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Effects of Consumer Ethnocentrism and Product Knowledge on Consumers’ Utilization of Country-of-Origin Information

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ABSTRACT
This article is concerned with the effects of consumer ethnocentrism and product knowledge on consumers’ utilization of country-of-origin information for their product evaluation. The data suggest that, regardless of consumers’ ethnocentrism, low-knowledge consumers’ product attitude is more strongly influenced by country-of-origin perception than high-knowledge consumers’ product attitude.

The data also show that, when domestic and foreign products are given as alternatives, regardless of consumers’ knowledge, low-ethnocentric consumers’ product attitude is influenced by country-of-origin perception; however, high-ethnocentric consumers’ product attitude is not influenced by country-of-origin perception.

Previous studies on the role played by the country-of-origin in consumers’ evaluation of products have revealed that consumers tend to utilize extrinsic cues, such as information about the country-of-origin, as alternatives to intrinsic product attribute information when the latter is unavailable or when little useful information is yielded (Heimbach et al. 1989; Hong and Wyer 1989; Johansson 1988; Maheswaran 1994; Olson and Jacoby 1972; Szybillo and Jacoby 1974). As such, these studies have pointed out that country-of-origin information plays the role of a proxy variable for intrinsic product attribute information.

When this approach is applied to product knowledge, the argument goes that low-knowledge consumers with little ability to process intrinsic product information will be more likely to utilize stereotypical information regarding the country of origin when evaluating products. In other words, these studies have identified a negative relationship between consumers’ product knowledge and their utilization of country-of-origin information (Hong and Toner 1989; Maheswaran 1994; Petty and Cacioppo 1981).

On the other hand, others have suggested that high-knowledge consumers are more likely to utilize country-of-origin information when conducting their product evaluation. Thus, these scholars have identified a positive relationship between consumers’ product knowledge and their utilization of country-of-origin information (Heimbach et al. 1989; Johansson 1988; Johansson et al. 1985; Johansson and Nebenzahl 1986). In sum, previous research regarding the relationship between consumers’ product knowledge and their utilization of country-of-origin information has yielded contradictory results.

Conversely, previous research on the effect of consumer ethnocentrism on consumer behavior indicates that high-ethnocentric consumers arrive at unreasonably favorable evaluations of domestic products vis-à-vis imported products (Bilkey and Nes 1982; Han and Terpstra 1988; Johansson et al. 1985; Sharma et al. 1995; Wall and Heslop 1986; White 1979). Consumer ethnocentrism derives from the more general construct of ethnocentrism, which is defined as people viewing their in-group as central, as possessing proper standards of behavior, and as offering protection against apparent threats from out-groups (Branslin 1993).

However, there has not yet been any research on the effects of consumer ethnocentrism on their utilization of country-of-origin information. If we examine the role of consumer ethnocentrism from the perspective of country-of-origin information, when both domestic and foreign products are provided as alternatives, high-ethnocentric consumers’ evaluation of products will not necessarily be influenced by their perception of country-of-origin information. In other words, consumer ethnocentrism is likely to hinder country-of-origin information from working as a proxy variable for intrinsic product attribute information.

This paper delves into the effects of consumer ethnocentrism and product knowledge on consumers’ utilization of country-of-origin information when conducting their product evaluation. First, previous studies on the effects of consumers’ product knowledge on their utilization of country-of-origin information will be analyzed in order to synthesize the conflicting results achieved by previous research. Second, this paper will look into the question of the impact of consumer ethnocentrism on their utilization of country-of-origin information. In sum, this study will attempt to analyze, both theoretically and empirically, facets that have been overlooked in previous research on country-of-origin.

