future research will clarify this relationship and uncover a more significant effect.

Appendix I

Factorial Design:

	Luxury		Functional	
COUNTRY OF BRANDING	-POPULAR- HI vs LO	-UNPOPULAR- HI vs LO	-POPULAR- HI vs LO	-UNPOPULAR- HI vs LO
U.S.A.				
Japan				
Germany				
Korea				

*Note: Each of the popularity levels represented above were further subdivided into specified designated countries of manufacture and categorized as either being fabricated in a favourably (IC) or unfavourably (LDC) perceived country.

Appendix II

We are interested in the popular American model FORD TAURUS. Please rate the following car dimensions given each of the designated countries which may be presently (or in the future) manufacturing this automobile. The ratings range from 1 (SUPERIOR) to 7 (INFERIOR).

FORD TAURUS made in...

	USA	JAPAN	Korea	Germany	Mexico	China
RELIABILITY	____	____	____	____	____	____
WORKMANSHIP	____	____	____	____	____	____
INNOVATIVENESS	____	____	____	____	____	____
STYLING	____	____	____	____	____	____
HANDLING	____	____	____	____	____	____
SERVICING	____	____	____	____	____	____
PERFORMANCE	____	____	____	____	____	____
QUALITY	____	____	____	____	____	____
CONFIDENCE IN PRODUCT	____	____	____	____	____	____
PRIDE OF OWNERSHIP	____	____	____	____	____	____
PURCHASE INTENTION	____	____	____	____	____	____
OVERALL LIKING	____	____	____	____	____	____

Assume that you have decided to purchase a FORD TAURUS made in the USA for the price of $17 000. If the car dealer offers you the same car but made in Japan for example, how much more or less would you pay? At what price will you consider the second car as equal to the first? Answer this question in the spaces provided below.

	USA	JAPAN	Korea	Germany	Mexico	China
PRICING OF AUTOMOBILE	$17 000	____	____	____	____	____

We are interested in the PLYMOUTH ACCLAIM. Please rate the following car dimensions given each of the designated countries which may be presently (or in the future) manufacturing this automobile. The ratings range from 1 (SUPERIOR) to 7 (INFERIOR).

PLYMOUTH ACCLAIM made in...

	USA	JAPAN	Korea	Germany	Mexico	China
RELIABILITY	____	____	____	____	____	____
WORKMANSHIP	____	____	____	____	____	____
INNOVATIVENESS	____	____	____	____	____	____
STYLING	____	____	____	____	____	____
HANDLING	____	____	____	____	____	____
SERVICING	____	____	____	____	____	____
PERFORMANCE	____	____	____	____	____	____
QUALITY	____	____	____	____	____	____
CONFIDENCE IN PRODUCT	____	____	____	____	____	____
PRIDE OF OWNERSHIP	____	____	____	____	____	____
PURCHASE INTENTION	____	____	____	____	____	____
OVERALL LIKING	____	____	____	____	____	____

Assume that you have decided to purchase a PLYMOUTH ACCLAIM made in the USA for the price of $13 000. If the car dealer offers you the same car but made in Japan for example, how much more or less would you pay? At what price will you consider the second car as equal to the first? Answer this question in the spaces provided below.

	USA	JAPAN	Korea	Germany	Mexico	China
PRICING OF AUTOMOBILE	$13 000	____	____	____	____	____

We are interested in the CHRYSLER IMPERIAL. Please rate the following car dimensions given each of the designated countries which may be presently (or in the future) manufacturing this automobile. The ratings range from 1 (SUPERIOR) to 7 (INFERIOR).

CHRYSLER IMPERIAL made in...

	USA	Korea	Germany	Mexico	China	Japan
RELIABILITY	_____	_____	_____	_____	_____	_____
WORKMANSHIP	_____	_____	_____	_____	_____	_____
INNOVATIVENESS	_____	_____	_____	_____	_____	_____
STYLING	_____	_____	_____	_____	_____	_____
HANDLING	_____	_____	_____	_____	_____	_____
SERVICING	_____	_____	_____	_____	_____	_____
PERFORMANCE	_____	_____	_____	_____	_____	_____
QUALITY	_____	_____	_____	_____	_____	_____
CONFIDENCE IN PRODUCT	_____	_____	_____	_____	_____	_____
PRIDE OF OWNERSHIP	_____	_____	_____	_____	_____	_____
PURCHASE INTENTION	_____	_____	_____	_____	_____	_____
OVERALL LIKING	_____	_____	_____	_____	_____	_____

Assume that you have decided to purchase a CHRYSLER IMPERIAL made in the USA for the price of $25 000. If the car dealer offers you the same car but made in Korea for example, how much more or less would you pay? At what price will you consider the second car as equal to the first? Answer this question in the spaces provided below.

