CROSSING THE CHASM OF MADE-IN IMAGE: PROMOTING SUSTAINED GROWTH IN THE NEWLY EMERGING ECONOMIES BY EXPLORING DETERMINANTS OF THE COUNTRY OF ORIGIN EFFECTS

By

KANG, June Mi

THESIS

Submitted to

KDI School of Public Policy and Management

In Partial Fulfillment of the Requirements

For the Degree of

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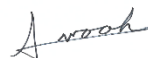In Partial Fulfillment of the Requirements

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ABSTRACT

CROSSING THE CHASM OF MADE-IN IMAGE:
PROMOTING SUSTAINED GROWTH IN THE NEWLY EMERGING ECONOMIES
BY EXPLORING DETERMINANTS OF THE COUNTRY OF ORIGIN EFFECTS

In the midst of the global financial crisis that devastated the majority of the leading economies, a handful of countries largely characterized as the newly emerging economics not only survived the shock but also continued to perform an unprecedented rate of economic growth. Ensuring the sustained growth of these countries is essential, as it holds the key to revitalize the global economy by opening new doors to the already saturated market. Hence, it is imperative to generate a policy measure that would promote these countries' largest industry of manufacturing sector by overcoming the Country of Origin (COO) effects through an analysis on the determinants of the COO effects. Therefore, the purpose of this study is to propose a policy recommendation regarding which product categories should the manufacturing industries of these countries focus in effort to ensure the sustained growth of their economies. In addition the research question of "what are the determinant factors of the COO effects considering the moderating role of the product categories?" for study 1 of this paper, therefore, the study 2 examines the effect of the COO and the product categories on consumer satisfaction, while controlling the effects of a covariate of attitude. In order to conduct the analysis, this study collects 200 responses through a survey collected through both the online and offline channels. By conducting the empirical analyses that utilize the methodology of the factorial Multivariate Analysis of Variance (factorial MANOVA) for study 1 and the factorial Analysis of Covariance (factorial ANCOVA) for study 2, this study conducts a series of factor analysis for the perceived acquisition value (PAV) and the perceived transaction value (PTV) to measure the COO effects across the product categories for study 1, while adopting the consumer satisfaction for the dependent variable for study 2. The results of this study illustrates that there exists a significant difference across the effects of the four individual product categories of i) utilitarian & high risk, ii) utilitarian & low risk, iii) hedonic & high risk, and iv) hedonic & low risk products on the COO effects measured in terms of PAV and PTV for study 1. For study 2, the empirical analysis also confirms a significant impact of the COO and the product categories on consumer satisfaction. As the ranking of the magnitude of the product category effects on the PAV and the PTV differs than the hypothesized order, this study produces a policy implication against the conventional norm that the newly industrializing countries should maneuver its policy direction from developing the utilitarian & low risk products to producing the utilitarian & high risk products and the hedonic & low risk product. Moreover, this study concludes with a managerial implication in that the policy makers of these countries should investigate in minimizing the display of the COO information on these products to benefit from greater value added from manufacturing products from such categories, given the intersection between the products with no COO information and the products from a developed country in study 2 indicating that the undetermined order of consumer satisfaction resulting from the COO effects.

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I. INTRODUCTION

Officially coined as the BRICS[1] countries, the world began to focus their attention on a few countries that managed to maintain high growth rates notwithstanding the global financial crisis. These emerging economics include Brazil, Russia, India, China, and its newest member of South Africa joining in 2010, accounting for over a quarter of the land area and over 40% population in the world. Although they possess varying degrees of hopes towards the pace and the duration of the economic growth of these countries, both the optimists and the pessimists agree that these countries will continue to experience unprecedented growth for some period.

Nevertheless, the recent economic performance of these countries has begun to pose a question at such unprecedented projection, as evidenced in the Goldman Sachs' shutdown of its investment program of the BRIC Fund in November 2015 among many other pessimist indicators. Given this, many policy analysts argue that it is unlikely for the BRICS countries to outperform the economic scales of the top seven countries of the world combined.

Based on the recent development of these BRICS countries that are rather divergent than the initial hopes proposed by O'Neill, these naysayers cast doubts on whether these newly emerging economics can sustain the praised high growth rates that led the economists to believe in their future success. These pessimists emphasize that there are still too much risks associated with investing in these newly industrializing countries, mainly represented by the BRICS countries, such as foreign exchange rate risk, non-normal distribution, difficulty associated with raising capital, poor corporate governance system, and increased chance of bankruptcy.

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[1] For the articles published before 2010, this paper utilizes the term BRIC, and the term BRICS is used for the papers published after 2010, given the joining of South Africa as an official member of the group in 2010.

Such doomed forecast is a striking issue not only to the BRICS countries but also to the rest of the world, as the decline in the growth of these newly emerging markets also impacts the wellbeing of the developed countries in the globalization era. The activities of the countries around the world are tied in a global value chain, which ties the international business activities such as production, trade, and investments together like a spider web, in a way that the success and failure in one stage of the production in a country affect the outcomes of the different stage of the production in another country.

Therefore, the success and the economic trend in the newly emerging markets considerably impact the economy of the developed countries, and vice versa. Hence, in order for the countries around the world to sustain and even to further push forward with their economic growth rate, it is imperative to analyze whether the unprecedented growth of the newly emerging markets are sustainable. Given the close connection between the newly developing countries and the developed countries, investigating whether the growth of the newly industrializing countries largely characterized by the BRICS countries is sustainable could be the key in preventing the next global financial crisis.

In the context of analyzing the success factors for the manufacturing sector of the newly industrializing economies for the sustained growth of these countries, this means that the COO effect associated with the COO labeling of the product produced in a developing country is capable of determining the performance of the sector. More specifically, given that the world market is already considered to be saturated with the products from the developed world, the products manufactured in these BRICS countries would have to compete with the products from the G7[2] countries in order for them to take a considerable market share and

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[2] G7 refers to Groups of Seven consisting of the seven major economies as reported by the International Monetary Fund (IMF). These countries include Canada, France, Germany, Italy, Japan, and United States, and

thrive in the market. In doing so, the role of the COO information becomes imperative as it would directly impact the purchasing decision of a consumer by communicating the perceived quality and value of the product through the process of the nationality bias and the made-in image.

Given this, therefore, the research question for the first part of this paper is as follows: "what are the determinant factors of the COO effects, considering the moderating role of the product categories?" In order to accomplish such research goals, this paper measures the COO effects in terms of the perceived price effects, specifically in terms of the perceived acquisition price (PAV) and the perceived transaction price (PTV). In effort to identify which characteristics of a product impacts the COO effect the most, the dependent variables of PAV are measured in four different product categories of whether a product is 1) utilitarian or hedonic and 2) the degree of perceived risk levels in a bivariate dimension of high or low.

In similar manner, the second half of this paper is devoted to investigating the following research questions: "Do the COO groups influence the effectiveness of the product categories on the consumer satisfaction towards each product category? Is there an effect of the product categories on the satisfaction? And, finally, is there an interaction between the COO groups and the satisfaction levels?" In order to accomplish such research goals, this paper examines the effects of the COO and the product categories on the consumer satisfaction, using the same grouping adopted in study 1.

The rest of this paper is constructed as follows, with the paper in its entirety is categorized into two parts with the study 1 dedicated to investigating the determinants of the COO effects and the study 2 devoted to examining the COO and the product category effects

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United Kingdom, also with the representation of the European Union (EU).

on satisfaction. First, previous research on each of the major concepts of this paper is summarized and analyzed in the literature review section. Then, the pertinent theories in explaining the research method of identifying the determinants of the COO effects are listed in the theory section. Based on these previous literatures and the theoretical analysis, the hypotheses of this paper are developed by linking the core concepts. Following the hypotheses development is the section explaining the methodology of this research, and then an analysis on the results of this research. This paper concludes by summarizing the findings and emphasizing the policy, managerial, and academic implications, in addition to pointing out the limitation and suggesting the future research in the extent from the scope of this research.

II. BACKGROUND OF THE STUDY

Despite the fact that the stagnant growth due to a series of economic crisis including the Global Financial Crisis in 2008, the world has experienced a positive growth on the aggregate level due to the unprecedented growth from the newly developing countries. Officially coined as the BRICS countries, these emerging economics include Brazil, Russia, India, China, and its newest member of South Africa joining in 2010, accounting for over a quarter of the land area and over 40% population in the world. According to the Goldman Sachs' chief economist Jim O'Neill who created the acronym in 2001 in his renowned report "Building Better Global Economic BRICs," the importance of these newly industrializing economies to the world economy would continuously increase over the coming decade, given their rapid economic growth. In addition to the forecast that the economic growth of these countries would revitalize the sinking global economy, such observation is significant as it means shifting the power focus of the global economy away from G7 to the countries that have been considered rather marginal when it comes to the arena of economic powers.

However, there are variations to the projections made among the economists regarding these BRICS countries. In this more updated report cited in 2009, O'Neill expedites the prediction he previously made in the 2001 report and says that the BRIC countries would overtake the combined GDP of the G7 countries by 2027. On the other hand, other analysts at the Goldman Sachs forecast in more modesty that the combined GDP of these countries would not exceed the richest economies of the world combined until 2050. Despite such discrepancies regarding the pace of their economic growth, however, there exists no gap between the idea that these BRICS countries would continue to perform well, and their combined GDP would eventually surpass that of the greatest economic powers of the world.

Nevertheless, the recent economic performance of these countries has begun to pose a question at such unprecedented projection. The renowned economic magazine the Economists projects in its article called "The Great Deceleration" that China will be lucky if it manages to hit its official target of 7.5% growth in 2013, a far cry from the double-digit rates that the country had come to expect in the 2000s. Growth in India (around 5%), Brazil and Russia (around 2.5%) is barely half what it was at the height of the boom. Collectively, emerging markets may (just) match last year's pace of 5%" (The Economist, 2013). Moreover, with the hopes for the high returns based on its own analyst O'Neill's projection, the Goldman Sachs operated its BRIC Fund (GBRAX) for 14 years since its first launch in 2006 (Seth 2016). Although the fund did score a high return in 2010, the fund continuously lost its value until the investment firm called off the program itself in November 2015. Specifically, the fund had lost more than 88% of its value—a sign that clearly indicates the decline of the BRIC(S) countries in terms of their economic growth, unlike the projection initially made by the inventor O'Neill who is also, ironically, a chief economist at the firm.

Given this, many policy analysts argue that it is unlikely for the BRICS countries to outperform the economic scales of the top seven countries of the world combined. Based on the recent development of these BRICS countries that are rather divergent than the initial hopes proposed by O'Neill, these naysayers cast doubts on whether these newly emerging economics can sustain the praised high growth rates that led the economists to believe in their future success. Particularly, those who oppose to the hypothesis that the BRICS countries would surpass the economic scale of the G7 countries point to the risks involved with investing in new markets as the source of their argument. These pessimists emphasize that there are still too much risks associated with investing in these newly industrializing countries, mainly represented by the BRICS countries, such as foreign exchange rate risk,

non-normal distribution, difficulty associated with raising capital, poor corporate governance system, and increased chance of bankruptcy. Some of these risks are rather political—the pessimists point to the pattern that there tend to be more government interventions in the market in these newly emerging economics than in the developed countries that tend to follow the principles of free market.

Such doomed forecast is a striking issue not only to the BRICS countries but also to the rest of the world, as the decline in the growth of these newly emerging markets also impacts the wellbeing of the developed countries. In the globalization era, the activities of the countries around the world are tied in a global value chain. According to the Organisation for Economic Co-operation and Development (OECD 2015), the global value chains roots from the fact that firms locate the various stages they encounter during the production process in different sites around the world. By utilizing modes like outsourcing and offshoring, the companies reshape their business internationally as the new technology in the globalization world enabled them. As a result, international business activities such as production, trade, and investments are increasingly tied together like a spider web, in a way that the success and failure in one stage of the production in a country affect the outcomes of the different stage of the production in another country.

Such logic is especially applicable to the relationship between the G7 countries and the BRICS countries. As it is the multi-national companies that separate their production cycles through outsourcing and offshoring activities, the developed countries where the most of the MNCs' headquarters are located become the party that outsource their business activities to other countries with cheaper resources like labor and land. Particularly, these MNCs located in the developed countries separate the manufacturing portion of their production line and outsource the related business activities to the newly industrializing

economies in accordance with their comparative advantages. In return, the newly emerging

markets—largely represented by the BRICS countries—become the party that is responsible

for providing cheaper resources and labor and completing the outsourced business mainly by

manufacturing goods, as the economies of these newly industrializing countries are

characterized by a focus and the significant importance placed on the manufacturing sector.

Therefore, the success and the economic trend in the newly emerging markets

considerably impact the economy of the developed countries, and vice versa. For instance,

the if the newly industrializing countries perform well in terms of economy, then the

developed countries would benefit from such prosperity as the MNCs with their headquarters

mostly located in the top economically performing countries would benefit as well from such

favorable outcomes. On the other hand, if the newly emerging markets struggle with realizing

their expected growth rate and experience recession, this also negatively impacts the

developed countries like the G7 nations by the logic of global value chains. Such relationship

is also explained by the phenomenon that these newly industrializing countries not only

provide a favorable condition for outsourcing the manufacturing portion of the production,

but their exponential growth in size of the population and economy also provide a new

market for the MNCs to sell their products. Since many of these MNCs have suffered from

the lack of the places to sell its products as they have reached their existing markets have

been analyzed to be nearly saturated, such growing markets have also contributed to an

increase in the sales of these companies, which in turn have supported the economics of the

developed countries.

Hence, in order for the countries around the world to sustain and even to further push

forward with their economic growth rate, it is imperative to analyze whether the

unprecedented growth of the newly emerging markets are sustainable. Such study is critical

especially after observing the devastation that the previous economic crisis caused in individuals' lives. Given the close connection between the newly developing countries and the developed countries, investigating whether the growth of the newly industrializing countries largely characterized by the BRICS countries is sustainable could be the key in preventing the next global financial crisis.

In order to pursue such analysis, it is imperative to examine the manufacturing sector of these developing countries. As discussed earlier, the manufacturing sector has been the source of development for many of these newly industrializing countries. Most noteworthy is that, in addition to pursuing the production outsourced by the MNCs from the developed countries, these newly emerging markets also have attempted to develop and promote their own manufacturing sectors. Such efforts are especially evident in the fact that the latest global financial crisis in 2008 disproportionately impacted the developed countries and the newly emerging markets. Particularly, the 2008 global financial crisis resulted in devastating economic condition in the developed countries—especially in the United States—while it could not impede the unprecedented growth of the BRICS countries—especially China. Such gap in the outcome notwithstanding concept of the global value chains indicates that there are other factors that explain the growth of the newly industrializing countries. Combining the fact that manufacturing sector accounts for a significant portion in their economy and the fact that these countries have been attempting to reduce their reliance of the foreign outsourcing to make themselves less susceptible to outside fluctuations, it is deduced that the reason why the BRICS countries were nearly unaffected by the global financial crisis lies in their efforts to mobilize and promote their own manufacturing business.

Given this, evaluating whether these BRICS countries can maintain their high growth rate or not depends on the success of their own manufacturing sector rather than the size of

outsourcing and offshoring, given their increasing efforts to be less dependent on the developed countries as evidenced through the divergent outcomes from the 2008 global financial crisis. One of the most important factors that determine the success of the manufacturing business is marketing. According to the American Marketing Association, the definition of marketing approved on July 2013 is "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large" (AMA, 2013). The marketing process is responsible for introducing and promoting a product or service to potential consumers.

A well-planned marketing strategy is especially imperative for the newly developing countries for the successful outcomes of their manufacturing sector, as it is difficult to raise awareness about their products or services. In other words, the newly industrializing countries may not able to let the customers know about the improved quality and the competitive price of their products, which would inevitably lead to an unfavorable sales outcome, eventually also worsening the economies of the developed countries as their economic activities are closely tied within the global value chains. This would mean that the technology and the skills for manufacturing that these countries invested much to learn from the developed countries through outsourcing and offshoring would all go in vein, as it would not communicate their values to the potential consumers and not produce any tangible results.

Hence, the future of the global economy depends on the success of the developing countries, whose economies largely depend on manufacturing sector. The success of these countries' manufacturing sector essentially relies on a well-planned marketing strategy that communicates the quality and the price of their goods and services to the potential consumers. One of the most important factors in planning a marketing strategy as a part of the development policy for a country is the country of the origin (COO) information. Often

referred as the country-of-origin effect, the information reflects the nationality bias associated with the country of origin labeling of a product or service. Which phenomenon is also known as the made-in image, referring to the psychological effect that the country of origin labeling has on the consumers' perceptions and attitudes towards a product or service, which eventually influences purchasing decision of the consumer.