EFFECT OF PRODUCT KNOWLEDGE ON THE UTILIZATION OF COUNTRY-OF-ORIGIN INFORMATION

Petty and Cacioppo (1981), who developed the Elaboration Likelihood Model, argue that low-knowledge consumers are more dependent on country-of-origin information when they evaluate products; accordingly, in their ELM, they argue that country-of-origin information works as peripheral routes, or clues. Hong and Toner (1989) found that women consumers are more dependent on country-of-origin information than men consumers when evaluating masculine products (for example, automobiles); on the contrary, men consumers are more dependent on country-of-origin information than women when evaluating feminine products (for example, hygiene products). Based on this, they argue that low-knowledge consumers are more dependent on country-of-origin information when conducting their product evaluation. For his part, Maheswaran (1994) analyzed the moderating role of consumers’ objective product knowledge in order to verify the effects of message strength and country-of-origin image on product evaluation. His study revealed that when consumers’ knowledge is high only message strength affects their product evaluation. Contrarily, when consumers’ knowledge is low, only country-of-origin information affects their product evaluation. In essence, these studies indicate the existence of a negative relationship between consumers’ product knowledge and their utilization of country-of-origin information.

In contrast, research undertaken by Johansson and his colleagues (Johansson 1988; Johansson et al. 1985; Johansson and Nebenzahl 1986) has identified a positive relationship between consumers’ product knowledge, or familiarity with the product, and their utilization of country-of-origin information. To explain this positive relationship, Johansson (1988) argues that, the more familiar a person is with a product, the higher the possibility that he/she will use country-of-origin information.

Park (2001) argues that these contradictory research results are caused by the use of different methodologies. As such, previous research showing a negative relationship between product knowledge and the utilization of country-of-origin information is primarily based on the use of objective methods to measure product knowledge. Contrarily, previous research exhibiting a positive relationship...
Effects of Consumer Ethnocentrism and Product Knowledge on Consumers’ Utilization of Country-of-Origin Information

The effects of consumer ethnocentrism and product knowledge on consumers’ utilization of country-of-origin information is based on the use of subjective familiarity to measure product knowledge. If the suitability of research methods is compared, the likelihood grows that the argument posited by those advocating a negative relationship will emerge as the more valid one.

In the same vein, we can expect a negative relationship to emerge between product knowledge and fluctuations in favorable and unfavorable attitudes toward a product. Thus, low-knowledge consumers who have little ability to process intrinsic product information will more heavily depend on their perception of stereotypical information regarding the country of origin when conducting their product evaluation. As a result, low-knowledge consumers may evaluate a product made in a country with a high image more favorably than high-knowledge consumers. In addition, they may evaluate a product made in a country with a low image more unfavorably than high-knowledge consumers. Based on this reasoning, the following hypothesis is formulated:

Hypothesis 1: Low-knowledge consumers’ product evaluation is more strongly influenced by their country-of-origin perception than high-knowledge consumers’ evaluation of products.

EFFECT OF CONSUMER ETHNOCENTRISM ON THE UTILIZATION OF COUNTRY-OF-ORIGIN INFORMATION

Shimp and Sharma (1987) have noted that “consumer ethnocentrism gives the individual a sense of identity, feelings of belonging, and, most importantly, an understanding of what purchase behavior is acceptable or unacceptable to the in-group” (p. 260). Moreover, they argue that consumer ethnocentrism is closely correlated to patriotism, politico-economic conservatism, and dogmatism. For their part, Sharma, Shimp, and Shin (1995) maintain that consumer ethnocentrism is positively correlated to patriotism, conservativism, and dogmatism. Accordingly, a consumer who has a high ethnocentric tendency will be dogmatic and not open to foreign cultures, and as such he/she will have generally unfavorable attitudes toward foreign culture and products.

As mentioned above, consumer ethnocentrism derives from the more general construct of ethnocentrism, which can be defined as people viewing their in-group as central, as possessing proper standards of behavior, and as offering protection against apparent threats from out-groups (Brislin 1993). As Klein, Etenson, and Morris (1998, p. 90) have noted, “Shimp and Sharma (1987) apply ethnocentrism to the study of marketing and consumer behavior and have coined the term ‘consumer ethnocentric tendencies’ to represent beliefs held by consumers regarding the appropriateness and morality of purchasing foreign made products.” Previous research on the effects of consumer ethnocentrism on consumer behavior has revealed that high-ethnocentric consumers make unreasonably favorable evaluations of domestic products vis-à-vis imported products (Bilkey and Nes 1982; Han and Terpstra 1988; Johansson et al. 1985; Sharma et al. 1995; Wall and Heslop 1986; White 1979). Accordingly, it can be predicted that consumer ethnocentrism will most likely have a negative influence on consumers’ attitudes toward foreign products.