	USA	Korea	Germany	Mexico	China	Japan
PRICING OF AUTOMOBILE	$25 000	_____	_____	_____	_____	_____

We are interested in the popular American model CADILLAC DeVILLE. Please rate the following car dimensions given each of the designated countries which may be presently (or in the future) manufacturing this automobile. The ratings range from 1 (SUPERIOR) to 7 (INFERIOR).

CADILLAC DeVILLE made in...

	USA	Korea	Germany	Mexico	China	Japan
RELIABILITY	____	____	____	____	____	____
WORKMANSHIP	____	____	____	____	____	____
INNOVATIVENESS	____	____	____	____	____	____
STYLING	____	____	____	____	____	____
HANDLING	____	____	____	____	____	____
SERVICING	____	____	____	____	____	____
PERFORMANCE	____	____	____	____	____	____
QUALITY	____	____	____	____	____	____
CONFIDENCE IN PRODUCT	____	____	____	____	____	____
PRIDE OF OWNERSHIP	____	____	____	____	____	____
PURCHASE INTENTION	____	____	____	____	____	____
OVERALL LIKING	____	____	____	____	____	____

Assume that you have decided to purchase a CADILLAC DeVILLE made in the USA for the price of $30 000. If the car dealer offers you the same car but made in Korea for example, how much more or less would you pay? At what price (total price) will you consider the second car as equal to the first? Answer this question in the spaces provided below.

	USA	Korea	Germany	Mexico	China	Japan
PRICING OF AUTOMOBILE	$30 000	____	____	____	____	____

We are interested in the popular Japanese model HONDA ACCORD. Please rate the following car dimensions given each of the designated countries which may be presently (or in the future) manufacturing this automobile. The ratings range from 1 (SUPERIOR) to 7 (INFERIOR).

HONDA ACCORD made in...

	Japan	USA	Korea	Germany	Mexico	China
RELIABILITY	____	____	____	____	____	____
WORKMANSHIP	____	____	____	____	____	____
INNOVATIVENESS	____	____	____	____	____	____
STYLING	____	____	____	____	____	____
HANDLING	____	____	____	____	____	____
SERVICING	____	____	____	____	____	____
PERFORMANCE	____	____	____	____	____	____
QUALITY	____	____	____	____	____	____
CONFIDENCE IN PRODUCT	____	____	____	____	____	____
PRIDE OF OWNERSHIP	____	____	____	____	____	____
PURCHASE INTENTION	____	____	____	____	____	____
OVERALL LIKING	____	____	____	____	____	____

Assume that you have decided to purchase a HONDA ACCORD made in Japan for the price of $20 000. If the car dealer offers you the same car but made in the U.S.A. for example, how much more or less would you pay? At what price will you consider the second car as equal to the first? Answer this question in the spaces provided below.

	Japan	USA	Korea	Germany	Mexico	China
PRICING OF AUTOMOBILE	$20 000	____	____	____	____	____

We are interested in the MAZDA 626. Please rate the following car dimensions given each of the designated countries which may be presently (or in the future) manufacturing this automobile. The ratings range from 1 (SUPERIOR) to 7 (INFERIOR).

MAZDA 626 made in...

	Japan	USA	Korea	Germany	Mexico	China
RELIABILITY						
WORKMANSHIP						
INNOVATIVENESS						
STYLING						
HANDLING						
SERVICING						
PERFORMANCE						
QUALITY						
CONFIDENCE IN PRODUCT						
PRIDE OF OWNERSHIP						
PURCHASE INTENTION						
OVERALL LIKING						

Assume that you have decided to purchase a MAZDA 626 made in Japan for the price of $17 000. If the car dealer offers you the same car but made in the U.S.A. for example, how much more or less would you pay? At what price will you consider the second car as equal to the first? Answer this question in the spaces provided below.