In the context of analyzing the success factors for the manufacturing sector of the newly industrializing economies for the sustained growth of these countries, this means that the COO effect associated with the COO labeling of the product produced in a developing country is capable of determining the performance of the sector. More specifically, given that the world market is already considered to be saturated with the products from the developed world, the products manufactured in these BRICS countries would have to compete with the products from the G7 countries in order for them to take a considerable market share and thrive in the market. In doing so, the role of the COO information becomes imperative as it would directly impact the purchasing decision of a consumer by communicating the perceived quality and value of the product through the process of the nationality bias and the made-in image. In essence, as a consumer would naturally purchase a product that he or she perceives to have a relatively higher perceived value in terms of its quality when compared with other competitors in the market. In other words, it is important for these newly industrializing economies to analyze where it stands in terms of its made-in image, examine its strengths and weakness in terms of the factors that positively or negatively influence its COO image, and finally come up with a policy that promotes sustained development of these countries through a well-planned marketing strategy to communicate the values of their products through the COO information.

However, one factor that must be taken into consideration is the product categories.

There are many different ways that the products that exists in the world are categorized and divided, including the Harmonized System (HS) code often utilized in the study of trade economics. But in practical sense, products can be largely differentiated into two different categories that are largely dichotomous in their nature.

First, products can be re-organized according to in terms of characteristics—whether a product is perceived as a functional good or a look-and-feel good. Often referred as the utilitarian goods, the consumers focus on the product's practicality and their needs when making the purchasing decision. The latter group can be characterized by the term of hedonic goods, for which the consumers consider the feeling of pleasure and enjoyment from purchasing the product, often for the luxury purposes.

In addition to the categorizing the products into the utilitarian versus hedonic goods, the second product category often utilized in a research studying the consumer's attitudes and perception is the perceived risk level. Some products are perceived to have a high risk while some products are thought to have a low risk, which also directly influences the consumer's perceived value of the product and the consumer's ultimate purchasing decision. The sources of the perceived risk can come from different causes, anything from that is directly associated with the conventional concept of the risk like the health risk to the factors that influence the perceived risk level in more subtle manner, such as the concerns from mispurchasing a product, especially associated with the high price of a product.

In the context of the COO effects associated with the manufactured products from the newly emerging economies, this poses a question whether the COO effect is uniform across all the product categories, or whether their made-in image or nationality bias differ based on the given characteristics of a product. If the COO effects vary, it is possible to analyze the factors that impact a consumer's image biases associated with the COO

information of a newly developing country. The results of such analysis would guide in

formulating a policy strategy to market the countries' manufactured goods to the consumers

in the world, as the perceptions associated with the COO information of a product directly

influences the purchasing decision of a product.

III. LITERATURE REVIEW

In order to analyze the determinants of the COO and propose a policy recommendation for the newly industrializing economies for their sustained growth, it is necessary to first review the related literatures on the core constructs for this research. When individuals make a purchase decisions on a product, the consumer not only considers the images related to the COO, but he or she evaluates the projects using various indicators as an information cue and reviews an alternative option (Kim et al. 2007; Park 2001; Berkman & Gilson 1986). In other words, consumers also consider the surrogate indicators of the price and the images associated with the product, since it is difficult to evaluate a product based on its physical features (Kim et al. 2007; Berkman & Gilson 1986; Dodds & Monroe 1985; Erikson & Johansson 1985; Han 1989; Zeithaml 1988).

The study of the consumer's choice given the imperfect information has been investigated much in the field. The early research argue that the consumers make their decision in favor of the alternative option that provides the maximum utility and value by using the information related to the features under the assumption that people are rational being (Qtd. In Ryu et al. 2006; Bettman et al. 1991), the consumers can be differentiated today in that he or she utilizes his or her perception by recognizing the information cues in addition to analyzing the physical features of a product. In essence, though the consumers desire of a rational decision making, there exists times when their decision are not in line with the objective evaluation, and the recent research are in focus of the explaining such discrepancy.

3.1 Perceived Acquisition Value (PAV)

In the previous research model based on the acquisition values, the acquisition value

is defined as the net gains from acquiring a product or services (Dodds et al. 1991). In other words, the acquisition value of a product is positively influenced by the benefits that the consumer believes to acquire by purchasing the product, and is negatively influenced by the sales price that the consumer has to give up to get the product (paid price). Perceived benefit is similar to the reservation price or the maximum price that a consumer is willing to pay for a product. In essence, acquisition price is the perceived benefit from the reservation price of a product when compared to the actual sales price (Monroe and Chapman 1987). However, when a consumer evaluates the value of a product, there has been a research indicating that there is no evidence that the buyer utilizes the reservation price (Bearden et al. 1992), and there has been an observation that what truly composes of the net gains in a more rational sense is the perceived acquisition value of a product (Grewal et al. 1998).

Though the earlier researchers conceptualized the acquisition price as such, each researcher utilized a varying terminology of bargain value, perceived value, perceived worth, acquisition utility, and value consciousness. In addition, defining acquisition price as the net gains or trade-offs from acquiring a product or service indicates that the terms contains the values that are more and explain both the price and quality (Urbany and Bearden 1990).

Perceived acquisition price is in a trade-off relationship between the benefits a consumer earns from the product and the financial payment a buyer had to make or sacrifice. The perceived benefit of a product is related to the consumer's decision towards purchasing the product. In case the buyer lacks much information towards the quality of the product, there exists a strong trend in that most of the consumers believe the price and the quality of the product are in a positive relationship. Hence, when all other things equal, many consumers perceive that the products with high price would provide greater benefit as their perceived quality is greater. However, at the same time, the perceived benefits would be

greater than the perceived sacrifice as the increasing price raises the perceived quality for the

buyer, and the consumer would eventually gain a positive acquisition price of a product.

3.2 Perceived Transaction Value (PTV)

Perceived transaction price refers to the psychological payoff a consumer gains from

recognizing that the purchased price is actually lower than the sales price (Krishnamurthi et al.

1992) or the recognition on the psychological joy of a buyer from accepting a price

(Lichtenstein et al. 1990). Also, the term can be defined as the psychological pleasure

recognized from accepting the economic conditions of a transaction on a favorable term,

since a consumer that considers the financial terms recognizes the additional values from

acquisition values (Lichtenstein et al. 1990).

The transaction value that a buyer gains from paying the actual sales price is

determined when the consumer compares his or her own standard price with the actual sales

price, in which the transaction value is positive when the actual sales price is lower than the

internal standard price or 0 if they are equal. In other words, a buyer evaluates the value by

comparing the sales price and the internal reference price (Monroe and Chapman 1987). As

the buyer can perceive the additional values beyond the acquisition price when comparing the

financial terms of the sales price, the perceived transaction value can be viewed as the

perception of psychological pleasure gained when a consumer takes a dominant position in

the transaction process (Lichtenstein et al. 1990; Monroe and Chapman 1987; Thaler 1985).

In essence, transaction price can vary depending on how a consumer evaluates the transaction

process when sacrificing his or her money in order to acquire a product.

In conclusion, if a consumer exposed to the price promotion such as price

comparison advertisements recognizes that the sales price is clearly reduced in the process,

the buyer perceives the transaction price with high standards by comparing the reduced sales price gained from such process with the internal reference price.

3.3 Country of Origin (COO)

The COO image is a picture that comes to a consumer's mind towards a specific country where a product is made under the global marketing environment, and impacts the evaluation of a product (Jeon 2008; Park 2001). Consumers utilize various information cues when evaluating a product, one of the important cues among these is the COO information.

Examining the concepts of the COO, Roth & Romeo (1992) argue that it is a comprehensive perception a consumer formulates towards a product from a specific country based on the perception towards the strength and the weakness of the products and the related marketing from the producing country. Martin & Eroglu (1993) defines the phenomenon from the perspective of utilizing the COO information as an information cue in evaluating a product form a specific country in that it is the belief people have towards the abstract image of a country.

Early studies on the COO information equate the COO information of a product produced in a single country to the image of the country itself. Since the manufacturing, design, and the technology are mostly produced in a single country, the concept of the COO is perceived as the simple notion of manufacturing country, with no specific distinction between the brand country and the manufacturing country in the scope of the COO concept (Nagashima 1977).

However, with the increasingly globalized business activities, there exists also an increase in the number of multi-nation product, hybrid product, or binational product that comprise of multiple COO information based on varying producer of the technology, brand,

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manufacturing, design, etc. Accordingly, the new trend is risen in which the COO information is divided into multi-dimension rather than representing a single country to avoid the confusions for the consumers.

According to Nabenzahl & Lampert(1997), the origin country refers to the country that a consumer relates a product with, Made in Country is where the product is actually produced, and the Designed in Country is a country where the product is initially designed.

In similar manner, Chao (1993) separated the terminology into the Country of Origin and the Country of Manufacture (COM), in which the COO refers to the country where the headquarter of the product or the brand marketed by the company is located, and the COO refers to a country where the manufacturing actually took place (Johansson et al. 1985).

On the other hand, Bilkey & Nes (1982) argue that the effects that the COO information has on a product varies by product categories. For instance, the COO image impacts the perceived evaluation on the quality of a product depending on different product categories, such as the Japanese electronics, the French wines, and the agricultural products from Denmark.

Finally, Roth & Romeo (1992) emphasize that the image of COM may not coincide with the image of COO, pointing to the fact that the image of the manufacturing country differs by the product categories and the COO image. In other words, there exists a varying degree of the product evaluation depending on the relevance with the specific country and also on the relevance with the specific product category. As such, the COO image effect varies depending on the product categories.

3.4 Product Categories

3.4.1 Utilitarian versus Hedonic Products

According to Hirschman and Holbrook (1982), the purchasing experience of a hedonic product can be largely categorized into the four different aspects of the mental constructs, the product classes, the product usage, and the individual differences. First, the mental construct related to the purchase of a hedonic product places greater degree of importance on the emotional qualities like love and jealousy than cognition. As such, the subjective meaning of the product that a consumer places on the quality of the product varies. Second, when a consumer purchases a product based on its hedonic qualities, the buyer highly values the esthetic qualities. As such, the consumer places greater importance on the symbolic elements when making the purchase decisions rather than the traditional features. Thirdly, an individual experiences the images of emotion and fantasy when using a hedonic product and such image has the arousal features in which the images are renewed even after a long period of time. For instance, the experiences through ballet, movies, jazz music, and opera are renewed even after a period of time. Lastly, the differences in the purchasing experience of a hedonic product are determined b the subculture that an individual belongs.

From such perspective, the utilitarian purchasing decision is more directly related to satisfying more basic and functional needs of a consumer. Hence, the purchase decision of a utilitarian product is focused on how efficiently and effectively the product satisfies such needs from the functional perspective. On the other hand, the purpose of purchasing a hedonic product lays in the emotional and symbolic satisfaction a purchaser gains from guying the product. Hence, the core criteria for a buyer purchasing a hedonic product are how much the product satisfies the emotional pleasure and stimulates the fantasy desires (Strahilevitz and Myers 1998).

In addition, utilitarian products refer to the products that have higher weights on the functionality features compared to the emotional features, while the hedonic products refer to the products that place high weights on the emotional features rather than the practical features. For instance, computers, microwaves, and washing machines have higher weights on the practical features, whereas sports cars, brand purses, and wines have esthetic values and places higher weights on the emotional features (Park 2005).

Given this, when examining the features that compose a product and categorizing them into the practical features and emotional features, the practical features mainly consider the nature and the functionality of the product, while the hedonic products contains a symbolic feature in that these products are used to show one's image to other people or the features related to emotional pleasure such as joy (Park and Mittal 1985). For instance, the mileage and the number of cylinder of a car's feature are considered as the functional features of a car, while features like design and comfort are considered as pleasure features that emphasize the perspectives from experience (Park 2005).

On the other hand, a consumer has the tendency to demand both the practicality and the pleasure features from a product at the same time (Sherry 1990). However, depending on what the given context is for the consumer at the time, the attitude towards the utilitarian products turns out to be positive as the weight on the practicality of a product become larger. On the other hand, sometimes a consumer prefers a hedonic product as the weights on pleasure increases in a certain context. In essence, the context of options given to the consumer affects the evaluation of the features possessed by a product, and the resulting evaluation on the features eventually influences the degree of preference towards the product (Dhar and Wertenbroch 2000).

3.4.2 Perceived Risk

A consumer unconsciously conducts a decision-making process regarding what, when, where, and how when purchasing a product or service to satisfy one's needs. However, such decision making is influenced by various risks due to the uncertainty of the aftermath of making such purchase decision.

Perceived risk has been studied widely as the theory of decision making in the fields of finance, behavioral science, and psychology. In the marking field, the concept is rather new as it is only begun to be introduced in the 1960s by the scholars in the consumer behavioral analysis field along with Bauer (Jeong & Min 1998).

Even if a consumer fails to recognize the risk, the buyer is not actually affected by the risk as the perceived risk is the concept in which the risk recognized by the consumer in the decision making process rather than actual risk.

Bauer introduced the concept of risk in the arena of the consumer behavioral analysis and considered the consumer behavior as the risk taking behavior. The consumer behavior can induce the perceived risks from the results that cannot be perfectly predicted, and among these uncertain results could be an outcome that may be less than favorable.

Particularly, perceived risk involves the psychological risks of an individual when faced with a decision making process to make a brand choice, store choice, or shopping mode choice. Taylor (1974) structuralized the research results cumulated since Bauer and proposed the clear context for the core concepts related to the perceived risk. A consumer feels insecurity when faced with the situation where he or she has to make a decision and thus recognizes the risks involved, and the businesses should develop a risk-reducing strategy based on the perceived loss types and the degree of risk levels to reduce the insecurity of the consumers, so that they are actually put into the real-life practice of decision making process.

Peter and Ryan (1976) argue that the perceived risks at the final stage of the decision making process acts as a negative benefits that prevents the consumer from purchasing, as it is closer to the concept of expected loss resulting from the purchase or the decision rather than the realization of the uncertainty towards the product. The justification on the concept of the expected loss is proven also in the perspectives of the risk-reducing behaviors by searching for more information to reduce the probability of loss.

The perceived risk composed of the uncertainty and the importance of the purchase decision can be categorized into a few types based on the context and the nature of perceived risk. Although there exist discrepancies among the scholars on the dimension of the perceived risk, the general categories of the perceived risk can be largely separated into the following seven categories (Lee, Kim, & Lee 2000).

The first is the financial risk involved with the repairing and replacing the product when the product becomes dysfunctional or the risk involved with the realization of the financial loss invested to make the purchase. Often called as the economic risk, the scale of the financial loss is a function of the product's price, and whether the product can be purchased on a discretionary income also influences this perceived risk.

The second is the performance and functional risk, as almost all the products contain the risk that it may not function to its fullest claim. The performance and functional risk is displayed with the greatest magnitude when the product is technologically complex and the function of the product is directly related to the health and the safety of a user. For instance, cars, stereo sets, and a television include a performance risk as they possess the possibility of not function to its fullest claim.

The third risk is the physical risk, associated with the possibility that the purchased product may lack safety features and may impose harm on the user's physical or health

conditions.

The fourth risk is the psychological risk, which evolves from that fact that the consumers consider the self-image when purchasing a clothing, car, or personal service. Such psychological risk refers to the burdens on one's state of mind from the purchase decision of a product not coinciding with the self-ego and self-image of the individual.

The fifth risk is social risk, which results from the fact that a consumer cars about how others think of him or her. Such consideration results in the sense of insecurity, in which the purchase decision of the individual may not coincide with the standards of the groups that the buyer belongs. The visible products such as clothes and cars and the products with high social risks like cosmetics and tourism belong to the product category that may raise the social risks from the fear that such purchase decision may not be accepted by the community.

The sixth risk is time loss resulting from the time and the efforts needed to repair or to replace the produce when the product becomes dysfunctional, in addition to values loss due to the time spent on information search and evaluation activities.

Finally, the last risk is the future opportunity loss, in which the consumer realizes the risks involved with the possibility of a lower-cost, better-performing product sold in the future. Such concern rises from the insecurities involved with losing the opportunities to purchase a better product at a lower cost by purchasing a particular product or service.

IV. THEORETICAL BACKGROUND

4.1 Study 1: Determinants of the COO Effects Measured in Perceived Values

4.1.1 Prospect Theory

The prospect theory of Von Neumann & Morgenstern (1947) assumes that the people's utilities can be expressed in the function of individual utility and that the individuals would make a decision that agrees with the utility function to maximize their expected utility. However, a different pattern of decision-making behavior is found in the results of various experiential researches. Fundamentally based on the theory of expected utility, the prospect theory of Kahneman and Tversky (1979) is a psychological and technical theory regarding a decision making under the risks of reflecting the circumstantial effects like the format through which information is given and the circumstances related to the social dimension and issues. The values of individual utility or the alternatives to the option are evaluated in terms of gains or losses by being compared with the reference point produced by a purchase decision maker, not with the status of absolute wealth.

