The effect of country-of-origin image on consumers' Purchase behavior in context of Nepal

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Declaration by Student

I, Sameer Dulal, hereby declare that the work presented herein is genuine work done originally by me and has not been published or submitted elsewhere for requirement of a degree program. Any literature data or works done by others cited within this dissertation has been given due acknowledge and listed in the reference section.

Sameer Dulal

19 May 2014

Acknowledgement

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I hope my endeavor to cover all the necessary, relevant and significant information about the research topic has been evident in this report. I have tried my utmost best to minimize errors to the extent possible by consulting my supervisor, teacher, colleagues and various books.

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BIMSTEC: Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation

COA: Country of Product Assembly

COD: Country of Product Design

COM: Country of Manufacture

COP: Country of Parts Manufacture

COO: Country of Origin

NZW: New Zealand Way

RTAs: Regional Trade Agreement

SAFTA: South Asian Free Trade Agreement

SPSS: Statistical Package for the Social Sciences

WTO: World Trade Organization

CHAPTER I

INTRODUCTION

1.1 Background

International uncontrollable environment- economic, political, socio-cultural and technological-are changing rapidly. These changes are fostered by fast development in telecommunication and transportation means which are bringing geographically remote countries closer to each other. Countries are eager to contribute actively in this trend by relinquishing communication and trade barriers, which prevent the exchange of services and products among nations in the global marketplace. Countries are beginning to open more communication channels with the rest of the world. Few countries (e.g. Cuba and North Korea) still prevent their people from actively participating in this phenomenon. The barriers against the free flow of products and services among countries consist of tangible barriers such as quotas and tariffs and intangible barriers such as consumers' bias (Wang & Lamb 1983).

Globalization has increased the opportunities for companies to distribute their goods to consumers all over the world. At the same time, consumers are able to choose from a broad range of products and services in almost any category. Globalization and increased international business activity have caused the emergence of global market, where brands from one country are available to consumers in other countries (Hsieh, 2002). Globalization is raising the country-of-origin importance question in the new light. The essence of the image of product's country-of-origin can be depicted by the question that Papadopoulos (1993) asked, "It is often said that brand names like McDonald's are worth millions. If so, how many billions is Germany's image worth?"

A product's country-of-origin was not an issue of concern prior to First World War (1914-1918). After Germany loses World War I, German industries were obliged to carry the English words: *Made in Germany*, by the victors as a punishment to German industry and a means of helping consumers in the rest of Europe and North America avoid products

from the former enemy (Morello, 1984). Thus, at the introduction the systematic country-of-origin labeling had carried more negative connotation. However, this stigma didn't last long and today the German engineering is world renowned and German products are signal of high quality.

Country-of-origin is often used by consumers to predict quality and performance of products (Hamin & Eliot, 2006; Olins, 2004) and to understand the rationality of their purchasing decision (Cai et al, 2004; Khachatuarian & Morganosky, 1990). Previous studies on country-of-origin indicate that the image of countries where products are manufactured is used by consumers as an external cue to evaluate products. The information regarding country-of-origin not only help consumers to form preferences and purchase decisions, but also elicits emotions, feelings, imagery, and fantasies. Many consumers utilize country-of-origin stereotypes to appraise products for example, "Japanese electronics are reliable", "German cars are excellent", "Italian pizza are superb". But, there is another side of coin too; country-of-origin may be the reason to avoid the product for example, following the publication of a series of controversial cartoons picturing the Prophet Mohammed, Danish products were yanked off the shelves of many stores in the Middle East, finally costing Denmark's companies millions and raising fears of irreparable damage to trade ties (Fattah, 2006). So, many consumers believe that a "made in . . ." label means a product is "superior" or "inferior" depending on their perception of the country (Yasin *et al.*, 2007).

Although there are many parameters that consumers consider when they want to buy something, such as brand, color and design, researchers cannot ignore extrinsic factors like country of origin. The international marketing literature shows that consumers use this extrinsic factor for evaluating products. In other words country of origin is a higher risk for international trade because it reflects consumer intention.

Marketers and researchers have been drawn to the question of how consumers respond to products from other countries. The effect of country-of-origin image on consumers' purchase behavior has become a widely studied phenomenon. Several definitions of products' country-of-origin images-also called products' nationality bias- have been developed since Schooler's study in 1965,(Cai 2002). Akria Nagashima's (1970) definition

has been widely accepted: the "made in" image is the picture, the 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. It has a strong influence on consumer behavior in the international market, as it is associated with mass communication, personal experience, and views of national opinion leaders.

Parameswaran and Mohan (1994) found that country-of-origin image is a multifaceted constructs and that its facets are clearly interpretable. Scholars acknowledge a variety of sources that can potentially influence country image. These sources include the country's economic, political and social conditions (Graby, 1993; O'shaughnessy & O'shaughnessy, 2000; Jaffe & Nebenzahl, 2006), culture and traditions (Dowling, 1994; Anholt, 2002; Kotler & Gertner, 2002; Dinnie, 2004), its people (O'shaughnessy & O'shaughnessy, 2000; Jaffe & Nebenzahl, 2006), tourism (Papadopoulos & Heslop, 2002; Dinnie, 2008), sports (Dowling, 1994; Dinnie, 2004), representative products, the degree of technological virtuosity and industrialization, historical events and relationships, as well as emotions and feelings about the country (Roth & Diamantopoulos, 2009).

The country image formed in the mind of the consumers' comprises of three components they are, a cognitive component, an affective component and a conative component. Cognitive component includes consumers' beliefs about the country's industrial, technological as well as political background; affective component entails the country's symbolic and emotional value to the consumer, and finally, conative component implies capturing consumers' desired interaction with the sourcing country. According to design and marketing dictionary conative (behavioral) component also reffered to as " intention to buy" is a part of the tricomponent attitudes model that reflect a consumers' likelihood of tendency to behave in a paricular with regard to an attitude-object. Measuring buying intent is particularly important in developing marketing strategies.

Though, arrival of globalization, internationalization, and liberalization, has blessed consumers with more choices in shopping, availability of too many products in the marketplace has lead to complex product evaluation process to be dealt with; therefore, a purchase decision is hard to make. Study of country-of-origin found that country-of-origin influences the beliefs and decisions of consumers (Bilkey & Nes 1982). Hence, it has been generally acknowledged that country of origin does influence consumers' product

evaluation and purchase decisions (Baughn & Yaprak, 1993; Bilkey & Nes, 1982; Liefeld, 1993; Peterson & Jolibert, 1995; Pharr, 2005).

There are different understandings of country of origin's effect on purchase decision. First, country-of-origin has an impact on observations
concerning specific products that can be extended to the whole purchase decision. Second, the country of origin also controls customer opinion about the country and overall goods that have been manufactured in that country; therefore, this perception may have a positive or negative effect on explanation of other data for specific product. Another point of view is that country-of-origin is a prominent factor that motivates concerns about the country of origin of the product, and, generally, purchase decision. Lim and Darley, in 1997, added that countries with a weak picture have a higher risk in making purchase intention (Ahmed, Johnson, Ling, Fang, & Hui, 2002 cited in Rezvani et al., 2012).

Johansson et al. (1985) thought that consumer's subjective bias against product would be minimized if they had sufficient purchasing experience or high product familiarity; therefore, the influence of country-of-origin would also be minimized. Change (2004) thought that consumers would have product quality deduced from country-of-origin while there was insufficient product evaluation, in other words, there was insufficient product knowledge for reference.

In sum, the international trade is growing rapidly in recent times; consumers across the globe are bombarded with products which are produced from every nook and cranny of the world. Consumers now have options to choose foreign products ranging from low-key products like tea to technologically sophisticated products like automobiles, electronic gadgets, etc. For example, we encounter in our daily lives that, while purchasing tea housewives prefer to purchase tea which is tagged as Darjeeling tea, Illam tea or Assam tea. Similarly, whenever there is a need of alcohol people generally prefer French wine, Scottish whiskey, Russian vodka and so on. Again, while purchasing automobiles generally people believe in German engineering that's why Mercedes and Volkswagen are so popular. When, it comes to electronic products people believe in Japanese workmanship, and Swiss design for watches.

However, as globalization has progressed and traded goods have become an integral part of the typical consumer's life, one might question whether conventional wisdom still holds.

Also, a consumer has too many extrinsic and intrinsic cues to evaluate the product, in this scenario does image of country-of-origin still a valid yardstick to make the purchase decision? This study aims to find the answers for these questions.

1.2 Problem Statement

Nepal embraced globalization after 1990s, by adopting liberalization policies. Nepal is also one of the members of multilateral trade forum WTO, and signatories of other regional trading agreements (RTAs) such as SAFTA and BIMSTEC, in this context Nepal has made commitment for the barrier less, free trade in multilateral global and regional forum. These commitments led to the flood of numerous foreign brands in Nepalese market.

Before making any purchase decision customers examine products using various product cues. Country-of-origin is one of the extrinsic cues which are used by customers to evaluate the foreign brands (Kardes, Cronley et al., 2004); (Pappu et al., 2006). Research has shown that image of product's country-of-origin affects consumers' purchase related decisions. The country image serves as the predictor of product quality to customers; it serves as the tool for cognitive assessment of product. Similarly, consumers' may have affective attachment towards the particular country, they simply form favorable image of particular country because they like the celebrities of that country; they have good relationship with people of that country or because of some other reasons. This provokes the emotional side of the consumers'; they tend to patronage products from the country with which their sentiments are intact.

The field of study of country-of-origin comes to the foreground in 1960's with Schooler's effort in 1965. Since then, the total number of works on the topic reaches upto 1,000 of which at least 400 were published in referred academic journals (Usunier, 2006).Though there are many studies conducted in this theme abroad. Enough research has not been done in Nepal. Specially, at the context of Nepal connected to the global trading network since the accession of WTO in 2004. Nowadays, Nepalese consumers' have privilege to examine number of brands which are available in almost every product category. For example, when they want to purchase car they encounter with so many brands such as Honda, Toyota from Japan; Maruti, Tata from India etc, similarly, when they go to purchase television set they find numerous brands like Samsung, LG from Korea, Sony, Panasonic from Japan etc. So, in this context product purchase decision has become very complex to Nepalese consumers. This research tries to examine whether given all other information, does still country-of-origin image influences Nepalese customer's buying decision while

buying products from foreign origin. Thus, the influence of image of product's origin on consumer's purchase decision will be studied and assessed through this research work.

1.3 Research Objectives

In today's world consumers are blessed with too many alternatives to evaluate prior to making a purchase action. Thus, Nepalese consumers are no exception; they are also bombarded with too many options in each product category they intend to patronage. This research focuses on identifying what sort of influence does the image of product's country-of-origin that consumers' have in their mind on their purchase decision. Thus, the purpose of this research paper is to increase the understanding of factors affecting country-of-origin image and consequently its influence on consumers' purchase evaluation and decision.

1. To assess the influence of dimensions of country-of-origin in shaping its image.
2. To study the relationship between overall country-of-origin image and consumers' purchase decision of foreign products.
3. To find out the relationship between macro-environmental dimension – political, economic and technological – of country-of-origin image and consumers' purchase decision of foreign products.
4. To determine the relationship between human factors of products' origin and consumers' purchase decision of foreign products.
5. To investigate the modifying effect of product knowledge on the relationship between country-of-origin image and consumers' purchase decision of foreign products.

The researcher hopes that the findings of this study would provide a foundation for understanding of country-of-origin image effect on Nepalese consumers' purchase decision.

1.4 Research Question or hypotheses

H0: Overall image of country-of-origin have no relationship with consumers' purchase decision

H0₁: There is no relationship between political dimension of product's country-of-origin and consumers' purchase decision of foreign products

H0₂: There is no relationship between economic dimension of product's country-of-origin and consumers' purchase decision of foreign products

H0₃: There is no relationship between technological dimension of product's country-of-origin and consumers' purchase decision of foreign products

H0₄: There is no relationship between human factors of product's country-of-origin and consumers' purchase decision of foreign products

1.5 Significance of the Study

As every research endeavor aspires to contribute something beneficial or important to the related field of study, this study is no exception. This study brings some new insights in the field of country-of-origin and consumer purchase behavior. Moreover, it also throws lights to image of country that need to be considered seriously by the global companies that wants to sustain and thrive in the international marketplace.

After completion of the study, following things will be highlighted.

- Role of macro-environment factors – political, economic and technological – to shape the image of country.
- Role of citizens (people) in shaping the image of country.
- The level of image formed in the minds of consumers.
- Country-of-origin effects on consumers' purchase decision.
- Moderating effects of product knowledge.

1.6 Limitations of the Study

The research work conducted has certain constraint; some of the limitations are as below:

- The sampling technique employed for the research purpose is convenient sampling. Hence, the data may not be representative of entire population.

- Analysis is mainly based on primary as well as secondary data such as the website study, review of published documents and self-administered questionnaire. The website information, published documents and the personal information have their own limitations.

- Due to geographical and time constraint, respondents were only taken from Kathmandu valley.

- The time and resource constraint leads to relatively smaller sample size.

1.7 Operational Definitions

1.7.1 Country-of-Origin

Country-of-origin refers to the country that manufactures, designs or assembles a product or brand with which it is associated. If a product has been produced or modified in two or more countries, the country-of-origin of the product will be the last country where the products have been processed.

1.7.2 Country-of-Origin Image

Country image is the sum of consumer's beliefs, ideas and impressions about a certain country. The impression about any particular country is based upon political system, level of economic and technological developments and the people who reside there.

1.7.3 Product Knowledge

Product knowledge means the technical or objective knowledge that the consumers' have about the product. Consumer is somewhat expert and experience to use the product.

1.7.4 Purchase Decision

Purchase decision means consumers' effort to examine the list of brands in a product category and making intention to patronize the particular brand. It shows the attitude and intention of consumers' towards the product.

1.8 Organization of Study

This research study is divided into five chapters. The organization of study is in following manner:

Chapter One: Introduction

It contains the introductory part and explains the major issues to be dealt with including background of the study, statement of problem, objective of the study, hypothesis, significance of study, limitations of the study and operational definitions.

Chapter Two: Literature Review

This chapter summarizes all the past researches that have been conducted in the relevant

field. Literature review comprises of sub topics, dimensions of country-of-origin image, consumers' purchase decision and product knowledge. Also, theoretical framework was also illustrated and each variable were described in this chapter.

Chapter Three: Research Design and Methodology

This chapter discusses the techniques and methods employed for conducting the research work. It includes research plan and design, sampling procedure, data collection procedure, statistical analysis and reliability and validity of research.

Chapter Four: Results and Discussion

This chapter is further divided into four sub-sections. The first part deals with the respondent's profile. It gives detail information about the respondents' age, gender, academic qualifications and occupation. The second part analyzes and interprets data through descriptive analysis and third part analyzes and interprets the collected data through correlation between dependent and independent variables. And the final part is the discussion of the results obtained through analysis.

Chapter Five: Summary and Conclusion

This chapter is divided into three sections. The first section includes summary of the findings, the second section includes the conclusion of the study derived from the findings and the third section includes the suggestions for future research.

CHAPTER II

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Country-of-Origin

Country-of-origin is usually communicated by 'Made in' or 'Manufactured in' labels (Bilkey & Nes, 1982). The information regarding country-of-origin has traditionally been communicated to consumers as simply the nationality of the company manufacturing the product (Bilkey & Nes, 1982; Gaedeke, 1973; Han, 1988; Hong & Wyer, 1989; Obermiller & Spangenberg, 1989). Although, there is no precise definition about country-of-origin

(Sauer et al., 1991), it can be understood as the image of a country in consumers' minds which influences their evaluation towards the products or brands that are offered by that country (Chapa et al, 2006; Morello, 1993; Samiee, 1994; Shlomo & Jaffee, 1996).

The concept of country-of-origin was vague until late 1980s, Han and Terpstra (1988) are the ones who had classified the country-of-origin into the nations that manufactured key component and nations that assembled products, their work was further elaborated by Insch & McBride (2004) and classified country-of-origin into the category of country of product design (COD), country of product assembly (COA), and country of parts manufacture (COP). Ahmed et al. (2004) defines country-of-origin as the country that conducts manufacturing or assembling. Saeed (1994) indicates that country of manufacture (COM) represents the last location/country of manufacturing or assembling one product so he defines country-of-origin as the country that a manufacturer's product or brand is associated with; traditionally this country is called the home country. In addition, Roger et al. (1994) argues that there is no distinct difference between location of manufacture and location of assembly, and this causes no significant difference to customers concerning product appraisal. Johansson et al. (1985) and Ozsomare & Cavusgil (1991) believe that when the headquarters of the company are gathering in one country and marketing for that brand, that location is the country-of-origin of that product.

According to the Revised Kyoto Convention (2006) (international convention on the simplification and harmonization of international customs procedures) "**country of origin of goods**" means the country in which the goods have been produced or manufactured; if a product has been produced or modified in two or more countries, the country-of-origin of the product will be the last country where the products have been processed. In sum, country-of-origin refers to the country that manufactures, designs or assembles a product or brand with which it is associated (J. K. Lee & Lee, 2009).