	Japan	USA	Korea	Germany	Mexico	China
PRICING AUTOMOBILE	$17 000					

We are interested in the popular Japanese model ACURA LEGEND. Please rate the following car dimensions given each of the designated countries which may be presently (or in the future) manufacturing this automobile. The ratings range from 1 (SUPERIOR) to 7 (INFERIOR).

ACURA LEGEND made in...

	Japan	USA	Korea	Germany	Mexico	China
RELIABILITY						
WORKMANSHIP						
INNOVATIVENESS						
STYLING						
HANDLING						
SERVICING						
PERFORMANCE						
QUALITY						
CONFIDENCE IN PRODUCT						
PRIDE OF OWNERSHIP						
PURCHASE INTENTION						
OVERALL LIKING						

Assume that you have decided to purchase a ACURA LEGEND made in Japan for the price of $45 000. If the car dealer offers you the same car but made in Korea for example, how much more or less would you pay? At what price (total price) will you consider the second car as equal to the first? Answer this question in the spaces provided below.

	Japan	USA	Korea	Germany	Mexico	China
PRICING OF AUTOMOBILE	$45 000					

If the car we are interested in is a new luxury car introduced by HONDA (similar to the Acura Legend) for example, rate the following car dimensions given each of the designated countries which may be presently (or in the future) manufacturing this automobile. The ratings range from 1 (SUPERIOR) to 7 (INFERIOR).

Luxury automobile introduced by HONDA made in...

	Japan	USA	Korea	Germany	Mexico	China
RELIABILITY	_____	_____	_____	_____	_____	_____
WORKMANSHIP	_____	_____	_____	_____	_____	_____
INNOVATIVENESS	_____	_____	_____	_____	_____	_____
STYLING	_____	_____	_____	_____	_____	_____
HANDLING	_____	_____	_____	_____	_____	_____
SERVICING	_____	_____	_____	_____	_____	_____
PERFORMANCE	_____	_____	_____	_____	_____	_____
QUALITY	_____	_____	_____	_____	_____	_____
CONFIDENCE IN PRODUCT	_____	_____	_____	_____	_____	_____
PRIDE OF OWNERSHIP	_____	_____	_____	_____	_____	_____
PURCHASE INTENTION	_____	_____	_____	_____	_____	_____
OVERALL LIKING	_____	_____	_____	_____	_____	_____

Assume that you have decided to purchase this new luxury car from HONDA made in Japan for the price of $35 000. If the car dealer offers you the same car but made in Korea for example, how much more or less would you pay? At what price will you consider the second car as equal to the first? Answer this question in the spaces provided below.

	Japan	USA	Korea	Germany	Mexico	China
PRICING OF AUTOMOBILE	$20 000	_____	_____	_____	_____	_____

We are interested in the popular German model VOLKSWAGEN JETTA. Please rate the following car dimensions given each of the designated countries which may be presently (or in the future) manufacturing this automobile. The ratings range from 1 (SUPERIOR) to 7 (INFERIOR).

VOLKSWAGEN JETTA made in...

	Germany	Japan	Korea	USA	Mexico	China
RELIABILITY						
WORKMANSHIP						
INNOVATIVENESS						
STYLING						
HANDLING						
SERVICING						
PERFORMANCE						
QUALITY						
CONFIDENCE IN PRODUCT						
PRIDE OF OWNERSHIP						
PURCHASE INTENTION						
OVERALL LIKING						

Assume that you have decided to purchase a VOLKSWAGEN JETTA made in Germany for the price of $17 000. If the car dealer offers you the same car but made in Japan for example, how much more or less would you pay? At what price will you consider the second car as equal to the first? Answer this question in the spaces provided below.

	Germany	Japan	Korea	USA	Mexico	China
PRICING OF AUTOMOBILE	$17 000					

We are interested in the VOLKSWAGEN GOLF/GTI. Please rate the following car dimensions given each of the designated countries which may be presently (or in the future) manufacturing this automobile. The ratings range from 1 (SUPERIOR) to 7 (INFERIOR).