According to such value function of gains and losses, an individual displays a risk-avoiding attitude toward gains and a risk-seeking attitude toward loss. Within the spectrum of the perceived quality theory, a consumer not only recognizes the price of a product as a concept of cost but also utilizes it as an indicator of the product quality. When evaluating a quality of a product, a buyer utilizes both extrinsic cues like price, brand, and package of a product and intrinsic cues like performance and specifications. In case a buyer is familiar or has prior knowledge on a product, the purchaser applies intrinsic cues as an indicator of the product quality rather than extrinsic cues. In addition, if a consumer perceives that the price and the quality of a product has a positive relationship in the product market, then the price of a product is used to represent the quality of a product (Monroe 2003).

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Perceived quality can be defined as an estimate from an evaluation of a consumer on the comprehensive quality of a product (Zeithaml 1988). The previous research investigate the effect of the information cues like prices towards the quality perceived by a buyer, and the common argument from these research is that such effects on the consumer's quality perception is minimal if sufficient information is given on other attributes of a product and if the consumer is well aware of the product or the product category (Monroe 1988). In essence, if enough information on other attributes are provided (Dhruv 1989) and the buyer has sufficient prior knowledge and is familiar with the product category (Rao and Monroe 1988), then the consumer exposed to the extrinsic cues does not make use of the price inferred from the extrinsic cues to adjust the perceived quality of a product (Dodds, Monroe & Grewal 1991).

Similarly postulating is a perceived loss theory, perceived loss refers to the loss that a consumer has to give up in the process of making a financial payment to acquire a product or service (Monroe 2003). Perceived loss is portrayed differently under the following three varying purchasing conditions. First, in the case where a consumer hesitates or avoids spending the purchasing costs to acquire a product, then the perceived loss becomes greater psychologically even if the purchasing costs of the product is same level as other products, forcing the buyer to search for a lower cost or to be sensitive towards the changes in price. Second, the perceived value and the willingness to pay decrease if, in the process of comparing the sales price with the reference price, the buyer determines that the price is unfair thus cannot accept the price. In other words, in the case of a product for which the price is thought to be unreasonable, then the perceived loss increases as the quality or the benefits acquired from a product is less than the paid cost and recognized as loss, decreasing the perceived value and willingness to purchase. Finally, with regards to the brand effect, a

consumer willingly pays a higher price for a brand with a strong preference with a brand with a weak preference. This is largely because the perceived loss is smaller in the product with a high perceived quality than in a product perceived with low quality.

Linking between these two related theories to examine the relationship between the gains and losses in terms of the utility function, the prospect theory asserts that there is an asymmetric characteristic in that the value of loss is perceived with greater magnitude than the value of gains, though they may be the same degree from an objective view. In other words, perceived losses impact the purchase decision making process than perceived gains with greater magnitude (Kahneman and Tversky 1979). Also in the results of the research conducted by Kalwani et al. (1990), Mayhew and Winer (1992), and Hardie et al. (1993), there exists an asymmetrical price response in that the consumers perceive the losses to have a greater impact on the brand selection probability than gains. Similarly, Lee and Won (1995) finds an asymmetric characteristic in the consumer behavior towards the difference between the reference price and the market price by introducing the concepts of excessive price and acceptance price.

Finally, such asymmetrical characteristics can be varied depending on the heterogeneous attributes of a consumer. According to Krishnamurthi, Mazumdar, & Raj (1992), the brand royal consumers do not show an asymmetric price response, whereas the brand switchers display such asymmetric characteristics.

4.1.2 Mental Accounting Theory

As a concept extending the value function from a prospect theory, the mental accounting theory asserts that the value evaluation of a consumer is displayed in terms of net gains or net losses through a psychological calculation. In other words, a general consumer

evaluates multiple results and codes each reference result as a gain or loss with the reference results and the value function as the underlying assumption, and the results of such coding process is decided through a psychological calculation of segregation or integration depending on the circumstance.

The utilities a consumer gains from a purchase is categorized into acquisition utility and transaction utility. According to the previous acquired-value-based models (Dodds, Monroe & Grewal 1991), the concept of the acquired value is coined as the net gains from acquiring a product or service. In other words, the perceived acquisition value is positively influenced by the benefits a consumer perceives from acquiring and using the process and is negatively influenced by the amount of money foregone to acquire the product or the purchasing costs.

Though the earlier researchers conceptualized the acquisition price as such, each researcher utilized a varying terminology of bargain value (Keon 1980), perceived value (Dodds,   Monroe & Grewal 1991; Lichtenstein & Bearden 1989; Monroe & Krishnan 1985; Urbany, Bearden & Weilbaker 1988), perceived worth(Szybillo & Jacoby 1974), acquisition utility(Thaler 1985), and value consciousness (Lichtenstein, Netemeyer & Burton 1990; Lichtenstein, Ridgeway & Netemeyer 1993). In addition, defining acquisition price as the net gains or trade-offs from acquiring a product or service indicates that the terms contains the values that are more and explain both the price and quality (Urbany and Bearden 1990). Perceived acquisition price is in a trade-off relationship between the benefits a consumer earns from the product and the financial payment a buyer had to make or sacrifice, with its equation expressed as Perceived Acquisition Value = Perceived Quality or Benefit / Perceived Sacrifice. The perceived benefit of a product is related to the consumer's decision towards purchasing the product. In case the buyer lacks much information towards the quality of the

product, there exists a strong trend in that most of the consumers believe the price and the quality of the product are in a positive relationship. Hence, when all other things equal, many consumers perceive that the products with high price would provide greater benefit as their perceived quality is greater. However, at the same time, the perceived benefits would be greater than the perceived sacrifice as the increasing price raises the perceived quality for the buyer, and the consumer would eventually gain a positive acquisition price of a product.

On the other hand, the transaction value theory postulates that the perceived transaction price refers to the psychological payoff a consumer gains from recognizing that the purchased price is actually lower than the sales price (Krishnamurthi, Mazumdar & Raj 1992) or the recognition on the psychological joy of a buyer from accepting a price (Lichtenstein, Netemeyer & Burton 1990). Also, the term can be defined as the psychological pleasure recognized from accepting the economic conditions of a transaction on a favorable term, since a consumer that considers the financial terms recognizes the additional values from acquisition values (Lichtenstein, Netemeyer & Burton 1990; Monroe & Chapmen 1987; Thaler 1985; Urbany & Bearden 1989).

The perceived benefit is equal to the value a consumer gains from the maximum price he or she is willing to pay in order to purchase a product or service. In essence, the acquired price is a perceived benefit of a product generated when a consumer compares the actual purchasing price with the maximum price he or she is willing to pay to acquire the product or service. On the other hand, the transaction value or the perceived value from paying the actual sales cost is determined when the consumer compares the actual price with the reference price. The transaction value takes a positive value if the actual price is lower than the reference price, 0 if they are equal, and a negative value if the actual price is higher than the reference price. Given this logic, the transaction value depends on how a consumer

evaluates the purchasing condition of scarifying money to acquire a product or service.   In essence, if a consumer exposed to the price promotion such as price comparison advertisements recognizes that the sales price is clearly reduced in the process, the buyer perceives the transaction price with high standards by comparing the reduced sales price gained from such process with the internal reference price.

Combining these two concepts of the acquisition value and transaction value, a conceptual framework of adaptation-level theory further illustrates the behavior of a consumer towards a price, with the assumption that a consumer evaluates an extrinsic cue based on an internal norm or the adaptation level generated from combining the present and the past experiences (Helson 196). According to this theory, a consumer formulates an adaptation level by being continuously exposed to an information cues from outside, and a consumer's perception towards a new information cue is renewed whenever adjustments are made to this level of adaptation, which in turn affects the adaptation level again.

In addition, the concept of the adaptation level comprises of a region rather than a point (Monroe 2003). Helen (1965) defines the adaptation levels towards an extrinsic cue by categorizing the regions into 1) focal stimuli; 2) contextual stimuli; and 3) residual stimuli. Focal stimuli mean a direct reaction of a consumer towards an extrinsic cue and refer to the prices of the alternative items within the same product category specifically in a situation where a decision is made based on price. Also called background cues, contextual stimuli refer to all other background cues that actually exist but do not really respond, such as the ability to make a payment, the purpose of purchase, and the purchasing environment. Finally, the residual stimuli refer to a purchasing experience as a result of being exposed to an information cue in the past such as the price paid in a previous purchase or the perceived fair price. Winer (1986) replaces the residual stimuli with the organic stimuli to make

understanding of the concept and additionally includes the quantity of cognitive resources of a consumer used to process product information, which refers to a process impacting the intrinsic aspects of physiological and psychological behaviors. On the other hand, according to a psychophysical research, the adaptation level of an individual changes towards the value of the stimuli itself when exposed to an extrinsic cue (Engel & Parducci 1961).

Given this context, the mental accounting theory postulates that the changes in the price of a product impacts both the acquisition and the transaction utilities, and the subjective weights on each utility vary based on how a consumer perceives whether the purchase yields benefits from the product features or the transaction deals (Thaler 1985). In other words, a reference price operates as a psychological performance standard rather than a value standard on attributes and makes of transaction utility that is a part of the consumer utility. Such utility theory of Thaler (1985) can be expressed as an equation of Total Utility = Acquired Utility + Transaction Utility. In essence, since the probability of purchasing a product increases as the utility from the purchase increases, an increase in one or both attributes of the equation can influence the value evaluation of a consumer since the total value of a product is composed in two parts of acquisition utility and transaction utility. Moreover, Thaler (1985) also proposes a more generalized equation of Total Utility = Acquisition Utility + β * Transaction Utility, where β represents the weight on the transaction utility. The value of β under standard condition is 1. Krishnamurthi, Mazumdar & Raj (1992) argues that the value of β for the brand royal consumers is less than one ($\beta < 1$), and the β for the brand switchers is greater than 1 ($\beta > 1$).

4.1.3 Means-End-Chain Theory

The means-end-chain theory explains how the product and services used by a

consumer and the consumer values are related to one another. In this process, the attributes of

a product and service used by the consumer becomes the instrument and the values that the

consumer holds as the goal of life becomes the objective. Such logic explains that an attribute

included in an object is merely an instrument that an individual utilizes to achieve the

objectives that he or she desires, and such attributes of the instrumental object is linked to the

values of an individual consumer and constructs a framework (Huber, Herrmann, &

Beckmann 2000). Hence, the means-end-chain theory is a theory that investigates the

important meaning behind the linkage between the products and services that a consumer

selects and uses and the consumer himself or herself. Such logic is conceptualized in the

perceptive map of a hierarchical value map (HVM) (Reynolds & Gutman 1988).

The HVM of a means-end-chain theory is made possible by separating the stages of

attributes, results, and personal values (Olson & Reynolds 1983). The attributes of the

research object here takes on a specific meaning in that it represents the physical and

observable attributes of the investigation object. In other words, the attributes refer to the

sensible, physical, abstract component or attributes that compose the object of investigation

(Grunert & Grunert 1995). The concept of results is a more abstract term than the attributes

and refers to the either positive or negative perceived benefits that a consumer feels to be

connected with the product attributes (Bech-Larsen et al. 1997).

This represents the functional and psychological benefits associated with the

particular attributes of the research object, in which the functional benefit refers to an

immediate, specific, and physical experience and the psychological benefits represents the

emotional, social, and more personalized benefits. Finally, the personal values refer to the

highly abstracted personal meaning associated with the consumption behavior (Rokeach

1973), specifically referring to the status of the final goal that the consumers desire the most

in their life or the status of the most favored status in their existence and life (Peter & Olson 1993).

One related theory that aids in explaining the logic of the means-end-chain theory is the justification based theory asserting that the consumers would make a purchase decision based on the grounds that can rationalize the buyer's purchasing behavior (Okada, 2005). In detail, this means that the consumers perceive the value of a product that provides a well-reasoned justification for the purchase of him or her higher (Shafir et al. 1993). Therefore, under a general circumstance, a utilitarian product is preferred to the hedonic product that is at a disadvantage when defending the rational purchasing reason (Kivetz and Simonson 2002a). In other words, although a consumer may believe that a hedonic product would provide greater pleasure and benefits (O'curry and Strahilevitz 2001), the consumer is likely to avoid the choice and to end up purchasing the utilitarian product considered as a necessity, compared to the hedonic product often perceived as a luxurious good. Furthermore, the benefits from a hedonic product is not only abstract when compared to the benefits gained from a utilitarian product, but its intangible qualities make the justification for purchasing a hedonic product even harder since quantification of these features are difficult (Batra and Ahtola 1991). In similar manner, following the same notion of the justification-based theory, the products with low perceived risk is preferred to a product with high perceived risk, as it is much easier to produce the rational explanation for the purchasing behavior.

Also explaining the logics behind an individual's purchasing behavior is the assimilation-contrast theory proposed by Hovland, Harvey & Sherif (1957) and Sheif and Hovland (1961) – a major theory explaining the changes in the perception and attitudes using the concept of the reference price. The theory is produced from the various researches investigating the reference price and the extent of reference price through the assimilation

and contrast process by proposing a scale of reference price rather than a single figure of reference price. When exposed to an extrinsic information cue, a consumer sets his or her attitudes generally categorized into the 1) latitude of acceptance in which a consumer accepts the information from the extrinsic cue; 2) latitude of rejection in which a consumer rejects such information cue; and 3) latitude of non-commitment in which a consumer takes a neutral attitude by ruling out the possibility of acceptance, and determines under which of these categories that the extrinsic information falls.

Based on the psychological evaluation scale that the consumer already has, the buyer makes a decision to either accept or reject the new information. In this context, the assimilation refers to the movement of decision towards the anchor or the extrinsic cue, whereas the concept of contrast refers to the movement of decision away from the origin. In other words, the effects from the information cue less than the assimilation level decrease the reference point, whereas the larger effect from an extrinsic cue increases the reference point. Any other extrinsic cues than the given information cue is evaluated to possess low importance in determining the reference level.

Moreover, the latitude of acceptance refers to the range that an extrinsic cue is considered receptive, whereas the latitude of rejection indicates the range where an extrinsic cue is non-permissive. When determining quality of a product, if the released information on COO falls within the latitude of acceptance, then the price is perceptively assimilated and is accepted to the region. While the new reference price generated during this prices acts as the anchor point as the current reference price moves towards the new reference price influenced by the extrinsic cue, the information cues outside of the latitude of acceptance are either rejected as they are in contrast to the latitude of acceptance or only possess minimal effects on the changes or movement of a reference price. If an extrinsic information cue falls under

the latitude of non-commitment, then a consumer portrays neither positive nor negative attitudes toward the information cue. The following figure illustrates such logics behind the assimilation-contrast theory:
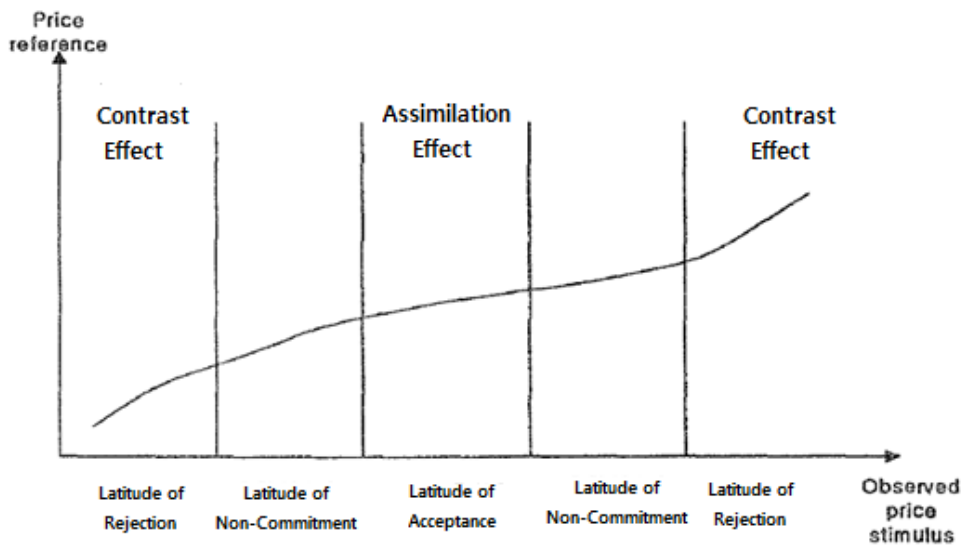

Figure 1. Illustration of the Assimilation–Contrast Theory (Modified from Lii, 2000)

Further exploring such logic, the scholars studying the means-end-chain theory concentrates on the consumer value often regarded as the main objective in the stages of the attributes, the results, and the value, since they believe that value synchronizes the consumer behavior. However, the research object that enables the values to be investigated also takes an important meaning. This is the reason why the scope of the primary objects of a means-end-chain theory research has been extended overtime, though it initially focused on the products (Gutman 1990, 1991; Walker & Olson 1991). Such phenomenon indicates that the issue of consumer value is linked to many parts of the everyday life of a citizen.

