

THE PERSUASIVE POWER OF COUNTRY OF ORIGIN ON CONSUMER VALUE PERCEPTIONS: A CONTROL THEORETIC PERSPECTIVE

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Abstract

The primary goal of this study is to analyze consumer perceptions of country of origin in relation to the attentional cognitive structure. The study investigated the theoretical construct to find out the basic components that can be generalized. Data were analyzed via structural equation models using AMOS (Analysis of Moment Structures) 4.01 to perform path analysis. The model of country of origin was proposed that contained the major variables thought to impact consumers' perception of value. These variables were Perceived Quality (PQ), Perceived Risk (PR), and Perceived Country of Origin (PCO). Results indicated that all the variables were important in the model that influenced perceived value. Major findings of this study, limitations, and directions for future research have been suggested.

INTRODUCTION

Country of origin, an intangible product attribute that is distinct from a physical product characteristics or intrinsic attribute, can be a source of competitive advantage on consumer product evaluations (Bilkey and Nes 1982; Han 1989; Gurhan-Canli and Maheswaran 2000). Bilkey and Nes (1982) after evaluating results of 25 country-of-origin studies concluded that country of origin does indeed influence buyers' perceptions. Nagashima (1970) in his empirical study defined country of origin image as: "the picture, the reputation, the stereotype that businessmen and consumers attach to products of a specific country. This image is created by such variables as representative products, national characteristics, economic and political background, history, and traditions." A more clear definition has been provided by Roth and Romeo (1992), "country image is the overall perception consumers form of products from a particular country, based on their prior perceptions of the country's production and marketing strengths and weaknesses."

As a major component of value formation, some studies have shown that country image affects consumers' evaluation of product attributes while others demonstrated its influences on perceived product quality (Erickson, Johansson, and Paul 1984; Johansson, Dauglas, and Nonaka 1985). However, there is no disagreement of accepting country of origin as an important determinant to influence consumer brand evaluation. Hence, it is reasonable to consider country of origin image as an extrinsic quality cues of a product same as product quality, price or manufacturer image. As consumers normally consider products manufactured by a well-known company to be of a good quality, likewise, consumers also evaluate country of origin cue that doesn't have any direct effect on product performance but indirectly influences product evaluation. Moreover, sometimes consumers pay high prices for the products made in specific countries like Japanese electronic goods, American computers, German car, or Italian fashion goods. That means that when a country name is associated with a good image, consumers evaluate specific products favorably those are related with that image. Conversely, when a country image is associated with a poor image, consumers' evaluation of the products related to that image becomes unfavorable.

As such, country of origin equivocally is accepted as an extrinsic product cue similar to perceived quality in that none of these directly bear on product performance. Hence, from a consumer behavior perspective, a definition of country of origin effect is needed in relation to consumers' product perceptions made in a

specific country. Based on the previous definitions, country of origin image in this study is defined as "consumer's evaluative and affective judgments concerning the products based on the prior perceptions of economic condition, production capability, and marketing strengths of the specific country".

The primary goal of this study is to analyze consumer perceptions of country of origin in relation to the attentional cognitive structure. The study will investigate the theoretical construct to find out the basic components and will especially concentrate on those aspects that can be generalized. It is hoped that this study will clarify the abstract and uncertain aspects of the construct and will determine and open the way for the construction of an all-inclusive theory. More specifically, this study has two primary purposes. The first objective is to address how consumer perceive country of origin affect in increasing consumers' quality perceptions or in decreasing perceived risk. If these variables are found to be significant, then what are the specific associations that consumers can make in their deliberation processes is the foremost important concern of this study. The second objective is to address whether the value perceived by consumers depends only on the tradeoff between perceived quality and perceived risk.