VOLKSWAGEN GOLF/GTI made in...

	Germany	Japan	Korea	USA	Mexico	China
RELIABILITY						
WORKMANSHIP						
INNOVATIVENESS						
STYLING						
HANDLING						
SERVICING						
PERFORMANCE						
QUALITY						
CONFIDENCE IN PRODUCT						
PRIDE OF OWNERSHIP						
PURCHASE INTENTION						
OVERALL LIKING						

Assume that you have decided to purchase a VOLKSWAGEN GOLF/GTI made in Germany for the price of $15 000. If the car dealer offers you the same car but made in Japan for example, how much more or less would you pay? At what price will you consider the second car as equal to the first? Answer this question in the spaces provided below.

	Germany	Japan	Korea	USA	Mexico	China
PRICING OF AUTOMOBILE	$20 000					

We are interested in the popular German model BMW 3 Series. Please rate the following car dimensions given each of the designated countries which may be presently (or in the future) manufacturing this automobile. The ratings range from 1 (SUPERIOR) to 7 (INFERIOR).

BMW 3 Series made in...

	Germany	Korea	USA	Mexico	China	Japan
RELIABILITY	____	____	____	____	____	____
WORKMANSHIP	____	____	____	____	____	____
INNOVATIVENESS	____	____	____	____	____	____
STYLING	____	____	____	____	____	____
HANDLING	____	____	____	____	____	____
SERVICING	____	____	____	____	____	____
PERFORMANCE	____	____	____	____	____	____
QUALITY	____	____	____	____	____	____
CONFIDENCE IN PRODUCT	____	____	____	____	____	____
PRIDE OF OWNERSHIP	____	____	____	____	____	____
PURCHASE INTENTION	____	____	____	____	____	____
OVERALL LIKING	____	____	____	____	____	____

Assume that you have decided to purchase a BMW 3 Series made in Germany for the price of $30 000. If the car dealer offers you the same car but made in Korea for example, how much more or less would you pay? At what price will you consider the second car as equal to the first? Answer this question in the spaces provided below.

	Germany	Korea	USA	Mexico	China	Japan
PRICING OF AUTOMOBILE	$30 000	____	____	____	____	____

If the car we are interested in is a new luxury car introduced by VOLKSWAGEN (similar to the BMW 3 Series) for example, rate the following car dimensions given each of the designated countries which may be presently (or in the future) manufacturing this automobile. The ratings range from 1 (SUPERIOR) to 7 (INFERIOR).

Luxury automobile introduced by VOLKSWAGEN made in...

	Germany	USA	Korea	Japan	Mexico	China
RELIABILITY	_____	_____	_____	_____	_____	_____
WORKMANSHIP	_____	_____	_____	_____	_____	_____
INNOVATIVENESS	_____	_____	_____	_____	_____	_____
STYLING	_____	_____	_____	_____	_____	_____
HANDLING	_____	_____	_____	_____	_____	_____
SERVICING	_____	_____	_____	_____	_____	_____
PERFORMANCE	_____	_____	_____	_____	_____	_____
QUALITY	_____	_____	_____	_____	_____	_____
CONFIDENCE IN PRODUCT	_____	_____	_____	_____	_____	_____
PRIDE OF OWNERSHIP	_____	_____	_____	_____	_____	_____
PURCHASE INTENTION	_____	_____	_____	_____	_____	_____
OVERALL LIKING	_____	_____	_____	_____	_____	_____

Assume that you have decided to purchase this new luxury car from VOLKSWAGEN made in Germany for the price of $35 000. If the car dealer offers you the same car but made in the USA for example, how much more or less would you pay? At what price will you consider the second car as equal to the first? Answer this question in the spaces provided below.

	Germany	USA	Korea	Japan	Mexico	China
PRICING OF AUTOMOBILE	$35 000	_____	_____	_____	_____	_____

We are interested in the popular Korean model HYUNDAI ELANTRA. Please rate the following car dimensions given each of the designated countries which may be presently (or in the future) manufacturing this automobile. The ratings range from 1 (SUPERIOR) to 7 (INFERIOR).

HYUNDAI ELANTRA made in...

