

**THE INFLUENCE OF COUNTRY IMAGE AND COUNTRY OF  
ORIGIN'S IMAGE ON CONSUMER'S UNCERTAINTY, ASPIRATION  
AND PURCHASING INTENTION OF HIGH-TECH PRODUCTS**

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# **THE INFLUENCE OF COUNTRY IMAGE AND COUNTRY OF ORIGIN'S IMAGE ON CONSUMER'S UNCERTAINTY, ASPIRATION AND PURCHASING INTENTION OF HIGH-TECH PRODUCTS**

## **ABSTRACT**

*The purpose of this paper is to investigate consumers' behaviour in relation to their purchasing intention of high-tech products. In particular, it simultaneously assesses the effects of country image and country-of-origin's image on consumers' uncertainty, aspiration and purchasing intention of high-tech products. The theory of schema congruity, the theory of planned behaviour, self-image congruity theory and confirmation bias form the theoretical underpinning of the research model. A research model is developed together with an agenda of seven hypotheses. The hypotheses will be tested using SPSS statistical software and structural equation modelling techniques. The main contributions of the proposed research are also delineated.*

## **Introduction**

With the rapid phenomenon of globalisation and increasing growth in international trade, businesses are operating in immense competition and challenge. Studies on the country's effects have helped multinationals in developing and tailoring their global marketing strategies. Research indicates that global smartphone penetration among mobile phone users will exceed 80% by 2020 (Frost & Sullivan, 2014). With a significant and vast market in view, smartphone companies such as the likes of Samsung, Apple, Lenovo and others inevitably will be vying for pole position to secure a substantial share of the pie. To take advantage of opportunities in the emerging markets, it is essential for multinationals to stand out among competitors. Amongst competitive advantages favouring developed countries, one can mention the impact of country's effect (i.e. COO and CI). This is particularly true in the case of high-tech products since consumers tend to appreciate complex and sophisticated products from industrialized countries known for their innovations and leading position in the high-tech sector. However, in the presence of hybrid products that may have components

derived from several countries all over the world, consumers are likely to be torn between their risk aversion and their aspiration to purchase high-tech products as the distinction of products being foreign or locally made have become much more complicated for consumers. Therefore, the present study aims at simultaneously investigating the roles that country's image and country-of origin's image may play in alleviating consumers' uncertainty and increasing their aspiration to evaluate and acquire newly introduced high-tech products.

## **Literature Review and Hypotheses**

### **Country-of-origin's image (COO)**

The country-of-origin's image (COO) is often considered a factor likely to influence consumers, through reducing the complexity of their purchasing decisions (Papadopoulos and Heslop, 2002). Likewise, the country's general image (CI), though often interchangeably used with country-of-origin (e.g. Heslop et al., 2008; Koubaa, 2008; Roth and Romeo, 1992; Wang and Yang, 2008), was also found to influence consumers' purchase decisions (Martin and Eroglu, 1993). Most of previous studies have focused on recognized advanced countries, such as Japan, the US or Western Europe; that produces high quality products and have well established brands (Kaynak and Kara, 2001). Countries that have been unable to distinguish themselves in the production or marketing of their national products have been relatively ignored. For this reason, the present study intends to concurrently examine the role of country image and country-of-origin's image in influencing consumers' purchase intention of products coming from a country with little differentiation and reputation in a particular industry. A particular focus will be attributed to the attitude of Australian consumers towards Chinese high-tech products.

### **Consumers Uncertainty**

Uncertainty is often termed as unpleasant, unfamiliar and complex in many circumstances. For example, in a marketing context where consumers are faced with an ever increasing information led world with competing communications, stimuli and burgeoning choices can result in consumer decisions which are more complex and demanding. Couple this with consumer desire for optimum choice and excellence in value and satisfaction and the result can lead to a negative state of uncertainty (Shaw & Thomson, 2013). There are two sources of uncertainty as suggested by Koichi (2014) (1) unfamiliarity with the product, or attribute

uncertainty, implying a lack of information about how the product fits an individual's preferred attribute set, and (2) price variability over time and source, implying a lack of information about price. The country's general image is often seen and utilised as an extrinsic cue in consumer's decision-making process especially in unfamiliar and complex cases. Therefore, there is a clear indication that a conceptual link exists between a consumer's country's general image and their proneness to uncertainty avoidance such that a favorable image of a country will diminish consumer's uncertainty about products coming from this country (Souiden, Pons, and Mayrand, 2011).