BACKGROUND

Cordell (1991) specified two competing models (Halo Model and Summary Construct Model) those may explain the operation of country of origin on product evaluation. In the Halo model, country image affects beliefs about tangible product attributes, which in turn affects overall evaluation. Alternatively, when consumers are not familiar with a country's product, a summary construct model operates in which consumers infer product information into country image, which then influences brand attitude. He argued that either of these two models may explain the operation of country of origin on product evaluation. Gurhan-Canli and Maheswaran (2000) explored the premise that processing motivation, goals, and the type of information influence country of origin evaluations. They proposed the dual process models of persuasion, the elaboration likelihood model (Petty and Cacioppo, 1979) and the heuristic-systematic model (Chaiken, 1980), that identify the cognitive processes involved in accepting a persuasive message. These models distinguish between two modes of processing on the route to persuasion, depending on a perceiver's motivation and ability. Under high motivation conditions, consumers are thought to engage in a detailed processing of the persuasive message that involves

thoughtful examination of relevant message arguments (e.g., attribute information). Country of origin information may be processed and considered but more as one of the product attributes instead of an overall basis for judgments. In contrast, under low motivation, a less effortful mode of processing is anticipated, and consumers are likely to form judgments in cognitively simple ways by minimizing effortful processing. One possibility is to draw upon affect associated with a general category in which the product holds membership. Under this process, subjects may try to form their judgments with a minimum effort, and country of origin offers a basis for doing so (Maheswaran 1994).

In an empirical study, Lee (1999) divided country of origin into subconstructs: country of manufacture product specific image (Cmpi), country of manufacture overall image (Cmoi), and country of brand overall image (Cob). The study dealt with five constructs and their observed measures. A total of 10 hypotheses have been developed. Data were analyzed via structural equation models using LISREL. Eight out of ten hypotheses were tested with the LISREL and the remaining two were tested via hierarchical regression. Tests of the two hypotheses were not included in the analysis of structural equation model due to the presence of mediating variables. All the hypotheses except one were supported concluding that subjects preferred binational brands with high brand image and/or binational brands made in countries with good image.

Johansson and Nebenzahl (1986) empirically examined the effect of country of origin. They developed scale items based on 13 dimensions of automobile: reliability, workmanship, durability, quality, performance, price, innovativeness, economy, service cost, exclusiveness, pride of ownership, style, and the market segment. They developed 1 item for each attribute and in total there were 13 questions. Germany, USA, Japan, S. Korea, Mexico, and Philippines were selected to evaluate country image. Germany was seen as the best car producing country while the Philippines was the worst. The U.S. was viewed as a better car-producer than Japan in terms of many dimensions. S. Korea and Mexico were perceived as car-producers of very similar capability.

MODEL SPECIFICATION AND HYPOTHESES

In this simplified model, it is predicted that perceived country of origin directly influences perceived quality, and perceived risk and that quality and risk variables influence perceived value. Consequently, it has been expected that the perceived quality and risk will mediate perceived country of origin and perceived value.

The above discussion suggests a number of hypotheses concerning consumer value judgment. First, the underlying assumptions of the proposed research are discussed, and then hypotheses are developed to test the direct and mediating effects of the variables on consumer value perceptions.

Influence of country of origin

The literature on country image shows that products belonging in any category originating in foreign countries are subject to country of origin effects. Consumers hold adorability for products originated from some countries over those of other countries. Studies, for example, suggest that products from industrially developed countries are rated as being high to those from less developed countries due to their superior production capabilities (Gurhan-Canli and Maheswaran 2000; Johansson and Nebenzahl 1986; Lee 1999).

Influence of country of origin on Quality and Risk

If consumers are familiar with a product class, perhaps, s/he will be less likely to rely on country image as one of the extrinsic cue on what consumers usually depend on. Consumers use country image in evaluating product quality because they often are unable to detect the true quality of a product before purchase. This view is analogous to the role of other extrinsic cues, such as, perceived price, or corporate image on consumers' product quality evaluation. This can better be described by the categorization theory where it is supposed that attitude toward a stimulus is directly related to attitude associated with the activated category (Alba and Hutchinson, 1987). When consumers face a product associated with a positive country image, they will infer positive impression toward that product, even though the product is not belonging to the same category in that the consumers already have use experience.

