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Country-of-Origin Effect on Consumer Purchase Intention among Emerging Countries: The Case of Thai Consumers toward Chinese Products

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Contents

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Abstract

This thesis examines the relationship between country-of-origin (COO)'s components namely country-of-brand (COB) and country-of-manufacture (COM) and purchase intention of Thai consumers on Chinese Laptop, Lenovo; the strength of relationship of each component and purchase intention; and price as moderator in the relationship. The quantitative analysis data is assessed based on 277 samples of Thai laptop users; the data is collected via online questionnaire. The empirical results show that both COB and COM have a positive relationship with purchase intention. However, COM tends to have higher effect. Lower price, on the other hand, can increase the purchase intention of the relatively negative COO laptops, given the price gap is big enough. The thesis has several implications for Chinese firms and firms locating its plant in China. Chinese firms will face with difficulty in marketing products Thai market because of its COO. Setting lower price than competitors with relatively positive COO can be helpful though the big gap of price difference is required. Chinese firms can consider locating their plant abroad which possesses positive COO especially for the products that consumers are price insensitive to reduce negative COM. Chinese firms can also consider obscuring their COB. For foreign firms with plants in China, their products image can be perceived lower because of COM, thus, it is advisable to strongly promote their brand image or COB to cloud out COM effect.

JEL Classifications: M31

Keywords: country of origin; country of brand; country of manufacture; China; Thailand; purchase intention

新兴市场中原产国对消费者购买倾向的影响：
泰国购买者对于中国产品的案例研究

Jarupan Noosong

2010 年 10 月

摘要

这篇论文研究了原产国的组成部分（也就是品牌所在国以及生产国）与泰国消费者对于中国联想手提电脑购买倾向的关系、各个组成部分与购买倾向的相关程度、以及这些关系中价格的调控作用。数理分析所需的数据是基于 277 份泰国手提电脑用户样本得到的，数据通过互联网问卷调查采集。以经验来判断，品牌所在国以及生产国与购买倾向都应是正相关关系。但是，与生产国相比，品牌所在国与购买倾向一般有更高的正相关性，另一方面，如果价格差足够大，较低的价格可以增加对于那些拥有不利原产国因素的手提电脑的消费倾向。本文对于中国企业以及国外企业在中国落户有些许建议。由于受产品的原产国是中国的影响，中国企业在泰国市场行销时会面临困难。比拥有有利原产国因素的企业设置更低的价格是有帮助的，虽然价格差要拉的很大。中国企业可以考虑在国外建厂，这将会产生有利的原产国效果，特别是对于那些缺乏价格敏感性以抵抗不利生产国的商品。中国产品也可以考虑模糊它们的品牌所在国。对于在中国建厂的国外企业，由于生产地的原因它们的产品形象会得到较低的关注，因此，强力提升品牌形象或者品牌所在国来驱散生产地的影响是明智的。

关键词：原产国；品牌所在国；生产国；中国；泰国；购买倾向

I. Introduction

Country-of-origin (COO) is the country which a manufacturer's product or brand is associated (Saeed 1994). The findings of many studies have proven that COO is often used by customers as an extrinsic cue in purchase decision (Ahmed, Johnson, et al. 2004; Bilkey and Nes 1982; Han 1989; Hong and Wyer 1989).

Generally for the study of COO to be fully applicable, the study should be carried out country by country and also on the specific product because the usage of COO and its effect could be varied (al-Sulaiti and Baker 1998); while France might be well-known for its cosmetics, customers may prefer less for its personal computer (Pecotich and Ward 2007).

COO has been receiving a lot of attention during these recent years and become a saturated field in international marketing; yet, it is still inconclusive. The reason behind the inconclusive effect of COO could be because COO itself composed of various dimensions: (1) country-of-brand (COB) or where the brand comes from or is perceived to belong to by its target consumers (Thakor and Kohli 1996) and (2) country-of-manufacture (COM) or basically the made-in label of the products (Han and Terpstra 1988; Iyer and Kalita 1997; Johansson and Nebenzahl 1986; Okechuku 1994; Pinkaeo and Speece 2000; Speece and Nguyen 2005; Tse and Gorn 1992). Therefore the ignorance of the distinction between COM and COB may be able to explain why the research of COO effect has not been yet fully finalized (Bilkey and Nes 1982; Ozsomer and Cavusgil 1991).

Many studies also supported that COO effects play the role of negative evaluation toward products of emerging economies (Bilkey and Nes 1982; Cordell 1992; O'Cass and Lim 2002), and that the perception of products from developed countries are more positive

and superior than those from undeveloped and developing countries (Wang and Lamb 1983; O'Cass and Lim 2002).

However the majority of knowledge available now is based on the empirical studies of Western consumers, especially the United States, meaning that there is not much study of other consumers which actually account for more than 80 percent of the total number; most of them are in the emerging and transitional economies (Steenkamp and Burges 2002), not to mention that these economies have been recently play a bigger role in the world trade such as China, India, Russia and Brazil. Furthermore, due to the differences in many aspects among the consumers from developed countries and the rest, it will be useful to conduct more studies in emerging economies. Insch and McBride (2004) also suggested that COO effect which is applicable in developed economies may not work the same way elsewhere like it was believed to be. It is proven that, keeping all things constant, in developed countries, consumers prefer domestic produced over import product, whereas in developing countries it shows the reverse ethnocentrism; consumers prefer import products from developed nations.

The study will be important for foreign firms to determine branding, relocation and communication strategies and also for the policy maker in that country if they want to develop their own local design and manufacturing competencies (Essoussi and Merunka 2007). The purpose of this study, thus, is to study the components of COO which are COM and COB, and how the interaction of the two affect COO among emerging countries which, in this case, will focus on Thai consumers and Chinese laptop against the Japanese's.

