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Is Publishing Country-of-Design Information Beneficial for MNCs?

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ABSTRACT

In this study, we examined the effect of a countering strategy of manipulating country-of-manufacturing (COM) with country-of-design (COD) information that has been adopted by multinational corporations (MNCs). We conducted a *(2 (COM: China vs. Italy) * 3 (COD: China vs. Italy vs. None) * 2 (Consumption Context: Public use vs. Private use) mixed factorial design to test the interaction effect of COM and COD in varying levels of country development and in different consumption contexts*. We found that, counter-intuitively, it is not advantageous to signify design location at developed countries if manufacturing in developing countries. Contrarily, emphasizing design location at developed countries has a reinforcing positive effect for firms manufacturing at developed countries as well. Second, compared to products typically used in private, COM has significantly higher impact on product evaluation and purchase intention for products used in public. However, our results showed no interaction effect between consumption context and COD.

KEYWORDS

Consumption context; country-of-design; country-of-manufacturing

Introduction

Today's business model is extremely complex and can involve linkages with numerous players in several countries. Globalization and the expansion of international trade have led to a new era of competition, growth opportunities, and complex supply chain structures. Businesses that want to keep up with the competition in a globalized world have increasingly moved their production facilities to emerging countries, mostly to gain cost advantages through low labor costs and proximity to resources and as well as lower tax rates. An increasing number of the products that we see on the shelves are the result of multinational collaboration and multicountry efforts. For instance, Nutella, the brand name of the sweetened hazelnut cocoa spread differentiates itself via a very successful global value chain from Nigeria where it buys cocoa to Malaysia where it buys palm oil. Similarly, Apple's complex supply chain structure of iPhones extends from the US to China and from South Korea to the Netherlands (Minasians 2016). Because the overall image of emerging countries is lower than that of developed countries, this situation creates some concerns about product quality and sustainability for these multinational products. Because of these worldwide developments, the concept of "country-of-origin" (COO) has received increasing attention (e.g., Chen and Su 2011; Hamzaoui 2010).

COO can be defined as an extrinsic product attribute indicating the country from which a product originates (Liu and Johnson 2005; Verlegh and Steenkamp 1999). A substantial body of the literature on COO effects has developed since Schooler's (1965) original article suggesting that the country from which a product originates has a strong effect on consumers' attitudes and product evaluation. Consumers use this piece of information to make inferences about the product quality. However, later researchers realized that the COO image, rather than being merely a unidimensional concept, has a more complex structure (Dinnie 2004). In light of the disagreements in its dimensions, the concept of COO may be undergoing a revolution (Hamzaoui and Merunka 2006). More specifically, the concept of COO, which was used to refer only to the country where products or services were produced, has transformed into a multidimensional

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concept that encompasses several components, such as country-of-parts (COP), country-of-assembly (COA), country-of-brand (COB), and country-of-design (COD).

Some companies with headquarters in developed countries benefit from a strong COO image and worry about the diminishing of that image while they move their production to an emerging country. In order to preserve their strong COO image in consumers' minds, some firms try to manage country-of-origin information by adding COD information to the label in order to direct consumers' attention away from the country in which they are producing. For example, Apple includes the notification "Designed in California" on the back of their iPhones, and Lacoste puts a "Designed in France" label, in addition to country-of-manufacturing (COM) information, on their well-known polo t-shirts. In spite of these practices in the business world, not much research has been done on consumers' reactions to this strategy. This prompts the question, "Does providing COD information bring positive results to companies, and, if yes, under what conditions?" In particular, we look into how the COD interacts with the COM in different combination of developing and developed country cases on customers' product evaluation and purchase intention.

Although there are some studies of COD information in the literature (Chen and Su 2011; Hamzaoui 2010; Hamzaoui and Merunka 2006; Insch and McBride 1999, 2004), not many studies investigate the interaction effect between COM and COD on product evaluation and purchase intention. Brodowsky, Tan, and Meilich (2004) studied the interaction effect of COD and COA to see the effect of pure American versus bi-national (American and Japanese) products. They found the interaction effect as significant and respondents evaluated bi-national American designed/Japanese made cars with the least positive scores. Our paper was designed differently in the following aspects and therefore aims to make the following contributions to COO literature. First of all, we compared the presence and absence of COD information in the presence of COM information which was not studied by previous works. In other words, how information on COD interacts with COM information in regard to consumers' product evaluation and purchase intention was analyzed. Providing COD information is not mandatory and therefore it is totally up to the company's perceived benefits whether to provide this information. Second, we studied the specific impact of developed and developing country comparisons rather than just looking bi-nationality of developed countries which has been done by past research on this topic (e.g. Brodowsky, Tan, and Meilich 2004; Hamzaoui 2010). We think this comparison is very timely since several MNCs (such as Ikea, Nike, and Apple) that have headquarters in western countries have moved their production facilities to developing countries. Third, as suggested by some studies, the impacts of COO dimensions vary by product categories (Hamzaoui 2010; Insch and McBride 2004). In this study, we approached the product category from consumption context perspective. In particular, consumption context was integrated into the experimental design to explore its moderating effect on the relationships between (1) COM and COD and (2) consumers' product evaluation and purchase intention.