Consumers perceive a product from a developed country as being reliable and with the concept that the product will perform better. The more the product is perceived to be from a country with good image, the more the likelihood that the perceived risk with regard to that product will be diminished. Jacoby and Kaplan (1972) found that country image influences different types of product risk - performance, financial, social, and psychological. Notable here, consumers do not perceive all foreign products or all products from a given country as being the same. For example, a consumer may have a good image for Japanese electronic goods, but his/her image for Japanese fashion goods might be different. Hence, the hypotheses are:

H1a: Perceived country of origin image of a product has a direct positive effect on the evaluation of perceived quality.

H1b: Perceived high country of origin image of a product has a direct negative effect on the evaluation of perceived risk.

Antecedents of Perceived Value

Perceived value is the consumer's estimate of the product's overall capacity to satisfy his or her needs. It is the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given or what might be given. This assumes that consumers always compare and willing to make trade-offs among the alternative variables. Although, what is received varies across consumers (i.e., some may want volume, others high quality, still others benefits) and what is given varies (i.e., the uncertainty of the purchase), value represents a tradeoff between or among the visual as well as perceived give and take components. In fact, a purchase can be viewed in terms of which of the elements is considered a cost or a benefit and which is considered most critical for a particular purchase.

Thus, it is reasonable to surmise that the perception of value is not always related to the perception of preferred attribute(s) but to the sense of a product's appropriateness to the consumer. If the product fits the consumer's expectation would simply be perceived as having value. If the product doesn't match with the expected standards already established in the consumer's schema, the product will not create any value even though the product is clearly superior on some of its attributes.

Influence of quality on perceived value

An examination of previous research on consumer value judgment suggests that consumers receive value through a selection and organization process, that is, first quality, and only then value. Researchers generally have postulated a positive direct effect of perceived quality on perceptions of value (Hauser and

Urban 1986). Such effects have been confirmed by Teas and Agarwal (2000) and Wood and Scheer (1996) in their empirical studies. Of course, people are believed to use various decision rules, or a mixture of all those rules. What really happens when a consumer faces a new brand? Categorization theory suggests that if a product possesses all the properties required by the defining criteria of a category, the product belongs to the referring category (Alba and Hutchinson 1987). Once the product is activated as a category, the consumer will immediately infer cognitive judgments associated with the product. If the product is associated with high-perceived quality, the consumer's memory rehearsal about the brand will center on pleasant thoughts in relation with his expected value. As one's perceptions of quality toward the brand increases, a consumer's trust of a brand as a satisfaction supplier and thus a provider of high value will also increase.

Influence of risk on perceived value

A considerable number of researchers have utilized perceived risk to investigate various aspects of consumer behavior (Dowling and Stealin 1998; Jacoby and Kaplan 1972; Shimp and Bearden 1982). Most of these have only studied the determinants of risk and how consumers evaluate different types of risks in evaluating a product. A tentative conclusion is that high or low perceived risk influence perceived value by decreasing consumers' confidence of using the product or increasing their feelings of loss. Similar to the sacrifice variable where price, time, and labor are paid immediately in purchasing a product, risk is the possible cost that may incur in the future. Intrinsic and extrinsic cues, however, can serve to reduce risk and to enhance consumers' perception of value. It is hypothesized that perceived risk will affect negatively to perceived value, that is, the greater the risk associated with a product, the less the consumers will perceive the value of that product. The opposite will be observed in the cases of smaller risk conditions.

H2a: Perceived quality of a product has a direct positive effect on the evaluation of perceived value.

H2b: Perceived risk has a direct negative effect on the evaluation of perceived value.