4.2 Study 2: Determinants of Consumer Satisfaction

4.2.1 Satisfaction Theory

As a reaction to the consumer achievement, consumer satisfaction refers to satisfying the expectation of a consumer beyond expectation. Lavender & Oliver (1996) provided a comprehensive definition in that consumer satisfaction is a consumer reaction evaluating how much his or her desires have been satisfied. In essence, as a product resulting from the consumption experience, consumer satisfaction is the recognition towards the appropriateness or inappropriateness of the rewards compared with the expenditures perceived by the consumer (Howard & Sheth 1969). Similarly, Czepiel, Rosenberg & Akerele (1974) concludes that consumer satisfaction is a subjective evaluation of a consumer from the degree of satisfaction on the desire or the needs through spending or acquiring a provided product or service. The consumer satisfaction is also effected by various factors like the quality of service, the quality of product, the price, the purchasing condition, and the personal aspects (Zeithaml & Bitner 2000).

V. HYPOTHESIS DEVELOPMENT

5.1 Study 1: Determinants of the COO Effects Measured in Perceived Values

5.1.1 COO Effects and the Perceived Values

As a part of the previously research on the COO effects, Han (1989) argues that the COO effects is displayed in the forms of halo effects or summary effects in the decision-making process based on the degree of the familiarity towards a product. On the other hand, Bikey & Nes (1982) assert that the product evaluation varies depending on the country the product is manufactured. Regarding the product categories, Roth & Romeo (1992) report that the COM image varies by the COO image and the product categories.

Hwang and Kim (2007) demonstrate that the single cue on the country of origin/manufacturing affects the consumers' evaluation on a product. Lee (2007) conducts an analysis on the effect of the country image on the evaluation of a product, finding that the evaluation on the quality of the very same product differs if labeled with a different COO/COM labeling. In addition, the study also investigates to find that the respondents with a favorable view towards the people of a certain country are more likely to approve the product from the same country than the respondents who views the people from the country with less than a favorable view. Cho (2005) affirms that the COO behaves as a cognitive tool to evaluate the quality of a product, regardless of the characteristics of the market of the consumers.

Moreover, the concept of COO is being broadened beyond the single country concept to include multi-dimensional concept of the COO, as the products increasingly have begun to be composed of multiple parts each from a different COO. In related to such research, Chao (1993) proclaims that the effects of the Country of Design and the Country of Assembly are different from one another, and Hwang & Kim (2007) argue for the need of introducing a

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multi-dimensional labeling of COOs for the products produced in multiple countries by examining the effects that each of the country of design, country of parts, and country of assembly has on the consumer attitudes.

As such, the COO effect is utilized as an external cue that acts as a substitute indicator when a consumer is faced with a purchase decision making process given the imperfect information (Kim et al. 2007; Berkman & Gilson 1986; Dodds & Monroe 1985; Erickson & Johansson 1985; Han 1989; Zeithaml 1988). The COO information is considered full only when enough evidence is provided such as information on the manufacturing country and the manufacturing company, beyond releasing just the name of the COO. The COO effects only takes place when there is a motivation that coincides with the communal criteria of the society (Lee et al. 2012).

As previously discussed, increasing the perceived values of the consumers has been one of the most recent trends in the fields of marketing research. Particularly, these researches assert that the perceived values of the consumers can be ultimately increased as the various external cutes such as the price and the brand name of a product can increase the perceived quality of a product and reduce the loss from the price. Also recently, the COO effect is included among these extrinsic cues and has been analyzed in its effects on the perceived values (Agarwal and Teas 2001).

On the other hand, the recent research on the COO effects has been focused on the determining factors and the measure of the COO effects. Particularly, the recent studies utilizing the structural equation modeling have surveyed various extrinsic factors that affect the COO effects (Cervino et al. 2005; Hui and Zhou 2002). Parameswaran and Pisharori (2002) demonstrate that the COO effects display its influence through a parameter like the quality evaluation of the product, rather than directing impacting the purchase decision.

From the perspective of processing the consumer information, the fact that the evaluation towards the COO of a product influences the perceived value of the consumers assumes that the consumers can easily access the COO information and can utilize the information in a practical sense. In essence, this means that the consumers conduct a controlled processing of the COO information, as they do the same for the COO information and the perceived risks.

Perceived values indicate an evaluation on the comprehensive benefits from the gains and the costs from the product from a consumer's perspective (Zeithaml 1988). From recent research, such perceived value have been considered as an important outcome variable that measures the effects of the extrinsic cues on the COO effects (Hui and Zhou 2002; Cervino et al. 2005). However, there still lacks the research on whether a consumer would perceive the value of a product differently other than the information cues of quality, price information, etc. Given this, the COO effects are measured and operationalized in terms of the perceived values of acquisition (PAV) and transaction (PTV) for the research model of this paper.

5.1.2 Effects of Product Categories on Perceived Values

A product can be categorized as a utilitarian product or a hedonic product based on the benefits that the consumer seeks to gain (Kivetz and Simonson 2002). A utilitarian product refers to a product that provides functional, instrumental, and practical benefits that the consumer seeks, while the hedonic product refers to the experiential benefits such as joy and pleasure (Okada, 2005). However, it is difficult to categorize all of the products in a binary manner as there is no single product that provides 100% utilitarian or hedonic benefits (Voss, Spangenberg, and Grohmann 2003). In other words, out of the various qualities that a product possesses, some may provide utilitarian benefits, while other features of the product

provides hedonic benefits, and the product category of this certain product can be determined

based on which qualities the consumer places greater importance. For instance, an apartment

with a great view with the ease of transportation may be perceived as a utilitarian good for a

consumer who values the ease of transportation, while it may be viewed as a hedonic product

to a consumer who values the view from the apartment (Dhar and Wertenbroch 2000). While

it may be more suitable to determine the product category based on the values of the

consumer, however, this study utilizes the scale matrix developed by Kushwaha and Shankar

(2013) to distinguish the product categories between the utilitarian and the hedonic products,

to be further illustrated in the methodology section.

      While the distinction between the utilitarian and the hedonic product is similar to the

virtue-vice contrast, there exists a clear difference (Okada 2005). In an academic sense, while

the vice takes the action of sacrificing the greater loss in future for small pleasure at the

moment, the action of a virtue delays or foregoes the small pleasure at this moment for

greater pleasure in future (Wetenbroch 1998; Khan et al. 2004). Hence, the virtue is often

sorted as a favorable action, while the vice is considered as a discouraging behavior.

      Unlike such logic, the distinction between the utilitarian and the hedonic products are

interpreted from the sole perspective of the benefits rather than the perspectives of the loss

for the both product categories, so it cannot be said that one is better than the other (Okada,

2005). Given this, the behavior of a consumer favoring a specific product category is not

misbehavior, and there has been an increasing attention given to understanding the consumers'

behavior changing based on the contextual factors (Voss et al. 2003).

      Likewise, consumers effectively utilize the extrinsic cues to minimize the perceived

risks. The perceived risk refers to the degree of the risk a consumer subjectively perceives in

a decision-making situation (Bauer 1960). As a purchasing activity is inevitably accompanied

by the financial sacrifice, the risk is perceived by the consumer though there are varying degrees in its scope. Particularly, the perceived risk is greater when purchasing a new product, an expensive product, or a product involving high technology (Lee and Hong 2001). The perceived risks from the consumer's perspective can be largely categorized into the financial risks, the functional/performance risks, the physical risks, the psychological risks, and the social risks.

Meanwhile, the perceived risk has not been actively utilized in the research for the determinants and the operationalization the COO effects. However, according to a recent research, the COO can reduce the perceived risks associated with a product by asserting positive influences on the quality evaluation of a product from the country (Agarwal and Teas 2001). As previously mentioned, in effort to find an answer to the question of how to induce purchase of a certain company from a consumer, the recent studies have been focused on recommending the value enhancement and the risk reduction as the panacea (Agarwal and Teas 2001). The perceived risks on a product from a newly industrializing country can be large, as little information is known about the product from the newly emerging economy than a product from the same category produced in a developed country. Based on such context, the hypothesis developed under is section is as follows:

H1: There exists a significant difference among the effects of the four product categories on the perceived values of PAV and PTV.

5.1.3 Magnitude of the Product Category Effects on Perceived Values

The effect of the product categories on the degree of the perceived values can be explained with the justification based theory. As previously illustrated in the theoretical

framework section, this theory argues that the consumers would make a purchase decision based on the grounds that can rationalize the buyer's purchasing behavior (Okada, 2005). Specifically, this means that the consumers perceive the value of a product that provides a well-reasoned justification for the purchase of him or her higher (Shafir et al. 1993). Hence, under a general circumstance, a utilitarian product is preferred to the hedonic product that is at a disadvantage when defending the rational purchasing reason (Kivetz and Simonson 2002a). In other words, although a consumer may believe that a hedonic product would provide greater pleasure and benefits (O'curry and Strahilevitz 2001), the consumer is likely to avoid the choice and to end up purchasing the utilitarian product considered as a necessity, compared to the hedonic product often perceived as a luxurious good. Moreover, the benefits from a hedonic product is not only abstract when compared to the benefits gained from a utilitarian product, but its intangible qualities make the justification for purchasing a hedonic product even harder since quantification of these features are difficult (Batra and Ahtola 1991).

In similar manner, based on the same notion of the justification-based theory, the products with low perceived risk is preferred to a product with high perceived risk, as it is much easier to produce the rational explanation for the purchasing behavior. However, one should be careful when joining the product category dimension of the utilitarian & hedonic products and the perceived risk levels, since there is not yet a relationship established to identify which one of the product categories and the perceived risk levels causes greater impact on the outcome variable. Hence, this study assumes that these two dimensions carry a corresponding magnitude of each other, in a way that utilitarian products adds an abstract construct of 1 unit towards the perceived values, while the hedonic product subtracts 1 unit. Similarly, the product with a low perceived risk increases the abstract point towards the

perceived values by one unit, while the product from the high perceived risk category

discounts by one unit. Given these logics, the second hypothesis under study 1 is as follows:

H2: The magnitude of the product category effects on PAV and PTV varies in the order of the

utilitarian & low risk products; similar levels between the utilitarian & high risk and the

hedonic & low risk products; with the hedonic & high risk products ranking the last.

Notice that the ranking between the utilitarian & high risk and the hedonic & low risk

category is the same, while allowing some degree of flexibility with regards to the ranking

since this study aims to observe the general trend of the order, not the matching of the integer

figures of the analysis results to the decimal points. When illustrated, the logics of the

hypotheses developed under study 1 are as follow:
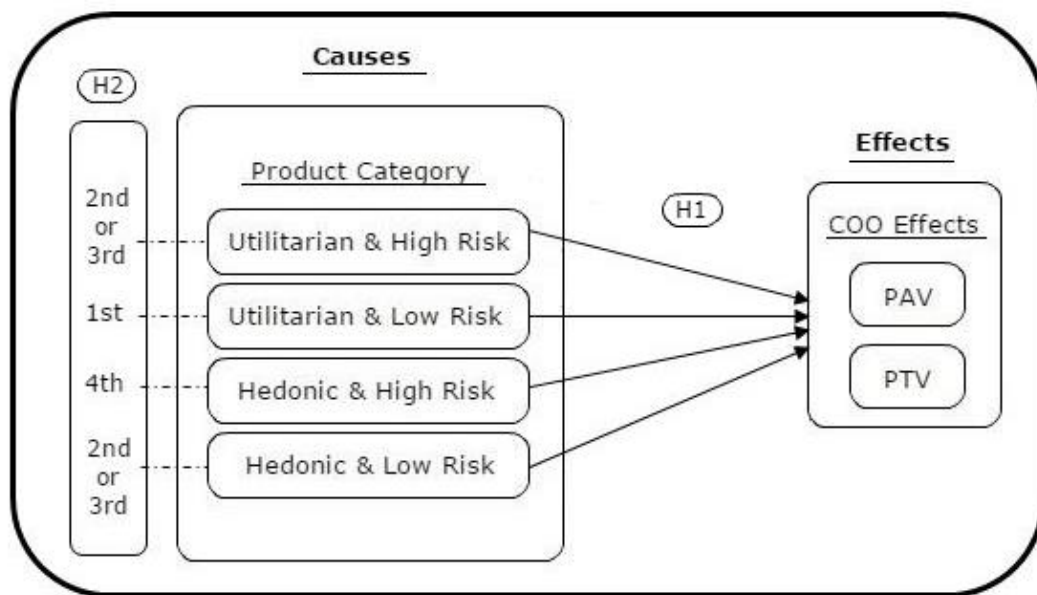
Note: Figure produced by the author to illustrate the logic of the hypotheses developed under study 1.

Figure 2. Model of the COO Effects: Moderating Role of Product Categories

5.2 Study 2: Determinants of Consumer Satisfaction

In study 1, the hypotheses are formulated to investigate the determinants of the COO effects measured in PAV and PTV. The study 2 of this paper further expands the scope to transform the dependent variable in study 1 of the COO effect into an independent variable impacting the consumer satisfaction, in addition to examining the effects of the product categories on the same outcome variable as well.

5.2.1 Effects of COO on Consumer Satisfaction

An image is a comprehensive figure that represents the major features of a specific entity, and national image is the term in that such logic is applied to the context of a country. A country image represents an overall perception towards a particular country and can be defined as the general description of a specific country or the people of the country, or what is considered to be a general regarding the country of the people of the country (Lee & Choi 2007), or the body of the belief that provides explanatory, deductive information on a particular country (Martin & Eroglu 1993). Hence, it is fair to summarize the definition of the country image as the belief and the impression an individual possesses on the subject of a country.

The concept of COO is well-reviewed in the previous literatures. Specifically in the manufacturing industry, the COO information is communicated using the terminology of "made in," and is often defined as the country responsible for the manufacturing and the assembly of a product, that also behaves as an extrinsic cue in evaluating the product brands. From the marketing perspective, the COO is a parameter that affects the brand evaluation, and the location of the headquarters responsible for the marketing of a product or a brand can be defined as the COO as well (Phau & Predergast 2000; Thakor & Kohli 1996; Johansson, et

al. 1984).

The concept of country image coined with a diverse set of description is an extension of the COO research first began by Schooler (1965) on his research studying the COO effects, and the notion has been investigated by various scholars since then. The COO effect is expressed in the concepts of the belief, attitudes, and the behavior of the consumers possess. Due to the growth of the international trade and the expansion of the global market, the attitudes of the consumers with a favorable attitude toward foreign products have become an important factor in establishing the marketing strategy.   In other words, the products produced, assembled, and designed in a country is evaluated and the attitudes towards such product is formulated based on the image that a consumer possesses towards a country, eventually influencing the consumer behavior as well.

When a consumer attempts to arrive at a purchasing decision, the buyer requires appropriate information on the product to set a certain standard in the decision making process, and the individual makes the ultimate decision by deducing the qualities of the product based on the available information (Koubaa 2007). In this context, the COO effect influences the product evaluation of a consumer by providing the necessary information on a product for such deduction on the quality of a product (Huber & MaCann 1982). Such effect of the COO ultimately impacts the satisfaction of a consumer on a product (Han 1989) as it shapes the attitude of a consumer (Johansson et al. 1984).   Given this logic, the first hypotheses under study one is as follows:

H3: The COO groups significantly affect the consumer satisfaction.

5.2.2. Effects of Product Categories on Consumer Satisfaction

The initial research started by the Schooler (1965) on the COO effect has been further expanded to investigate the COO effects on the consumer's attitudes and satisfaction on the different product categories like the clothing items including man's shirts and a woman's blouse; on the electronics like TV, radio, and telephones; on the transportation means like an automobile and a bicycle; and on grocery items like food and fresh fruits (Schooler 1965; Nagashima 1970; Lillis & Narayana 1974). In a research that compares the consumer behavior of the American and the Japanese business owners towards a foreign product versus a domestic product, the results indicate that the linguistic signal of 'made in' concept significantly affects the product evaluation and selection (Chasin & Jaffe, 1979; Darling & Kraft 1977). In addition, the researches proclaim that the consumers utilize the COO information as evidence in perceiving and evaluating the quality of a product (Terpstra & Han 1988), even generating the halo effects for the brands with less familiarly by impacting the attitude and perception of a consumer (Han 1990).

Moreover, the COO effects towards the high-end brands also influence the consumers' purchasing behavior (Aiello et al. 2009). Particularly for the service industries like the airline service (Burning 1997), investment and business, and tourism, the COO image also places a significant impact on the consumer behavior while acting as an extrinsic cue reflecting the quality of a product or services (Kotler & Gertner 2002). In the trade industry, the COO information also impacts the product services offered along with the product sales, such as the insurance, the refund, and the extension of the sales period (Javalgi, Gutler, & Winans 2001).