### **Consumer's Aspirations**

Consumers' level of aspiration is referred to as "a system of expectancies that consists of what can be, what ought to be and what probably will be" (Miller 1976). Furthermore, the aspiration level is positively related to one's success. This means that the stronger one enjoys success, the higher is his level of aspiration (Olshavsky and Miller 1972). As such, an individual may rely upon some form of possession and display of consumer products to reflect their status and success in society. For example, a trend reversal in India has seen consumers upgrading to smartphones faster than ever before as a reflection of their own aspirations to stand out (see reference). Thus, a reflection of the country image may also be a deciding factor in the final purchase decision. Measuring aspirations in present day context is different as compared to the past with the diversity of products in the market. There is significant research done on luxury goods and their association with aspirations. (Brun & Castelli, 2013; Husic & Cicic, 2009; Koichi, 2014; Truong, McColl, & Kitchen, 2010) However, there is insufficient research that addresses more complex products such as smartphones and other high technology products that consumers might associate with the notion of "prestige", and matching their aspirational beliefs.

## **Theoretical Underpinnings**

### **Confirmation Bias**

According to Nikerson (1998, p. 175), "confirmation bias, as the term is typically used in the psychological literature, connotes the seeking or interpreting of evidence in ways that are partial to existing beliefs, expectations, or a hypothesis in hand." This is supported by further

insights from Kempton, Alani & Chapman (2002) as it states that confirmation bias has been identified that the decision maker may form initial hypothesis and thus not only does information gathering but also interprets information. For the most part, it is in order to validate their initial hypothesis. In a comprehensive review, Bikey and Nes (1982) concluded that country of origin bias has a direct impact on the acceptability of foreign products. Thus, as consumers experience preconceived bias against a particular country's product and when biasness towards the country's product is positive, it will alter the evaluation when multiple country's products are involved. Ultimately, it will also affect the outcome of consumer's purchase intention.

### **Self Image Congruence Theory**

Grubb & Grathwohl (1967) informs that individuals will purchase products that hold symbolic values and that possess self-enhancing capabilities. As such, these products are perceived as being similar to the individual's self-concept. This notion of self-concept served as a predictor for purchasing behavior in the 1960s and more recently the purchase intention is also largely affected by the perceived congruence between the brand's image and the self-image of consumers. Bosnak (2008) also states that self-image congruence theory allows individuals to hold favorable attitudes and intentions towards brands that match particular aspects of their self-concept. Thus, the likelihood to purchase is greater. Therefore, consumers may be attached to a particular country's product as it resonates with an individual's self-concept. As Jung, Lee, Kim (2014) highlights, when there is equitable country image resonating with a particular brand, it eventually will lead to greater awareness, higher perceived quality and also strengthening brand loyalty.

### **Schema Congruity**

Schema in psychological literature is characterized as memory-stored cognitive structures that has preconceived ideas or prior knowledge that is used to formulate and perceive new information information (Fiske & Linville 1980; Crocker, 1984). Halkias (2015) highlights that the cognitive schema consumers develop through time helps to guide their perception of interpreting information. Also, when there is a scarcity of information availability, schema knowledge takes precedence in filling up missing details through past experiences which

ultimately enables inference making. As such, when consumers evaluate high-technological products originating from different countries, they may draw on existing knowledge or pre-existing beliefs of a country which affects their purchase intention of a product.

### **Theory of Planned Behavior**

The theory of planned behavior which was proposed by Aizen (1991) states that the intent to perform a behavior shapes the individual's actual performance of that certain behavior. Son, Jin & George (2014) outlines that the behavioral intention of an individual leads to their actual behavior, and that behavioral intentions is determined by attitudes of consumers towards purchasing or using a brand. Souiden, Pons & Mayrand (2011) also highlights that consumers tend to have a positive attitude towards a product when their attitude towards country of origin is favorable. Hence, if consumer's attitude towards a particular country is favorable, the chances of purchasing products from that country is higher.

Building from the above discussion, the following hypotheses are presented:

*H<sub>1</sub>*- Consumer aspirations will have a positive influence on consumer product evaluation of high-tech products.

*H<sub>2</sub>*- Consumer aspirations will have a positive influence on consumer purchase intention of high-tech products.

*H<sub>3</sub>*- Consumer uncertainty will have a negative influence on consumer product evaluation of high-tech products.

