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경영학 석사 학위논문

The Impact of Country of Origin Effect on Product Evaluation, Purchase Intention, and Word of Mouth Intention

– The Moderating Effect of Product Quality
and the Mediating Effect of Refundability in
Korean Versus French Daily Necessity

원산지 효과, 제품 품질과 환불용이성이 구매의
도, 제품 평가와 구전의향에 미치는 영향
– 제품 품질의 조절효과 및 환불용이성의 매개효
과 한국과 프랑스 중심으로

2021년 8월

서울대학교 대학원
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이민기

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Abstract

Country of Origin has been scrutinized as a significant competitive variable, and its influence on consumers' actions and consumption have been widely recognized. The immense contribution of purchasers' keen inclination for specific foreign products or brand image in forming the foundation of marketing strategies escalates the value of the Country of Origin effect since it theorizes the functionality of the consumers' credence or engagement for specific nations and products in this international age.

The following study conducted a case study analysis established on South Korean consumers. Articles published so far have focused on the Country of Origin's direct role in product evaluation, purchase intention, and high-involvement products. Unlike them, this article segmented the quality of low-involvement product and their interaction with the Country of Origin Effect. It further discusses the effect of such interaction on product evaluation, purchase intention, and Word of Mouth intention.

Moreover, it researches whether Korean consumers prioritize the quality or the Country of Origin of low-involvement products. The Country of Origin is set as the independent variable, and the product quality is set as the moderator variable. Each variable is

examined to outline its impact on product evaluation, purchase intention, and Word of Mouth intention. Meticulously, the following work emphasizes low-involvement products, which have relatively low interest or significance to consumers but is necessary in daily life. This article investigates how Country of Origin impacts its product evaluation, purchase intention, and Word of Mouth intention fluctuate.

Furthermore, this piece aims to scrutinize the relationship between uncertainty and the Country of Origin effect. Refundability was introduced as another important variable to examine whether it would influence the Country of Origin effect and purchase intentions. Online shopping has become so popular among consumers today, especially overseas direct purchases, that cross-national barriers have emerged as a new shopping trend. Thus, following the popular phenomenon this article examines refundability has a mediating effect on the relationship between Country of Origin (overseas direct purchase products) and purchase intention.

Keyword: product quality, Country of Origin, product evaluation, purchase intention, Word of Mouth Intention, refundability

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Chapter 1. Introduction

In this competitive environment, in which 21st-century global marketing is continuously evolving, Country of Origin has been an essential variable in countless researches. This feature has been proven to have a considerable effect on consumer behavior and consumption. The immense contribution of purchasers' keen inclination for specific foreign products or brand image in forming the foundation of marketing strategies escalates the value of the Country of Origin effect. The increase of value is due to its role in theorizing the functionality of the consumers' credence or engagement for specific nations and products in the contemporary global era. Consumers tend to generalize and form a bias apropos the product quality of goods manufactured in specific countries through checking the Country of Origin. Such information regarding the Country of Origin impacts consumer experience in evaluating the whole product or aspects of the product (Knight and Calantone, 2000).

The Country of Origin's image is generally defined by the idea, reputation, or the stereotypes that consumers or firms have concerned the goods fabricated in particular countries (Nagashima,

1970). Such image is present within the consumer even before experiencing the product itself and is materialized through accumulated knowledge of history, national features, and political and economic context of the country. The national image shaped by conventional concepts, attitudes, or preferences of certain products influences the consumers' recognition of the product quality (Kotler et al., 1994). An absolute standard that outlines excellent or bad images does not exist, but the impression differs depending on the subjectivity of the purchaser. As presented in past studies, the public is deeply interested in the Country of Origin when assessing product quality. Such features also substantially influence the consumer's decision-making process (Parkbithe and Miranda, 2012). Researches regarding the Country of Origin Effect is one of the studies under significant spotlight within the broad spectrum of consumer behavior studies, and various pilot studies have deliberated on the influence Country of Origin has on consumer behavior.

The Country of Origin effect delineates that the information regarding the origin of the product or image related to the origin of the product may have a positive or negative impact on the consumers' product evaluation and consumption behavior (Samiee, 1994; Elliott and Cameron, 1994). The expansion in the scale of

international trade led to the spectrum of purchase choices presented in front of the consumers to enlarge. Now, not only products produced within the Country but also other products that are manufactured internationally are all identified as competing products. Under such circumstances, the Country of Origin (CoO) is increasingly more important to consumers (Bilkey, 1993), and numerous nations are sensitively reacting to the national brand image reflected to the consumers. Countries are placing immense effort in advancing the national image acknowledged by consumers. The effect the national image owns in product evaluation and the logic is progressively imperative to investors (Kotler et al., 1993). Samiee (1994) argued that the brand's origin tends to remind the consumers of their stereotypes of a particular country from which the good originated. Also, according to the study conducted by Souiden et al (2011), the Country of Origin indirectly affects Word of Mouth intention.

Within these flows of research, the interaction between product quality and Country of Origin in product evaluation, purchase intention, and Word of Mouth intention has been unnoticed by previous research. Thus, the ensuing work attempts to scrutinize how the interaction of Country of Origin and product quality impact purchase intention, product evaluation, and Word of Mouth intention.

Moreover, existing research contends that diversity in service or product quality varies the Word of Mouth intention (Jiewanto, Angela, Caroline Laurens, and Liza Nelloh, 2012). Consequently, this piece will further examine how the interaction mentioned above affects word of mouth intention.

Previous studies have argued that the Country of Origin impacts purchasing intention (Johansson, Douglas & Nonaka, 1985). The authors have also contended that high-involvement products are comparatively substantially more affected than low-involvement products. In this piece, one differs from the past studies and concentrates on redividing the product quality of low-involvement products. Furthermore, it places product quality as a moderating variable and fixates on evaluating the effects of Country of Origin on product evaluation, purchase intention, and Word of Mouth intention.

Also, this paper will further discuss the relationship between the Country of Origin and refundability, a correlation that was never examined in any prior studies. Online shopping has now stood as a familiar routine for today's consumers, especially overcoming the barrier between nations and becoming a new shopping trend. According to a National Statistical Office (2020) survey, the overall transaction of domestic direct overseas purchases was reported to

be approximately 4 trillion won in 2016, which reveals the 400 billion won increase compared to the previous year. The main cause for such rapid growth in direct overseas purchases is the rise of the e-commerce market due to the development of IT technology. The global e-commerce market indicates a growing trend, and the growing number of transactions between nations corresponding to direct overseas purchases suggests that direct overseas purchases are no longer limited to specific consumer groups. Remarkably, the reduction of delivery time between nations and the proliferation of delivery-related services are expected to work as a catalyst in expanding the global user base of direct overseas purchases in the future.

Pilot studies have shown that the degree of refundability strengthens the product's credibility and awareness of its worth and conclusively increases the consumer's purchase intention. It has been proved that strict refund conditions escalate the integrity of the product and thus bolster the purchaser's purchase intention (Jeng, Shih-Ping, and Min-Fang Lo, 2019).

