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EXPLORING THE COUNTRY-OF-ORIGIN INDICATORS ACROSS PRODUCT CATEGORIES: THE CASE OF MEXICO AND CHILE

EXPLORANDO LOS INDICADORES DEL EFECTO DEL PAÍS-DE-ORIGEN POR CATEGORÍA DE PRODUCTO: EL CASO DE MÉXICO Y CHILE.

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Resumen

El estudio analiza las variables que afectan el efecto del país-de-origen (COO) y su influencia en la intención de compra en diferentes categorías de productos. Previa investigación sobre el efecto del país-de-origen sugiere que el efecto puede estar presente, pero que sin embargo, podría variar según los productos y las culturas. Tomando en cuenta esta premisa, se propone un modelo para medir el efecto del país-de-origen en cuatro categorías de productos en dos países: México y Chile. En general, los resultados indicaron que susceptibilidad a las influencias normativas, cosmopolitismo, educación e ingresos, son todos indicadores del efecto del país-de-origen. También se constató que el impacto del efecto del país-de-origen difiere entre los productos de lujo y los productos utilitarios, así como entre los productos que se consumen en público y en privado. Por último, los resultados revelan que la susceptibilidad a la influencia normativa afecta a la intención de compra de los productos utilizados en público, mientras que cosmopolitismo tiene un impacto fuerte no solo sobre los productos de consumo público, pero también en los productos asociados con el lujo.

Palabras clave: Effecto del país de origen, etnocentrismo, influencias normativas, cosmopolitanismo, e intención de compra.

Abstract

This study analyzed variables affecting the Country of Origin effect (COO) and its influence on intention to purchase across different categories of products. Extensive research on country-of-origin suggests it is pervasive, yet there is substantial variation across products and cultures. Due to these differences, we developed a model to test the effect of country-of-origin on four different types of products within two specific countries: Mexico and Chile. Overall, the results indicated that susceptibility to normative influences, cosmopolitanism, education and income, are all indicators of country-of-origin. It was also found that the country-of-origin effect differs between luxury and utilitarian products, as well as between publicly and privately consumed products. Finally, the findings indicated that susceptibility to normative influence affects the intention to purchase products used in public, while cosmopolitanism has a stronger impact on publicly consumed products and products associated with luxury.

Keywords: Country-of-origin, ethnocentricism, susceptibility to normative influence, cosmopolitanism, and intention to purchase.

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Introduction

Empirical research has been conducted extensively on the issue regarding country-of-origin or the "made-in…" label of products for at least 35 years (Papadopoulos and Heslop, 1993). Fueled by the rapid expansion and potential profitability of global trade, motivated interest developed concerning the effect of a product's country-of-origin (COO) on buyers' perception of the suitability of the product in the decision making process (e.g. Ashmed et al. 2004; Baughn and Yaprak, 1993; Bilkey and Nes, 1982; Han 2010; Papadopuolos and Heslop, 1993; Osman, Zafar, and Tyebkhan, 2000; Peterson and Jolibert, 1995). Specifically, parceling the effects of country-of-origin from other impressions of product suitability, such as perceptions of the product, social influence of purchase intentions, and ethnocentrism, is important.

Existing studies have developed an understanding of several factors affecting country-of-origin effects, while leaving many other potential factors to be explored. In addition, country-of-origin effects might be stronger between some country pairs than others, based on attitudes commonly held by citizens of one country relative to the suitability of products from another specific country. Such occurred when animosity toward Japan led Chinese consumers to evaluate these products less favorably (Klein, Ettenson, and Morris 1998). Similarly, product evaluations are influenced by the synergy of the product-category and country-of-origin combination. For instance, Japanese electronics are likely to be viewed favorably in part because consumers have been exposed to favorable evaluations of these products through personal experience, recommendations, or media evaluations, while the same cannot be said for Japanese clothing due to a lack of such elements. In general, products from developing nations are viewed less favorably than products from developed nations (Han, 2010). Such is the case when Chinese products are found to be the least preferred because of nation's less-reputable developing-country status (Han, 2010). These factors suggest additional research is needed to further our understanding of country-of-origin and product-category combination effects.

Other studies have investigated consumer ethnocentrism and consumer susceptibility to normative influences (Batra, Ramaswamy, Alden, Steenkamp, and Ramachander, 2000) and product attributes (Piron, 2000) as factors influencing effects. As these factors vary between cultures, product types, and country pairs, validation of their impact is needed in additional countries. Specifically, consumers from developing countries are interesting for reasons presented later in the paper, one of which regards their role as U.S. trading partners. In addition, recent research has been developed to study the effect of cosmopolitanism (worldliness) on product evaluations (Dmitrovic, Vida and Reardon, 2009) yet a lack of research exists at measuring its impact on country-of-origin effect. This assumption suggests the level of cosmopolitanism might be also an influential factor in the purchase of foreign products. Thus, the major contribution of this paper is a more extensive understanding of factors affecting country-of-origin and the purchase intentions across a broader range of products-categories and variables.

In our paper, we present two studies conducted in two different developing countries; Mexico and Chile. Study I, used as exploratory study, was performed in Mexico. This study proposes a model that contains the influence of cosmopolitanism on country-of-origin and examines the factors affecting the purchase intention of American products across four different product categories. Study II, conducted in Chile, uses the model proposed in the study I, yet the origin of the product varies for each product category based on the "match-up" assumption that a consumer perceived a product depending on the product-country association which it brings to mind (Roth and Romeo, 1992; Mowen and Minor, 2001). In other words, study II differs in the way that it examines the product category effect on country-of-origin using highly-reputable countries of origin for that particular type of product.