*H<sub>4</sub>*- Consumer uncertainty will have a negative influence on consumer purchase intention of high-tech products.

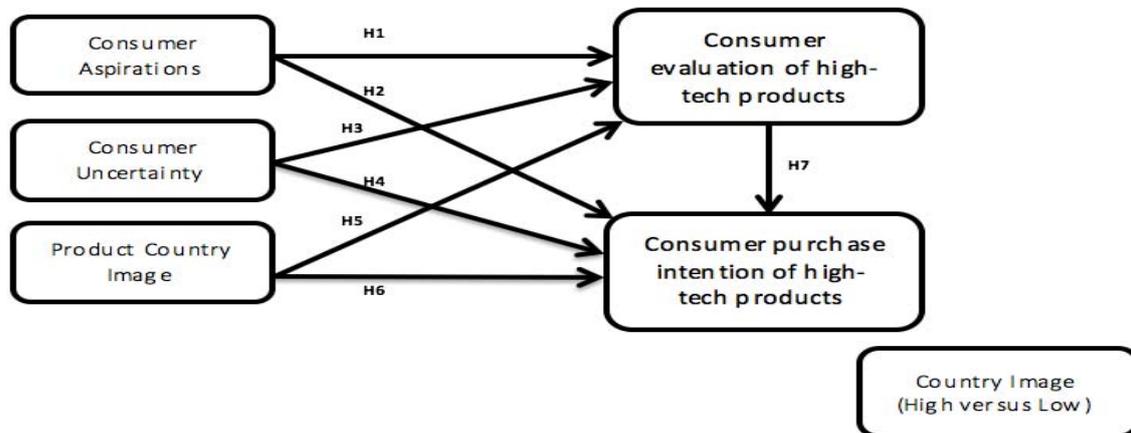
*H<sub>5</sub>*- Product country image will have a positive influence on consumer product evaluation of high-tech products.

*H<sub>6</sub>*- Product country image will have a positive influence on consumer purchase intention of high-tech products.

*H<sub>7</sub>*- Consumer product evaluation of high-tech products will have a positive influence on consumer purchase intention of high-tech products.

Figure 1 provides a summary of the hypotheses for this study.

**Figure 1 Research Framework**



### **Research Design**

Data will be collected via a mall intercept at a major shopping complex in the city of Perth, Western Australia. In addition, an online consumer panel will be utilised as well. The survey instrument was developed using established scales. Laroche's et al. (2005) and Martin and Eroglu's (1993) scales were used to measure country's general image (ie. CI) constructs. The scales from Haubl (1996), Darling and Wood (1990) and Laroche et al (2005) were adapted to measure country-of-origin's image (COO) as a manufacturer of high technology products. Cervin~o et al. (2005), Laroche et al. (2005), Lee and Ganesh (1999), and Yong (1996) were used to measure product judgement of high technology products. Furthermore, "consumer uncertainty" was measured using scales from Dholakia (2001) and Ahmed et al. (2005). The adapted scales from Klein et al. (1998) and Chinen et al. (2000) was used to measure "consumers' aspiration", and scales from Laroche et al. (2005) and Papadopoulos and Heslop (1993) was incorporated to measure purchase intention. All items will be measured with a seven point Likert scale with 1 representing "strongly disagree" and 7 representing "strongly agree".

## Concluding Comments

The study seeks to provide many potential significant contributions. Conceptually, the study will contribute to the existing literature by: (1) extending the current country's image and country-of origin's image literature within the high technology sector (2) simultaneously investigating the impact of the country's image and country-of-origin on product image, consumers' aspiration, consumers' uncertainty, and consumers' purchase intention. In methodological contributions, the study will generalise Souiden, Pons, and Mayrand's (2011) country's image and country-of origin's image model by comparing the constructs using contrasting brands from two different countries. Potential managerial contributions provided by the study include: (1) allowing companies to be aware of the importance of a positive country image, and how it benefits them in the marketing and internationalization of high-technology products, (2) highlighting the growing importance that companies should strive to create a distinguished position at regional and global level through a strong country image/country brand and, lastly, (3) provide insights into consumer's perception and evaluation towards high-technological products from a single emerging market. In addition, it further provides valuable information to companies where they are able to find adequate means to act on consumer's aspirations and uncertainty. The information acquired from this study of country image is that it may be an effective tool in increasing aspirations and reducing consumer's uncertainty towards high-tech products.

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