China, by all means, is the fastest growing economy in the world and is regarded as the world manufacture. According to the World Trade Statistics 2010 released by WTO, China has surpassed Germany and the United States in 2009 to become the world's largest

exporter. Thus it is very obvious China has emerged as a huge economic power. Despite of this, China has received a mass criticism on its products quality and to some extent, harmful products. Panama in 2007, for example, found that the poisoned cough syrup contaminated with diethylene glycol which was mistakenly labeled as glycerin by Chinese exporter has killed at least 83 people. Beside this incident, many other cases ranging from harmful toothpaste, fake eggs to lead paint Barbie dolls have dragged down Chinese producers' image. As a result, China has been certainly suffered from negative COO image that the Chinese government launched 'Made in China. Made with the World' global campaign with the hope to improve the reputation of Made-in-China brands and products.

With the long historical and trade relationship between China and Thailand that is tightened by the ASEAN-China Free Trade Agreement which has been fully effective since the beginning of 2010, it is sure to increase trade between Thailand and China. Thailand has reported that China is the second largest import origin after Japan in 2009. So far there is very few, if not none, study of the COO effect among Thai consumers towards Chinese products despite the fact that Thailand imported some of the harmful products from China as well such as fake eggs and melamine contaminated dairy product.

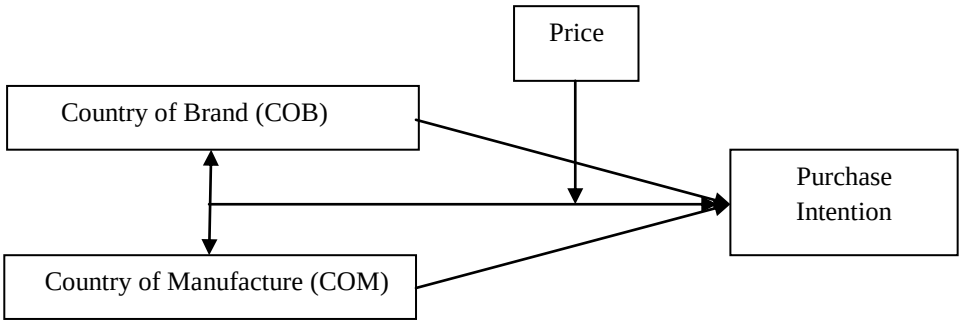
On the other hand, as Chinese products are known for its low price. The previous study of Hong Kong consumers shows their lower preference for Korean TV; they have the tendency to purchase more because of its low price (Tse, Kwan, et al. 1996). On the contrary, Vietnamese consumers, who have significantly less GDP per capita, $2,900 compared to Hong Kong's $42,700 in 2009 (CIA World Fact Book 2010), are largely quality and value oriented; only small fractions are price oriented (Speece 1998).

Hence, to examine the COO effect among emerging economies with the case of Thai consumers toward the biggest exporter like China would be quite interesting and beneficial

especially to Chinese exporters, exporting to Thailand; also to predict whether the Chinese government's campaign which aims to fix COM effect rather than COB will really help if it is to be implemented in Thailand.

II. Literature Review

1. Theoretical Framework



The framework proposed in this study consists of country of origin as independent variable. COO is, however, decomposed in to COB and COM. The effect of the interaction between the two components is expected to affect the overall COO, thus affects the purchase intention, the dependent variable. Later price is added into the framework as a moderator between COO and purchase intention. Price is expected to be able to shift the purchase intention from positive COO product to negative COO product when price difference is high enough.

2. Country of Origin (COO)

When making the decision on purchase, consumers may relate the COO image to personal memories to the national identities and the feeling of pride and the social status image of possessing the certain product from the certain country (Hirschman 1985). Many studies have already proven that COO effect influences consumers on their perceived quality, brand image from a country's products, which then further affects their purchase intention. Hsieh, Pan, et al. (2004) supported this idea by using the case of insurance and

catering in Taiwan. It is also supported by Lin and Chen (2006) who found the positive relationship between COO and purchase intention

COO is an external cue or intangible product attributes. COO effect can affect consumers in two dimensions: perceptions of quality (Khachaturian and Morganosky 1990), and perceptions of purchase value (Ahmed and d'Astou 1993). On the other hand, Han (1989) stated two roles of COO image – halo effect and summary construct. Halo effect means that country image can affect beliefs about tangible product attributes, and in turn affects overall evaluation (Erickson, Johansson, et al. 1984). Summary effect is when consumers are familiar with the product/brand, they summarize their belief according to the product/brand attributes; this summary directly affects their product/brand attitude.

Most research done in developed countries found that domestic consumers prefer local product more that the import ones which is contrast to those from developing countries that tend to prefer import products (Agbonifoh and Elimimian 1999; Batra, Ramaswamy, et al. 2000; Ettenson 1993; Marcoux, Filialtrault, et al. 1997). It has also been found that COO affects the tendency for products from emerging economies to be evaluated negatively (Bilkey and Nes 1982; Cordell 1992). Other studies also suggest a relationship between COO and the level of economic development (Wang and Lamb 1983); products from developed countries or HICs are perceived as more superior to products from undeveloped and developing countries such as Asian NICs. However, negative COO may not be effective for some certain products that are well-known for that country, such as Colombian coffee.

However, COO is not an undimensional concept (Chao 1998; Thakor and Lavak 2003) especially in the globalization era where global production chain is applied. In many studies, COO is decomposed into many components such as country of design (COD),

country of manufacture (COM), country of assembly (COA), and brand origin or country of brand (COB).