Mexican border residents were selected for study I to test the model for several reasons. Most importantly, Mexico is the second largest trading partner of the U.S. and understanding factors affecting purchase of U.S. products by Mexican nationals has enormous potential for positively affecting the U.S. balance of trade, especially given the burgeoning middle class emerging in Mexico (INEGI, 2004). Another consideration behind the decision to sample border residents of Mexico was the fluidity of the border between the U.S. and Mexico that allows nearly unimpeded access of Mexican nationals to U.S. markets (Martinez, 1994). Because border residents shop frequently in the U.S. , they impact the local economies of U.S. border towns proportionate to their acceptance of the products, many of them U.S. made, available in these markets.

The second study employed Chileans to test the model using not only American products but different country-of-origin for each product category. Chile, an associate member of MERCOSUR, was mainly selected because of the access its citizens have to a wide range of foreign products and because of its consistent economic growth (Central Bank of Chile, 2010; Ballve 2003; NAFTA and Inter-America Trade Monitor, 1996; Stefoni and Fuentes, 2003; Veazey 2003).

Theoretical Framework and Hypotheses Development

Country-of-Origin Effect

The globalization of production has caused the definition of the country-of-origin (COO) to vary over the years, including those of Baugh and Yaprak (1993), Bilkey and Nes (1982), Etterson and Gaeth (1991), Han and Terpstra (1988), Thakor and Kohli (1996) and Thorelli, Lim and Ye (1989). Some researchers still claim country-of-origin can be understood as simply as the "Made in…" label (e.g. Bilkey and Nes, 1982; Han 2010; Han and Terpstra 1988) ; others claim it should be replaced with the concept of brand origin (Thakor and Kohli, 1996). As researchers move forward, it has become increasingly difficult to define the term "country-of-origin" due to distinctions between country-of-brand (COB), country-of-design (COD), and country-of-manufacture (COM) (Han and Terpstra 1988; Ulgado, 2002; Wong et al., 2008). In some cases, consumers may be relatively unaware of the exact country-of-origin of a particular product (Nijssen and Douglas 2004). Ulgado (2002) defined products as bi-national or multi-national for such cases in which country-of-brand and country-of-design differ from the country-of-manufacture. Therefore, for the purpose of this study we will label products as uni-national when the country-of-brand (COB), country-of-design (COD), and country-of-manufacture (COM) are the same (Han and Terpstra, 1988; Ulgado, 2002; Wong et al., 2008).

Country-of-origin effect (COO) falls under the intrapersonal factors of learning, attitudes, and beliefs which affect a consumer's perception of a product (Chawla et al. 1995). The literature suggests country-of-origin of a foreign product will frequently be a salient factor in the buyer evaluation process as the country-of-origin alters the position of the product in the perceptual space and the overall evaluation of its merits (Han 2010; Johansson and Thorelli, 1985). For this reason, the country-of-origin effect has been defined as the impact that perceptions about a country have on a person's evaluation of the products/brands from that nation (Roth and Romeo 1992).

Previous research has shown that country-of-origin effect depends on product category or specific product items under investigation (Han 2010; Wong et al. 2008). According to the match-up assumption, a product provokes some general image depending on the association it brings to mind (Roth and Romeo, 1992; Mowen and Minor, 2001). For example, a study that examined how consumers perceive products originating from a particular country (in terms of the fit between countries and product categories) suggested that the match, either favorable or unfavorable, between the country-of-origin and product category influence the intention to buy a product from a particular country (Lampert and Jaffe, 1996; Roth and Romeo, 1992).

Roth and Romeo (1992) proposed a framework for the relationship between consumer preferences for a country's product influenced by the synergy of the product category - country combination. For example, Japanese electronics or French perfumes are likely to be viewed favorably because consumers have been exposed to favorable evaluations of these products through personal experience, recommendations, or media judgments, while Japanese or Chinese clothing might be less favorably evaluated based on a lack of such elements nations. This theoretical framework suggests that consumers' evaluations of a specific product from country X are based on the match between the product and the perceived "strengths" of the country of origin (Roth and Romeo, 1992).

The impact of the country-of-origin effect has also been investigated by exploring the impact of consumer's psychographic variables. The formation of product perceptions and evaluation depends on the consumer's attitudes and beliefs associated with the purchase of an imported product (Beckwith and Lehman, 1975; Fishbein and Ajzen, 1975; Holbrook, 1978). Some of the assumptions approached in the literature include the belief that a country-of-origin effect may be influenced by an individual's level of ethnocentrism (e.g. Chandrasen and Paliwoda, 2009; Shimp and Sharma 1987; Wong et al. 2008), level of cosmopolitanism (Dmitrovic and Reardon, 2009; Gatignon, Eliashberg, and Robertson, 1989; Reardon, J. 2008; Riefler and Diamantopoulos 2009), level of education (Kaynak, Kucukemiroglu, Hyder, 2000), and level of the consumer's susceptibility to normative influence (Batra et al., 2000; Minshall, 1986; Tharp, 1994). In addition, a person's final evaluation of the product or brand may also be affected by the consumers' income (Chandrasen and Paliwoda, 2009; Hoffmann, 2000; Ou et al. 2009). Ou et al (2009) claimed that the impact of country-of-origin in developing countries depends, among other demographics factors such as education, on consumer's income level.

