

Project Dissertation

Effects of Country of Origin on Indian Consumers' Perception of Product Quality and Buying Intentions – A Case of Italian Products

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CERTIFICATE

This is to certify that the Dissertation titled “**Effect of Country of Origin on Indian Consumers’ Perception of Product Quality and Buying Intentions – A Case of Italian Products**”, is a bonafide work carried out by Syed Fazal Karim, student of MBA 2014-16 and submitted to Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 in partial fulfillment of the requirement for the award of the Degree of Masters of Business Administration.

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Place: New Delhi

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DECLARATION

I, Syed Fazal Karim, student of MBA 2014-16 of Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 declare that the dissertation, “**Effect of Country of Origin on Indian Consumers’ Perception of Product Quality and Buying Intentions – A Case of Italian Products**” submitted in partial fulfillment of the requirement for the award of the Degree of Masters of Business Administration is an original work conducted by me.

The information and data given in the report is authentic to the best of my knowledge. The report is not being submitted to any other University for award of any other Degree, Diploma and/or Fellowship.

Place: New Delhi

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Date: 26/5/2016

(2K14/MBA/76)

ACKNOWLEDGEMENT

I strongly believe in two things, Knowledge is unlimited and that there is nothing in this world that an individual does not need to know. This dissertation stems out from my curiosity to learn more about a topic that has been my fascination for almost two years now.

I am greatly thankful to my institute, **Delhi School of Management**, for providing me with this opportunity to get an insight into this completely new topic. It was a great chance for learning and knowledge enhancement. I consider myself to be blessed with immense good fortune to have been able to conduct this research.

I would also like to use this opportunity to express my extreme gratitude to my mentor, **Ms. Abhinav Chaudhary**, who in spite of being extremely busy with her other duties and teaching schedules always took out time to guide me, help me and advise me.

I also want to express my deepest gratitude to **Mr. Anurag Tiruwa**, for his immense support and guidance throughout the project. He has always been a part of molding my thought process with his inputs and has advised me thoroughly in order to make things look more systematic.

It is my radiant sentiment to place on records my best regards and deepest sense of gratitude to **Prof. P.K.Suri** for his careful guidance in this project. His experience of Government and his inputs were of immense value to the project. I would also like to thank Dr. Vikas Gupta and Dr.Rajan Yadav for their constant suggestions and feedback on my work.

I would also like to take this opportunity to thank my friends, Anoushka Sharma, Ayesha Rahmat, Shashank Kashyap and Vipul Jain, who were my peer reviewers of the dissertation. They provided timely feedback and suggestion for improvement. Their feedback was highly valuable and central to this dissertation.

Sincerely,

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EXECUTIVE SUMMARY

The main objective of the study is to understand the influence of country-of-origin image on consumers' purchase decision, at first, literature review was carried out. Based on the literature review it is concluded that, there is a relationship between country-of-origin image and consumers' purchase decision. Hypotheses were developed from the study of the literature review in order to find out the relationship between country-of-origin image and consumers' purchase decision. A theoretical model was developed based on the literature review by taking into account the identified dimensions of country-of-origin image and dependent variable purchase decision and perceived relation among them. In addition, the modifier variable- product knowledge was identified and its effect on the proposed relationship between country-of-origin image and consumers' purchase decision was portrayed in the theoretical framework.

For the study of the variables, questionnaire was used to study country-of-origin image and item questionnaire was used to study purchase decision. In addition, the questionnaire was used to study product knowledge and lastly questionnaire was developed for perception about Italy and Italian products. 200 questionnaires were used for analysis and SPSS was used for finding out result of data analysis.

CONTENTS

CERTIFICATE	i
DECLARATION	ii
ACKNOWLEDGEMENT	iii
EXECUTIVE SUMMARY	iv
1. INTRODUCTION	1
1.1 Background	1
1.2 Problem Statement	6
1.3 Research Objective	8
1.4 Research Questions or Hypothesis	9
1.5 Significance of Study	9
1.6 Limitations of Study	10
1.7 Operational Definitions	10
1.7.1 Country- Of – Origin	10
1.7.2 Country of Origin Image	10
1.7.3 Product Knowledge	10
1.7.4 Purchase Decision	11
2. LITERATURE REVIEW AND THEORETICAL FRAMEWORK	12
2.1 Country- Of- Origin	12
2.1.1 Country of Origin as Secondary Brand Association	3
2.1.2 Country of Origin as product Cue	15
2.1.3 Country of Origin as Signal of Quality	16
2.2 Country of Origin image	17
2.2.1. Dimensions of Country of origin Image	18
2.3 Product Knowledge	21
2.3.1 Influence of Product Familiarity on the Country of Origin Effect and Purchase Decision	23

2.4 Product Purchase Decision	26
2.4.1 Purchase Intention	26
2.4.2 Purchase Evaluation	27
2.5 Country of Origin Image Influence on Purchase Decision	29
2.6 Italian Country of Origin Effect: Made in Italy features	32
2.7 Theoretical Framework	33
3. RESEARCH DESIGN AND METHODOLOGY	36
3.1 Research Plan and Design	36
3.2 Type of Study	36
3.3 Sample Description	37
3.4 Instrumentation	37
3.5 Measurement	38
3.6 Pilot Test	38
3.7 Data Collection Procedure	38
3.8 Validity and Reliability	38
3.9 Data Analysis	39
4. RESULTS AND DISCUSSION	41
4.1 Respondents Profile	41
4.1.1 Gender of Respondents	41
4.1.2 Age Group of Respondents	42
4.1.3 Academic Qualification of the Respondents	43
4.1.4 Occupation Status of the Respondents	43
4.2 Descriptive Analysis	44
4.2.1 Political Dimension	45
4.2.2 Economic Dimension	48
4.2.3 Technological Dimensions	50
4.2.4 Human Factors	53

4.2.5 Overall Country of Origin Image	55
4.2.6 Purchase Decision	55
4.2.7 Product Knowledge	59
4.2.8 Perception towards Italy and Italian Products	61
4.3 Hypothesis Test	67
4.3.1 Political Dimension and Consumer's Purchase Decision	67
4.3.2 Economic Dimension and Consumers' Purchase Decision	68
4.3.3 Technical Dimension and Consumers' Purchase Decision	69
4.3.4 Human Factors and Consumer's Purchase Decision	70
4.3.5 Overall Country of Origin Image and Consumers Purchase Decision	70
4.3.6 Analysis with Modifier	71
4.4 Discussion	72
5. FINDINGS AND CONCLUSION	76
5.1 Summary of Findings	76
5.1.1 County of Origin Image and consumer's Purchase Decision	76
5.1.2 Perception of Indian consumers for Italy and Italian products	78
5.2 Conclusion	79
5.3 Suggestions for Further Research	80
6. LIMITATIONS AND RECOMMENDATIONS	81
6.1 Limitations	81
6.2 Recommendations	81
References	
Appendix	

LIST OF TABLES

Table 3.1 Division of Questionnaire	37
Table 3.2 Cronbach's Alpha Coefficient	39
Table 4.1 Descriptive Study of Political Dimensions	45
Table 4.2 Descriptive Study of Economic Dimensions	48
Table 4.3 Descriptive Study of Technological Dimensions	50
Table 4.4 Descriptive Study of Human Factors	53
Table 4.5 Descriptive Statistics of Overall Country of Origin Image	55
Table 4.6 Descriptive Statistic of Purchase Decision	56
Table 4.7 Descriptive Statistics of Product Knowledge	59
Table 4.8 Descriptive Statistics of Perception of Italy and Italian Products	62
Table 4.9 Correlation between Political Dimension and Purchase Decision	68
Table 4.10 Correlation between Economic Dimension and Purchase Decision	68
Table 4.11 Correlation between technological dimensions and purchase decision	69
Table 4.12 Correlation between human factors and purchase decision	70
Table 4.13 Correlation between overall country of origin Image and purchase decision	71
Table 4.14 Regression between Modified country of origin image dimensions and purchase decision	72
Table 5.1 Correlations among the dimensions of county of origin image and consumer's purchase decision	78

LIST OF FIGURES

Fig 2.1: Theoretical Framework	32
Fig 4.1 Gender of Respondents	41
Fig 4.2 Age Group of Respondents	41
Fig 4.3 Educational Qualification of Respondents	42
Fig 4.4 Occupation Status of Respondents	42
Fig. 4.5 Country image according to political Preference	43
Fig. 4.6 Country image according to respect for human rights	43
Fig. 4.7 Country image according to state of peace in that country	43
Fig. 4.8 Country image according to relations with India in world affairs	44
Fig. 4.9 Country image according to economic system in the country	44
Fig. 4.10 Country image according to level of Industrialization	45
Fig. 4.11 Country image according to level of developed economy	45
Fig. 4.12 Country Image according to level of technological and industrial research	46
Fig. 4.13 Country Image according to level of information technology	46
Fig. 4.14 Country Image according to skilled technical workforce	47
Fig. 4.15 Country Image according to experience about that country	48
Fig. 4.16 Country Image according to fondness of celebrities from that country	48
Fig. 4.17 Use of Country-of-Origin to evaluate product quality	49
Fig. 4.18 Country should have perceive strength and skill to manufacture product	49
Fig. 4.19 Purchase of foreign Products to enhance the self-image	50
Fig. 4.20 Purchase of foreign products enhances social status and pride	50
Fig. 4.21 Use of Country-of-Origin image if access to internal features is there	52
Fig. 4.22 Use of Country-of-Origin image if someone had technical knowledge of the products	52
Fig. 4.23 Use of Country-of-Origin image if access product knowledge is there	53
Fig. 4.24 Italy is an advanced economy	53

Fig. 4.25 Italy has beautiful environment and culture	56
Fig. 4.26 Perception about Italy on a 5-point scale	57
Fig. 4.27 Perception about “Made in Italy” Products	58
Fig. 4.28 “Made in Italy” products reduces risk associated with a brand	59
Fig. 4.29 Italian products are considered as high social status products	60
Fig. 4.30 Most preferred “Made in Italy” Products Category	61
Fig. 4.31 If product quality of India and Italy is considered to be same, then	62

CHAPTER 1

INTRODUCTION

1.1 Background

International irrepressible environment- economic, socio-cultural, political and technological is revolutionizing precipitously. These transformations are nurtured by rapid advancement in transportation and telecommunication means, which are fetching geographically distant countries closer to each other. Countries are enthusiastic to participate dynamically in this trend by renouncing trade and communication barriers, which avert the exchange of products and services amongst countries in the international marketplace. Countries are embarking on to open more trade channels with the rest of the world. Some countries (e.g. North Korea and Cuba) still preclude their people from actively involving in this practice. The barriers against the free flow of services and products amongst countries comprise of tangible barriers such as quotas and tariffs and intangible barriers such as consumers' bias (Lamb & Wang 1983).

Globalization has enhanced the prospects of companies to offer their goods to buyers all-round the globe. At the same time, consumers have the options of choosing from a wide range of products and services in virtually every category. Globalization and improved international business undertaking have triggered the emergence of global marketplace, where products from one country are accessible to customers in other countries (Hsieh, 2002). Globalization is highlighting the country-of-origin significance query in the new light. The quintessence of the image of product's country-of-origin can be exhibited by the question that Papadopoulos (1993) posed, "It is often said that brand names like McDonald's are worth millions. If so, how many billions is Germany's image worth?"

A products' country-of-origin was not an issue of concern before First World War (1914-1918). After Germany's defeat in World War I, its industries were coerced to imprint the English words: *Made in Germany*, by the victors as a penalization to German industries and an intend to help consumers in the North America and rest of Europe to evade products from their former adversary (Morello, 1984). Thus, at the

beginning the country-of-origin labeling conveyed negative connotation. However, this ignominy did not persist long and today, German engineering is globally renowned for products of high quality.

Consumers often use country-of-origin parameter to anticipate the eminence and performance of products and to comprehend the rationality of their purchasing decisions (Cai et al, 2004; Khachatuarian & Morganosky, 1990). Prior researches on country-of-origin insinuate that consumers use their perception about countries where products are manufactured as an external cue to evaluate products. The knowledge regarding country-of-origin not just facilitates consumers to shape preferences and purchase decisions, but also stimulates emotions, imagery, feelings, and fancies. Many consumers employ country-of-origin stereotypes to evaluate products for instance, “Japanese electronics are dependable”, “German cars are efficient”, “Italian pizzas are fantastic”. However, there is another side of coin too; country-of-origin may be the grounds to avoid the products. For example, following the circulation of a series of controversial cartoons portraying the Prophet Mohammed, Danish products were pulled off the shelves of many stores in the Middle East, costing Denmark's companies millions and rising fears of irrevocable damage to trade relations (Fattah, 2006). Therefore, many consumers believe that a “made in . . .” imprint means a product is of “better-quality” or “substandard” depending on their perception about the country (Yasin *et al.*, 2007).

Even though there are many considerations that consumers contemplate when they want to buy something, such as color, brand and design, scholars cannot ignore extrinsic aspects like country-of-origin. The international marketing research shows that consumers use this extrinsic aspect for assessing products. In other words, country of origin is a complex issue for international trade as it implies consumer intent.

The idea of how customers respond to products from other countries has always been appealing to marketers and scholars. The influence of country-of-origin perception on consumers' purchase decision is an extensively researched phenomenon. Numerous explanations of products' country-of-origin image, also termed as products' nationality bias- has been proposed since Schooler's study in 1965 (CAI and Yi, 2002). Akria

Nagashima's (1970) description has been comprehensively acknowledged: the “made in” image is the depiction, the significance, the stereotype that manufacturers and customers assign to products of a particular country. This image is shaped because of variables such as national attributes, economic and political conditions, history and ethnicities. It has an effective impact on consumer behavior in the global marketplace, as it is correlated with mass communication, individual experience, and opinions of national leaders.

The country image developed in the mindset of the consumers' encompasses three elements they are, a cognitive element, an affective element and a conative element. Cognitive element involves consumers' views about the country's industrial, technical as well as governmental background; affective element comprises the nation's symbolic and sensitive value to the customer, and lastly, conative element infers seizing customers' desired engagement with the sourcing nation. According to strategy and marketing vocabulary conative (behavior) element also termed as “intention to buy”, is a function of the tri-component approach model that suggest a customers' possibility of propensity to behave in a specific situation with regard to an attitude-object. Assessing purchasing intention is predominantly significant in forming marketing policies.

However, arrival of globalization, internationalization, and liberalization, has offered customers with more varieties in shopping, accessibility to numerous products in the market has led to difficult product evaluation approach to be dealt with; therefore, a purchase decision is complicated to make. Researches on country-of-origin confirm that it affects the mindsets and evaluations of customers (Bilkey & Nes, 1982). Therefore, it is primarily accepted that country-of-origin does effect customers' product assessment and purchase behavior (Bilkey & Nes, 1982; Liefeld, 1993; Peterson & Jolibert, 1995; Pharr, 2005).

There are several perceptions of country-of-origin's influence on purchase behavior. Primarily, country-of-origin has an effect on opinions regarding certain products that can be encompassed to the whole purchase assessment. Besides, the country-of-origin also shapes customer's attitude about the country and over-all goods that are produced in that nation; hence, this assessment may have a optimistic or pessimistic influence on

description of other data for particular product. One more perspective is that country-of-origin is an important aspect that arouses concerns about the country-of-origin of the product, and, mostly, purchase behavior. Darley and Lim, in 1997, affirmed that nations with a vulnerable image have a greater risk in making purchase influence.

Johansson et al. (1985) believed that customer's subjective preference against a particular product would be reduced if they had necessary purchasing knowledge or high product understanding; thus, the effect of country-of-origin would also be diminished. Change (2004) revealed that customers use to deduce product quality from country-of-origin when there is not enough product familiarity i.e. when there is inadequate product knowledge for reference.

According to the literature, Country-of-Origin directly effects consumers' perception of product quality, attitudes, behaviors, and purchase intention (Agarwal & Teas, 2000; Baker & Ballington, 2002). Additionally, certain country specific factors, such as quality of raw material, experience gained through hundreds of years of manufacturing, and the level of internal competition, have significant influence on consumer perception of product quality (Katsanis & Thakor, 1997).

An experiment conducted by Agarwal and Teas (2000) involving wristwatches, revealed a significant positive correlation between Country-of-Origin and perceived quality when countries with product manufacturing expertise were used. They found negative relationships when countries without expertise in the manufacturing of watches were used. Their results indicate that the effect of Country-of-Origin on perceived quality might be restricted to a certain product type. Therefore, such studies assume that the perception of quality is specific to certain countries rather than the entire world (Brouthers, 2001). Consequently, for many products, marketing managers are promoting the Country-of-Origin as a means of enhancing the consumers' quality perception of their product offering and as a strategic positioning variable for gaining competitive advantage in the marketplace (Ettenson & Klien, 1998).

According to Darley and Lim (1994) and Katsanis and Thakor (1997), country-of-origin is often seen as a product attribute by consumers, thereby influencing their perception of

quality. This finding is supported by Cordell (1991), who concluded that, many customers use country-of-origin as an attribute when deciding between alternative and competitive products. Country-of-origin is a salient attribute that has a significant effect on consumers' perception when they are informed that the product was manufactured in a country known for high-quality products (Leclere & Schmitt, 1994; Samiee, 1994).

Indian consumer segment is broadly segregated into urban and rural markets, and is attracting marketers from across the world. The sector comprises of a huge middle class, relatively large affluent class and a small economically disadvantaged class, with spending anticipated to more than double by 2025. Political stability and improved economic conditions have led to an increase in consumer spending. In addition to the consumer profile becoming younger and younger, rural consumers are also beginning to demand attention. At the same time, growing health and social image consciousness continue to shape consumers' mind-set. Demographic trends are dominated by two key factors: a large young population under the age of 30 and faster growth rates among older age groups.

Global corporations view India as one of the key markets from where future growth is likely to emerge. The growth in India's consumer market would be primarily driven by a favorable population composition and increasing disposable incomes. A recent study by the McKinsey Global Institute (MGI) suggests that if India continues to grow at the current pace, average household incomes will triple over the next two decades, making the country the world's fifth-largest consumer economy by 2025, up from the current 12th position.

The changing landscape leaves Indian consumers with ample of varieties with products from all over the world. However, this study mainly focuses on the perception of Indian consumers towards Italy and Italian products. The choice of Italy as the product country was done because its production has long traditions and it is well known for its Fashion, Food, Home furniture and Mechanical sectors. The Italian producing features are concentrated in two business areas, the "traditional" and the "specialized suppliers" industries (Pavitt, 1984), that are noticeable in the so-called four As' of the Italian production: Agro-Alimentare (Food farming), Abbigliamento-moda (Fashion clothing),

Arredamento–casa (Home furniture), Automazione meccanica (mechanical automation) (Bertoli et al., 2012).

The Italian traditional industries (such as food, clothing, leather etc.), focuses more the attention on product quality rather than cost efficiency and volumes. In all the fields, Italy tries to create a mix between innovation, creativity and luxury. The Italian product high-quality image has drawn the International marketing attention but today it suffers for the increasing competition coming from the emerging countries. Even if the income growth of the Global Market demands are more focused on volume and speed productions there is an increase in the quality request, Made in Italy is able to face the challenge, trough the product quality certification, ensuring consumers or potential consumers and satisfying their needs (Bertoli et al., 2012).

Nevertheless, as globalization has progressed and traded goods have become an integral part of the typical consumer's life, one might question whether conventional wisdom still holds. In addition, a consumer has too many extrinsic and intrinsic cues to evaluate the product, in this scenario does image of country-of-origin still a valid yardstick to make the purchase decision. This study aims to find the answers for these questions.

1.2 Problem Statement

India had the distinction of being the world's largest economy in the beginning of Christian era, as it accounted for about 32.9% share of world GDP and about 17% of the world population. The goods produced in India had long been exported to far off destinations across the world. Therefore, the concept of globalization is hardly new to India (Rakesh and Joshi, 2009)

India currently accounts for 2.7% of World Trade (as of 2015), up from 1.2% in 2006 according to the World Trade Organization (WTO). Until the liberalization of 1991, India was largely and intentionally isolated from the world markets, to protect its fledgling economy and to achieve self-reliance. Foreign trade was subject to import tariffs, export taxes and quantitative restrictions, while foreign direct investment was restricted by upper-limit equity participation, restrictions on technology transfer, export

obligations and government approvals; these approvals were needed for nearly 60% of new FDI in the industrial sector (Sahoo, 2014).

India's exports were stagnant for the first 15 years after independence, due to the predominance of tea, jute and cotton manufactures, demand for which was generally inelastic. Imports in the same period consisted predominantly of machinery, equipment and raw materials, due to nascent industrialization. Since liberalization, the value of India's international trade has become more broad-based and has risen multifold. India's trading partners are China, the US, the UAE, the UK, Japan and the EU (Datt and Ruddar, 2006).

India is a founding-member of General Agreement on Tariffs and Trade (GATT) since 1947 and its successor, the World Trade Organization. While participating actively in its general council meetings, India has been crucial in voicing the concerns of the developing world. For instance, India has continued its opposition to the inclusion of such matters as labor and environment issues and other non-tariff barriers into the WTO policies (WTO, 2005).

India has made commitment for the barrier less, free trade in multilateral global and regional forum. These commitments led to the flood of numerous foreign brands in Indian market.

Before making any purchase decision customers examine products using various product cues. Country-of-origin is one of the extrinsic cues, which are used by customers to evaluate the foreign brands (Kardes, Cronley et al., 2004); (Pappu et al., 2006). Research has shown that impression of product's country-of-origin affects consumers' purchase related decisions. The country image serves as the predictor of product quality to customers; it serves as the tool for cognitive assessment of product. Similarly, consumers' may have affective attachment towards the particular country, they simply form favorable image of particular country because they like the celebrities of that country; they have good relationship with people of that country or because of some other reasons. This provokes the emotional side of the consumers'; they tend to patronage products from the country with which their sentiments are intact.

The field of study of country-of-origin comes to the foreground in 1960's with Schooler's effort in 1965. Since then, the total number of works on the topic reaches up to 1,000 of which at least 400 were published in referred academic journals (Usunier, 2006). Though there are many studies conducted in this theme abroad. Enough research has not been done in India focusing on Indian consumers. Specially, at the context of India being connected to the global trading network since the inception of GATT and later WTO. Nowadays, Indian consumers' have privilege to examine number of brands, which are available in almost every product category. So, the product purchase decision has become very complex to Indian consumers.

This research tries to examine whether given all other information, does still country-of-origin image influences Indian customer's buying decision while buying products from foreign origin. Thus, the influence of image of product's origin on consumer's purchase decision was studied and assessed through this research work. In addition, quality perception of Indian consumers towards Italy and its products was also explored through comprehensive evaluation.

1.3 Operational Definitions

1.3.1 Country-of-Origin

Country-of-origin refers to the country that manufactures designs or assembles a product or brand with which it is associated. If a product has been produced or modified in two or more countries, the country-of-origin of the product will be the last country where the products have been processed.