Moreover, when the impact of consumers’ ethnocentrism and perception of the country of origin on their attitude toward a certain product are considered simultaneously, consumer ethnocentrism is likely to offset the impact of the perception of the country-of-origin. Put differently, high ethnocentric consumers are likely to have a less favorable attitude toward foreign products than domestic ones; and this despite the fact that their perception of the country of origin of the product in question may be higher than their perception of their own country. Based on the above, the following hypotheses are presented:

Hypothesis 2a: When domestic and foreign products are provided as alternatives, low-ethnocentric consumers’ attitude toward products is influenced by their country-of-origin perception.

Hypothesis 2b: When domestic and foreign products are provided as alternatives, high-ethnocentric consumers’ attitude toward products is not influenced by their country-of-origin perception.

METHOD

Subjects

Two hundred and seven undergraduate students from the management department participated in a study on the evaluation of new products. As compensation for their participation, each individual was given $3 worth of food tickets to be used in the university cafeteria. The subjects of this study were placed into groups of ten or less.

Stimulus Materials

The following three criteria were considered when selecting the stimulus material. First, in order to assure that the subjects of the study could easily be classified as high-knowledge consumers or low-knowledge consumers, there had to be substantial variations in the level of knowledge about the product. Second, the product had to be sufficiently familiar to subjects, so that even low-knowledge consumers could comprehend and process the product information and message content. Third, the product had to be made and marketed by diverse foreign countries so that the country-of-origin variable could be manipulated. A pretest indicated that the camcorder category was likely to conform to all of the above criteria.

Only one variable—the country-of-origin—was manipulated when collecting the data for this study. Moreover, a pretest was administered in order to choose two foreign countries, one with a substantially higher product quality image than Korea and one with a lower product quality image, to whom the Korean camcorder makers could be compared. The pretest was administered to fifty undergraduate students. Five countries—Korea, U.S., Japan, Hong Kong and Taiwan—were selected and the subjects were asked to, on a scale of one to five, reveal their perceptions of the quality of the camcorders made in each of these countries. The results revealed, as shown in Table 1, that Japan was regarded as being tops, Korea and the U.S. as being in the middle, while Hong Kong and Taiwan were seen as having relatively low quality levels when it came to the manufacturing of camcorders. Based on the pretest results, Japan was selected as the high quality image foreign country and Taiwan as the low quality image foreign country.

The country-of-origin variable was manipulated using stimulus advertisements. As such, three ad copies from each origin country—Korea, Japan, and Taiwan—were made and put in a booklet that was handed out to each subject.

Procedure

The subjects of the study were given booklets that contained a description of the study’s purpose, the advertisement message, and the dependent variables. Subjects were then made to read the
first page of the booklet, which was explained to them as being a statement of the study’s purpose. The subjects were then informed that they were among a group of people whose opinions were being solicited by the manufacturer of a new camcorder to be launched shortly. Once the subjects had read the statement, they were then made to read three advertisement copies at their own pace. After reading each ad, the subjects were asked to turn to the next page of the booklet and indicate their attitude toward the camcorder described in the ad based on a five-point Likert scale. These scales included two items regarding product quality, two items regarding general sympathy as well as one item regarding purchase intention. The Cronbach’s α for these five items was 0.84, which is bigger than the critical level of 0.7 recommended by Nunnally (1978). Based on this, the average of the five items valence was used as the subjects’ attitude toward the advertised product.