Finally, with respect to the involvement of a product, the degree of knowledge towards a product could also impact a consumer's deduction on the quality of the product

(Zaichkowsky 1985), indicating that the purchase decision of the consumers vary by how well the COO and the product categories are matched (Roth & Romeo 1992). In conclusion, the Made-in-Image of a country not only influences the purchase decision making process but also the image of a brand and service by providing the cues to establish the evaluation criteria and the perceived quality of a product in the decision-making process of a purchase. In accordance with such logic, the second hypothesis developed under the study 2 is as follows:

H4: The product categories significantly affect the consumer satisfaction.

5.2.3 Magnitude of the COO Effects on Consumer Satisfaction

As in the study 1, the effect of the product categories on the degree of the perceived values can be explained with the justification based theory. As previously illustrated in the theoretical framework section, this theory argues that the consumers would make a purchase decision based on the grounds that can rationalize the buyer's purchasing behavior (Okada, 2005). Specifically, this indicates that the consumers perceive the value of a product that provides a well-reasoned justification for the purchase of him or her higher and seeks to minimize the involved risks (Shafir et al. 1993). Hence, under a general circumstance, a product from the United States is preferred to the products with no COO information or from China that involve greater risk of uncertainty, thus placing the products from these categories at a disadvantage when defending the rational purchasing reason (Kivetz and Simonson 2002a). In other words, although a consumer may believe that he or she main gain much benefits from the cheaper products of no COO and from China (O'curry and Strahilevitz 2001), the consumer is likely to avoid the choice and to end up purchasing the American product to minimize the perceived risks by purchasing the product that has been renowned in

the market for longer period of time. When given the choice between the product with no COO information and the product from China, on contrary, a consumer is likely to choose a product with no COO information to minimize the perceived risks, as the Chinese products have been often accused of malfunctioning products. Given this logic the third hypothesis under study 2 of the research is as follows:

H5: The magnitude of the effects on consumer satisfaction across the COO groups varies in the order of the products from the U.S., no COO information, and the products from China.

5.2.4 Magnitude of the Product Category Effects on Consumer Satisfaction

Furthermore, this indicates that the consumers perceive the value of a product that provides a well-reasoned justification for the purchase of him or her higher (Shafir et al. 1993).Under framework of analysis, a utilitarian product is preferred to the hedonic product that is at a disadvantage when defending the rational purchasing reason (Kivetz and Simonson 2002a). In other words, although a consumer may believe that a hedonic product would provide greater pleasure and benefits (O'Curry and Strahilevitz 2001), the consumer is likely to avoid the choice and to end up purchasing the utilitarian product considered as a necessity, compared to the hedonic product often perceived as a luxurious good. Moreover, the benefits from a hedonic product is not only abstract when compared to the benefits gained from a utilitarian product, but its intangible qualities make the justification for purchasing a hedonic product even harder since quantification of these features are difficult (Batra and Ahtola 1991).

In similar manner, also based on the same notion of the justification-based theory, the products with low perceived risk is preferred to a product with high perceived risk, as it is

much easier to produce the rational explanation for the purchasing behavior. However, one should be careful when joining the product category dimension of the utilitarian & hedonic products and the perceived risk levels, since there is not yet a relationship established to identify which one of the product categories and the perceived risk levels causes greater impact on the outcome variable. Hence, this study assumes that these two dimensions carry a corresponding magnitude of each other, in a way that utilitarian products adds an abstract construct of 1 unit towards the perceived values, while the hedonic product subtracts 1 unit. Similarly, the product with a low perceived risk increases the abstract point towards the perceived values by one unit, while the product from the high perceived risk category discounts by one unit. Given these logics, the second hypothesis under study 1 is as follows:

H6: The magnitude of the product category effects on consumer satisfaction varies in the order of the utilitarian & low risk products; similar levels between the utilitarian & high risk and the hedonic & low risk products; with the hedonic & high risk products ranking the last.
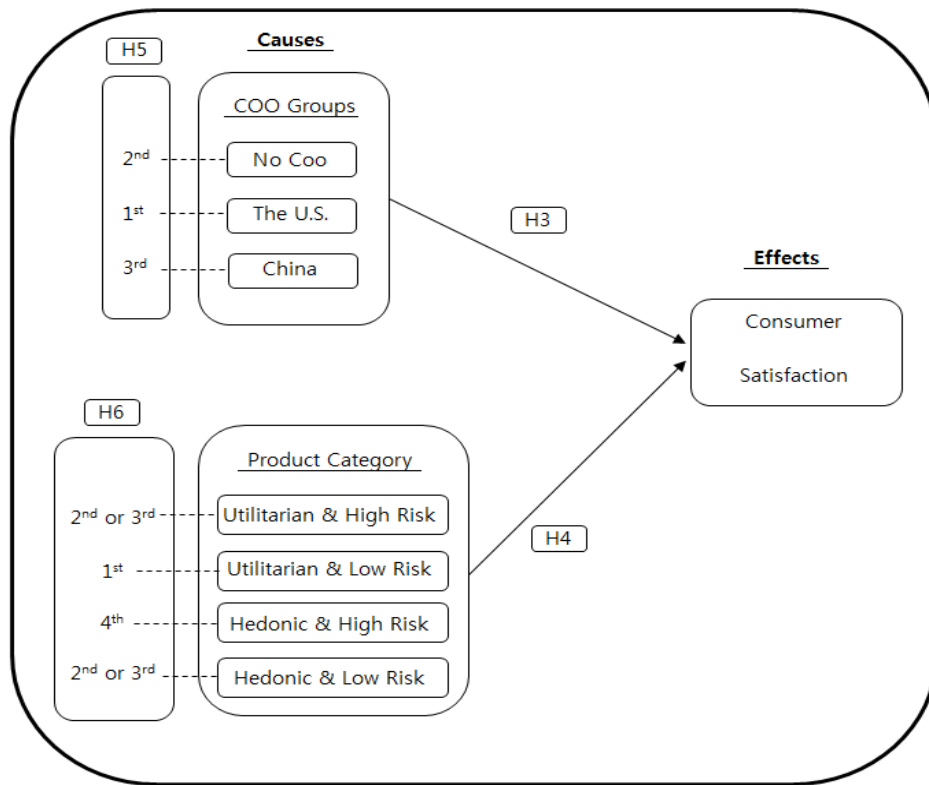
Note: Figure produced by the author to illustrate the logic of the hypotheses developed under study 1.

Figure 3. Model of the COO Effects: Moderating Role of Product Categories

VI. METHODOLOGY

This article composes of mainly two different parts of the analysis—study 1 of the analysis examines the determinants of the COO effects with the focus on the moderating role of the product categories, while study 2 analyzes the effect of the COO groups and the product categories on satisfaction. For this study, 'Qualtrics'- an online survey website is used to conduct the research. The question is divided into four parts in addition to the warm-up question to give brief idea of the survey and demographic factors such as ethnicity, gender, age, and education background, working area, incomes and more to identify the basic information about the respondent. The main components of the survey measures the respondent's levels of perceived acquisition value and perceived transaction value across four different product categories of utilitarian & high risk, utilitarian & low risk, hedonic & high risk, and hedonic & low risk product categories. Each item is then divided into three different COO groups of 1) No information on COO, 2) a Developed Country, and 3) a Newly Emerging Country. In order to measure each questionnaire item, this study utilizes multi-item scales which it employed a 5 point Likert scale where 1 = *strongly disagree* and 5 = *strongly agree*, the higher the number the more agreed with the statement or satisfied the respondents are. Respondents are randomly chosen across South Korea, basically anyone who has purchased a product and is aware of and has recognized the COO labeling on a product (Cho, 2015).

The questions and items for survey are developed based on the previous studies. Particularly, the questions measuring risk were taken from Jung, Cho, & Lee (2014), the attitude questions were referenced from survey of Gallup organization (2010) and Yun and Cho (2014), the questions on satisfactions were developed based on the indicators measuring the degree of satisfaction (Wiberg, 2009; Deng, 2007), and the questions measuring the

degree of how much a product is perceived as a utilitarian or a hedonic product is developed

from the definition of each concept most widely recognized in the arena of marketing and

public policy.

The questions measuring the concept of perceived acquisition value (PAV) and

perceived transaction value (PTV) are generated by modifying the indicators from Kim, Kim,

& Shin (2007). The concept of PAV refers to the net gains of a buyer gained from acquiring a

product or service, whereas the net gains is calculated from subtracting the purchasing costs

from the benefits, often expressed in an equation of Acquisition Value = Benefits gained

from purchasing a product – actual price of the product. Given this, this paper simplifies a d

model from Kim, Kim, & Shin (2007) that also adopts the nine indicators from Grewal et al.

(1994) to compare the value of money spent to purchase a product and the value of a product

and to reflect those qualities into measuring the concept of PAV. In order to measure each

questionnaire item, this study utilizes multi-item scales which it employed a Likert point

Likert scale where 1 = *strongly disagree* and 5 = *strongly agree*, the higher the number the

more agreed with the statement or satisfied the respondents are.

In similar manner, PTV refers to the perception towards psychological pleasure

generated when a consumer recognizes that the actual price paid is lower than the regular

sales price when purchasing a product, illustrated in the equation of Transaction Value =

Actual sales price of the product – internal reference price. Based on the research by

Lichtenstein, Netemeyer, and Burton (1990), Grewal et al. (1994) utilized a three-point Likert

scale to measure a consumer's perception towards transaction value by distinguishing it from

the perceived acquisition value and confirmed that the PTV can be separated from the PAV.

Given this, this study adopts the three questions measuring PTV on a five point Likert scale

(1 = *strongly disagree* and 5 = *strongly agree*) as adopted from Kim, Kim & Shin (2007) that modified the models from Grewal et al. (1994).

In order to ensure that these measures truly reflect the perceived values of a consumer, this study measures the concepts of PAV and PTV in a set of three different questions for each dependent variable and utilizes a factor analysis to compress various answers measuring one concept into a single variable. Particularly, this study adopts a principal components analysis as the extraction method and Varimax rotation methods with Kaiser Normalization to induce emergence of the most relevant data. The factors are extrapolated with the Eigen values set to greater than 1.00. The tables below summarize the results of factor analysis for each of the product categories.

After review and a pilot study, Cronbach's alpha was calculated for each major concept to examine the construct reliability for each multi-item scale. Cronbach's alpha values are 0.947 for PAV and 0.950 for PTV of the utilitarian & high risk product category. For the utilitarian & low risk product category, the Cronbach's alpha values are 0.938 for PAV and 0.923 for PTV. Using the same methodology, the Cronbach's alpha values are 0.941 for PAV and .953 for PTV within the hedonic & high risk product category. Finally, the Cronbach's alpha values are 0.932 for PAV and 0.933 for the hedonic & low risk product category.

6.1 Product Selection

For the purpose of this study, it is necessary to take one product from each of the four categories of 1) utilitarian, high-risk, 2) utilitarian, low-risk, 3) hedonic, high-risk, and 4) hedonic, low-risk. In order to accomplish the selection based on a fair ground, this paper utilizes the relative positions of product categories along key category characteristics made in the article by Kushwaha and Shankar (2013).

Using the indexes further operationalized in detail in their articles, Kushwaha and Shankar produces the following scores on the categories of utilitarian, hedonic, and risk scores. The details of the scores are as follow:

Category	Utilitarian Score	Hedonic Score	Risk Score
Apparel and accessories	5.13	5.84	3.91
Arts and antiques	2.96	4.38	3.54
Automotive accessories	6.19	2.57	3.50
Beauty and cosmetics	4.30	5.92	4.85
Books and magazines	5.04	5.67	3.18
CDs and DVDs	4.65	5.64	3.47
Collectibles and memorabilia	3.08	5.03	3.99
Computing equipment	6.66	5.60	5.22
Craft supplies	4.77	4.18	3.03
Electronics	6.16	5.07	4.79
Gifts and holidays	4.24	5.23	3.45
Home and garden equipment	5.65	3.19	2.77
Home furnishing	3.56	5.80	3.48
Jewelry	4.12	5.03	4.87
Musical instruments	5.14	4.74	4.55
Office supplies	6.77	2.84	2.23
Pet supplies and items	6.14	3.42	3.07
Photography and video	6.14	5.27	4.53
Sports equipment	5.70	5.11	4.08
Telecommunication equipment	6.63	5.13	4.98
Toys and games	3.95	4.93	3.44
Wines	4.56	5.53	4.09

Notes: The scores are based on a seven-point scale in which higher numbers indicate greater strength of the measured attribute.

Table 1: Summary Scores of Product Categories on Hedonic, Utilitarian, and Perceived Risk Scales (Kushwaha and Shankar 2013)

When visualizing such scores on a graphical dimension, it looks as below:
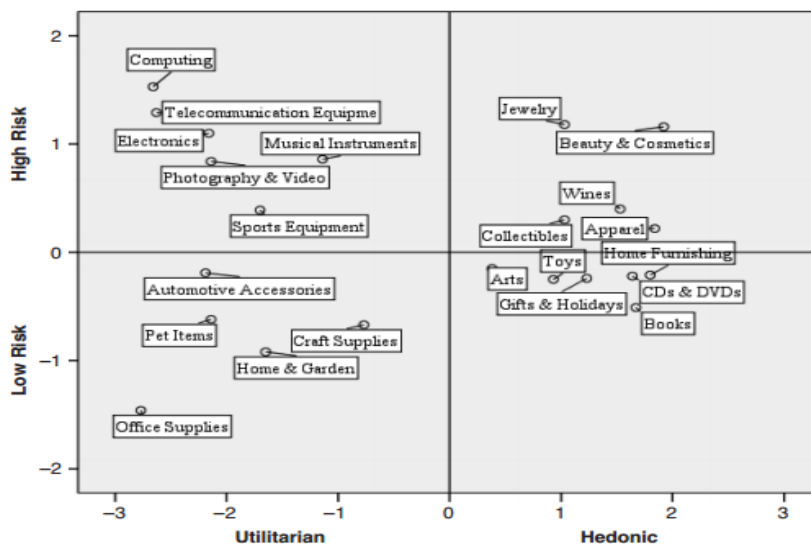
Figure 4. Relative Positions of Product Categories Along Key Category Characteristics (Kushwaha and Shankar 2013)

From these categories, this paper also considers the products that the respondents would feel familiar when put in an experimental survey assuming the situation where they would have to make their purchase decisions. Therefore, the following products were chosen from these categories:

Product Category	Item Selection
Utilitarian, High Risk	Computing Equipment (Laptop)
Utilitarian, Low Risk	Office Supplies (Pen)
Hedonic, High Risk	Dress/Suit (Apparel)
Hedonic, Low Risk	T-shirt (Apparel)

Table 2. Product Selection for Each Product Category

Notice that the category of apparel is assigned to the both hedonic, high risk and the hedonic, low risk categories. The risk score of the apparel category is falls into rather mediocre range of 3.91, indicating possible divergence in the apparel category itself. Such observation is actually true, since the apparel category can be further divided into the high risk and the low risk products. For instance, the clothing items that involve high prices are considered as high risk products considering the fear of mispurchase or purchasing a wrong size in clothes, while the clothing items with relatively lower price are considered as low-risk products. Hence, this article utilizes two different risk categories of the apparel category in the hedonic section.

6.2 Country Selection

Further, this study selects the United States as the representative of the developed countries and China as the representative of the newly emerging economies. There is little dispute in saying that the United States has led the global economy especially since the second world war, marked by the establishment of the Bretton Woods Institutions including

the international financial system governing bodies of IMF and the World Bank. As the recent

global financial crisis including the one in 2008 are thought to have started from the

economic struggles in the U.S., the selection of the U.S. as the representative of the

developing countries in the context of this study is justified. The U.S. is also the leader of the

G7 countries, marking its striking presence even among the top economies in terms of the

economic powers.

Moreover, China is chosen to represent the newly developing countries especially

among the BRICS countries as it is often praised to be the most successful case of the BRICS

countries. Even the founder of the term BRICS, O'Neill, recognizes that the recent

developments have been the most promising in the two countries of China and India,

testifying that "I got 2 out of 4 countries right… the most important BRIC, China, despite all

its problems and its slowdown, is still, since the decade stared, growing by more than I had

assumed it would" (Baranto and Hungerford, 2016). Among these two countries, China is

chosen to be compared with the U.S. since its economic development still largely focuses on

manufacturing industry, while the growth in India is centered around the IT businesses.

Therefore, China is deemed the most suitable choice representing the newly industrializing

economics in the context of this study.

6.3 Data Collection

The survey is conducted both through the offline and the online channels. As for the

offline channels, the survey was distributed in front of the places where people often make

their purchase, such as in front of the department stores as well as the grocery stores. As for

the online channels, respondents received online link to answer the questionnaire, and it was

sent through personal emails and social network service messages to ensure non-biasedness

of the respondents. The survey was designed first in English, translated to Korean, and then back to English by the ensuring methods of the back-to-back translation. The details of the survey are presented in Appendix 1. Out of the 200 people who responded to the survey, 122 people answered through an online channel, with the respondent rate of 17%, and the rest of the 78 people answered through an offline channel, with the respondent rate of 71%.