3. Country of Brand (COB)

Country of Brand is defined as where the brand comes from or is perceived to belong to by its target consumers (Thakor and Kohli 1996). It can also mean the country where the corporate or the head quarter of the company is located. It is interesting that many of developed countries' MNCs, such as Apple, HP, Dell and Nike, have their products manufactured in low cost developing countries, but to customers the products still have strong linkage back to their parent company's nationality which is different from those brands originated from NICs or less developed countries (Demirbag, Sahadev, et al. 2010). Many of NICs' brands are very obscure to consumers in terms of their brand origin country, showing the contrast strategy with developed countries' MNCs. However, Kim (2006) showed that in case of Samsung, there is no difference in purchase intention when consumers assume that Samsung is Japanese brand. This prompts us a question whether COB really affects purchase intention.

H1. There is a positive relationship between COB and purchase intention.

4. Country of Manufacture (COM)

Country of Manufacturer, in most cases, is defined as the 'made-in' country or the country where the product is manufactured or perceived to be manufactured. Prendergast, Tsang, et al. (2010) stated that multi-country affiliation and the separation of COM (Samiee 1994) from COB reduce the relevance of COO (Johansson 1989).

Essoussi and Merunka (2007) also decomposed COO into COM and country-of-design (COD), which by definition is the country where the product is conceived and in the most cases is the country which the brand is associated, hence is very similar to COB. The

finding indicated the overall COM effect is more significant than COD on product perceived quality.

H2. There is a positive relationship between COM and purchase intention.

H3. COM has a stronger positive relationship with purchase intention than COB.

5. Price

Recently researchers have acknowledged the limitation of using a single cue approach in testing COO (Chao 1998; d'Astous & Ahmed 1992). Multiple cues have shown the important of other information in determining purchase intention. Factors like price were excluded from many studies. Still some studies have examined price in relation to COO and purchase intention. Hastak and Hong (1991) found both price and COO to be highly significant but is opposed by Ahmed and d'Astous (1993) that found price is not significant in value perceptions, while COO and brand were. On the other hand, Ahmed, d'Astous, et al. (1994) found price was more significant than country of design or country of assembly to purchase managers, similar to the finding of Tse, Kwan, et al. (1996) that among Hong Kong consumers, there is a greater possibility to buy Korean TV than German or Japanese brand because of its lower price. Yet, a different result was found by Schooler and Wildt (1968) and Speece and Nguyen (2005), that is low price cannot prevail COO image.

H4. Low price increases level of purchase intention of the negative COO products.

6. Choice of Product

COO effect varies according to product category and also the level of product involvement. Li and Wyer (1994) suggested that the use of COO for product evaluation is more pronounced in the purchase decision for high involvement products, such as automobiles, electronics and white goods, as opposed to low-involvement products such as food, where the purchase decision is less significant, and the influence of COO in product

evaluation is expected to be weak, partly because of the product's low monetary risk and low hedonistic value. Hadjimarcou and Hu (1999) found that COO stereotyping increases when consumers face with cognitively demanding tasks. Ahmed, Johnson, et al. (2004) also found that COO does have the effect on low involvement product, but the effect is week which is because of the product category attribute; the purchase is less important thus consumers use less cues such as COO. On the contrary, Prendergast and Tsang (2010) found that when recipients have lower involvement, they tend to create less elaboration about the product, thus uses less cues.

Since there is no definite conclusion on the effect of COO on the different degree of product involvement, in this case, laptop computer is chosen for this study because Pecotich and Ward (2007) have tested COO using personal computer as the test product and found that customers, both novices and experts used COO in their decision making; Novices used COO as a halo regardless of brand name and physical quality, whereas experts use COO as a summary construct. They also found that China's personal computer was rated lower in the terms of quality, price, value and intention to buy compared to PC from developed country such as Australia, USA and France. Thus the effect of COO for laptop computer is assumed to be similar for personal computer.

To minimize the previous effect of COO in consumers' mind about the brand which may distort the controlled variables in this study, the base brand should have an obscure COO among Thai consumers. The Chinese brand, Lenovo is first chosen then a brief pilot test is done. 35 respondents who are Thai and currently own a laptop computer were interviewed. The result shows that 22 out of 35 respondents have no idea about the real nationality of Lenovo; 4 respondents think that it belongs to US, and 2 say Taiwan and Italy.

Lenovo, or in the past was Legend, is a Chinese company which has become the world's third largest personal computer company after acquiring IBM's personal computing division in 2005. This step has provided Lenovo the image of a leading international brand.

Thai laptop market has been dominated firmly by 2 brands namely Acer (Taiwanese) and HP (US); the 2 players owns around 60-70% market share in terms of unit sold as of 2009. The competition for the third place is the aim of other brands in the market including Lenovo (Chinese), Toshiba (Japanese), Dell (US), Asus (Taiwanese), and Samsung (Korean). The current market share (2010) of Lenovo is around 5%.

7. Choice of Country of Origin

As for the country to compare with China, Japan is chosen because, first, Japanese electronic goods are likely to be perceived as technologically advanced and high quality. Compared to a brand or "made-in" label from Western or Japanese competitors, East/South East Asian NICs producers possess a relatively negative image (Speece and Nguyen 2005). Nevertheless, according to the statistics from the Ministry of Commerce of Thailand, China has been the biggest import source of computers and accessories in 2009, with import value exceeds that of Japan by more than 20 folds. Does it imply that COO does not hold in Thailand; or low price always prevail COO in Thai computer market?

III. Research Questions and Objectives

RQ1. Does COB have a positive relationship with purchase intention?

Will the purchase intention of Thai consumers be higher if Lenovo is Japanese brand not a Chinese brand?

RQ2. Does COM have a positive relationship with purchase intention?