In a nutshell, this research aims to investigate the action pattern of consumers and how Country of Origin effect and product quality when purchasing low involvement products, which are not luxury but necessary for daily life. In order to pursue the research,

this paper compares the consumption pattern of Korean and French daily necessity based on the Korean consumer population. That is, this paper reviews what Korean consumers choose concerning the relationship between product quality and Country of Origin. Moreover, it deliberates the effect Country of Origin has on product evaluation, purchase intention, and Word of Mouth intention when product quality is introduced as a moderating variable. Within a spectrum of products, this piece will precisely examine the low-involvement products with comparatively lower interest or recognized significance from the consumers and further discuss the relationship between Country of Origin, refundability, and purchase intention. While there is a wide range of low-involvement products, this study has narrowed the range down to soaps and has deliberated the research results based on that explicit product range.

Chapter 2. Literature Review

Low-Involvement Product Quality and Country of Origin

Numerous variables are considered when consumer's decide their stance on the product quality. The 'quality' recognized by consumers is built upon each consumer's experience, circumstances, stereotypes and is thus subjective. In other words, a product that is perceived as high quality to one customer might be identified as a low-quality product or poorly made product to another. Some customers may decide the product quality based on the Country of Origin, while others may use the producer as the standard of quality. In various decision-making variables with regards to product quality, many studies argue that the Country of Origin has a substantial influence on perceived product quality and, ultimately, on the purchaser's evaluation of purchase possibility (Parkbithee and Miranda, 2012) and "decision making" (Tanasuta et al., 2009).

In contrast, while many consumers utilize price to measure product quality (Kotler, 2010) since there is no additional information regarding price, worth, relationship with product quality,

and additional price, consumers own tenacious disbelief in using price as a benchmark.

Product quality comprises experience gained from hundreds of years of manufacturing, domestic competition, country-specific features, and high product quality, altering the consumer's perception extensively (Katsanis and Thakor, 1997). Countless researchers contended that the connection between the Country of Origin and consumer's awareness of quality has an adjacent relation to precise bits of knowledge on countries or cases, as well as the nation's economic development (Romeo & Roth, 1992). Hence, bases on the theories. There is a need to research the relationship between Country of Origin and consumer perception in both contexts of average product quality and high product quality established on the theories mentioned above.

Furthermore, the Country of Origin effect can vary depending on product involvement. Product involvement differs depending on the scholars, but it can be broadly categorized into three types (Lee Daeryong and Lee Sangbin, 1998). The first type is when it is conceptualized as product involvement. That is, it represents the consumer's interest when performing a specific purchase. Secondly, it can be construed as message response involvement, translating as the consumer's interest in processing marketing communication.

Lastly, it can also be illustrated as ego involvement, denoted as the product's importance concerning the consumer's self-concept.

According to Zaichkowsky (1985), the features of low involvement consumer groups are as follows. Firstly, the degree of research done concerning the product is comparatively lower than high involvement consumer bodies. Additionally, they are indifferent about the disparity of attributes between products. Also, they show a higher level of recognition of the similarity between products. Lastly, the low involvement consumer fractions do not present a specific preference towards a particular product.

On the other hand, a high involvement purchaser group maintains more decisive admission concerning product attributes. Thus, they require to place the difference between products based on judgments formed through their admission. In other words, while a high involvement consumer considers diverse aspects of the product when evaluating it, it is expected that a low involvement consumer will cogitate a lesser amount of aspects. Based on such assumption, since low involvement consumer groups observe more resemblances between products with a small number of comparable properties, aspects such as product quality may perform as prejudice in gauging the product.

In terms of low involvement product, since purchasers pursue

the appropriate amount of satisfaction and determine minor product features, the aspect of origin might have impacts. One can assume that there is no beneficial difference between Korean and foreign low involvement product with average quality if one part the quality of low involvement product. However, regarding high-quality, low involvement product, if it is well made and manufactured in a country with a good image, such as French products, it can be expected that there is a higher possibility of consumers grading the product positively.

The logic that supports such assumptions is that if a low involvement product with a low price has average quality, it can stimulate consumers' perceived risk, leading them to think it is a 'cheap' product. According to past research, perceived risk decreases the purchaser's will to consume the product (Tan, 1999). Thus, it can be anticipated that if both products are of standard quality, the consumer will not recognize a significant difference between Korean and foreign products. On the other hand, if a low involvement product is impacted by the Country of Origin effect and is of high quality, it would likely benefit further from the Halo effect. Generally, the Halo effect is conceptualized as the effect a single feature has on the product's other features (Oh, Mi-Young, and Jyotika Ramaprasad, 2003).

Furthermore, according to Son (2016), it is proved that high product quality has a positive effect on the Country of Origin effect, which arranges the theoretical background of the hypotheses of this research.

Country of Origin, Product Evaluation, and Purchase Intention

Conventionally, the brand and the price are features that affect the product evaluation and the consumer's purchase intention. Adding on to those factors, production and globalization of the market further emerged as a new feature. The functionality behind such emergence was due to corporations replacing manufacturing with nations with excellent sources or cheaper labor fees while maintaining the sales available internationally. As a result, Country of Origin became a significant standard to analyze domestic and foreign products for customers in the contemporary era.

Consumers base their decision-making process on obtaining product-related information or indication through an integrated and structured evaluation process. Here, indication represents all the informational stimulation that the consumer can utilize pre-

purchase (Monroe and Krishnan, 1985) and may be intrinsic or extrinsic. An example of an intrinsic indication would be product quality, taste, and design, and a precedent of an extrinsic indication would be Country of Origin, brand, or price (Rao and Monrie, 1989). When intrinsic indications are unaccounted for or unable to be quickly assessed, customers show a tendency to rely heavily on extrinsic factors such as Country of Origin and product quality (Jacoby et al., 1977). In the case of low involvement products, the cost of research for intrinsic indication to assist consumption decision outstandingly surpasses its benefit. Thus, consumers are passive in investigating for intrinsic indication or information about low involvement products and perform habitual consumption or consumption which aims for variety. Schooler's research (1965) bases itself on such a customer's consumption pattern of low involvement products and argues that changes in extrinsic indication, precisely Country or Origin, could lead to a drastic change in the assessment of customer quality. Copious researches empirically investigated the critical role information regarding Country of Origin has in realized product quality (Bilkey and Nes, 1982; Hong and Wyer, 1989), and it has also been proved that it has a beneficial effect on purchase intention.

Maheswaran(1994) disputed that the customer owns a

stereotypical process that predicts the product's potential, which has a specific function and is developed in a specific nation and thus contributes to the assessment of the product. Generally, customers are likely to assess products with advantageous Country of Origin positively. Such a stereotypical process with relation to Country of Origin influences product evaluation in three aspects. Firstly, the display of Country of Origin functions as an indicator. Purchasers have pre-established information about a specific country's average product quality, and such stigma is used in reasoning other product indications (ex: quality, credibility, etc.) and general product assessment (Hong and Wyer, 1989). Also, demonstration of Country of Origin could be an independent indicator used in combination with other indicators (Hong and Wyer, 1989). Thirdly, other available product attributes might be more beneficial than a third world Country of Origin, but when product assessment is relatively simple, the Country of Origin could be resorted to as a critical factor (Hong and Wyer, 1989; Li and Wyer, 1994). Such incidents often occur when there is an overwhelming amount of information or when the customer is unfamiliar with the product.