1.3.2 Country-of-Origin Image

Country image is the sum of consumer's beliefs, ideas and impressions about a certain country. The impression about any particular country is based upon political system, level of economic and technological developments and the people who reside there.

1.3.3 Product Knowledge

Product knowledge means the technical or objective knowledge that the consumers' have about the product. Consumer is somewhat expert and experience to use the product.

1.3.4 Purchase Decision

Purchase decision means consumers' effort to examine the list of brands in a product category and making intention to patronize the particular brand. It shows the attitude and intention of consumers' towards the product.

LITERATURE REVIEW

2.1 Country-of-Origin

Country-of-origin is usually communicated by 'Made in' or 'Manufactured in' labels (Bilkey & Nes, 1982). The information regarding country-of-origin has traditionally been communicated to consumers as simply the nationality of the company manufacturing the product (Bilkey & Nes, 1982; Gaedeke, 1973; Han, 1988; Hong & Wyer, 1989; Obermiller & Spangenberg, 1989). Although, there is no precise definition about country-of-origin (Sauer et al., 1991), it can be understood as the image of a country in consumers' minds, which influences their evaluation towards the products, or brands that are offered by that country (Chapa et al, 2006; Morello, 1993; Samiee, 1994; Shlomo & Jaffee, 1996).

The concept of country-of-origin was vague until late 1980s; Han and Terpstra (1988) are the ones who had classified the country-of-origin into the nations that manufactured key component and nations that assembled products. Their work was further elaborated by Inch & McBride (2004) and classified country-of-origin into the category of country of product design (COD), country of product assembly (COA), and country of parts manufacture (COP). Ahmed et al. (2004) defines country-of-origin as the country that conducts manufacturing or assembling. Saeed (1994) indicates that country of manufacture (COM) represents the last location/country of manufacturing or assembling one product so he defines country-of-origin as the country that a manufacturer's product or brand is associated with; traditionally this country is called the home country. In addition, Roger et al. (1994) argues that there is no distinct difference between location of manufacture and location of assembly, and this causes no significant difference to customers concerning product appraisal. Johansson et al. (1985) and Ozsomare & Cavusgil (1991) believe that when the headquarters of the company are gathering in one country and marketing for that brand, that location is the country-of-origin of that product.

According to the Revised Kyoto Convention (2006) (international convention on the simplification and harmonization of international customs procedures) “country of origin of goods” means the country in which the goods have been produced or manufactured; if a product has been produced or modified in two or more countries, the country-of-origin of the product will be the last country where the products have been processed. In sum, country-of-origin refers to the country that manufactures designs or assembles a product or brand with which it is associated (J. K. Lee & Lee, 2009).

2.1.1 Country-of-Origin as Secondary Brand Association

Secondary brand association is the effort to link the brand to some other entity – some source factor or related person, place, or thing that may create new set of association from the brand to the entity, as well as affecting existing brand associations (Keller, 2003). The country or geographical location from which the product originates may become link to the brand and generate secondary association (Li & Wyer, 1994). Choosing brands with strong national ties may reflect a deliberate decision to maximize product utility and communicate self-image, based on what consumers believe about products from those countries (Keller, 2008).

Numbers of brands are able to create a strong point of difference, in part because of consumer's identification of and beliefs about the country of origin. For example: Levi's jeans-United States, BMW-Germany, Sony-Japan, Mont Blanc pens-Switzerland, Gucci shoes and purses-Italy etc. (Keller, 2008). To establish a product or country-of-origin association marketers use various techniques. They can embed the location in the brand name such as Irish Spring soap, South African Airways. On the other hand, they can make the location the dominant theme in brand advertising. Some countries have even created advertising campaigns to promote their products such as-"Rums of Puerto Rico", others have developed and advertised labels or seals for their products. For example: in 1991, New- Zealand set out to create "The New Zealand Way" (NZW) brand to build strong national umbrella brand that added value to marketing of New Zealand-origin products and services by differentiating them in international markets. The NZW brand was designed to position a broad range of country's tourism and trade products and services at the forefront of world markets (Kotler, Jatusriptak &

Maesincee, 1997); (Olins, 2002); (Gudjonsson, 2005); (Park & Warren, 2002). Moreover, events or actions associated with the country may color people's perception. For example, strong connections to a country may pose problems if the firm desires to move production elsewhere (Keller, 2008).

Consumer behavior and attitudes may also undergo significant change over time due to factors such as the country's level of industrialization, social lifestyles and the influence of globalization. As more companies compete on the global markets and manufacture their products worldwide, the country of origin cue become more important as consumers often evaluate quality of a product based on the country where the product is produced (Ghazali et. al. 2008). The globalization of today's business environment has resulted in a unique problem for manufacturers, marketers, and consumers. The country of origin (where a product is made) touches both consumer evaluations of the product as well as the firm's decision to manufacture its goods in certain countries and how to brand. While conceptual and empirical, evidence in the literature supports the contention that the country of origin affects upon the consumer's perceptions of quality, explanations as to why be virtually nonexistent (Han & Qualis, 1985). Globalization has promoted the emergence of a new type of consumer and has had effects on industry in terms of culture, economics, marketing and social issues at every scale from local to global. As more companies compete on the global market and manufacture their products worldwide, the location where they manufacture the products has an effect on the perception of the consumer on the quality of the product based on the country where the product is produced (Ammi, 2007).

In addition, country-of-origin is considered as an important variable influencing consumer perception of brands (Hulland, 1999). Country with a positive country image would cause brand popularity and consequently lead to consumer brand loyalty (Kim, 1995). Consumers may develop loyalty towards certain countries and lead to continuous purchase preferences from those countries (Ahmed & D'Astous, 1996). Country-of-origin could emerge as the secondary brand association that affects brand equity (Aaker, 1991); (Keller, 1993). Being seen as a secondary association of a brand, country-of-origin is considered as one of the sources for generating brand image. While consumers'

country-of-origin associations emerge as secondary associations; they would affect brand image/associations and subsequently brand equity as consumers with knowledge of country-of-origin of the brand will possess positive/negative associations towards the image of that brand (Pappu & Cooksey, 2006, 2007).

Considering, the favorability of a country-of-origin association from both a domestic and a foreign perspective. In the domestic market, country-of-origin perceptions may stir consumers' patriotic notions or remind their past. As international trade grows, consumers may view certain brands as symbolically important of their own cultural heritage and identity. Some research found that domestic brands were more strongly favored in collectivistic countries such as Japan and other Asian countries that have strong group norms and ties to family and country. In individualistic societies such as the United States and other Western countries that are more guided by self-interest and personal goals, consumers demand stronger evidence of product superiority (Gurhan-Canli & Maheswaran, 2000).

2.1.2 Country-of-Origin as Product Cue

Consumers use both intrinsic and extrinsic informational product cues as the basis to make purchase decision (Ulgado & Lee, 1998); (Veale & Quester 2009). Intrinsic cues involve the physical composition of a product, whereas extrinsic cues are product related, but are not part of the physical product itself. Brand name, retailer reputation, and products' country of origin are regarded as extrinsic cues and can be manipulated without physically changing the products (Verlegh & Steenkamp, 1999); (Veale & Quester 2009). The country of origin of a product is an extrinsic cue, which is known to influence consumers' perceptions and to lead consumers to cognitive elaboration (Pappu et al., 2006). Studies show that as an extrinsic cue, country of origin helps people in judging. This happens because when intrinsic cues are missing or cannot easily be assessed; consumers tend to rely more on extrinsic cues (Jacoby et al., 1977); (Zeithaml, 1988) also, evaluating extrinsic cues is more convenient than intrinsic attributes, and the important thing that should be considered is that the country of origin effect is involuntary on people's evaluation (Dagger & Raciti, 2011); (Powers & Fetscherin, 2008); (Yasin, 2007). The image of countries as origins of products is one of

many extrinsic cues that may become part of a product's total image (Eroglu & Machleit, 1989) although they have no direct bearing on the product's performance, still they can influence consumers' perceptions (CAI, 2002).

2.1.3 Country-of-Origin as Signal of Quality

Country-of-Origin has a direct effect on the consumers' perception about product quality (Laroche, et al., 2005). When consumers have little knowledge about a foreign product's attributes, they are likely to use indirect evidence, such as country of origin, to evaluate products and brands and make inferences regarding the quality of their attributes (Bilkey & Nes, 1982). Quality as a representation of a country's production has an important effect on consumers' evaluations of products (Broniarczyk & Alba, 1994). A preference for German cars, for example, may be explained by the perception of advanced technological quality of the German industry as a whole (CAI, 2002). Research has shown that country of origin serves as a signal for product quality and performance (Erickson, Johansson & Chao, 1984) and helps consumers to understand the rationality of their purchasing behavior (CAI, Cude & Swagler 2004; Olins, 2004).

Nowadays, more companies are competing on the global market - these companies manufacture their products worldwide and the location where they manufacture the products might affect the perception of the consumer on the quality of the product (Ahmed, Albarq & Alsughayir, 2012). The other point that studies demonstrate is that people care about which country products come from and where they are made and consider these factors when evaluating the quality of products, (Parkvithee & Miranda, 2012). However, a study has pointed out that the impact of country-of-origin on perceived quality is moderated by the factors such as: consumers' perceptions of value, risk, trust, attitude towards the brand, satisfaction, familiarity, attachment, and involvement (Chueh & Kao, 2004).

There are other various reasons that consumers use country of origin as a source of evaluating goods. First, because of rapid growth of globalization, consumers tend to evaluate products based on their country of origin. The second reason is, due to the increasing amount of information about products and their complexity; consumers have

to rely on the home country of a product in their purchasing decisions, and last but not the least, because consumers get to know other country's products and they will experience different products from different countries (Ozretic-Dosen, Skare et al. 2007).

2.2 Country-of-Origin Image

There are three main approaches that can be identified in conceptualizing country-of-origin image depending on their focal image object (Roth & Diamantopoulos, 2009):

1. The first approach focuses on product image, i.e. studies that define country image at the product level;
2. The second approach refers to product-country image and includes those authors that see country image and product image as two independent but related parts; and
3. The third approach refers to overall country image approach: writings that present country image as a broad construct determined by multiple factors.

Nagashima (1970), one of the first to describe country image using first approach, describes it as the picture, the reputation, the stereotype that consumers attach to products of a specific country. Using the same approach, Han (1990) indicates that country image can be understood as consumers' general perceptions about the quality of products made in a given country, and Roth and Romeo (1992) conceptualize it as 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.

In line with the realm of product-country image, scholars insist on extending the traditional narrow concept of country-of-origin (Ger, 1991) to capture both product evaluation and the country image aspects (Papadopoulos et al., 1988; Parameswaran & Pisharodi, 1994; Lee & Ganesh, 1999). Moreover, Knight and Calantone (2000) view country image as a consumer's perceptions about the quality of products made in a particular country and the nature of people from that country.

Third approach views country image as a broad construct determined by multiple factors. The first group encapsulates studies that see country image as a cognitive structure. Martin and Eroglu (1993) argues that country image is an independent entity, entirely dissociated from the image of the country's products, and view the construct as the total of all descriptive, inferential and informational beliefs one has about a particular country. Also, country image is defined as the sum of beliefs, ideas and impressions that people have of a place (Kotler et al., 1993; Kotler & Gertner, 2002; Gertner & Kotler, 2004). Country images represent a simplification of a large number of associations and pieces of information connected with a place (Kotler et al., 1993). Askegaard and Ger (1997) and Verlegh (2001) adopt a broader perspective and acknowledge not only a cognitive component but also an affective component within the country image construct. They see country image as a network of elements or associations, respectively. Szeles (1998) believes country image as an internal and external framework of the opinions and beliefs on a people, nation and country and the simultaneously objective and subjective psychological contents of heterogeneous and generalized value judgment thereof. Verlegh (2001) defines country image as a mental network of affective and cognitive associations connected to the country.

2.2.1 Dimensions of Country-of-Origin Image

Representative products, national characteristics, economic and political background, history, and traditions (Nagashima, 1970) create the country-of-origin image. Besides, some researchers also argues that the mental representations regarding the products origin is formed in the consumer's mind through country's people, products, culture and national symbols (Ger, 1991; Askegaard & Ger, 1996).

Several studies regarding country-of-origin and also place branding studies acknowledges a wide range of additional determinants of country image including a country's education, culture, media, people, sports, etc. As Bannister and Saunders (1978) argued 38 years ago, country image stems from not only its products, but also other factors, namely economic, political, historical, technological characteristics and so on.

Han and Tersprtra (1988) developed five dimensions with regard to country image:

1. Technical advancements
2. Prestige
3. Workmanship
4. Economy
5. Serviceability

Desborde (1990) argues that country-of-origin image is an overall image of a country in consumers' minds. It reflects a country's culture, political system and its level of economic and technological development.

According to Martin and Eroglu (1993), image of country-of-origin is a three-dimensional construct, which clearly reflect consumers' cognitive perceptions about a country consisting of:

1. Political
2. Economic
3. Technological

Papadopoulos (1993) suggests that the image of an object results from people's perceptions of it and the phenomena that surround it. After further elaborating on their data Papadopoulos and his colleagues proposed that consumers' perceptions of the country of origin of a product comprise (Papadopoulos et al., 1988, 1990, 2000):

1. A cognitive component, which includes consumers' beliefs about the country's industrial development and technological advancement;
2. An affective component that describes consumers' affective response to the country's people; and
3. A conative component, consisting of consumers' desired level of interaction with the sourcing country.

Allred et al. (1999), suggests seven dimensions to assess the image of the product's country-of-origin they are:

1. Economy
2. Labor
3. Politics
4. Work culture
5. Vocational training
6. Environment
7. Conflict

According to the Kotler and Gertner (2002), the brand image of a country results from its:

1. History
2. Geography
3. Art
4. Music
5. Celebrities
6. Proclamations

In addition, societal ills such as AIDS, political riots, civil rights violations, environmental problems, racial conflicts, economic dilemmas, poverty, and crime rates can all be elements that influence country image (Kotler & Gertner, 2002). Child slavery in cocoa bean farms in Western African country such as Cote 'de Ivoire has caused significant impact in reduced chocolate consumption worldwide. The existence of slave labor in cocoa farms is relevant to the entire international economic community. Through trade relations, many factors are inevitably linked implicated in this problem, whether it is Ivorian government, the cocoa farmers, the American or European chocolate manufacturers, or consumers who unknowingly buy chocolates. The debates has arisen relating to the appropriate response from the chocolate industry, government officials, and the consumers concerning whether there should be banning of cocoa beans produced using child slaves in production of chocolates. It is not only about image of the end product's country of origin that is taken into consideration by the consumers but also the image of the country which supply the raw materials for that particular product determine the products acceptability in some case.

As per the study of Abraham and Ketter (2006), country image is constituted of several elements they are:

1. Country's location
2. Political structure
3. Economic situation
4. Government stability

In addition to above factors, other determinants can have an impact on country image. The individual's background is highlighted as a key variable influencing country image (Bilkey & Nes, 1982); (O'Shaughnessy & O'Shaughnessy, 2000), and later Dinnie (2008) acknowledge that personal experience of a country through working or holidaying there can play a key role in the image an individual holds of a country. Also, country-of-origin relates to emotions, identity, pride and autobiographical memories (Verlegh & Steenkamp, 1999). Similarly, research undertaken by Heslop and Papadopoulos (1993), Martin and Eroglu (1993), Gnoth (2002) and Papadopoulos and Heslop (2002) stress the importance of travelling to a country in the formation of one's image of a country.

There is also another point of view that considers the country image as emotional acts, which is because of certain ideas in their mind, which might also be the image from the residents of a particular country (Maher & Carter, 2011). Moreover, advertising programs can also help consumers to have a good and positive image about the product's country (Dagger & Raciti, 2011); (Pappu and Quester, 2007).

The country-of-origin determines the purchasing behavior, in this process dimensions like technology, innovation, prestige and also quality of that country's manufacturer are taken into account (Godey, Pederzoli et al., 2011). In some studies country image is representative of the country and its people. "Micro" and "macro" dimensions are two new dimension of country image that has been identified lately. Aspects of macro dimension in image of country-of-origin are political, technological and economical whereas on the other hand micro dimension explain about other attributes of the product such as design, prestige and creation and innovation also workmanship (Amine 2008).

2.3 Product Knowledge

Product knowledge is an important construct in understanding consumer behaviors such as information search, information processing and evaluation of purchase alternatives (Park *et al.*, 1994). Knowledge is the body of facts and principles (i.e., information) collected by humankind (i.e., stored in memory) about a domain (Page & Uncles, 2004). The degree of knowledge that consumers have about a product will influence the cues used to make product quality assessments (Rao & Monroe, 1988). The study of various literatures demonstrates that product knowledge has a significant position in consumer behavior studies (Alba, 1983; Bettman & Park, 1980; Brucks, 1985; Cowley & Mitchell, 2003). Product knowledge is described as general knowledge or the information that customer possess about functional characteristics of products and brand. It also is known as product familiarity, expertise and experience (Lee & Lee 2009). Brucks (1985) defines product knowledge as the memories and knowledge, regarding the product in the people's minds. Other researchers added that product knowledge is customers' ability to recognize products and the confidence that they have about the products (Lin & Zhen, 2005). Thus, people with a high degree of product knowledge have vast information and an organized knowledge structure, and they are aware of the product subcategories (B. K. Lee, 2005).

Consumer consciousness about products has an important effect on product knowledge (Lin & Zhen 2005). Researchers agree that there are different types of product knowledge (Raju *et al.*, 1995). Although there are different definitions of product knowledge it can be broken up into three main categories (Brucks, 1985); (Park & Lessig, 1981); (Park *et al.*, 1994):

1. Subjective knowledge or perceived knowledge
2. Objective knowledge
3. Experience based knowledge

Objective knowledge is defined as the customers' awareness of particular characteristics of the data of the product and subjective knowledge is how much the customer thinks they know about products, finally, the definition of experience goes to amount of

products' purchase and their use. In other words, objective knowledge meant for consumer's cumulative product knowledge through prior learning and/or experience; subjective knowledge meant for consumer's cognitive product knowledge and usage experience meant for consumers' rate of purchasing or usage experience with the product. To sum up, these three definitions are used for product knowledge in the literature (Brucks, 1985); (Park & Lessig, 1981); (Park et al., 1994); (Alba & Hutchinson, 1987). These three types of knowledge (i.e. subjective knowledge, objective knowledge, and usage experience) are generally considered distinct, even though they are often positively correlated (Raju *et al.*, 1995). Objective knowledge is accurate information about the product class stored in long-term memory, while self-assessed knowledge or subjective knowledge is people's perceptions of what or how much they know about a product class (Park *et al.*, 1994; Veale, 2008). While objective product class knowledge is likely to influence information processing strategies, subjective product class knowledge is more likely to affect consumers' confidence in using information stored in memory (Schaefer, 1997). Researchers intrigued by usage experience view an individual's previous product usage/experience as one indicator of objective knowledge. Among these researchers are Marks and Olson (1981).

Differences between measures of subjective knowledge (i.e., what individuals perceive that they know) and measures of objective knowledge (i.e., what is actually stored in memory) happen when people do not accurately perceive how much or how little they actually know, assuming that the measures are equally sensitive. Of course, measures of objective knowledge can never be entirely objective. That is, such measures depend on some form of communication from the individual about his/her knowledge. Nevertheless, measures of objective knowledge are conceptually and operationally distinct from measures of subjective knowledge (Brucks, 1985).

Park and Lessig (1981) believed that consumers with different product familiarity would have different knowledge structure formed and have product evaluation made with different information. Johansson et al. (1985) had the same opinion: Consumers with more purchase experiences and/or higher product familiarity would have product evaluation made in accordance with their knowledge or objective cognition; therefore,

the subjective bias would be reduced and the influence of country-of-origin would be minimized. On the contrary, consumers tended to have product evaluation made in accordance with subjective cognition when they were not familiar with an international brand name. Country-of-origin image would have a direct influence on product evaluation at the time; therefore, a stereotype impression existed easily (Han, 1991).

2.3.1 Influence of product familiarity on the country of origin effect and purchase decision

Previous studies show that country of origin is a complicated issue and that there are many moderators and variables that affect it. In addition, product knowledge is one of the variables that have a prominent role in respect of extrinsic cues (Chiou, 2003). When people have little knowledge and information about products, they use country of origin as an indirect proof, for example: people do not know special equipment from Germany but they know that Germany is a country with high quality products, so although they are not familiar with the brand, they evaluate it positively. Other researchers concluded that customers use country of origin image as a cue for assessing products when they are familiar with them. In this issue, customers use country of origin as an alternative for the performance of the product while they have a prior experience of their products in a same country of origin. For instance, a customer might have a positive experience for using a equipment from Germany and know the high standard of the products, therefore, when a new equipment from Germany but with a different brand is suggested to the customer, he or she will accept it because he or she believes that the quality is standard and similar to previous experience (Josiassen, et al., 2008).

Studies about product knowledge and consumer behavior have a significant position in marketing strategy. The quantity of knowledge that customers have is not only useful for information search and has an effect on it, but also has an influence on the decision-making procedures, and on customer purchase intention. Some researchers demonstrated that realizing product knowledge has a positive relationship with the amount of information search (Hanzaee & Khosrozadeh, 2011).

The literature revealed that consumers with different levels of product knowledge inclined to make use of country-of-origin cues in their product evaluation in different ways (Cordell, 1997).

Customers with a high level of objective knowledge are less likely to rely on country of origin cues for their purchase intention and product evaluation and are likely to search for another trait of the product rather than country-of-origin. However, people with a high level of subjective knowledge have a greater tendency to rely on country-of-origin for evaluating the quality of a product (J. K. Lee & Lee, 2009).

Researchers believe that when customers want to evaluate products, frequently, they rely on their product knowledge after choosing the product, which also influences the information search process. Moreover, the level of product knowledge is also significant, and, ultimately, has an effect on purchase intention and buying behavior (L. Lin & Zhen, 2005). Josiassen and other scholars (2008) concluded that the country of origin of products has a relationship with the knowledge that the customer has about the products. They also added that consumers with little knowledge use the country of origin as an indicator for the evaluation of products more than others, the reason being that they have less information about manufactured goods (Josiassen, Lukas, & Whitwell, 2008).

One scholar added that customers make decisions after collecting and learning information and memory plays an important role in choosing products, because customers refer to their memories for purchasing behavior and they should remember various data according to the different decision-making processes. Other studies demonstrated that subjective and objective product knowledge is not unrelated, while other literature shows that consumers with high subjective knowledge do not necessarily have high objective knowledge (Yeh & Chung, 2011).

From all the data concerning product knowledge, scholars have concluded that product Knowledge plays an important role in making decisions in accordance with previous memories. They also argued about the influence of product knowledge on the willingness to buy and the value of the product and the price of particular brands (Chung, S, 2008). In addition, researchers concluded that consumer attitude would be more persistent and less

affected by country of origin cues over time as long as they have high product knowledge and motivation to process product-related to make a decision. Consumers who have low product knowledge are more likely to use country of origin cues as indicators of product quality. This is due to their inability to analyze intrinsic cues, such as physical product attributes. It was also found that country of origin has a significant impact on product evaluation, particularly when consumers are less motivated to process available information when they have low product knowledge. Temporarily, consumers with high product knowledge are able to perform product-related tasks successfully and have extensive prior knowledge about product types, usage, and purchase information. Additionally, those experts are more likely to rely on attribute-based information rather than stereotypical information in their evaluation and decision-making (Chao, Wührer et al. 2005).

