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The Attractiveness of New Zealand as a University Study Destination: A COO Study of Chinese Students

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ABSTRACT

The development of global markets and the growth of international trade have increased interest in COO effects on consumers’ perceptions and intentions but traditionally focused on goods more than services (such as providing international education). This study develops a model of COO factors affecting choices of study destination. Using in-depth interviews with Chinese students intending to study overseas, it finds that COO variables influencing their evaluation include: reputation, language, economic, social, legal, and geographic factors.

INTRODUCTION

Country of origin (COO) effects refers to how consumers perceive products coming from a particular country (Roth and Romeo, 1992). From a marketing perspective, COO may strengthen or weaken a product’s position (Srikatanyoo and Gnoth 2002). In general, COO has been used as a country stereotype, an extrinsic cue to product attributes, and a halo/summary constructs. While it is widely acknowledged that COO plays an important role in information processing and has an impact on product evaluations (Al-Sulaiti and Baker 1998), there has been limited research on COO effects on choice of services. The increasing importance of global trade in services urges marketers to gain insights into the underlying factors considered by consumers when evaluating services. Given that services are typically characterized by significant interpersonal contact, complexity, divergence, and customization than other products, its quality attributes cannot be perceived, felt or possessed in advance. For example, the quality of higher education may vary distinctly from country to country, year to year, class to class, lecturer to lecturer, and student to student (Patterson, Romm and Hill 1998). In particular, international tertiary education (ITE) is a high involvement service that requires high costs, personal relevance, and time for international students’ decision making (Gray 1991). As global trends within the field of higher education have brought new competitors (Ivy 2001), it is extremely important for international educational institutions, to understand how international students evaluate and choose service providers in order to maintain their competitive advantage and develop distinctive images.

BACKGROUND LITERATURE

COO effects refer to how consumers perceive products originating from a particular country. Since first studied (Schooler 1965), numerous practical and theoretical implications of COO effects have made it one of the most fruitful areas in marketing research. In many cases it has been found to play a more important role in foreign product evaluations than price and brand (Wall, Liefeld and Heslop 1991). From a marketing perspective, COO has important strategic implications for firms manufacturing and exporting products because it is a way to differentiate products from competitors especially in their promotional campaigns and packaging or brand decisions (Papadopoulos, 1993). From a consumer’s perspective, COO affects not only the evaluation of product quality, but most importantly the likelihood of purchase.

Like many other extrinsic cues, COO may become part of a product’s total image to reduce potential risks. Reiterson (1966) suggests that while consumers have preconceived notions about foreign products, attitudes are really national stereotypes. Country stereotyping has been found to be universal with studies showing that developing countries receive unfavorable judgments of their product quality because consumers have biased stereotyping information of their country’s images (Nagashima 1977; Nes and Bilky 1993). Consumers are different in the extent to which they use country stereotypes (Chiou, 2003) given that perceptions regarding products from a given country seem positively correlated with the degree of the source country’s economic development, stability of political climate and the perceived similarity with its belief system (Wang, 1978).

Roth and Romeo (1992) report that consumers from certain countries have different beliefs regarding products made in a given country compared with consumers from other countries but tend to evaluate their own countries’ products comparatively more favorably than that of foreigners (Nagashima 1970). Some researchers however found that the impact of COO on product evaluation is moderated by the consumer’s prior knowledge of product categories and their ability to analyze and elaborate the product information (Chiou 2003). Thus, increasing consumer knowledge and awareness could have positive COO effects.

Demographic variables also play a role in differences in COO effects. For example, there is a tendency for older consumers to rate foreign products relatively higher than would younger consumers; female consumers evaluate foreign products more favorably than male consumers; and consumers with a high level of education have more favorable attitudes towards foreign products than those with limited education (Schooler 1965). Wang (1978) found that consumers with a higher income level favor foreign products more than those with lower income.