The pilot study research (Hwang Byung Il and Kim Bum Jong, 2002) studied products from developed Country, own Country, and developing countries. It presents that if the Country of Origin has a

high level of economic prosperity and favorability, its products are more highly assessed than the products from developing countries. In addition, the Country of Origin effect generally impacts the product, product type, specific product category, particular brands, and between developed and developing countries (Bilkey and Nes, 1982). Despite such findings of the substantial contribution of Country of Origin, it has been contended that product quality has more impact relative to Country of Origin in performance of product appraisal by the customers (Chao, Paul, 1988). Hinging on such studies and limiting the range to low involvement products, it can be envisioned that the customer might not be persuaded to buy the foreign product if the product quality is average. Nonetheless, if it is a low involvement product with high quality, it can be expected that the purchaser will choose the foreign product, which is manufactured in a relatively developed country.

This study has chosen France as the comparative case study. The choice is due to France's higher economic development as shown statistically, with France ranked 7th and Korea ranked 11th and because of the very benevolent stereotypical image France owns. Usually, when people think about France, they recall an elegant road marked with luxury brands. Thus, this research aims to compare low involvement products (soap) in two circumstances—

when the product quality is average and when the product quality is exceptional. By investigating the difference between the consumption pattern of Korean and French products, it pursues to deliberate the interaction between daily necessity quality and Country of Origin effect and prove the following hypotheses.

The hypotheses are as follows.

Hypothesis 1a: When the product quality is normal, there is no significant difference between Korean daily necessities and French daily necessities regarding product evaluation.

Hypothesis 1b: When the product quality is high, the product evaluation of French daily necessities is higher than the product evaluation of Korean daily necessities.

Hypothesis 2a: When the product quality is normal, there is no significant difference between Korean daily necessities and French daily necessities regarding product purchase intention.

Hypothesis 2b: When the product quality is high, the purchase intention of French daily necessities is higher than the purchase intention of Korean daily necessities.

Country of Origin and Word of Mouth Intention

Word-of-mouth marketing (WOMM) is often denoted as 'viral marketing' or 'viral advertising.' This marketing strategy aims to trigger the consumers to actively and voluntarily deliver messages regarding a product to form positive stories within potential customers.

Norazah Mohd Suki (2014) noted that word-of-mouth (WOM) is directly connected with the information exchange between those who have already purchased the product and those who are planning to purchase the product (or a service). The exchanged information could either be a positive or a negative experience. Numerous papers have proved WOM to be a more effective marketing strategy than preexisting marketing strategies widely used. Chevalier and Mayzlin (2006) argued that the critical feature of this phenomenon is 'communication.' Communication is relatively more free and independent; hence general consumers acknowledge it to be more reliable. Furthermore, the image of a product includes the general understanding of the product's origin. Thus, it is fair to predict that the higher the quality of the product will lead to higher WOM intentions of the customers. Research conducted by Jiewanto, Angela, Caroline Laurens, and Liza Nelloh (2012) supports this prediction by empirically proving that the higher the quality or image of the product, the more likely it is to impact the customers'

WOM intentions positively.

Referring to the work of Gürhan-Canli, Zeynep, and Durairaj Maheswaran (2000), they explicitly note that the difference in cultural inclination has a significant impact on the Country of Origin effect. The authors added that cultural preference could be divided into two categories: collectivist culture and individualistic culture. Collectivist cultures are generally found in the so-called 'Eastern' countries—Korea, Japan, and China are representative examples. On the other hand, individualistic cultures are observed in the countries generally known as the 'Western' countries: for instance, the United States of America, Canada, and the United Kingdom. Collectivists tend to believe that sacrificing for the group is unavoidable, especially when there is a collision of purpose between an individual and the group. Hence, instead of pushing ahead with their arguments, they would tend to follow the general agreement of the group. They also show strong fellowship for the group they belong to—for instance, their families or their Country. Their identity, or ego, is defined based on a third persons' perspective, and organizational norms regulate their actions.

Based on the given characteristics of collectivists, Fong, John, and Burton (2008) asserted that collectivists would show a more substantial interest in the product's origin. Following their argument,

the authors claimed that collectivists would deeply involve in electronic word-of-mouth (EWOM), leaving positive stories regarding the product origin. In other words, participants of the online reviews from eastern countries will spread reports regarding the origin effect of the product more than anyone else. Moreover, the work by Gürhan-Canli, Zeynep, and Durairaj Maheswaran (2000) work showed that customers from collectivist cultures would emphasize the product's Country of Origin because of their loyalty and identity developed from the organization they belong. The number of customers who rely on online information when selecting a product is vastly growing. Hence, understanding the correlation between word-of-mouth and the Country of Origin effect is rising to the surface as an essential element for marketers worldwide.

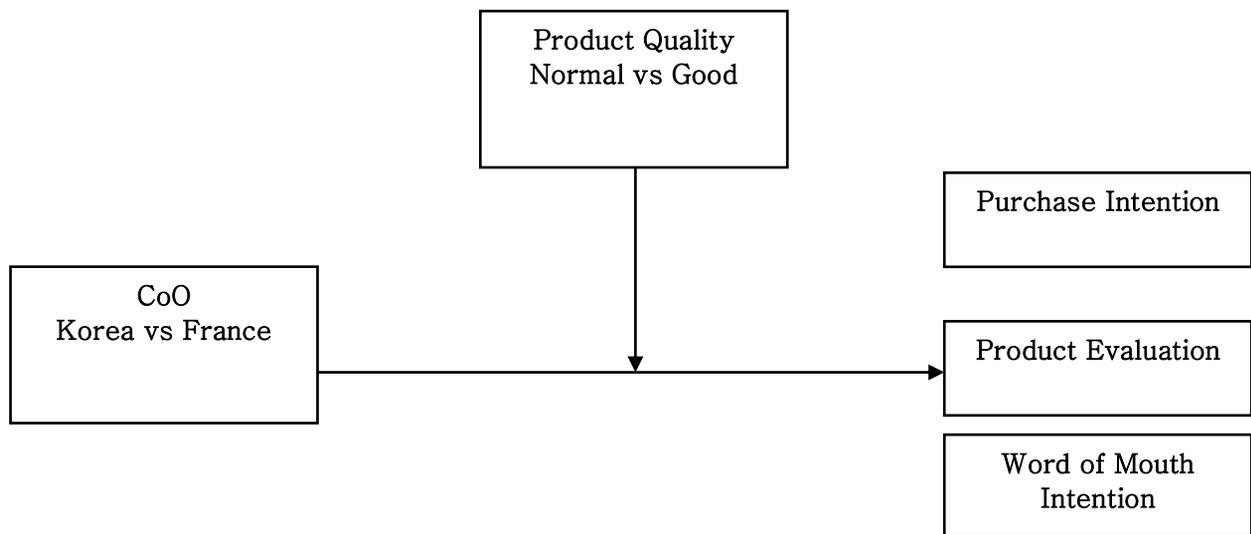
The given empirical evidence introduced above allows us to narrow down the context to the Republic of Korea. Korea is one of the most representative collectivist countries. Thus, it is valid to predict that the word-of-mouth intention will increase within Korea if product quality is high and made in France. Therefore, I develop the following hypotheses under the circumstance that there is no meaningful difference when the product quality is average:

The hypotheses are as follows.