Will Thai consumers' purchase intention for laptop computer be higher for product manufactured in a relatively positive COM country like Japan than those produced in

China which has a relatively negative COM image? (Given that NICs start with a negative COO image)

RQ3. Is there any difference in the strength of relationship between COB/COM and purchase intention? Is COM more powerful than COB?

Will Thai consumer choose computer laptop with Chinese brand but manufactured in Japan over Japanese brand laptop but made in China?

RQ4. Will low price prevail against negative COO effect or shift the purchase intention from expensive positive COO products to those with cheaper price but come with negative COO?

Will Thai consumer prefer buying cheap made-in-China Chinese brand laptop over expensive made-in-Japan Japanese brand laptop?

The objectives of this study are:

1. To study the relationship between COB and purchase intention
2. To study the relationship between COM and purchase intention
3. To compare the strength of COB/COM and purchase intention when COB/COM are different countries
4. To study if low price can act as the compensation for the relatively negative COO and increase purchase intention

IV. Research Methodology and Method

1. Instrument Development

This research uses quantitative method; the data is collected using questionnaire which is divided into three sections. The first section is about general information of respondents related to laptop. In the second section, different purchase scenarios are presented to respondents; each scenario's products are different in terms of COM, COB and price with quality as a controlled variable. Respondents rate their country perception and purchase

intention in 5-point Likert scale. The last part is respondents' personal information. The questionnaire is first developed in English and translated into Thai for respondents. Before used in the field, the questionnaire is pre-tested with convenience sample of 30 online respondents excluded from the real sample; the data collected is used for reliability analysis. The results show that this questionnaire has high internal consistency with Cronbach's alpha ranging from 0.852-0.949. The questionnaire is then distributed.

2. Sampling and Data Collection

The population in this study is Thai laptop users living in Thailand; convenience samples are used. Online questionnaire created by Google Document was distributed via e-mail (addresses were retrieved from forward mails), webboard, Facebook and Twitter during August 20-31, 2010. There were 277 respondents in total responding to the questionnaires. After raw data was collected, it was analyzed using SPSS application.

V. Analysis

1. Sample Description

18 % are male, and 82 % are female. Most of the respondents (64%) are 20-30 years old. 19% are under 20, and 17% are 31 years old and older. 67 % are currently studying or have gained bachelor degree as their highest education level. 14% have education lower than university level, and 18% are currently doing or have gained master degree or higher. 66 % are residing in Bangkok and metropolitan area while the rest of 34 % live in other provinces. Monthly income/allowance of the respondent is ranging from less than 5,000 baht to higher than 35,000 with the highest frequency in 5,000-10,000 baht.

2. Pre-hypothesis Testing Analysis

2.1 Country Perception (Paired Samples T Test)

As expected, respondents' general perception toward Japan is significantly higher in China for laptop. At .05 significant level (see Table 1), laptop with Japan as both COB and COM (COB/COM_Japan) has a very significantly higher than Japanese COB_Japan/COM_China and COB_China/COM_ Japan, indicated by p value of 0.000 < 0.05. However the perception toward laptop with Japan as COB and China as COM (COB_Japan/COM_China) and laptop with China as COB and Japan as COM (COB_China/COM_ Japan) products turns out to be very significantly better than the image of pure Chinese products with p(0.000) < 0.05.

Table 1. Paired Samples T Test for Country Perception

Image of …	**Mean**	**Paired Sample Test**	
		Pair	Sig. (2_tailed)
COB/COM_Japan	4.2570		
		COB/COM_Japan _ COB_Japan/COM_China	.000**
COB_Japan/COM_China	3.1581		
		COB_Japan/COM_China _ COB_China/COM_Japan	.532
COB_China/COM_Japan	3.1343		
		COB/COM_China _COB_China/COM_Japan	.000**
COB/COM_China	2.3473		

** = 5% significance level

The interesting thing is that there is no significant difference ($p(0.532) > 0.05$) in the image between COB_Japan/COM_China products and COB_China/COM_ Japan products. There might be many reasons behind the results: the matter of COB and COM does not really matter among Thai consumers, or they do not decompose country of origin to smaller components. It could also mean that Thai people weigh both COM and COB as equally important, or at least until they need to make purchase intention which is the question we will find the answer in the next section.

The result, thus, conforms to the previous study that COO affects the tendency for products from emerging economies to be evaluated negatively (Bilkey and Nes 1982; Cordell 1992), and products from developed countries or HICs are perceived as more superior to products from undeveloped and developing countries such as Asian NICs (Wang and Lamb 1983).

2.2. Purchase Intention (Paired Sample T Test)

The paired_sample T test was used to test the difference in level of purchase intention under each scenario.

First if we rank the purchase intention by the components of COO between each country, purchase intention is the highest when laptop is known as COM_Japan and the lowest when laptop is known as COM_China (See Table 2). In between ranked the COB component, and as expected, purchase intention for COB_Japan is higher than COB_China. This suggests that purchase intention can be more extreme when it comes to COM and milder for COB. This does not support Kim (2006) who suggested that in case of Samsung, there is no difference in purchase intention when consumers assume that Samsung is Japanese brand. Here for Lenovo, there is a difference when consumers assume Lenovo is

a Japanese brand, not Chinese, the difference is significant but not that extreme as in the case of COM.

This is also supported by the result compared within one country. The result shows that the effect of COM is stronger than COB; purchase intention is very significantly (p=0.000) higher when respondents know that the laptop is made in Japan than when respondents only know that Japan is the laptop's COB. On the other hand, in case of China, though the result shows that knowing China as COB or COM does not make a significant difference in purchase intention (p(0.310) > 0.05) implying that the result might due to coincident; still, the mean level of purchase intention is lower when respondents know that the laptop is made in China.