The organization of this paper is as follows. The next section reviews the literature and presents hypotheses. The third section outlines the methodology. The fourth section explains the results, and in the final section, the limitations of the study and suggestions for future research are discussed.

Literature review

The concept of COO

The cognitive approach sees a product as a cluster of cues that fall into two categories: intrinsic and extrinsic cues (Bilkey and Nes 1982). In the literature, COO is conceptualized as a form of extrinsic cue in product evaluation (Liu and Johnson 2005; Verlegh and Steenkamp 1999). The COO concept has been studied extensively for more than forty years now (Jaffe and Nebenzahl 2001; Verlegh and Steenkamp 1999). The psychological concept of stereotyping has been used to describe how consumers react to COO information (Ahmed and d'Astous 2008; Maheswaran 1994; Tse and Gorn 1993). The stereotype of a country may reflect on "the overall perception consumers form of products from such a country, based on their prior perception of the country's production and marketing strengths and weaknesses" (Roth and Romeo 1992, p. 479). Earlier research on COO noted that the effects of the COO on consumers' perceptions about products operate in two forms: as halo effects and as summary constructs (Hong and Wyer 1989). When

consumers are not yet familiar with a country's product, the COO has a halo effect that directly influences consumers' beliefs about the product (Ahmed and d'Astous 2004). The COO has a summary effect when consumers are aware of the country and its products; in this case, consumers infer a country's image from its product information, which then indirectly affects brand attitudes (Han 1989). In both situations, the COO is used in the consumer decision-making process as an indicator of product value and quality.

Given a considerable body of research, today we know that "COO has a more complex construct than originally conceived" (Ahmed and d'Astous 2008, p. 79). Substantive work on COO information has indicated that the COO construct functions through three components: a cognitive component, referring to the quality of the product; an affective component, consisting of the emotional and symbolic value for consumers; and a conative/normative component, consisting of a social and personal relationship between the consumer and the COO (Dmitrovic and Vida 2010; Knight and Calantone 2000; Laroche et al. 2005; Maher and Carter 2011; Roth and Diamantopoulos 2009; Verlegh and Steenkamp 1999). In conclusion, the COO construct has some effects on product evaluation and, thus, on consumers' buying decisions (Verlegh and Steenkamp 1999).

Multidimensional facets of the COO construct

In the past literature, the notion of COO has been defined as analogous to the "made-in" country, the COM, where the product is manufactured (Hamzaoui 2010; Kucukemiroglu 1999; Nebenzahl, Jaffe, and Lampert 1997). Several researchers have looked at the effect of made-in labels (COM) on consumers' product-quality evaluation (Iyer and Kalita 1997; Ulgado and Lee 1993). Later, the definition of COO has undergone a transformation. The forces of globalization have escalated offshore manufacturing and the emergence of new market opportunities in both developed and developing countries. Many companies have established production plants in countries with low-cost materials and labor. Nowadays, it is not uncommon to see products whose design and production processes have several countries involved. This has led to the emergence of what is known as hybrid or multinational products, that is, products with multicountry affiliations. As a result of these cross-country collaborations in global manufacturing, several COO researchers have begun to address the multidimensional nature of the COO construct by incorporating various COO dimensions into their research designs. Consequently, today, COO has been transformed into a multifaceted construct (Nebenzahl, Jaffe, and Lampert 1997; Ozsomer and Cavusgil 1991; Samiee 1994).