An often raised criticism of early COO studies is their reliance on a single cue context whereby COO is the only available information that respondents rely on for product evaluations. This is of course problematic given that a real-life purchasing situation is more complex and often involves multiple cues that help consumers’ decision-making. Agrawal and KamaKura (1999) in fact suggest that the impact of COO as a single cue may be weaker in real world situations. Another criticism of early COO studies relates to sample selection where students were usually the main participants. Further, Bilkey and Nes (1982) observed that COO effects were often studied under a controlled experiment environment where respondents were given only verbal descriptions of products, with no sample or visual representation. There has also been a primary focus on COO effects on product evaluation and nationality differences in the consumption of a product in more developed countries (Bilkey and Nes 1982). Reliability and validity were seldom demonstrated in earlier studies and it was not until the 1990s that scholars began to address these concerns (Papadopoulos 1993).

Although studies indicate that COO does indeed affect product evaluations both in general and in specific classes, types of products, and brands (Javalgi, Cutler and Winans 2001), these had mainly focused on goods. Very few studies have investigated the way consumers react to the country of origin of a service and whether COO has a similar effect on service evaluation. Overall, there has been a very few studies that have examined the impact of COO effects on the consumption and evaluation of services, and most of these studies examined consumers’ perceptions towards services in western or developed countries (Al-Sulaiti and Baker 1998).
COO Effects on Evaluation of Services

Despite the importance of global trade in services, relatively few studies have considered COO issues on international services. For this reason, Javalgi, et al. (2001) reviewed the literature that specifically applies to services. They identified three primary categories of studies namely: a) core services, such as medical care or travel services; b) supplementary services provided to enhance the value of a product, such as a warranty or guarantee; or c) cross-national service comparisons, where services produced and consumed in individual countries are compared. Extant literature suggests that findings of COO research also apply to services whereby COO does appear to be an important informational cue for consumers of services. Javalgi, et al. (2001) suggest that the relationship between COO and services appears to be similar to the relationship between COO and manufactured products. For example, COO was found to have effects in specific service areas such as European ski vacations (Ofir and Lehman 1986), choice of ophthalmology service providers (Harrison-Walker 1995), retail services (Lascu and Giese 1995) and airline selection (Al-Sulaiti and Baker 1997; Bruning 1997). Overall, these studies report that COO is more important when brand names are not well known (Ofir and Lehman 1986), but less important when price is a consideration (Al-Sulaiti and Baker 1997; Bruning 1997). There is also a perception that offerings in more developed countries such as Germany are better than in less developed ones like Mexico (Lascu and Giese 1995), where prices are expected to be discounted. While perceptions of quality are higher for foreign carriers (Al-Sulaiti and Baker 1997), consumers are quite happy to switch to another nation’s carrier if there were price or service advantages (Bruning 1997).

Ahmed and Johnson (2002) examined COO and brand effects on consumers’ evaluations of cruise lines. They found that COO effects played a more important role than brand effects for quality and attitude ratings, while brand was more significantly correlated with purchase intentions. Therefore, a positive country image is necessary to bring about a positive attitude and a favorable image of service providers.

However, it is questionable whether the findings from studies of core services by COO are directly applicable to international tertiary education. Consequently, it is essential to understand the unique characteristics of international tertiary education in order to explore the impact that COO has on the evaluation of New Zealand universities.

Export Education in New Zealand

New Zealand export education has been a rapidly growing industry that has brought and continues to bring many economic, educational and cultural benefits to the country and its educational institutions. The total economic benefits to New Zealand position the industry in fourth place, between the export values of the timber and fishing industries (Asia-NZ 2000 Foundation of New Zealand 2003). International students attending New Zealand educational institutions are the main mode of New Zealand export education services. New Zealand educational institutions consider it strategically desirable to strive to increase the number of international students (Smith and Rae 2006).

The export education industry is a sustainable ‘green’ export, which fits well with New Zealand’s vision of developing a knowledge-based economy. International students can potentially contribute to New Zealand’s economic and social development, and its future trade opportunities (Asia-NZ 2000 Foundation of New Zealand). According to New Zealand international enrolments, the overall economic contribution of the international education sector including tuition fees paid, living costs for students, and multiplier factors for the wider economy amounted to $2.21 billion in 2004, $2.034 billion in 2005 and $1.9 billion in 2006 (NZ Ministry of Education 2007).