Hypothesis 3a: When the product quality is normal, there is no significant difference between Korean daily necessities and French daily necessities regarding product Word of Mouth intention.

Hypothesis 3b: When the product quality is high, the Word of Mouth intention of French daily necessities is higher than the Word of Mouth intention of Korean daily necessities.

[Research Model]



Refund Risk and Refundability

'Risk' is defined as a phase in which one faces a critical danger or a problem that could lead to severe problems. It also refers to emergent situations where one is not available to react instantly. Risk plays a critical role when customers decide their actions. It

also contributes to a substantial level when it comes to information searching activities or making a purchase decision (Mayer, R.C., Davis, H.C. and Schoorman, F.D., 1995). Other research (e.g., Tan, 1999) delineates that customers' intention to purchase decreases when they recognize a possible risk.

A prior study looked at the perceived risk level for direct overseas purchases and raised concerns about "returning, cancellation, refund delay and refusal to purchase," "exchange and refund processing were inexperienced," "return processing is not done quickly," and "it is difficult to receive guidance services for returns" (Yuki, 2016). Given this, consumers make purchases with considerable risk of refundability when they make overseas direct purchases.

One of the main elements in consumer behavior is making a 'choice.' Only the future will tell the result of their choice. Hence, customers try to cope with possible risks and uncertainties. Risk regarding the product quality could often create anxiety, and customers are likely to accept this as a 'pain' or a 'fear.' Thus, customers tend to deal with risk rather quickly. In a particular decision-making situation, both the amount of risk recognized and the method of dealing with the risk greatly rely on the degree of individual consumers' self-esteem. In any decision-making

the products, which help them decide the quality or performance. For instance, a product warranty promises that if a product does not fulfill the customers' expectations, the producers would be willing to exchange the product. Thus, a warranty is one method to decrease the risk for high-risk products (Bearden and Shimp, 1982).

Moreover, a warranty was a very effective extrinsic clue customers could use (Bearden and Shimp, 1982). Excellent warrant conditions lead to consumers' positive reviews of the products they purchased. Preceding research supports this argument by depicting that a product warranty offers the products' minimum performance, which helps the customers to handle any risks they discern (Bettman, 1973; Bearden and Shimp, 1982). It also enhances one's product choice (Amstrong, Kendall, and Russ, 1975). Other researches provide evidence that customers' recognition of risk has a direct correlation with their decision-making process. In this perspective, the Country of Origin could be understood as a perilous element (Cordell, 1993).

Some research has shown that a total refund of the product is more valuable than partial refunds. Users prefer companies who offer a greater refund than those that only provide a small portion of the original price (Jeng, Shih-Ping, and Min-Fang Lo, 2019). Research by Biswas et al. (2006) buttresses this idea by noting that

the higher the rebate price, it decreases possible risk, allowing the customers to acknowledge more value and trust in the company. A strict refund policy also escalates the product's reliability, positively affecting the customers' purchase intentions (Jeng, Shih-Ping, and Min-Fang Lo, 2019).

Nevertheless, when we discuss products that are made in France, our circumstances could differ. Since French products are foreign products shipped overseas, refunds can be trickier compared to domestic products. The shipping price is one element that cannot be ignored. Furthermore, the time it takes for the refund to be processed is another inconvenience customers would have to go through. Hence, it can be predicted that French products will have a higher return risk and domestic products to have a lower return risk. Based on these assumptions, the following hypotheses could be developed:

Hypothesis 4a: The effect of the Country of Origin on purchase intention is mediated by refundability.

Hypothesis 4b: Refundability positively mediates between Korean products and purchase intentions.

Chapter 3. Studies & Results

Study 1

In the first experiment, I analyzed how Korean consumers change their purchase intention, product evaluation, and word of mouth intention between Korean and French daily necessity depending on product quality. In this study, daily necessity, the product line of study was narrowed to soap, and the results were analyzed.

Study 1.1

Method

Participants. 200 Korean participants ($M_{age} = 26.5$; 40.0% male) from universities in Korea were recruited from the website Google. Each participant was told to participate in a master's thesis project and received a \$1 gift (Kakao Talk Gifticon) in return. The survey takes about two minutes to complete.

Procedure. The questionnaire assumes that you need a new soap, since you are done with the previous one. You are not sure

whether there exist a perfect soap in the market. Furthermore, you do not know the brand of the soap. Consider product quality and Country of Origin. I asked five questions and measured product evaluation by showing a picture of soap on the market in the questionnaire. The questionnaire produced four conditions (normal quality: Korea vs. France, high quality: Korea vs. France) and surveyed 50 people per condition. Normal product quality was marked three out of five in the product quality assessment score, and high product quality was marked five out of five in the product quality assessment score.

The product evaluation measurement method was developed by modifying questions used in previous research to fit my study (Wheatley, Chiu, and Goldman, 1981). The answers to the questionnaire were measured on an interval scale of 1 to 7 (1 = strongly disagree; 7 = strongly agree). Then, all participants were asked to indicate the extent to which they agreed or disagreed (1 = strongly disagree to 7 = strongly agree) with the following five statements: "I think that the product will be highly reliable," "I think that the product is excellent," "I think the price of the product is reasonable," "I think the performance of the product will be more than expected," and "I think this product is worth buying."

Results

Two-way analysis of variance ANOVA was used to test the impact of the interaction between Country of Origin and product quality on product evaluation.

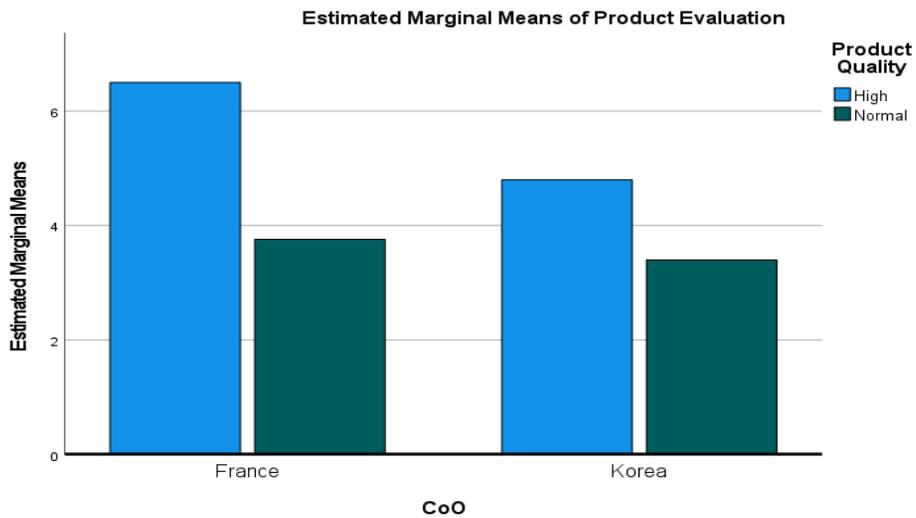
When the product quality was normal, and when the quality of the product was high, the t-test was divided into two groups. Country of Origin has a significant main effect on product evaluation, $F=56.011$, $P<0.01$. There is also an interaction effect between Country of Origin and product quality, $F=23.700$, $p<0.01$ [Table 2]. As shown in figure 1, there is no significant difference in the effect of Korean ($M=3.40$, $SD=1.069$) and French products ($M=3.76$, $SD=0.797$) on product evaluation when the quality of the product is normal, $t=-1.909$, $p=0.059>0.05$. On the other hand, when the quality of the product is high, French products ($M=6.50$, $SD=0.678$) have a higher impact on product evaluation than Korean products ($M=4.80$, $SD=1.245$), $t=-8.478$, $p<0.01$. These results demonstrate that H1a and H1b are supported.