Over the years, several concepts gradually emerged that distinguished among countries where products are manufactured or assembled, countries where products are designed and countries where the materials/parts that are used in production come from. In other words, recent research has gone beyond the information "made in" or "assembled in" to include "designed in", "engineered in," and "parts supplied by" (Ahmed and d'Astous 1996; Chao 2001; Hamzaoui and Merunka 2006; Insch and McBride 2004). Consequently, COO research has been extended to the consideration of the country variable as a multidimensional concept (Chao 1993). The decomposed parts of COO have been found to have different effects on consumers' product evaluation and purchase intention (e.g. Chowdhury and Ahmed 2009; Hamzaoui and Merunka 2007; Insch and McBride 1999).

Compared to the single-facet COO designation, the multilevel concept of COO is expected to help consumers better evaluate the complex image contributed by different countries in the production and design processes, so they can choose products that fit their purchasing goals by using more accurate and detailed information. As a result, as some researchers have argued, it is better to declare a multilevel COO to reflect today's complex supply chain systems (Ahmed and d'Astous 1996; Chao 2001; Hamzaoui and Merunka 2006; Insch and McBride 2004).

Country-of-design

COD, referring to the country where the product was initially conceptualized, conceived, and designed, arose as an important part of the COO concept. Ahmed and d'Astous (1996) conducted a study to determine how consumers react to a multidimensional formulation of COO including the COD and COA – in the presence of origin cues like brand name, quality, and other product attributes, and found that the COD accounted for the largest proportion of common variance in measuring perceived quality, followed by the COA, and brand name. COD and COA cues have

stronger impacts than brand name on consumers' product evaluation and purchase intention. Insch and McBride (2004) investigated the effects of COA, COP, and COD and found that these three sub-divisions of COO do have varying effects on product evaluation. In particular, their results showed that the effect of COD varies by the product category and the origin country. Li, Murray, and Scott (2000) examined how COD, COA, and country-of-corporation (COC) influence consumer's product evaluation and found that COD is the most important COO facet in affecting consumer's product quality evaluation. Hamzaoui (2010) analyzed the effect of COM and COD in an emerging market, Tunisia, and found that each has differential effects on product evaluation. However, she did not look at the interaction effect of COM and COD in developed and less developed country cases.

Hence, we believe that the impact of COD information on consumer product evaluation and purchase intention is definitely worthy of investigation. As we explained before, a multilevel COO information would provide more detailed information about the products and help consumers in their decision-making. Since providing COM information is already required by law, we want to investigate the impact of publishing COD information in the presence of COM information. However, the past literature does not provide a clear picture regarding how the effects of COM on product evaluation and purchase intention might be influenced by the presence of COD information through comparing developing and developed countries. Would consumers consider COD information with a strong (developed) country image as a compensation for COM information with a weak (developing) country image? Or would they feel negatively toward the corporate strategy of disguising a weak manufacturing country image? In this paper, we analyze this interaction effect by comparing different countries with weak and strong country image in the context of COM and COD information. We selected COM because it is prominent information disclosed on product labeling since it is required by regulations in the US and in many other countries. Additionally, we selected COD as the other studied COO facet for two main reasons. First, COD has been found to be one of the most influential COO facets in the literature (e.g., Ahmed and d'Astous 1996; Li, Murray, and Scott 2000). Second, we have seen that COD information has been disclosed on product labeling in practice by several MNCs (e.g., Apple and Lacoste). Hence, COM and COD represent the two COO components of the bi-national products we studied herein.

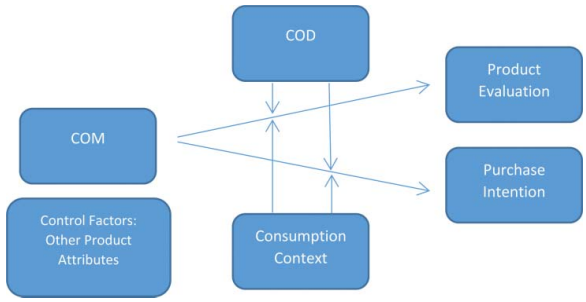

Figure 1. Conceptual model.

Hypothesis development

In this section, we will explain the hypotheses regarding the conceptual model we want to test (figure 1).