2.1.1 Country-of-Origin as Secondary Brand Association

Secondary brand association is the effort to link the brand to some other entity – some source factor or related person, place, or thing which may create new set of association from the brand to the entity, as well as affecting existing brand associations (Keller, 2003). The country or geographical location from which the product originates may become link to the brand and generate secondary association (Li & Wyer, 1994). Choosing brands with

strong national ties may reflect a deliberate decision to maximize product utility and communicate self-image, based on what consumers believe about products from those countries (Keller, 2008).

Numbers of brands are able to create a strong point of difference, in part because of consumer's identification of and beliefs about the country of origin. For example: Levi's jeans-United States, BMW-Germany, Sony-Japan, Mont Blanc pens-Switzerland, Gucci shoes and purses-Italy etc (Keller, 2008). To establish a product or country-of-origin association marketers use various techniques. They can embed the location in the brand name such as Irish Spring soap, South African Airways. Or they can make the location the dominant theme in brand advertising. Some countries have even created advertising campaigns to promote their products such as-"Rums of Puerto Rico", others have developed and advertised labels or seals for their products. For example: in 1991, New Zealand set out to create "The New Zealand Way" (NZW) brand to build strong national umbrella brand that added value to marketing of New Zealand-origin products and services by differentiating them in international markets. The NZW brand was designed to position a broad range of country's tourism and trade products and services at the forefront of world markets (Kotler, Jatusriptak & Maesincee, 1997); (Olins, 2002); (Gudjonsson, 2005); (Park

& Warren, 2002). Moreover, events or actions associated with the country may color people's perception. For example, strong connections to a country may pose problems if the firm desires to move production elsewhere (Keller, 2008).

Consumer behavior and attitudes may also undergo significant change over time due to factors such as the country's level of industrialization, social lifestyles and the influence of globaliz- ation. As more companies compete on the global markets and manufacture their products world- wide, the country of origin cue become more important as consumers often evaluate quality of a product based on the country where the product is produced (Ghazali et. al. 2008). The globali- zation of today's business environment has resulted in a unique problem for manufacturers, marketers, and consumers. The country of origin (where a product is made) touches both consumer evaluations of the product as well as the firm's decision to manufacture its goods in certain countries and how to brand. While conceptual and empirical evidence in the literature supports the contention that the country of origin impacts upon the consumer's perceptions

of quality, explanations as to why are virtually nonexistent (Han &Qualis, 1985).Globaliz ation has promoted the emergence of a new type of consumer and has had effects on industry in terms of culture, economics, marketing and social issues at every scale from local to global. As more companies compete on the global market and manufacture their products worldwide, the location where they manufacture the products has an effect on the perception of the consumer on the quality of the product based on the country where the product is produced (Ammi, 2007).

In addition, country-of-origin is considered as an important variable influencing consumer perception of brands (Hulland, 1999). Country with a positive country image would cause brand popularity and consequently lead to consumer brand loyalty (Kim, 1995). Consumers may develop loyalty towards certain countries and lead to continuous purchase preferences from those countries (Ahmed & D'Astous, 1996). Country-of-origin could emerge as the secondary brand association that affects brand equity (Aaker, 1991); (Keller, 1993). Being seen as a secondary association of a brand, country-of-origin is considered as one of the sources for generating brand image. While consumers' country-of-origin associations emerge as secondary associations; they would affect brand image/associations and subsequently brand equity as consumers with knowledge of country-of-origin of the

brand will possess positive/negative associations towards the image of that brand (Pappu & Cooksey, 2006, 2007).

Considering, the favorability of a country-of-origin association from both a domestic and a foreign perspective. In the domestic market, country-of-origin perceptions may stir consumers' patriotic notions or remind their past. As international trade grows, consumers may view certain brands as symbolically important of their own cultural heritage and identity. Some research found that domestic brands were more strongly favored in collectivistic countries such as Japan and other Asian countries that have strong group norms and ties to family and country. In individualistic societies such as the United States and other Western countries that are more guided by self-interest and personal goals, consumers demand stronger evidence of product superiority (Gurhan-Canli & Maheswaran, 2000).

2.1.2 Country-of-Origin as Product Cue

Consumers use both intrinsic and extrinsic informational product cues as the basis to make purchase decision (Ulgado & Lee, 1998); (Veale & Quester 2009). Intrinsic cues involve the physical composition of a product, whereas extrinsic cues are product related, but are not part of the physical product itself. Brand name, retailer reputation, and products' country of origin are regarded as extrinsic cues and can be manipulated without physically changing the products (Verlegh & Steenkamp, 1999); (Veale & Quester 2009).

The country of origin of a product is an extrinsic cue which is known to influence consumers' perceptions and to lead consumers to cognitive elaboration (Pappu et al., 2006). Studies show that as an extrinsic cue, country of origin helps people in judging. This happens because when intrinsic cues are missing or cannot easily be assessed; consumers tend to rely more on extrinsic cues (Jacoby et al., 1977) ;(Zeithaml, 1988) also, evaluating extrinsic cues is more convenient than intrinsic attributes, and the important thing that should be considered is that the country of origin effect is involuntary on people's evaluation (Dagger & Raciti, 2011) ;(Powers & Fetscherin, 2008) ;(Yasin, et al., 2007). The image of countries as origins of products is one of many extrinsic cues that may become part of a product's total image (Eroglu & Machleit, 1989) although they have no direct bearing on the product's performance, still they can influence consumers' perceptions (Cai, 2002).

2.1.3 Country-of-Origin as Signal of Quality

Country-of-Origin has a direct effect on the consumers' perception about product quality (Laroche, et al., 2005). When consumers have little knowledge about a foreign product's attributes, they are likely to use indirect evidence, such as country of origin, to evaluate products and brands and make inferences regarding the quality of their attributes (Bilkey & Nes, 1982). Quality as a representation of a country's production has an important effect on consumers' evaluations of products (Broniarczyk & Alba, 1994). A preference for German cars, for example, may be explained by the perception of advanced technological quality of the German industry as a whole (Cai, 2002). Research has shown that country of origin serves as a signal for product quality and performance (Erickson, Johansson & Chao, 1984) and also helps consumers to understand the rationality of their purchasing behavior (Cai, Cude & Swagler 2004; Olins, 2004; Muchbalcher, Dahringer & Leihs, 1999).

Nowadays, more companies are competing on the global market - these companies

manufacture their products worldwide and the location where they manufacture the products might affect the perception of the consumer on the quality of the product (Ahmed, Albarq & Alsughayir, 2012). The other point that studies demonstrate is that people care about which country products come from and where they are made and consider these factors when evaluating the quality of products, (Parkvithee & Miranda, 2012). However, a study has pointed out that the impact of country-of-origin on perceived quality is moderated by the factors such as: consumers' perceptions of value, risk, trust, attitude towards the brand, satisfaction, familiarity, attachment, and involvement (Chueh & Kao, 2004).

There are other various reasons that consumers use country of origin as a source of evaluating goods. First, because of rapid growth of globalization, consumers tend to evaluate products based on their country of origin. The second reason is, due to the increasing amount of information about products and their complexity; consumers have to rely on the home country of a product in their purchasing decisions, and last but not the least, because consumers get to know other country's products and they will experience different products from different countries (Ozretic-Dosen, Skare et al. 2007).

2.2 Country-of-Origin Image

Three main approaches can be identified in conceptualizing country-of-origin image depending on their focal image object (Roth & Diamantopoulos, 2009):

- the first approach focuses on product image, i.e. studies that define country image at the product level;
- the second approach refers to product-country image and includes those authors that see country image and product image as two independent but related parts; and
- the third approach refers to overall country image approach: writings that present country image as a broad construct determined by multiple factors.

Nagashima (1970) one of the first to describe country image using first approach, describes it as the picture, the reputation, the stereotype that consumers attach to products of a specific country. Using the same approach, Han (1990) indicates that country image can be understood as consumers' general perceptions about the quality of products made in a

given country, and Roth and Romeo (1992) conceptualize it as 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.

In line with the realm of product-country image, scholars insist on extending the traditional narrow concept of country-of-origin (Ger, 1991) to capture both product evaluation and the country image aspects (Papadopoulos et al., 1988; Parameswaran & Pisharodi, 1994; Lee & Ganesh, 1999). Also, Knight and Calantone (2000) view country image as a consumer's perceptions about the quality of products made in a particular country and the nature of people from that country.

Third approach views country image as a broad construct determined by multiple factors. The first group encapsulates studies that see country image as a cognitive structure. Martin and Eroglu (1993) argues that country image is an independent entity, entirely dissociated from the image of the country's products, and view the construct as the total of all descriptive, inferential and informational beliefs one has about a particular country. Also,

country image is defined as the sum of beliefs, ideas and impressions that people have of a place (Kotler et al., 1993; Kotler & Gertner, 2002; Gertner & Kotler, 2004). Country images represent a simplification of a large number of associations and pieces of information connected with a place (Kotler et al., 1993). Askegaard and Ger (1997) and Verlegh (2001) adopt a broader perspective and acknowledge not only a cognitive component but also an affective component within the country image construct. They see country image as a network of elements or associations, respectively. Szeles (1998) believes country image as an internal and external framework of the opinions and beliefs on a people, nation and country and the simultaneously objective and subjective psychological contents of heterogeneous and generalized value judgment thereof. Verlegh (2001) defines country image as a mental network of affective and cognitive associations connected to the country.

2.2.1 Dimensions of Country-of-Origin Image

The country-of-origin image is created by representative products, national characteristics, economic and political background, history, and traditions (Nagashima, 1970). Also, some researchers argues that the mental representations regarding the products origin is formed

in the consumer's mind through country's people, products, culture and national symbols (Ger, 1991; Askegaard & Ger, 1996).

Several studies regarding country-of-origin and also place branding studies acknowledges a wide range of additional determinants of country image including a country's education, culture, media, people, sports, etc. As Bannister and Saunders (1978) argued 35 years ago, country image stems from not only its products, but also other factors, namely economic, political, historical, technological characteristics and so on.

Han and Tersptra (1988) developed five dimensions with regard to country image:

- technical advancements
- prestige
- workmanship
- economy
- serviceability

Desborde (1990) argues that country-of-origin image is an overall image of a country in consumers' minds. It reflects a country's culture, political system and its level of economic and technological development.
According to Martin and Eroglu (1993), image of country-of-origin is a three-dimensional construct which clearly reflect consumers' cognitive perceptions about a country consisting of:

- political
- economic
- technological

Papadopoulos (1993) posits that the image of an object results from people's perceptions of it and the phenomena that surround it. After further elaborating on their data Papadopoulos and his colleagues proposed that consumers' perceptions of the country of origin of a product comprise (Papadopoulos et al., 1988, 1990, 2000):

i. a cognitive component, which includes consumers' beliefs about the country's industrial development and technological advancement;

ii. an affective component that describes consumers' affective response to the country's people; and

iii. a conative component, consisting of consumers' desired level of interaction with the sourcing country.

Allred et al. (1999), suggests seven dimensions to assess the image of the product's country-of-origin they are:

- Economy
- Labor
- Politics
- Work culture
- Vocational training
- Environment
- Conflict

According to the Kotler and Gertner (2002), the brand image of a country results from its:

- history
- geography
- art
- music
- celebrities
- proclamations

In addition, societal ills such as AIDS, political riots, civil rights violations, environmental problems, racial conflicts, economic dilemmas, poverty, and crime rates can all be elements that influence country image (Kotler & Gertner, 2002). Child slavery in cocoa bean

farms in Western African country such as Cote 'de Ivoire has caused significant impact

in reduced chocolate consumption worldwide. The existence of slave labor in cocoa farms is

relevant to the entire international economic community. Through trade relations, many

actors are inevitably linked implicated in this problem, whether it is Ivorian government, the cocoa farmers, the American or European chocolate manufacturers, or consumers who unknowingly buy chocolates. The debates has arisen relating to the appropriate response from the chocolate industry, government officials, and the consumers concerning whether there should be banning of cocoa beans produced using child slaves in production of chocolates. It is not only about image of the end product's country of origin that is taken into consideration by the consumers but also the image of the country which supply the raw materials for that particular product determine the products acceptability in some case. Similar was the case with the carpet industry in Nepal. At its peak, there were 3,000 carpet weaving centres in Nepal employing 1.2 million people. Only 600 firms remain in 2011, providing jobs to less than 100,000 people. A combination of factors such as introduction of cheap Chineese carpets, use of child labor, environmental contro versies, government indifference and interference and inflation has caused decline in the one pro sper carpet industry of Nepal (Gurung, June 2011).

As per the study of Abraham and Ketter (2006), country image is constituted of several elements they are:

- country's location
- political structure
- economic situation
- government stability

In addition to above factors other determinants can have an impact on country image. The individual's background is highlighted as a key variable influencing country image (Bilkey & Nes, 1982); (O"Shaughnessy & O"Shaughnessy , 2000), and later Dinnie (2008) acknowledge that personal experience of a country through working or holidaying there can play a key role in the image an individual holds of a country. Also, country-of-origin relates to emotions, identity, pride and autobiographical memories (Verlegh & Steenkamp, 1999). Similarly, research undertaken by Heslop and Papadopoulos (1993), Martin and Eroglu (1993), Gnoth (2002) and Papadopoulos and Heslop (2002) stress the importance of

travelling to a country in the formation of one's image of a country.

Stereotypes are also widely recognized to influence people's images of countries (O"Shaughnessy and O"Shaughnessy, 2000); (Gertner and Kotler, 2004); (Pharr, 2005); (Dinnie, 2008). The image of the country itself might be generated from consumers' experience of visiting the country, knowledge about the country, political beliefs or ethnocentrism tendencies (Hamin & Eliot, 2006). Based on these arguments, it could be argued that consumers' perception towards country-of-origin (either positive or negative) might be based on a stereotype held by the consumer towards the country itself. Stereotyping which is commonly found among consumers is that products made in developed countries have better quality and are more reliable than products made in less developed countries such as Indonesia, India, Bangladesh, Turkey, Morocco and Vietnam (Anholt, 2006; Hahn, Choin & Eckhardt, 2006; Kaynak, Kucukemiroglu, & Hyder 2000). This is because countries with advanced economies are usually well-known for quality, design, innovation, dependability, originality, and management (Muchlbacher et al., 1999; Usunier & Lee, 2005; van Gelder, 2003) whereas emerging and developing countries were often associated with negative images (Ahmed, d'Astous & Zouiten, 1993; Muchlbalcher

et al., 1999). Customers' perceptions towards country-of-origin are more likely to be a stereotype than opinions towards specific products (Martin & Eroglu, 1993; Chattalas, Kramer & Takada, 2008).

There is also another point of view that considers the country image as emotional acts, which is because of certain ideas in their mind, which might also be the image from the residents of a particular country (Maher & Carter, 2011). Moreover, advertising programs can also help consumers to have a good and positive image about the product's country (Dagger & Raciti, 2011);(Pappu, Quester, & Country-of-originksey, 2007).

The country-of-origin determines the purchasing behavior, in this process dimensions like technology, innovation, prestige and also quality of that country`s manufacturer are taken into account (Godey, Pederzoli et al., 2011). In some studies country image is representative of the country and its people. "Micro" and "macro" dimensions are two new dimension of country image that has been identified lately. Aspects of macro dimension in image of country-of-origin are political, technological and economical whereas on the

other hand micro dimension explain about other attributes of the product such as design, prestige and creation and innovation also workmanship (Amine 2008).

Furthermore, animosity and war between countries will affect people's image regarding a particular country. After America's declaration of war on Iraq, anti-Americanism has come up as a new barrier. Anti-Americanism is people's animosity and opposition toward American's government, culture or people. This issue can cause consumer's resistance to rank US products and their purchasing decisions (Amine 2008). Also, the study of consumers refraining themselves from purchasing products from particular country due to animosity in Chinese context shows that high-animosity consumers in the China owned fewer Japanese products than low-animosity consumers (during World War II, Japan occupied parts of China). Although some Chinese consumers might consider Sony to be a high-end, high-quality brand (or perception of the product itself might be very positive), they might nevertheless refuse to bring a product manufactured in Japan into the home. Similarly, some Jewish consumers avoid purchasing German-made products due to Holocaust, and some Kiwis and Aussies boycott French products due to France's nuclear tests in the South pacific (Klein, Ettenson & Morris, 1998). Furthermore, Obermiller and

Spangenberg (1989) noted that an Arab-American might have a negative attitude toward Israeli optical products even though the consumer recognized the superior quality of Israeli instruments, due to Arab-Israeli conflict.

The war and disputes effect on consumer's behavior sometimes goes beyond extreme negativity as the consumer's not only refuse buying product's which are manufactured in the country with which there own country is in dispute or war with, but also tend to vandalize the stores and shops where such products are kept for sale. In September 2012, the Senkaku Island Dispute between China and Japan led to a heavy protests in the streets of China. In Shenzhen, protesters marched down the streets chanting slogans such as "Defend the Diaoyu Islands" and "Smash Japanese Imperialism", called for the boycott of Japanese goods and for the government to retake the islands. In the process, many protesters tore up Japanese flags and smashed Japanese-branded cars and vandalized shops selling Japanese goods (www.wikipedia.org as accessed on 12 May 2012).