Table 2 Product Quality Moderating Effect

Source	Type III Sum of Squares	Df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	289.735 ^a	3	96.578	101.979	<.001	0.61
Intercept	4259.645	11	4259.645	4497.847	<.001	0.958
CoO	53.045	1	53.045	56.011	<.001	0.222
Product Quality	214.245	1	214.245	226.226	<.001	0.536
CoO * Product Quality	22.445	1	22.445	23.7	<.001	0.108
Error	185.62	196	0.947			
Total	4735	200				

Dependent variable: product evaluation

FIGURE 1



Study 1.2

Method

Participants. 200 Korean participants ($M_{age} = 26.5$; 40.0% male) from Universities in Korea were recruited from the website Google. Each participant was told to participate in a master's thesis project and received a \$1 gift (Kakao Talk Gifticon) in return. The survey takes about two minutes to complete.

Procedure. The questionnaire assumes that you need a new soap, since you are done with the previous one. You are not sure whether there exist a perfect soap in the market. Furthermore, you do not know the brand of the soap. Consider product quality and Country of Origin. I asked three questions and measured purchase intention by showing a picture of soap on the market in the

questionnaire. The questionnaire produced four conditions (normal quality: Korea vs. France, high quality: Korea vs. France) and surveyed 50 people per condition. Average product quality was marked three out of five in the product quality assessment score, and high product quality was marked five out of five in the product quality assessment score.

The purchase intention measurement method was used by modifying questions used in previous literature to suit my research (Stafford, M. R., Stafford, T. F. and J., Chowdhury, 1996). The answers to the questionnaire were measured on an interval scale of 1 to 7 (1 = strongly disagree; 7 = strongly agree). Then, all participants were asked to indicate the extent to which they agreed or disagreed (1 = strongly disagree to 7 = strongly agree) with the following three statements: "I think I will buy this product," "There is a high possibility of me purchasing this product," and "I will definitely buy this product."

Results

Two-way analysis of variance ANOVA was used to test the impact of the interaction between Country of Origin and product

quality on purchase intention.

Then, when the product quality was average and when the quality of the product was high, the t-test was divided into two groups. Country of Origin has a significant main effect on purchase intention, $F= 48.520$, $P<0.01$. Moreover, there is also an interaction effect between Country of Origin and product quality, $F=34.739$, $p<0.01$ [Table 3]. As shown in figure 2, there is no significant difference in the effect of Korean ($M=3.58$, $SD=1.032$) and French products ($M=3.72$, $SD=0.607$) on purchase intention when the quality of the product is normal, $t=-0.827$, $p=0.411>0.05$. On the other hand, when the quality of the product is high, French products ($M=6.46$, $SD=0.613$) have a higher effect on purchase intention than Korean products ($M=4.78$, $SD=1.266$), $t=-8.443$, $p<0.01$. These results show that H2a and H2b are supported.

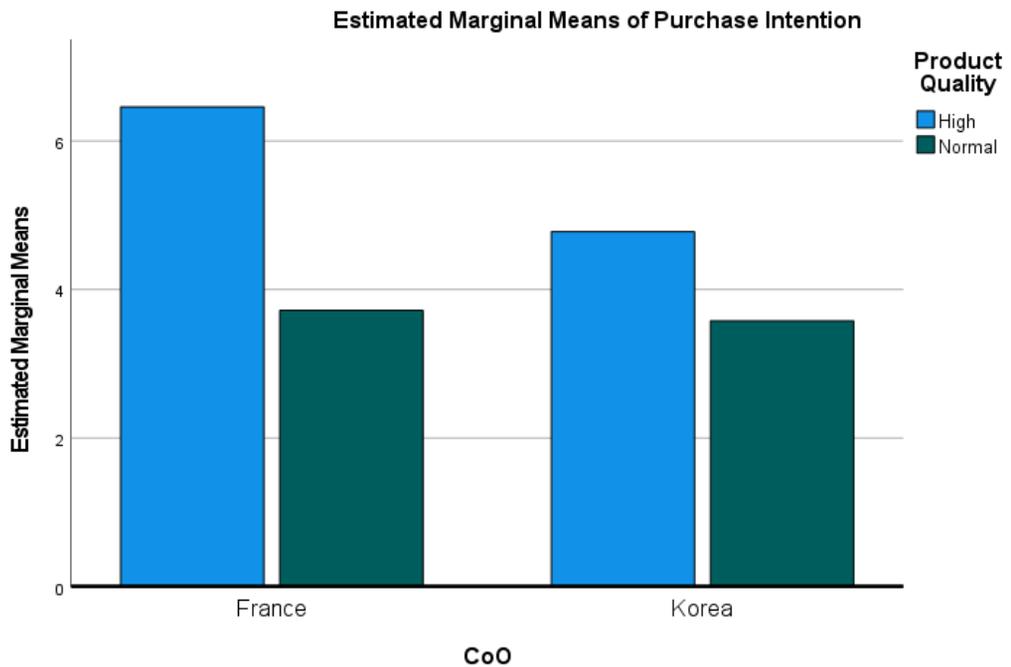
Table 3 Product Quality moderating effect

Source	Type III Sum of Squares	Df	Mean Square	F	Sig.	Partial Eta Squared
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Corrected Model	265.095 ^a	3	88.365	103.549	<.001	0.613
Intercept	4296.645	1	4296.645	5034.93	<.001	0.963
CoO	41.405	1	41.405	48.52	<.001	0.198
Product Quality	194.045	1	194.045	227.387	<.001	0.537
CoO * Product Quality	29.645	1	29.645	34.739	<.001	0.151
Error	167.26	196	0.853			
Total	4729	200				

Dependent variable: purchase intention

FIGURE 2



Study 1.3

Method

Participants. 200 Korean participants ($M_{age} = 26.5$; 40.0% male) from universities in Korea were recruited from the website Google. Each participant was told to participate in a master's thesis project and received a \$1 gift (Kakao Talk Gifticon) in return. The survey takes about two minutes to be completed.

Procedure. Similar to the previous study, the questionnaire assumes that you need a new soap, since you are done with the previous one. You are not sure whether there exist a perfect soap

in the market. Furthermore, you do not know the brand of the soap. Consider product quality and Country of Origin. I asked a question and measured word of mouth intentions by showing a picture of soap on the market in the questionnaire. The questionnaire produced four conditions (normal quality: Korea vs. France, high quality: Korea vs. France) and surveyed 50 people per condition. Average product quality was marked three out of five in the product quality assessment score, and high product quality was marked five out of five in the product quality assessment score.