RESEARCH METHODOLOGY

Variables and Their Measurement

After first specifying the domain of each construct, multiple item scales were developed, as suggested by Churchill (1979). Consumers' value perceptions were measured using thirteen likert statements that assessed four definitions of value, i.e., value is low price, value is what I want in a product, value is quality I get for the price I pay, and, value is what I get for what I give. Consumer quality perception was assessed using thirteen measure scales developed by Lee (1994) and these were again validated for this study. In the same way nine country of origin measure scales were developed based on three dimensions (Durability, Functionality, and Prestige) that were revealed by conducting reliability and validity measures. Consumer perceptions of risk were measured using four likert statements that assessed financial risk, social risk, performance risk, and psychological risk. Although most of the scale items for measuring the constructs were taken from the previous studies, internal scale reliability, test-retest reliability, criterion related validity, and convergent validity were assessed before developing the final questionnaire.

Manipulation of Stimulus

Three computer brands were selected on the criteria of being relevant to student sample in the expectation to be able better to elicit relatively specific associations. They comprised a Japanese brand (Sony), an American brand (Gateway), and a brand from Taiwan (Acer). These were selected based on the theoretical definitions provided and keeping relation with the need of the study. Although real brands were employed, pretest result showed that subjects might not be familiar with the specific brands employed in the experiment. Very few number of subjects reported owning brands represented by the three countries ultimately employed in the main experiment. Because of subjects' relative unfamiliarity with the three brands, descriptive information about each brand was employed as part of the manipulations of the independent variables. Employing such information increased control in the experiment by increasing the likelihood of a uniform manipulation of quality of the attributes across subjects. Information with regard to each brand was manipulated by providing subjects with some formatted information.

A total of 12 computer brands were presented. One page of information relevant to the attributes of each brand was attached to each questionnaire. Subjects were told that the information was an excerpt from a consumer personal computer magazine. It was exactly the same across all the questionnaires. These 12 brands were rated with overall rating, street price, performance, base configuration, extra features, ease of use, graphics, and reliability.

Subjects and Sampling

A student sample was used in this study. There are many arguments in favor and against the convenience samples containing students. Several authors have enumerated the dangers of using student samples in research (Beltramini 1983; Oakes 1972). These authors have generally cited threats to external validity as their primary concern, arguing that students are atypical of the "general population", and that any findings based on student samples may therefore not be generalizable to other populations (Cunningham, Anderson Jr., and Murphy 1974). However, some scholars disagree on this issue. Oakes (1972) contends that such arguments are specious because, regardless of what population is sampled, generalization can be made only with caution to other populations. Because the primary focus of this study was a theory test and not effects generalization, considerations of internal validity were paramount and a student sample was appropriate (Calder, Philips, and Tybout 1982; Cook and Campbell 1975). Concerns about external validity were secondary. There was also some concern that students would be more likely to know or guess the true purpose of the study. This concern would have been particularly important if students had been previously exposed to the theory and/or empirical work upon which the study is based. For this reason, student respondents were selected in a manner to reduce the probability that they would have such knowledge. Primarily undergraduate business and non-business majors taking business courses were used. Only 16 out of 356 students were other than undergraduate status. Only business majors were deemed likely to have been exposed to the concepts considered in this study. The probability that these students could have anticipated hypotheses being tested, conceivably producing biased results for the study. To confirm that such bias did not occur, a ANOVA was conducted in which responses of all business majors were compared to the combined responses of non-business majors representing in the sample. Neither of the mean differences was deemed large enough to produce any bias in the overall results of the study. Henceforth, it was con-

cluded that no bias was introduced into the study because of considering business students in the sample. A total of 356 responses were collected. Standard demographic measures were included in order to characterize the sample. Briefly, the male-female ratio is around 3 to 1 (male = 70.5% vs. female = 29.5%). Three brands of computer were used for the study, i.e., Sony, Gateway, and Acer. Consequently, there were three versions of the questionnaire, a version corresponding to each of the computer brands in consideration. The brands used for evaluation were the same for all versions of the questionnaires. All instructions regarding the brands under evaluation were of similar length and paragraph construction.

Data Collection Procedure

A questionnaire served as a data-gathering instrument. Subjects were first instructed to read very carefully the brand information provided in the first few pages (Mackenzie and Spreng 1992). This was intended to aid the subject in forming a specific image about the manipulated brand.

