

The Interaction of Country-of-Manufacturing with Country-of-Design within Different Consumption Context

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Abstract : In today's globalized world, while companies move their production centers to developing countries in order to gain cost advantage, they receive negative responses from consumers because of the weak image of those countries. In this study, we looked at this tradeoff faced by multinational companies. Some companies that have headquarters in developed countries have devised a strategy of manipulating country-of-origin (COO) information by introducing the concept of country of design (COD). We analyzed the impact of country-of-manufacturing (COM) information on consumers' product evaluation and purchase intention in the presence of different levels of COD information, namely, in terms of developed and developing countries. We found that it is not advantageous for a firm to publish a design location with a strong image if the firm is producing in a country that has a weak image. On the other hand, revealing COD information has a reinforcing effect on consumers' product evaluation and purchase intention if the firm is producing in a country with a strong image. Second, we studied the impact of consumption context on this relationship (in terms of public or private use) and found that for products that are typically used in public, COM has significantly shown higher importance on product evaluation and purchase intention, compared to products typically used in private. However, our results show that consumption context shows no effect of an impact resulting from COD information.

Keywords : consumption context, country of design, country of manufacturing, country of origin

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