2.3 Product Knowledge

Product knowledge is an important construct in understanding consumer behaviors such as information search, information processing and evaluation of purchase alternatives (Park *et al*., 1994). Knowledge is the body of facts and principles (i.e., information) collected by mankind (i.e., stored in memory) about a domain (Page & Uncles, 2004). The degree of knowledge that consumers have about a product will influence the cues used to make product quality assessments (Rao & Monroe, 1988). The study of various literatures demonstrates that product knowledge has a significant position in consumer behavior studies (Alba, 1983; Bettman & Park, 1980; Brucks, 1985; Cowley & Mitchell, 2003). Product knowledge is described as general knowledge or the information that customer posses about functional characteristics of products and brand. It also is known as product familiarity, expertise and experience (Lee & Lee 2009). Brucks (1985) defines product knowledge as the memories and knowledge's regarding the product in the people's minds. Other researchers added that product knowledge is customers' ability to recognize products and also the confidence that they have about the products (Lin & Zhen, 2005). Thus, people with a high degree of product knowledge have vast information and an organized

knowledge structure, and, also, they are aware of the product subcategories (B. K. Lee, 2005).

Consumer consciousness about products has an important effect on product knowledge (Lin & Zhen 2005). Researchers agree that there are different types of product knowledge (Raju *et al*., 1995). Although there are different definitions of product knowledge it can be broken up into three main categories (Brucks, 1985); (Park & Lessig, 1981); (Park et al., 1994):

    i.   subjective knowledge or perceived knowledge

   ii.   objective knowledge

  iii.   experience based knowledge

Objective knowledge is defined as the customers' awareness of particular characteristics of the data of the product and subjective knowledge is how much the customer thinks they know about products, finally, the definition of experience goes to amount of products' purchase and their use. In other words, objective knowledge meant for consumer's

cumulative product knowledge through prior learning and/or experience; subjective knowledge meant for consumer's cognitive product knowledge and usage experience meant for consumers' rate of purchasing or usage experience with the product. To sum up, these three definitions are used for product knowledge in the literature (Brucks, 1985); (Park & Lessig, 1981); (Park et al., 1994): (Alba & Hutchinson, 1987). These three types of knowledge (i.e. subjective knowledge, objective knowledge, and usage experience) are generally considered distinct, even though they are often positively correlated (Raju *et al*., 1995). Objective knowledge is accurate information about the product class stored in long-term memory, while self assessed knowledge or subjective knowledge is people's perceptions of what or how much they know about a product class (Park *et al*., 1994; Veale, 2008).While objective product class knowledge is likely to influence information processing strategies, subjective product class knowledge is more likely to affect consumers' confidence in using information stored in memory (Schaefer, 1997). Researchers intrigued by usage experience view an individual's previous product usage/experience as one indicator of objective knowledge. Among these researchers are Marks and Olson (1981).

Differences between measures of subjective knowledge (i.e., what individuals perceive that they know) and measures of objective knowledge (i.e., what is actually stored in memory) happen when people do not accurately perceive how much or how little they actually know, assuming that the measures are equally sensitive. Of course, measures of objective knowledge can never be entirely objective. That is, such measures depend on some form of communication from the individual about his/her knowledge. Nevertheless, measures of objective knowledge are conceptually and operationally distinct from measures of subjective knowledge (Brucks, 1985).

Further, Lee and Lee (2009) divided product knowledge in two parts expertise and familiarity. Familiarity is defined as the amount of experience that a consumer has of the related products and expertise is defined as the skill in carrying out of product in a successful way (Lee & Lee 2009). Product familiarity is the most significant one, and has dimensions of both objective and subjective knowledge. Similarly, other scholars divided

product knowledge into three categories: brand knowledge, attribute knowledge and experience knowledge (Hanzaee & Khosrozadeh, 2011).

Park and Lessig (1981) believed that consumers with different product familiarity would have different knowledge structure formed and have product evaluation made with different information. Johansson et al. (1985) had the same opinion: Consumers with more purchase experiences and/or higher product familiarity would have product evaluation made in accordance with their knowledge or objective cognition; therefore, the subjective bias would be reduced and the influence of country-of-origin would be minimized. On the contrary, consumers tended to have product evaluation made in accordance with subjective cognition when they were not familiar with an international brand name. Country-of-origin image would have a direct influence on product evaluation at the time; therefore, a stereotype impression existed easily (Han, 1991).

2.3.1 Influence of Product Familiarity on the Country of Origin Effect and Purchase Decision

Previous studies show that country of origin is a complicated issue and that there are many moderators and variables that affect it. In addition, product knowledge is one of the variables that has a prominent role in respect of extrinsic cues (Chiou, 2003). When people have little knowledge and information about products, they use country of origin as an

indirect proof, for example: people do not know special equipment from Germany but they know that Germany is a country with high quality products, so although they are not familiar with the brand, they evaluate it positively. Other researchers concluded that customers use country of origin image as a cue for assessing products when they are familiar with them. In this issue, customers use country of origin as an alternative for the performance of the product while they have a prior experience of their products in a same country of origin. For instance, a customer might have a positive experience for using a equipment from Germany and know the high standard of the products, therefore, when a new equipment from Germany but with a different brand is suggested to the customer, he or she will accept it because he or she believes that the quality is standard and similar to previous experience (Josiassen, et al., 2008).

Studies about product knowledge and consumer behavior have a significant position in marketing strategy. The quantity of knowledge that customers have is not only useful for

information search and has an effect on it, but also has an influence on the decision making procedures, and, moreover, on customer purchase intention. Some researchers demonstrated that realizing product knowledge has a positive relationship with the amount of information search (Hanzaee & Khosrozadeh, 2011).

The literature revealed that consumers with different levels of product knowledge inclined to make use of country-of-origin cues in their product evaluation in different ways (Cordell, 1997).

Customers with a high level of objective knowledge are less likely to rely on country of origin cues for their purchase intention and product evaluation and are likely to search for another trait of the product rather than country-of-origin. However, people with a high level of subjective knowledge have a greater tendency to rely on country-of-origin for evaluating the quality of a product (J. K. Lee & Lee, 2009).

Researchers believe that when customers want to evaluate products, frequently, they rely on their product knowledge after choosing the product, which also influences the information search process. Moreover, the level of product knowledge is also significant, and, ultimately, has an effect on purchase intention and buying behavior (L. Lin & Zhen, 2005). Josiassen and other scholars (2008) concluded that the country of origin of products has a relationship with the knowledge that the customer has about the products. They also

added that consumers with little knowledge use the country of origin as an indicator for the evaluation of products more than others, the reason being that they have less information about manufactured goods (Josiassen, Lukas, & Whitwell, 2008).

One scholar added that customers make decisions after collecting and learning information, and, also, memory plays an important role in choosing products, because customers refer to their memories for purchasing behavior and they should remember various data according to the different decision making processes. Other studies demonstrated that subjective and objective product knowledge is not unrelated, while other literature shows that consumers with high subjective knowledge do not necessarily have high objective knowledge (Yeh & Chung, 2011).

From all the data concerning product knowledge, scholars have concluded that product knowledge plays an important role in making decisions in accordance with previous memories. They also argued about the influence of product knowledge on the willingness

to buy and the value of the product and the price of particular brands (Chung, S, 2008). In addition, researchers concluded that consumer attitude would be more persistent and less affected by country of origin cues over time as long as they have high product knowledge and motivation to process product-related to make a decision. Consumers who have low product knowledge are more likely to use country of origin cues as indicators of product quality. This is due to their inability to analyze intrinsic cues, such as physical product attributes. It was also found that country of origin has a significant impact on product evaluation, particularly when consumers are less motivated to process available information when they have low product knowledge. Temporarily, consumers with high product knowledge are able to perform product-related tasks successfully and have extensive prior knowledge about product types, usage, and purchase information. Additionally, those experts are more likely to rely on attribute-based information rather than stereotypical information in their evaluation and decision making (Chao, Wührer et al. 2005).

Moreover, product knowledge also has an effect on advertisements; customers with different levels of knowledge for various type of products, show dissimilar reaction to advertisements. Customers who have a low level of product knowledge have more passion

for advertisements that have data about the product, whereas people with a high level of knowledge and information have less passion for advertisements and responding to them (Chuang, Tsai, Cheng, & Sun, 2009).

2.4 Product Purchase Decision

2.4.1 Purchase Intention

Consumers' purchase intention is the probability that customers in a certain purchasing situation choose a certain brand of a product category (Crosno *et al*., 2009). Another definition declares that purchase intention is the individual's awareness to make an attempt to buy a brand (Shabbir, M. S., Kirmani, S., Iqbal, J., & Khan, B. 2009). Other researchers believe that purchase intention is "what we think we will buy" (Park, J. 2002). It also describes the feeling or perceived likelihood of purchasing the products that are advertised, moreover, purchase shows the level of loyalty to products. Other

scholars like Daneshvary & Schower (2000) believe that purchase intention has a relationship with demographic factors like age, gender, profession and education (Lu, M. 2007). There is another statement that shows that particular features of products, perception of consumers, country of origin and perception of country of origin, all have an influence on customer purchase intention (C. L. Wang, Li, Barnes, & Ahn, 2012). Purchase intention can also be defined as the decision to act or physiological action that shows an individual's behavior according to the product (X. Wang & Yang, 2008).

 The interest of marketing scholars on purchase intentions drives from its relation to purchase behavior. Fishbein and Ajzen (1975) argue that "the best single predictor of an individual's behavior will be a measure of his intention to perform that behavior". Dulany (1967) theory of propositional control states that, an individual's intention to perform a behavior is a function of:

- His attitude toward performing the behavior in a given situation, and
- The norms governing that behavior in that situation and his motivation to comply with these norms

Of special importance is that the concern is with the individual's attitude toward the act of performing a behavior and not his attitude toward the object. Second, the model requires

that the attitude be measured toward a highly specific situation. Third, the attitude toward the act in question is a function of the individual's beliefs about the possible outcomes of performing the act and his evaluation of those beliefs (Bennett & Harrell, 1975). Moreover, marketing managers are interested in consumer purchase intentions so as to predict sales of existing and/or new products and services. Purchase intentions data can help managers in their marketing decisions related to product demand (new and existing products), market segmentation and promotional strategies (Tsiotsou, 2006).

Nowadays, the international trade market is very competitive and there are many new ideas on the market to attract customers. In this case, customers have many alternatives for buying products; however, there are many elements that have an effect on product success and customer purchase intention. Scholars define purchase intention as personal action tendencies according to brand. They have also concluded that intention is different from attitude. While attitude means evaluation of products, intention is the person's motivation

in the sense of his or her intention to perform behavior (Rezvani, Dehkordi, Rahman, Fouladivanda, Habibi & Eghtebasi, 2012).

2.4.2 Product Evaluation

Consumer arrives at attitudes toward different brands through some evaluation procedure. Consumers' evaluation of purchase alternatives depends upon individual consumer and specific buying situation. They may involve in rigorous and careful calculations and logical thinking. At other times, the same customers may do little or no evaluation; instead they may rely on impulse and intuition. Alternatives are evaluated based on intrinsic and extrinsic attributes. Consumers tend to rate each brand on the basis of each attribute. For E.g.: A consumer may be interested in purchase evaluation of car on the basis of attributes like style, after sales service, country-of-origin, price etc. Consumer might base buying decision on only one attribute, and his choice would be easy to predict. But most buyers consider several attributes, each with different importance, and this will make the buying decision more complex unless consumer is aware of the importance that they give to each attribute (Kotler & Armstrong, 2009).

According to Kanuk and Schiffman, (2007), when evaluating alternatives, consumers tend to use two types of information:

1. a list of brands from which they plan to make their selection (evoked set)
2. the criteria they will use to evaluate brands

Evoked set refers to the specific brands a consumer considers in making a purchase within a particular product category. It is also called the consideration set. Regardless of the total number of brands in a product category, a consumer's evoked set tends to be quite small on average, often consisting of only three to five brands. This is because consumers tend to list those brands only which are familiar to them, which they remembers and find acceptable. Also, researchers like Lye, Shao and Rundle-Thiele (2005), suggested that consumers may not, all at once, reduce down the number of possible choices into their evoked set, but instead may make several decisions within a single decision process. These screening decisions, or decision waves, are used to eliminate unsuitable alternatives before gathering information or comparing options, and help reduce decision complexity to a more manageable level.

The criteria consumers use to evaluate the alternative products that constitute evoked sets usually are expressed in terms of important product attributes. Consumers go through the rigorous process of evaluating different brands or models of a product in pursuit of obtaining "right products", which consumers' feels, looks and/or perform "right". Durgee (1995), research of "right products" shows that when consumers discuss such "right products" there is little or no mention of price; brand names are not often uppermost in consumers' minds; items often reflect personality characteristics or childhood experiences; and a product's country of origin can also play a role in how consumer evaluates a brand.

Researches show that brand credibility (which consists of trustworthiness and expertise) also affects brand choice and improves the chances that a brand will be included in the consideration set. The factors that influence brand credibility are: the perceived quality of brand, the perceived risk associated with the brand, and information saved with that brand (Erdem & Swait, 2004).

Also, Solomon (2003) emphasize that consumers are faced with different options and they have to narrow down different options and choose one of the options as the final one. The alternatives actively considered during a consumer's choice process are his/her evoked set. The evoked set includes those products already in memory, plus those prominent in the retail environment. For example, Consumer A probably didn't know much about cars,

especially the technical aspects of cars, so probably he had only considered a few major Japanese brands in his memory because he thinks Japanese brands represents value for money and good quality. If a company's product is not included in the list of alternatives or if information about the product is not available to the customer, there is no opportunity to compete actively for the potential business. It is not impossible to change a customer's evaluation but it is very difficult. Therefore the key to good marketing, according to Murray and O'Driscoll (1996), is to understand the evaluation criteria used by the customer.

2.5 Country-of-Origin Image Influence on Purchase Decision

Research by Peterson and Jolibert (1995) showed that country of origin has a strong influence on product decision. Obermiller and Spangenberg (1989) developed a framework that distinguishes between cognitive, affective and normative processing of the country-of-

origin cue. It should be noted that the boundaries between these processes are fuzzy, and cognitive, affective and normative processes are interacting in consumer decision-making (Isen, 1984).

The categorical discussion of cognitive, affective and normative aspects of country-of-origin is conducted as below:

I.   Cognitive Aspects of Country of Origin Effects

Information processing models of consumer decision making generally assume that judgments of product quality are inferred from cues (Steenkamp, 1989; Dawar & Parker, 1994). Country-of- origin is one of the extrinsic cues that signal for overall product quality (Verlegh & Steenkamp, 1999) and quality attributes, such as reliability and durability (Li & Wyer, 1994; Steenkamp, 1989).

The finding regarding the product decision relates to a number of characteristics of the origin country emphasizes the role of general impressions of countries in the country-of-origin effect (Bilkey & Nes, 1982). For example, consumers recognize that the production of high-quality technical products requires a highly trained and educated workforce. Hence, they perceive that such products are of better quality when produced in developed countries (Verlegh & Steenkamp, 1999).

Roth and Romeo (1992) formulated a theoretical framework for the relationship between consumer preferences for a country's products, and perceptions of a country's culture, economy and politics. They argued that consumers' evaluations of a specific product from country X are based on the match between product and country. According to these authors, consumers prefer country X as an origin for specific products when they believe that there is a match between the perceived ``strengths'' of country X and the skills that are needed for manufacturing the product under consideration. A preference for German cars, for example, might be explained by the perception of the workmanship of German engineers, and the fact that Germany is a technologically advanced society.

II.   Affective Aspects of the Country-of-Origin Effect

Country-of-origin effects cannot be attributed solely to the signaling of product quality. It has symbolic and emotional value to consumers and also has affective connotations that

may be formed in direct experiences during holidays or encounters with foreigners, but also in indirect experiences with countries and their citizens through, e.g., art, education and mass media. Such connotations may influence consumers' product or brand attitudes (Obermiller & Spangenberg, 1989).

Consumer's link country of origin to autobiographical memories, to national or ethnic identities and to feelings of status and pride associated with the possession of products from certain countries (Hirschman, 1985; Batra et al., 1999; Botschen & Hemettsberger, 1998; Fournier, 1998).

Country of origin also acts as an expressive or image attribute. Expressive motives would embrace esteem, social and self-actualization needs (Mittal, Ratchford & Prabhakar, 1990). Image attributes reveal how product use and/or ownership associate the consumer with a group, role or self-image (Lefkoff-Hagius & Mason, 1993). It also, links the product to symbolic and emotional benefits, including social status and national pride (Askegaard & Ger 1998; Batra et al., 1998). A noteworthy example of the image attribute is provided by Batra et al. (1999) who found that in India, a western product origin has a substantial positive effect on brand attitudes, even after controlling for perceived quality. The symbolic and social dimension of this phenomenon was further emphasized by the finding that this effect was most powerful for consumers with a high admiration for western lifestyles, and for products of which the consumption and ownership are more publicly visible. Similar findings have been reported in a number of anthropological studies in Nigeria (Arnould, 1989), Romania and Turkey (Ger, Belk & Lascu, 1993).