After reading the surface page of the questionnaire, the subject was asked to turn the page and read the instructions carefully. Thus, the second page mentioned the company that produces the product and the directions about what would be asked to do. The third and fourth pages contained the instructions about the stimulus and thus, the following pages contained the scale items those measures needed to test the proposed model. When the subject had formed an impression of the brand, he or she was asked to mark the evaluation on a number of seven-point scales. Measures for evaluating perceived risk (PR) and perceived quality (PQ) appeared after the perceived value (PV) measures. Evaluations of the extrinsic cue, i.e., perceived country of origin (PCO), followed PR and PQ. Finally, the demographic questions were given at the last page of the questionnaire. Subjects were allowed to look back upon the provided information while they filled out questionnaires. Most subjects spent between 10 and 12 minutes filling out the entire questionnaire.

RESULTS

Plan for Data Analysis

The ultimate intent of this study was to test a model of consumer value perceptions and to estimate the parameters for the structural model depicted in figure 1. Thus, data were analyzed via structural equation models using AMOS (Analysis of Moment Structures) 4.01 to perform path analysis. The data were analyzed in two stages. The measurement model was assessed to confirm that the scales were reliable. When the reliability of the measures had been established, the structural model was tested. The evaluation of structural equation models is more commonly based on a likelihood ratio test. The assumption is that the null hypothesis () is the observed covariance matrix (S) corresponds to the covariance matrix derived from the theoretical specification () and that the alternative hypothesis () is that the observed covariance matrix is any positive definite matrix. For these hypotheses, minus twice the natural logarithm of the likelihood ratio simplifies to:

$$(1) N * F_o \sim \chi^2 \left[\frac{1}{2}(p + q)(p + q + 1) - Z \right]$$

Where:

- N = the sample size
- F_o = the minimum of fitting function
- F = log |Σ| + tr - (Σ⁻¹) log - |S| (p + q),
- Z = the number of independent parameters estimated

ed for the hypothesized model,

q = the number of observed independent variables (x), and

p = the number of observed dependent variables (y).

The null hypothesis (S =) is rejected if N * F_o is greater than the critical value for the chi-square at a selected significance level.

The linear structural equation is:

$$(2) B\eta = \Gamma\xi + \zeta$$

Where:

B = An (m x m) coefficient matrix (β_{ij} = 0 means that η_j and η_i are not related),

Γ = An (m x n) coefficient matrix (γ_{ij} = 0 means that η_i is not related to ξ_j),

η = An (m x 1) column vector of constructs derived from the dependent variables (y),

ξ = An (n x 1) column vector of constructs derived from the independent variables (x),

ζ = An (m x 1) column vector of the errors in the structural equations,

m = The number of constructs (latent variables developed from the observed dependent variables, and

n = The number of constructs (latent variables) developed from the observed independent variables.

The measurement equations are:

$$(3) y = \Delta_y \eta + \epsilon, \text{ and}$$

$$(4) x = \Delta_x \xi + \delta$$

Where:

y = A (p x 1) column vector of observed dependent variables,

x = A (q x 1) column vector of observed independent variables,

Δ_y = A (p x m) regression coefficient matrix of y on η,

Δ_x = A (q x n) regression coefficient matrix of x on ξ,

ε = A (p x 1) column vector of errors of measurement in y,

δ = A (q x 1) column vector of errors of measurement in x,

Ψ = The (m x m) covariance matrix of η,

Φ = The (n x n) covariance matrix of ξ,

θ_ε = The (p x p) covariance matrix of ε, and

θ_δ = The (q x q) covariance matrix of δ.

This testing determined the strength of individual relationships, the model's goodness of fit, and the various hypothesized paths. Prior to testing the model, descriptive statistics for key variables were calculated (see Table 1).