The Word of Mouth intention measurement method was used by modifying questions used in the previous literature (Okazaki, Rubio, & Campo, 2014). The answers to the questionnaire were measured on an interval scale of 1 to 7 (1 = strongly disagree; 7 = strongly agree). Then, all participants were asked to indicate the extent to which they agreed or disagreed (1 = strongly disagree to 7 = strongly agree) with the following one statement: "I want to recommend this product to someone else."

Results

Two-way analysis of variance ANOVA was used to test the impact of the interaction between Country of Origin and product

quality on Word of Mouth intention.

Then, when the product quality was normal and when the quality of the product was high, the t-test was divided into two groups. Country of Origin significantly affects word of mouth intention, $F = 54.454$, $P < 0.01$. There is also an interaction effect between Country of Origin and product quality, $F = 36.931$, $p < 0.01$ [Table 4]. As shown in figure 3, there is no significant difference in the effect of Korean ($M = 3.46$, $SD = 1.182$) and French products ($M = 3.64$, $SD = 0.631$) on Word of Mouth intention when the quality of the product is normal, $t = -0.950$, $p = 0.345 > 0.05$. On the other hand, when the quality of the product is high, French products ($M = 6.54$, $SD = 0.646$) have a higher impact on Word of Mouth intention than Korean products ($M = 4.68$, $SD = 1.269$), $t = -9.239$, $p < 0.01$. These show that H3a and H3b are successful.

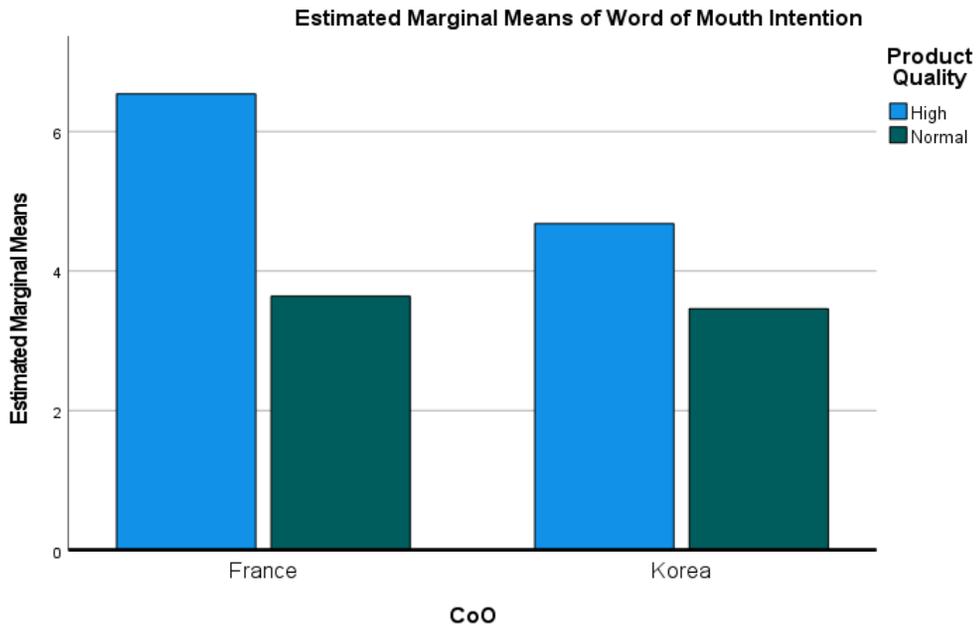
Table 4 Product Quality moderating effect

Source	Type III Sum of Squares	Df	Mean Square	F	Sig.	Partial Eta Squared
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Corrected Model	299.480 ^a	3	99.827	104.497	<.001	0.615
Intercept	4195.28	1	4195.28	4391.556	<.001	0.957
CoO	52.02	1	52.02	54.454	<.001	0.217
Product Quality	212.18	1	212.18	222.107	<.001	0.531
CoO * Product Quality	35.28	1	35.28	36.931	<.001	0.159
Error	187.24	196	0.955			
Total	4682	200				

Dependent variable: Word of Mouth Intention

FIGURE 3



Study 2

While study 1 compared Korean and French products sold in Korea, Based on that study, it has been found that there is a weak Country of Origin effect on uncertainty. Thus, I will be researching the relationship between uncertainty and the Country of Origin effect in study 2. Study 2 examines the relationship between Korean and French direct purchase products. In study 2, I analyze this relationship by adding a new variable, refundability. I will study whether refundability has a mediating effect on the relationship between the Country of Origin (overseas direct purchase products) and purchase intention. The product lines are chosen equally as

Korean soap and French soap.

Method

Participants. 100 Korean participants ((M_{age} = 27.2; 37.0% male)) from universities in Korea were recruited from the website Google. Each participant was told to participate in a master's thesis project and received a \$1 gift (Kakao Talk Gifticon) in return. Surveys took about two minutes to be completed.

Procedure The questionnaire assumed that participants did not know the soap brand by aggregating consideration factors such as Country of Origin and refundability within your purchasing capacity. For soap that is not sold in Korea, Korean consumers have to buy it directly from France online. So I asked a question about and measured refundability and purchase intention by showing a picture of soap on the market in the questionnaire. The questionnaire produced a total of two conditions (CoO: Korea vs. France) and surveyed 50 people per condition.

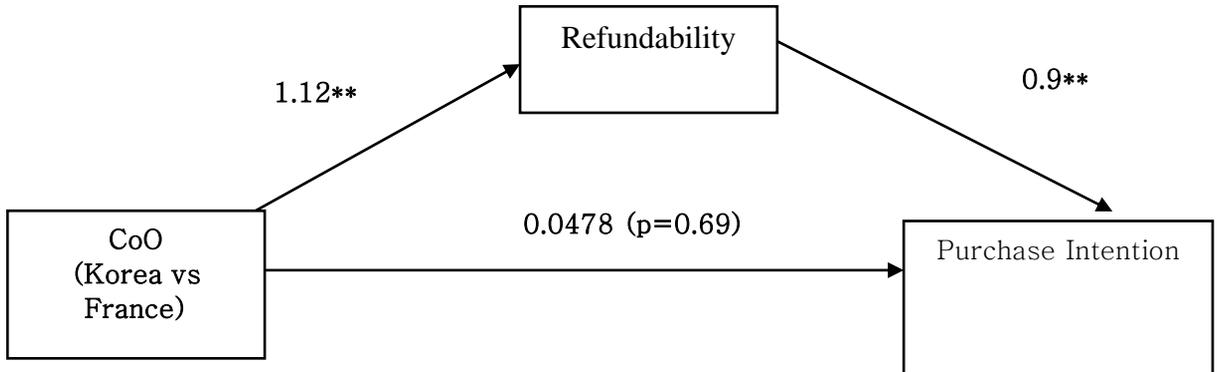
The refundability measurement method was used by modifying questions from previous studies (Jeon Sang-min, 2019). The answers to the questionnaire were measured on an interval scale of 1 to 7 (1 = strongly disagree; 7 = strongly agree). Then, all participants were asked to indicate the extent to which they agreed or disagreed (1 = strongly disagree to 7 = strongly agree) with the

following four statements: "The customer center is likely to respond appropriately to refunds," "the customer center will kindly refund the money," "The customer center is likely to provide sufficient information on refunds," and "The customer center is likely to be immediate in response to the refund."