Next a manipulation check was administered. As part of this process the subjects were asked about their perception of the camcorder in the ad’s country of origin. This manipulation check was followed by a three-item questionnaire designed to assess the subjects’ subjective product knowledge, in this case of the camcorder. The Cronbach’s α for these three items was 0.78, thus also bigger than the critical level of 0.7 recommended by Nunnally (1978). In accordance with this, the average score for the three items was used as the subjects’ product knowledge. Finally, the degree of consumer ethnocentrism displayed by the subjects was measured using the CETSCALE developed by Shimp and Sharma (1987). The subjects were asked to use 7-point Likert scales to note their reactions to the 17-item CETSCALE. The average for the 17-item CETSCALE was used to represent the subjects’ degree of consumer ethnocentrism.

RESULTS

Product Knowledge

The classification of subjects as high-knowledge consumers or low-knowledge consumers was carried out first. As discussed above, the average score for the three items was used to represent the subjects’ product knowledge. Moreover, the subjects were classified as high-knowledge consumers or low-knowledge consumers based on a median split of 2.9. As a result 104 people were classified as being high-knowledge consumers while 103 were listed as low-knowledge consumers.

Consumer Ethnocentrism

The classification of subjects as high-ethnocentric consumers and low-ethnocentric consumers was performed next. As mentioned above, the average for the 17-item CETSCALE was used to represent the subjects’ degree of consumer ethnocentrism. In this case as well, the subjects were classified as being high-ethnocentric consumers or low-ethnocentric consumers based on a median split of 3.1. As a result 103 people were classified as being high-ethnocentric consumers while 104 were listed as low-ethnocentric consumers.

Manipulation Check

To check the effectiveness of the manipulation executed with the stimulus ad, an ANOVA was performed. The subjects’ perception of the quality of the camcorder made by each country was analyzed to confirm whether there were any differences between the three origin countries. The average score for each country, with regards to the subjects’ perception of product quality, was 4.8 for Japan, 3.8 for Korea, and 2.9 for Taiwan (N=207). The ANOVA performed on the average score for subjects’ perception of product quality indicated the main role played by country-of-origin (F(2,204)=28.5, p<0.01). This outcome offers evidence that the country-of-origin variable was manipulated successfully.

Demand bias problem may exist where a subject of an experiment responds to what s/he believes is desired of her/him by the experimenter. Sawyer (1975) denoted that artifacts such as suspiciousness of the experimenter’s intent, willingness to participate, past experience, etc. can produce demand bias. There are several methods which can be employed to determine if demand bias exists. They include post-experimental inquiry, the non-experiment, manipulation of suspected demand cues. Post-experimental inquiry was employed in this research. A question, “what do you think is the purpose of this research?” was given on the last page of the questionnaire. No subjects grasped the genuine purposes of the research.

Product Attitude

Means for product attitudes categorized by product knowledge and consumer ethnocentrism are summarized in Table 2. To verify Hypothesis 1, the difference between the high-knowledge consumer group and the low-knowledge consumer group’s attitudes toward products made in high-image country and low-image country was compared. As shown in Table 3, the high-knowledge consumers’ attitude toward the camcorder made in Japan (PAj) was 4.33, while the high-knowledge consumers’ attitude toward the camcorder made in Taiwan (PAT) was 2.52, for a difference of (PAj - PAT) 1.81. Meanwhile, low-knowledge consumers’ attitude toward the camcorder made in Japan (PAj) was 4.57, and low-knowledge consumers’ attitude toward the camcorder made in Taiwan (PAT) was 2.82, for a difference of (PAj - PAT) 1.75. The pairwise t-test conducted on all pairs of origin countries, and found in Table 5, reveals that the subjects’ attitudes toward products made in Japan, Korea, and Taiwan are significantly different. Moreover, the result of a pairwise t-test conducted on high-knowledge consumers and low-knowledge consumers with regards to the differences in their attitudes toward products made in Japan and Taiwan (T=3.26, p<0.01) demonstrates that low-knowledge consumers’ evaluation of products is more strongly influenced by their country-of-origin perceptions than is the case with high-knowledge consumers. Accordingly, Hypothesis 1 is validated.