	Japan (Sony) N = 149	USA (Gateway) N = 90	Taiwan (Acer) N = 117
PV	5.33 (0.68)	5.28 (0.63)	5.11 (0.74)
PQ	5.98 (0.56)	5.89 (0.63)	5.58 (0.64)
PR	2.83 (1.11)	3.13 (0.92)	3.28 (1.12)
PCO	4.41 (0.77)	3.49 (0.83)	3.22 (0.80)
(Standard Deviations are in the parenthesis)			

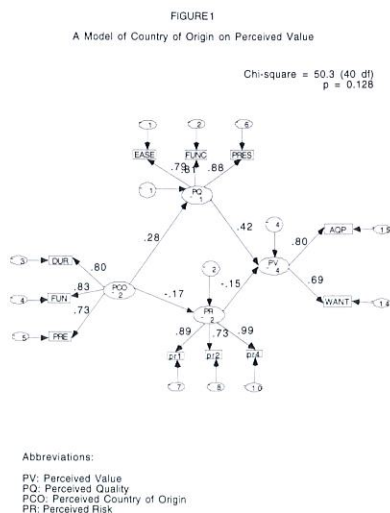
The first step of the data analysis was a test of the measurement model. Objectives of this test were: (1) to contain the validity and reliability of measures developed and tested in previous phases of the study; and (2) to select the best subset of observed measure for use in testing the structural model. The data approximated a normal distribution with acceptable skewness and kurtosis values. The measurement test proceeded in a manner identical to the procedure discussed in the previous chapter. Coefficient alpha was computed for each set of observed measures associated with a given latent variable, and a confirmatory factor analysis (CFA) was conducted. Alpha values of each item in each dimension were performed separately and were within an acceptable range (see Table 2). Because of the large number of items used to measure the dimensionality of most of the constructs, responses of these items were averaged to form a single measure for each of the dimension. For the CFA analysis, most factor loadings were acceptable at 0.05 significance level regardless of the magnitude of their factor loadings.

Constructs in the Model	Dimensions (Total Items)	Pretest (Alpha Value)	Final Test (Alpha Value)
Perceived Value (PV)	2 (13)	.74 to .90	.80 to .92
Perceived Quality (PQ)	3 (13)	.60 to .85	.65 to .89
Perceived Risk (PR)	3 (4)	.72 to .78	.72 to .81
Perceived Country of Origin (PCO)	3 (9)	.81 to .85	.81 to .89

Overall Model Fit

Bagozzi and Yi (1988, p. 76) have pointed out that “one of the first things that should be done before examination of the global criteria is to see if any anomalies exists in the output”. Examples of anomalies exist in the output are: (1) negative estimates for the variances, (2) correlation estimates greater than 1, and (3) extremely large estimates for the parameters. None of these anomalies were present in the output of the analysis.

The model fit the data reasonably well, producing a non-significant chi-square value (chi-square = 50.3; df = 40; p = 0.128), a goodness-of-fit (GFI) index of 0.981, adjusted goodness-of-fit index of 0.964, Root Mean Square Residual (RMR) of 0.035.



Tests of Hypotheses

Hypothesis 1a (H1a) states that the evaluation of perceived quality will be positively affected by the perception of country image. Specifically, when consumers face a product associated with a positive country image, they will infer positive impression toward that product. The direct effect of perceived country of origin on perceived value is positive and significant ($\hat{\beta}_i = 0.28, p = 0.05$). Hypothesis 1b (H1b) states that perceived high country of origin image has a direct negative effect on perception of risk of buying a product. That is, the more the product is perceived to be from a country with good image, the more the likelihood that the perceived risk with regard to that product would be diminished. The direct effect of perceived country of origin (PCO) on perceived risk (PR) is negative but not significant ($\hat{\beta}_i = -0.17, p = 0.07$).