Once again as expected the level of purchase intention toward different combination of COM and COB products varies. Pure Japanese products with Japan as its COM and COB (COB/COM_Japan) received the highest purchase intention very significantly whereas pure Chinese laptop (COB_COM/China) is rated with the lowest purchase intention which goes in same way with its level of country image.

The interesting thing is that the purchase intention for COB_China/COM_Japan laptop is very significantly higher (p=0.000) than that of COB_Japan/COM_China laptop at 0.05 significance level which is different from the result of country perception that suggests no significance difference in image rated. According to this finding, it may imply that since originally China has lower image than Japan, Thai people put more importance on the COM rather than COB. One of the reasons behind the lower importance COB might be the fact that many of the respondents do not pay much attention to brand origin, owner's nationality or the location of head quarter, in a nut shell, components of COB. Majorities

(64%) of the respondents who are laptop owner are familiar with Lenovo, but only 25% knows that Lenovo is a Chinese brand.

Table 2. Paired Samples T Test for Purchase Intention

Purchase intention of …	Mean	Paired Sample Test	
		Pair	Sig. (2_tailed)
COM_Japan	3.4549		
		COM_Japan - COB_Japan	.000**
COB_Japan	3.2226		
		COB_Japan - COB_China	.000**
COB_China	2.4043		
		COB_China - COM_China	.310
COM_China	2.3755		
COB/COM_Japan	3.6462		
		COB/COM_Japan _ COB_China/COM_Japan	.000**
COB_China/COM_Japan	3.0361		
		COB_China/COM_Japan _ COB_Japan/COM_China	.000**
COB_Japan/COM_China	2.7112		
		COB_Japan/COM_China – COB_China	.000**
COB/COM_China	2.1480		

** = 5% significance level.

3. Hypothesis Testing

H1. There is a positive relationship between COB and purchase intention.

H2. There is a positive relationship between COM and purchase intention.

H1 and H2 are tested using correlation test provided in Table 3. Starting from China, from correlation test between country image and purchase intention in the case of China, at 0.01 significance level, the evidence indicates a significant linear association in country image and purchase intention when China is known as COB (COB_China) or COM (COM_China) with p value of 0.000 for both cases. The relationship is positive, and the strength of the relationship is moderate with Pearson correlation (r) of 0.660 and 0.609 respectively. A little bit of additional analysis is done at this point; we examine the relationship between purchase intention level for COB_China and COM_China to see if the similar r value can refer to anything. The result shows a strong positive relationship (r=0.844). As a result, we figure out that there is not much difference in purchase intention level for Thai consumers when China is known as COB or COM.

Next, respondents are provided that China is both COB and COM (COB/COM China). The test shows a very significant positive linear association between image of China and purchase intention, and the strength of relationship is moderate with r of 0.549.

Then we examine the case of Japan. At 0.01 significance level, the evidence shows a significant linear association of country image and purchase intention when Japan is known as COB (COB_Japan) or COM (COM_Japan) with p value of 0.000 for both scenarios, and the relationship comes in a positive linear form. However, the strength of the relationship is quite weak with r value of 0.296 and 0.343 respectively. So the case of Japan is different from China that we can see the r value is quite higher when respondents found Japan as COM than we they found the country as COB. Once again we examine the

relationship between purchase intention level for both cases, evidence shows the linear relationship is positive and strong (r=0.739) though still less than that of China, reflecting the gap in r value, and that there is some differences for Thai consumers when Japan is known as COB or COM with a better result as COM.

When respondents are provided that Japan is both COB and COM, the test shows a very significant positive linear association between image of Japan and purchase intention though the strength of relationship is quite low considering that r value is 0.390.

According to the test for both countries, we may conclude that Hypothesis 1 is accepted; there is positive relationship between COB and purchase intention, with the strength of relationship that varies across countries and;

Hypothesis 2 is accepted; there is a positive relationship between COM and purchase intention.

H3. COM has a stronger positive relationship with purchase intention than COB.

Then we further explore the correlation between China and Japan's image with different combination of COO (See Table 3).

Japanese brand product produced in China (COB_Japan/COM_China), the result shows a very significant linear association between the China's image (COM) and purchase intention level (p=0.000); the relationship is positive and moderately strong as r value equals to 0.502. On the contrary, there is no significant linear relationship between the image of Japan, in this case COB, and the purchase intention of the product, given p(0.072) > 0.01. Thus COM tends to be more powerful than COB in this case.

Table 3. Correlations

Variable1	Variable2	Pearson Correlation (r)	Sig. (2-tailed)
China's image	Purchase intention for COB_China	.660(***)	.000
	Purchase intention for COM_China	.609(***)	.000
	Purchase intention for COB/COM China	.549(***)	.000
	Purchase intention for COB_Japan/COM_China	.502(***)	.000
	Purchase intention for COB_China/COM_ Japan	.367(***)	.000
Purchase intention for COB_China	Purchase intention for COM_China	.844(***)	.000
Purchase intention for COB/COM_China	Purchase intention for COB_China/COM_ Japan	.433(***)	.000
	Purchase intention for COB_Japan/COM_China	.559(***)	.000
Purchase intention for COB_China	Purchase intention for COB_China/COM_ Japan	.534(***)	.000
Purchase intention for COM_China	Purchase intention for COB_Japan/COM_China	.695(***)	.000
Japan's image	Purchase intention for COB_Japan	.296(***)	.000
	Purchase intention for COM_Japan	.343(***)	.000
	Purchase intention for COB/COM Japan	.390(***)	.000
	Purchase intention for COB_Japan/COM_China	.108	.072
	Purchase intention for COB_China/COM_ Japan	.235(***)	.000
Purchase intention for COB_Japan	Purchase intention for COM_Japan	.603(***)	.000
Purchase intention for COB/COM Japan	Purchase intention for COB_Japan/COM_China	.393(***)	.000
	Purchase intention for COB_China/COM_ Japan	.563(***)	.000
Purchase intention for COB_Japan	Purchase intention for COB_Japan/COM_China	.529(***)	.000
Purchase intention for COM_Japan	Purchase intention for COB_China/COM_ Japan	.739(***)	.000
COB_Japan/COM_China's image	Purchase intention for COB_Japan/COM_China	.570(***)	.000
COB_China/COM_ Japan's image	Purchase intention for COB_China/COM_ Japan	.543(***)	.000