Moreover, product knowledge also has an effect on advertisements; customers with different levels of knowledge for various type of products, show dissimilar reaction to advertisements. Customers who have a low level of product knowledge have more passion for advertisements that have data about the product, whereas people with a high level of knowledge and information have less passion for advertisements and responding to them (Chuang, Tsai, Cheng, & Sun, 2009).

2.4 Product Purchase Decision

2.4.1 Purchase Intention

Consumers' purchase intention is the probability that customers in a certain purchasing situation choose a certain brand of a product category (Crosno *et al.*, 2009). Another definition declares that purchase intention is the individual's awareness to attempt to buy a brand (Shabbir, M. S., Kirmani, S., Iqbal, J., & Khan, B. 2009). Other researchers believe that purchase intention is "what we think we will buy" (Park, J. 2002). It also describes the feeling or perceived likelihood of purchasing the products that are advertised, moreover, purchase shows the level of loyalty to products. Other scholars like Daneshvary & Schower (2000) believe that purchase intention has a relationship with demographic factors like age, gender, profession and education (Lu, 2007). There is another statement

that shows that particular features of products, perception of consumers, country of origin and perception of country of origin, all have an influence on customer purchase intention (C. L. Wang, Li, Barnes, & Ahn, 2012). Purchase intention can also be defined as the decision to act or physiological action that shows an individual's behavior according to the product (X. Wang & Yang, 2008).

The interest of marketing scholars on purchase intentions drives from its relation to purchase behavior. Fishbein and Ajzen (1975) argue, "The best single predictor of an individual's behavior will be a measure of his intention to perform that behavior". Dulany (1967) theory of propositional control states that, an individual's intention to perform a behavior is a function of:

1. His attitude toward performing the behavior in a given situation, and
2. The norms governing that behavior in that situation and his motivation to comply with these norms

Of special importance is that the concern is with the individual's attitude toward the act of performing a behavior and not his attitude toward the object. Second, the model requires that the attitude be measured toward a highly specific situation. Third, the attitude toward the act in question is a function of the individual's beliefs about the possible outcomes of performing the act and his evaluation of those beliefs (Bennett & Harrell, 1975). Moreover, marketing managers are interested in consumer purchase intentions so as to predict sales of existing and/or new products and services. Purchase intentions data can help managers in their marketing decisions related to product demand (new and existing products), market segmentation and promotional strategies (Tsiotsou, 2006).

Nowadays, the international trade market is very competitive and there are many new ideas on the market to attract customers. In this case, customers have many alternatives for buying products; however, there are many elements that have an effect on product success and customer purchase intention. Scholars define purchase intention as personal action tendencies according to brand. They have also concluded that intention is different from attitude. While attitude means evaluation of products, intention is the person's motivation

in the sense of his or her intention to perform behavior (Rezvani, Dehkordi, Rahman, Fouladivanda, Habibi & Eghtebasi, 2012).

2.4.2 Product Evaluation

Consumer arrives at attitudes toward different brands through some evaluation procedure. Consumers' evaluation of purchase alternatives depends upon individual consumer and specific buying situation. They may involve in rigorous and careful calculations and logical thinking. At other times, the same customers may do little or no evaluation; instead, they may rely on impulse and intuition. Alternatives are evaluated based on intrinsic and extrinsic attributes. Consumers tend to rate each brand because of each attribute. For E.g.: A consumer may be interested in purchase evaluation of car based on attributes like style, after sales service, country-of-origin, price etc. Consumer might base buying decision on only one attribute, and his choice would be easy to predict. But most buyers consider several attributes, each with different importance, and this will make the buying decision more complex unless consumer is aware of the importance that they give to each attribute (Kotler & Armstrong, 2009).

According to Kanuk and Schiffman, (2007), when evaluating alternatives, consumers tend to use two types of information:

1. a list of brands from which they plan to make their selection (evoked set)
2. the criteria they will use to evaluate brands

Evoked set refers to the specific brands a consumer considers in making a purchase within a particular product category. It is also called the consideration set. Regardless of the total number of brands in a product category, a consumer's evoked set tends to be quite small on average, often consisting of only three to five brands. This is because consumers tend to list those brands only, which are familiar to them, which they remembers and find acceptable. In addition, researchers like Lye, Shao and Rundle-Thiele (2005), suggested that consumers may not, all at once, reduce down the number of possible choices into their evoked set, but instead may make several decisions within a single decision process. These screening decisions, or decision waves, are used to eliminate unsuitable alternatives before

gathering information or comparing options, and help reduce decision complexity to a more manageable level.

The criteria consumers use to evaluate the alternative products that constitute evoked sets usually are expressed in terms of important product attributes. Consumers go through the rigorous process of evaluating different brands or models of a product in pursuit of obtaining "right products", which consumers' feels, looks and/or perform "right". Durgee (1995), research of "right products" shows that when consumers discuss such "right products" there is little or no mention of price; brand names are not often uppermost in consumers' minds; items often reflect personality characteristics or childhood experiences; and a product's country of origin can also play a role in how consumer evaluates a brand.

Researches show that brand credibility (which consists of trustworthiness and expertise) also affects brand choice and improves the chances that a brand will be included in the consideration set. The factors that influence brand credibility are: the perceived quality of brand, the perceived risk associated with the brand, and information saved with that brand (Erdem & Swait, 2004).

Furthermore, Solomon (2003) emphasize that consumers are faced with different options and they have to narrow down different options and choose one of the options as the final one. The alternatives actively considered during a consumer's choice process are his/her evoked set. The evoked set includes those products already in memory, plus those prominent in the retail environment. For example, Consumer A probably didn't know much about cars, especially the technical aspects of cars, so probably he had only considered a few major Japanese brands in his memory because he thinks Japanese brands represents value for money and good quality. If a company's product is not included in the list of alternatives or if information about the product is not available to the customer, there is no opportunity to compete actively for the potential business. It is not impossible to change a customer's evaluation but it is very difficult. Therefore, the key to good marketing, according to Murray and O'Driscoll (1996), is to understand the evaluation criteria used by the customer.

2.5 Country-of-Origin Image Influence on Purchase Decision

Research by Peterson and Jolibert (1995) showed that country of origin has a strong influence on product decision. Obermiller and Spangenberg (1989) developed a framework that distinguishes between cognitive, affective and normative processing of the country-of- origin cue. It should be noted that the boundaries between these processes are fuzzy, and cognitive, affective and normative processes are interacting in consumer decision-making (Isen, 1984).

The categorical discussion of cognitive, affective and normative aspects of country-of- origin is conducted as below:

1. Cognitive Aspects of Country of Origin Effects Information processing models of consumer decision making generally assume that judgments of product quality are inferred from cues (Steenkamp, 1989; Dawar & Parker, 1994). Country-of- origin is one of the extrinsic cues that signal for overall product quality (Verlegh & Steenkamp, 1999) and quality attributes, such as reliability and durability (Li & Wyer, 1994; Steenkamp, 1989).

The finding regarding the product decision relates to a number of characteristics of the origin country emphasizes the role of general impressions of countries in the country-of- origin effect (Bilkey & Nes, 1982). For example, consumers recognize that the production of high-quality technical products requires a highly trained and educated workforce. Hence, they perceive that such products are of better quality when produced in developed countries (Verlegh & Steenkamp, 1999).

Roth and Romeo (1992) formulated a theoretical framework for the relationship between consumer preferences for a country's products, and perceptions of a country's culture, economy and politics. They argued that consumers' evaluations of a specific product from country X are based on the match between product and country. According to these authors, consumers prefer country X as an origin for specific products when they believe that there is a match between the perceived ``strengths" of country X and the skills that are needed for manufacturing the product under consideration. A preference for German cars, for example, might be explained by the

perception of the workmanship of German engineers, and the fact that Germany is a technologically advanced society.

2. Affective Aspects of the Country-of-Origin Effect

Country-of-origin effects cannot be attributed solely to the signaling of product quality. It has symbolic and emotional value to consumers and has affective connotations that may be formed in direct experiences during holidays or encounters with foreigners, but also in indirect experiences with countries and their citizens through, e.g., art, education and mass media. Such connotations may influence consumers' product or brand attitudes (Obermiller & Spangenberg, 1989).

Consumer's link country of origin to autobiographical memories, to national or ethnic identities and to feelings of status and pride associated with the possession of products from certain countries (Hirschman, 1985; Batra et al., 1999; Botschen & Hemettsberger, 1998; Fournier, 1998). Country of origin also acts as an expressive or image attribute. Expressive motives would embrace esteem, social and self-actualization needs (Mittal, Ratchford & Prabhakar, 1990). Image attributes reveal how product use and/or ownership associate the consumer with a group, role or self-image (Lefkoff-Hagius & Mason, 1993). It also, links the product to symbolic and emotional benefits, including social status and national pride (Askegaard & Ger 1998; Batra et al., 1998). Batra et al. (1999) who found that in India, a western product origin has a substantial positive effect on brand attitudes, even after controlling for perceived quality, provide a noteworthy example of the image attribute. The symbolic and social dimension of this phenomenon was further emphasized by the finding that this effect was most powerful for consumers with a high admiration for western lifestyles, and for products of which the consumption and ownership are more publicly visible. Similar findings have been reported in a number of anthropological studies in Nigeria (Arnould, 1989), Romania and Turkey (Ger, Belk & Lascu, 1993).

3. Normative aspects of the country-of-origin effect

Consumers hold social and personal norms related to country of origin. Purchasing domestic products may be regarded as a right way of conduct, because it supports the domestic economy (Shimp & Sharma, 1987). Similarly, consumers may refrain from

buying goods from countries with objectionable activities or regimes (Smith, 1990; Klein, Ettenson & Morris, 1998). Purchasing a country's products is a way of supporting its economy, the purchase of products from countries that engage in objectionable activities can be regarded as immoral action (Verlegh & Steenkamp, 1999). Smith (1990) coined the term "customer voting" to capture this phenomenon: by deciding to purchase or avoid a country's products consumer's vote- pro or contra the policies and practices of its government. Such behavior can be found throughout the world, with for example Jewish consumers boycotting German products because of the holocaust and Australian consumers having boycotted French products because of French nuclear tests in the Pacific. Klein et al. (1998) found that Chinese consumers' willingness to buy Japanese products is affected by the economic and military rivalry between the two countries. The purchase of Japanese products is perceived by some Chinese consumers to be equivalent to treason. There are also instances where consumers reward sympathetic countries or regimes through the purchase of their products.

Another salient norm that relates to country of origin is the norm to buy domestic. Many consumers consider it morally appropriate to buy products that are manufactured or grown in their own country (Shimp & Sharma, 1987). In countries such as the US, Canada and the UK, governments, labor unions, and industry groups have been sponsoring campaigns aimed at the establishment of a "buy domestic" norm. Consumer ethnocentrism (Shimp & Sharma, 1987) serves as an important motivation for the decision to purchase domestic products. It refers to consumers' judgments of the morality of purchasing foreign made products. Consumer ethnocentrism has been found to relate positively to consumer preference for domestic products, and negatively to preference for foreign products (Shimp & Sharma, 1987). This indicates that the perceived morality of purchasing foreign (vs. domestic) products indeed has a substantial impact on consumers' product attitudes.

2.7 Italian Country of Origin Effect: Made in Italy features

Italy production has long traditions and it is well known for its Fashion, Food, Home furniture and Mechanical sectors. The Italian producing features are concentrated in

two business areas, the “traditional” and the “specialized suppliers” industries (Pavitt, 1984), that are noticeable in the so-called four A’s of the Italian production: Agro-Alimentare (Food farming), Abbigliamento-moda (Fashion clothing), Arredamento – casa (Home furniture), Automazione meccanica (mechanical automation) (Bertoli et al., 2012).

The Italian traditional industries (such as food, clothing, leather etc.), focuses more the attention on product quality rather than cost efficiency and volumes. In all the fields, Italy tries to create a mix between innovation, creativity and luxury. The Italian product high-quality image, has attracted the International marketing attention but, today it suffers for the increasing competition coming from the emerging countries. Even if the income growth of the Global Market demands are more focused on volume and speed productions there is an increase in the quality request, Made in Italy is able to face the challenge, trough the product quality certification, ensuring consumers or potential consumers and satisfying their needs (Bertoli et al., 2012).

Even if the Globalization points at the massive production, Made in Italy still focuses its policy on product quality. According to Urso, in the ASSOCAMERE research (2006), the globalization represents a good chance to develop better the Made in Italy values, but that could happen only if we take care of our identity and the quality of life typical of the Italian tradition, producing and offering goods in order to satisfy consumers and their needs (Urso, 2006).

In order to support this evaluation of Made in Italy, Italy should improve the Made in Italy brand and Italian enterprise images. Assocamere study (2006) shows that, in order to sell at full blast Made in Italy product image, it is necessary affirm Made in Italy as a lifestyle. Moreover, another important point in the promotional process, consists into fix Made in Italy features through its main points in the marketing plan: the image, that Made in Italy spreads to consumers influencing their idea regarding its products; the identity concept, that depends on enterprise measures, in order to obtain an outstanding representation of Made in Italy brand features (Assocamere, 2006).

According to Fantoni et al. (2014), since Italy is an industrially advanced country recognizable for its production Excellencies among different industries, Italian

enterprises should offer a high value production based on the quality leadership, price and business (Fantoni et. al. 2014).

2.6 Theoretical Framework

Theoretical framework is the basis or foundation upon which the study is established. Since, the purpose of this study is to develop theories about the influence of country-of-origin image on consumers' purchase decision, it is essential to develop theoretical framework. The theoretical framework for this study is presented below in figure 2.1.

This framework is established only after the preliminary survey of literature and information.

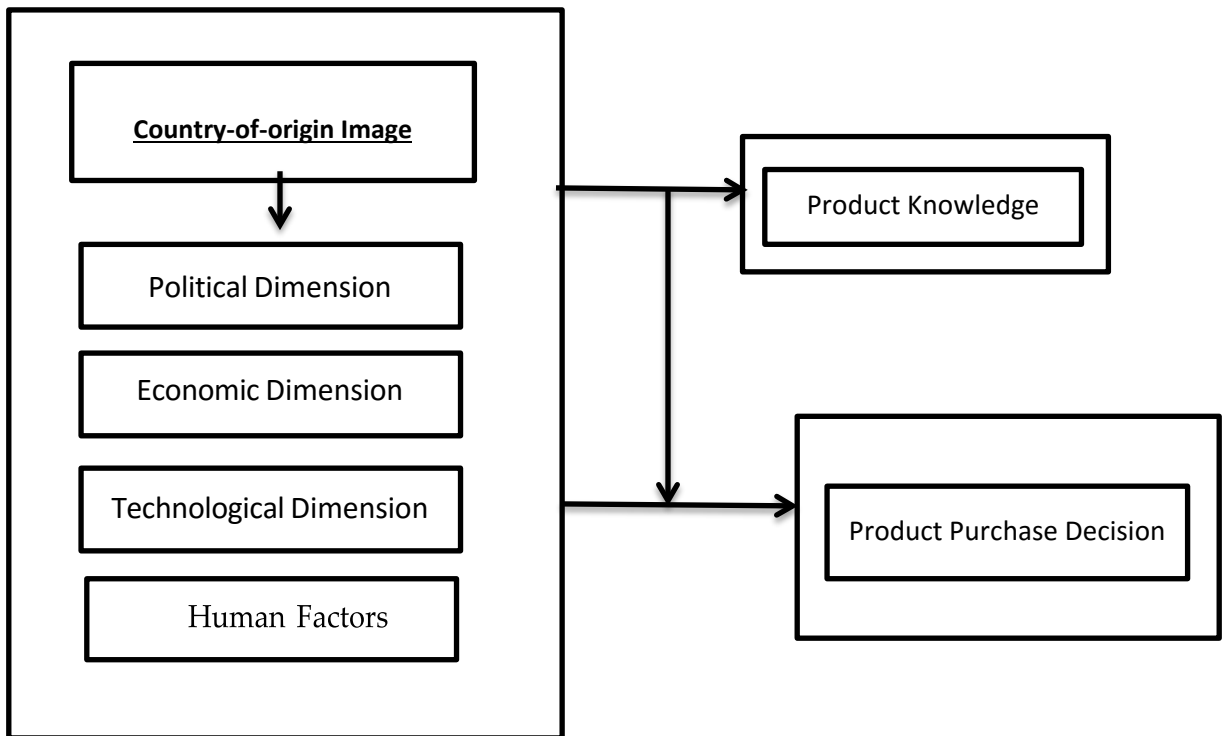


Fig 2.1: Theoretical Framework

The theoretical framework in the figure above shows the relationship between dependent and independent variables and the moderating variable, which has a strong contingent effect on the dependent-independent relationship.

The independent variables derived from the study of different literatures are as below:

1. Country-of-Origin Image

The image of any particular country is formed into the consumers' mind at three levels: cognitive level, affective level or at normative level. The dimensions of country-of-origin image are:

a) Political Dimension

It encompasses several aspects including political system (democratic vs. dictatorial), political stability, peacefulness, degree of freedom and liberty, home – foreign country relationship, issue of child labor, working conditions, labor exploitation. These factors define the political situation of the country and hence contributed to shape the image of the country into the mind of consumers.

b) Economic Dimension

This incorporates product origin's level of economic development and industrialization the prevailing economic system (market economy vs. command economy), and economic power and degree of economic advancement influences the image of the nation imprinted into the consumers' mind.

c) Technological Dimension

Level of technological research, mode of production (capital vs. labor), and degree of technological advancement contributes to the image formed by the consumers' regarding product's country of origin.

d) Human Factors

Consumers' develops the level of attachment with the people of foreign nation through direct experiences during holidays or encounters with foreigners, or by indirect experiences with countries and their citizens through, e.g., art, education and mass media. This in turn helps to form the image of the countries. In addition, the likability towards the celebrities- actors, sportsmen, industrialist, socialite, leaders etc. forms the

image of the country. Similarly, the dependent variable involved in the theoretical framework is discussed as below:

1. Product Purchase Decision

Product purchase decision involves entire process of consumers' selection of list of brands into the evoked set, assessments of those brands and the intention to make the product choice. Purchase decision is affected by the image consumers' perceived about the country-of- origin of participating brands in the purchase decision, it means that both attitude towards the product and intention to make choice is influenced. The cognitive effect of country-of-origin image on consumers may be it serves as quality reference. Similarly, it may have emotional and symbolic value to consumers. Also, country-of-origin influences social and personal norms of consumer.

The variable that is expected to have moderating role in the proposed relationship is:

2. Product Knowledge

Consumers' who have the technical knowledge about the product, and high level of objective knowledge are less likely to rely on country of origin cues for their purchase intention and product evaluation.

RESEARCH DESIGN AND METHODOLOGY

3.1 Significance of the Research

As stated in the introduction, the purpose of this study is to investigate the influence of country-of-origin image on consumers' purchase decision of foreign products. This chapter describes the sampling process, sample characteristics, instrument development, content reliability, pre-test, statistical analysis plan, data and overall methodology undertaken for the purpose of this research.

The survey is conducted at consumer level through questionnaire method. Related secondary data is collected and analyzed from literature and previous research to verify the hypotheses. Self-administered questionnaire were circulated to the consumers to obtain primary data. The research study is a quantitative study. It measures the degree of influence that the country-of-origin image have on consumers' purchase decision and perception towards Italian products. Moreover, the role of country-of-origin image dimensions (political, economic, technological and human) in forming country image is assessed. Furthermore, the modifying effect of product knowledge in the given proposition is tested.

3.2 Objectives of the research

In today's world, consumers are blessed with too many alternatives to evaluate prior to making a purchase action. Thus, Indian consumers are no exception; they are also bombarded with too many options in each product category they intend to patronage. This research focuses on identifying what sort of influence does the image of product's country-of-origin that consumers' have in their mind on their purchase decision. Thus, the purpose of this research paper is to increase the understanding of factors affecting country-of-origin image and consequently its influence on consumers' purchase evaluation and decision.

1. To assess the influence of dimensions of country-of-origin in shaping its image.

2. To study the relationship between overall country-of-origin image and consumers' purchase decision of foreign products.
3. To find out the relationship between macro-environmental dimension – political, economic and technological – of country-of-origin image and consumers' purchase decision of foreign products.
4. To determine the relationship between human factors of products' origin and consumers' purchase decision of foreign products.
5. To investigate the modifying effect of product knowledge on the relationship between country-of-origin image and consumers' purchase decision of foreign products.
6. To study the Indian consumers' general perception towards products from Italy and determining the category where they keep Italian products in high regards.

3.3 Research Hypothesis

H0: Overall image of country-of-origin have no relationship with consumers' purchase decision

H01: There is no relationship between political dimension of product's country-of-origin and consumers' purchase decision of foreign products

H02: There is no relationship between economic dimensions of product's country-of-origin and consumers' purchase decision of foreign products

H03: There is no relationship between technological dimension of product's country-of-origin and consumers' purchase decision of foreign products

H04: There is no relationship between human factors of product's country-of-origin and consumers' purchase decision of foreign products

3.4 Research design

The nature of this study is descriptive study. The hypothesis testing explains the relationship between country-of-origin image and consumers' purchase decision. This

study was conducted through a survey with structured questionnaire because questionnaire is an efficient data collection mechanism (Sekaran, 2003).

This study used various statistical tests such as correlation, regression, mean, standard deviation etc. The software called Statistical Package for Social Science (SPSS) and Microsoft Excel was used to analyze and interpret the quantitative data, these software's are commonly used by researchers and easily available in business settings. The reliability of scales is analyzed using Cronbach's alpha since Cronbach's alpha test is best used for multipoint-scale items and it is the most popular test for inter-item consistency reliability (Cavana, Delahaye & Sekaran, 2003).

3.5 Research Instrument

Questionnaire was used as the main tool to conduct the survey study. It was divided into mainly three parts. The first part contains demographic profile. This is collected for statistical use, to prepare respondents' profile. The next part contains the questions, which were used to measure dependent, and independent variables. The second part is further divided into three parts. After that, the last part contained questions for measuring influence of Italian products over Indian customers. The parts of questionnaire are illustrated in the table as below:

PART	Content
PART A	Demographic Profile
PART B	Country-of-Origin Image
PART C	Product Knowledge
PART D	Product Evaluation
PART E	Perception Towards Italian Products

Table 3.1 Division of Questionnaire

3.6 Population

Samples were taken among the consumers from the ten cities of India namely Delhi, Mumbai, Kolkata, Bengaluru, Hyderabad, Chennai, Pune, Jaipur, Chandigarh and

Ahmedabad between the age group of 18 to 45. The reason to choose the sample from these cities is that they are more knowledgeable and brand perceptive regarding foreign products.