III.   Normative aspects of the country-of-origin effect

Consumers hold social and personal norms related to country of origin. Purchasing domestic products may be regarded as a right way of conduct, because it supports the domestic economy (Shimp & Sharma, 1987). By the same token, consumers may refrain from buying goods from countries with objectionable activities or regimes (Smith, 1990; Klein, Ettenson & Morris, 1998).

Purchasing a country's products is a way of supporting its economy, the purchase of products from countries that engage in objectionable activities can be regarded as immoral action (Verlegh & Steenkamp, 1999). Smith (1990) coined the term "customer voting" to capture this phenomenon: by deciding to purchase or avoid a country's products consumer's vote- pro or contra the policies and practices of its government. Such behavior

can be found throughout the world, with for example Jewish consumers boycotting German products because of the holocaust and Australian consumers having boycotted French products because of French nuclear tests in the Pacific. Klein et al. (1998) found that Chinese consumers' willingness to buy Japanese products is affected by the economic and military rivalry between the two countries. The purchase of Japanese products is perceived by some Chinese consumers to be equivalent to treason. There are also instances where consumers reward sympathetic countries or regimes through the purchase of their products.

Another salient norm that relates to country of origin is the norm to buy domestic. Many consumers consider it morally appropriate to buy products that are manufactured or grown in their own country (Shimp & Sharma, 1987). In countries such as the US, Canada and the UK, governments, labor unions, and industry groups have been sponsoring campaigns aimed at the establishment of a "buy domestic" norm. Consumer ethnocentrism (Shimp & Sharma, 1987) serves as an important motivation for the decision to purchase domestic products. It refers to consumers' judgments of the morality of purchasing foreign made products. Consumer ethnocentrism has been found to relate positively to consumer preference for domestic products, and negatively to preference for foreign products (Shimp & Sharma, 1987). This indicates that the perceived morality of purchasing foreign (vs. domestic) products indeed has a substantial impact on consumers' product attitudes.

The interplay of cognitive, affective and normative aspects of country-of-origin

In reality, cognitive, affective and normative processes are not separate and independent determinants of preferences and behaviors. They are constantly interacting. As noted by Hoffman (1986), affection provides a motivating force for information processing, and may initiate, terminate or enhance the processing of information. Affective responses to country of origin may thus stimulate or inhibit further consideration of choice alternatives, and influence the retrieval and evaluation of cognitive beliefs related to the country of origin (Isen, 1984; Ger, 1991; Askegaard & Ger, 1998). Positive affect leads to more extensive and more diverse mental representations (Isen, 1984).

Affect has also been found to influence the amount of information that is used to make a decision, and the strategy that is followed to combine this information and arrive at a decision (Cohen & Areni, 1991). Affection thus plays an important role in determining which beliefs are formed, how they are evaluated, and how strongly they are weighted in

the formation of preferences.

Normative judgments related to the purchase of a country's products involve both cognitive and affective responses as well. Schwartz (1973) argued that the impact of personal norms on behavior and decision making is largely based on the fact that a violation of norms results in feelings of guilt and loss of self-esteem, while conformity results in pride and enhanced self-esteem. Consumer ethnocentrism includes affective elements like a "sense of identity" and feelings of belongingness" (Shimp & Sharma, 1987, p. 280). Its effect on preference formation is moderated by cognitive beliefs that consumers have about the extent to which their country or their own job is threatened by foreign competition (Sharma, Shimp & Shin, 1995).

2.6 Theoretical Framework

Theoretical framework is the basis or foundation upon which the study is established. Since, the purpose of this study is to develop theories about the influence of country-of-origin image on consumers' purchase decision, it is essential to develop theoretical

Product Knowledge

Human Fator
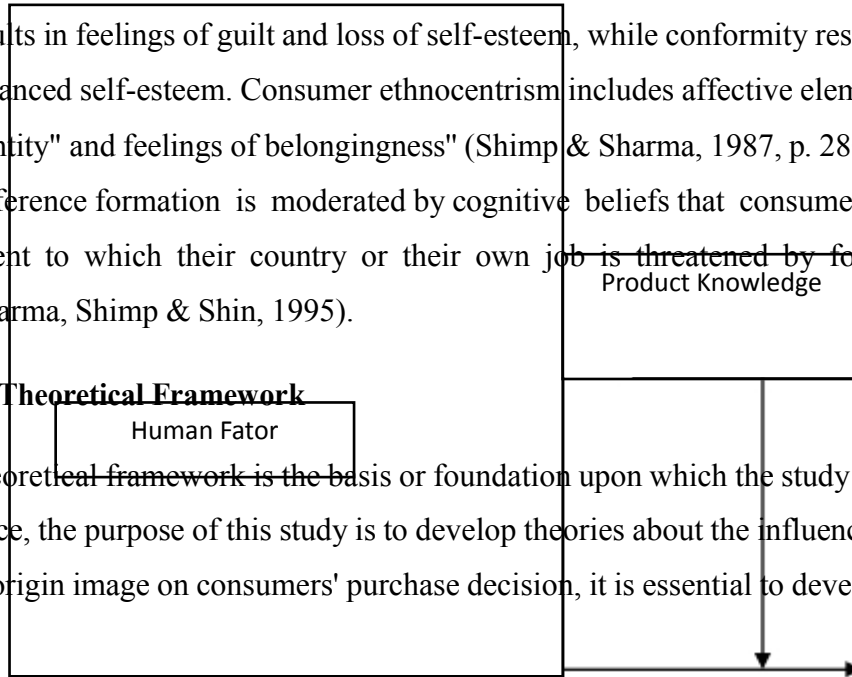
framework. The theoretical framework for this study is presented below in figure 2.1. This framework is developed only after the preliminary survey of literature and information.

Country of Origin Image

Political Dimension

Technological Dimension

Economic Dimension
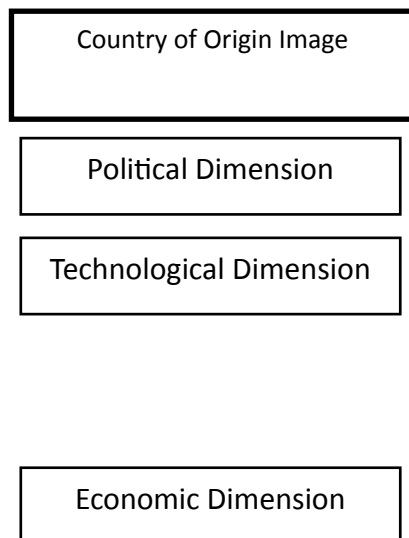
Fig 2.1: Theoretical Framework

The theoretical framework in the figure above shows the relationship between dependent and independent variables and also the moderating variable which has a strong contingent effect on the dependent-independent relationship.

The independent variables derived from the study of different literatures are as below:

1. Country-of-Origin Image

The image of any particular country is formed into the consumers' mind at three levels: cognitive level, affective level or at normative level. The dimensions of country-of-origin image are:

a) Political Dimension

It encompasses several aspects including political system (democratic Vs dictatorial), political stability, peacefulness, degree of freedom and liberty, home country-foreign country relationship, issue of child labor, working conditions, labor exploitation. These are the factor that defines the political situation of the country and hence contributed to shape the image of the country into the mind of consumers.

b) Economic Dimension

This incorporates product origin's level of economic development and industrialization, also the prevailing economic system (market economy Vs command economy), and economic power and degree of economic advancement influences the image of the nation imprinted into the consumers' mind.

c) Technological Dimension

Level of technological research, mode of production (capital Vs labour), and degree of technological advancement contributes to the image formed by the consumers' regarding product's country of origin.

d) Human Factors

Consumers' develops the level of attachment with the people of foreign nation through direct experiences during holidays or encounters with foreigners, or by indirect experiences with countries and their citizens through, e.g., art, education and mass media. This in turn

helps to form the image of the countries. Also, the likability towards the celebrities- actors, sportsmen, industrialist, socialite, leaders etc forms the image of the country.

Similarly the dependent variable involved in the theoretical framework is discussed as below:

1. **Product Purchase Decision**

Product purchase decision involves entire process of consumers' selection of list of brands into the evoked set, assessments of those brands and the intention to make the product choice. Purchase decision is affected by the image consumers' perceived about the country-of-origin of participating brands in the purchase decision, it means that both attitude towards the product and intention to make choice is influenced. The cognitive effect of country-of-origin image on consumers may be it serves as quality reference. Similarly, it may have emotional and symbolic value to consumers. Also, country-of-origin influences social and personal norms of consumer.

The variable that is expected to have moderating role in the proposed relationship is:

1. **Product Knowledge**

Consumers' who have the technical knowledge about the product, and also high level of objective knowledge are less likely to rely on country of origin cues for their purchase intention and product evaluation.

CHAPTER III

RESEARCH DESIGN AND METHODOLOGY

3.1 Research Plan and Design

As stated in the introduction, the purpose of this study is to investigate the influence of country-of-origin image on consumers' purchase decision of foreign products. This chapter describes the sampling process, sample characteristics, instrument development, content reliability, pre-test, statistical analysis plan, data and overall methodology undertaken for the purpose of this research.

The survey is conducted at consumer level through questionnaire method. Related secondary data is collected and analyzed from literature and previous research to verify the hypotheses. Self- administered questionnaire were distributed to the consumers to obtain primary data. The research study is quantitative study. It measures the degree of influence that the country-of-origin image have on consumers' purchase decision. Moreover, the role of country-of-origin image dimensions (political, economic, technological and human) in forming country image is assessed. Also, the modifying effect of product knowledge in the given proposition is tested.

3.2 Type of Study

The nature of this study is descriptive study. The hypothesis testing explains the relationship between country-of-origin image and consumers' purchase decision. This study was conducted through a survey with structured questionnaire because questionnaire is an efficient data collection mechanism (Sekaran, 2003).

This study used various statistical tests such as correlation, regression, mean, standard deviation and etc. The software called Statistical Package for Social Science (SPSS) and Microsoft Excel was used to analyze and interpret the quantitative data, these software are commonly used by researchers and easily available in business settings. The reliability of scales is analyzed using Cronbach's alpha since Cronbach's alpha test is best used for

multipoint-scale items and it is also the most popular test for inter-item consistency reliability (Cavana, Delahaye & Sekaran, 2003).

3.3 Sample Description

Samples were taken among the young Nepalese consumers between the age group of 18 to 35. The reason to choose the sample of this age group is because they are more knowledgeable and brand savvy regarding foreign products .The total sample size taken for the study is 100.For the purpose of this study, one of the non-probabilistic sampling technique i.e., convenience sampling technique is used because of the resource constraint-time and money, and also with the aim to reach the targeted respondents easily. This sampling technique generally assumes a homogeneous population that one person is pretty much like another. Primary data is collected through survey research and for the purpose of data collection, questionnaire is used. The questionnaire is pilot-tested prior to final administration to respondents.

3.4 Instrumentation

Questionnaire is used as the main tool to conduct the survey study. The questionnaire is divided into mainly two parts. The first part contains demographic profile. This is collected for statistical use, to prepare respondents' profile. The next part contains the questions which were used to measure dependent and independent variables. The second part is further divided into three parts. The parts of questionnaire are illustrated in the table as below:

Part	Content
Part A	Demographic Profile
Part B	Country-of-Origin Image
Part C	Product Knowledge
Part D	Purchase Evaluation

the
:ts

3.5 Measurement

The personal demographic questions were asked to the respondents to prepare the respondents' profile. The country-of-origin image was assessed with four dimensions. There were 12 items for country-of-origin image and 6 items for purchase decision. Similarly, there were 3 items for measuring the modifier – product knowledge. All items were evaluated on a five- point Likert scale.

3.6 Pilot Test

Cronbach's Alpha	No. of Items
.837	21

al., 2006). A total of 10 respondents were chosen for the pilot test. The questionnaire were distributed randomly to the respondents within the age group 18-35 in order to determine the reliability of the instrument that is used to measure the variable of this study prior performing data collection in order to achieve the objectives. After the pilot test some of

the words used in the questionnaire were amended prior to the final administration of

questionnaire, the words like "intrinsic attributes" was changed into "internal features" and

"cue" was changed into "reference".

3.7 Data Collection Procedure

For the purpose of conducting this research, data were collected from respondents between

the age group 18-35. In this survey, the data collection method used was self-administered questionnaire. The questionnaire was distributed and administered to the respondents. The researcher personally handover and requests the respondents to fill up the questionnaire. Also, the online mediums were used to fill the questionnaire. The respondents were expected to fill out the questionnaire following the instructions provided in the questions.

3.8 Validity and Reliability

For establishing reliability of the study, the questionnaire was developed carefully along with use of correct word and meaning. A pilot study was conducted for pre-test among certain number of respondents to detect any kind of misunderstanding in the question. Cronbach's Alpha coefficient was also calculated to identify the reliability of the instruments used.

Reliability Statistics

Table 3.2 Cronbach's Alpha Coefficients

Reliability statistics is typically associated with internal consistency and its value ranges from 0 to 1. Sekaran (2000) stated that Cronbach's Alpha coefficient less than 0.6 are considered poor, greater than 0.6 but less than 0.8 are considered acceptable and greater than 0.8 are considered good. Table 3.2 shows the Cronbach's alpha coefficients of the questionnaire asked to respondents, which is above 0.8, which means the reliability of the instrument used is good.

Similarly, for establishing the validity, the questionnaire was prepared under the guidance of an expert who oversaw the questionnaire making process and helped the researcher to

come with a standard set of questions in such a way that items on questionnaire cover the full range issues relevant to the phenomenon that researcher is studying.

3.9 Data Analysis

For the purpose of analysis of the data collected, software such as SPSS and Microsoft Excel were used. SPSS is analytical and scientific software used to organize the data,

determine significant relationships and identify difference, similarities with and between different categories of respondents. For this research purpose descriptive statistics, reliability analysis, correlation analysis and regression analysis were performed in order to accomplish the objectives of the study. The data analysis included the following:

- The establishment of Cronbach's Alpha for the reliability of the instrument used
- Demographic Profile of Respondent
- The frequency distribution for several of the measures
- Measures of Central Tendency and Dispersion
- Pearson Correlation Hypothesis testing
- Regression analysis for assessing the effect of modifier i.e. product knowledge

CHAPTER IV

RESULTS AND DISCUSSION

The purpose of this chapter is to analyze and interpret the data collected through the study

Gender	No. of Respondents	Percentage (%)
Male	47	52
Female	43	48

are taken into account.

This chapter is further divided into four sub-sections. The first part deals with the respondent's profile. It gives detail information about the respondents' age, gender, academic qualifications and occupation. The second part analyzes and interprets data through descriptive analysis and third part analyzes and interprets the collected data through correlation between dependent and independent variables. And the final part is the discussion of the results obtained through analysis.

4.1 Respondents' Profile

In total 100 respondents were selected for this survey and the questionnaire were distributed to them through either personal visit or through e-mail. Among them, only 90 respondents give their response to the questionnaire. Hence, the response rate was ninety percent. The respondents were the young consumers of age group 18-35 and all the respondents were from inside the Kathmandu Valley. The questionnaire was presented to each of them in English language and in the same format.

Table 4.1: Gender of Respondents

4.1.1 Gender of Respondents

Table 4.1 show the gender distribution of the respondents. The number of

Education	No. of Respondents	Percentage
Bachelors	52	58%
Masters	38	42%

respondents in comparison to female respondents.

Table 4.2 Ages of Respondents

4.1.2 Age Group of Respondents

Table 4.2 the age distribution of the respondents. It is clear that 24

Age	No. of Respondents	Percentage
18-23	24	27%
24-29	44	49%
30-35	22	24%

4.1.3 Academic Qualification of the Respondents:

Table 4.3: Academic Qualification of the Respondents

Table 4.3 show the academic qualification of the respondents. The

academic qualification was divided into two categories, Masters and Bachelors. Among the 90 respondents, 52 respondents had qualification of Bachelors Level and remaining 38 respondents had academic qualification of Masters Level. So, the sample contains 42% respondents having Masters Degree and 58% having Bachelors Degree.

4.1.4 Occupation Status of the Respondents

Occupation	No. of Respondents	Percentage
Student	47	52%
Self-Employed	9	10%
Service	24	27%
Others	10	11%

Table 4.4 show the occupation status of the respondents. Out of 90 respondents 47 of them were students, 9 of them were self-employed, 24 of them were engaged in service and remaining 10 respondents select others option. In percentage, 52% of them were students, 27% of them were service holders, 10% were self-employed entrepreneurs and remaining 11% were engaged in some other occupation.

4.2 Descriptive Analysis

		Q1) ......it has political system (democratic/communism) of my preference.	Q2) ...... it has high respect for human rights.	Q3) ......it is peaceful.	Q4) ......it is friendly to Nepal in world affairs.
N	Valid	90	90	90	90
	Missing	0	0	0	0
Mean		3.03	4.14	4.13	3.91
Std. Deviation		1.249	1.076	1.220	1.067
Minimum		1	1	1	1
Maximum		5	5	5	5

Likert Scale questions were asked to the respondents which scaled from 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree) to 5 (strongly agree). Number of respondents in each question item was 90.