6.4 Development of Survey

The questionnaire of the survey is constructed based on the research model of this study. In this model, there are different product categories to ask about the consumers' evaluation according to perception process. Four categories are composed of i) High risk, utilitarian product, ii) Low Risk and Utilitarian Product, iii) Low Risk and Hedonic Product, iv) High Risk and Hedonic Product. Additional analyses were conducted as study 2 to analyze, v) attitudes of consumers and vi) satisfaction of consumers.

6.5 Justifications for the Controlled Variables

This paper controls for the brand names and specific features & a picture of a product in the survey development. There are various research analyses proclaiming that, just like the COO information, the brand names also act as an extrinsic cue and the consumers tend to make their purchasing decision based on a brand name when given information on both the COO and the brand names. This is largely due to the fact that, although both the brand names and the COO information are the extrinsic cues, consumers tend to process the information based on the brand name which represents the product at more direct level. On the other hand, the COO information is claimed to have a greater effect on evaluating a bi-national product than the brand names (Terpstra and Han 1988). Based on these analysis results, both the

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brand names and the COO effects are important extrinsic cues that determine the consumer

behavior towards a product. Hence, the survey of this paper controls for the brand name

effects by leaving the brand names for all the products across all three COO groups to

eliminating the biases from brand names and to make observation on the COO effects only.

In addition, the survey of this study is also constructed to ensure that the respondents

focus on the COO and the product category information by providing a neutral and general

description of a product that can aid in formulating an appropriate level of favorability

towards of a product. This is due to the fact that the dependence on COO information in the

process of evaluating a product is reduced when specific information on a product is given

that clearly distinguishes one item from the other competing items in the same product

category (Maheswaran 1994). Therefore, an appropriate language of the product description

is selected through a pilot study to ensure the same levels of desirability towards each product,

which the COO information is displayed alongside of a product.

Similarly, the picture of a product inserted to help understanding the specifications of

a product is selected from the pilot study, only selecting the ones that would formulate a good

feeling towards the product. The reason why this study only adopts the product pictures that

would generate a certain degree of desirability is because, if a picture with less than the

standard degree of favorability or with negative vibes is given, the respondents may lose

concentration and answer the questions without the given information on COO and product

categories and eventually producing an unreliable results (Na and Choi 2005). All of these

controlling effects in a survey construction are chosen through a pre-consultation with the

outside experts and through the results from the pilot study.

Specifically pertaining to the study 2 of this research, the covariate variable of

attitude is also controlled. The ANCOVA utilized to perform an analysis on the study 2

practically adds the regression methods to a general Analysis of Variance (ANOVA) method and examines whether there exists a statistical difference in the value of the dependent variable between the various groups with different treatment. In this study, a further developed model of a factorial ANCOVA is adopted to analyze the effects of the both the COO groups as well as the product categories. In doing so, an extraneous variable that affects the dependent variable yet is not selected as a treatment variable in the research design should be excluded in the analysis. If it is not feasible for the researcher to exclude such variable in the research design due to reasons like the varying numbers of sample sizes, then an ANCOVA should be performed with setting this extraneous variable as a covariate to eliminate its effects in the analysis. Such methodology is especially effective for investigating the pure effects of the independent variables on the dependent variables compared to the conventional ANOVA method if there exists a high correlation between the extraneous variable and the dependent variable. In this research, since there exists a strong correlation between the extraneous variable of attitude on the dependent variable of satisfaction, the variable attitude is set as a covariate to measure the unbiased effects of the COO groups and the product categories on consumer satisfaction.

VII. DATA ANALYSIS

7.1 Demographics

Of the 200 respondents, 50% are female and 50% are male, 20.3% are 20-24 years old, 4.7% are 25-29 years old, 20.7% are 30-34 years old, 4.3% are 35-39 years old, 15.7% are 40-44 years old, 9.3% are 45-49 years old, 11.3% are 50-54 years old, 10.0% are 55-59 years old, and 3.7% are 60 years old or older. In regard to their marital status, 50.3% are married, 0.7 are separated by death, 1.0% is divorced, and 48.0% are unmarried. In terms of income, 11.0% of respondents have an annual household income of less than $20,000[3], 22.7% have an annual household income between $20,000 and $40,000, 31.0% have an annual household income between $40,000 and $60,000, 20.0% have an annual household income between $60,000 and $80,000, 11.0% have an annual household income between $80,000 and $100,000, and 4.3% have an annual household income above $100,000. In regard to employment, 53.7% of the respondents have a full-time job, 9.3% hold a temporary position, 8.7% are unemployed and looking for a job position, 10.7% are unemployed but inactive in searching for an employment opportunity, 4.3% are retired, and 13.3 are students. In regard to highest education level, 0.3% holds a degree below middle school level, 12.7% are high school graduates, 11.7% are currently enrolled at a university including the community colleges, 65.0% hold an undergraduate degree including the community college degrees, and 10.3% are currently enrolled at a graduate school or hold a graduate degree or above.

In addition, the descriptive results of the questions surveying the demographic characteristics especially pertinent to the scope of this research are as follow: when asked how much they agree to the statement of "I've seen a country of origin (COO) labeling on a

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[3] Since the survey is written in Korean, the figures for the annual household incomes expressed in Korean won have been exchanged at the rate of 1,000KRW = $1 for the purpose of this paper.

product, i.e. Made in Country's Name," 1.7% responded strongly disagree, 2.7% answered disagree, 8.7% said neither agree nor disagree, 42.0% answered that they agree, and 45.0% responded that they strongly agree with the statement. Similarly, when asked how much they agree to the statement of "I am often exposed to a COO labeling," 0.3% responded strongly disagree, 2.3% answered disagree, 10.7% said neither agree nor disagree, 55.3% answered that they agree, and 31.3% responded that they strongly agree with the statement. Finally, when asked how much they agree to the statement of "Overall, I think COO information is a good reflection of product quality," none of the respondents strongly disagreed, 3.3% answered disagree, 28.0% said they neither agree nor disagree, 55.7% answered that they agree, and 13.0% responded that they strongly agree with the statement.

As the goals of the both studies lie in observing the differences in the dependent variables (PAV and PTV for study 1 and satisfaction for study 2) depending on the various COO groups and the product categories, the factorial MANOVA for stud y1 and the factorial ANCOVA is utilized for study 2. However, since the indicators are measured on a five-point Likert Scale, this study runs into a limitation in that the differences may be too small for the statistical tool of SPSS program to pick up and examine. In order to tackle this issue, the conventional statistical method of taking a natural log of the PAV and the PTV is used to conduct the analysis. In doing so, this study also runs into another issue that the factorial results of the PAV and the PTV produces a negative result as well, yet it is mathematically not feasible to take a natural log of a negative number. Hence, in effort to tackle this issue, this paper also adopts the conventional statistical method of finding the minimum value of the PAV and the PTV and adding the constant to the PAV and the PTV to enable the natural log method by making all the numbers a positive integer.

7.2 Hypotheses Testing

7.2.1 Study 1: Determinants of the COO Effects

In order to test which development model has the most edge for the newly emerging countries, this study applies factor analysis to compress various answers measuring one concept into one variable. Particularly, this study utilizes principal components analysis as the extraction method and Varimax rotation methods with Kaiser Normalization to induce emergence of the most relevant data. The factors are extrapolated with the Eigen values set to greater than 1.00. The tables below summarize the results of factor analysis for each of the product categories.

Items		Components[4]			
Factors	**Scale Items**	**1**	**2**	**3**	**4**
Laptop PAV 2	I think I would be getting good value for the money I spend	.955			
Laptop PAV 3	I feel that acquiring it meets both my high quality and low price requirements	.951			
Laptop PAV 1	At the sale price, I feel I would be getting my money's worth	.948			
Pen PAV 2	I think I would be getting good value for the money I spend		.948		
Pen PAV 1	At the sale price, I feel I would be getting my money's worth		.943		
Pen PAV 3	I feel that acquiring it meets both my high quality and low price requirements		.939		
Dress/Suit PAV 2	I think I would be getting good value for the money I spend			.952	
Dress/Suit PAV 3	I feel that acquiring it meets both my high quality and low price requirements			.946	
Dress/Suit PAV 1	At the sale price, I feel I would be getting my money's worth			.938	
T-shirt PAV 2	I think I would be getting good value for the money I spend				.948
T-shirt PAV 1	At the sale price, I feel I would be getting my money's worth				.934
T-shirt PAV 3	I feel that acquiring it meets both my high quality and low price requirements				.932
Laptop PTV 2	I would get lots of pressure knowing that I would save money at this reduced sale price	.955			
Laptop PTV 3	Beyond the money I save, taking advantage of this price	.955			

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[4] Each number under the components indicates a product category, with 1 = utilitarian & high risk; 2 = utilitarian & low risk; 3 = hedonic & high risk; and 4 = hedonic & low risk products.

		.951			
Laptop PTV 1	deal will give me a sense of joy Taking advantage of a price-deal like this makes me feel good	.951			
Pen PTV 1	Taking advantage of a price-deal like this makes me feel good		.934		
Pen PTV 3	Beyond the money I save, taking advantage of this price deal will give me a sense of joy		.933		
Pen PTV 2	I would get lots of pressure knowing that I would save money at this reduced sale price		.926		
Dress/Suit PTV 3	Beyond the money I save, taking advantage of this price deal will give me a sense of joy			.960	
Dress/Suit PTV 1	Taking advantage of a price-deal like this makes me feel good			.955	
Dress/Suit PTV 2	I would get lots of pressure knowing that I would save money at this reduced sale price			.953	
T-shirt PTV 1	Taking advantage of a price-deal like this makes me feel good				.941
T-shirt PTV 3	Beyond the money I save, taking advantage of this price deal will give me a sense of joy				.940
T-shirt PTV 2	I would get lots of pressure knowing that I would save money at this reduced sale price				.937

Table 3. Component Matrix: PAV and PTV Dimension for COO Effects

Using these factor scores as the dependent variables of PAV and PTV for each product category, factorial Multivariate Analysis of Variance (factorial MANOVA) method is utilized to test the hypotheses. The table below provides the results of the factorial MANOVA for examining the determinants of the COO effects.

Hypothesis	Projection	Type of Effects	Dependent Variable	F	Sig.
H1	$H_0: \mu_1 = \mu_2 = \mu_3 = \mu_4$	Product Category	ln_PAV	217.379	.000***
	$H_A: \mu_1 \neq \mu_2 \neq \mu_3 \neq \mu_4$		ln_PTV	230.020	.000***

***Significant at 0.01 level (F-test).

Table 4. Effects of Individual Product Categories on the COO Effects Measured in PAV and PTV

Overall, the results of the factorial MANOVA indicate that there exists a significant difference across the product categories and are significant at the 0.01 significance level with $F = 217.379$ for PAV and $F = 230.020$ for PTV. Based on these findings, hypotheses H1 and is accepted, indicating a clear difference across the product categories in terms of the PAV and the PTV. In other words, the consumers perceive statistically different degrees of

perceived values of acquisition and transaction across the four different product categories of the utilitarian & high risk; the utilitarian & low risk; the hedonic & high risk; and the hedonic & low risk product categories. In order to test the hypotheses projecting the ranking of these differences, the following table on the descriptive statistics from the factorial MANOVA results is analyzed:

	COO	Product Category	Mean		COO	Product Category	Mean
ln_PAV	No COO Information	1	1.1482	ln_PTV	No COO Information	1	1.1217
		2	1.1186			2	1.1272
		3	.6776			3	.6161
		4	1.1223			4	1.1193
		Total	1.0167			Total	.9961
	United States	1	1.1357		United States	1	1.1426
		2	1.1364			2	1.1434
		3	.6768			3	.6870
		4	1.1677			4	1.1518
		Total	1.0291			Total	1.0312
	China	1	.7955		China	1	.8248
		2	.7423			2	.7501
		3	.3138			3	.3986
		4	.7697			4	.7887
		Total	.6553			Total	.6906

Table 5. Descriptive Statistics on the Effects of Product Categories on PAV and PTV

The results from the factorial MANOVA indicate that the differences across the product categories are significant, and they vary in the order of Utilitarian & High Risk > Hedonic & Low Risk > Utilitarian & Low Risk > Hedonic & High Risk for PAV and also Utilitarian & High Risk > Hedonic & Low Risk > Utilitarian & Low Risk > Hedonic & High Risk for PTV. Based on these findings, this study concludes that the results of this factorial MANOVA reject H2 of this research while failing to reject its null hypothesis.

Perhaps the most striking observation from the factorial MANOVA analysis results is the alarming conclusion that the results of this empirical analysis rejects the conventional notion that the newly emerging economies should focus on producing a utilitarian & low risk product, as it is perceived to have the second lowest acquisition and transaction values among

the four different product categories. When graphically represented, the empirical results

visualizing the main effects of COO and the product categories on PAV and PTV are

represented as below:
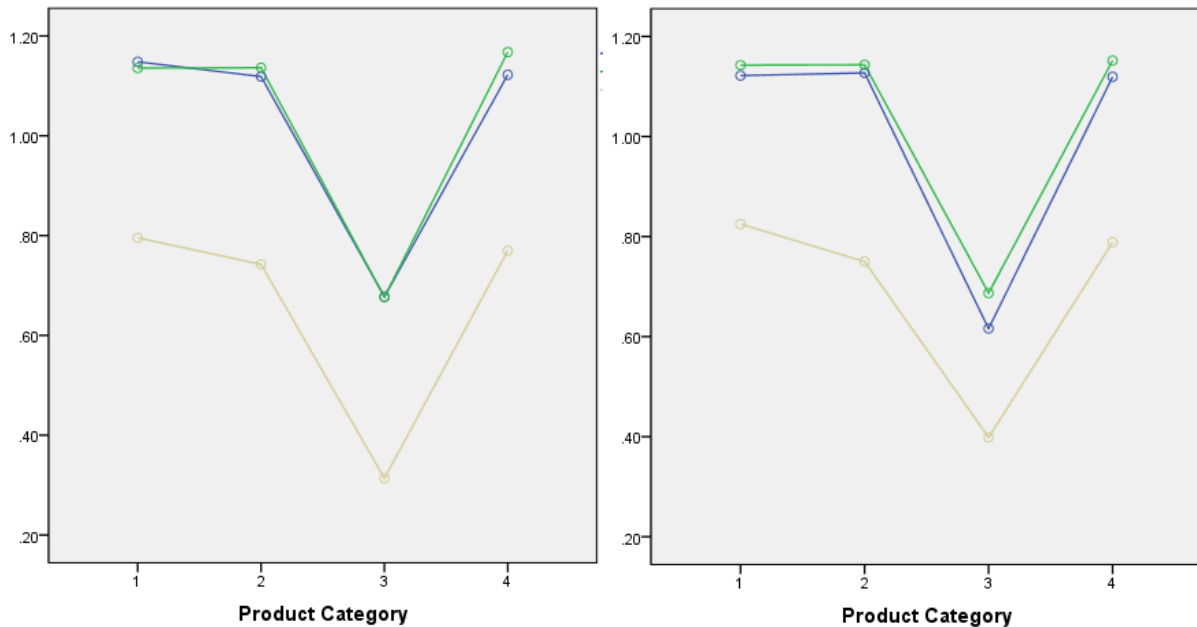
Figures 5&6. Effects of Individual Product Categories on the COO Effects Measured in PAV and

PTV

Note 1: Each of the line on the graph represents a COO group, with the blue color representing no COO information, green color representing United States, and yellow line representing China.

Note 2: Numbers along the horizontal axis represent the product categories, with 1 = utilitarian & high risk, 2 = utilitarian & low risk, 3 = hedonic & high risk and 4 = hedonic & low risk groups.

7.2.2 Study 2: Effects of COO and Product Categories on Satisfaction

In study 2, the goal of this study is to examine the effect of two independent

variables of the COO groups and the product categories on the outcome variable of

satisfaction, while controlling for a covariate of attitude using the factorial ANCOVA method.

By performing such method of analysis, this study aims to investigate the effect of the

independent variables but more importantly the interaction between two variables on this

outcome. In this latter part of the study, the research questions are as follow: "Do the COO

groups influence the effectiveness of the product categories on consumers' satisfaction towards each product category? Is there an effect of the product categories on the satisfaction? Is there an interaction between the COO groups and the satisfaction levels?"

In order to test the determinants of the people's satisfaction to investigate which manufacturing model has the most edge for the newly emerging countries, the factorial Analysis of Covariance (factorial ANCOVA) method is utilized to test the hypotheses projecting the effects of COO groups and the product categories on satisfaction, with controlling effects from attitude. The table below provides the results of the factorial ANCOVA for examining the determinants of the effects of COO and product categories on satisfaction.