From an academic perspective, New Zealand’s international relationships are further strengthened through educational partnerships. New Zealand research benefits from increased international collaboration, funding, and commercialization. There is greater uptake of New Zealand educational intellectual property and services overseas. International education is also well linked with other New Zealand business activities. Additionally, the New Zealand export education industry is estimated to have created up to 20,000 jobs (NZ Ministry of Education 2007).

Competitors in the Global Market

In the more globalized world of tertiary education, New Zealand is an active and visible player with several strengths in the area of internationalization (Goedegebuure 2007). When compared to its main competitor nations, New Zealand appears to have a heavy weighting towards onshore delivery of education for international students. In other words, its focus is on students who travel to New Zealand and live in the country in order to study (Education NZ 2005). New Zealand is an attractive destination for international students because it is English-speaking and perceived as clean, green, and increasingly important these days, safe. New Zealand’s education system is considered to be of a high standard, and it is a cheaper destination to complete a bachelor’s degree (in relation to tuition fees and living costs,) than Australia, the UK, Canada and the US (Asia-NZ 2000 Foundation of New Zealand 2003). Five countries received 60% of all foreign students in 2006 – the United States (23%), the United Kingdom (12%), Germany (11%), France (10%) and Australia (7%).

The numbers of students worldwide seeking education outside of their home country is expected to grow from 1.8 million students in 2000 to 7.2 million by 2025 (Bohm et al. 2002). New Zealand is ranked third in terms of growth in international students, and is second only to Australia in terms of export earnings from foreign students as a percentage of total export earnings from services (Patterson 2005). New Zealand international enrolments indicate that in 2006 the majority of international tertiary students came from the three main North Asian countries: China, Japan, and South Korea (69%), followed by Europe (9%) and North America (7%). Most Asian enrolments were in undergraduate courses (51%), as were most North American enrolments (57%). European enrolments had the highest proportion of postgraduate courses (27%). China dominates enrolments in universities (55%) and other public tertiary institutions (46%). Since the peak in 2002, there has been a 40% decline in Chinese enrolments to 31,905 in 2006. This decline has usually been ascribed to factors like negative publicity, due partly to the high-profile failure of a number of private education providers in New Zealand. There has been much greater competition from other countries for Chinese students (notably universities in Australia, United Kingdom, and Canada), a greatly increased provision of tertiary education opportunities in China, and an increase in costs due to the rising value of the New Zealand dollar (NZ Ministry of Education 2007).

COO and NZ Education Services

Compared with the purchase of manufactured products, services tend to be more heterogeneous, more intangible, and more difficult to evaluate than manufactured products. Consumers may rely more on COO in evaluating services, where purchase and consumption are usually simultaneous and where they constitute a higher risk for consumers (Ahmed and Johnson, 2002). This is especially the case
for international tertiary education. Heterogeneity makes it difficult to control and standardize the quality of education. Intangibility makes it difficult to display or communicate the quality of education service to prospective students (Mazzarol, 1998). Consequently, students find it difficult to evaluate the quality of education in advance of their purchase and consumption.

Tertiary education has become less nationally and more internationally oriented (Srikatanyoo and Gnoth 2002) and only a handful of studies have been conducted on the marketing of education within international markets (Mazzarol 1998). Existing literature that has examined the decision-making process of prospective international students has tended to focus on the study of factors relating to the institution itself, ignoring the influence of the country of origin (Cubillo, Sanchez and Cervino 2006).

In view of the findings from Srikatanyoo and Gnoth (2002), prospective students may evaluate the quality of international tertiary education by using the image of host country. It is important to explore how international students perceive New Zealand as a study destination, and how its universities are influenced by its country-specific factors. Further analysis of the determining factors in the decision-making process of the prospective international students would allow educational institutions, as well as national governments interested in attracting international students to strengthen their image, to minimize their perceived weaknesses, and hence, to increase the possibility of being chosen as a destination for international tertiary education.