*** = 1% significance level

For Chinese brand product produced in Japan (COB_China/COM_ Japan), although there is a very significant positive linear relationship between China's image (COB) and level of purchase intention with p value of 0.000, the relationship is not quite strong as indicated by r value of 0.367. The finding also shows a significant (p=0.000) positive relationship with Japan's image (COM) indicated by r value of 0.235. Therefore for this case, COB has a stronger relationship to purchase intention than COM.

Since the result is not certain yet, so we try a different way to find the answer by testing the association between purchase intention levels, beginning with purchase intention for COB_Japan/COM_China laptop with purchase intention for COB_Japan then with COM_China laptop. We get the result showing significant positive relationship with r value of 0.529 for the case of COB and r value of 0.695 for the case of COM meaning that the purchase intention of COB_Japan/COM_China related more to the purchase intention of COM_China.

Next, the same test is run for the association of purchase intention of COB_China/COM_ Japan laptop with purchase intention for COB_China and with COM_Japan. The results indicate significant positive relationship with r value of 0.534 for the case of COB and r value of 0.603 for the case of COM, showing that the purchase intention of COB_China/COM_Japan agrees more with purchase intention of COM_Japan. Therefore both results show that COM tends to be more powerful than COB. If this is true, COB_China/COM_Japan should have higher purchase intention level compared to COB_Japan/COM_China since Japan has a better image than China.

Now refer back to the part of pre-hypothesis testing which paired-sample T test was ran to compare the level of purchase intentions (See Table 2). The result shows that COB_China/COM_Japan has a significantly higher purchase intention level than COB_Japan/COM_China, with the mean of 3.0361> 2.7112 and p value of 0.000.

Thus we came to the conclusion that COM tends to be more powerful than COB, supporting Hypothesis 3.

H4. Low price increases level of purchase intention of the negative COO products.

Paired samples T test is used to test the difference of purchase intention level under a given situation where there are only 2 laptops available with same specification except COB and COM; we try to figure out the purchase intention level of COB/COM_China laptop when consumers have another choice as COB/COM_Japan under a different price range. However the samples included in this test are those who have higher or equal level of purchase intention for COB/COM_Japan as COB/COM_China, thus 274 out of 277 were used. The result shows a significant increase in level of purchase intention for COB/COM_China laptop as the price decreases. However, according to the mean, only when COB/COM_China laptop is at least 61% cheaper than COB/COM_Japan that consumers' purchase intention is higher than neutral level.

Table 4. Paired Samples T Test of Difference in Purchase Intention under Price Scenario1

Pair		Mean	Sig. (2-tailed)
Pair1	Lenovo1 is more expensive than Lenovo2.	1.90	.000**
	Lenovo1 is at the same price as Lenovo2.	2.18	
Pair2	Lenovo1 is at the same price as Lenovo2.	2.18	.000**
	Lenovo1 is 1%-20%cheaper than Lenovo2.	2.41	
Pair3	Lenovo1 is 1%-20%cheaper than Lenovo2.	2.41	.000**
	Lenovo1 is 21%-40%cheaper than Lenovo2.	2.66	
Pair4	Lenovo1 is 21%-40%cheaper than Lenovo2.	2.66	.000**
	Lenovo1 is 41%-60%cheaper than Lenovo2.	2.94	
Pair5	Lenovo1 is 41%-60%cheaper than Lenovo2.	2.94	.000**
	Lenovo1 is 61-80%cheaper than Lenovo2.	3.13	
Pair6	Lenovo1 is 61-80%cheaper than Lenovo2.	3.13	.001**
	Lenovo1 is 81%-100%cheaper than Lenovo2.	3.26	

Notes: Lenovo1 is COB/COM_China, and Lenovo2 is COB/COM_Japan.

** = 5% significance level.

The second scenario is between COB_China/COM_Japan and COB_Japan/COM_China. The total of 192 samples were chosen under the condition that the level of purchase intention for COB_China/COM_Japan should be less or equal to that for COB_Japan/COM_China; 20 with higher purchase intention for COB_Japan/COM_China, and the rest have same level of purchase intention. (Under these conditions, the purchase intention for COB_Japan/COM_China (μ = 2.9323) is significantly higher than COB_China/COM_Japan (μ = 2.8177) with p value of 0.000). The result shows that as price decreases, purchase intention increases (See Table 5), except for the case of pair 2; price reduction of COB_Japan/COM_China from the same price to 20% does not really increase the level of purchase intention.

From the two results, Hypothesis 4 is supported, and price can increase the level of purchase intention.