	Korea	Germany	USA	Mexico	China	Japan
RELIABILITY						
WORKMANSHIP						
INNOVATIVENESS						
STYLING						
HANDLING						
SERVICING						
PERFORMANCE						
QUALITY						
CONFIDENCE IN PRODUCT						
PRIDE OF OWNERSHIP						
PURCHASE INTENTION						
OVERALL LIKING						

Assume that you have decided to purchase a HYUNDAI ELANTRA made in Korea for the price of $11 000. If the car dealer offers you the same car but made in Germany for example, how much more or less would you pay? At what price will you consider the second car as equal to the first? Answer this question in the spaces provided below.

	Korea	Germany	USA	Mexico	China	Japan
PRICING OF AUTOMOBILE	$11 000					

We are interested in the HYUNDAI SCOUPE. Please rate the following car dimensions given each of the designated countries which may be presently (or in the future) manufacturing this automobile. The ratings range from 1 (SUPERIOR) to 7 (INFERIOR).

HYUNDAI SCOUPE made in...

	Korea	USA	Germany	Japan	Mexico	China
RELIABILITY	_____	_____	_____	_____	_____	_____
WORKMANSHIP	_____	_____	_____	_____	_____	_____
INNOVATIVENESS	_____	_____	_____	_____	_____	_____
STYLING	_____	_____	_____	_____	_____	_____
HANDLING	_____	_____	_____	_____	_____	_____
SERVICING	_____	_____	_____	_____	_____	_____
PERFORMANCE	_____	_____	_____	_____	_____	_____
QUALITY	_____	_____	_____	_____	_____	_____
CONFIDENCE IN PRODUCT	_____	_____	_____	_____	_____	_____
PRIDE OF OWNERSHIP	_____	_____	_____	_____	_____	_____
PURCHASE INTENTION	_____	_____	_____	_____	_____	_____
OVERALL LIKING	_____	_____	_____	_____	_____	_____

Assume that you have decided to purchase a HYUNDAI SCOUPE made in Korea for the price of $12 000. If the car dealer offers you the same car but made in the USA for example, how much more or less would you pay? At what price will you consider the second car as equal to the first? Answer this question in the spaces provided below.

	Korea	USA	Germany	Japan	Mexico	China
PRICING OF AUTOMOBILE	$12 000	_____	_____	_____	_____	_____

If the car we are interested in is a new luxury car introduced by HYUNDAI (similar to the ACURA LEGEND) for example, rate the following car dimensions given each of the designated countries which may be presently (or in the future) manufacturing this automobile. The ratings range from 1 (SUPERIOR) to 7 (INFERIOR).

Luxury automobile introduced by HYUNDAI made in...

	Korea	USA	Germany	Japan	Mexico	China
RELIABILITY						
WORKMANSHIP						
INNOVATIVENESS						
STYLING						
HANDLING						
SERVICING						
PERFORMANCE						
QUALITY						
CONFIDENCE IN PRODUCT						
PRIDE OF OWNERSHIP						
PURCHASE INTENTION						
OVERALL LIKING						

Assume that you have decided to purchase this new luxury car from HYUNDAI made in Korea for the price of $35 000. If the car dealer offers you the same car but made in the USA for example, how much more or less would you pay? At what price (total price) will you consider the second car as equal to the first? Answer this question in the spaces provided below.

	Korea	USA	Germany	Japan	Mexico	China
PRICING OF AUTOMOBILE	$35 000					

Section II

1) Please rate the following countries from 1 (SUPERIOR) to 7 (INFERIOR) based upon the overall image of each country in terms of a manufacturing location for the automobile market.

JAPAN	1	2	3	4	5	6	7
KOREA	1	2	3	4	5	6	7
USA	1	2	3	4	5	6	7
MEXICO	1	2	3	4	5	6	7
GERMANY	1	2	3	4	5	6	7
CHINA	1	2	3	4	5	6	7

2) Please rate the following car makes according to their level of popularity, from 1 (SUPERIOR = VERY POPULAR) to 7 (NOT POPULAR AT ALL).