Here country-of-origin has been measured through its four dimensions, political dimension, economic dimension, technological dimension and human factors. Similarly, product knowledge and consumers' purchase decision was also measured. Questions related to each variable and their descriptive statistics are shown below.

4.2.1 Political Dimension

Q. I will form favorable image of country X in my mind if,

Table 4.5 Descriptive Study of Political Dimension

Table 4.5 shows the view of respondents regarding political dimension of country-of-origin. In the given Table 4.2.1, Q2 and Q3 has mean value higher than 4, i.e., 4.14 and 4.13 respectively, which implies that political dimension is highly important in forming the

image of country X. Similarly, Q4 has mean value of 3.91and Q1 has lowest value of mean i.e. 3.03. Hence, Q2 is the most prioritized issue of political dimension as it scored highest mean value of 4.14.

4.2.1.1 Frequency Analysis of Issues of Political Dimension

1.   I will form favorable image of country X in my mind if, it has political system (democratic/communism) of my preference.

Strongly Agree — 11

Agree — 24

Neutral — 26

Disagree — 15

Strongly Disagree — 14

| 0 | 5 | 10 | 15 | 20 | 25 | 30 |
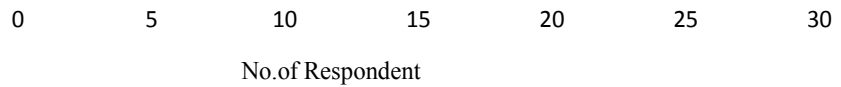
No.of Respondent

Figure 4.5 Responses on Political System

Among the 90 respondents, as far as this question was concerned, while 14 respondents strongly believe that political system does not matter when it came to forming favorable image of the country X, 15 believed that in one way or the another political system has nothing to do with forming favorable image of the country X. However, there were respondents who had a different opinion. 11 respondents strongly believe that political system does matter in forming image of country X, at the same time 24 respondents felt that political system was important in forming favorable image of country X. On the other hand, there were 26 respondents who remained neutral to this question.

2. I will form favorable image of country X in my mind if, it has high respect for human rights.

					42
Strongly Agree				32	
Agree					
	7				
Neutral					
	5				
Disagree					
Strongly Disagree	4				

| 0 | 10 | 20 | 30 | 40 | 50 |
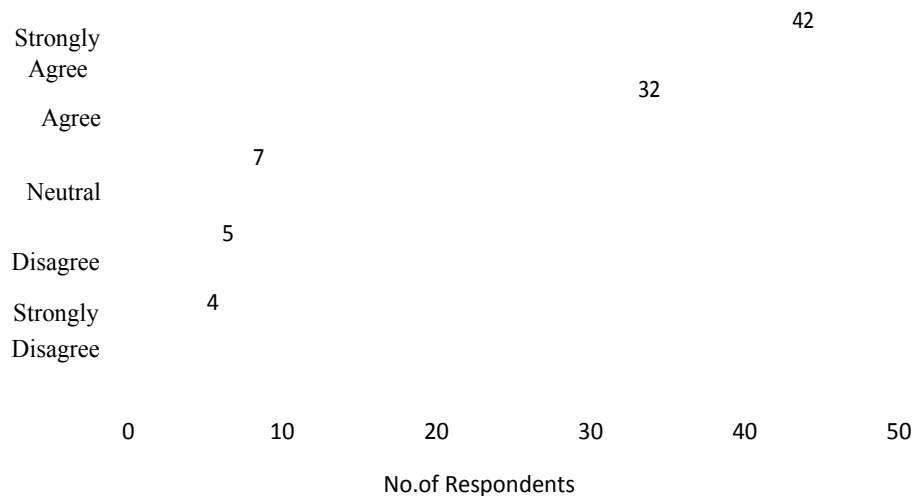
No.of Respondents

Figure 4.2 Responses on Human Rights

From the above bar chart, it can be derived that 74 people believed that a country X will infer a favorable image when it has high respect for human rights. However, there were 9 such respondents who had a different opinion. Also, there were 7 respondents who

remained indecisive of this question.

3. I will form favorable image of country X in my mind if, it is peaceful.


```
Strongly
Agree                                              48
  Agree                              25
               4
Neutral
               7
Disagree
Strongly       6
Disagree
          0      10     20     30     40     50     60
                        No. of Respondents
```
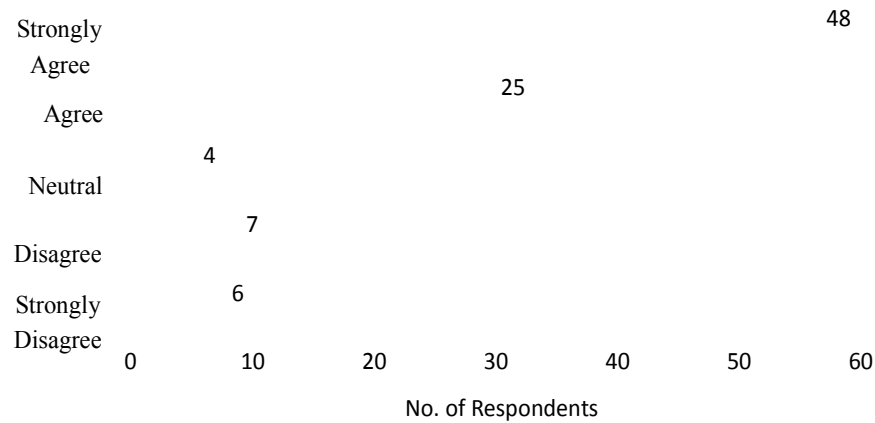
Figure 4.3 Responses on Peacefulness

The above bar chart shows that, around 73 respondents opined that they suppose to develop favorable image of country X, if the country is peaceful. However, 13 people have contrasting views, while 4 respondents opted to stay neutral in this question.

4. I will form favorable image of country X in my mind if, it is friendly to Nepal in world affairs.


```
Strongly Agree                    28
  Agree                                   41
                    10
Neutral
             7
Disagree
      4
Strongly
Disagree
       0      10     20     30     40     50
                   No. of Respondents
```
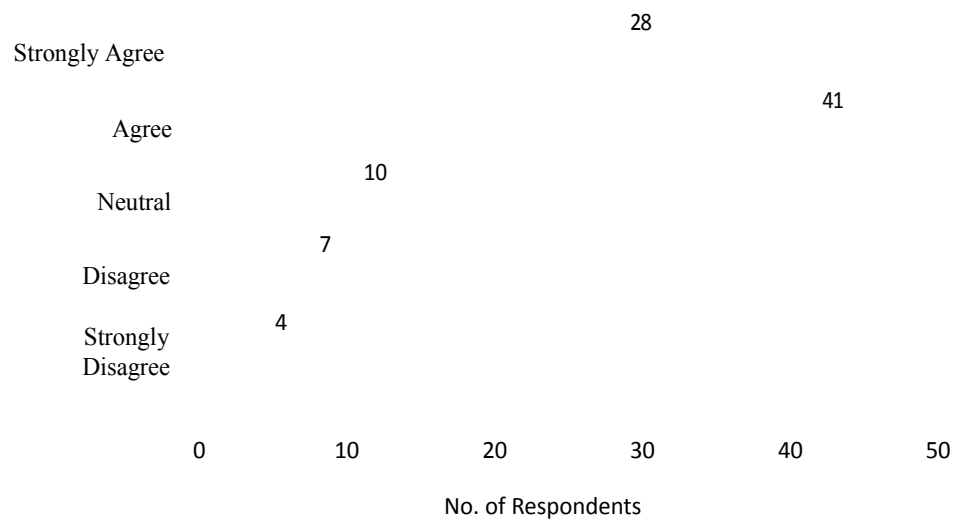
Figure 4.4 Responses on Degree of Friendship between Home and Foreign Nation

From the above bar chart, 41 respondents agreed that they will form favorable image of country X, if that country is friendly with Nepal in world affairs, at the same time 28 respondents strongly felt friendship between home and foreign nation is important in

	Q5) ……it has economic system of my conviction (free market/planned).	Q6) ……it has high level of industrialization.	Q7) ……it has highly developed economy.
N Valid	90	90	90
Missing	0	0	0
Mean	3.56	3.52	3.79
Std. Deviation	1.092	1.154	1.166
Minimum	1	1	1
Maximum	5	5	5

4.2.2 Economic Dimension

Q. I will form favorable image of country X in my mind if,

Table 4.6 Descriptive Study of Economic Dimension

In Table 4.6, all the questions scored mean value above 3 (mid-range value) which also implies that economic dimension plays role in forming image of country X in the mind of respondents. Among the set of questions of this dimension, Q7 scored the highest mean value i.e. 3.79, meaning that respondents agreed that country which has highly developed economy will have favorable image on their mind. Similarly, Q5 scored mean value 3.56

which indicates that respondents' conviction regarding economic system is important to form country image. However, among three questions asked for measuring economic dimension, Q6 is the least rated question which scored 3.52 indicating that consumers are influenced by the level of industrialization when it comes to forming image of country X.

4.2.2.1 Frequency Analysis of Issues of Economic Dimension

5. I will form favorable image of country X in my mind if, it has economic system of my conviction (free market/planned).
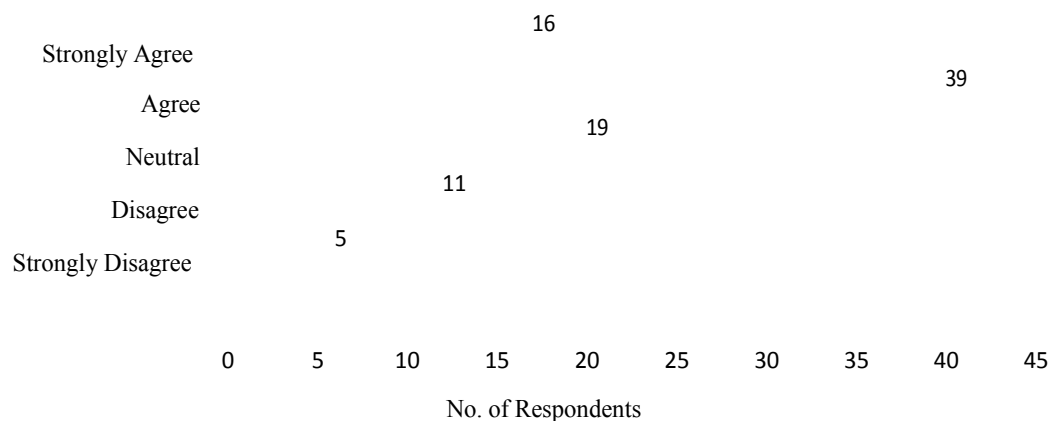
Figure 4.5 Responses on Economic System

The bar chart above shows that, 39 respondents agreed that they will form favorable image of country X, if that country has economic system of their conviction, at the same time 16 respondents strongly felt that economic system they preferred is important in forming favorable image of country X. However, 16 people have opposite views, while 19 respondents remain neutral to this question.

6. I will form favorable image of country X in my mind if, it has high level of

industrialization.

Scale	Value
Strongly Agree	19
Agree	32
Neutral	22
Disagree	11
Strongly Disagree	6
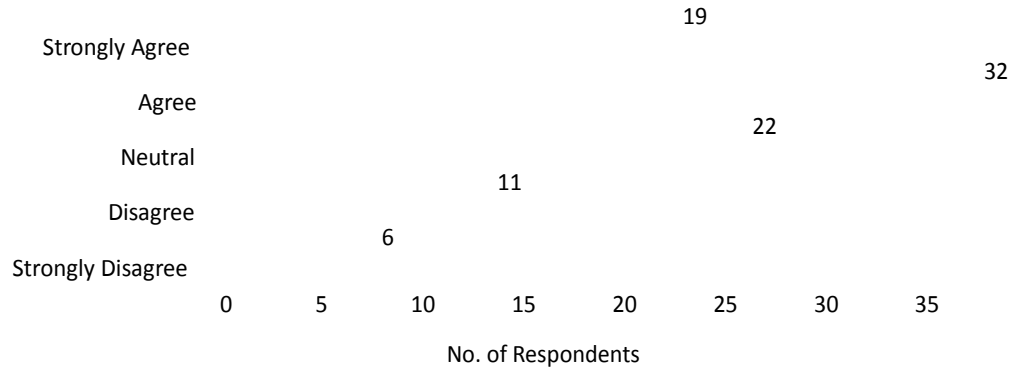
Figure 4.6 Responses on Level of Industrialization

From the above bar chart, around 51 respondents opined that they suppose to develop favorable image of country X, if the country is highly industrialized. However, 17 people think that level of industrialization does not really matter to have a favorable image of country X, while 22 respondents opted to stay neutral in this question.

7. I will form favorable image of country X in my mind if, it has highly developed economy.

| Scale	Value
Strongly Agree	28
Agree	34
Neutral	15
Disagree	7
Strongly Disagree	6

Figure 4.7 Responses on Level of Economic Development

The bar chart above shows that, 34 respondents agreed that they will form favorable image of country X, if that country has highly developed economy, at the same time 28

respondents strongly felt that level of economic development is important in forming favorable image of country X. However, 13 people have contrasting views, while 15 respondents remain indecisive regarding this question of economic dimension.

	Q8) ……it has high level of technological research.	Q9) ……it is technologically advanced.
N Valid	90	90
Missing	0	0
Mean	3.81	4.03
Std. Deviation	1.131	1.166
Minimum	1	1
Maximum	5	5

4.2.3 Technological Dimension

Q. I will form favorable image of country X in my mind if,

Table 4.7 Descriptive Study of Technological Dimension

In Table 4.7, both the questions scored mean value above 3 (mid-range value) which also implies that technological dimension plays role in forming image of country X in the mind of respondents. Among the two set of questions of this dimension, Q9 scored the highest mean value i.e. 4.03 meaning that respondents agreed that country which is technologically advanced will have favorable image on their mind. Similarly, Q8 scored mean value of 3.81 indicated that respondents' less prioritized the issue of technological research of the technological dimension, than the previous one.

4.2.3.1 Frequency Analysis of Issues of Technological Dimension

8. I will form favorable image of country X in my mind if, it has high level of technological research.
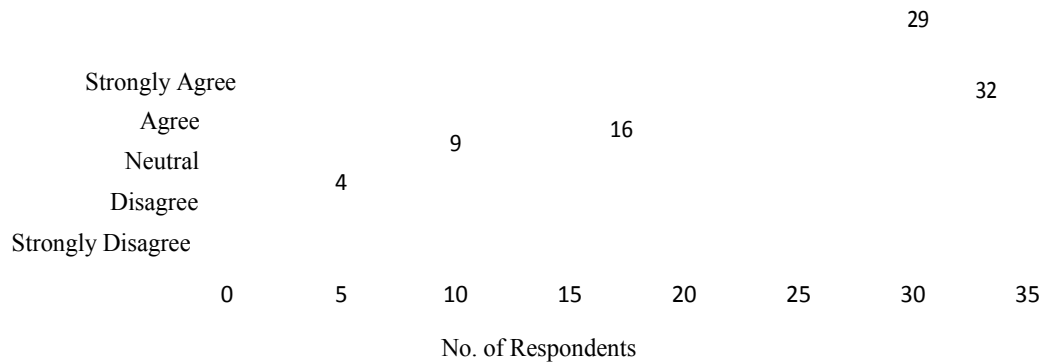
Figure 4.8 Responses on Level of Technological Research

From the above bar chart, around 61 respondents opined that they infer favorable image of country X, if it has high level of technological research. However, 13 people have different views, while 16 respondents opted to stay neutral in this question.