COO effects on consumer purchase decision-making

The COO is an extrinsic product cue that can affect the consumer's product evaluation process (Liu and Johnson 2005; Verlegh and Steenkamp 1999). Whether a country has a positive or negative connotation in the minds of consumers influences consumers' purchase intention (Kim and Pysarchik 2000) and quality perception (d'Astous and Ahmed 1999; O'Cass and Lim 2002). An extensive body of research clearly indicates that consumers are aware of the COO information and significantly utilize this salient cue in their product evaluation (Ahmed and d'Astous 1995, 1996, 2004; Chen 2009; Hong and Wyer 1989; Laroche et al. 2005; Lee, Lee, and Lee 2013; Magnusson, Westjohn, and Zdravkovic 2011; Maheswaran, Chen, and He 2013; Sharma 2011; Teas and Agarwal 2000; Veale and Quester 2009; Verlegh and Steenkamp 1999). Past research suggests that consumers rate products more positively if they were produced and/or designed in countries that are more economically developed (Ozsomer 2012; Pappu, Quester and Cooksey 2007; Usunier and Cestre 2008). Similarly, products that were manufactured in a developing country are generally evaluated more negatively (Cordell 1992). We specifically wanted to include no COD condition since providing COD information is not mandatory. Therefore, it is totally up to the company whether to provide COD information or not. First we want to see if

the presence of COD makes a difference, then making the comparison of developed versus developing countries. However, since providing COM information is required by law, we did not include no COM condition. Based on the past literature, we hypothesize that:

H1a: The COM information from a developing country has more negative impact on consumers' product evaluation, compared to the COM information from a developed country.

H1b: The COM information from a developing country has more negative impact on consumers' purchase intention, compared to the COM information from a developed country.

H2a: The COD information from a developing country has more negative impact on consumers' product evaluation, compared to the COD information from a developed country or no COD information.

H2b: The COD information from a developing country has more negative impact on consumers' purchase intention, compared to the COD information from a developed country or no COD information.

The literature indicates that COO components do affect consumers' perception of the design quality, manufacturing quality, and overall quality of a product (Insch and Mcbride 1999). Many studies have been conducted to examine the effects of COO on the perceived product quality. Ahmed and d'Astous (1996) found that the COD accounts for the largest proportion of common variance in the measurement of perceived quality, followed by the COA and the brand name. COD and COA cues have stronger impact than brand name on consumers' evaluation of quality and purchase value. Similarly, Li and his colleagues (2000) found that COD is the most important COO facet in influencing product evaluation. These findings show higher strength of the COD on consumers' product evaluation, compared to other COO cues.

Due to negative consumer perception toward products produced in developing countries, providing COD information from a developed country and COM information from a developing country may have opposing effects on product evaluation and purchase intention. Therefore, the presence of COD information from a developed country would have a decreasing effect on the negative impact of COM from a developing country. There are not many studies in the literature that analyzed the interaction effect between COD and COM with developed and developing country cases (Brodowsky, Tan, and Meilich 2004; Li, Murray, and Scott 2000). Brodowsky and his colleagues (2004) looked at the interaction effect between COD and COA on pure American and bi-national (American designed/Japanese made) products. They found significant interaction effect and that respondents rated bi-national cars with the least positive scores. Li, Murray, and Scott (2000) investigated the interaction effect among COD, COA, and COC and could not find any significant interaction effects. This may be the result of countries that were used in the study (e.g., Taiwan and Japan as COD countries) and student respondents. In fact, consumers do integrate and evaluate various cues in their product evaluation process that causes interaction effects of these cues to occur (Thorelli, Lim, and Ye 1989). Hence, we think that an interaction effect would emerge between COD and COM. And this effect might be influenced by whether the provided COM information is from a developed or a developing country. We expect that, in the case of using developed countries for both COD and COM, the effects would be in the same direction; while, in other cases, the effects would be in the opposing direction. Therefore, we hypothesize that:

H3a: The COD information from a developed country mitigates the negative impact of the COM information from a developing country on consumers' product evaluation, compared to the COD information from a developing country or no COD information.

H3b: The COD information from a developed country mitigates the negative impact of the COM information from a developing country on consumers' purchase intention, compared to the COD information from a developing country or no COD information.

H4a: The COD information from a developed country increases the positive impact of the COM information from a developed country on consumers' product evaluation, compared to the COD information from a developing country or no COD information.

H4b: The COD information from a developed country increases the positive impact of the COM information from a developed country on consumers' purchase intention, compared to the COD information from a developing country or no COD information.