3.7 Sample size and sampling technique

The total sample size taken for the study is 200, 20 from each city. For the purpose of this study, purposive sampling technique is used to cover the major sample of the population and with the aim to reach the targeted respondents easily. Primary data is collected through survey research and for the purpose of data collection, questionnaire is used. The questionnaire is pilot-tested prior to final administration to respondents.

3.8 Measurement

The personal demographic questions were asked to the respondents to prepare the respondents' profile. The country-of-origin image was assessed with four dimensions. There were 12 items for country-of-origin image and 4 items for purchase decision. Similarly, there were three items for measuring the modifier – product knowledge. All items were evaluated on a five- point Likert scale. At last, eight questions were there to evaluate the perception towards Italian products.

3.9 Pilot Test

A questionnaire should be piloted with a reasonable sample of respondents representing the target population. Weakness in design and instrumentation can be detected through a pilot study and it can provide proxy data for selection of profitability sample (Cooper et. al., 2006). 30 respondents were chosen for the pilot test. The questionnaire was circulated randomly to the respondents in ten different cities within different age groups in order to determine the reliability of the instrument that is used to measure the variable of this study prior performing data collection in order to achieve the objectives. After the pilot test, some of the words used in the questionnaire were amended prior to the final administration of questionnaire, the words like "intrinsic attributes" was changed into "internal features" and "cue" was changed into "reference".

3.10 Data Collection Procedure

For conducting this research, data was collected from respondents from different cities. In this survey, the data collection method used was self-administered questionnaire. The questionnaire was distributed and administered to the respondents. The researcher personally handover and requests the respondents to fill up the questionnaire. In addition, the online mediums were used to fill the questionnaire. The respondents were expected to fill out the questionnaire following the instructions provided in the questions.

3.11 Validity and Reliability

For establishing reliability of the study, the questionnaire was developed carefully along with use of correct word and meaning. A pilot study was conducted for pre-test among certain number of respondents to detect any kind of misunderstanding in the question. Cronbach's Alpha coefficient was also calculated to identify the reliability of the instruments used.

Cronbach's Alpha	No. of Items
.837	24

Table 3.2 Cronbach's Alpha Coefficients

Reliability statistics is typically associated with internal consistency and its value ranges from 0 to 1. Sekaran (2000) stated that Cronbach's Alpha coefficient less than 0.6 are considered poor, greater than 0.6 but less than 0.8 are considered acceptable and greater than 0.8 are considered good. Table 3.2 shows the Cronbach's alpha coefficients of the questionnaire asked to respondents, which is above 0.8, which means the reliability of the instrument used is good.

Similarly, for establishing the validity, the questionnaire was prepared under the guidance of an expert who oversaw the questionnaire making process and helped the researcher to come with a standard set of questions in such a way that items on questionnaire cover the full range issues relevant to the phenomenon that researcher is studying.

RESULTS AND DISCUSSION

The purpose of this chapter is to analyze and interpret the data collected through the study and present the results of the questionnaire survey. The objectives of this research will be fulfilled with the outcomes derived from the analysis of the data. This chapter also covers the test of hypotheses, which have been set in the first chapter. Each hypothesis is tested and analyzed individually and the background and demographics of the respondents are taken into account.

This chapter is further divided into four sub-sections. The first part deals with the respondent's profile. It gives detail information about the respondents' age, gender, academic qualifications and occupation. The second part analyzes and interprets data through descriptive analysis and third part analyzes and interprets the collected data through correlation between dependent and independent variables. Then, the final part is the discussion of the results obtained through analysis.

3.9 Data Analysis

For the purpose of analysis of the data collected, software such as SPSS and Microsoft Excel were used. SPSS is analytical and scientific software used to organize the data, determine significant relationships and identify difference, similarities with and between different categories of respondents. For this research purpose descriptive statistics, reliability analysis, correlation analysis and regression analysis were performed in order to accomplish the objectives of the study. The data analysis included the following:

1. The establishment of Cronbach's Alpha for the reliability of the instrument used
2. Demographic Profile of Respondent
3. The frequency distribution for several of the measures
4. Measures of Central Tendency and Dispersion
5. Pearson Correlation Hypothesis testing
6. Regression analysis for assessing the effect of modifier i.e. product knowledge
7. Measures of Central Tendency and Descriptive Statistics for products perception

4.1 Respondents' Profile

In total 250 respondents were selected for this survey and the questionnaire was distributed to them through e-mail and other digital means. Among them, only 80 percent of the respondents give their response to the questionnaire. Hence, the response rate was 200. The respondents were the consumers from ten different cities of different age groups. The questionnaire was presented to each one of them in English language and in the same format.

4.1.1 Gender of Respondents

Table 4.1 shows the gender distribution of the respondents. The number of male respondents was 104 and that of female respondents 96. The percentage of male respondent was 52% and that of female respondent was 48%. However, the aim was to take equal sample size, the independent selection leads to slightly higher number of male respondents in comparison to female respondents.

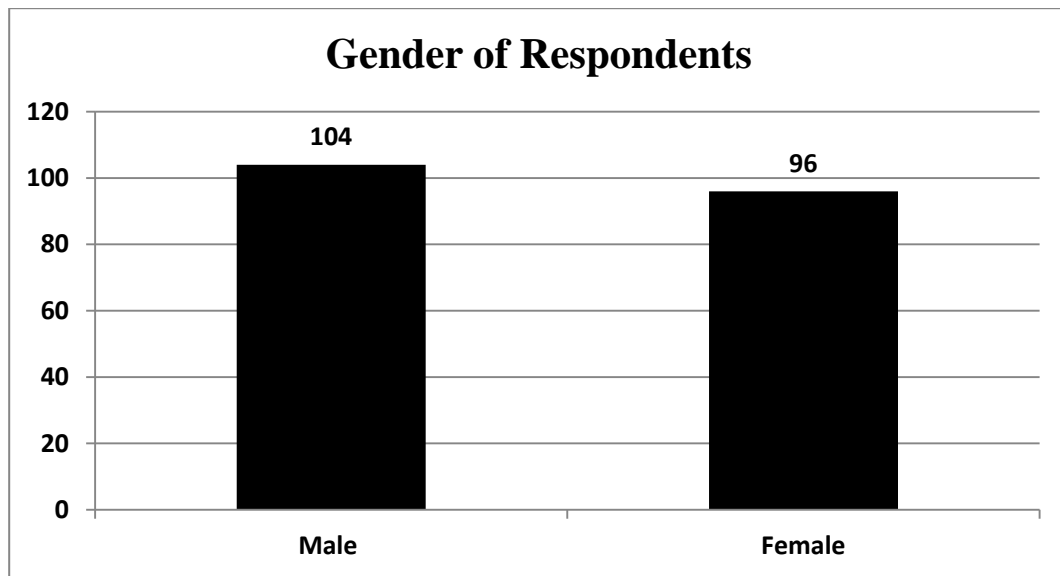


Fig 4.1 Gender of Respondents

4.1.2 Age Group of Respondents

Table 4.2 the age distribution of the respondents. It is clear that 50 respondents were of the age group 18-25 years, 74 respondents were of the age group 25-35 years, 53

respondents were of the age group 35-35 years and 23 respondents were above 45. So, the percentage of respondents of the age groups 18-25 is 25%, 25-35 is 37%, 35-45 is 26.% and 11.5% of the respondents are above 45 years of age.

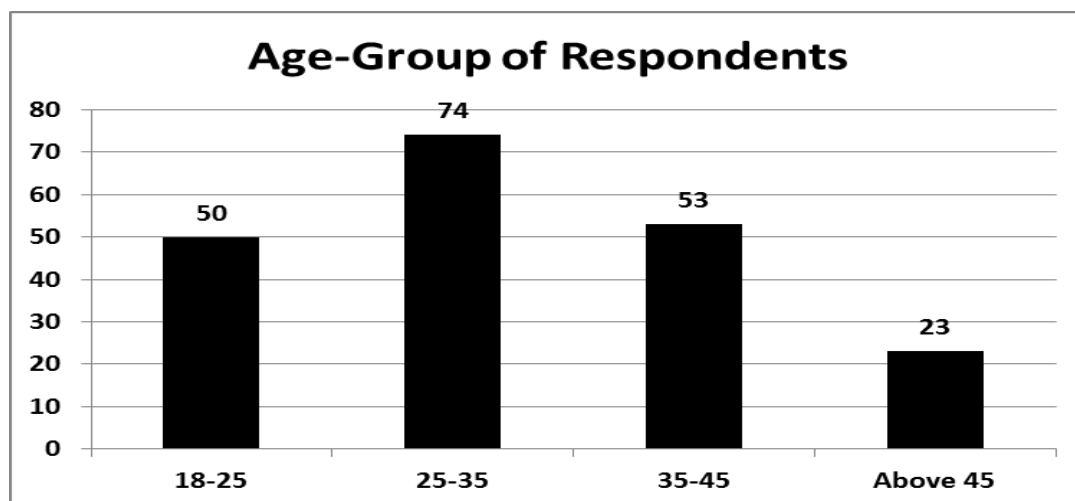


Fig 4.2 Age Group of Respondents

4.1.3 Academic Qualification of the Respondents

Table 4.3 shows the academic qualification of the respondents. The academic qualification was divided into six categories, High School (Class 10th) or less, Higher Secondary (Class 12th), Undergraduate, Postgraduate, PhD or Above and others. Among the 200 respondents, 12 were high-school pass out, 17 were having the qualification of secondary school, 97 were undergraduates, 67 were postgraduates, 5 respondents did PhD or above and 2 respondents did some other course.

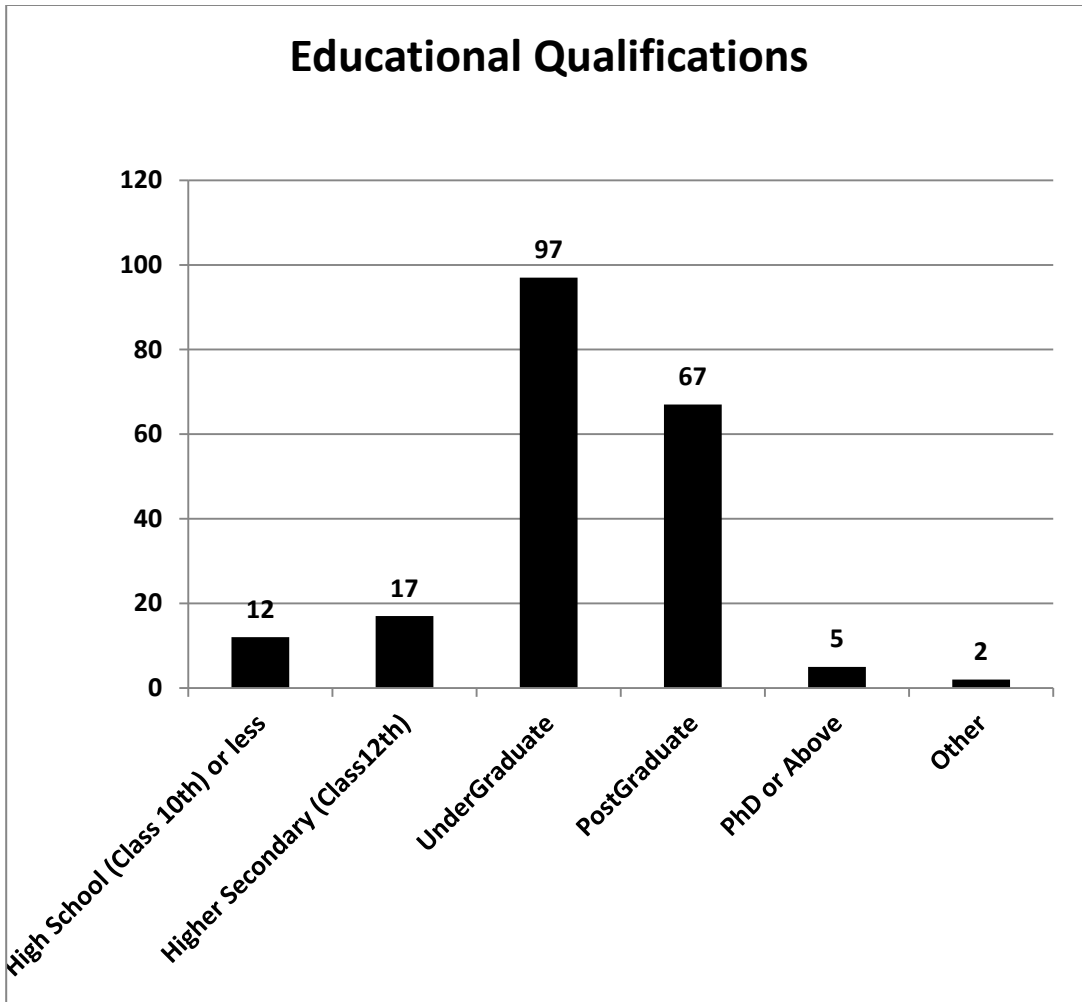


Fig 4.3 Educational Qualification of Respondents

4.1.4 Occupation Status of the Respondents

Table 4.4 shows the occupation status of the respondents. Out of 200 respondents 61 of them were corporate employee, 23 of them were government personnel, 31 of them were self-employed, 70 of them were students, 12 of them were homemakers and remaining 3 respondents select others option. Thus, more than 65 percent of the respondents are either students or corporate employees. These two groups have more technical knowledge about the product as compared to other groups.

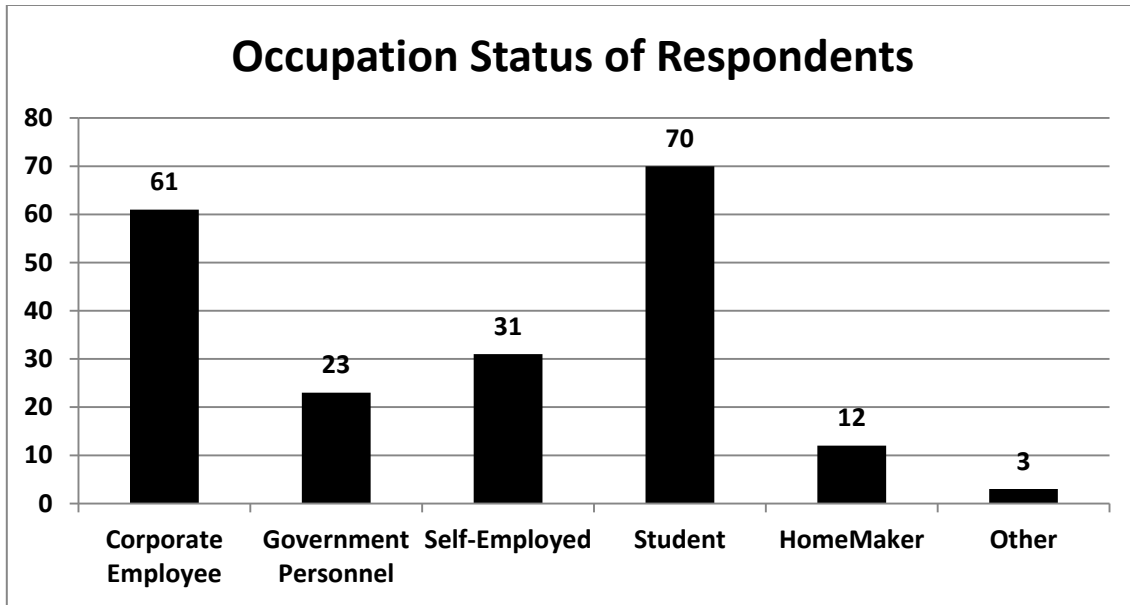


Fig 4.4 Occupation Status of Respondents

4.2 Descriptive Analysis

This section deals with the descriptive analysis of the data collected through the questionnaires during the research process. Descriptive analysis incorporates calculation of statistical measures such as mean, standard deviation, including maximum and minimum values. These values help researcher to analyze the data with respect to frequencies and aggregation relating to research questions and variables. For this purpose, “Five Point Likert Scale” questions were asked to the respondents which scaled from 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree) to 5 (strongly agree). Number of respondents in each question item was 200.

Here, country-of-origin has been measured through its four dimensions, political dimension, economic dimension, technological dimension and human factors. Similarly, product knowledge and consumers' purchase decision was also measured. Questions related to each variable and their descriptive statistics are shown below.

4.2.1 Political Dimension

	N	Minimum	Maximum	Mean	Std. Deviation
1) I will form favorable image of County X in my mind, if it has political system (democratic/communist) of my preference.	200	1	5	3.28	1.130
2) I will form favorable image of County X in my mind, if it has high respect for human rights.	200	1	5	3.99	1.149
3) I will form favorable image of County X in my mind, if it is peaceful.	200	1	5	3.96	1.137
4) I will form favorable image of County X in my mind, if it is friendly to India in World Affairs.	200	1	5	3.72	1.053

Table 4.1 Descriptive Statistics of Political Dimension

Table 4.1 shows the view of respondents regarding political dimension of country- of-origin. In the given table, Q2 and Q3 has mean value almost equal to 4, i.e., 3.99 and 3.96 respectively, which implies that political dimension is highly important in forming the image of country X. Similarly, Q4 has mean value of 3.72 and Q1 has lowest value of mean i.e. 3.28. Hence, Q2 is the most prioritized issue of political dimension as it scored highest mean value of 3.99.

This indicates that if a country is peaceful and has high respects for human rights then people tends to form a positive image about that country whereas matching political preferences does not affect the perception towards any country.

4.2.1.1 Frequency Analysis of Issues of Political Dimension

The following questions were all taken on a 5 point Likert Scale, where, 1-Strongly Disagree, 2-Disagree, 3-Neutral, 4-Agree, and 5-Strongly Agree.

1. More than 50 percent of the respondents agree that they form a positive image if the country has a political system if their preference.

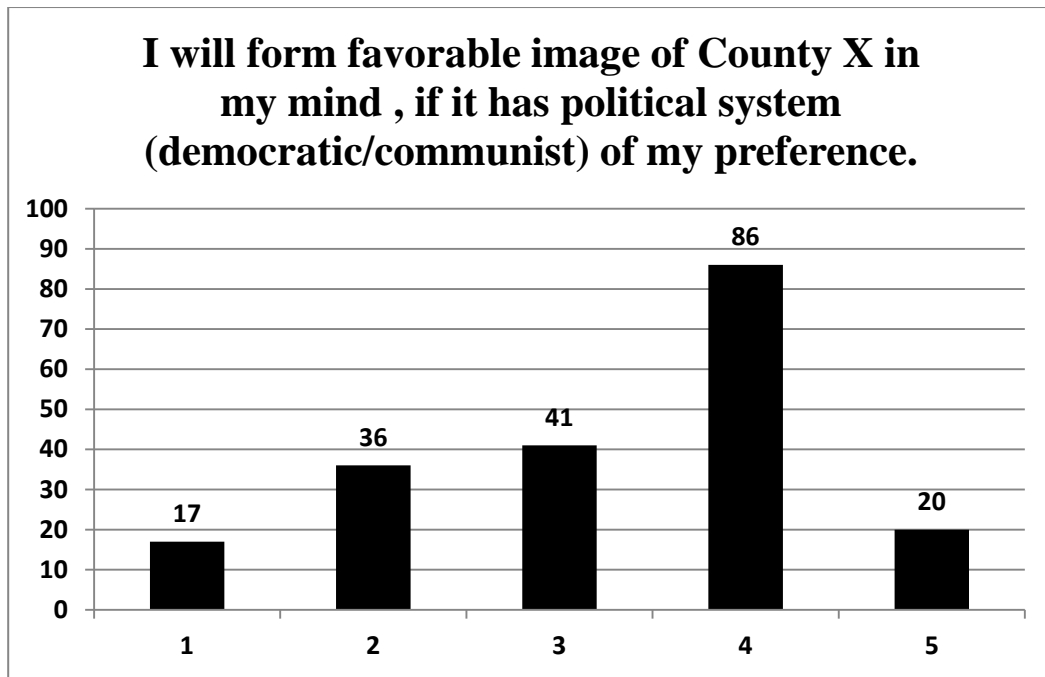


Fig. 4.5 Country image according to political Preference

2. More than 70 percent of the respondents agree that if the country has high respect for human rights then they will have a favorable image of that country.

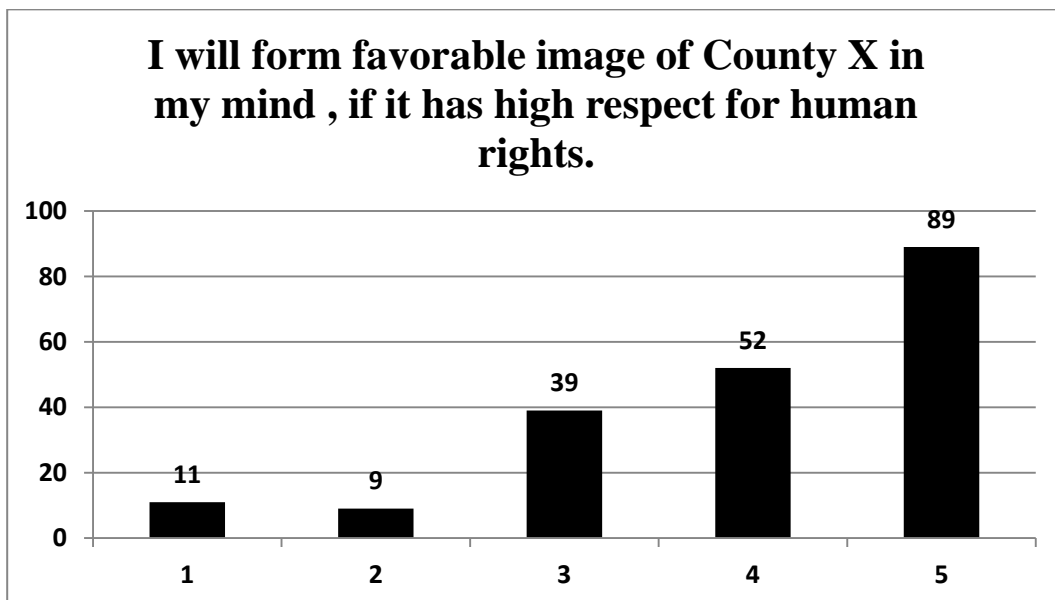


Fig. 4.6 Country image according to respect for human rights

3. If a country is peaceful, then 142 respondents out of 200 agree that it will have a positive influence on them.

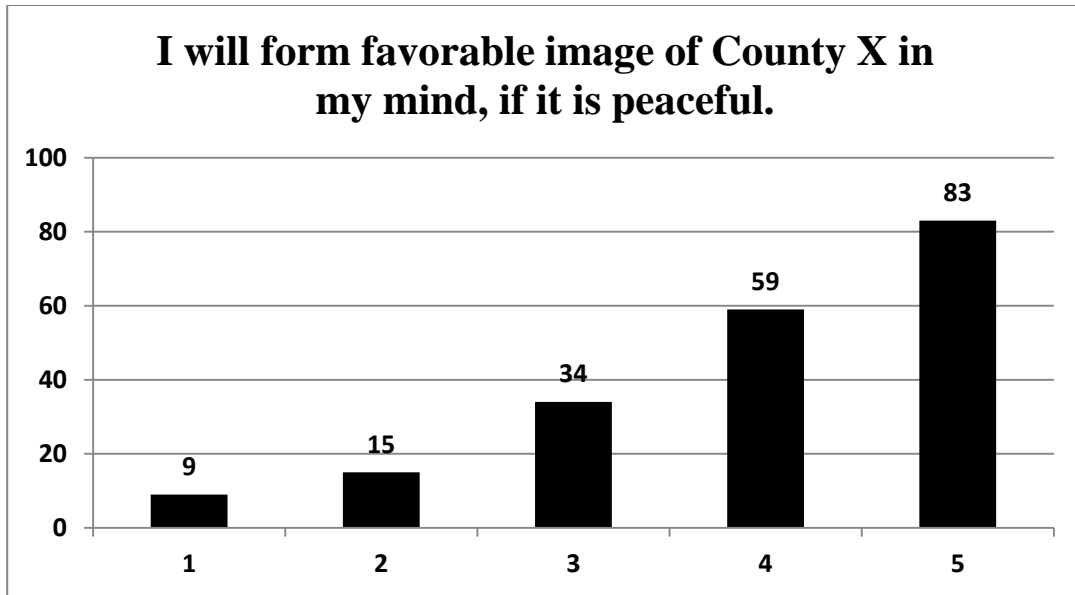


Fig. 4.7 Country image according to state of peace in that country

4. 124 out of 200 respondents agree that if a country is friendly to Indian in world affairs then they will think positively about that country.