Ethnocentrism

Brodowsky (1998) stated that the country-of-origin could only be understood with respect to consumer ethnocentrism. Similarly, several studies contend to what extent consumer ethnocentricism, as an antecedent of the country-of-origin effect, significantly contributes to the explanation of consumer product evaluations (e.g. Bilkey and Nes, 1982; Chandrasen and Paliwoda, 2009; Kaynak and Kara, 2002; McItyre and Meric, 1994; Orth

and Firbasova, 2003; Wong, Polonsky and Garma, 2008; Yagci, 2001). For instance, Yagci (2001) claims that ethnocentrism is an important indicator of country-of-origin when the country-of-manufacture (COM) is a developed nation. McItyre and Meric (1994), on the other hand, have suggested non-ethnocentric consumers provide less emphasis on country-of-origin, focusing on product's attributes to perform their product's evaluation. Ethnocentrism draws on social identity theory (Tajfel, 1982) describing relationships between in-groups and out-groups and indentifying consumers' distinctions. Ethnocentrism refers to the bias of believing in the superiority of one's own group and inferiority of others (Sumner, 1906). In other words, ethnocentrism is the feeling that one's group has, as a mode of living, values, and patterns of adaptation, and is considered to be superior to those of other groups (Shimp and Sharma, 1987).

Highly ethnocentric people are centered ethnically and, in rigid fashion, accept those who are culturally similar and reject or even dislike those who are different (Hogg and Turner 1987; Ray and Lovejoy 1986). Ethnocentricism used to be considered to affect all products made in one country equally, yet recent research suggests the effect of consumer ethnocentricism on consumer preference varies with the particular product category (Balabanis and Diamantopoulos 2004). Shimp and Sharma (1987) identified ethnocentrism as a factor that explains why certain consumers are more likely to consider a product's country-of-origin over other factors. They developed the consumer ethnocentrism scale (CETSCALE) and argued that highly ethnocentric consumers cannot be expected to buy imported products because they consider it to be unpatriotic, hurt domestic jobs, or for other nationalistic reasons. In contrast, low ethnocentric consumers are more likely to use the country cue as objective information about product quality (Brodowsky, 1998; McItyre and Meric, 1994). Some researchers posit higher levels of ethnocentrism lead to lower evaluation of foreign products (e.g. Netermeyer et al. 1991), and consequently, highly ethnocentric consumers express more negative attitudes toward buying imported products (Brodowsky, 1998; McItyre and Meric, 1994). Therefore, for H1 the authors propose that a negative relationship exist between customers' ethnocetricism and the COO effect.

H1: There is a negative relationship between customers' ethnocentrisms and the COO.

Customer's Level of Cosmopolitanism

The concept of cosmopolitanism has been used in the literature by Merton and Gouldner since the 1950s. Merton (1957) uses the term to represent the tendency of people to orient themselves beyond their local community (Hollander, 1974; Lazer and Smallwood, 1977; Pruden 1973), yet it was not until recently that it became linked to product evaluations and country-of-origin (Dmitrovic et al. 2009; Kwok, Uncles and Huang, 2006; Reardon, 2008). A study of Chinese consumers and product evaluations revealed that other factors, such as lack of knowledge as to which brands are foreign or domestic, might affect the impact of country-of-origin (Kwok, Uncles and Huang, 2006). Similarly, Ellis and Pecotich (2001) found cosmopolitanism to be one of the social factors affecting the awareness of foreign products. Consumer awareness influences how consumers gather and organize information, and ultimately, how they evaluate the products, what product they buy and how they use them (Alba and Hutchinson, 1987; Rao and Monroe, 1988; Rao and Sieben, 1992). Recent empirical research has focused on the effect of normative constructs such as cosmopolitanism as an indicator of consumer perceptions toward imported products versus domestic products (Dmitrovic et al. 2009; Reardon, 2008).

The literature claims that levels of cosmopolitanism increase consumer expectations regarding what is possible; searching broadly for new, higher quality, and complex-reducing information (Cannon and Yaprak, 2002). Canon and Yaprak (2002) reveal that cosmopolitans tend to be more independent and objective, thus demanding, in their evaluation of products and services. The rationale, according to the authors, is that as consumers become more aware they are naturally driven to seek better products, more value for their money, and so forth. An example of this pattern is the transition of the People's Republic of China from a parrochial to a more cosmopolitan culture (Cannon and Yaprak, 2002).

In 1989, Gatignon et al. found that a person's perception of a country was affected by the individual's level of cosmopolitanism, which might be explained by the above assumption about the cosmopolitanism and culture's awareness. Yet, the literature provides another perspective, widely accepted and used by researches, that is, "cultural stereotypes." Fishman (1956), states that individuals are socialized into a culture and are led to act according to what that group dictates. This socialization process leads to learning stereotypes (Ehrlich, 1973; Gronhaug and Heide, 1992). Swinder and Rao (1997) suggest that country-of-origin effect on consumers' product evaluations depend on the country's stereotype. Cosmopolitans transcend their local learning and become "citizens of the world" (Cannon and Yaprak, 2002) by dispelling and drawing their own stereotypes. That is, cosmopolitans' awareness about people and culture might create and dismiss negative stereotypes about them and thus, be more likely to evaluate the product differently from

people whose stereotypes are obtained in a single, sheltered society. Therefore, due the above assumptions, we suggest a possible relationship between cosmopolitanism and COO, since cosmopolitanism influences the way in which customers perceive and evaluate foreign products.

H2: There is a positive relationship between customers' cosmopolitanism and the COO effect.