Results

To test my hypothesis, I conducted a mediation model with the SPSS PROCESS Macro (Hayes 2013) to examine whether refundability mediated the effect of CoO (Korean product versus French direct-purchase product) on purchase intention. I coded French direct-purchase product as '1'; Korean product '2' (Process Model 4). Consistent with my theorizing, the analysis revealed that Korean products are more accessible to refund than French products, resulting in greater willingness to purchase them (95% CI for the indirect effect: [0.4699, 1.5259]; see figure 4). In addition, refundability fully mediates the effect of Korean and French products (foreign direct purchase) on purchase intention. Therefore, hypothesis 4 has been accepted.

FIGURE 4



NOTES: The path coefficients are unstandardized betas. Values in the path indicate the effect of delivery process condition on order intentions after controlling for the mediator. *p < .05; **p < .01; ***p < .001.

Table 5 Bootstrapping Results Process Model 4 for Indirect Effects of Refundability

Independent Variable	Mediator Variable	Effect	Boot SE	95% Confidence Intervals	
				LLCI	ULCI
CoO	Refundability	1.0122	0.2680	0.4699	1.5259

Chapter 4. General Discussion

4.1 General Discussion

This research conducted an empirical test against Korean consumers. The test aimed to examine how the Country of Origin may influence general product evaluation and purchase intentions. Unlike previous research, which focused on high-involvement products, this paper shines its light on low-involvement products. The categorization of product quality was a variable many researchers have neglected over time. By including different levels of product quality as an essential variable, this paper reveals the correlation with the Country of Origin effect and its influence on product evaluation, purchase intentions, and word-of-mouth intentions. On top of that, refundability was introduced as another variable to examine whether it would influence the Country of Origin effect and purchase intentions.

Study 1 proved that the Country of Origin has a significant main effect on purchase intention. The interaction between the Country of Origin and product quality was also examined in study 1. Two groups—products with average quality and products with

outstanding quality—was compared. As the results illustrated above show, there is no significant difference in the effect of Korean and French products on purchase intention when the quality of the product is standard. However, when the product quality is good, French products have a higher impact on purchase intention than Korean products.

Likewise, product evaluation and word-of-mouth intention showed a similar pattern. When the product quality is average, there is no significant difference in the effect of Korean and French products on product evaluation or word of mouth intention. When the product quality is good, French products have a higher impact on product evaluation or word-of-mouth intention than Korean products.

By conducting study 2, I studied whether refundability mediates Korean and French products (foreign direct purchase) on purchase intentions. As a result, it can be seen that Korean products are more convenient to refund than French products and thus increase their purchase intention. In addition, refundability fully mediates the effect of Korean and French products (foreign direct purchase) on purchase intention.

4.2 Limitation

This paper deepened the understanding of the Country of Origin effect in more depth. I analyzed it by adding new variables that did not study much with the Country of Origin effect in previous studies, such as product quality and refundability. However, there are some limitations.

First of all, most of the people who responded to the survey were college students. Hence, it is unclear whether the same results will come out if the survey was conducted throughout a wide range of ages. Secondly, testing more countries with larger samples is more likely to prove these hypotheses more clearly. Thirdly, the product line investigated was a single soap product. Analyzing more products is also more likely to prove the theory of the paper. Fourthly, in this dissertation, I conduct experiments by manipulating product quality in virtual situations. These hypothetical experimental situations can reduce the actual reference value of the findings. In addition to using virtual brands, it lacked detailed descriptions of product performance. The Country of Origin effect may be increased by limiting the number of other information respondents can refer to. However, in the actual situation, such things as solid brand assets of famous brands, the outstanding

performance of products, and well-made advertisements could eliminate the Country of Origin effect.

APPENDIX

APPENDIX A – Study 1

Name: _____ Age: _____ Sex: _____ Occupation: _____

Let's assume that you need a new soap, since you are done with the previous one.

You are not sure whether there exist a perfect soap in the market. Furthermore, you do not know the brand of the soap. Then, you come across the following catalog. At that point, you come across the following catalog.



Country of Origin: Korea

Price: 5,000 KRW

Weight: 200g

Components: Originated from Nature 99%

Product Quality: ★ 3.00/5

Based on the information above, mark V at the statement you agree upon considering product quality and Country of Origin.

1. I think I will buy this product.

1=strongly disagree ----- 7=strongly agree

2. There is a high possibility of me purchasing this product.

1=strongly disagree ----- 7=strongly agree

3. I will definitely buy this product.

1=strongly disagree ----- 7=strongly agree

4. I think that the product will be highly reliable.

1=strongly disagree ----- 7=strongly agree

5. I think that the product is excellent.

1=strongly disagree ----- 7=strongly agree

6. I think the price of the product is reasonable

1=strongly disagree ----- 7=strongly agree

7. I think the performance of the product will be more than
expected.

1=strongly disagree ----- 7=strongly agree

8. I think this product is worth buying

1=strongly disagree ----- 7=strongly agree

9. I want to recommend this product to someone else.

1=strongly disagree ----- 7=strongly agree

APPENDIX A – Study 1

Name: _____ Age: _____ Sex: _____ Occupation: _____

Let' s assume that you need a new soap, since you are done with the previous one.

You are not sure whether there exist a perfect soap in the market. Furthermore, you do not know the brand of the soap. Then, you come across the following catalog. At that point, you come across the following catalog.



Country of Origin: France

Price: 5,000 KRW

Weight: 200g

Components: Originated from Nature 99%

Product Quality: ★ 3.00/5

Based on the information above, mark V at the statement you agree upon considering product quality and Country of Origin.

1. I think I will buy this product.

1=strongly disagree ----- 7=strongly agree

2. There is a high possibility of me purchasing this product.

1=strongly disagree ----- 7=strongly agree

3. I will definitely buy this product.

1=strongly disagree ----- 7=strongly agree

4. I think that the product will be highly reliable.

1=strongly disagree ----- 7=strongly agree

5. I think that the product is excellent.

1=strongly disagree ----- 7=strongly agree

6. I think the price of the product is reasonable

1=strongly disagree ----- 7=strongly agree

7. I think the performance of the product will be more than
expected.

1=strongly disagree ----- 7=strongly agree

8. I think this product is worth buying

1=strongly disagree ----- 7=strongly agree

9. I want to recommend this product to someone else.

1=strongly disagree ----- 7=strongly agree

APPENDIX A – Study 1

Name: _____ Age: _____ Sex: _____ Occupation: _____

Let' s assume that you need a new soap, since you are done with the previous one.

You are not sure whether there exist a perfect soap in the market. Furthermore, you do not know the brand of the soap. Then, you come across the following catalog. At that point, you come across the following catalog.



Country of Origin: Korea

Price: 5,000 KRW

Weight: 200g

Components: Originated from Nature 99%

Product Quality: ★ 5.00/5

Based on the information above, mark V at the statement you agree upon considering product quality and Country of Origin.