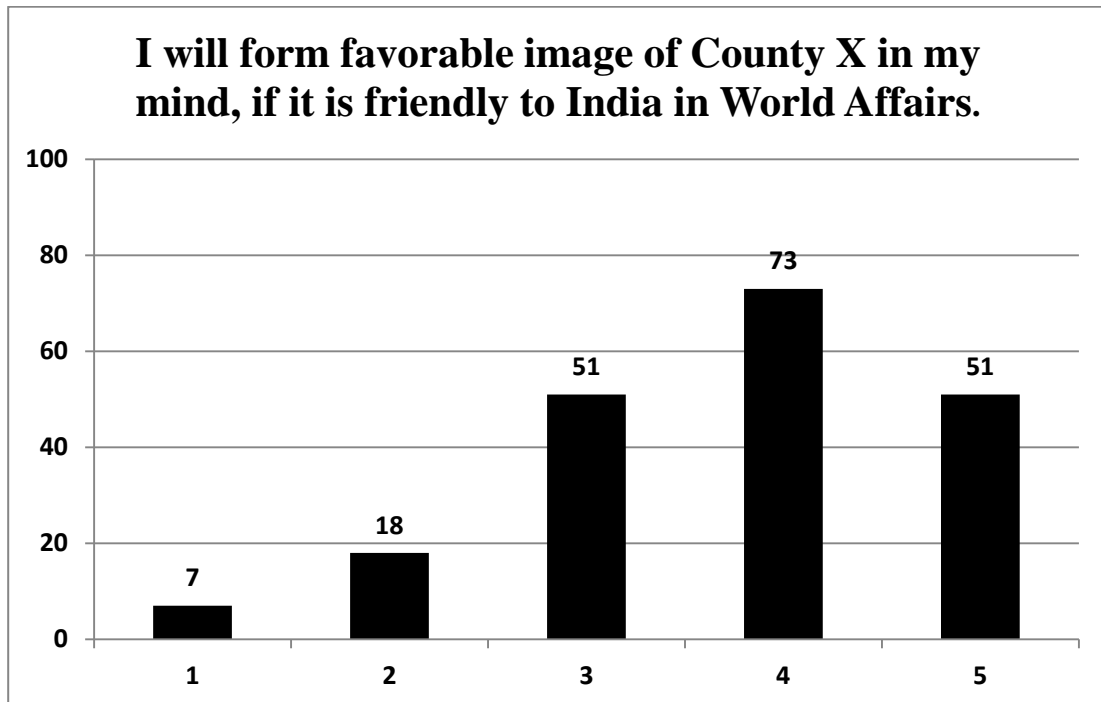


Fig. 4.8 Country image according to relations with India in world affairs

4.2.2 Economic Dimension

	N	Minimum	Maximum	Mean	Std. Deviation
5) I will form favorable image of County X in my mind, if it has economic system of my belief (free market/ planned).	200	1	5	3.54	.850
6) I will form favorable image of County X in my mind, if it has high level of Industrialization.	200	1	5	3.55	.981
7) I will form favorable image of County X in my mind, if It has highly developed economy.	200	1	5	3.85	.971

Table 4.2 Descriptive Statistics of Economic Dimension

In Table 4.2, all the questions scored mean value above three (mid-range value) which also implies that economic dimension plays role in forming image of country X in the mind of respondents. Among the set of questions of this dimension, Q7 scored the highest mean value i.e. 3.85, meaning that respondents agreed that country which has highly developed economy will have favorable image on their mind. Similarly, Q5 and Q6 scored mean value of 3.54 and 3.56, which indicates respondents' conviction regarding economic system is important to form country image.

4.2.2.1 Frequency Analysis of Issues of Economic Dimension

5) 105 respondents out 200 i.e. around 52 percent agree that if a country has economic system according to their beliefs then it somehow positively influences them. Only 19 respondents i.e. less than 10 percent of the respondents disagree to this and 76

respondents are not sure whether this factor is influencing their perception about any country.

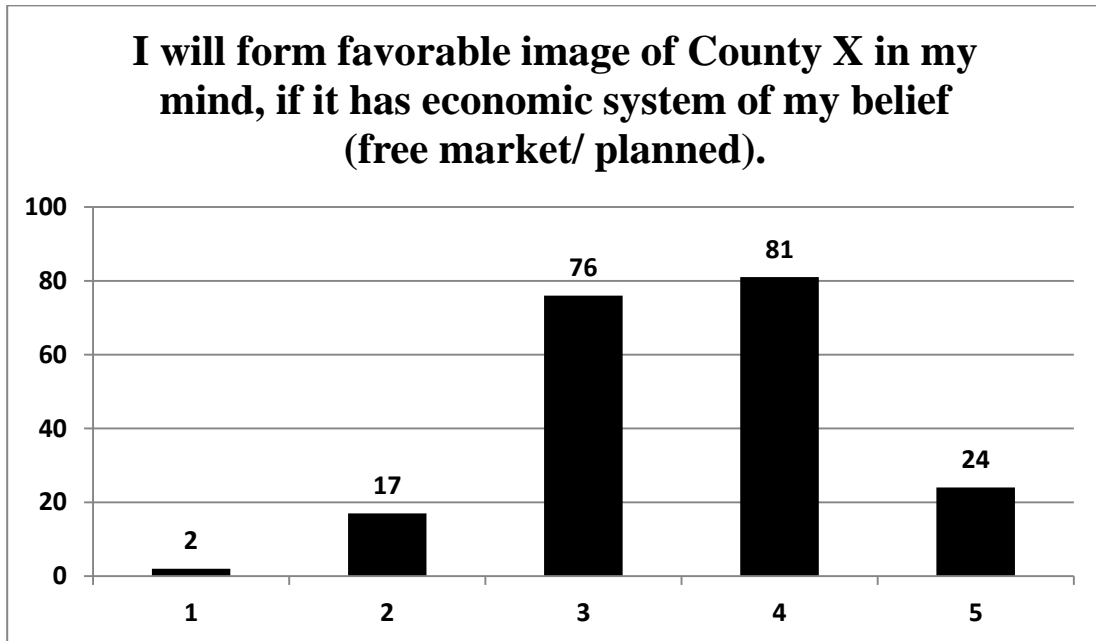


Fig. 4.9 Country image according to economic system in the country

6) 108 respondents agree that if a country has high level of industrialization then it leaves a positive image of that country. 29 respondents disagree to this while 63 respondents were not sure whether it influences them positively or not.

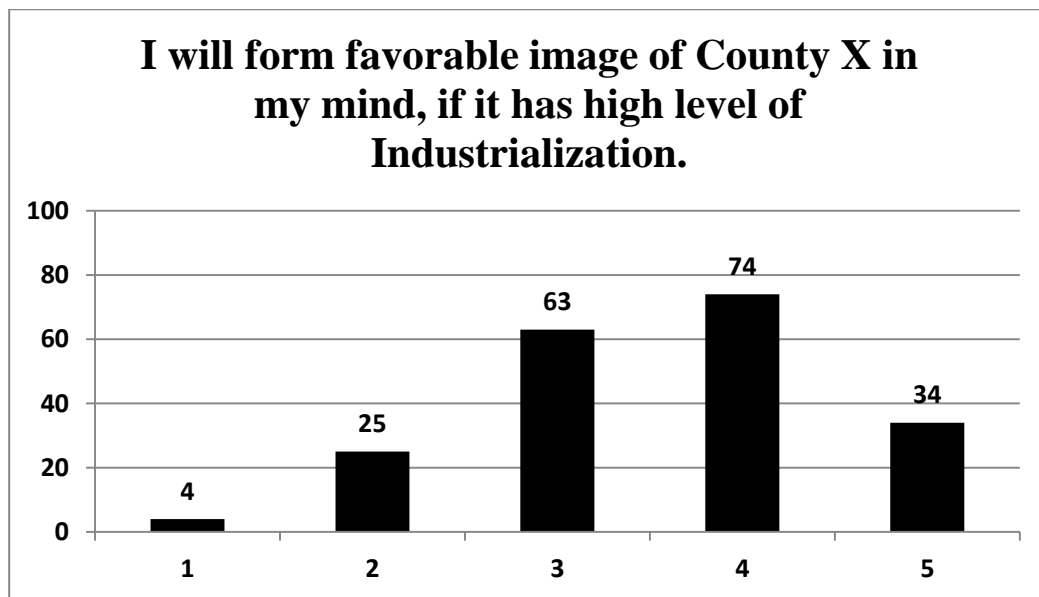


Fig. 4.10 Country image according to level of Industrialization

7) 143 respondents out of 200 i.e. around 72 percent agree that if a country has a highly developed economy then their perception about that country is positive. Only 21 respondents that is 10.5 percent respondents disagree to that.

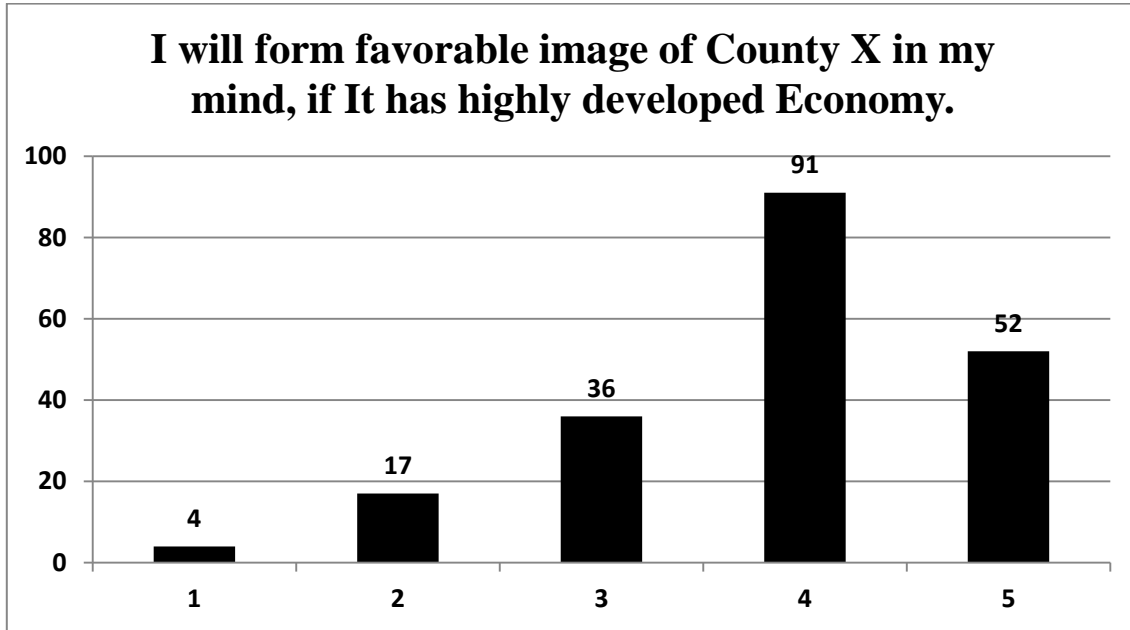


Fig. 4.11 Country image according to level of developed economy

4.2.3 Technological Dimension

	N	Minimum	Maximum	Mean	Std. Deviation
8) I will form favorable image of County X in my mind, if it has high level of technological and industrial research.	200	1	5	3.97	1.032
9) I will form favorable image of County X in my mind, if it has high level of Information Technology and digitization.	200	1	5	4.03	.969
10) I will form favorable image of County X in my mind, if It has highly skilled technical work force.	200	1	5	3.83	1.050

Table 4.3 Descriptive Statistics of technological dimension

In Table 4.3, all the questions scored mean value near to four, which also implies that technological dimension plays an important role in forming image of country X in the mind of respondents. Among the three set of questions of this dimension, Q9 scored the highest mean value i.e. 4.03 meaning that respondents agreed that country, which is technologically advanced, would have favorable image on their mind. Similarly, Q8 and Q 10 scored mean value of 3.97 and 3.83 respectively indicating that respondents' less prioritized the issue of technological research and technical workforce of the technological dimension, than the previous one.

4.2.3.1 Frequency Analysis of Issues of Technological Dimension

8) 145 respondents out 200 i.e. more than 77 percent agree to that high level of technological and industrial research helps in developing positive image for a country. Only 18 respondents i.e. even less 10 percent disagrees to this and 37 respondents are not sure about their views.

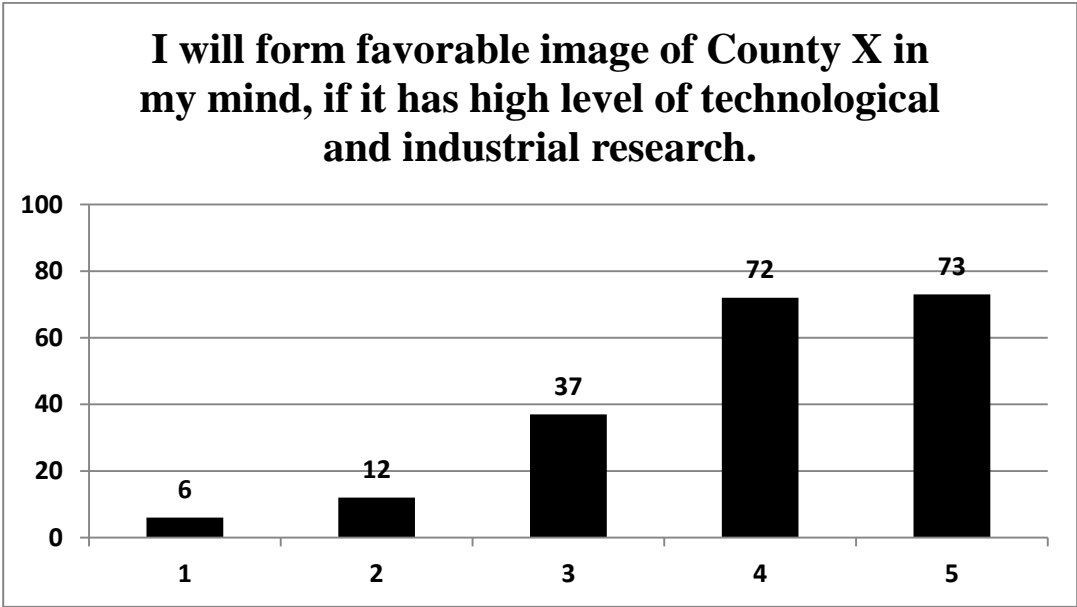


Fig. 4.12 Country Image according to level of technological and industrial research

9) 159 respondents i.e. around 80 percent of the respondents agree that high use of information technology and digitization is an important factor for positive perception towards any country and only 13 respondents i.e. 6.5 percent of them only disagrees to this and 37 respondents are not sure about it.

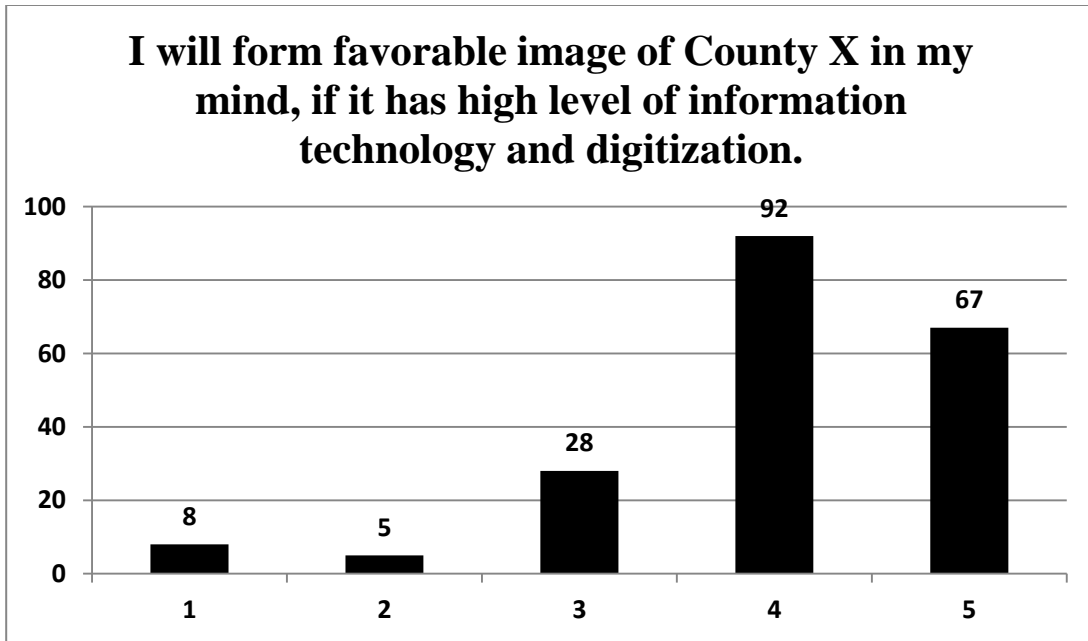


Fig. 4.13 Country Image according to level of information technology and digitization

10) 143 respondents agree that for developing a positive image a country should have a highly skilled technical workforce while 21 respondents disagree to this and 36 respondents are not sure about their views.

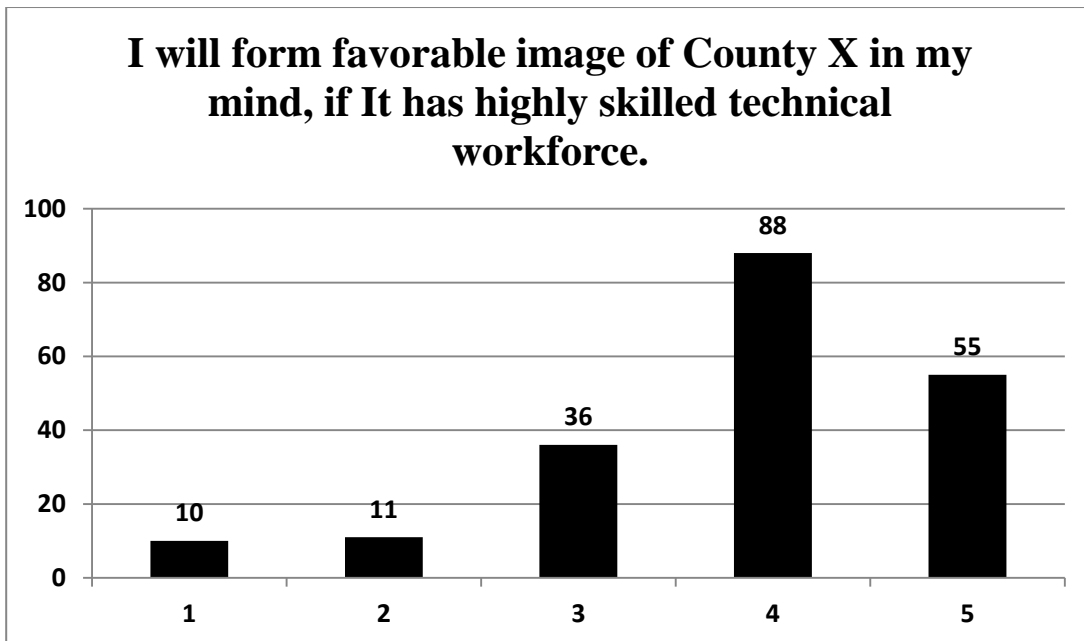


Fig. 4.14 Country Image according to skilled technical workforce

4.2.4 Human Factors

	N	Minimum	Maximum	Mean	Std. Deviation
11) I will form favorable image of County X in my mind, if the people of that county are humble and friendly through (direct/indirect) experience.	200	1	5	3.90	1.077
12) I will form favorable image of County X in my mind, if i like celebrities from that country.	200	1	5	3.01	1.290

Table 4.4 Descriptive Study of Human Factors

In the case of human factors influence on forming image of country X, two questions were asked to the respondents. Among those two questions Q11 scored higher mean value with 3.90 and Q12 also scored mean value of above 3 (mid-range value) i.e. 3.01. Therefore, it can be inferred that if respondents find the people of country X humble and friendly then they will form favorable image of country X in their mind. However, as Q12 scored mean value of 3.01, which is around mid-range value 3. Hence, it is safer to conclude that likability of celebrities need not lead to formation of favorable image of their respective country in the mind of consumers.

4.2.4.1 Frequency Analysis of Issues of Human Factors

11) 142 respondents out of 200 i.e. 71 percent agrees to the fact that if the people from country X are humble and friendly then they have a positive perception about that country. While 21 respondents disagrees to this and 37 respondents are neutral about this parameter.