Customer's Education

Research conducted in the United States, Canada and Mexico suggested that education is an important factor when deciding to buy a foreign or domestic product. A study in Mexico (Bailey and Gutierrez de Pineres, 1997) indicated that educated people were more likely to buy foreign products than those with less education. These results in Mexico are consistent with previous studies performed by Wall and Heslop (1986) in Canada and Anderson and Cunningham (1972), Dornoff et al. (1974), Schooler (1971), and Wang (1978) in the United States. All confirm that consumers with higher levels of education are more open to buying imports. Later, Wall, Liefeld and Heslop (1991) found that education level was one of the country-of-origin cues for consumer judgments. Specifically, education was found to be related to the manner in which consumers evaluated the product's attributes (Agarwal and Ratchford, 1980; Hagy, Brochetti and Duncan, 2000). Kaynak et al. (2000) found that country-of-origin has a higher impact on purchase behavior when consumers have high level of education. The authors state that consumers worldwide, with advances in satellite communication, travel, television and internet access, are more aware about and have access to, a wider variety of information about foreign products' attributes and services (Kaynak et al. 2000). That is, educated customers are not only more open to buy imported products, but are also becoming more aware, and have knowledge of the existence of more products worldwide, consequently learning more details, as well. Recently, based on the country-of-origin and match-up assumptions, a study conducted in U.S. and Mexico revealed education is an important predictor of consumers' attitudes toward counterfeit products (Chapa et al., 2006). The authors explain highly-educated consumers are more likely to recognize products' attributes and the suitability of products from another specific country (Chapa et at., 2006). Therefore, based on the assumptions that highly educated people are more aware of the country-of-origin cues, as well as product's attributes, we propose that education level influences country-of-origin effect.

H3: There is a positive relationship between customers' education and the COO effect.

Customer's Susceptibility to Normative Influence

A previous study has suggested that subjective normative influence might play a significant role in the relationship between consumer ethnocentrism and country-of-origin (Tharp, 1994). Earlier research by Festinger (1954) and Jones and Gerard (1976) suggested that product evaluation is obtained by consulting with referent peers. Festinger (1954) claims that individuals need to compare themselves with others to prove their own beliefs. Becherer & Morgan (1982) and Mochis (1976) found evidence supporting the theory that the normative group influences consumer decisions regarding product choice through social comparisons. It is important to note the normative group may have high or low opinions of foreign products depending on the product category. For example, a German car, a French wine and a pair of Italian shoes might be highly acceptable, but, an American car, a Spanish wine and a pair of Chinese shoes might not (see Mowen and Minor, 2001; "the match-up effect theory"). Whether a consumer is highly influenced by a normative group might depend on his/her susceptibility to interpersonal influence (Bearden et al., 1989). Susceptibility to interpersonal influence is a general trait that varies across individuals. A person's relative susceptibility in one where a situation tends to have a significant positive relationship to his or her susceptibility in a range of other social situations (Bearden et al. 1989). In general, susceptibility to normative influence has to do with the status that a consumer may perceive that he or she acquires among the consumer's reference group after acquiring a determined product. Papadopoulos and Heslop (1993) stated that the country-of-origin effect is greater when consumers are looking for high status products. For instance, purchasing a German car is used to portray a high social status that comes attached with the perception of wealth, while buying a vehicle from Korea will suggest the opposite. Therefore, consumers who evaluate the country-of-origin more highly because of the status benefit should be those who are more sensitive to what their reference groups think of them.

H4: There is a positive relationship between customers' susceptibility to normative influence and the COO effect.

Customer's Income

The issue of income has been considered in many marketing studies due to its relevant impact on values, behavior, and lifestyles (e.g. Onkvisit and Shaw, 1994; Ou et al., 2009; Runyon and Stewart, 1987; Wall et al. 1989). The literature suggests that consumer income is as an important antecedent on purchase evaluative criteria as

it is a critical factor in influencing the degree of consumer search behavior (Commuri and Gentry, 2000; Williams, 2002). This suggests that as income increases, the search about the match-up of product's attributes and country-of-origin might increase as well. On the other hand, Wall et al. (1989) claim that a significant positive relationship between income and favorable attitudes toward foreign products exists. Similarly, a recent study conducted in Taiwan and China demonstrated consumers with higher income had a stronger desire to purchase American-made passenger vehicles (Ou et al., 2009). Opposite to these findings, Hoffman's (2000) earlier study indicated that lower income consumers of fresh meat tended to use country-of-origin more extensively than consumers with higher incomes. Therefore, due to the existing contradictions in the literature and the lack of research relating income and country-of-origin, we aim to complete an exploratory revision on the impact of income as a factor influencing the country-of-origin effect (Study II). Specifically, we expect that income affects country-of-origin evaluations, since consumers with a high income may have more desire to select a specific product based on country of origin, or might be less likely to worry about the price of an imported product.

H5: There is a positive relationship between customers' income level and the COO effect.

Product Category

Empirical studies have suggested that the country-of-origin effect varies between cultures and product categories (e.g. Aiello et al. 2009; Giraldi and Ikeda, 2009; Han, 2010; Lumpkin, Crawford and Kim, 1985). That is, the literature proposes that country-of-origin operates in various countries according to the product type; such as convenience, specialty, luxury, necessity and others. Due to these differences and a large variety of product types, we use Bourne's (1957) typology to approach the different types of products: private vs. public, consumption of luxury vs. utilitarian products; such product classification has been frequently used and accepted by many researchers in the marketing field (e.g. Bearden and Etzel, 1982; Piron, 2000). The typology employs four product categories. Piron (2000) summarized these categories as follows: 1) Publicly-consumed-luxury (PUL): a product consumed in public view and not commonly owned or used (e.g. golf clubs). 2) Publicly-consumed-utilitarian product (PUN): a product consumed in public view that virtually everyone owns or uses (e.g. wristwatch). 3) Privately-consumed-luxury (PRL): a product consumed out of public view and not commonly owned or used (e.g. trash compactor). 4) Privately-consumed-utilitarian product (PRN): a product consumed out of public view that virtually everyone owns or uses (e.g. a mattress).

Using this categorization, Piron (2000) suggests a significant tendency toward greater country-of-origin effects on purchase intentions for products that are used in public than those that are used in private. Moreover, he suggests the influence of country-of-origin on purchase intentions is greater for luxury products than for necessities. Thus, we expect that a stronger relationship exists between country-of-origin and intention to purchase products used in public than those used in private, and a similar effect is predicted between country-of-origin and luxury products versus necessities. These propositions lead us to specify the following hypotheses concerning the level of influence of country-of-origin across product categories.