To verify Hypothesis 2a, low-ethnocentric subjects’ attitude toward products made domestically, the high-image foreign country, and the low-image foreign country were compared. As shown in Table 4, the low-ethnocentric consumers’ attitude toward the camcorder made in Japan (PAj) scored 4.63, while their attitude

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>U.S.</th>
<th>Korea</th>
<th>H.K.</th>
<th>Taiwan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Camcorder</td>
<td>4.75</td>
<td>3.97</td>
<td>3.88</td>
<td>2.85</td>
<td>2.76</td>
</tr>
</tbody>
</table>

TABLE 1

Results of Pretest for Country-of-Origin Perceptions
TABLE 2
Means for Product Evaluation Categorized by Product Knowledge and Consumer Ethnocentrism

<table>
<thead>
<tr>
<th></th>
<th>High-Knowledge Consumer (N=104)</th>
<th>Low-Knowledge Consumer (N=103)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High-Ethnocentric Consumer (N=52)</td>
<td>Low-Ethnocentric Consumer (N=52)</td>
</tr>
<tr>
<td>Made in Japan</td>
<td>Made in Korea</td>
<td>Made in Taiwan</td>
</tr>
</tbody>
</table>
| Attitude Toward Product| 4.25                              | 4.45                            | 2.51                       | 4.41                          | 3.27                            | 2.52

TABLE 3
Means for Product Evaluation Categorized by Product Knowledge

<table>
<thead>
<tr>
<th></th>
<th>High-Knowledge Consumer (N=104)</th>
<th>Low-Knowledge Consumer (N=103)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Made in Japan</td>
<td>Made in Korea</td>
<td>Made in Taiwan</td>
</tr>
<tr>
<td>Attitude Toward Product</td>
<td>4.33</td>
<td>3.86</td>
</tr>
<tr>
<td>PA_J - PA_T = 1.81</td>
<td>PA_J - PA_T = 2.35</td>
<td></td>
</tr>
</tbody>
</table>

toward the camcorder made in Korea (PA_K) scored 3.28, and Taiwan’s (PA_T) 2.37. As discussed in a prior section, the pairwise t-test conducted on all pairs of origin countries, as seen in Table 5, demonstrates that the subjects’ attitudes toward products made in Japan, Korea, and Taiwan are significantly different. That is, the result shows that, when domestic and foreign products are provided as alternatives, low-ethnocentric consumers’ product attitude follows the sequence of their country-of-origin perceptions (PA_J > PA_K > PA_T). Consequently, Hypothesis 2a is also validated.

In order to verify Hypothesis 2b, a comparison of the high-ethnocentric subjects’ attitude toward products made domestically, in the high-image foreign country, and in the low-image foreign country was carried out. As shown in Table 4, the high-ethnocentric consumers’ attitude toward the camcorder made in Japan (PA_J) was 4.27, while their attitude toward the camcorder made in Korea (PA_K) scored 4.46, and Taiwan’s (PA_T) 2.37. Thus, the result indicates that, when domestic and foreign products are provided as alternatives, high-ethnocentric consumers’ attitude toward products does not necessarily follow the sequence of their country-of-origin perceptions (PA_J > PA_K > PA_T). As high-ethnocentric consumers are usually dogmatic and not open to foreign cultures, it is highly likely that they will have generally unfavorable attitudes toward foreign culture and foreign made products. As a result, even though they perceived the quality of the camcorder made in Korea as being inferior to the one made in Japan, they nevertheless displayed a more favorable attitude toward the camcorder made in Korea. Therefore, Hypothesis 2b is also validated.

DISCUSSION
The results of this study indirectly supports previous research showing a negative relationship between consumers’ product knowledge and their utilization of country-of-origin information. To be exact, by proving that low-knowledge consumers’ evaluation of products is more strongly influenced by their country-of-origin perceptions than is the case with high-knowledge consumers, the negative relationship between consumers’ product knowledge and their utilization of country-of-origin information is partially confirmed. As Figure 1 indicates, the product attitude curve of low-knowledge consumers is steeper than that of high-knowledge consumers.