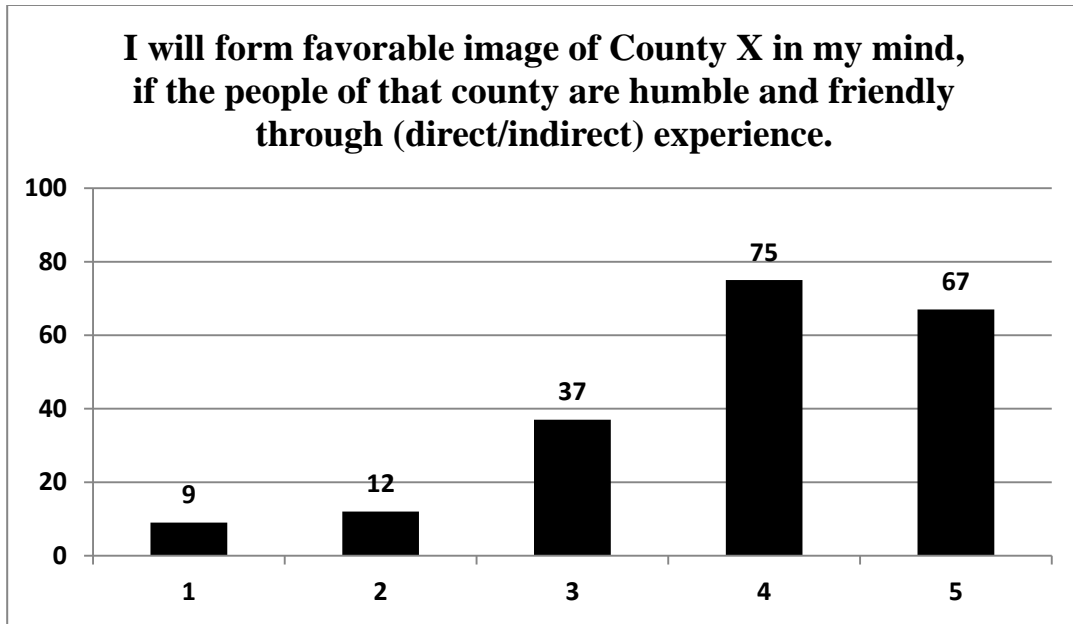


Fig. 4.15 Country Image according to experience about that country

12) Only 74 respondents out of 200 agrees to the fact that liking celebrities from a country have a positive influence on the country's perception while 80 respondents disagrees to this and 46 respondents were neutral to the question.

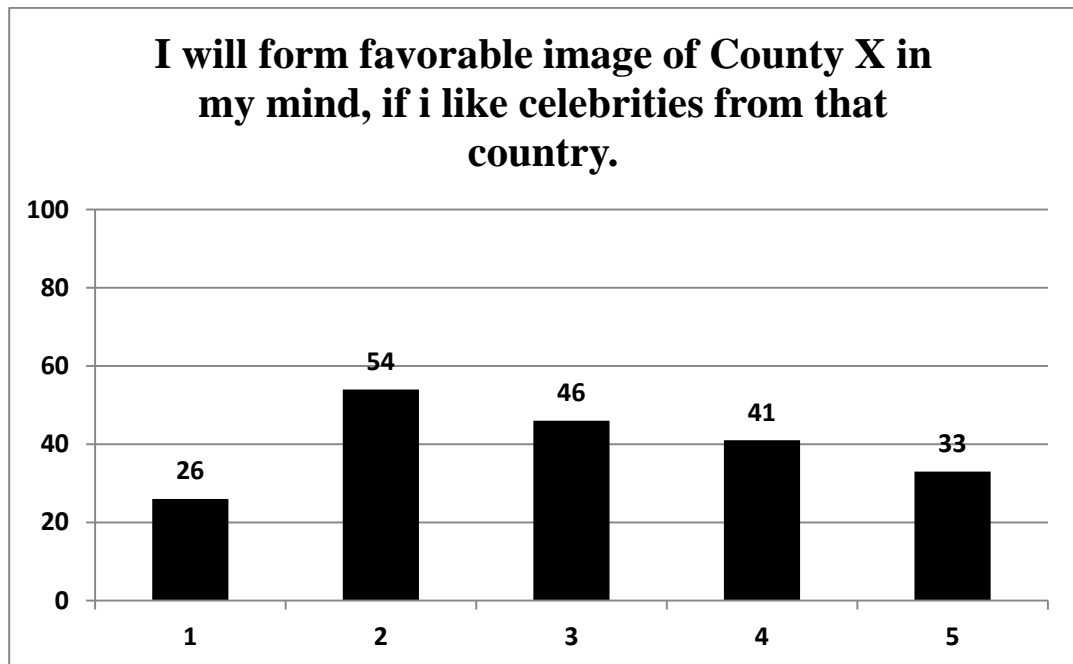


Fig. 4.16 Country Image according to fondness of celebrities from that country

4.2.5 Overall Country-of-Origin Image

	N	Minimum	Maximum	Mean	Std. Deviation
Political	200	1	5	3.73	1.117
Economical	200	1	5	3.64	0.933
Technological	200	1	5	3.94	1.017
Human Factors	200	1	5	3.45	1.183

Table 4.5 Descriptive Statistics of Overall Country-of-Origin Image

Table 4.5 shows overall dimensions of country-of-origin image. Here, all the dimensions scored mean value of more than 3. Therefore, we can infer that all four dimensions are crucial in forming the image of country-of-origin in the mind of consumers. However, technological dimension scored highest i.e. 3.94. The second high-scored dimension is political dimension, which scored 3.73. The third scoring dimension is economic dimension, which scored 3.64. The least scoring dimension is human factors, which scored 3.45. Though human factors mean value is relatively less compared to all other dimensions, still it has mean value of above 3. This indicates that these four dimensions contribute in forming country-of-origin image in people's mind.

4.2.6 Purchase Decision

The table below shows the descriptive statistics of response on the purchase decision by the respondents. Among the four questions, Q2 scored highest mean value of 4, which indicate that respondent think that a country should have sufficient skill and strength to manufacture a particular product. Similarly, Q1 scored second highest mean of 3.69,

which means that country-of-origin serves as a reference to evaluate the quality of foreign products. Also, Q3 and Q4 has mean value lower than mid-range value 3, i.e. 2.59 and 2.68 respectively, which means consumers believe purchasing products originated from certain country do not enhance their self-image and also the social status and pride.

	N	Minimum	Maximum	Mean	Std. Deviation
1) I use country of origin as a reference to evaluate quality of products.	200	1	5	3.50	1.098
2) I believe that country should have perceived strength and skill to manufacture product.	200	2	5	4.00	.767
3) I purchase foreign products originated from certain country to enhance my self-image.	200	1	5	2.59	1.043
4) I believe purchasing foreign products originated from certain country will enhance my social status and pride.	200	1	5	2.68	1.097

Table 4.6 Descriptive Statistics of Purchase Decision

4.2.6.1 Frequency Analysis of Purchase Decision

1) 111 respondents out of 200 i.e. more than 55 percent agree to that they use country-of-origin as a parameter to judge the quality of the products. While 41 respondents disagree that they use country-of-origin as a yardstick for judging products' quality and 48 respondents are not sure about their views on this question.

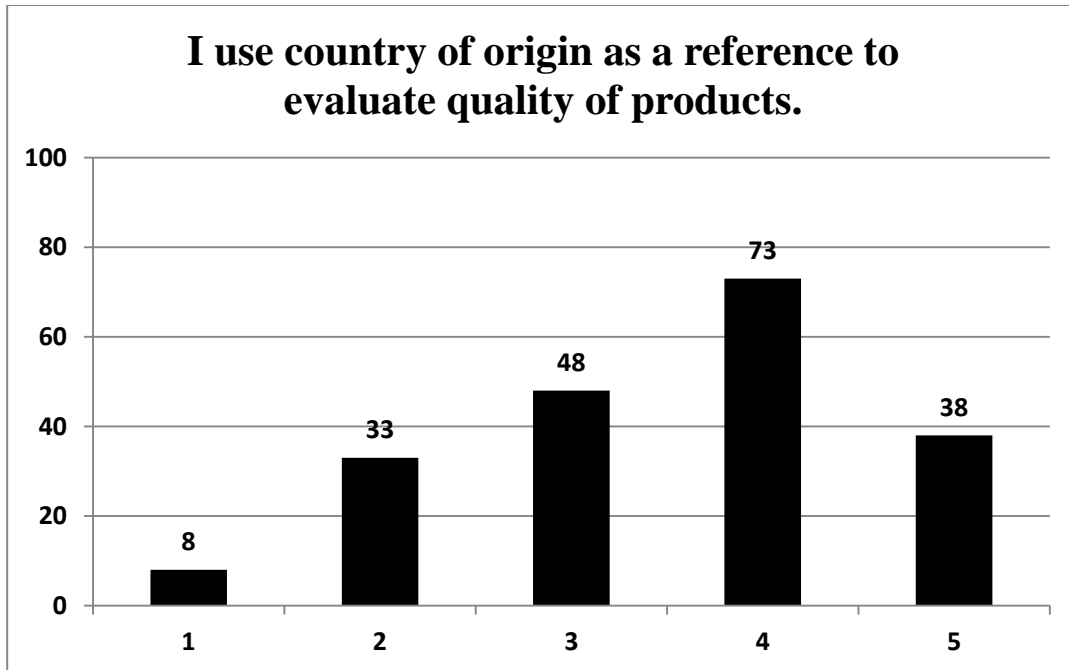


Fig. 4.17 Use of Country-of-Origin to evaluate product quality

2) More than 80 percent of the respondents i.e. 161 agree that a country should strength and skills to manufacture a particular product. Only 10 respondents disagrees to this while less than 15 percent i.e. 29 respondents are not sure about their views.

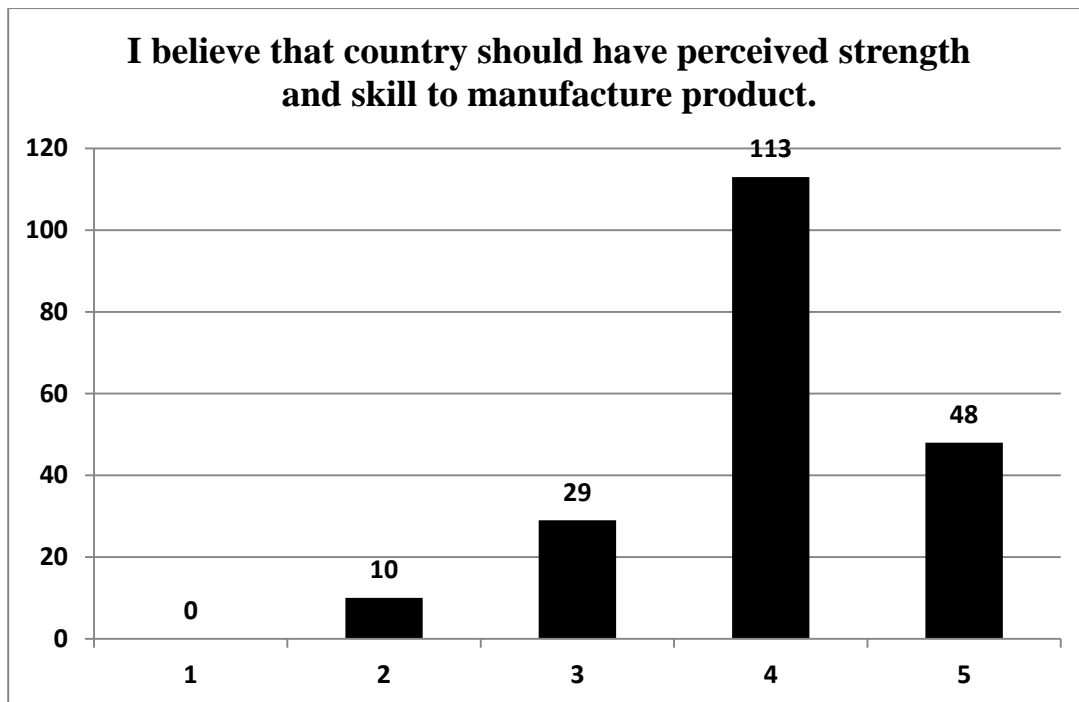


Fig. 4.18 Country should have perceive strength and skill to manufacture product

3) More than 50 percent of the respondents disagrees that purchasing foreign products enhance their self-image and only 48 respondents agree to this. Moreover, around 25 percent of the respondents i.e. 49 are not sure about views.

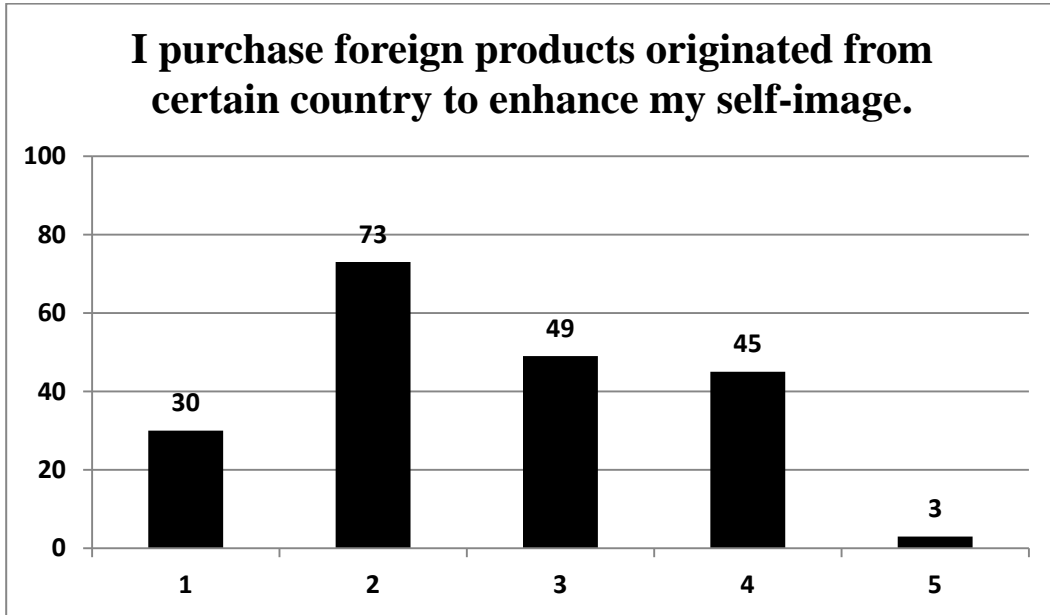


Fig. 4.19 Purchase of foreign Products to enhance the self-image

4) 96 respondents disagrees that purchasing foreign products enhance their social status and only 28 percent i.e. 56 respondents agrees to this while 48 respondents are not sure about their views.

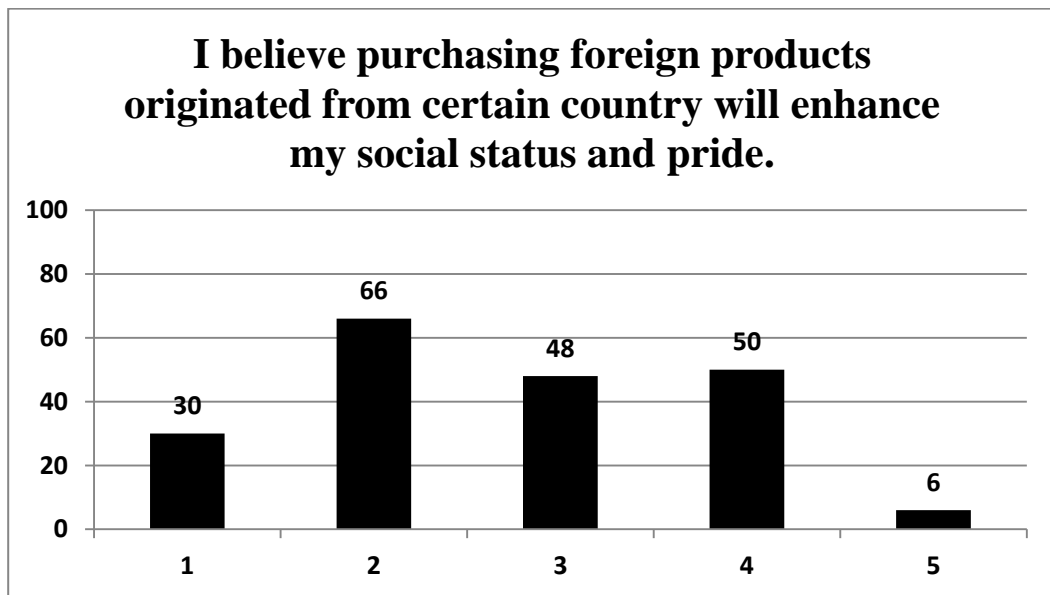


Fig. 4.20 Purchase of foreign products enhance social status and pride

4.2.7 Product Knowledge

	N	Minimum	Maximum	Mean	Std. Deviation
1) I do not use country of origin image as a reference for my purchase decision, if I am able to assess internal features of products.	200	2	5	3.69	.915
2) I don't use country of origin image as a reference for my purchase decision, if I Believe I have technical knowledge of products.	200	1	5	3.92	.853
3) Country of Origin is no longer serves as an indicator of product quality because of the knowledge I have regarding product.	200	2	5	3.90	.857

Table 4.8 Descriptive Statistics of Product Knowledge

Table 4.8 shows the descriptive statistics of product knowledge. Product knowledge serves as a modifier in the given relationship between country-of-origin image and consumers' purchase decision. All three questions of this variable have mean value above mid-range value 3; the highest mean value is of Q2, i.e. 3.92. This implies that consumers do not use country-of-origin as a reference to make purchase decision if they have technical knowledge about the product. In addition, the mean value of Q3 is not far away from the highest value, it is just slightly lower than the highest mean, i.e. 3.90 that means consumers' do not use country-of-origin as a cue for evaluating product quality if they can assess the intrinsic attributes of the products. Furthermore, the mean value of Q1 is 3.69, which implies that they do not use country-of-origin as a tool of reference if they can access the internal features of the product.

4.2.7.1 Frequency Analysis of Product Knowledge

1) 60 percent of the respondents i.e. 120 respondents agree to this that if they can access the internal features of the product then they do not use country-of-origin as a reference for their purchase decision. While only 11 percent of the respondents disagree to this.

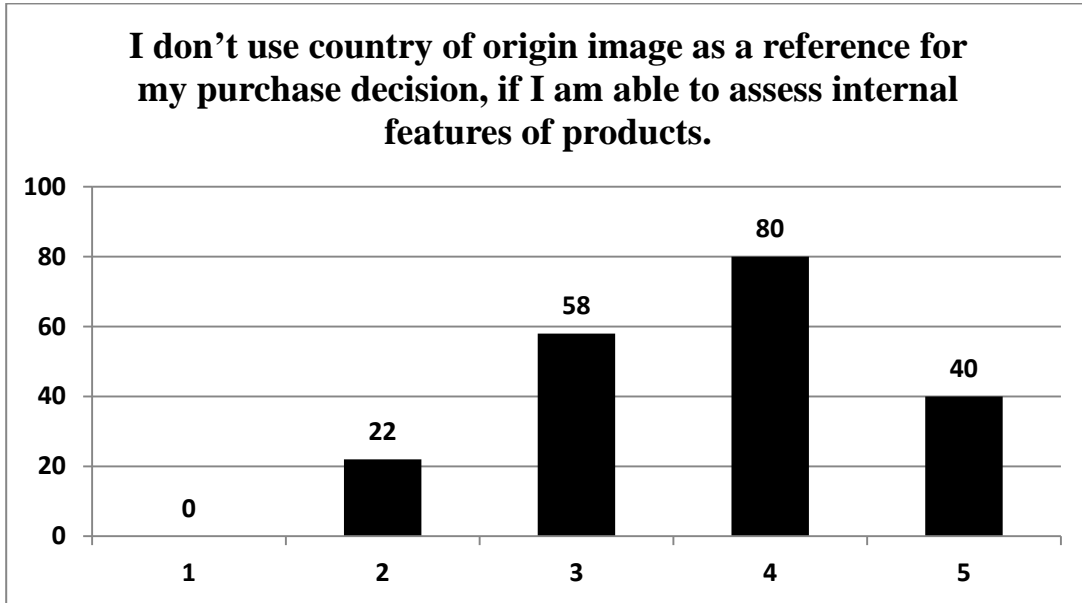


Fig. 4.21 Use of Country-of-Origin image if access to internal features is there

2) 136 respondents agree to that if they have the technical knowledge of the products they do judge products on their country-of-origin and only 7 respondents disagree to this while 57 respondents are not sure about their views.

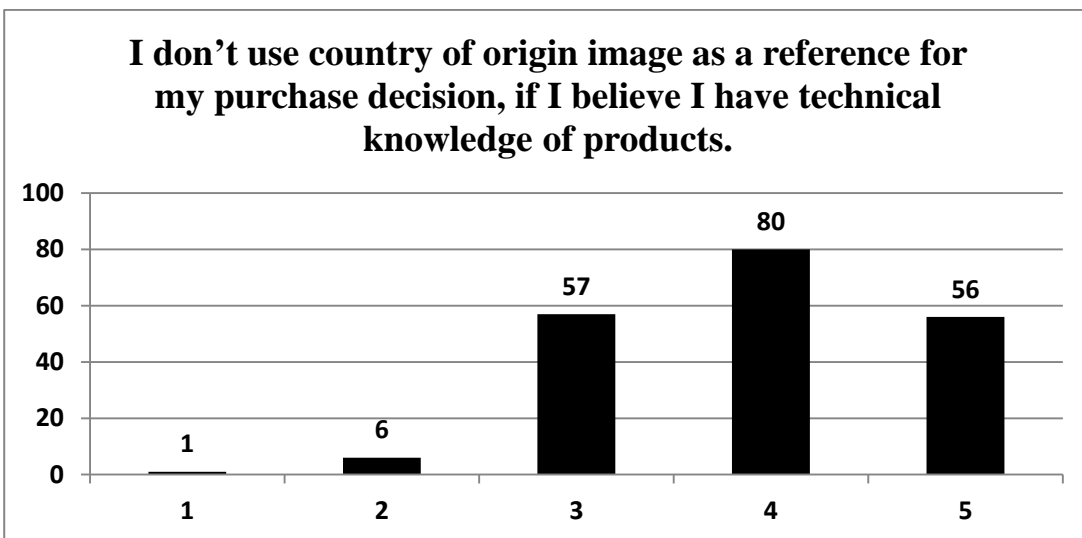


Fig. 4.22 Use of Country-of-Origin image if someone had technical knowledge of the products

3) 124 respondents agreed that if they have the product knowledge then country-of-origin does not act as the indicator for product quality and only 4 respondents disagreed to this, while 72 respondents were sure about views.