Decision-making Process

The decision to study abroad is one of the most significant and expensive initiatives that students may ever undertake (Mazzarol 1998). Because of high costs and the complex decision, students are involved in deep purchase consideration. Many models of decision-making in relation to high involvement purchases suggest that consumers make a decision by moving through the three stages, namely problem recognition, information search, and alternative evaluation. Theoretically, this is applicable to educational choice too (Engel Kolatt and Blackwell 1995). Problem recognition occurs when international students realize that they need to study abroad (Pimpa 1999). The most common reasons motivating students to study overseas are to gain an internationally recognized qualification, to improve their English and communication skills, to experience Western culture, and to get permanent residence (Davey 2005).

Previous study suggests that this stage becomes more complex after students make the decision to go abroad. They start to consider problems like which country to go to, which university to choose, and what subjects to study. They may deal with these three problems all at once (Patterson et al. 1998).

Prospective students usually search information of countries, universities, and courses from both personal sources (parents, relatives, friends, agents) and non-personal sources (newspaper and television advertisements, international education fairs). A number of studies suggest that recommendations from family or friends who have previously experienced a similar type of service are the most important information sources since they can reduce risk for a high involvement purchase and provide clarification and feedback for consumers (Pimpa 1999). Comparably, students rely less on non-personal sources (e.g. mass media) than on word-of-mouth communication. Alternative evaluation is the last stage in the consumer decision-making process. Hill, et al. (1992) found that engaging in alternative evaluation, the customer organizes the information gathered from the search stage, chooses appropriate criteria, and compares various alternatives according to their recognized needs. In this case, each student’s decision criteria may vary from another because of different individual motivations and needs.

Factors Influencing Choice of Destination

The literature indicates that the choice of destination for studying overseas depends on many different factors. Mazzarol and Soutar (2002) found that the most important determinants for student’s choice of a particular host country are knowledge and awareness of the host country, recommendations from friends and relatives, the cost of education and living, the local environment, social links and geographic proximity, and other institutional factors, such as the recognition of the academic qualifications and the quality of the institution’s staff. In their study of international students’ decision-making process, Cubillo, et al. (2006) identified four factors influencing the preferential choices of prospective students: personal reasons, country image effect, institution’s image and program evaluation. Both studies suggest that country image played an important role in the choice of a study destination. Bourke (2000) found that prospective students tend to choose a country first, and then select an institution. Srikatanyoo and Gnoth (2002) indicate that while country image may directly influence student’s attitudes towards its academic institutions, students’ beliefs about the institutions may also change their perceptions of a country.

In relation to the selection of a particular host institution, the most important variables include the quality and reputation of the institution, the recognition of the institution’s qualifications, and the quality of the institution’s expertise and teaching faculty (Mazzarol and Soutar 2002). Further, Price, et al. (2003) found that teaching and studying facilities also influence the image of the institution. Moreover, Mazzarol (1998) suggests that the ability to offer a broad range of courses and programs plays an important role as well.

Country Image and Education Quality

Previous studies show that the country’s image affects the evaluation of education services (Lawley, 1998; Srikatanyoo and Gnoth, 2002; Cubillo et al., 2006). Since the country’s image is assumed to be the first factor that consumers consider in product evaluation, it plays a much more important role than other factors which influence the evaluation of a product or service (Wall, Liefeld and Heslop 1991). Language is an important COO consideration with English being one of the dominant languages in global communication, business, and science. For many Asian students, international study is an opportunity to improve English proficiency and skills. English speaking countries therefore become popular choices. Additionally, cost is considered an important factor that influences student destination choice (Mazzarol and Soutar 2002) as well as safe environment (Mazzarol, et al. 2001) and visa/residency regulations (Davey 2005). Mazzarol, et al. (2001) also found that Chinese students who choose to study in New Zealand and Australia are more likely to be influenced by geographic proximity than other students who choose different host countries. In addition, students from other Asian countries are also attracted to New Zealand due to geographic motivations (Malcolm, Ling and Sherry 2004).