Hypothesis	Projection	Type of Effects	Dependent Variable	F	Sig.	Partial Eta Sq.
H3	H_0: COO does not affect Satisfaction H_A: COO affects Satisfaction	COO	Satisfaction	77.257	.000***	.041
H4	H_0: Product Categories does not affect Satisfaction H_A: Product Categories affect Satisfaction	Product Category	Satisfaction	36.390	.000***	.030
Other Effects		Product Category * COO	Satisfaction	2.723	.012**	.005
		Attitude	Satisfaction	6319.385	.000***	.638

Table 6. Effects of COO Information and Product Category on Satisfaction

Overall, the results of the factorial ANCOVA indicate that there exists a significant difference across the COO groups and the product categories and are significant at the 0.01 significance level with $F = 77.257$ for the COO and $F = 36.390$ for the product categories. In other words, each of the COO group and the product category does have a significant effect on the respondent's satisfaction towards the products by itself. Referring to the *partial eta*

squared that is interpreted in the similar manner as the *r-squared* for a general linear regression model, the results of the factorial ANCOVA yields that 4.1% of the variation in satisfaction is explained by the COO groups and the 3.0% of the variation in the outcome is explained by the different product categories. Based on these findings, hypotheses H3 and H4 are accepted, indicating a clear difference among the COO groups and also across the product categories. In other words, the consumers perceive statistically different degrees of satisfaction across the different COO signals of the no COO information, the U.S., and China. Likewise, the consumers possess different perceptions on the values of acquisition and transaction among the four different product categories of the utilitarian & high risk; the utilitarian & low risk; the hedonic & high risk; and the hedonic & low risk product categories.

Similarly, the factorial ANCOVA also confirms that there also exists a statistical significance when the two terms of the COO groups and the product categories are joined as an interaction term. This significant interaction effect suggests that each product category responds differently to the three different COO groups, indicating that whatever effect that the product category or the COO group has by itself is rather insignificant since each variable is dependent on one another. In this research model of factorial ANCOVA analysis, the interaction term between the COO groups and the product categories explain a total of 0.5% of the variation in satisfaction at the statistically significant level of 0.05, with $F = 2.723$.

Finally, the covariate variable controlled for this research model of attitude also has a statistically significant effect on the satisfaction at the 0.01 significance level with $F = 6319.385$, accounting for 63.8% of the total variance in the outcome. Such high linkage between the covariate of attitude and the dependent variable of satisfaction indicate that attitude was a good choice for a covariate as it has a strong effect on the outcome. By including the attitude variable in the outcome, the effects from the covariate is also accounted

for in this analysis.

In order to test the hypotheses projecting the ranking of these differences, the graphical representation of the empirical results visualizing the main effects of COO and the product categories on satisfaction is illustrated as below:
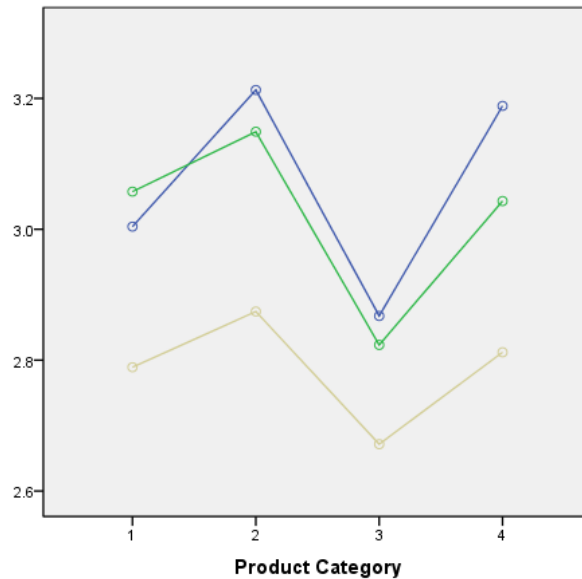
Figure 7. Effects of COO Information and Product Category on Satisfaction

Note 1: Each of the line on the graph represents a COO group, with the blue color representing no COO information, green color representing United States, and yellow line representing China.

Note 2: Numbers along the horizontal axis represent the product categories, with 1 = utilitarian & high risk, 2 = utilitarian & low risk, 3 = hedonic & high risk and 4 = hedonic & low risk groups.

In this graph, the adjusted means for the satisfaction separated out by the COO groups as well as the product category, while being adjusted for the effect of the covariate for satisfaction, COO groups, and product categories. Notice that the lines for the No COO and the United States cross, indicating that there exists an interaction between the two independent variables. The results from the factorial ANCOVA indicate that the differences across the COO groups and the product categories are significant. For the group with no information about COO is released, the satisfaction is in the order of the utilitarian & low risk

> the hedonic & low risk > the utilitarian & high risk > the hedonic & high risk groups. For the products marked Made in U.S., the satisfaction level is in the order of the utilitarian & low risk > the utilitarian & high risk > the hedonic & low risk > the hedonic & high risk groups. Finally, for the products labeled Made in China, the respondents display the satisfaction level in the order of the utilitarian & low risk > the hedonic & low risk > the utilitarian & high risk > the hedonic & high risk groups.

This results of the factorial ANCOVA clearly suggests that the consumers respond differently to the product categories as well as to the COO groups. There also appears to be differences in satisfaction depending on the product category and the COO groups, but it is important to note that, based on this result, it is difficult to say that the products from the US are better than the products with no COO information at all, because of the interaction. Based on these findings, the alternative hypothesis of H5 is rejected while failing to its null hypotheses, since the results cannot determine the order of the COO groups in terms of their effects on satisfaction. On the other hand, the results of this factorial ANCOVA only partially reject H6 of this research while also partially failing to reject its null hypothesis, since two of the three orders on the effect of the product categories on the consumer satisfaction coincide with the projection.

VIII. CONCLUSION

8.1 General Findings

In study 1, this paper aims to identify the determinants of the COO effect by conducting a survey measuring the PAV and PTV across the four different product categories chosen based on the product characteristics and the perceived risk levels. When testing the hypotheses formulated under the study 1, the results confirm that each product category individually influences the COO effects measured by PAV and PTV at the statistically significant level, accepting H1 while rejecting its null hypothesis. However, the research hypothesis of H2 proposing the order of the degree of PAV and PTV based on the product category effect is rejected, as the utilitarian & low risk category fails to rank first in the analysis results. In essence, this means that, while there exists statistical difference in PAV and PTV among the four product categories, the projection on the order of the perceived values based on the product category effects turns out to be slightly different than expected, with the utilitarian & low risk product expected to be the first rank actually ranking the second highest.

In study 2, this paper examines the effect of the COO and the product categories on satisfaction, while controlling for a covariate of attitude towards the COO groups and the product categories. In this case, the first two hypotheses projecting the significant effect of the COO and the product categories on satisfaction – H3 and H4 – are accepted while rejecting each of their respective null hypotheses. On the other hand, H5 speculating the order of the COO effects on satisfaction is rejected while its null hypothesis is failed to reject, since the order cannot be determined in this research due to the intersection between the No COO group and the U.S. groups. Finally, H6 hypothesizing the order of the effects of the product categories on satisfaction is partially rejected, as the two of the three testing groups (product

category order for the No COO group and the product category order for the China group) coincide with the projection. This means not only that the statistical difference on the effects of the COO and the product categories on satisfaction when controlling for attitude is confirmed but also the order of such differences coincides with the proposed hypotheses, though at a partial degree.

8.2 Implications of Research

8.2.1 Policy Implication

From the policy implication scope, this study identifies which product categories the newly emerging industries should focus in order to ensure the sustainability of their growth rate. On contrary to the initial projections, the results show that, while controlling the effect from the COO information, the consumers respond with the highest perceived acquisition value and the highest perceived transaction value for the utilitarian & high risk products like a laptop computer and the hedonic & low risk products like a t-shirt, unlike the hypotheses that speculated the utilitarian & low risk group to rank first in terms of PAV and PTV. Hence, the newly industrializing countries like China should focus on producing the utilitarian & high risk products and also the hedonic & low risk products, as these products would reward the countries with the high returns on their economic growth by generating the most value added from the manufacturing process.

On the other hand, these countries should definitely distance themselves from manufacturing the hedonic & high risk products such as dress and suits, while moderately reserving themselves from producing the utilitarian & low risk products like pen. The results indicate such a great gap between the hedonic & high risk products and other product categories in terms of the PAV and the PTV, in that these newly industrializing economics

would not gain much from the value added from these products. While the results on the utilitarian & low risk product remains rather moderate with its PAV and PTV ranking the second (after the utilitarian & high risk and the hedonic & low risk products jointly ranking the first), the policy makers of these countries should focus on investing their limited resources on the top ranking product categories, as these countries often face the issue of resource restriction. By allocating the resources on the top ranking product categories than moderately high category of the utilitarian & low risk products, the policy makers of these countries would seek the maximum returns on the country's investments by efficiently allocating the resources and the financial means.

8.2.2 Managerial Implication

Within the scope of the marking strategy implication, such results of the empirical analysis can be alarming as the results are against the conventional notion that the manufacturing industry of these newly emerging economies has been focused on producing the utilitarian & low risk products. Such conventional idea is not without basis, as detailed in the theoretical review and the hypotheses development of this paper. However, this paper proves that, though it builds on a solid ground of theoretical background, such notion is baseless and found without solid empirical studies, as the analysis conducted in this study demonstrates that the perceived values towards these products is not the highest. This in a way makes senses of the enduring question of why the newly emerging countries have failed at overcoming the chasm of the COO effects thus far – they have been targeting and investing their limited resources into manufacturing the wrong kind of the product categories.

Given this, it is imperative for these newly industrializing countries to maneuver their managerial strategy to now investing their resources into producing more promising

product categories of the utilitarian & high risk products and the hedonic & low risk products. Such notion is highly significant because it points out the misguided policy of the newly developing countries that focused on producing the utilitarian & low risk products without empirically analyzing the consumers' perception on the values of the varying product categories. Hence, by focusing their resources on manufacturing the utilitarian & high risk products as well as the hedonic & low risk products, the policy makers can ensure the sustained growth of their countries by correcting the misguided managerial policies.

Another implication by joining the marketing and the public policy scope is regarding the release of the COO information. While this study measures satisfaction across the four different product categories with effect of the COO information, the graphical presentation of the analysis results in study 2clearly indicates a gap between the consumer satisfaction towards the U.S. products and the Chinese products. One interesting finding is that, while the gap between the consumers' satisfactions from the U.S. products versus the Chinese products is clear, the satisfaction from the U.S. products and the products with no COO information intersect with each other, preventing the analysis results from investigating which COO group results in a higher degree of satisfaction.

As a matter of the fact, making a simple observation from the graph in study 2, the factorial ANCOVA results indicate that the respondents display a higher degree of satisfaction for the three of the four product categories, with the exception of the utilitarian & high risk products. Note that while such analysis results may be interpreted in the way that the newly emerging countries should focus only on manufacturing the hedonic & low risk products, bear in mind that it is a mere observation from the graphical representation of the study 2 to illustrate the importance of noticing the value of minimizing the COO information on a product. As pointed out earlier, the actual order of the satisfaction degrees caused by the COO

effect is undetermined from the factorial ANCOVA results in study 2. Hence, a newly emerging economy should still concentrate on investing both the utilitarian & high risk products and the hedonic & low risk products.

Such results indicate that the policy makers of the newly industrializing industries should concentrate on developing their managerial strategy in a way that enables a fair competition between the two products. For instance, the policy makers of these countries could investigate a way to minimize the appearance of the COO information on a product. Such methodology would greatly improve the people's perceived values on the products from these newly emerging economies, especially in the utilitarian & high risk product category, and ultimately aid in generating much value added. Ensuring the countries' sustained growth through such investment in research on minimizing the display of COO information would also benefit the global economy eventually, based on the logic of the global value chain in the era of the globalization as discussed previously in the introductory section.

For instance, the policy makers of these newly industrializing countries should investigate accomplishing such strategy of minimal COO display by incorporating its COO information as a part of the multi-COO labeling. As the business activities now take place at the international level, the MNCs are responding to the intensified competition by racking to explore the ways to save production costs by expanding the scale of the economies to the global level. Due to such efforts, increasingly numbers of MNCs has been outsourcing the design, production of a component, or the entire production line to a country with more favorable environments for competition, profits, and cost-savings. As such, there have been multiple researches with the aim to measure the effects of the COO information involving more than one country from various dimensions and approaches (Hwang & Kim 2002a; Ahmed & El-adraoui 1994; Chao 1993/1998/2001; Insch & McBrid 2004; Li, Murray &

Scott 2000; Srinivasan et al. 2003).

Particularly pertaining to the scope of this paper, the results of the analysis carried out by Chao (2001) demonstrate that each of the assembly COO, design COO, and the component COO influences the attitudes of a consumer with positive effects, and the magnitudes of such impact on the attitudes toward a product and the purchase intention are greater when these information on COOs are in unity than when they are not.

Most strikingly, in their research examining the COO effects on the perceived quality using multiple variables including design COO, assembly COO, brand names, and price, Ahmed and El-adraoui (1994) illustrate that the consumers evaluate the COO information of a developed country more favorably in the design field, whereas the newly industrializing countries draw more positive consumer behaviors in the field of assembling an industrial product. Combined with the results of the analysis made in this paper, such observation suggest that the policy makers of the newly emerging economies should pursue the strategy of multi-COO information, with its efforts to be involved with the assembly of a product in particular.

8.2.3 Academic Implication

This research also carries academic implication in that there was no such research previously done in the field. The most striking feature of this study is that it marries the two fields of public policy and marketing at the international level. While investigating development strategy for a developing country has been a long-standing topic in the arena of international development, this research is significant in that it narrows the scopes onto the newly industrializing economies. As the term itself is rather recently coined, there has been a little research on these countries, let alone examining the strategies for the sustainable growth

of these countries that addresses the recent concerns risen the global financial sector.

Furthermore, this research deems its value in that it investigates the determinants of the COO effects by utilizing the four different product categories. Although there has been many attempts done in the field of marketing, much of these research only examines the product categories by either utilitarian & hedonic or the perceived risk levels, and only on rare occasions they investigate both the product types and the perceived risk levels. Moreover, only a handful research whether in the arena of marketing or in the public policy sector utilizes the concepts of the perceived acquisition value and the perceived transaction value as an indicator to measure the COO effect. Finally, this study adopts the sophisticated methodology of both the factorial MANOVA and the factorial ANCOVA after performing a factorial analysis as approved by the high degree of Cronbach's alpha, using an unbiased survey responds from the 200 consumers in Korea. Hence, this study would not only claim its worth as its own, but it would also shine lights on other ongoing research in both fields of public policy and marketing.

8.3 Limitations and Future Research

Perhaps the most limiting factor of this research is that it omits the brand effect of each product. In order to measure the accurate levels of the COO effects, this study purposely leaves out the factor of brand awareness. In reality, various marketing research show that brand awareness can also behave as an information cue, impacting the purchase decision or the perceived value of a product to a consumer. However, although brand awareness is also an information cue, it is an added effect to the COO effect. For instance, once the COO effect first determines the perceived value of a product, the brand effect could further deepen or mitigate the COO effects on the perceived values. Also, despite that some brands may be

viewed favorably upon by the consumers, the buyers still consider the country of origin when making their purchase decisions. Therefore, while the brand effect could have its value to the study, this paper rules out the variable in order to measure the COO effects more accurately by concentrating the methodology to investigate its determinants.

Based on such limitation, one suggestion to further develop this study in future is to include the brand effect into the equation as well. This would allow the policy makers to entertain the results of a research that may be closer to the real-life situation, where the brand effects and the COO effects are both at work. In addition, this study could also be further extended to conduct an analysis on all of the member countries of the BRICS countries. The results of such research would allow a comprehensive policy recommendation for the newly emerging countries in their entirety.

Finally, the scope of the respondents of this research could be extended to a balanced group of respondents from all over the world to ensure non-biasedness. Such pool of global respondents would also aid in measuring the price perception of the consumers around the globe, not just the perspectives of the Korean consumers, to yield a comprehensive implications. In order to perform a quality check on the results of this study, an additional set of research could be perform using the same research model, but utilizing different products from the same product categories, as previously illustrated in the methodology section.

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APPENDIX 1: SURVEY QUESTIONS

Q103 What is your gender?