HONDA ACCORD	1	2	3	4	5	6	7
VOLKSWAGEN JETTA	1	2	3	4	5	6	7
BMW 3 SERIES	1	2	3	4	5	6	7
HYUNDAI SCOUPE	1	2	3	4	5	6	7
FORD TAURUS	1	2	3	4	5	6	7
ACURA LEGEND	1	2	3	4	5	6	7
CADILLAC DeVILLE	1	2	3	4	5	6	7
MAZDA 626	1	2	3	4	5	6	7
VOLKSWAGEN GOLF	1	2	3	4	5	6	7
PLYMOUTH ACCLAIM	1	2	3	4	5	6	7
HYUNDAI ELANTRA	1	2	3	4	5	6	7
CHRYSLER IMPERIAL	1	2	3	4	5	6	7

3) Which brand(s)/make(s) of automobile(s) do you own?

_____

_____

_____

4) Overall, are you satisfied with the automobile which you presently own? Please circle the rating (1=VERY SATISFIED to 7=NOT SATISFIED AT ALL).

1 2 3 4 5 6 7

5) Which make/car model would you most seriously consider purchasing next?

_____

6) The questions below have mainly been formulated to group respondents into different segments. Your cooperation in filling this section would be much appreciated.

a) Age: _____

b) Sex: _____ MALE _____ FEMALE

c) Status: _____ MARRIED _____ SINGLE _____ OTHER

d) Personal Income:

_____ Less than $25 000
_____ Between $25 000 and $40 000
_____ Between $40 000 and $55 000
_____ Between $55 000 and $70 000
_____ Over $70 000

Appendix IV

Brand and Model Categorization:

POPULAR/LUXURY:

Cadillac deVille (USA)
Acura Legend (Japan)
BMW 3 Series (Germany)
(-) Non-existent (Korea)

POPULAR/FUNCTIONAL:

Ford Taurus (USA)
Honda Accord (Japan)
Volkswagen Jetta (Germany)
Hyundai Elantra (Korea)

UNPOPULAR/LUXURY:

Chrysler Imperial (USA)
Hypothetical brand introduced by HONDA (Japan) *
Hypothetical brand introduced by Volkswagen (Germany) *
Hypothetical brand introduced by Hyundai (Korea) *

UNPOPULAR/FUNCTIONAL:

Plymouth Acclaim (USA)
Mazda 626 (Japan)
Volkswagen Golf/GTI (Germany)
Hyundai Scoupe (Korea)

* These particular manipulations did not possess a fitting brand for the category explored - therefore, unpopular models (hypothetical models) were introduced.

Appendix V

Results from the Summary of Mean Ratings Resulting from the Manipulation Check Items

1) Mean Ratings for the Image Ratings of Countries as car Manufacturers:

Japan	1.66
Korea	4.33
U.S.A.	2.46
Mexico	4.94
Germany	1.77
China	5.88

2) Mean Ratings for the Popularity of Brands/Models employed in our Manipulations:

Honda Accord	1.47
Volkswagen Jetta	2.99
BMW 3 Series	2.44
Hyundai Scoupe	4.70
Ford Tauras	2.47
Acura Legend	2.43
Cadillac deVille	3.39
Mazda 626	2.93
Volkswagen Golf/GT	3.15
Plymouth Acclaim	4.36
Hyundai Elantra	4.87
Chrysler Imperial	4.84

*Note: The mean ratings outlined above function on a 7-point scale whereas 1 = HIGH (image or popularity) and 7 = LOW (image or popularity.

Appendix VI

Results from Factor Analysis:

Variable (Factor)		EIGENVALUE	Pct of Var	Cum Pct
D1	***	**7.03339**	**87.9**	**87.9**
D2		.25970	3.2	91.2
D3		.21339	2.7	93.8
D4		.14673	1.8	95.7
D5		.11383	1.4	97.1
D6		.09164	1.1	98.2
D7		.07980	1.0	99.2
D8		.06152	.8	100.0

*** Factor D1 possess an eigenvalue superior to one, and has thereby been retained for the purpose of further data analysis.