1. I think I will buy this product.

1=strongly disagree ----- 7=strongly agree

2. There is a high possibility of me purchasing this product.

1=strongly disagree ----- 7=strongly agree

3. I will definitely buy this product.

1=strongly disagree ----- 7=strongly agree

4. I think that the product will be highly reliable.

1=strongly disagree ----- 7=strongly agree

5. I think that the product is excellent.

1=strongly disagree ----- 7=strongly agree

6. I think the price of the product is reasonable

1=strongly disagree ----- 7=strongly agree

7. I think the performance of the product will be more than
expected.

1=strongly disagree ----- 7=strongly agree

8. I think this product is worth buying

1=strongly disagree ----- 7=strongly agree

9. I want to recommend this product to someone else.

1=strongly disagree ----- 7=strongly agree

APPENDIX A – Study 1

Name: _____ Age: _____ Sex: _____ Occupation: _____

Let' s assume that you need a new soap, since you are done with the previous one.

You are not sure whether there exist a perfect soap in the market.

Furthermore, you do not know the brand of the soap. Then, you come across the following catalog. At that point, you come across the following catalog.



Country of Origin: France

Price: 5,000 KRW

Weight: 200g

Components: Originated from Nature 99%

Product Quality: ★ 5.00/5

Based on the information above, mark V at the statement you agree upon considering product quality and Country of Origin.

1. I think I will buy this product.

1=strongly disagree ----- 7=strongly agree

2. There is a high possibility of me purchasing this product.

1=strongly disagree ----- 7=strongly agree

3. I will definitely buy this product.

1=strongly disagree ----- 7=strongly agree

4. I think that the product will be highly reliable.

1=strongly disagree ----- 7=strongly agree

5. I think that the product is excellent.

1=strongly disagree ----- 7=strongly agree

6. I think the price of the product is reasonable

1=strongly disagree ----- 7=strongly agree

7. I think the performance of the product will be more than
expected.

1=strongly disagree ----- 7=strongly agree

8. I think this product is worth buying

1=strongly disagree ----- 7=strongly agree

9. I want to recommend this product to someone else.

1=strongly disagree ----- 7=strongly agree

APPENDIX B – Study 2

Name: _____ Age: _____ Sex: _____ Occupation: _____

Let' s assume that you need a new soap, since you are done with the previous one.

You are not aware whether a perfect soap, which is chosen based on the Country of origin and refundability, is sold in the market. Furthermore, you do not know the brand of the soap. This soap is sold in Korea. Therefore, you would need to purchase it online. At this point, you come across the following catalog.



Country of Origin: Korea
Price: 10,000 KRW
Shipping Fee: 3,000 KRW
Weight: 300g
Components: Originated from Nature 99%

Based on the information above, mark V at the statement you agree upon.

1. I think I will buy this product.

1=strongly disagree ----- 7=strongly agree

2. There is a high possibility of me purchasing this product.

1=strongly disagree ----- 7=strongly agree

3. I will definitely buy this product.

1=strongly disagree ----- 7=strongly agree

4. I think that the product will be highly reliable.

1=strongly disagree ----- 7=strongly agree

5. I think that the product is excellent.

1=strongly disagree ----- 7=strongly agree

6. I think the price of the product is reasonable

1=strongly disagree ----- 7=strongly agree

7. I think the performance of the product will be more than
expected.

1=strongly disagree ----- 7=strongly agree

8. I think this product is worth buying

1=strongly disagree ----- 7=strongly agree

9. I want to recommend this product to someone else.

1=strongly disagree ----- 7=strongly agree

APPENDIX B – Study 2

Name: _____ Age: _____ Sex: _____ Occupation: _____

Let' s assume that you need a new soap, since you are done with the previous one.

You are not aware whether a perfect soap, which is chosen based on the Country of origin and refundability, is sold in the market.

Furthermore, you do not know the brand of the soap. This soap is not sold in Korea. Therefore, you would need to purchase it online.

At this point, you come across the following catalog.



Country of Origin: France

Price: 10,000 KRW

Shipping Fee: 3,000 KRW

Weight: 300g

Components: Originated from Nature 99%

Based on the previous information, mark V at the more proper place between the two options offered. Assume that you would like to refund the product due to the quality of the product or a simple

change of mind.

1. The customer service will assist me properly with the refund.

1=strongly disagree ----- 7=strongly agree

2. The customer service will provide an amiable service concerning the refund.

1=strongly disagree ----- 7=strongly agree

3. The customer service will provide me with a sufficient amount of information.

1=strongly disagree ----- 7=strongly agree

4. The customer service will handle the refund immediately.

1=strongly disagree ----- 7=strongly agree

Please answer the following questions while considering the refundability of the product.

5. I think I will buy this product.

1=strongly disagree ----- 7=strongly agree

6. There is a possibility of me purchasing this product.

1=strongly disagree ----- 7=strongly agree

7. I will definitely buy this product.

1=strongly disagree ----- 7=strongly agree

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국문초록

제품의 원산지는 글로벌 마케팅 시대에 중요한 경쟁변수로서 빈번하게 연구되었고, 소비자 행동과 구매에도 영향을 미치는 것으로 나타났다. 글로벌 시대에 외국 제품 및 브랜드 이미지를 선호하는 소비자 태도는 마케팅 전략 수립에 중요한 기초가 되기에, 특정 국가와 제품에 대한 소비자의 신념, 태도 혹은 행위를 설명하는 원산지 효과는 상당히 중요하다.

본 연구는 한국 소비자를 대상으로 실증연구를 수행하였다. 원산지 효과가 제품평가, 구매의도 등에 직접적으로 미치는 영향, 고관여 제품이 원산지 효과에 미치는 영향 등 기존 논문과 달리 저관여 제품의 품질을 세분화하여 원산지 효과와의 상호작용이 제품평가, 구매의도, 구전의향에 미치는 영향을 연구를 했다.

한국소비자들이 저관여 제품의 품질과 원산지 중 어떤 요소를 더 중요시하고 선택할 것인지를 탐구한다. 연구를 위한 비교군은 한국산 생활용품과 프랑스산 생활용품이다. 원산지가 독립변수, 제품 품질이 조절변수로서 제품평가, 구매의도, 구전의향에 어떠한 영향을 미치는지 살펴보고자 한다. 세부적으로는 소비자에게 제품에 대한 흥미 또는 중요성이 비교적 낮지만 사람이 생활하는데 있어서 반드시 필요로 하는 저관여 제품(생활용품)을 중심으로 제품 품질에 따라 원산지 효과가 제품평가,

구매의도, 구전의향이 어떻게 다른지 분석한다. 또한, 온라인 쇼핑은 오늘날 소비자들에게 너무나 친숙한 일상이 되었으며, 특히 국가 간 장벽을 뛰어넘는 해외직접구매는 새로운 쇼핑 트렌드로 부상하여 그 동안 학자들로부터 주목받지 못했던 환불 용이성이 해외 직구를 통한 외국산 제품과 국산 제품 간의 어떠한 관계가 있는지 분석해보자 한다.

주요어: 제품 품질, 원산지 효과, 제품 평가, 구매의도, 구전의향, 환불 용이성

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