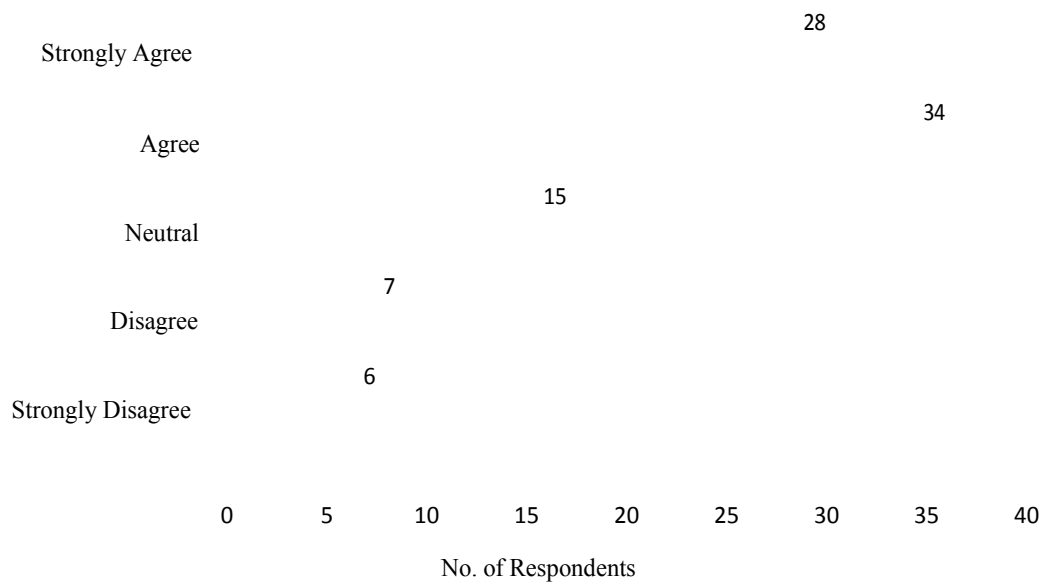9. I will form favorable image of country X in my mind if, it is technologically advanced.
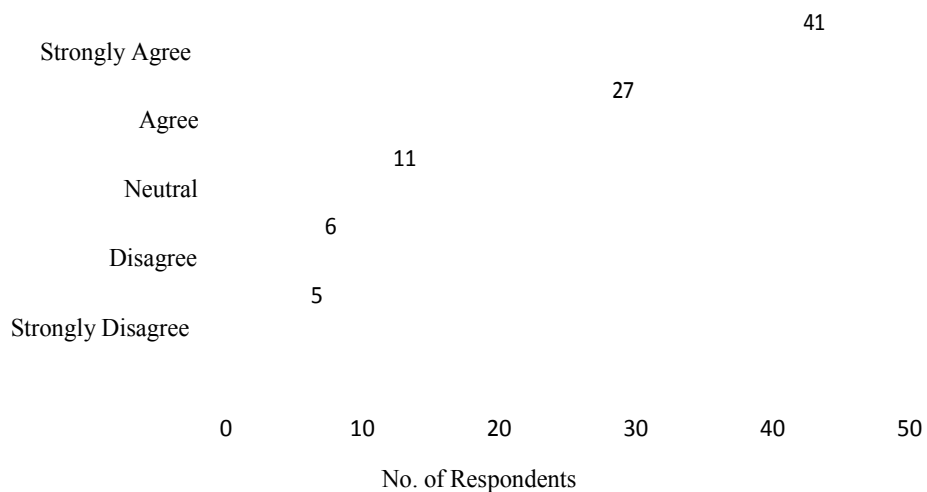
Figure 4.9 Responses on Technological Advancement

The bar chart above shows that, 41 respondents strongly agreed that they will form favorable image of country X, if that country is technically advanced, at the same time 27

respondents felt that advancement in technology is important in forming favorable image of country X. However, 11 people have contrasting views, while 27 respondents remain indecisive regarding this question of technological dimension.

4.2.4 Human Factors

	Q10) ……it has highly skilled technical manpower.	Q11) ……I like celebrities of that country.	Q12) ……the people of that country are humble and friendly through (direct/indirect) experience.
N Valid	90	90	90
Missing	0	0	0
Mean	3.79	2.63	3.47
Std. Deviation	1.055	1.353	1.192
Minimum	1	1	1
Maximum	5	5	5

Table 4.8 Descriptive Study of Human Factors

In the case of human factors influence on forming image of country X, three questions were asked to the respondents. Among those three questions Q10 scored highest mean value with 3.79 and Q12 scored mean value of above 3 (mid-range value) i.e. 3.47. So, it can be inferred that if the country X has highly skilled manpower, and also if respondents find the people of country X humble and friendly then they will form favorable image of country X in their mind. However, Q11 scored mean value of 2.63, which is below the mid-range value 3. Hence, it is safer to conclude that likability of celebrities need not lead to formation of favorable image of their respective country in the mind of consumers.

4.2.4.1 Frequency Analysis of Issues of Human Factors

10. I will form favorable image of country X in my mind if, it has highly skilled technical manpower.

Strongly Agree   22

Agree   43

Neutral   13

Disagree   8

Strongly Disagree   4

0   10   20   30   40   50
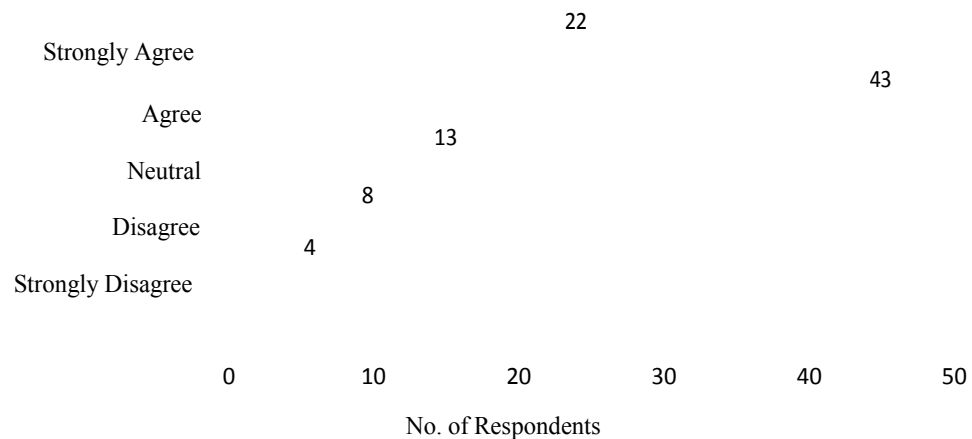
No. of Respondents

Figure 4.10 Responses on Technically Skilled Manpower

The bar chart above shows that, among 90 respondents, 65 of them believe that the favorable image of country X is created if it has the technical manpower. Nevertheless, there were 12 such respondents who believe technical manpower is not a critical issue to form favorable image of any country, while 13 respondents voted to stay neutral in this issue of human factors.

11. I will form favorable image of country X in my mind if, I like celebrities of that country.

Strongly Agree   11

Agree   14

Neutral   20

Disagree   21

Strongly Disagree   24

| 0 | 5 | 10 | 15 | 20 | 25 | 30 |
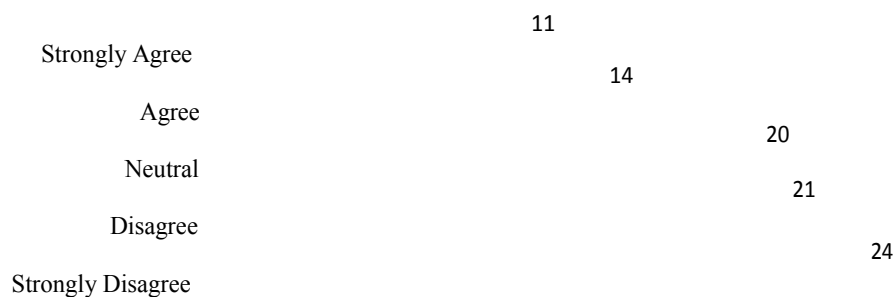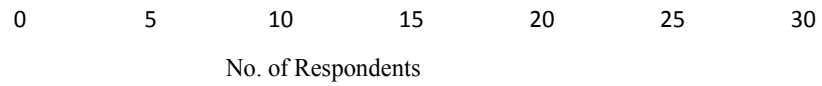
No. of Respondents

Figure 4.11 Responses on Likability of Celebrities

Among the 90 respondents, as far as this question was concerned, while 24 respondents strongly believe that likability of celebrities does not matter when it came to forming favorable image of the country X, 21 believed that in one way or the another liking celebrities has nothing to do with forming favorable image of the country X. However, there were respondents who had a different opinion. 11 respondents strongly believe that likability of celebrities does matter in forming image of country X, at the same time 14 respondents felt that liking celebrity was important in forming favorable image of country X. On the other hand, there were 20 respondents who remained neutral to this question.

12. I will form favorable image of country X in my mind if, the people of that country are humble and friendly through (direct/indirect) experience.

Strongly Agree   20

Agree   26

Neutral   28

Disagree   8

Strongly Disagree   8

| 0 | 5 | 10 | 15 | 20 | 25 | 30 |
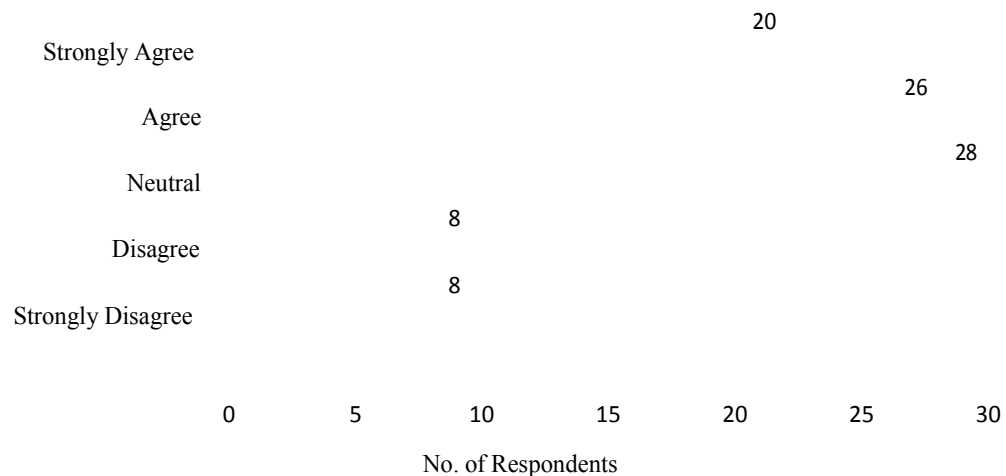
No. of Respondents

Figure 4.12 Responses on Likability of People

From the above bar chart, around 46 respondents opined that they infer favorable image of country X, if they find the people of that country humble and friendly. However, 16 people have different views, while 28 respondents opted to stay neutral in this question.

		Political	Economic	Technological	Human
N	Valid	90	90	90	90
	Missing	0	0	0	0
Mean		3.8056	3.6222	3.9222	3.2963
Std. Deviation		.88351	.93909	1.10898	.82629
Minimum		1.00	1.00	1.00	1.00
Maximum		5.00	5.00	5.00	5.00

Table 4.9 Descriptive Statistics of Overall Country-of-Origin Image

Table 4.9 shows overall dimensions of country-of-origin image. Here in this Table 4.9 we can see that all the dimensions of country-of-origin image scored mean value of more than 3. So, we can infer that all four dimensions are crucial in forming the image of country-of-origin in the mind of consumers. However, technological dimension scored highest i.e. 3.9222. The second high scored dimension is political dimension which scored 3.8056. The third scoring dimension is economic dimension which scored 3.6222. The least scoring dimension is human factors which scored 3.2963. Though human factors mean value is relatively less compared to all other dimensions, still it has mean value of above 3. This indicates that these four dimensions contribute in forming country-of-origin image in people's mind.

4.2.6 Purchase Decision

	N	Minimum	Maximum	Mean	Std. Deviation
Q13) I use country-of-origin as a reference to evaluate quality of foreign products.	90	1	5	3.69	.979
Q14) I believe that country should have perceived strength and skill to manufacture product.	90	1	5	3.92	.974
Q15) I purchase foreign products originated from certain country to enhance my self-image.	90	1	5	3.13	1.265
Q16) I believe purchasing foreign products originated from certain country will enhance my social status and pride.	90	1	5	3.21	1.276
Q17) I like to purchase foreign product originated from country which have positive relationship with my country.	90	1	5	2.97	1.194
Q18) I do not purchase the foreign product if I don't like it's country-of-origin.	90	1	5	2.47	1.173

Table 4.10 Descriptive Statistics of Purchase Decision

The table above shows the descriptive statistics of response on the purchase decision by the respondents. Among the six questions Q14 scored highest mean value of 3.92, which indicate that respondent think that a country should have sufficient skill and strength to

manufacture a particular product. Similarly, Q13 scored second highest mean of 3.69, which means that country-of-origin serves as a reference to evaluate the quality of foreign products. Also, Q15 and Q16 has mean value higher than mid-range value 3, i.e. 3.13 and 3.21 respectively, which means consumers believe in purchasing products originated from certain country to enhance their self-image and also the social status and pride. However, Q17 and Q18 scored mean value lower than 3, i.e. 2.97 and 2.47. It means that good relationship of home country with foreign country has nothing to do with consumers' purchase decision, and country-of-origin is not the single yardstick they use to make purchase decision.

4.2.6.1 Frequency Analysis of Purchase Decision

13. I use country-of-origin as a reference to evaluate quality of foreign products.
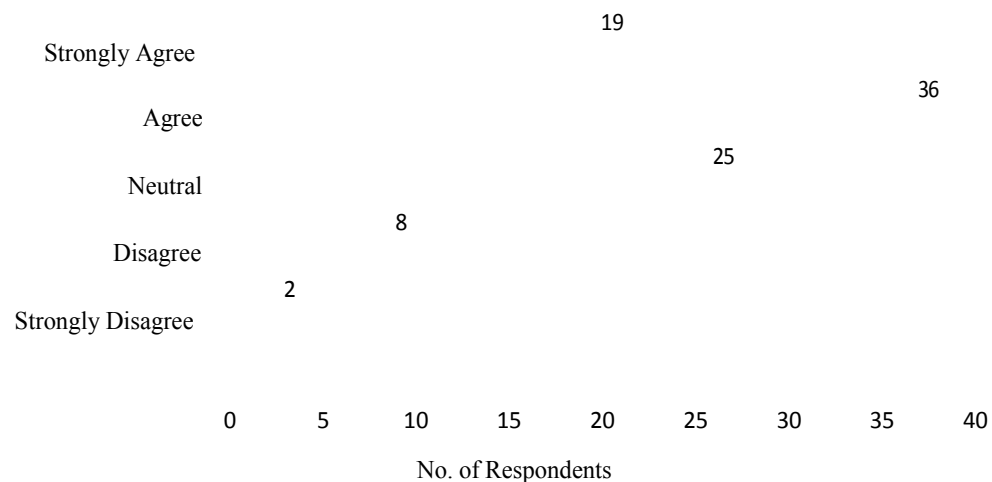
Figure 4.13 Responses on Quality Reference

From the above bar chart, around 55 respondents approved that they use country-of-origin as a cue to evaluate quality of product. However, 10 people think that quality can't be determined on the basis of country-of-origin, while 25 respondents preferred to stay neutral in this question.

14. I believe that country should have perceived strength and skill to manufacture product.

Strongly Agree — 24

Agree — 47

Neutral — 10

Disagree — 6

Strongly Disagree — 3

No. of Respondents (0, 10, 20, 30, 40, 50)
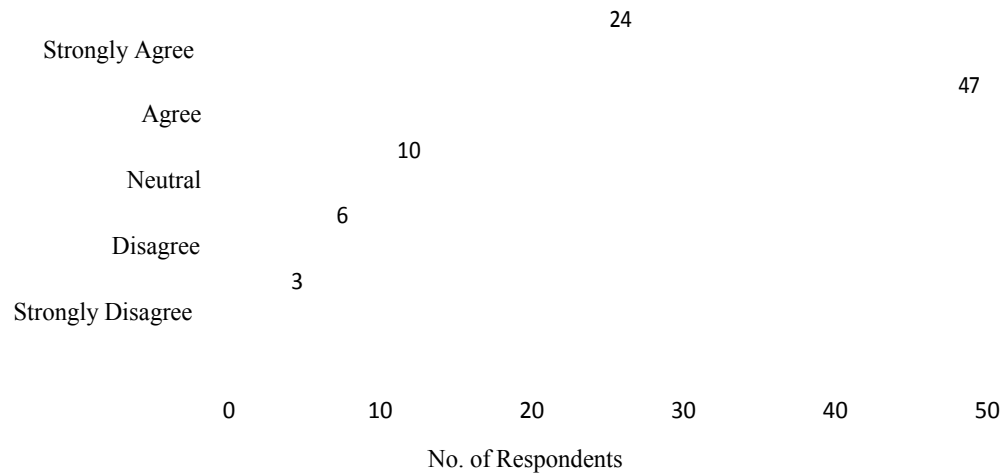
Figure 4.14 Responses on Perceived Strength and Skill

The bar chart above shows that, among 90 respondents, 71 of them think that the country should have sufficient strength and skill to manufacture the product. However, there were 9 respondents who have contrasting views in this issue, while 10 respondents voted to stay neutral in this issue.