H6a: The relationship between COO and purchase intent is greater on publicly-consumed-luxury (PUL) than on publicly-consumed-utilitarian product (PUN).

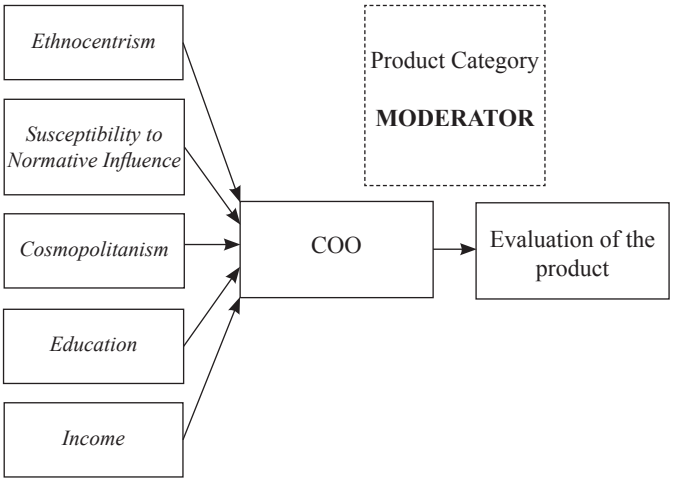
H6b: The relationship between COO and purchase intent is greater on privately-consumed-luxury (PRL) than privately-consumed-utilitarian product (PRN).

H6c: The relationship between COO and purchase intent is greater on publicly consumed luxury (PUL) than privately-consumed-luxury (PRL).

H6d: The relationship between COO and purchase intent is greater on publicly-consumed-utilitarian (PUN) than on privately-consumed-utilitarian product (PRN).

H6e: The relationship between COO and purchase intent is greater on privately-consumed-luxury (PRL) than on publicly-consumed-utilitarian (PUN).

Figure 1: Country-of-Origin Model.



Research Design

Measures

Three scales shaped the instrument used in this study. The CETSCALE (Shimp and Sharma 1987) which measures consumers' ethnocentric tendencies related to purchasing foreign products versus domestic products. Although originally assessed using a 17 item Likert-type scale, it was assessed using the shortened version suggested by the authors that produced similar reliability and validity evaluations. Susceptibility to normative influence (SNI) was measured using the 8-items comprising the normative subscale of Bearden, Netemeyer, and Teel's (1989) multi-dimensional scale. Cosmopolitanism was measured by adapting the 6-item scale developed by Jain and Etgar, (1977) and the 3-item measures of cosmopolitanism from Gatignon, Elashberg, and Robertson's (1989) framework. In total, nine items were used to measure cosmopolitanism. The cosmopolitanism 9-item construct is shown in appendix A.

To evaluate consumers' perceptions across products, we used a 3-item factor developed by Zeynep and Durairaj (2000). The intention to purchase was measure by using a direct question; "If you were to purchase *xyz*, would you buy a "*xyz made in X*." Finally, customers' education and income were obtained from the demographics questions. The scales used in the questionnaire were assessed using 5 point Likert scale.

Construct Equivalence

In order to address construct equivalence of the existing scales, a pilot test was conducted to validate the translation of the instrument and to ensure that both version, English and Spanish, contained the same factors. The survey was administered to undergraduate students at a large southwestern university where the majority of students speak both the languages. The pilot test was administered in one of the business classes. Half of the students, mainly Mexican or Mexican-American were asked to answer the survey in Spanish and the other half, Mexican-American or Anglo, were asked to answer it in English. The results showed both versions contained the same number of factors and similar reliabilities.

Product Category Selection

Focus groups were conducted in each country to help identify the products that effectively represented Bourne's typology (1957). As a result, we selected the following goods in Mexico for study I (using a "Made in U.S" label only): A ***convertible car*** as a publicly-consumed-luxury (PUL) product; ***blue jeans*** as a publicly-consumed-utilitarian (PUN) product; a ***washing machine*** as a privately-consumed-luxury (PRL) product; and ***cheese*** as a privately-consumed-utilitarian (PRN) product.

For study II, consideration with regard to the suitability of the product and its origin was taken due to the assumption that country-of-origin effects might be stronger between some country pairs than others. Therefore, the origin of the products selected for study II varied for each product category, and so the following countries-product matches were selected: A ***German convertible*** car as a publicly-consumed-luxury (PUL) product; a ***Swiss watch*** as a publicly-consumed-utilitarian (PUN) product; a ***Japanese DVD player*** as a privately-consumed-luxury (PRL) product; and an ***American shampoo*** as a privately-consumed-utilitarian (PRN) product.

STUDY I

Exploratory Phase: the Case of Mexican Consumers

Data Collection

Data were collected from adult consumers in one of the largest city in the northeast of Mexico applying a geographical (quota) sampling method using two neighborhoods representing each social-class (upper, middle and lower class level) to assure equivalence of the sample. Neighborhoods were selected based on expert agreement regarding the social level of the neighborhood. Undergraduate and graduate students from the city were trained to conduct the survey under the supervision of one of the authors. Within neighborhoods, individual homes were selected randomly (every three houses on the street were visited) then, the interviewers asked if the household wished to participate. A total of 252 residents were approached and 220 agreed to participate, for an effective response rate of 87%. The sample was 50% female, 50% male with an age range of 18-60.

Data Analysis

In order to assess construct validity, an exploratory factor analysis (EFA) was conducted. EFA was also necessary to purify the new cosmopolitanism scale. EFA resulted in the expected three factors representing the original constructs used, which explained 67% of the overall variance, see Table 1. After deleting a single item due to the low factor loading (item 5, cosmopolitanism), all scales showed excellent validity. Results in table 3 further support the construct validity of each scale conducted through CFA. Additionally, reliability test showed high internal consistency, as assessed by Cronbach Alpha,

which exceeded the minimum standards recommended by Nunnally and Bernstein (1994). See Table 2.