Hypotheses	Parameter (From - To)	Estimate (Significant at)	Fit Indices
	Exogenous to Mediating:		
H1a:	PCO to PQ	$\hat{\beta}_i = 0.28$ (p = 0.05)	Chi Square: 50.3
H1b:	PCO to PR	$\hat{\beta}_i = -0.17$ (0.07)	df = 40
	Mediating to endogenous:		P = 0.128 GFI: 0.981
H2a:	PQ to PV	$\hat{\beta}_i = 0.42$ (p = 0.01)	AGFI: 0.964
H2b:	PR to PV	$\hat{\beta}_i = -0.15$ (p = 0.08)	RMR: 0.035

Hypothesis 2a (H2a) states that perceived quality of a product has a direct positive effect on the evaluation of perceived value. That is, as one’s perceptions of quality toward the brand increases, his trust of the brand as a satisfaction supplier and thus a fulfiller of value will also increase. This hypothesis was supported that provides positive and significant values ($\hat{\beta}_i = 0.42, p = 0.01$). In hypothesis 2b (H2b), we hypothesized that perception of risk of purchasing a product would have direct negative effect on the evaluation of perceived value. It means that the greater the risk associated with a product, the less the consumers will perceive the value of that product. The results do support this hypothesis as the path between perceived risk (PR) and perceived value (PV) is negative and significant ($\hat{\beta}_i = -0.15, p = 0.08$).

CONCLUSION AND LIMITATION

Unlike the methods used herein, earlier studies estimated simple single equation models and assumed that all variables were measured perfectly and without error. Complex sequences of relationships went untested, and reliability and validity issues were not explicitly treated. This approach stands in stark contrast to the fact that, sometimes as consumer researchers, we are investigating a very complex system via indirect observation through potentially highly fallible measurements. By adopting procedures that explicitly represent system complexity and measurement fallibility, this study has produced tentative answers to important methodological and theoretical questions omitted in previous studies.

Thus, this study has attempted to answer a subset of questions central to understanding consumer perceived value phenomena. To this end, a model of perceived value was proposed that con-

tained the major variables thought to impact consumers' perception of value. These variables were Perceived Quality (PQ), Perceived Risk (PR), and Perceived Country of Origin (PCO). Results indicated that all the variables were important in the model of perceived value.

These results substantially contribute to theoretical and managerial understanding of consumer value formation process. At the theory level, this study has produced greater understanding of the variables that appear to be most responsible in structuring consumer perceptions of value. In other words, the model as a whole means that when a consumer evaluates the value of a product, s/he may retrieve the constructs directly related to value and some cues determine those constructs. For example, in the deliberation of a computer, the first evoked constructs (cues) might include perceived quality and risk, and perceived quality and risk might be formed by perceived country of origin. Thus, rather adopting arbitrarily the determinants of perceived value, the result of the model fit denotes that it is important to account all the potential variables in a research setting to assess consumer perception of value.

From a practical standpoint, results of this study should provide managers with greater insight concerning the potential benefits (and limitations) associated with using perceived value strategies. Because the investigation of consumer perception of value is crucial to both researchers and marketers, this study has emphasized that much additional research remains before a thorough understanding of perception of value can be achieved. Thus, this research indicates that there is great potential for developing more sophisticated models of consumer value formation process. Many of the areas requiring research have been highlighted in the preceding pages, but there are certainly others that remain to be unearthed. By building on the substantial search literature already available and by incorporating important variables our understanding and the perceptions of value process to provide substantial insights into consumer decision-making will be greatly enhanced. It is hoped that the proposed relationships and accompanying tests will stimulate work in the area of perceived value.

Limitations and Future Research

The study used students as subjects since the intent of this study was to emphasize internal validity. But the generalization of the finding with student subjects is limited. As mentioned previously Oakes's (1972) contention that regardless of what population is sampled, generalization can be made with caution to other populations. Thus, future research should consider subjects other than students in an attempt to replicate the model developed in this study that would allow for greater external validity.

Only electronic product class was considered for evaluation in this study. Future studies must explore how the underlying model works for a wider range of products, situations, settings, and populations. A finding's failure to replicate is evidence of a limit to the generalizability of the relation. The study was supposed to tap and test a theory of consumer value perception, and considerations of internal validity were paramount. However, when a finding does replicate, the scope of relation is extended. Further research should offer enough variety in addition to the product class used here.

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