Table 5. Paired Samples T Test of Difference in Purchase Intention under Price Scenario2

Pair		Mean	Sig. (2-tailed)
Pair1	Lenovo1 is more expensive than Lenovo2.	2.58	.020**
	Lenovo1 is at the same price as Lenovo2.	2.70	
Pair2	Lenovo1 is at the same price as Lenovo2.	2.70	.217
	Lenovo1 is 1%-20%cheaper than Lenovo2.	2.74	
Pair3	Lenovo1 is 1%-20%cheaper than Lenovo2.	2.74	.003**
	Lenovo1 is 21%-40%cheaper than Lenovo2.	2.86	
Pair4	Lenovo1 is 21%-40%cheaper than Lenovo2.	2.86	.000**
	Lenovo1 is 41%-60%cheaper than Lenovo2.	3.01	
Pair5	Lenovo1 is 41%-60%cheaper than Lenovo2.	3.01	.003**
	Lenovo1 is 61-80%cheaper than Lenovo2.	3.13	
Pair6	Lenovo1 is 61-80%cheaper than Lenovo2.	3.13	.000**
	Lenovo1 is 81%-100%cheaper than Lenovo2.	3.33	

Notes: Lenovo1 is COB/COM_China, and Lenovo2 is COB/COM_Japan.

** = 5% significance level.

VI. Conclusion

This study suggests that Chinese companies, in this case for laptop such as Lenovo, planning to penetrate and market in Thailand tend to face with effect of its COO since there is evidence indicating the positive relationship between COB and COM and purchase intention.

On the other hand, the result also points out that lower price can improve purchase intention thus low pricing currently applied by many Chinese firms can be a good strategy; yet, according to the price preferred by customers, there must be a huge gap of around 60% between pure Japanese laptop and pure Chinese laptop for the purchase intention of the latter one to be higher than neutral, affecting the margin company could have earned as a consequence. However, the recent financial crisis has brought in an exclusive trend in Thai laptop market; there is higher demand for low price laptop, an attractive sector for most of the players. With this trend, it gives Lenovo a good opportunity to gain market in the terms of unit share especially in low-medium end market.

The findings also designates that COM has a stronger relationship to purchase intention; the purchase intention for COB_China/COM Japan is even higher than that of COB_Japan/COM_China. Thus if Chinese firms desire overcoming the COM effect, it is an alternative for the firms to consider relocating their plants to the country with relatively positive COO among Thai consumers especially in the product categories that consumers are price insensitive, with the possibility of higher cost. In case of Lenovo, the company is investing its manufacturing plant overseas like India, Mexico and the recently opened fulfillment center in North Carolina.

The other choice could be obscuring their COB. Lenovo's brand origin is actually quite obscure for Thai consumers considering that out of 180 valid samples, only 38.3% of

the respondents answer China as Lenovo's COB with 26.1% said US. The rest answered Germany, Japan and Taiwan at the percentage of 10%, 9.4% and 8.3% respectively indicating that more potential customers perceive Lenovo as a brand from developed country. Our hypothesis testing has confirmed that if Lenovo is perceived to have developed country as its COB it would be a benefit thus, not only for Lenovo, other Chinese brands may as well keep their COB low profile to customers. As for companies with positive COB who have their products manufactured in China are possibly affected by China's image as well since COB tends to have a weaker relationship to purchase intention than COM, thus it might lead to lower purchase intention among Thai consumers. As stated earlier that made-in country is not the most important factor in purchase intention for laptop, the companies can focus on building brand image, and most important ensure products quality which are more important to consumers and eventually it might be possible to cloud out the effect of COM. As for brands with established strong position, they could as well use brand image to cloud out COM effects. These topics regarding obscuring COB and brand image cannot be confirmed by this study regarding the effect, hence, it is a suggestion to conduct these studies among Thai consumers.

This study, however, does not cover all aspects of COO which could be decomposed into country-of-assembly (COA) and country-of-design (COD). Also since COO effect varies across the types of products including product involvement level, this study is limited to medium involvement type, or even applicable to laptop market only.

This study is done based on 277 samples. It is a suggestion for the future study to include more diversified groups especially in terms of income level; there is a finding here that higher income groups have higher purchase intention for Chinese products than lower income groups. But it is not considered as a valid result since the sample of each income groups is too small. It is also interesting to find if there are any differences among East

Asian countries which are actively and successfully participating in Thai laptop market such as China, Taiwan and South Korea.

Appendix. Questionnaire

Thank you for taking the time to participate in the study. This questionnaire should take about 25 minutes to complete. ***All responses are strictly confidential and no information which could reveal your own identity will be used in any data reporting, nor will it be shared in its individual form with any outside party without your expressed permission to do so.***

Q1. Which brand of laptop are you using?

❑ Acer ❑ Apple ❑ Toshiba

❑ Compaq ❑ Dell ❑ Sony Vaio

❑ Lenovo ❑ HP

❑ Other _____

Q2. Are you familiar with the brand 'Lenovo'?

❑ No, I have never heard of Lenovo before. (***Please skip Q3, and proceed to Q4.***)

❑ Yes, I have heard about Lenovo but never used its products

❑ Yes, I have heard and used Lenovo's products.

Q3. According to your knowledge or opinion, what is the nationality of Lenovo now? (Please choose only one)

❑ US ❑ German ❑ Japanese ❑ Chinese

❑ Taiwanese ❑ Korean ❑ Other _____

Q4. Do you research before buying a laptop computer? What or who is your source of information? (Please choose all that apply.)

❑ Yes:

❑ Family/friends

❑ Salesperson/store

❑ Advertisement

❑ Product review from media (magazines, TV, websites etc.)

❑ Other _____

❑ No

Q5. Please rank the importance of the following attributes of laptop computer in your purchase consideration (1 = most important, 5 = least importance)

[ ] Brand name

[ ] Made-in country

[ ] Design

[ ] Performance

[ ] Price

Q6. How much do you agree with the following sayings? (Country's image)

	China	Disagree	Somewhat disagree	Neutral	Somewhat agree	Agree
1)	China produces high performance products.	1	2	3	4	5
2)	China produces cutting-edge design products.	1	2	3	4	5
3)	China produces technological advanced products.	1	2	3	4	5
4)	China produces reliable products.	1	2	3	4	5
5)	China produces durable products.	1	2	3	4	5
	Japan					
1)	Japan produces high performance products.	1	2	3	4	5
2)	Japan produces cutting-edge design products.	1	2	3	4	5
3)	Japan produces technological advanced products.	1	2	3	4	5
4)	Japan produces reliable products.	1	2	3	4	5
5)	Japan produces durable products.	1	2	3	4	5

Q7 Under these scenarios, how do you agree with the following sayings? (Country's image)

Scenario1. Lenovo is a Japanese brand, head quartered in Tokyo and owned by Japanese. The laptop is, however, manufactured in China.