15. I purchase foreign products originated from certain country to enhance my self-image.

Strongly Agree — 13

Agree — 28

Neutral — 18

Disagree — 20

Strongly Disagree — 11

No. of Respondents (0, 5, 10, 15, 20, 25, 30)
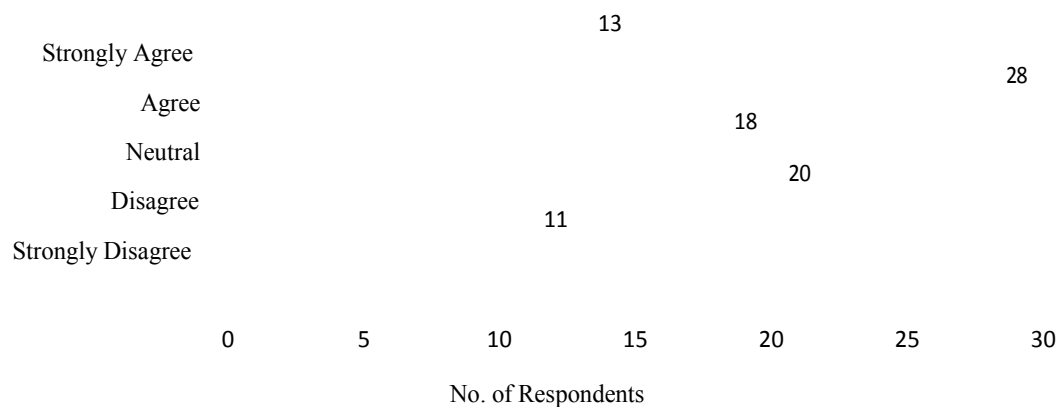
Figure 4.15 Responses on Self-Image

The bar chart above shows that, 41 respondents believe that their self-image will be enhanced if they use products originated from certain country. However, another 31 respondents have other views they don't think that self-image will be enhanced by using product from specific country. There were 18 respondents who were neutral on this issue.

16. I believe purchasing foreign products originated from certain country will enhance my social status and pride.

Strongly Agree	16
Agree	26
Neutral	19
Disagree	19
Strongly Disagree	10

0   5   10   15   20   25   30
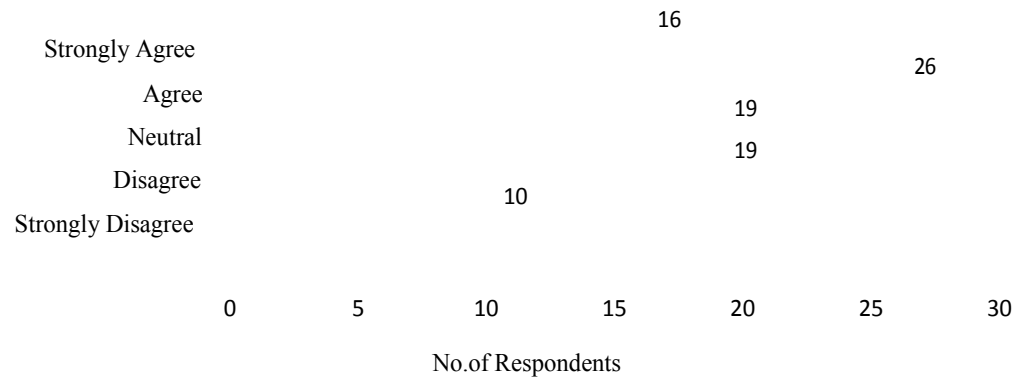
No.of Respondents

Figure 4.16 Responses on Social Status and Pride

From the above bar chart, 42 respondents believe that purchasing product from a specific country will enhance their social status and pride. However, 29 people have contrasting view on this issue, while 19 others were indecisive in this question.

17. I like to purchase foreign product originated from country which have positive relationship with my country

Strongly Agree	11
Agree	19
Neutral	26
Disagree	24
Strongly Disagree	10

0   5   10   15   20   25   30
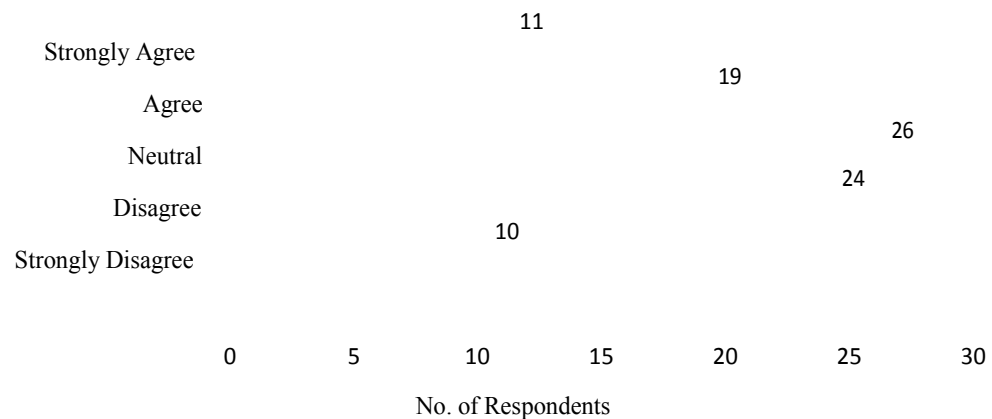
No. of Respondents

Figure 4.17Responses on Relationship between Home and Foreign Nation

As per the data represented in the bar chart above, 34 respondents believe that their purchase decision is not influenced by the relationship between the home and foreign nation. Meanwhile, 30 respondents believe that relationship between the home and foreign nation has something to do with their purchase decision, and 26 other respondents decided to stay neutral in this issue.

18. I do not purchase the foreign product if I don't like it's country-of-origin.

Strongly Agree — 5
Agree — 14
Neutral — 20
Disagree — 30
Strongly Disagree — 21
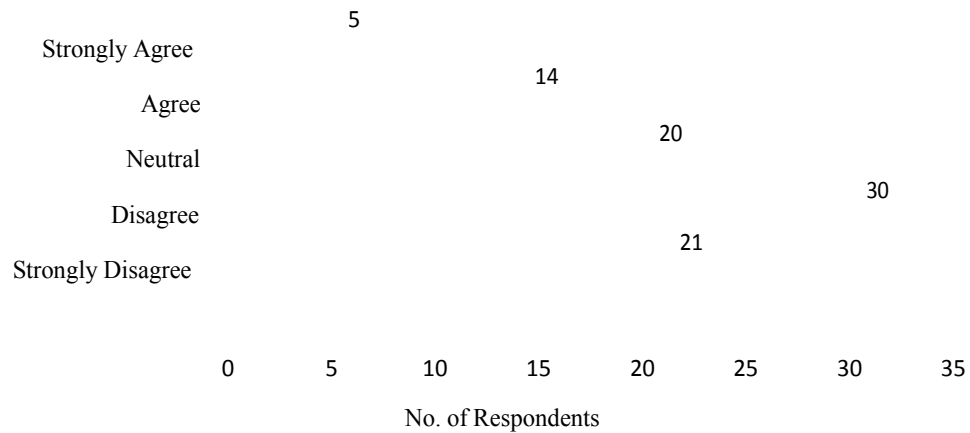
No. of Respondents

Figure 4.18 Responses on Purchase Decision and Country-of-Origin

The bar chart above shows that 51 respondents opined that they will purchase the product form the country even if they don't like it. However, 19 respondents acknowledge have different opinion, while 20 people stays neutral in this issue.

		Q19) ......I am able to assess internal features of product.	Q20) ......I believe I have technical knowledge of product.	Q21) ......country-of-origin no longer serves as an indicator of product quality because of the knowledge I have regarding product.
N	Valid	90	90	90
	Missing	0	0	0
Mean		3.77	3.71	3.77
Std. Deviation		1.028	1.030	.925
Minimum		1	1	1
Maximum		5	5	5

Table 4.11 Descriptive Statistics of Product Knowledge

Table 4.11 shows the descriptive statistics of product knowledge. Product knowledge serves as a modifier in the given relationship between country-of-origin image and consumers' purchase decision. All three questions of this variable have mean value above mid-range value 3; the highest mean value is of Q19 and Q21, i.e. 3.77 each respectively. This implies that consumers' do not use country-of-origin as a cue if they can assess the intrinsic attributes of the product and if they don't have to rely on country-of-origin to evaluate product quality. Also the mean value of Q20 is not far away from the highest value, it is just slightly lower than the highest mean, i.e. 3.71 which means consumers do not use country-of-origin as a reference to make purchase decision if they have technical knowledge about the product.

4.2.7.1 Frequency Analysis of Product Knowledge

19. I don't use country-of-origin image as a reference for my purchase decision, if I am able to assess internal features of product.
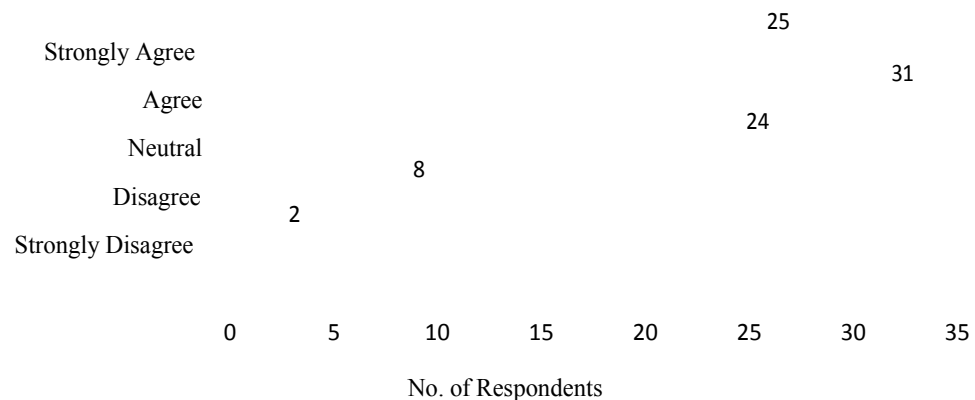
Figure 4.23 Responses on Ability to Assess Internal Features

The bar chart above shows that among the 90 respondents, 25 of them strongly felt that there is no need to use country-of-origin image as a reference if they can assess the internal features of the product. Also, other 31 respondents believe that image of country-of-origin has nothing to do with their purchase decision if they are able to analyze the intrinsic attributes of the product. However, 10 other respondents have different views regarding this issue, while 24 respondents opted to stay neutral.

20. I don't use country-of-origin image as a reference for my purchase decision, if I believe I have technical knowledge of product.
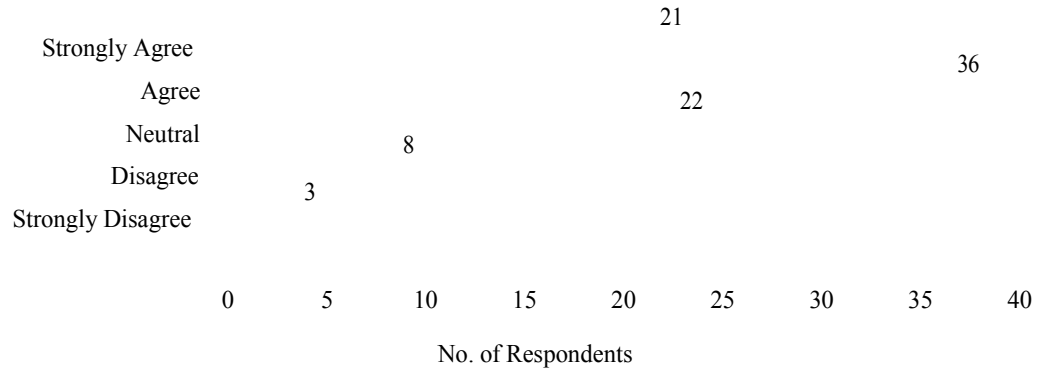
Figure 4.20 Responses on Technical Knowledge

From the above bar chart, 57 respondents believe that there is no need to use country-of-origin as a reference while making purchase decision, if they have technical knowledge about the product. However 11 respondents think that reference of products' country-of-origin is needed even if they believe to have technical knowledge, while 22 respondents stays neutral to this question.

21. I don't use country-of-origin image as a reference for my purchase decision, if country-of-origin no longer serves as an indicator of product quality because of the knowledge I have regarding product.
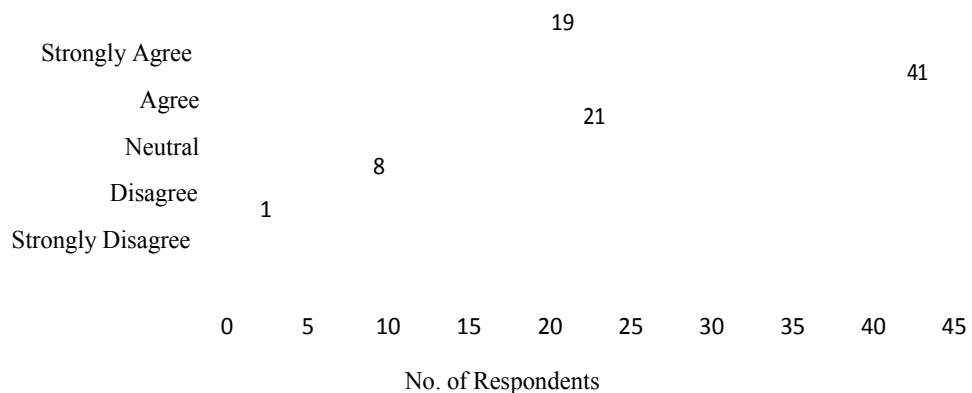
Figure 4.21 Responses on Quality Indicator and Product Knowledge

The bar chart above shows, 60 respondents agreed that they do not use country-of-origin as a cue, if it does not signal the product quality because of the knowledge people have

regarding product. However, there were negligible amount of respondents i.e. 9 who have different view on this issue, while 21 respondents voted to stay neutral.

4.3 Hypothesis Test

This section deals with the analysis of possible relationships between prior formulated variables. For this purpose, the researcher tested hypotheses conducting correlation analysis between the dimensions of country-of-origin image and consumers' purchase decision using SPSS software.

4.3.1 Political Dimension and Consumers' Purchase Decision

4.3.1.1 Hypothesis (H0₁): There is no relationship between political dimension of product's country-of-origin and consumers' purchase decision of foreign products

Correlations

		Political Dimension	Purchase Decision
Political Dimension	Pearson Correlation	1	.214*
	Sig. (2-tailed)		.042
	N	90	90
Purchase Decision	Pearson Correlation	.214*	1
	Sig. (2-tailed)	.042	
	N	90	90

*. Correlation is significant at the 0.05 level (2-tailed).

Table 4.12 Correlation between Political Dimension and Purchase Decision

Table 4.12 shows the correlation analysis between political dimension and purchase decision. Since the p value is less than alpha i.e. $0.042 < 0.05$, the correlation is significant between the variables. Further, with the correlation coefficient value of 0. 214, it can be said that there is positive relationship between political dimension and purchase decision. Hence, there is a significant relationship between political dimension of product's country-of-origin and consumers' purchase decision of foreign products. Therefore, hypothesis *(HO₁)* is rejected at, 0.05 level of significance.

4.3.2 Economic Dimension and Consumers' Purchase Decision

4.3.2.1 Hypothesis (H0₂): There is no relationship between economic dimension of product's country-of-origin and consumers' purchase decision of foreign products

Correlations

		Technological Dimension	Purchase Decision
Technological Dimension	Pearson Correlation	1	.214*
	Sig. (2-tailed)		.043
	N	90	90
Purchase Decision	Pearson Correlation	.214*	1
	Sig. (2-tailed)	.043	
	N	90	90

Table 4.13 shows the correlation analysis between economic dimension and purchase decision. Since the p value is less than alpha i.e. $0.083 < 0.10$, the correlation is significant between the variables, at 10% level of significance. The correlation coefficient value of 0.184 indicates that there is positive relationship between economic dimension of product's country-of-origin and consumers' purchase decision of foreign products. Therefore hypothesis *(H0₂)* is rejected at, 0.10 level of significance.

4.3.3 Technological Dimension and Consumers' Purchase Decision

4.3.3.1 Hypothesis (H0₃): There is no relationship between technological dimension of
product's country-of-origin and consumers' purchase decision of foreign products

Correlations

		Human Factors	Purchase Decision
Human Factors	Pearson Correlation	1	.352**
	Sig. (2-tailed)		.001
	N	90	90
Purchase Decision	Pearson Correlation	.352**	1
	Sig. (2-tailed)	.001	
	N	90	90

Table 4.14 Correlation between Technological Dimension and Purchase Decision

Table 4.14 shows the correlation analysis between technological dimension and purchase decision. Since the p value is less than alpha i.e. 0.043< 0.05, the correlation is significant between the variables. Further, with the correlation coefficient value of 0.214, it can be said that there is positive relationship between technological dimension and purchase decision. Hence, there is a significant relationship between technological dimension of product's country-of-origin and consumers' purchase decision of foreign products. Therefore hypothesis *(H0₃)* is rejected at, 0.05 level of significance.