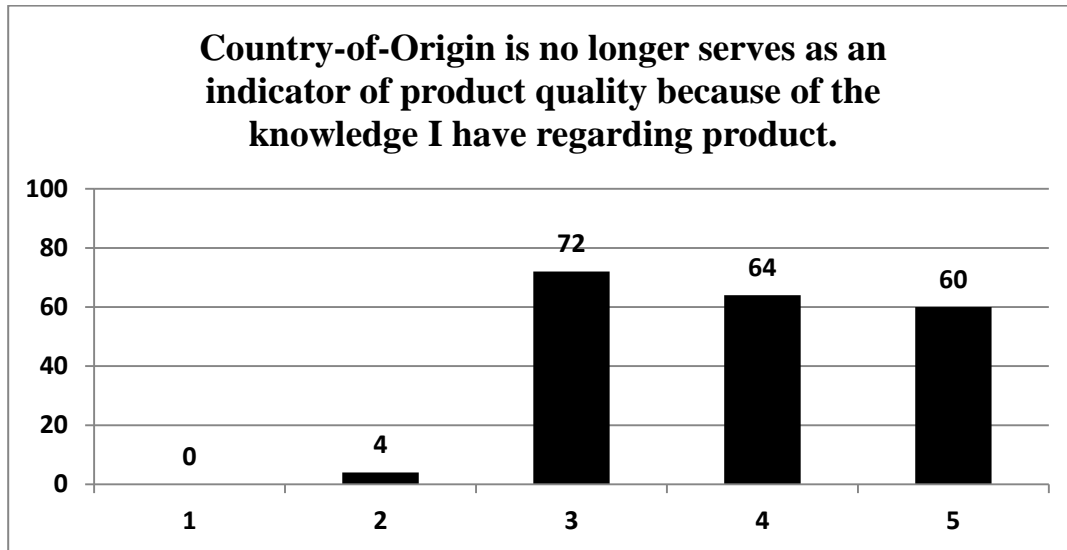


Fig. 4.23 Use of Country-of-Origin image if access product knowledge is there

4.2.8 Perception towards Italy and Italian Products

Eight questions were asked to determine the perception of Indian consumers towards Italy as a country and products from Italy. Out of these eight questions, five of them were based on 5-point Likert scale while one was simple yes or no question and other two were multiple-choice questions. The aim of these questions was to determine what image Indian consumers hold about Italian products. As a result, we find out that Indian consumers have a bright image in their minds about Italy. Majority of them thinks that products made in Italy reduce the risk while purchasing a brand. In addition, across various categories ranging from home furniture, fashion clothing, fashion footwear, food and beverages, motorcycles and automobiles, art, electronics and technology and others, respondents felt that fashion clothing, food and beverages, motorcycles and automobiles and art products have a very positive image in them if they are from Italy. We also asked the respondents that if the quality of Indian and Italian products are assumed to be same then what will they consider to know to ethnocentricity among the respondents. Responses proved that Indian consumers are ethnocentric and majority of them will opt Indian brands while many of them will evaluate on price. Thus, it can be

concluded that if an Italian company wants to target Indian consumers then they have to continue making quality products but with a reasonable price.

Table 4.9 shows the descriptive statistics about the questions on perception towards Italy and Italian products.

	N	Minimum	Maximum	Mean	Std. Deviation
1) Italy is an advanced country with a strong economy.	200	1	5	4.12	.885
2) Italy is a country with a beautiful environment and culture.	200	1	5	3.97	1.104
3) When you think about Italy, what do you feel on a 5-point scale?	200	1	5	4.02	.953
4) How do you perceive "Made in Italy" products?	200	1	5	3.99	.901
6) Does Italian products are considered as products of high social status and image.	200	1	5	3.62	.989

Table 4.9 Descriptive Statistics of Perception of Italy and Italian Products

4.2.8.1 Frequency analysis of perception about Italy and Italian products

1) 160 respondents i.e. 80 percent of them agree that Italy is an advanced country with a strong economy. It gives a very clear picture about what Indian consumers considers about Italy. Only 22 respondents out 200 disagree to this i.e. only 11 percent. While 19 percent them are not sure about their views.

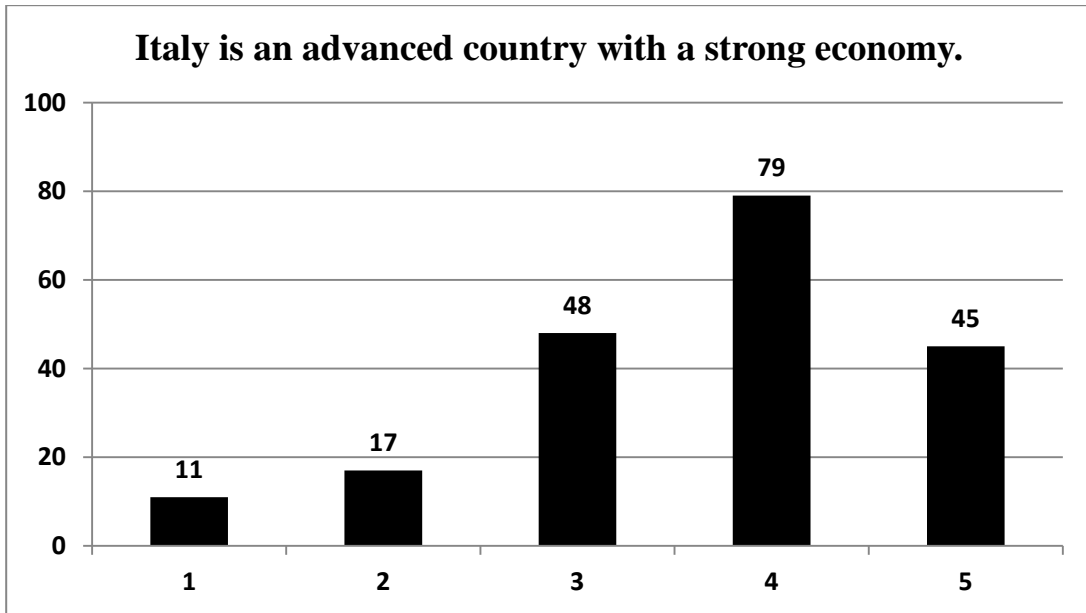


Fig. 4.24 Italy is an advanced economy

2) 133 respondents agree that Italy is a beautiful country with a great culture. Only 34 respondents disagree to this while 43 respondents are neutral about their views.

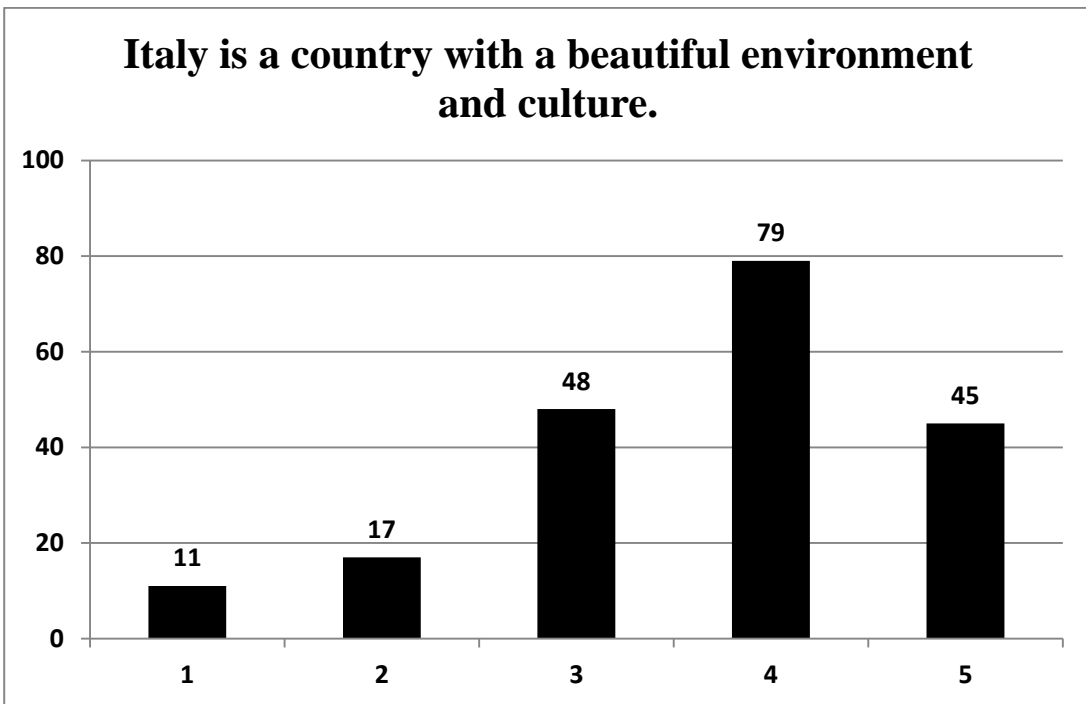


Fig. 4.25 Italy has beautiful environment and culture

3) 144 respondents have positive image about Italy when they were asked to rate Italy on a scale of 1-5. Less than 10 percent of the respondents i.e. 19 respondents felt having negative perception about Italy.

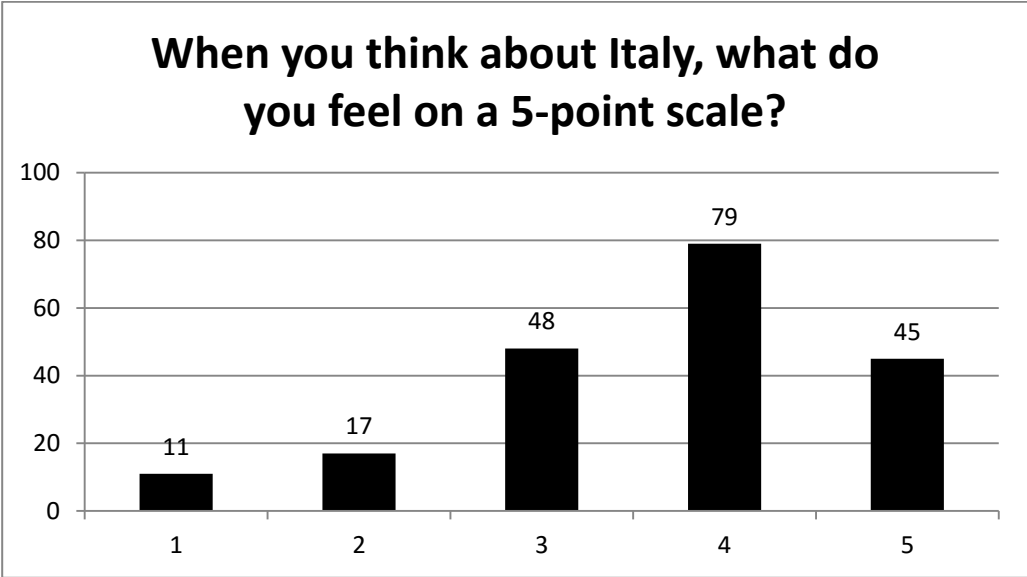


Fig. 4.26 Perception about Italy on a 5-point scale

4) 124 respondents find Italian products reliable, which shows a positive perception about products from Italy. Only 28 respondents do not hold a positive image about the product while 48 respondents are neutral in their views.



Fig. 4.27 Perception about "Made in Italy" Products

5) 123 respondents i.e. 61.5 percent of the respondents believed that buying “Made in Italy” label reduces their risk before purchasing any brand. This gives a very clear picture about the positive perception that the Indian consumers have about the Italian brands.

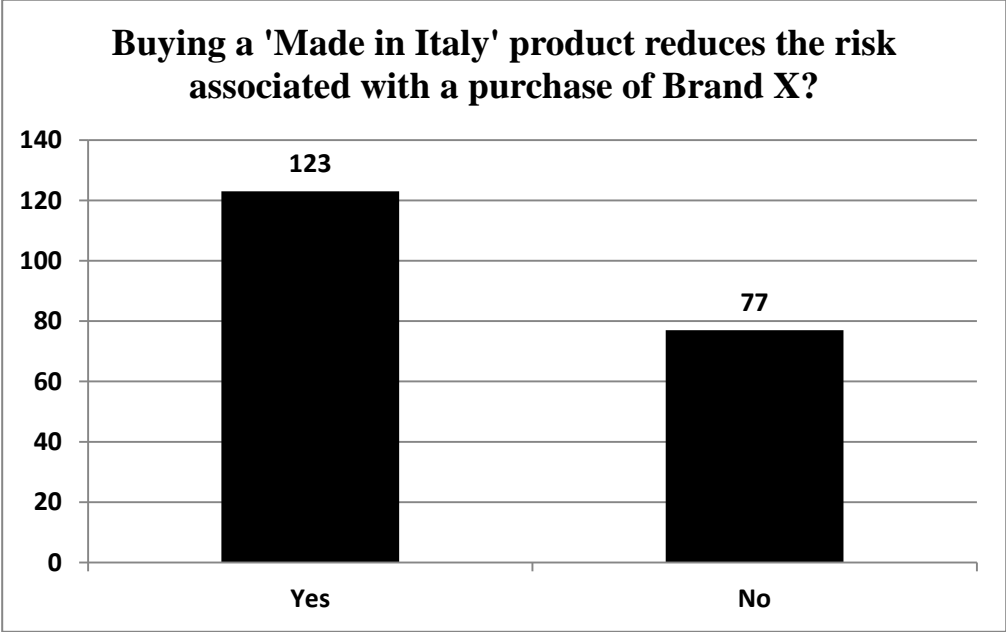


Fig. 4.28 “Made in Italy” products reduces risk associated with a brand

6) 126 respondents believe that Italian products are considered as products of high social status and image while only 20 respondents disagree to this.

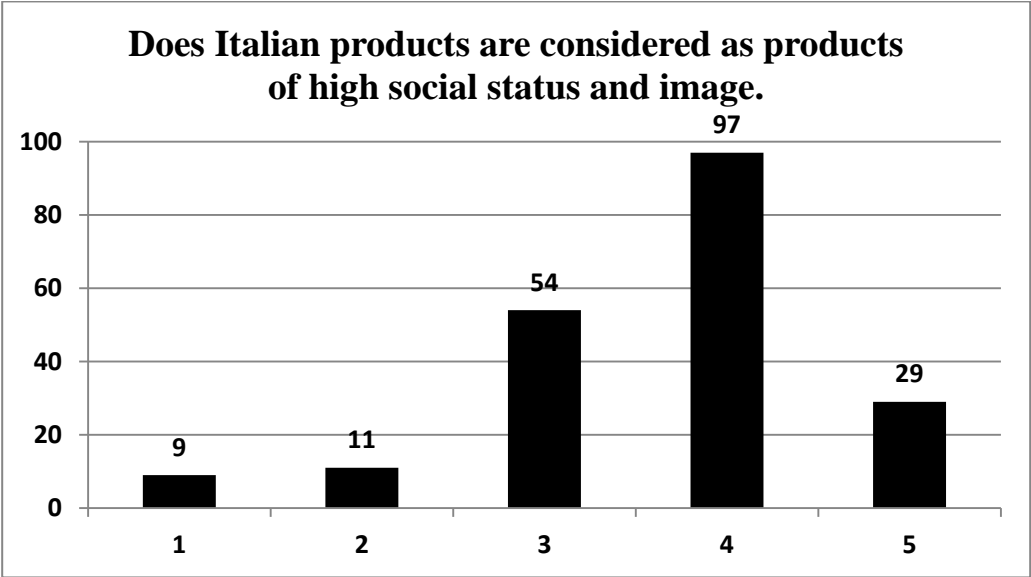


Fig. 4.29 Italian products are considered as high social status products

7) Respondents were asked, under which category does “Made in Italy” label has positive affect in their product evaluation and purchasing intension. Different categories were suggested to them ranging from home furniture to fashion clothing, fashion footwear to food and beverages, motorcycles, automobiles etc. Highest number of respondents is in the fashion-clothing category followed closely by food and beverages. Art products from Italy have a positive perception about them and motorcycles and automobiles draw positive effect. Fashion footwear was preferred was 83 respondents. Home furniture, electronics, and technology products from Italy are not famous among the Indian respondents as only 32 and 13 respondents out of 200 believed that having “Made in Italy” label on products of these categories have a positive influence on them.

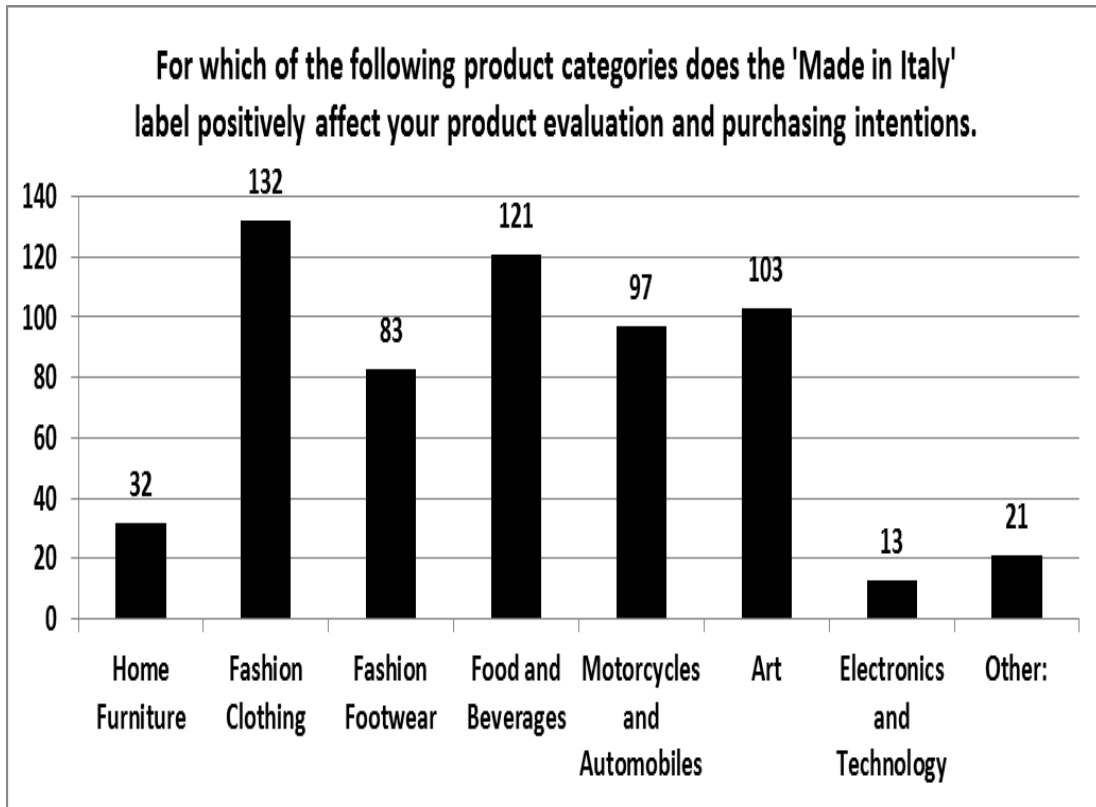


Fig. 4.30 Most preferred “Made in Italy” Products Category

8) Last question, which was asked by the respondents was if the product quality of Indian and Italian products is assumed same, what they would consider. Maximum respondents i.e. 145 out 200 respondents will opt for Indian products. It shows the level of ethnocentricity among the Indian consumers. Even though they have positive perception about Italy and Italian products, but when it comes to choosing products with

same quality, they will opt for Indian products. Afterwards they will consider price as the deciding factor while making a purchase decision as 136 respondents agree to this. Moreover, 72 respondents will consider brand name as the judging factor while only 21 respondents will go for Italian products. Thus, if Italian companies want themselves to establish in India they have to maintain the product quality without compromising on the pricing factor.



Fig. 4.31 If product quality of India and Italy is considered to be same, then

4.3 Hypothesis Test

This section deals with the analysis of possible relationships between prior formulated variables. For this purpose, the researcher tested hypotheses conducting correlation analysis between the dimensions of country-of-origin image and consumers' purchase decision using SPSS software.

4.3.1 Political Dimension and Consumers' Purchase Decision

4.3.1.1 Hypothesis (H01): There is no relationship between political dimension of product's country-of-origin and consumers' purchase decision of foreign products.

		Political Dimension	Purchase Decision
Political Dimension	Pearson Correlation	1	.214
	Sig. (2-tailed)		.042
	N	200	200
Purchase Decision	Pearson Correlation	.214	1
	Sig. (2-tailed)	.042	
	N	200	200

Correlation is significant at the 0.05 level (2-tailed).

Table 4.11 Correlation between Political Dimension and Purchase Decision

Table 4.11 shows the correlation analysis between political dimension and purchase decision. Since the p value is less than alpha i.e. $0.042 < 0.05$, the correlation is significant between the variables. Further, with the correlation coefficient value of 0.214, it can be said that there is positive relationship between political dimension and purchase decision. Hence, there is a significant relationship between political dimension of product's country-of- origin and consumers' purchase decision of foreign products. Therefore, hypothesis (*H01*) is rejected at, 0.05 level of significance.

4.3.2 Economic Dimension and Consumers' Purchase Decision

4.3.2.1 Hypothesis (*H02*): *There is no relationship between economic dimensions of Product's country-of-origin and consumers' purchase decision of foreign products*

		Economic Dimension	Purchase Decision
Economic Dimension	Pearson Correlation	1	.184
	Sig. (2-tailed)		.089
	N	200	200
Purchase Decision	Pearson Correlation	.184	1
	Sig. (2-tailed)	.089	
	N	200	200

Correlation is significant at the 0.05 level (2-tailed).

Table 4.12 Correlation between Political Dimension and Purchase Decision

Table 4.12 shows the correlation analysis between economic dimension and purchase decision. Since the p value is less than alpha i.e. $0.089 < 0.10$, the correlation is significant between the variables, at 10% level of significance. The correlation coefficient value of 0.184 indicates that there is positive relationship between economic dimension of product's country-of-origin and consumers' purchase decision of foreign products. Therefore hypothesis (*H02*) is rejected at, 0.10 level of significance.

4.3.3 Technological Dimension and Consumers' Purchase Decision

4.3.3.1 Hypothesis (*H03*): *There is no relationship between technological dimension of product's country-of-origin and consumers' purchase decision of foreign products.*

Correlations			
		Technological Dimensions	Purchase Decision
Technological Dimensions	Pearson Correlation	1	.149*
	Sig. (2-tailed)		.035
	N	200	200
Purchase Decision	Pearson Correlation	.149*	1
	Sig. (2-tailed)	.035	
	N	200	200

*. Correlation is significant at the 0.05 level (2-tailed).

Table 4.12 Correlation between Technological Dimension and Purchase Decision

Table 4.14 shows the correlation analysis between technological dimensions and purchase decision. Since the p value is less than alpha i.e. $0.035 < 0.05$, the correlation is significant between the variables. Further, with the correlation coefficient value of 0.149, it can be said that there is positive relationship between technological dimension and purchase decision. Hence, there is a significant relationship between technological dimension of product's country-of-origin and consumers' purchase decision of foreign products. Therefore hypothesis (*H03*) is rejected at, 0.05 level of significance.

4.3.4 Human Factors and Consumers' Purchase Decision

4.3.4.1 Hypothesis (H04): *There is no relationship between human factors of product's country-of-origin and consumers' purchase decision of foreign products.*

Correlations

		Human Factors	Purchase Decision
Human Factors	Pearson Correlation	1	.352**
	Sig. (2-tailed)		.001
	N	200	200
Purchase Decision	Pearson Correlation	.352**	1
	Sig. (2-tailed)	.001	
	N	200	200

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.13 Correlation between Human Factors and Purchase Decision

Table 4.13 shows the correlation analysis between human factors and purchase decision. Since the p value is less than or equal to alpha i.e. $0.01 \leq 0.01$, the correlation is significant between the variables. Further, with the correlation coefficient value of 0.352, it can be said that there is positive relationship between human factors and purchase decision. Hence, there is a significant relationship between human factors of product's country-of-origin and consumers' purchase decision of foreign products. Therefore, hypothesis (H04) is rejected at, 0.01 level of significance.