		Disagree	Somewhat disagree	Neutral	Somewhat agree	Agree
1)	Lenovo produces high performance products.	1	2	3	4	5
2)	Lenovo produces cutting-edge design products.	1	2	3	4	5
3)	Lenovo produces technological advanced products.	1	2	3	4	5
4)	Lenovo produces reliable products.	1	2	3	4	5
5)	Lenovo produces durable products.	1	2	3	4	5

Scenario2. Lenovo is a Chinese brand, head quartered in Beijing and owned by Chinese. The laptop is, however, manufactured in Japan.

		Disagree	Somewhat disagree	Neutral	Somewhat agree	Agree
1)	Lenovo produces high performance products.	1	2	3	4	5
2)	Lenovo produces cutting-edge design products.	1	2	3	4	5
3)	Lenovo produces technological advanced products.	1	2	3	4	5
4)	Lenovo produces reliable products.	1	2	3	4	5
5)	Lenovo produces durable products.	1	2	3	4	5

Q8. How likely will you buy a Lenovo laptop computer under each of the following circumstances? (Purchase intention)

		Definitely Will not buy	Probably will not buy	Neutral	Probably will buy	Definitely will buy
1)	Lenovo is originated from Japan.	1	2	3	4	5
2)	Lenovo is originated from China.	1	2	3	4	5
3)	Lenovo is head-quartered in Japan.	1	2	3	4	5
4)	Lenovo is head-quartered in China.	1	2	3	4	5
5)	Lenovo is owned by Japanese.	1	2	3	4	5
6)	Lenovo is owned by Chinese.	1	2	3	4	5
7)	Lenovo laptop computer is manufactured in Japan.	1	2	3	4	5
8)	Lenovo laptop computer is manufactured in China.	1	2	3	4	5
9)	Lenovo is a Japanese brand. Its laptop is manufactured in Japan.	1	2	3	4	5
10)	Lenovo is a Japanese brand. Its laptop is manufactured in China.	1	2	3	4	5
11)	Lenovo is a Chinese brand. Its laptop is manufactured in Japan.	1	2	3	4	5
12)	Lenovo is a Chinese brand. Its laptop is manufactured in China.	1	2	3	4	5

Q9. There are 2 laptop computers: Lenovo1 and Lenovo2, and you need to buy one of them. The specifications and design of both laptops are the same. Both offer 1 year warranty and are sold in the same store. What is your purchase intention level For Lenovo 1 in each situation?

1) - Lenovo1 is a Chinese brand and manufactured in China.

- Lenovo2 is a Japanese brand and manufactured in Japan.

		Definitely Will not buy	Probably will not buy	Neutral	Probably will buy	Definitely will buy
1)	Lenovo1 is more expensive than Lenovo2.	1	2	3	4	5
2)	Lenovo1 is at the same price as Lenovo2.	1	2	3	4	5
3)	Lenovo1 is 1%-20%cheaper than Lenovo2.	1	2	3	4	5
4)	Lenovo1 is 21%-40%cheaper than Lenovo2.	1	2	3	4	5
5)	Lenovo1 is 41%-60%cheaper than Lenovo2.	1	2	3	4	5
6)	Lenovo1 is 61-80%cheaper than Lenovo2.	1	2	3	4	5
7)	Lenovo1 is 81%-100%cheaper than Lenovo2.	1	2	3	4	5

2) Lenovo1 is a Chinese brand and manufactured in Japan.

- Lenovo2 is a Japanese brand and manufactured in China.

		Definitely Will not buy	Probably will not buy	Neutral	Probably will buy	Definitely will buy
1)	Lenovo1 is more expensive than Lenovo2.	1	2	3	4	5
2)	Lenovo1 is at the same price as Lenovo2.	1	2	3	4	5
3)	Lenovo1 is 1%-20%cheaper than Lenovo2.	1	2	3	4	5
4)	Lenovo1 is 21%-40%cheaper than Lenovo2.	1	2	3	4	5
5)	Lenovo1 is 41%-60%cheaper than Lenovo2.	1	2	3	4	5
6)	Lenovo1 is 61-80%cheaper than Lenovo2.	1	2	3	4	5
7)	Lenovo1 is 81%-100%cheaper than Lenovo2.	1	2	3	4	5

Q10. Your gender: ❑ Male ❑ Female

Q11. Age: ❑ under 20 year-old ❑ 20-30
❑ 31-40 ❑ over 40

Q12. Current Education:

❑ High school/Vocational school or equivalence

❑ Undergraduate/ bachelor

❑ Master and higher

Q13. Occupation:

❑ Non-computer related industry and do not use computer as a part of work / personal use only

❑ Non-computer related industry but use computer and application as a part of work

❑ Computer related industry/ study

Q14. Monthly salary/allowance:

❑ under 5,000 baht ❑ 5,000 – 10,000 baht

❑ 10,001 – 15,000 baht ❑ 15,001- 20,000 baht

❑ 20,000 - 25,000 baht ❑ 25,001- 30,000 baht

❑ 30,001- 35,000 baht ❑ more than 35,000 baht

Q15. Resident area: ❑ Bangkok and metropolitan areas

❑ Other province

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