Appendix VII

Results Derived from Hypotheses

MANOVA RESULTS

Main Effects	Wilks'	Approx. F	p-value
COUNTRY OF BRANDING	.92488	6.11854	.000
COUNTRY OF MANUFACT.	.29623	365.06720	.000
POPULARITY	.98342	1.26201	.274
STATUS	.80479	18.15106	.000
STATUS x C.O.M	.96602	1.30474	.210
STATUS x C.O.B.	.98835	0.90263	.544

Other Inquiries/Tests Performed: Possible Interactive Effects

INTERACTIVE EFFECTS	Wilks'	Approx. F	p-value
COMxCOBxSTATUSxPOP	.99862	.10644	1.000
STATxPOPxMANUF	.99774	.34735	.912
COBxPOPXMANUF	.99764	.18197	.999
COBxSTATxMANUF	.99257	.57445	.864
COBxSTATxPOP	.99600	.30831	.988
POPxMANUF	.99884	.17803	.983
STATxPOP	.99180	.61838	.716
COBxCOM	.98073	1.5021	.116
COBxPOP	.97655	.89300	.554

Appendix VIII

T-Tests
(Mean Values validating points 1-10)

Results from American Car Manipulations:

	Popul vs Unpop.		Lux. vs Funct.	
Car Dimensions	-3.06	(.004)	-.54	(.594)
Confidence in Product	-.60	(.548)	-2.05	(.046)
Pride of Ownership	-2.49	(.016)	-.73	(.468)
Purchase Intention	-1.86	(.065)	1.36	(.181)
Overall Liking	-2.59	(.013)	-1.10	(.278)
Cost (Ratio)	.19	(.850)	-1.30	(.200)

Results from Japanese Car Manipulations:

	Popul vs Unpop.		Lux. vs Funct.	
Car Dimensions	-1.18	(.243)	-1.73	(.091)
Confidence in Product	-7.34	(.000)	-4.05	(.000)
Pride of Ownership	.51	(.610)	-1.89	(.066)
Purchase Intention	-.67	(.506)	-.79	(.437)
Overall Liking	-1.26	(.216)	-1.25	(.220)
Cost (Ratio)	1.29	(.205)	-1.87	(.069)

Results from German Car Manipulations:

	Popul vs Unpop.		Lux. vs Funct.	
Car Dimensions	-.55	(.588)	-2.11	(.041)
Confidence in Product	-4.17	(.000)	-4.69	(.000)
Pride of Ownership	-1.71	(.095)	-2.30	(.026)
Purchase Intention	-.57	(.574)	-2.89	(.006)
Overall Liking	-1.37	(.179)	-2.72	(.009)
Cost (ratio)	.80	(.431)	-2.47	(.018)

Results from Korean Car Manipulations:

	Popul vs Unpop.		Lux. vs Funct.	
Car Dimensions	.73	(.472)	-2.46	(.019)
Confidence in Product	1.75	(.080)	-5.63	(.000)
Pride of Ownership	.42	(.680)	-3.30	(.002)
Purchase Intention	-.53	(.601)	-.62	(.539)
Overall Liking	-.82	(.420)	-1.24	(.224)
Cost (ratio)	1.07	(.294)	-1.07	(.294)

Appendix IX

T-Tests:

Differences in Means
(Results validating points 11-22)

Results for American Car Manipulations:

	Pop/Unpop (Func)	Pop/Unpop (Luxury)	Lux/Fun (Pop)	Lux/Fun (Unpop)
Car Dimensions	-1.15 (.254)	-1.54 (.129)	-1.37 (.178)	-.78 (.438)
Confidence in Product	-13.93 (.000)	-7.11 (.000)	-.96 (.340)	-13.27 (.000)
Pride of Ownership	-1.94 (.58)	-1.06 (.294)	-.73 (.467)	-1.76 (.085)
Purchase Intention	-.99 (.328)	-.55 (.585)	.11 (.912)	-.62 (.537)
Overall Liking	-1.68 (.099)	-.85 (.400)	.00 (1.000)	-.67 (.504)
Cost (Ratio)	.48 (.631)	1.53 (.132)	.16 (.871)	-1.82 (.076)
Cost ($ Value)	4.96 (.000)	3.92 (.000)	6.12 (.000)	7.97 (.000)

Results for Japanese Car Manipulations:

	Pop/Unpop (Func)	Pop/Unpop (Luxury)	Lux/Fun (Pop)	Lux/Fun (Unpop)
Car Dimensions	2.44 (.019)	.92 (.364)	-1.39 (.173)	-.03 (.973)
Confidence in Product	-19.11 (.000)	7.65 (.000)	7.79 (.000)	-18.90 (.000)
Pride of Ownership	-.30 (.767)	.09 (.928)	.64 (.526)	.38 (.709)
Purchase Intention	-.50 (.623)	-1.38 (.175)	-.91 (.368)	.00 (1.000)
Overall Liking	.11 (.914)	.47 (.638)	-.93 (.356)	-1.22 (.229)
Cost (Ratio)	3.95 (.000)	1.22 (.230)	.69 (.492)	.83 (.413)
Cost ($ Value)	5.31 (.000)	3.65 (.001)	5.31 (.000)	5.59 (.000)

Results for German Car Manipulations:

	Pop/Unpop (Func)	Pop/Unpop (Luxury)	Lux/Fun (Pop)	Lux/Fun (Unpop)
Car Dimensions	-.15 (.885)	-1.36 (.181)	-1.19 (.240)	-.02 (.985)
Confidence in Product	-16.55 (.000)	3.73 (.001)	5.18 (.000)	-13.35 (.000)
Pride of Ownership	-.15 (.885)	-.33 (.746)	.58 (.564)	.80 (.431)
Purchase Intention	.74 (.461)	-2.10 (.041)	-.79 (.432)	1.42 (.164)
Overall Liking	-.09 (.929)	-1.21 (.235)	.17 (.869)	1.19 (.241)
Cost (Ratio)	.57 (.570)	2.60 (.013)	.46 (.647)	-1.19 (.242)
Cost ($ Value)	-2.38 (.022)	-.74 (.463)	7.46 (.000)	6.33 (.000)

Results from Korean Car Manipulations:

	Pop/Unpop (Func)	Pop/Unpop (Luxury)	Lux/Fun (Pop)	Lux/Fun (Unpop)
Car Dimensions	-.59 (.558)	-	-	-1.37 (.179)
Confidence in Product	-15.11 (.000)	-	-	-11.56 (.000)
Pride of Ownership	.38 (.704)	-	-	.91 (.369)
Purchase Intention	-.39 (.699)	-	-	-.35 (.726)
Overall Liking	.00 (1.000)	-	-	.44 (.661)
Cost (Ratio)	.42 (.680)	-	-	.59 (.557)
Cost ($ Value)	-1.20 (.238)	-	-	6.36 (.000)

Appendix X

Summary of the Hypotheses

H1: Compared to a low/functional status level, luxury brands/models will exhibit higher ratings with regard to its product's physical dimensions and via consumers' affective evaluations - regardless of the country-of-manufacture.

This hypothesis can be generally accepted - the relationship has been predominantly significant throughout: Luxury brands obtained significantly higher ratings in almost all cases.

H2: A shifting in production facilities to an LDC will prove less detrimental with regard to functional automobile models. Therefore, car dimension evaluations and consumers' affective ratings are expected to be hindered to a lesser degree for low status versus the reductions succombed by a higher status automobile.

This hypothesis can only be partially accepted under certain specific conditions. Although some affective ratings were not always parallel to this hypothesis, cost/value attributions and confidence levels in the product behaved as described above. More research would be required to further reinforce this finding.

H3: Status and country-of-manufacture will interact such that the higher the level of status incurred, the more its product evaluations will suffer from a transference to a lower developed country.

This hypothesis has been rejected. No interactive effects arose from the relationship proposed above.

H4: Popular brands/models will be evaluated more favourably than their unpopular counterparts within each respective level of status encountered, even after a production shift to a lower developed country (LDC).

This relationship proved relatively significant. Popular brands were in fact more favourably evaluated than their unpopular counterparts. This relation however proved more significant under certain conditions.

H5: A shift in production facilities from an IC to an LDC will prove less detrimental to the popular car models. Therefore after a shift in production, the evaluation of physical car dimensions and consumers' affective ratings via the product are expected to maintain proportionally higher ratings in the case of popular models, as compared to that of unpopular ones.

The issue of the role of popularity remains unclear in the realm of the study at hand. Although popularity as a main effect proved insignificant, some variations (due to popularity) emerged in the formation of pairwise comparisons. We cannot accept this hypothesis at face-value, yet, we cannot discard it. Further research is warranted.

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