Table 1. Results of Factor Analysis.

Items	CETSCALE	Susceptibility to Normative influence	Cosmopolitanism
ETH 1	.830		
ETH 2	.839		
ETH 3	.819		
ETH 4	.816		
ETH 5	.792		
ETH 6	.815		
ETH 7	.824		
ETH 8	.855		
ETH 9	.802		
ETH10	.711		
SNI 1		.881	
SNI 2		.889	
SNI 3		.940	
SNI 4		.938	
SNI 5		.466	
SNI 6		.843	
SNI 7		.944	
SNI 8		.888	
COS 1			.752
COS 2			.739
COS 3			.782
COS 4			.725
COS 5			-.278
COS 6			.510
COS 7			.811
COS 8			.569
COS 9			.323

Extraction method: Principal Component Analysis
Rotation Method: Varimax

Table 2. Crobach Alphas.

	SCALES			COO PUL	COO PUN	COO PRL	COO PRN
Study 1	Cetscale	SNI	Cosmopolitan	American Convertible Car	American Blue jeans	American Washing Machine	American Cheese
Alphas	.95	.88	.85	.92	.93	.96	.90
Study 2				German Car	Swiss Watch	Japanese DVD player	American Shampoo
Alphas	.90	.85	.70	.87	.88	.89	.94

Several procedures were used to test the measurement properties of the model using latent variables structural equation modeling (SEM) (Gerbing and Anderson, 1988; Cheng, 2001). First, the measurement of each construct in the model was analyzed separately and the fit of the indicators to the construct assessed. Next, we assessed discriminant validity by conducting paired-construct testing; each pair of construct showed to have less than the variance extracted for each construct (Gerbing and Anderson, 1988); the X2 value for each model that constraint their correlation to equal 1 was significantly greater than the X2 for the model that did not have such constraint. Results shown in Table 3 further support the construct validity of each scale. A structural model, a statistical tool used to test the relationships proposed in the parsimonious model (Anderson and Gerbing, 1988; Chau, 1997; Hair et al., 1998), was then tested separately for each product category.

Table 3.
a. Results of Single-Construct Measurement Models.

Construct	X^2	X^2/df	p-level	RMSEA	GFI	AGFI	RMR	TLI	CFI	Items
CETSCALE	88.74	3.41	.00	.082	.93	.86	.087	.94	.98	10
SNI	21.13	2.34	.012	.078	.97	.91	.049	.98	.99	8
Cosmopolitanism	18.86	1.52	.092	.051	.98	.94	.072	.98	.99	8
Full Measurement	720.92	2.68	.000	.087	.80	.74	.53	.89	.96	26

b. Results of Paired-Construct Measurement Models.

Correlated Constructs	X^2	X^2 (minus the variance extracted)	df
CETSCALE-Cosmopolitanism	379.86	493.28	109
Cosmopolitanism-SNI	252.93	308.13	92
SNI-CETSCALE	315.97	325.43	132

Results

In an attempt to test hypotheses H1 – H4, and H6s, we looked at the standardized path coefficients between the indicators, country-of-origin perception, and intentions to purchase. The results are displayed in Table 4. Contrary to our expectations in H1, ethnocentrism was not a negative predictor of country-of-origin for American products in this sample. However, as predicted, H2, H3, and H4 were supported. Susceptibility to normative influence, cosmopolitanism, education and income were positive indicators of country-of-origin among residents of the border of Mexico in the four models. In terms of the impact of product category on country-of-origin, the results indicated that H6b and H6d were supported, yet H4a, H4c and H4e were rejected. That is, the finding shows that country-of-origin effect for American products among residents of the border of Mexico is greater for utilitarian products consumed publicly and for privately-consumed-luxury products than for privately-consumed-utilitarian products.

Table 4. Results of Theoretical Models Study I (Mexico).

Fit Statistics								
Product	**X^2 /df**	**p-level**	**RMSEA**	**GFI**	**AGFI**	**RMR**	**TLI**	**CFI**
Convertible car (PUL)	1.85	.000	.063	.843	.794	.054	.933	1.00
Blue Jeans (PUN)	1.63	.000	.053	.869	.822	.045	.953	.996
Laundry Machine (PRL)	1.67	.000	.055	.867	.819	.051	.950	.965
Cheese (PRN)	1.55	.000	.050	.881	.829	.036	.958	1.00

Standardized Regression Weights				
Product Category	**COO's Indicators**	**R**	**Variables**	**R**
Convertible Car (PUL)	Ethnocentrism	.57		
	SNI	.01	COO – (IP) Intention to purchase	.19
	Cosmopolitanism	.66		
	Education	.90		
	Income	.19		
Blue Jeans (PUN)	Ethnocentrism	.62		
	SNI	.01	COO - IP	.58
	Cosmopolitanism	.73		
	Education	.81		
	Income	.19		
Laundry Machine (PRL)	Ethnocentrism	.64		
	SNI	.04	COO - IP	.43
	Cosmopolitanism	.76		
	Education	.77		
	Income	.16		
Cheese (PRN)	Ethnocentrism	.62		
	SNI	.03	COO - IP	.30
	Cosmopolitanism	.75		
	Education	.79		
	Income	.18		

STUDY II

Model Validation: The Case of Chilean Consumer

Data Collection

Data were collected from Chilean consumers in two large cities situated in the central part of Chile. The respondents were selected randomly using a mall-intercept technique. The interviewers were located at the main business streets in Rancuagua and Talca. Since the data collection was performed in two cities, ANOVA test was used to compare and to analyze differences among respondents. The result indicated there was not a significant difference between the two groups. A total of 389 residents were approached and 268 agreed to participate, for an effective response rate of 69%.The sample was 52% female, 48% male with an age range of 18 to 60.