4.3.5 Overall Country-of-Origin Image and Consumers' Purchase Decision

4.3.5.1 Hypothesis (H0): *Overall image of country-of-origin have no relationship with consumers' purchase decision*

Correlations

		Overall Country-of- Origin Image	Purchase Decision
Overall Country-of- Origin Image	Pearson Correlation	1	.140*
	Sig. (2-tailed)		.048
	N	200	200
Purchase Decision	Pearson Correlation	.140*	1
	Sig. (2-tailed)	.048	
	N	200	200

*. Correlation is significant at the 0.05 level (2-tailed).

Table 4.14 Correlation between Overall Country-of-Origin Image and Purchase Decision

Table 4.14 shows the correlation analysis between overall country-of-origin image and purchase decision. Since the p value is less than alpha i.e. $0.048 < 0.05$, the correlation is significant between the variables. Further, with the correlation coefficient value of 0.140, it can be said that there is positive relationship between overall country-of-origin image and consumers' purchase decision. Hence, there is a significant relationship between overall country-of-origin image and consumers' purchase decision. Therefore, hypothesis (H_0) is rejected at, 0.05 level of significance.

4.3.6 Analysis with Modifier:

Product knowledge is the modifier that has strong contingent effect on the relationship between country-of-origin image and consumers' purchase decision. Each dimension of country-of-origin was linked with product knowledge and the relationship with dependent variable i.e. consumers' purchase decision was checked. Following results appeared after the independent variables were linked with product knowledge.

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.669	.240		11.134	.000
Modified Political	-.010	.026	-.068	-.372	.711
Modified Economical	-.016	.028	-.109	-.564	.574
Modified Technological	.001	.021	.008	0.44	.965
Modified Human Factors	.073	.032	.437	2.253	.027

a. Dependent Variable: Purchase Decision

Table 4.15 Regression between Modified Country-of-Origin Image Dimensions and Purchase Decision

When the four dimensions of country-of-origin image were linked with product knowledge and tested with dependent variable, i.e. purchase decision, the different perspective pop out. As shown in the table 4.15, except modified human factors all other three dimensions modified political, modified economic and modified technological have p value higher than 0.05. Which means that, consumers' purchase decision is not influenced by macro environmental factors such as: political, economic and technological, when they have sufficient product knowledge. Because, the p value of modified political dimension is 0.711, that of modified economic dimension is 0.574 and of modified technological dimension is 0.965, which is well beyond the accepted significance level of 0.05. However, human factors still influence the consumers' purchase decision even though the consumers' have enough knowledge regarding product, as the p value for modified human factors is 0.027 which is much less than accepted significance level of 0.05.

4.4 Discussion

The main objective of this research is to find out the influence of country-of-origin image on consumers' purchase decision of foreign products and to determine the Indian consumers' perception about Italian products. The research was entirely focused on the different dimensions of country-of-origin image and their respective relationship with

the purchase decision made by the consumers. Moreover, this research study also pays attention on assessing the modifying role of product knowledge in the given relationship. The sample was taken from different age groups. Among the respondents, participation of males was slightly higher than of female respondents. The percentage of male respondents was 52% and of female respondents was 48%. The statistics regarding academic qualification of the respondents shows that, 97 respondents had Bachelor's degree and 67 had graduated the Masters level. The occupational status of respondents shows that 70 respondents were students, 61 were engaged in corporate employees, 31 were entrepreneurs and remaining 35 were engaged in other different type of occupation. Different dimensions of country-of-origin were used to measure the variable. The dimensions of country-of-origin image, which were measured, are macro environmental factors – (political dimension, economic dimension, technological dimension) and human factors. The dependent variable i.e. consumers' purchase decision was also measured using four different questions. Similarly, in order to measure the effect of modifier i.e. of product knowledge, separate set of question was used. The research shows that there exist a positive relationship between country-of-origin image and consumers' purchase decision. Among the four different dimensions of country-of-origin image, mean value of technological dimension was found highest and that of human factors were found to be lowest, but still all the dimensions of country-of-origin image scores mean value above the mid-range value 3, so it can be inferred that the dimensions used were relevant in shaping the image of any country-of-origin. To examine the relationship between the dimensions of country-of-origin image and consumers' purchase decision, the hypotheses were tested which were conducted through correlation analysis. After the analysis, following results were obtained.

1. There is a relationship between political dimension of country-of-origin and consumers' purchase decision. It means that the political aspect of country X influences the consumers' purchase decision process, while purchasing the product from that country.
2. There is a relationship between economic dimension of country-of-origin and consumers' purchase decision. It means that the economic issues of country X

has something to do with the consumers' purchase decision process while making purchase of product from that country.

3. There is a relationship between technological dimension of country-of-origin and consumers' purchase decision. It means that the technological situation of country X influences consumers' purchase decision while acquiring product from that particular country.
4. There is a relationship between human factors of country-of-origin and consumers' purchase decision. It means that the human factors of country X influence the consumers' purchase decision process while making purchase from that country.
5. Similarly, there is a relationship between overall country-of-origin image and consumers' purchase decision. This means that consumers while making purchase decision consider the image of the country where the product is manufactured.
6. The modifying effect of product knowledge on the relationship between country-of- origin image and purchase decision shows that, consumers' are not influenced by political, economic and technological dimensions of country-of-origin while making purchase decision if they have the knowledge about the product. However, human factors influences the purchase decision even if the consumers' have knowledge regarding the product.

From the study, various results can be inferred from the correlations among the different dimensions of country-of-origin image and consumers' purchase decision. Following conclusions can be drawn from the correlations among the independent and dependent factors.

1. Among the correlation between country-of-origin dimension and consumers' purchase decision, human factors has highest correlation with purchase decision. Therefore, we can infer that human factors of country-of-origin have high influence on consumers' purchase decision.
2. Political and technological dimension has second highest correlation with consumers' purchase decision.

3. The correlation between economic dimension and purchase decision is found least. In other words, there is little influence of economic dimension on consumers' purchase decision compare to other dimensions.

From the analysis, we can infer that there is a positive relationship between country-of-origin image and consumers' purchase decision as the correlation between them is 0.140. Since the relationship between country-of-origin image and consumers' purchase decision is found to be positive, we can say that there is an influence of country-of-origin image on Indian consumers' purchase decision.

Eight questions were asked to determine the perception of Indian consumers towards Italy as a country and products from Italy. Out of these eight questions, five of them were based on 5-point Likert scale while one was simple yes or no question and other two were multiple-choice questions. The aim of these questions was to determine what image Indian consumers hold about Italian products. As a result, we find out that Indian consumers have a bright image in their minds about Italy. Majority of them thinks that products made in Italy reduce the risk while purchasing a brand. In addition, across various categories ranging from home furniture, fashion clothing, fashion footwear, food and beverages, motorcycles and automobiles, art, electronics and technology and others, respondents felt that fashion clothing, food and beverages, motorcycles and automobiles and art products have a very positive image in them if they are from Italy. We also asked the respondents that if the quality of Indian and Italian products are assumed to be same then what will they consider to know to ethnocentricity among the respondents. Responses proved that Indian consumers are ethnocentric and majority of them will opt Indian brands while many of them will evaluate on price. Thus, it can be concluded that if an Italian company wants to target Indian consumers then they have to continue making quality products but with a reasonable price.

FINDINGS AND CONCLUSION

In the previous chapter, the data analysis and hypotheses testing was done according to the objectives of the study. This chapter gives a brief overview of findings and conclusion of the study. This chapter is divided into two sections. The first section includes summary of the findings and the second section includes the conclusion of the study derived from the findings.

5.1 Summary of Findings

Since the main objective of the study is to understand the influence of country-of-origin image on consumers' purchase decision, at first, literature review was carried out. Based on the literature review it is concluded that, there is a relationship between country-of-origin image and consumers' purchase decision. Hypotheses were developed from the study of the literature review in order to find out the relationship between country-of-origin image and consumers' purchase decision. A theoretical model was developed based on the literature review by taking into account the identified dimensions of country-of-origin image and dependent variable purchase decision and perceived relation among them. In addition, the modifier variable- product knowledge was identified and its effect on the proposed relationship between country-of-origin image and consumers' purchase decision was portrayed in the theoretical framework.

For the study of the variables, 12- item questionnaire was used to study country-of-origin image and 4- item questionnaire was used to study purchase decision. In addition, the 3-item questionnaire was used to study product knowledge and lastly 8-item questionnaire was developed for perception about Italy and Italian products. 200 questionnaires were used for analysis and SPSS was used for finding out result of data analysis. The summary of findings is presented in this chapter.

5.1.1 Country-of-Origin Image and Consumers' Purchase Decision

The study found that there is a positive relationship between country-of-origin image and consumers' purchase decision, which means independent variable i.e. dimensions of

country-of-origin image positively influence consumers' purchase decision. Among the correlation analysis between different dimensions of country-of-origin image and the dependent variable i.e. consumers' purchase decision, all of the dimensions of country-of origin image have significant relationship with purchase decision.

Hypothesis	Variables		Purchase Decision	Conclusion	Remarks
H01	Political Dimension	Pearson Correlation	.214	Rejected	Correlation is significant at the 0.05 level (2-tailed)
		Sig. (2-tailed)	.042		
		N	200		
H02	Economic Dimension	Pearson Correlation	.184	Rejected	Correlation is significant at the 0.05 level (2-tailed)
		Sig. (2-tailed)	.089		
		N	200		
H03	Technological Dimension	Pearson Correlation	.149*	Rejected	Correlation is significant at the 0.05 level (2-tailed)
		Sig. (2-tailed)	.035		
		N	200		
H04	Human Factors Dimension	Pearson Correlation	.352**	Rejected	Correlation is significant at the 0.01 level (2-tailed)
		Sig. (2-tailed)	.001		
		N	200		

H0	Overall Country-of- Origin Image	Pearson Correlation	.140*	Rejected	Correlation is significant at the 0.05 level (2- tailed)
		Sig. (2- tailed)	.048		
		N	200		

Table 5.1: Correlations among the dimensions of Country-of-Origin Image and Consumers' Purchase Decision

Table 5.1 shows the correlation between the dimensions of country-of-origin image and consumers' purchase decision. From the correlation, it is clear that human factors have strongest correlation with consumers' purchase decision, while the economic dimension have weakest correlation. Also from the study, it is safer to say that, there is a significant relationship between overall country-of-origin image and consumers' purchase decision. Hence, we can infer that consumers' decision-making is influenced by the image that they have in their mind regarding the products country-of-origin while making purchase of foreign products. Moreover, we can conclude that country-of-origin is one of the yardsticks used by consumers to evaluate foreign products for making purchase decision. Also, the result of modifying effect of product knowledge on the relationship between country-of-origin image and purchase decision shows that, if consumers have objective and technical knowledge regarding the product their purchase decision is not influenced by macro environmental factors-political, economic and technological. However, consumers' purchase decision is still influenced by human factors of country-of-origin even if they have sufficient knowledge regarding the product.

5.1.2 Perception of Indian consumers for Italy and Italian products

The study found out that Indian consumers perceive Italy as a developed country and Italian products as high quality products. They also believed that “Made in Italy” label reduces the risk for any product and contribute positively to the purchased decision. The most accepted categories’ are fashion-clothing category followed closely by food and beverages. Art products from Italy have a positive perception about them and

motorcycles and automobiles draw positive effect. However, the ethnocentricity among the Indian consumers are quite high as when they were asked about their purchase decision when the product's quality of both Indian and Italian products assumed to be same, they responded with Indian products and price. Thus, keeping this in mind Italian companies should not compromise with quality and keeping check on price.

5.2 Conclusion

Country-of-origin is not a new concept. The study of this concept is widely adopted in the world. Schooler's (1965) study is the first to empirically demonstrate that consumers rate products that are identical in every respect except for their country-of-origin differently. From this study by Schooler, back in 1960s, we can infer that country-of-origin has something to do with consumer behavior. Researchers are studying deeply about the relationship of the concept of country-of-origin with other consumer behavior concepts worldwide. One of the study conducted in 2006, shows that there were more than 1,000 studies of which 400 studies were published in academic journals, on the issue of country-of-origin (Usunier, 2006), the numbers may have increased in ten years. However, in Indian context, country-of-origin is relatively new concept. Enough researches are yet to be done in this issue, especially in the context of India embracing globalization and Indian consumers bombarded with so many foreign brands in almost every product category.

This study provides insights into what factors build up the image of country-of-origin and in turn, their influence on purchase decision of Indian consumers especially on Italian products. The factors that are identified as important to build up the country image are macro environment factors (political dimension, economic dimension, technological dimension) and human factors. This study aims to find the influence of these dimensions on purchase decision, in perspective of Indian consumers buying foreign products. The result of the study shows all the dimensions of country-of-origin image, influences the decision taken by Indian consumers while purchasing foreign products. Also, the research shows that Indian consumers who have knowledge about the product are less influenced by macro environmental factors while purchasing

foreign products, however human factors of country-of-origin plays a significant role in purchase decision even if Indian consumers have knowledge regarding the product.

Roth and Romeo (1992) predicted the relationship between consumer preferences for a country's products, and perceptions of a country's economy and politics. The result obtained through this research work i.e. rejection of H01 and H02 converges with prediction made by Roth and Romeo. The rejection of H03, which means that there is a relationship between technological dimension and consumers' purchase decision, is in lined with the findings of Verlegh and Steenkamp (1999) which states that consumers perceive the products are of better quality when produced in technologically advanced countries. Relationship with people, likability of celebrities, and other people related factors influence consumers' product or brand attitudes (Obermiller & Spangenberg, 1989). The result obtained through this research i.e. rejection of H04 matches with the argument made by Obermiller and Spangenberg. Hence, the main objective of this study was to find the influence of country-of-origin image on consumers' purchase decision, for this purpose hypothesis H0 was established, which was rejected at 0.01 level of significance which is in line with the results found by Bilkey and Nes (1982), Peterson & Jolibert, (1995), and many other authors who found the positive influence of country-of-origin image on consumers' purchase decision. Many researches shows that customers with a high level of objective knowledge are less likely to rely on country of origin cues for their product evaluation and purchase decision and are likely to search for another trait of the product rather than country-of-origin. However, this study shows that human factors role is still influential even if consumers have product knowledge.

As far as the Italian products are concerned, they are perceived of as high quality products. However, there is not much presence of Italian companies in India or trade between Indian and Italy as compared to other trading nations of the world. Thus, Italian companies should consider India as a lucrative market because of its size and ability for accommodating companies from every sector. Thus, underutilization of Indian market is an issue here for the Italian traders.

LIMITATIONS AND RECOMMENDATIONS

6.1 Limitations

The research work conducted has certain constraint; some of the limitations are as below:

1. The sampling technique employed for the research purpose is a mix of random, stratified and quota sampling. Even though, the data were collected from the top ten cities of the country but considering such a large and diverse population size, it may not be representative of entire population.
2. Analysis is mainly based on primary as well as secondary data such as the website study, review of published documents and self-administered questionnaire. The website information, published documents and the personal information have their own limitations.
3. The time and resource constraint leads to relatively smaller sample size.

6.2 Recommendations

The primary objective of this research is to study influence of country-of-origin image on consumers' purchase decision, in the light of determinants derived from extensive literature review. The determinants derived were political dimension, economic dimension, technological dimension and human factors. Beside these factors, other factors also contribute in building the image of a country and in turn affecting consumers' purchase decision. Therefore, other variables need to be taken into consideration for future research.

This research is focused on consumers' purchase decision of foreign products; this discards the issue of domestic product. The factors like ethnocentrism and national identity influences the consumer preference of domestic product against foreign product. Research shows that there is significant correlation between people's general attitude towards home country and consumer ethnocentrism (Parameswaran & Yaprak,

1987). It is also expected to affect country image perceptions. Therefore, future research should examine this dimension of country-of-origin image construct.

This study is purely an academic research, so sample size is small. For the professional research purpose, in order to reduce the error and to make the result more pervasive sample size should be increased. Moreover, this research study was confined within the top cities, so it does not incorporate the opinion of all Indians residing in different parts of the nation. The research that represents the opinion of people from different part of India will help the brand manager of foreign products to position their brand in the mind of consumers across the nation. This research generates a scope for several other researchers regarding country-of-origin image and its effect on consumers' purchase decision and can be used by the future researcher, to further identify and investigate the factors shaping the image of country and their effect on consumers' purchase decision.

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APPENDIX

Research Questionnaire

4/29/2016 Questionnaire for university research on "Country of Origin Effect on Indian Consumers' Perception of Product Quality and Buying Intentions – A Case of L..

Questionnaire for university research on "Country of Origin Effect on Indian Consumers' Perception of Product Quality and Buying Intentions – A Case of Italian Products"

Hi,

Thanks for taking part in this survey. The survey is designed as university research on "Country of Origin Effect on Indian Consumers' Perception of Product and Buying Intentions – A Case of Italian Products". The survey will only take your five minutes and all information you provided will be protected confidently. The term "country of origin" refers to the country of manufacture, production, or growth where an article or product comes from, usually, it uses "made in" to represent which country manufactured the product.

Thank You very much.

***Required**

1. Name *

.....

2. Gender *

Mark only one oval.

- Male
 Female
 Other

3. Location *

.....

4. Age *

Mark only one oval.

- Below 18 Years
 18-25
 25-35
 35-45
 Above 45

5. Educational Qualifications *

Mark only one oval.

- High School (Class 10th) or less
- Higher Secondary (Class12th)
- Under-Graduate
- Post-Graduate
- PhD or Above
- Other: _____

6. Occupation *

Mark only one oval.

- Corporate Employee
- Government Personnel
- Self-Employed
- Student
- Home-Maker
- Other: _____

Country-of-Origin Image

The country-of-origin image, also known as the made-in image and the nationality bias is a psychological effect describing how consumers' attitudes, perceptions and purchasing decisions are influenced by products' country of origin labeling.

Political

7. 1) I will form favorable image of County X in my mind , if it has political system (democratic/communist) of my preference. *

Mark only one oval.

	1	2	3	4	5	
Strongly Disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly Agree

8. 2) I will form favorable image of County X in my mind , if it has high respect for human rights. *

Mark only one oval.

	1	2	3	4	5	
Strongly Disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly Agree

9. 3) I will form favorable image of County X in my mind , if it is peaceful. *

Mark only one oval.

	1	2	3	4	5	
Strongly Disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly Agree

10. 4) I will form favorable image of County X in my mind , if it is friendly to India in World Affairs. *

Mark only one oval.

	1	2	3	4	5	
Strongly Disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly Agree

Economical

11. 5) I will form favorable image of County X in my mind , if it has economic system of my belief (free market/ planned). *

Mark only one oval.

	1	2	3	4	5	
Strongly Disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly Agree

12. 6) I will form favorable image of County X in my mind , if it has high level of Industrialization. *

Mark only one oval.

	1	2	3	4	5	
Strongly Disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly Agree

13. 7) I will form favorable image of County X in my mind , if it has highly developed Economy. *

Mark only one oval.

	1	2	3	4	5	
Strongly Disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly Agree

Technological

14. 8) I will form favorable image of County X in my mind , if it has high level of technological and industrial research. *

Mark only one oval.

	1	2	3	4	5	
Strongly Disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly Agree

15. 9) I will form favorable image of County X in my mind , if it has high level of Information Technology and digitization. *

Mark only one oval.

	1	2	3	4	5	
Strongly Disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly Agree

16. 10) I will form favorable image of County X in my mind, if It has highly skilled technical manpower. *

Mark only one oval.

	1	2	3	4	5	
Strongly Disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly Agree

Human Factors

17. 11) I will form favorable image of County X in my mind , if the people of that county are humble and friendly through (direct/indirect) experience. *

Mark only one oval.

	1	2	3	4	5	
Strongly Disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly Agree

18. 12) I will form favorable image of County X in my mind , if i like celebrities from that country. *

Mark only one oval.

	1	2	3	4	5	
Strongly Disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly Agree

Purchase Decision

19. 1) I use country of origin as a reference to evaluate quality of products. *

Mark only one oval.

1 2 3 4 5

Strongly Disagree Strongly Agree

20. 2) I believe that country should have perceived strength and skill to manufacture product. *

Mark only one oval.

1 2 3 4 5

Strongly Disagree Strongly Agree

21. 3) I purchase foreign products originated from certain country to enhance my self image. *

Mark only one oval.

1 2 3 4 5

Strongly Disagree Strongly Agree

22. 4) I believe purchasing foreign products originated from certain country will enhance my social status and pride. *

Mark only one oval.

1 2 3 4 5

Strongly Disagree Strongly Agree

Product Knowledge

23. 1. I don't use country of origin image as a reference for my purchase decision , if I am able to assess internal features of products.

Mark only one oval.

1 2 3 4 5

Strongly Disagree Strongly Agree

24. 2. I don't use country of origin image as a reference for my purchase decision , if I believe I have technical knowledge of products.

Mark only one oval.

1 2 3 4 5

Strongly Disagree Strongly Agree

25. **3. Country of Origin is no longer serves as an indicator of product quality because of the knowledge I have regarding product.**

Mark only one oval.

1 2 3 4 5

Strongly Disagree Strongly Agree

Perception towards Italy and Italian Products

26. **1) Italy is an advanced country with a strong economy. ***

Mark only one oval.

1 2 3 4 5

Strongly Disagree Strongly Agree

27. **2) Italy is a country with a beautiful environment and culture. ***

Mark only one oval.

1 2 3 4 5

Strongly Disagree Strongly Agree

28. **3) When you think about Italy, what do you feel on a 5-point scale ***

Mark only one oval.

1 2 3 4 5

Very Negative Very Positive

29. **4) How do you perceive "Made in Italy" products? ***

Mark only one oval.

1 2 3 4 5

Very Low Quality Very High Quality

30. **5) Buying a 'Made in Italy' product reduces the risk associated with a purchase of Brand X? ***

Mark only one oval.

Yes
 No

31. 6) Does Italian products are considered as products of high social status and image. *

Mark only one oval.

1 2 3 4 5

Strongly Disagree Strongly Agree

32. 7) For which of the following product categories does the 'Made in Italy' label positively affect your product evaluation and purchasing intentions? (tick one or more boxes) *

Tick all that apply.

- Home Furniture
- Fashion Clothing
- Fashion Footwear
- Food and Beverages
- Motorcycles and Automobiles
- Art
- Electronics and Technology
- Other: _____

33. 8) If the quality of Indian and Italian products is same, I will consider: *

Tick all that apply.

- Price
- Brand Name
- Will buy Indian product
- Will buy Italian product
- Other: _____

ADHERENCE SHEET

Particulars	Last Date	Signature of Mentors	
Title of the Project/Area of Topic Finalization	21/1/16		
Literature Review/Objectives of the study	2/2/16		
Methodology	18/2/16		
Questionnaire/Data Collection tools	3/3/16		
Data Collection	17/3/16		
Analysis	24/3/16		
Conclusion and Recommendations	1/4/16		
First Draft	15/4/16		
Final Report/Binding and Submission	26/5/16		