○ Male (1)

○ Female (2)

Q119 Please evaluate how much you agree with the following statements:

I've seen a country of origin (COO) labeling on a product, i.e. Made in Country's Name (1)

I am often exposed to a COO labeling (2)

Overall, I think COO information is a good reflection of product quality (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	○	○	○	○	○
Q(2)	○	○	○	○	○
Q(3)	○	○	○	○	○

Q1 Below is a picture of a standard, 15" laptop. Please answer the following questions. for $749.99 Windows 10 Home 64-bit; Technical details:6th Gen Intel®Core™ i5 processor;15.6"display; 8GB memory; 256GB solid state drive

Q5 Referring to the price given, please rate how much you agree with the following statements:

At the sale price, I feel I would be getting my money's worth (1)

I think I would be getting good value for the money I spend (2)

I feel that acquiring it meets both my high quality and low price requirements (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q109 Referring to the price given, please rate how much you agree with the following statements:

Taking advantage of a price-deal like this makes me feel good (1)

I would get lots of pressure knowing that I would save money at this reduced sale price (2)

Beyond the money I save, taking advantage of this price deal will give me a sense of joy (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q136 Please evaluate how much you agree with the following statements:

I would purchase this product for its practical uses (1)

I feel excited and joy when purchasing this product for me or as a gift (2)

There are risks (fraud, health risk, mispurchase, etc.) associated with this product (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q117 Please evaluate how much you agree with the following statements:

Overall, I believe this product is important (1)

Overall, I would be satisfied with this product (2)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍

Q8 Below is a picture of a standard, 15" laptop from the US. Please answer the following questions. Made in USA Same qualities as in the previous product, with COO labeling (Windows 10 Home 64-bit; Technical details:6th Gen Intel®Core™ i5 processor;15.6"display; 8GB memory;256GB solid state drive)

Made in USA

Q121 Referring to the price given, please rate how much you agree with the following statements:

At the sale price, I feel I would be getting my money's worth (1)

I think I would be getting good value for the money I spend (2)

I feel that acquiring it meets both my high quality and low price requirements (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q111 Referring to the price given, please rate how much you agree with the following statements:

Taking advantage of a price-deal like this makes me feel good (1)

I would get lots of pressure knowing that I would save money at this reduced sale price (2)

Beyond the money I save, taking advantage of this price deal will give me a sense of joy (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q149 Please evaluate how much you agree with the following statements:

I would purchase this product for its practical uses (1)

I feel excited and joy when purchasing this product for me or as a gift (2)

There are risks (fraud, health risk, mispurchase, etc.) associated with this product (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q150 Please evaluate how much you agree with the following statements:

Overall, after seeing the COO information, I believe this product is important (1)

Overall, after seeing the COO information, I would be satisfied with this product (2)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍

Q112 Below is a picture of a laptop from China. Please answer the following questions.   Made in China   Same qualities as in the previous product, with COO labeling (Windows 10 Home 64-bit; Technical details:6th Gen Intel®Core™ i5 processor;15.6"display; 8GB memory;256GB solid state drive)

Made in China

Q120 Referring to the price given, please rate how much you agree with the following statements:

At the sale price, I feel I would be getting my money's worth (1)

I think I would be getting good value for the money I spend (2)

I feel that acquiring it meets both my high quality and low price requirements (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q146 Referring to the price given, please rate how much you agree with the following statements:

Taking advantage of a price-deal like this makes me feel good (1)

I would get lots of pressure knowing that I would save money at this reduced sale price (2)

Beyond the money I save, taking advantage of this price deal will give me a sense of joy (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q151 Please evaluate how much you agree with the following statements:

I would purchase this product for its practical uses (1)

I feel excited and joy when purchasing this product for me or as a gift (2)

There are risks (fraud, health risk, mispurchase, etc.) associated with this product (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q152 Please evaluate how much you agree with the following statements:

Overall, after seeing the COO information, I believe this product is important (1)

Overall, after seeing the COO information, I would be satisfied with this product (2)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍

Q25   Below   is   a   picture   of   a   pen.   Please   answer   the   following questions.   for $2.59 (Description: Round Stic Grip Ballpoint Pens, Medium Point, 1.2 mm, Clear Barrel, Black Ink)

Q5 Referring to the price given, please rate how much you agree with the following

statements:

At the sale price, I feel I would be getting my money's worth (1)

I think I would be getting good value for the money I spend (2)

I feel that acquiring it meets both my high quality and low price requirements (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q109 Referring to the price given, please rate how much you agree with the following statements:

Taking advantage of a price-deal like this makes me feel good (1)

I would get lots of pressure knowing that I would save money at this reduced sale price (2)

Beyond the money I save, taking advantage of this price deal will give me a sense of joy (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q136 Please evaluate how much you agree with the following statements:

I would purchase this product for its practical uses (1)

I feel excited and joy when purchasing this product for me or as a gift (2)

There are risks (fraud, health risk, mispurchase, etc.) associated with this product (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q117 Please evaluate how much you agree with the following statements:

Overall, I believe this product is important (1)

Overall, I would be satisfied with this product (2)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍

Q31   Below is a picture of a pen from the US. Please answer the following questions.   Made in USA Same qualities as in the previous product, with COO labeling   (Round Stic Grip Ballpoint Pens, Medium Point, 1.2 mm, Clear Barrel, Black Ink)

Made in USA

Q121 Referring to the price given, please rate how much you agree with the following statements:

At the sale price, I feel I would be getting my money's worth (1)

I think I would be getting good value for the money I spend (2)

I feel that acquiring it meets both my high quality and low price requirements (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q111 Referring to the price given, please rate how much you agree with the following statements:

Taking advantage of a price-deal like this makes me feel good (1)

I would get lots of pressure knowing that I would save money at this reduced sale price (2)

Beyond the money I save, taking advantage of this price deal will give me a sense of joy (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q149 Please evaluate how much you agree with the following statements:

I would purchase this product for its practical uses (1)

I feel excited and joy when purchasing this product for me or as a gift (2)

There are risks (fraud, health risk, mispurchase, etc.) associated with this product (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q150 Please evaluate how much you agree with the following statements:

Overall, after seeing the COO information, I believe this product is important (1)

Overall, after seeing the COO information, I would be satisfied with this product (2)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍

Q49   Below is a picture of a pen from China. Please answer the following questions.   Made in China   Same qualities as in the previous product, with COO labeling (Ballpoint Pen, Medium Point, 1.0 mm, Satin Chrome Barrel, Black Ink)

Q121 Referring to the price given, please rate how much you agree with the following statements:

At the sale price, I feel I would be getting my money's worth (1)

I think I would be getting good value for the money I spend (2)

I feel that acquiring it meets both my high quality and low price requirements (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	○	○	○	○	○
Q(2)	○	○	○	○	○
Q(3)	○	○	○	○	○

Q111 Referring to the price given, please rate how much you agree with the following statements:

Taking advantage of a price-deal like this makes me feel good (1)

I would get lots of pressure knowing that I would save money at this reduced sale price (2)

Beyond the money I save, taking advantage of this price deal will give me a sense of joy (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	○	○	○	○	○
Q(2)	○	○	○	○	○
Q(3)	○	○	○	○	○

Q149 Please evaluate how much you agree with the following statements:

I would purchase this product for its practical uses (1)

I feel excited and joy when purchasing this product for me or as a gift (2)

There are risks (fraud, health risk, mispurchase, etc.) associated with this product (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q150 Please evaluate how much you agree with the following statements:

Overall, after seeing the COO information, I believe this product is important (1)

Overall, after seeing the COO information, I would be satisfied with this product (2)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍

Answer If What is your gender? Female Is Selected

Q55 Below is a women's dress. Please answer the following questions.

Answer If What is your gender? Male Is Selected

Q103 Below is a men's suit. Please answer the following questions

Q5 Referring to the price given, please rate how much you agree with the following statements:

At the sale price, I feel I would be getting my money's worth (1)

I think I would be getting good value for the money I spend (2)

I feel that acquiring it meets both my high quality and low price requirements (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q109 Referring to the price given, please rate how much you agree with the following statements:

Taking advantage of a price-deal like this makes me feel good (1)

I would get lots of pressure knowing that I would save money at this reduced sale price (2)

Beyond the money I save, taking advantage of this price deal will give me a sense of joy (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q136 Please evaluate how much you agree with the following statements:

I would purchase this product for its practical uses (1)

I feel excited and joy when purchasing this product for me or as a gift (2)

There are risks (fraud, health risk, mispurchase, etc.) associated with this product (3)

	Strongly disagree (1)	**Disagree (2)**	**Somewhat disagree (3)**	**Neither agree nor disagree (4)**	**Somewhat agree (5)**
Q(1)	○	○	○	○	○
Q(2)	○	○	○	○	○
Q(3)	○	○	○	○	○

Q117 Please evaluate how much you agree with the following statements:

Overall, I believe this product is important (1)

Overall, I would be satisfied with this product (2)

	Strongly disagree (1)	**Disagree (2)**	**Somewhat disagree (3)**	**Neither agree nor disagree (4)**	**Somewhat agree (5)**
Q(1)	○	○	○	○	○
Q(2)	○	○	○	○	○

Q61　Below is a picture of a women's dress from the US. Please answer the following questions.

Made in USA
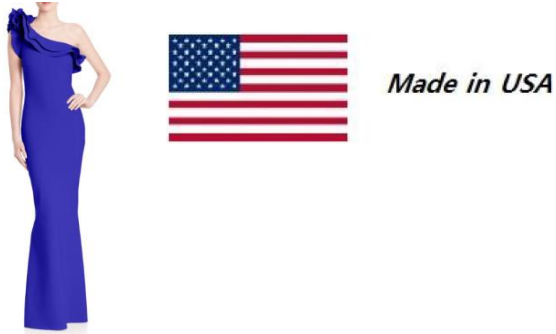
Q105　Below is a picture of a men's suit from the US. Please answer the following questions.

Made in USA

ng to the price given, please rate how much you agree with the following statements:

At the sale price, I feel I would be getting my money's worth (1)

I think I would be getting good value for the money I spend (2)

I feel that acquiring it meets both my high quality and low price requirements (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	○	○	○	○	○
Q(2)	○	○	○	○	○
Q(3)	○	○	○	○	○

Q111 Referring to the price given, please rate how much you agree with the following statements:

Taking advantage of a price-deal like this makes me feel good (1)

I would get lots of pressure knowing that I would save money at this reduced sale price (2)

Beyond the money I save, taking advantage of this price deal will give me a sense of joy (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q149 Please evaluate how much you agree with the following statements:

I would purchase this product for its practical uses (1)

I feel excited and joy when purchasing this product for me or as a gift (2)

There are risks (fraud, health risk, mispurchase, etc.) associated with this product (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q150 Please evaluate how much you agree with the following statements:

Overall, after seeing the COO information, I believe this product is important (1)

Overall, after seeing the COO information, I would be satisfied with this product (2)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍

Answer If What is your gender? Female Is Selected

Q159   Below is a picture of a women's dress from China. Please answer the following questions.

Made in China

Answer If What is your gender? Male Is Selected

Q161   Below is a picture of a men's suit from China. Please answer the following questions.

Made in China

Q121 Referring to the price given, please rate how much you agree with the following statements:

At the sale price, I feel I would be getting my money's worth (1)

I think I would be getting good value for the money I spend (2)

I feel that acquiring it meets both my high quality and low price requirements (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q111 Referring to the price given, please rate how much you agree with the following statements:

Taking advantage of a price-deal like this makes me feel good (1)

I would get lots of pressure knowing that I would save money at this reduced sale price (2)

Beyond the money I save, taking advantage of this price deal will give me a sense of joy (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q149 Please evaluate how much you agree with the following statements:

I would purchase this product for its practical uses (1)

I feel excited and joy when purchasing this product for me or as a gift (2)

There are risks (fraud, health risk, mispurchase, etc.) associated with this product (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q150 Please evaluate how much you agree with the following statements:

Overall, after seeing the COO information, I believe this product is important (1)

Overall, after seeing the COO information, I would be satisfied with this product (2)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍

Q84   Below is a t-shirt. Please answer the following questions.   for $24

Comfortable tee with contrast stripes, crew neckline, logo tab on bottom left, 60% COTTON, 40% POLYESTER)

Q5 Referring to the price given, please rate how much you agree with the following statements:

At the sale price, I feel I would be getting my money's worth (1)

I think I would be getting good value for the money I spend (2)

I feel that acquiring it meets both my high quality and low price requirements (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	○	○	○	○	○
Q(2)	○	○	○	○	○
Q(3)	○	○	○	○	○

Q109 Referring to the price given, please rate how much you agree with the following statements:

Taking advantage of a price-deal like this makes me feel good (1)

I would get lots of pressure knowing that I would save money at this reduced sale price (2)

Beyond the money I save, taking advantage of this price deal will give me a sense of joy (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	○	○	○	○	○
Q(2)	○	○	○	○	○
Q(3)	○	○	○	○	○

Q136 Please evaluate how much you agree with the following statements:

I would purchase this product for its practical uses (1)

I feel excited and joy when purchasing this product for me or as a gift (2)

There are risks (fraud, health risk, mispurchase, etc.) associated with this product (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	○	○	○	○	○
Q(2)	○	○	○	○	○
Q(3)	○	○	○	○	○

Q117 Please evaluate how much you agree with the following statements:

Overall, I believe this product is important (1)

Overall, I would be satisfied with this product (2)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍

Q90   Below is a picture of a t-shirt from the US. Please answer the following questions.   Made in USA   Same qualities as in the previous product, with COO labeling (Comfortable tee with contrast stripes, crew neckline, logo tab on bottom left, 60% COTTON, 40% POLYESTER)

Q121 Referring to the price given, please rate how much you agree with the following statements:

At the sale price, I feel I would be getting my money's worth (1)

I think I would be getting good value for the money I spend (2)

I feel that acquiring it meets both my high quality and low price requirements (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q111 Referring to the price given, please rate how much you agree with the following statements:

Taking advantage of a price-deal like this makes me feel good (1)

I would get lots of pressure knowing that I would save money at this reduced sale price (2)

Beyond the money I save, taking advantage of this price deal will give me a sense of joy (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q149 Please evaluate how much you agree with the following statements:

I would purchase this product for its practical uses (1)

I feel excited and joy when purchasing this product for me or as a gift (2)

There are risks (fraud, health risk, mispurchase, etc**.**) associated with this product (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q150 Please evaluate how much you agree with the following statements:

Overall, after seeing the COO information, I believe this product is important (1)

Overall, after seeing the COO information, I would be satisfied with this product (2)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍

Q173   Below is a picture of a t-shirt from China. Please answer the following

questions.   Made in China Same qualities as in the previous product, with COO

labeling (Comfortable tee with contrast stripes, crew neckline, logo tab on bottom left, 60%

COTTON, 40% POLYESTER)

Q121 Referring to the price you wrote down, please rate how much you agree with the following

statements:

At the sale price, I feel I would be getting my money's worth (1)

I think I would be getting good value for the money I spend (2)

I feel that acquiring it meets both my high quality and low price requirements (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q111 Referring to the price you wrote down, please rate how much you agree with the following statements:

Taking advantage of a price-deal like this makes me feel good (1)

I would get lots of pressure knowing that I would save money at this reduced sale price (2)

Beyond the money I save, taking advantage of this price deal will give me a sense of joy (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q149 Please evaluate how much you agree with the following statements:

I would purchase this product for its practical uses (1)

I feel excited and joy when purchasing this product for me or as a gift (2)

There are risks (fraud, health risk, mispurchase, etc.) associated with this product (3)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍
Q(3)	❍	❍	❍	❍	❍

Q150 Please evaluate how much you agree with the following statements:

Overall, after seeing the COO information, I believe this product is important (1)

Overall, after seeing the COO information, I would be satisfied with this product (2)

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)
Q(1)	❍	❍	❍	❍	❍
Q(2)	❍	❍	❍	❍	❍

Q140 What is your marital status?

❍ Married (1)
❍ Widowed (2)
❍ Divorced (3)
❍ Separated (4)
❍ Never married (5)

Q141 What is your annual household income?

❍ Less than 19,990,000 KRW (1)
❍ 20,000,000 ~ 39,990,000 KRW (2)
❍ 40,000,000 ~ 59,990,000 KRW (3)
❍ 60,000,000 ~ 79,990,000 KRW (4)
❍ 80,000,000 ~ 99,990,000 KRW (5)
❍ More than 100,000,000 KRW (6)

Q142 What is yoru age?

❍ Under 18 (1)

❍ 18 - 24 (2)

❍ 25 - 34 (3)

❍ 35 - 44 (4)

❍ 45 - 54 (5)

❍ 55 - 64 (6)

❍ 65 - 74 (7)

❍ 75 - 84 (8)

❍ 85 or older (9)

Q143 What is your employment status?

❍ Employed full time (1)

❍ Employed part time (2)

❍ Unemployed looking for work (3)

❍ Unemployed not looking for work (4)

❍ Retired (5)

❍ Student (6)

❍ Disabled (7)

Q144 What is your education level?

❍ Less than high school (1)

❍ High school graduate (2)

❍ Some college (3)

❍ 2 year degree (4)

❍ 4 year degree (5)

❍ Professional degree (6)

❍ Doctorate (7)