Data Analysis

To assess whether the measures achieved construct validity and equivalence in Study II, an exploratory factor analysis was also conducted. Similar to Study 1 and prior theory, EFA resulted in three factors yet explaining 62% of the overall variance. Reliability tests also showed acceptable internal consistency (Nunnally and Bernstein 1994). Results are shown in table 2. The validity of each construct, as well as the model, was assessed by conducting CFA. In each case, results suggested satisfactory convergent and discriminant validity (see Table 5). Then, a structural model was tested separately for each product category.

Table 5.
a. Results of Single-Constructs Measurement Models

Construct	X^2	X^2 /df	p-level	RMSEA	GFI	AGFI	RMR	TLI	CFI	Items
CETSCALE	52.13	1.62	.013	.048	.96	.93	.06	.97	.98	10
SNI	35.66	1.98	.077	.060	.96	.93	.05	.96	.97	8
Cosmopolitanism	52.03	2.73	.652	.080	.95	.91	.06	.86	.92	8
Full Measurement	660.19	2.27	.000	.069	.85	.80	.11	.83	.90	26

b. Results of Paired-Construct Measurement Models.

Correlated Constructs	X^2	X^2 (minus the variance extracted)	df
CETSCALE - Cosmopolitanism	413.25	574.84	133
Cosmopolitanism - SNI	217.81	382.84	98
SNI-CETSCALE	357.35	489.02	132

Results

The model was supported among the four product categories (see Table 6). The model produced an acceptable fit in each of the four models (product-categories): The GFIs ranged from .952 to .973, the X^2/df ranged from 3.49 to 1.83 and the RMSEAs ranged from .056 to .097, all of which were acceptable according to Bagozzi and Yi (1988). Consistent with Study I, the results indicated ethnocentrism was not significantly negatively related to country-of-origin. Support and explanation for these findings may be found in the assumption that ethnocentricism might exist in developing countries (Yagci, 2001). As expected, and similar to Study I, susceptibility to normative influence, cosmopolitanism, education were found to be positively related to country-to-origin. That is, a cross-validation of the Study I's findings is achieved in this study. Finally, the results also showed that income was positively related to country-of-origin, therefore hypotheses H2, H3, H4 and H5 were supported, however, H1 was not.

Table 6.
Results of Theoretical Models Study II

Fits statistics								
Product	**X² /df**	**p-level**	**RMSEA**	**GFI**	**AGFI**	**RMR**	**TLI**	**CFI**
German convertible car (PUL)	2.93	.000	.085	.958	.917	.073	.866	.92
Swiss watch (PUN)	3.49	.000	.097	.952	.905	.069	.822	.89
Japanese DVD player (PRL)	2.12	.008	.065	.968	.936	.078	.915	.94
American shampoo (PRN)	1.83	.029	.056	.973	.945	.057	.940	.97

Standardized Regression Weights				
Product Category	**COO's Indicators**	**R**	**Variables**	**R**
German convertible car (PUL)	Ethnocentrism	.56		
	SNI	.14	COO – (IP)Intention to purchase	.49
	Cosmopolitanism	.20		
	Education	.98		
	Income	.59		
Swiss watch (PUN))	Ethnocentrism	.56		
	SNI	.15	COO - IP	.44
	Cosmopolitanism	.16		
	Education	.97		
	Income	.56		
Japanese DVD player (PRL)	Ethnocentrism	.56		
	SNI	.15	COO - IP	.47
	Cosmopolitanism	.16		
	Education	.96		
	Income	.57		
American shampoo (PRN)	Ethnocentrism	.56		
	SNI	.16	COO - IP	.50
	Cosmopolitanism	.15		
	Education	.98		
	Income	.56		

In an attempt to test the hypotheses associated to the four product categories, we looked at the standardized path coefficients of each model between country-of-origin and the intention to purchase across the four product types. As expected, the relationship between country-of-origin and intention to purchase was greater on publicly-consumed-luxury products (PUL/a German convertible car = .49) than on publicly-consumed-utilitarian (PUN/ a Swiss watch = .44), on publicly consumed luxury (PUL/a German convertible car = .49) than on PRL (Japanese DVD player = .45), and on privately-consumed-luxury (PRL/ Japanese DVD player = .45) than on publicly-consumed-utilitarian (PUN/a Swiss watch = .44). Therefore, hypotheses H6a, H6c, and H6e were supported.

Contrary to our prediction, it was found that the relationship between COO and intention to purchase was not greater on publicly-consumed-luxury products (PUL/ a German convertible car = .49) than on privately-consumed-utilitarian product (PRN/ an American shampoo = .50), and on publicly-consumed-utilitarian (PUN/a Swiss

watch = .44) than on privately-consumed-utilitarian product (PRN/an American shampoo = .50). It appears that COO for American products among Chileans has a greater effect than luxury products consumed publicly, thus H6b and H6d were rejected.

On the other hand, in an attempt to understand the relationship between the COO's indicators and the intention to purchase, we examined with detail the correlation matrix for additional information; the results are exhibited in Table 7. Consistent with the literature, the results indicated that "susceptibility to normative influence" was significantly related to the intention to purchase a product used in public, while "cosmopolitanism" was found to have a significant relationship not only with a product used in public, but also with a product associated with luxury.

Table 7. Correlation Matrix.