4.3.4 Human Factors and Consumers' Purchase Decision

4.3.4.1 Hypothesis (H0₄): There is no relationship between human factors of product's country-of-origin and consumers' purchase decision of foreign products

Correlations

		Overall Country-of-Origin Image	Purchase Decision
Overall Country-of-Origin Image	Pearson Correlation	1	.293**
	Sig. (2-tailed)		.005
	N	90	90
Purchase Decision	Pearson Correlation	.293**	1
	Sig. (2-tailed)	.005	
	N	90	90

Table 4.15 Correlation between Human Factors and Purchase Decision

Table 4.15 shows the correlation analysis between human factors and purchase decision. Since the p value is less than or equal to alpha i.e. $0.01 <= 0.01$, the correlation is significant between the variables. Further, with the correlation coefficient value of 0.352, it can be said that there is positive relationship between human factors and purchase decision. Hence, there is a significant relationship between human factors of product's country-of-origin and consumers' purchase decision of foreign products. Therefore, hypothesis *(H0₄)* is rejected at, 0.01 level of significance

4.3.5 Overall Country-of-Origin Image and Consumers' Purchase Decision

4.3.5.1 Hypothesis (H0): Overall image of country-of-origin have no relationship with

consumers' purchase decision

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.669	.240		11.134	.000
Modified Political	-.010	.026	-.068	-.372	.711
Modified Economic	-.016	.028	-.109	-.564	.574
Modified Technological	.001	.021	.008	.044	.965
Modified Human Factors	.073	.032	.437	2.253	.027

Table 4.16 shows the correlation analysis between overall country-of-origin image and purchase decision. Since the p value is less than alpha i.e. 0.005 < 0.01, the correlation is significant between the variables. Further, with the correlation coefficient value of 0.293, it can be said that there is positive relationship between overall country-of-origin image and consumers' purchase decision. Hence, there is a significant relationship between overall country-of-origin image and consumers' purchase decision. Therefore, hypothesis *(H0)* is rejected at, 0.01 level of significance.

4.3.6 Analysis with Modifier:

Product knowledge is the modifier that has strong contingent effect on the relationship between country-of-origin image and consumers' purchase decision. Each dimension of country-of-origin was linked with product knowledge and the relationship with dependent variable i.e. consumers' purchase decision was checked. Following results appeared after the independent variables were linked with product knowledge.

Coefficients[a]

a. Dependent Variable: Purchase Decision

Table 4.17 Correlation between Modified Country-of-Origin Image Dimensions and Purchase Decision

When the four dimensions of country-of-origin image was linked with product knowledge and tested with dependent variable, i.e. purchase decision, the different perspective pop out. As shown in the table 4.17, except modified human factors all other three dimensions modified political, modified economic and modified technological have p value higher than 0.05. Which means that, consumers' purchase decision is not influenced by macro environmental factors such as: political, economic and technological, when they have sufficient product knowledge. Because, the p value of modified political dimension is 0.711, that of modified economic dimension is 0.574 and of modified technological dimension is 0.965, which is well beyond the accepted significance level of 0.05. However, human factors still influence the consumers' purchase decision even though the consumers' have enough knowledge regarding product, as the p value for modified human factors is 0.027 which is much less than accepted significance level of 0.05.

4.4 Discussion:

The main objective of this research is to find out the influence of country-of-origin image on consumers' purchase decision of foreign products. The research was entirely focused on

the different dimensions of country-of-origin image and their respective relationship with the purchase decision made by the consumers. Moreover, this research study also pays attention on assessing the modifying role of product knowledge in the given relationship. The sample was taken from the age group 18-35, within which respondents from age group 24-29 was highly represented in this study, which accounts for 49% of the total respondents. Nevertheless, there were respondents from age group 18-23 and 30-35 on an average of 25%. Among the respond;lents, participation of male respondents was slightly higher than of female respondents. The percentage of male respondents was 52% and of female respondents was 48%. The statistics regarding academic qualification of the respondents shows that, 58% respondents had Bachelors degree and 32% had graduated the Masters level. The occupational status of respondents shows that 52% of the respondents were students, 27% of them were engaged in services, 10% of them were entrepreneurs and remaining 10% were engaged in other different type of occupation.

Different dimensions of country-of-origin were used to measure the variable. The dimensions of country-of-origin image, which were measured, are macro environmental factors – (political dimension, economic dimension, technological dimension) and human factors. The dependent variable i.e. consumers' purchase decision was also measured using six different questions. Similarly, in order to measure the effect of modifier i.e. of product knowledge, separate set of question was used. The research shows that there exist a positive relationship between country-of-origin image and consumers' purchase decision. Among the four different dimensions of country-of-origin image, mean value of technological dimension was found highest and that of human factors were found to be lowest, but still all the dimensions of country-of-origin image scores mean value above the mid-range value 3, so it can be inferred that the dimensions used were relevant in shaping the image of any country-of-origin.

To examine the relationship between the dimensions of country-of-origin image and consumers' purchase decision, the hypotheses were tested which were conducted through correlation analysis. After the analysis, following results were obtained.

- There is a relationship between political dimension of country-of-origin and

consumers' purchase decision. It means that the political aspect of country X influences the consumers' purchase decision process, while purchasing the product from that country.

- There is a relationship between economic dimension of country-of-origin and consumers' purchase decision. It means that the economic issues of country X has something to do with the consumers' purchase decision process while making purchase of product from that country.

- There is a relationship between technological dimension of country-of-origin and consumers' purchase decision. It means that the technological situation of country X influences consumers' purchase decision while acquiring product from that particular country.

- There is a relationship between human factors of country-of-origin and consumers' purchase decision. It means that the human factors of country X influence the consumers' purchase decision process while making purchase from that country.

- Similarly, there is a relationship between overall country-of-origin image and consumers' purchase decision. This means that the image of the country where the product was manufactured is considered by consumers while making purchase decision.

- The modifying effect of product knowledge on the relationship between country-of-origin image and purchase decision shows that, consumers' are not influenced by political, economic and technological dimensions of country-of-origin while making purchase decision if they have the knowledge about the product. However, human factors influences the purchase decision even if the consumers' have knowledge regarding the product.

From the study, various results can be inferred from the correlations among the different dimensions of country-of-origin image and consumers' purchase decision. Following conclusions can be drawn from the correlations among the independent and dependent factors.

- Among the correlation between country-of-origin dimension and consumers' purchase

decision, human factors has highest correlation with purchase decision. So, we can infer that human factors of country-of-origin have high influence on consumers' purchase decision.

- Political and technological dimension has second highest correlation with consumers' purchase decision.

- The correlation between economic dimension and purchase decision is found least. In other words, there is little influence of economic dimension on consumers' purchase decision compare to other dimensions.

From the analysis, we can infer that there is a positive relationship between country-of-origin image and consumers' purchase decision as the correlation between them is 0.293. Since the relationship between country-of-origin image and consumers' purchase decision is found to be positive, we can say that there is an influence of country-of-origin image on Nepalese consumers' purchase decision.

CHAPTER V

SUMMARY AND CONCLUSION

In the previous chapter, the data analysis and hypotheses testing was done according to the objectives of the study. This chapter gives a brief overview of findings and conclusion of the study. This chapter is divided into three sections. The first section includes summary of the findings, the second section includes the conclusion of the study derived from the findings and the third section includes the suggestions for future research.

5.1 Summary of Findings

Since the main objective of the study is to understand the influence of country-of-origin image on consumers' purchase decision, at first, literature review was carried out. Based on the literature review it is concluded that, there is a relationship between country-of-origin image and consumers' purchase decision. Hypotheses were developed from the study of the literature review in order to find out the relationship between country-of-origin image and consumers' purchase decision. A theoretical model was developed based on the literature review by taking into account the identified dimensions of country-of-origin image and dependent variable purchase decision and perceived relation among them. Also, the modifier variable- product knowledge was identified and its effect on the proposed relationship between country-of-origin image and consumers' purchase decision was portrayed in the theoretical framework.

For the study of the variables, 12- item questionnaire was used to study country-of-origin image and 6- item questionnaire was used to study purchase decision. Also, the 3-item questionnaire was used to study product knowledge.   A total of 90 questionnaires were used for analysis and SPSS was used for finding out result of data analysis. The summary of findings is presented in this chapter.

5.1.1 Country-of-Origin Image and Consumers' Purchase Decision

The study found that there is a positive relationship between country-of-origin image and consumers' purchase decision, which means independent variable i.e. dimensions of country-of-origin image positively influence consumers' purchase decision. Among the correlation analysis between different dimensions of country-of-origin image and the dependent variable i.e. consumers' purchase decision, all of the dimensions of country-of-

Hypothesis	Variables		Purchase Decision	Conclusion	Remarks
$H0_1$	Political Dimension	Pearson Correlation	.214*	Rejected	At 0.05 level of significance
		Sig. (2-tailed)	.042		
		N	90		
$H0_2$	Economic Dimension	Pearson Correlation	.184	Rejected	At 0.10 level of significance
		Sig. (2-tailed)	.083		
		N	90		
$H0_3$	Technological Dimension	Pearson Correlation	.214*	Rejected	At 0.05 level of significance
		Sig. (2-tailed)	.043		
		N	90		
$H0_4$	Human Factors	Pearson Correlation	.352**	Rejected	At 0.01 level of significance
		Sig. (2-tailed)	.001		
		N	90		
H0	Overall Country-of-Origin Image	Pearson Correlation	.293**	Rejected	At 0.01 level of significance
		Sig. (2-tailed)	.005		
		N	90		

Table 5.1: Correlations among the dimensions of Country-of-Origin Image and Consumers' Purchase Decision

Table 5.1 shows the correlation between the dimensions of country-of-origin image and consumers' purchase decision. From the correlation, it is clear that human factors have

strongest correlation with consumers' purchase decision, while the economic dimension have weakest correlation. Also from the study it is safer to say that, there is a significant

relationship between overall country-of-origin image and c onsumers' purchase decision.

Hence, we can infer that consumers' decision making is influenced by the image that they have in their mind regarding the products country-of-origin while making purchase of foreign products. Also, we can conclude that country-of-origin is one of the yardsticks used by consumers to evaluate foreign products for making purchase decision.

Also, the result of modifying effect of product knowledge on the relationship between country-of-origin image and purchase decision shows that, if consumers have objective and technical knowledge regarding the product their purchase decision is not influenced by macro environmental factors-political, economic and technological. However, consumers' purchase decision is still influenced by human factors of country-of-origin even if they have sufficient knowledge regarding the product.

5.2 Conclusion

Country-of-origin is not a new concept. The study of this concept is widely adopted in the world. Schooler's (1965) study is the first to empirically demonstrate that consumers rate products that are identical in every respect except for their country-of-origin differently. From this study by Schooler, back in 1960s, we can infer that country-of-origin has something to do with consumer behavior. Researchers are studying deeply about the relationship of the concept of country-of-origin with other consumer behavior concepts worldwide. One of the study conducted in 2006 shows that there were, more than 1,000 studies of which 400 studies were published in academic journals, on the issue of country-of-origin (Usunier, 2006), the numbers may have increased in these seven years. However, in Nepalese context, country-of-origin is relatively new concept. Enough researches are yet to be done in this issue, especially in the context of Nepal embracing globalization and Nepalese consumers bombarded with so many foreign brands in almost every product category.

This study provides insights into what factors build up the image of country-of-origin and in turn their influence on purchase decision of Nepalese consumers. The factors that are identified as important to build up the country image are macro environment factors (political dimension, economic dimension, technological dimension) and human factors.

This study aims to find the influence of these dimensions on purchase decision, in

perspective of Nepalese consumers buying foreign products. The result of the study shows all the dimensions of country-of-origin image, influences the decision taken by Nepalese consumers while purchasing foreign products. Also, the research shows that Nepalese consumers who have knowledge about the product are less influenced by macro environmental factors while purchasing foreign products, however human factors of country-of-origin plays a significant role in purchase decision even if Nepalese consumers have knowledge regarding the product.

Roth and Romeo (1992) predicted the relationship between consumer preferences for a country's products, and perceptions of a country's economy and politics. The result obtained through this research work i.e. rejection of $H0_1$ and $H0_2$ converges with prediction made by Roth and Romeo. The rejection of $H0_3$, which means that there is a relationship between technological dimension and consumers' purchase decision, is in lined with the findings of Verlegh and Steenkamp (1999) which states that consumers perceive the products are of better quality when produced in technologically advanced countries. Relationship with people, likability of celebrities, and other people related factors influence consumers' product or brand attitudes (Obermiller & Spangenberg, 1989). The result obtained through this research i.e. rejection of $H0_4$ matches with the argument made by Obermiller and Spangenberg. Hence, the main objective of this study was to find the influence of country-of-origin image on consumers' purchase decision, for this purpose hypothesis H0 was established, which was rejected at 0.01 level of significance which is in line with the results found by Bilkey and Nes (1982), Peterson & Jolibert, (1995), and many other authors who found the positive influence of country-of-origin image on consumers' purchase decision. Many researches shows that customers with a high level of objective knowledge are less likely to rely on country of origin cues for their product evaluation and purchase decision and are likely to search for another trait of the product rather than country-of-origin. However, this study shows that human factors role is still influential even if consumers have product knowledge.

5.3 Suggestions for Future Research

The primary objective of this research is to study influence of country-of-origin image on consumers' purchase decision, in the light of determinants derived from extensive literature

review. The determinants derived were political dimension, economic dimension, technological dimension and human factors. Beside these there are other factors that contribute in building image of country and in turn affecting consumers' purchase decision. So, other variables need to be taken into consideration for future research.

This research is focused on consumers' purchase decision of foreign products; this discards the issue of domestic product. The factors like ethnocentrism and national identity influences the consumer preference of domestic product against foreign product. Research shows that there is significant correlation between people's general attitude towards home country and consumer ethnocentrism (Parameswaran & Yaprak, 1987). It is also expected to affect country image perceptions. So, future research should examine this dimension of country-of-origin image construct.

This study is purely an academic research, so sample size is small. For the professional research purpose, in order to reduce the error and to make the result more pervasive sample size should be increased. Also, this research study was confined within Kathmandu valley, so it does not incorporate the opinion of all Nepalese residing in different parts of the nation. The research that represents the opinion of people from different part of Nepal will help the brand manager of foreign products to position their brand in the mind of consumers across the nation.

Finally, this research generates a scope for several other researchers regarding country-of-origin image and its effect on consumers' purchase decision. This research can be used by the future researcher to further identify and investigate the factors shaping image of country-of-origin and their effect on consumers' purchase decision.

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Appendix: Research Questionnaire

Dear Respondent,

I am inviting you to participate in my research entitled "". Country of Origin means the country where the goods

have been manufactured or produced . This study considers foreign products in general because the aim is to under

stand the influence of products country of origin on purchase decision of overall foreign product.

The project is a part of my M.SC International Business Course and is purely Academic. As part of this research, I am

trying to obtain the influence of country of origin that the consumer have on their mind in their purchase decision.

All information provided by you will be confidential.

Your views and participation on this survey is highly appreciated.

Sameer Dulal

UNIVERSITY OF NORDLAND

Part A: Demographic Profile

1. Gender
   - Male
   - Female
2. Qualification:
   - Bachelors
   - Masters
3. Occupation:
4. Age:
   - 18-23   24-29   30-35

Part B: Country of Origin Image

1. I will form favorable image of County X in my mind , if:
   a)........it has political system(democratic/communism)   of my preference

   Strongly Disagree   Strongly Agree

1   2   3   4   5

   b) .....it has high respect for human rights

   Strongly Disagree   Strongly Agree
   1   2   3   4   5

   c) ....it is peaceful.

   Strongly Disagree   Strongly Agree

   1   2   3   4   5

   d)....it is friendly to Nepal in World Affairs.

   Strongly Disagree   Strongly Agree

   1   2   3   4   5

   e)... it has economic system of my conviction (free market/ planned)

   Strongly Disagree   Strongly Agree

   f)...it has high level of Industrialization.

   Strongly Disagree   Strongly Agree

   1   2   3   4   5

   g).... It has highly developed Economy.

Strongly Disagree   Strongly Agree

1   2   3   4   5

h)......it has high level of technological Research

Strongly Disagree   Strongly Agree

1   2   3   4   5

i)...it is technologically advanced.

Strongly Disagree   Strongly Agree

1   2   3   4   5

j).... It has highly skilled technical manpower.

Strongly Disagree   Strongly Agree

1   2   3   4   5

K)....i like celebrities of that country.

Strongly Disagree   Strongly Agree

1   2   3   4   5

l)...the people of that county are humble and friendly through (direct/indirect) experience.

Strongly Disagree   Strongly Agree

1   2   3   4   5

Part C: Purchase Decision

a)I use country of origin as a reference to evaluate quality of foreign product

Strongly Disagree   Strongly Agree

1   2   3   4   5

b) I believe that country should have perceived strength and skill to manufacture product.

Strongly Disagree   Strongly Agree

1   2   3   4   5

c) I purchase foreign products originated from certain country to enhance my self image.

Strongly Disagree   Strongly Agree

1   2   3   4   5

d) I believe purchasing foreign products originated from certain country will enhance my social status and price.

Strongly Disagree   Strongly Agree

1   2   3   4   5

e) I like to purchase foreign product originated from country which have positive relationship with my country.

Strongly Disagree   Strongly Agree

1   2   3   4   5

f) I do not purchase the foreign product if I don't like it's country of origin.

Strongly Disagree   Strongly Agree

1   2   3   4   5

Part D: Product Knowledge

1. I don't use country of origin image as a reference for my purchase decision , if:

    a)…. I am able to assess internal features of products.

    Strongly Disagree   Strongly Agree

    1   2   3   4   5

    b)…. I believe I have technical knowledge of products.

    Strongly Disagree   Strongly Agree

    1   2   3   4   5

    c)….. Country of Origin is no longer serves as an indicator of product quality because of the

    knowledge I have regarding product.

    Strongly Disagree   Strongly Agree

    1   2   3   4   5