The results of this study also indicate that consumer ethnocentrism does interact with country-of-origin perceptions. As Figure 2A makes clear, when the quality of a domestic product is perceived as being superior to that of a foreign product, as is the case with the camcorder made in Korea and the one made in Taiwan, the product attitude curve of high-ethnocentric consumers is steeper than that of low-ethnocentric consumers. Namely, when the quality of domestic products is perceived as being superior to that of foreign products, consumer ethnocentrism strengthens the impact of country-of-origin perceptions on consumers’ product evaluation.

The results of this study also reveals that consumer ethnocentrism does interact with country-of-origin perception in an asymmetrical fashion. As Figure 2B demonstrates, when the quality of a domestic product is perceived as being inferior to that of a foreign product, as is the case with the camcorder made in Korea and the one made in Japan, the product attitude curve of high-ethnocentric consumers is the reverse of that of low-ethnocentric consumers. That is, when the quality of a domestic product is perceived as being inferior to that of a foreign product, consumer ethnocentrism does offset the impact of country-of-origin perceptions on consumers’ product evaluation.

Two consumer behavior implications emerged from this research. One is that high-knowledge consumers and low-knowledge consumers differ in the extent to which they utilize country-of-origin information. As a result, even though they perceived the quality of the camcorder made in Korea as being inferior to the one made in Japan, they nevertheless displayed a more favorable attitude toward the camcorder made in Korea. Therefore, Hypothesis 2b is also validated.
TABLE 4
Means for Product Evaluation Categorized by Consumer Ethnocentrism

<table>
<thead>
<tr>
<th>Attitude Toward Product</th>
<th>High-Ethnocentric Consumer (N=103)</th>
<th>Low-Ethnocentric Consumer (N=104)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Made in Japan (PA_J)</td>
<td>Made in Korea (PA_K)</td>
</tr>
<tr>
<td></td>
<td>4.27</td>
<td>4.46</td>
</tr>
<tr>
<td></td>
<td>4.63</td>
<td>3.28</td>
</tr>
<tr>
<td>PA_J &lt; PA_K &lt; PA_T</td>
<td>PA_J &gt; PA_K &gt; PA_T</td>
<td></td>
</tr>
</tbody>
</table>

TABLE 5
Pairwise Test of the Differences between Means

<table>
<thead>
<tr>
<th>Attitude Toward Product of High-Knowledge Consumer</th>
<th>PA_J - PA_K</th>
<th>PA_K - PA_T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-Knowledge Consumer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High-Ethnocentric Consumer</td>
<td>3.28*</td>
<td>4.48*</td>
</tr>
<tr>
<td>Low-Ethnocentric Consumer</td>
<td>3.43*</td>
<td>6.75*</td>
</tr>
<tr>
<td></td>
<td>-3.01*</td>
<td>5.07*</td>
</tr>
<tr>
<td></td>
<td>4.49*</td>
<td>3.56*</td>
</tr>
</tbody>
</table>

FIGURE 1

H: high-knowledge consumer
L: low-knowledge consumer
Country-of-origin perceptions
FIGURE 2A
when domestic product is perceived as superior

FIGURE 2B
when domestic product is perceived as being inferior
origin information when conducting their evaluation of a product. For experts, country-of-origin perceptions are not so critical because they possess enough information processing ability to process intrinsic cues. On the other hand, country-of-origin perceptions do swing novices’ attitudes towards products because they do not have the level of ability required to process complex intrinsic cues.

The other implication is that there is a need to consider the effects of consumer ethnocentrism on their utilization of country-of-origin information. When domestic and foreign products are provided as alternatives, if we take into account the impact of consumer ethnocentrism on product evaluation, high-ethnocentric consumers’ product evaluation may not necessarily be influenced by their country-of-origin perceptions.

Future research might further the present analysis by addressing issues that have emerged, but have not been resolved by this study. One such issue pertains to the question of whether consumers’ product knowledge and consumer ethnocentrism have an interactive effect on their utilization of country-of-origin information. Another area of research of potential interest would be the examination of the effects of consumer motivation or of the various types of message on consumers’ utilization of country-of-origin information.

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