METHODOLOGY

The overall research goal is to explore COO effects on the choice of an international education provider. Since the research question of interest is how international students evaluate and choose the country and institution when making the decision to study abroad, previous research is used to guide the factors and issues explored in this study. We deemed qualitative research an appropriate method to obtain insights into the motivation, emotional, attitudinal, and personality factors that influence decision-making.
Telephone interviews were conducted with ten Chinese students (five males and five females) from three major cities (Beijing, Shanghai, and Cheng Du) in China. Eight of them were still in China and had the intention to go overseas for tertiary education; another two were currently studying in middle school and high school in New Zealand. An interview protocol was designed consisting of open ended questions to allow interviewees to expand on their answers.

RESULTS

Problem Recognition

The participants were asked to reflect on the reasons on wanting to study overseas. Even though they each have distinctive motivations for studying abroad, in general, these motivations fall into four categories: 1) belief that a qualification from international tertiary institutions enjoys world-class recognition, 2) to get an independent life experience and obtain a better perspective and understanding of the world, 3) international qualification may help them to gain work experience and benefit their future career and 4) improve their English proficiency and communication skills.

Information Search

Besides the country they had already applied to, they were asked to indicate the other countries they had actively considered in this process. Five countries, U.S., U.K., Canada, Australia, and New Zealand, were mentioned. Students searched information of these countries and relevant institutions from both personal and non-personal sources. The most often-used source was personal sources, such as recommendations from families and friends. These students trusted word-of-mouth information more than information from non-personal sources, a finding consistent with literature. As the purchase of international tertiary education is a high-risk decision making process, students were willing to spend a large amount of time and effort for information search. They would rely on information from people who had real experiences and their feedback in order to reduce possible risks. Some non-personal sources used by students include the internet, intermediary agents, TV programs, education fairs and books. Information from these sources was less powerful than personal information because the students believe they were commercially promoted. However, the main function of media information is to provide preliminary impressions of countries or institutions and then direct students to personal source for further confirmation.

Alternative Evaluation

Six out of ten students chose New Zealand as their study destination after comparing all possible options. Those who did not choose New Zealand preferred to study in the US. Of main concern however is the US visa requirement. Failing this, UK and Canada would be their second choice. The findings indicate that lack of knowledge and awareness of New Zealand is a universal phenomenon for most of the students, who had not considered this country on their initial list or as the preferred destination. The level of knowledge by the two students who already studied in New Zealand at secondary school was obviously higher than that of the other eight. Their living and studying experiences generated for them a positive perception of New Zealand, specifically as a quality education provider, its relatively lower costs, ease of getting a visa and so on.

Understandably, a majority believes that a country’s economic development level was related to its educational level. Therefore, the US and UK were their first preference. In general, the most frequently-mentioned factors in selecting the alternative countries are costs, language of the host country, the university’s reputation, visa application, and work opportunities.

Factors Influencing Destination Choice

Students who chose to study in New Zealand regarded the relatively lower costs of studying and living, world-recognized universities, English speaking country, safe society, the ease of getting a visa, and the opportunity of finding part-time jobs as the most significant factors in their decision. Of secondary importance were: geographic environment and lifestyle and enjoyment. We capture these factors in a COO-based model in Figure 1.

Although six out of ten students who participated in the in-depth interviews chose New Zealand as their final destination, nine students had considered other countries as their most preferred destination in the beginning. Among these, the US and UK were always considered first for overseas study. Students held positive perceptions of these two countries as quality education providers. They believed that large countries have a longer history of good educational background, world-class universities, and higher academic standard. All the participants suggested that they only considered English-speaking countries as their study destination. The major economic issues of concern to students are expensive tuition fees that are significantly higher than domestic rates and living expenses. Unless students are offered scholarships or the students’ families are wealthy, the cost of studying overseas is always a serious concern for prospective students. More than half the participants who would like to study in the US or the UK in the beginning finally changed their mind and chose New Zealand as their study destination because of the higher costs in those other two countries.