Intention to purchase	COO's Indicators	Correlation
German Convertible Car (PUL)	Ethnocentrism	.089
	SNI	.169**
	Cosmopolitanism	.253**
	Education	.060
	Income	-.099
Swiss watch (PUN)	Ethnocentrism	.023
	SNI	.140*
	Cosmopolitanism	.295**
	Education	.011
	Income	.126
Japanese DVD player (PRL)	Ethnocentrism	.088
	SNI	.101
	Cosmopolitanism	.148*
	Education	.048
	Income	.170**
American shampoo (PRN)	Ethnocentrism	.124*
	SNI	.160
	Cosmopolitanism	.078
	Education	.098
	Income	.038

** p < .01
* p < .05

Implications and Limitations

The results from this study are important for theoretical and practical reasons. Theoretically, this study aimed at introducing the impact of cosmopolitanism in the country-of-origin literature. The results indicated that cosmopolitanism is a significant indicator of country-of-origin for public and private luxury items, as well as for publicly utilitarian items. Consistent with previous findings, both studies demonstrated consumers' level of education and income were significant predictors of country-of-origin. Contrary to our prepositions, ethnocentricism was not negatively related to country-of-origin in both studies, yet according to Yagci (2001) consumer ethnocentrism is only a predictor when consumers perceive that the product is manufactured in a less developed country. Thus, in the case of Mexican and Chilean consumers, we contend to support Yagci's assumption. In addition, the results go beyond providing support for the contention that the proposed model may be effectual or ineffectual regarding the culture and the product category (see Tables 3 and 5). Additionally, the results show that "susceptibility to normative influence" affects the intention to purchase products used in public, while "cosmopolitanism" influences publicly consumed products and products associated with luxury. See Tables 4 and 6.

With regard to the impact of country-of-origin on intentions to purchase across the four product categories, the findings were not consistent. Yet, according to Batra et al. (2000), differences can be expected when examining country-of-origin in developing countries rather than in developed countries since economic, cultural, and political perceptions of the country determine its effect on purchase intentions.

Practically, Study I –which tests the effect of "made in U.S." label/origin – shows that the highest impact between country-of-origin and intention to purchase was obtained on utilitarian products used in public American blue jeans). Study II, on the other hand, indicated that the highest impact of country-of-origin was on the utilitarian item used in private (American shampoo). This result is contradictory to previous research and to our findings from Study I, which showed the highest impact of country-of-origin was on product used in public. That is to say, it seems that Chilean consumers' evaluations for an American product are higher than for products made in Europe and Asia (German car, Swiss watch and Japanese DVD player).

In addition, the standardized coefficients between country-of-origin and intention to purchase varied significantly. It indicates that there may be other important indicators affecting the intention to purchase an imported item such as price consciousness, quality perception, brand familiarity and availability, which may have a higher impact on intention to purchase publicly consumed

products. This assumption should be addressed empirically in future research.

Despite its theoretical and practical strength, we describe four limitations to our investigation. First, the research was performed in two Latino countries, which brings into question the generalizability of the study to other developing countries. Second, the participants in Study I and II are not representative of the Mexican and Chilean populations, which limits the generalization of the results among the Chilean and Mexican consumers. Third, although, the RMR and RMSEA measures for the Study I were below .05 and .08 as recommended (Bagozzi and Yi 1988), these measure were slightly above on Study II, which raise some data concerns. Finally, although the product selection was made in conjoint agreement with the Mexican and Chilean residents through focus groups, we had some difficulties with "American cheese" and "Swiss watch;" in an attempt to understand the results we conducted some interviews and we found that some residents did not agree with the identification of these particular goods as utilitarian products. Therefore, future research should pay careful attention to the product selection process. In addition, further studies can consider the utilization of other product categories such as long term vs. short term product durability, and/or high vs. low technology.

Conclusion

This study analyzed the variables affecting the country-of-origin effect (COO) and the level of influence it wields on the intention to purchase. Five variables were examined based on previous studies: Consumer ethnocentrism, consumer susceptibility to normative influence, cosmopolitanism, education and income. The literature suggests that the country of origin effect is pervasive, yet varies between cultures and product categories. Due to these differences, we developed a model testing the variables of country-of-origin and its influence using Bourne's typology of products; 1) publicly consumed luxury, 2) publicly consumed utilitarian product, 3) privately consumed luxury, and 4) privately consumed utilitarian product (Piron, 2000) within a specific culture. Residents of Mexico and Chile were selected for model testing. The model was supported in both countries among the four product categories; the results showed a good fit in each of the four models.

The results are controversial but logical. First, contrary to expectation, but plausible because of the accessibility to American products, the Mexicans' results indicate that country-of-origin and intention to purchase was greater on product associated with a utilitarian product used in public. On the other hand, as expected, the Chilean sample showed the relationship between country-of-origin and intention to purchase was greater for products associated luxury. Second, as expected, the Chilean sample shows that the relationship was greater for products associated with luxury used in public than those used in private. Finally, in Mexico it was found that the relationship between country-of-origin and intention to purchase was greater for privately consumed products associated with luxury than publicly utilitarian products. It appears that "made in U.S." products were more likely to be purchased than the other products among Chileans. Perhaps it is a result of the superb penetration of American products in Latin America. Finally, the results indicated that the impact of susceptibility to normative influence on intention to purchase is greater on products used in public, while cosmopolitanism impact was on publicly consumed products and products associated with luxury.

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APPENDIX A
Cosmopolitanism Scale

1.-	I read magazines which give me information about world events.
2.-	I want to know what is happening in the world.
3.-	I like to travel to different places.
4.-	Our friends share our interests in different things about life.
5.-	Most people in our community are pretty backward.
6.-	I wish more people in this community would learn what is happening in the rest of the world.
7.-	I like to meet people from different cities.
8.-	Generally, I keep communication with people from different cities through telephone call, mail or email.
9.-	I frequently receive guests from other places.