While some students did not consider safety as a major decision issue, parents were more concerned about it. As a result, being safe is a fundamental consideration for students who intend to pursue education abroad especially for families of female students in this study. They believe that safety is very important and it was the reason for them to choose New Zealand in the end.

Life style and enjoyment in the host country did not appear to be important to most of these students. They generally believe that living in a country with different life style in not an issue because they were going abroad to have different life experience and they could get used to new things very fast. Secondly, it would always be good to have entertainment, but they preferred not to have much of it because the reason to go overseas was mainly for study. Their parents believed that New Zealand was calm and relaxing and the US by comparison has lots of temptations.

Eight out of ten students have considered the difficulty of applying for a visa, an important factor in their final decision. Some students gave up their preferred countries (e.g. US and Canada) because it was too difficult to get a visa or some of them had been rejected several times. In comparison, they thought it was easier to get a visa to New Zealand, a factor that puts New Zealand in a favorable position to attract students. Half of the participants indicated that while the natural environment of the host country is not the most important factor, it still plays a role in evaluating alternatives in overseas tertiary study. Thus, countries which have a clean and beautiful environment are more attractive than others.

Institution and Moderating Factors

Recognition of qualifications acts as the most important criterion for students to choose a university. All of them emphasized that a qualification from a world-famous university is desirable for future work opportunities therefore qualifications need to be recognized both internationally and by future employees. University ranking
is perceived to be desirable such that studying in a world famous university will make it easier for students to find a job in China after graduation. In addition, the ranking of majors is also deemed important because they realize the overall ranking of a university is not necessarily equal to the quality of a certain major offering. Therefore, they chose the major first and then the university next.

Knowledge and awareness of New Zealand and its institutions as well as the influence of other important people moderated the final choice of destination. Except for the two students with good knowledge of New Zealand, the information on New Zealand was generally sourced from friends and agents.

CONCLUSION, IMPLICATIONS AND CONTRIBUTION

This study does not aim to draw definitive conclusions. Rather it serves to provide valuable insights of how COO factors affect the choice of international tertiary education in a New Zealand context. The findings of this study suggest that country reputation, language, economic, social, legal, and geographic factors play significant roles in evaluating alternative countries as a study destination. Students are concerned most about the recognition of their qualification, cost of studying and living, the safety of the host country, and difficulties of visa application. Their family and friends influence their knowledge and awareness of the host countries and eventually the final choice of study destination.

This study fills a much-needed gap in the literature relating to how COO affects consumer’s evaluation of services, in this case, international tertiary education. It identified country-specific factors that might influence the prospective international students’ perception and choice of study destination, and developed a conceptual model of how Chinese students select New Zealand to pursue their overseas study. This was based on both relevant literature and the findings from interviews.

The rapid development of international tertiary education requires that we understand the characteristics of the market it tries to tap. This study will be important to academics, administrators and practitioners who are involved in international tertiary education. The conceptual model may help achieve an understanding of the true characteristics of the Chinese study abroad student market, and develop appropriate strategies to enhance the image of New Zealand’s education quality. The findings will also benefit institutions by contributing to the use of their competitive advantages for international student recruitment.

There are two significant limitations to this study that prevent generalization of these findings to broader contexts. First, this study has focused on a modest sample of Chinese students and reflects only one destination country. Students from other countries living under different social contexts may show differences in the primary beliefs that affect their decision-making in regard to their choice of overseas study destination. Second, participants were interviewed using qualitative methods, whereas the use of quantitative methods, inferential statistical analysis, and longitudinal studies might have revealed further details.

The marketplace for international tertiary education is dynamic and will change over time. Therefore, further work should also consider conducting a cross-nation study of other overseas destinations, and selecting participants from different source countries to comprehend the decision-making stages and the variety of types of international students.

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