Consumption context (public/private use)

The extent to which reference groups influence brand meanings depends on the consumption

context: publicly versus privately consumed products (Bourne 1957). The degree to which a consumer believes that the consumption of a product is socially visible seems to increase the effect of social influence on purchase intention (Graeff 1996). Past studies have shown a stronger COO effect in a collectivistic culture (i.e., China) when the same product (wine) was meant for public versus private consumption (Hu et al. 2008). The COO has been found to be more critical when consumers are evaluating high involvement, high status, or highly specialized items such as designer clothing or prestige motorcars (Ahmed and d'Astous 2004; Ahmed et al. 2004; Manrai, Lascu, and Manrai 1998; Piron 2000; Srikatanyoo and Gnoth 2002). This suggests that the COO may contribute to a status/ego enhancement that makes the product more attractive.

Products consumed in public are those seen by others and are important for identity communication (Childers and Rao 1992). Ratner and Kahn (2002) confirm that consumers seek a greater variety for publicly (versus privately) consumed products. For products with status symbolic meanings (automobiles), consumers in emerging countries are more sensitive to the COD than for more private goods (Hamzaoui and Merunka 2006). In addition, Insch and McBride (2004) suggest that the decomposed parts of COO need to be examined on a product-by-product basis since these effects, especially the effect of COD, vary by product types and by countries. Similarly, Hamzoui (2010) suggests that COO facets should be examined further on a product-by-product basis for future research.

Therefore, based on the past literature, we assumed that the consumption context of a product interacts with the effects of COO dimensions on product evaluation and purchase intention. In particular, we expected that the impacts of the COM information and the COD information on product evaluation and purchase intention would be higher for products that are typically used in public versus in private. Therefore, we hypothesize that:

H5a: The impact of COM information on consumers' product evaluation becomes stronger for products consumed in public versus those consumed in private.

H5b: The impact of COM information on consumers' purchase intention becomes stronger for products consumed in public versus those consumed in private.

H6a: The impact of COD information on consumers' product evaluation becomes stronger for products consumed in public versus those consumed in private.

H6b: The impact of COD information on consumers' purchase intention becomes stronger for products consumed in public versus those consumed in private.

Methodology

Pre-test

A pretest was conducted in order to determine several key components in the main experiment. Thirty-seven undergraduate senior students majoring in marketing in a US university took the pre-test survey in exchange for course credits. We put together a list of products that make appropriate cases for public and private use. We asked them to categorize a list of products into two groups labeled as products generally consumed in public and products generally consumed in private. In order to minimize gender effects, we carefully listed products that are gender-neutral. As a result, bathrobes were selected as products typically used in private, and scarves were selected as products typically used in public with the highest counts in each category. In addition, we identified the countries that students perceive the most negative and positive as a manufacturing and designing country out of 11 countries. The order of countries randomly changed for each survey taker. Quite consistently, people had a less positive perception of products with a "Made/Designed in China" label and thought positively of products with a "Made/Designed in Italy" label across various product categories. Therefore, with the highest rate, Italy was selected as the most favorable country and China was selected as the least favorable country. Since our main test would be conducted in the US, we excluded the US from being one of the countries studied in order for our results to be not affected by ethnocentric beliefs.

Main test

Participants

An experiment was launched online through Qualtrics, and participants were recruited through Amazon MTurk, in exchange for a small amount of monetary returns, to increase the motivation for participation. Participants were limited to people who currently live in the US After eliminating incomplete data points, 361 valid data points out of 380 were included in the data set for further data analysis. Respondents were randomly assigned to one out of 12 experiment

versions, and we ensured that the different versions of the experiment had a similar number of respondents. 54% of the sample were males and 46% were females. Respondents were from all age groups, starting from 18 years old, with 40.7% aged 18–30 years, 33.5% aged 31–40 years, 15.2% aged 41–50 years, 7.7% aged 51–60 years, and 2.8% aged 61 and above. Also, respondents varied in education levels, with 14.4% high school degree, 78.1% some college or college degree, and 7.5% graduate degree. Finally, 73.4% of respondents were Caucasian, 7.5% were African American, and 19.1% were other races. Based on the demographic information obtained from respondents, the experiment data showed a diverse profile, which has a positive effect on the generalizability of the results.

Experimental designs and procedures

The experimental design was *(2 (COM: China vs. Italy) * 3 (COD: China vs. Italy vs. None) * 2 (Consumption Context: Public use vs. Private use) mixed factorial design*. Mixed factorial design combines both between-subject factors and within-subject design (pre-and-post experiment). Accordingly, we created 12 versions of the experiment and the participants were randomly assigned to one of these twelve versions of experiments on Qualtrics. The experiment questions were exactly the same, but both the products presented to the participants and the product information regarding the COM and COD information (the manipulation variables) were different. More specifically, version 1, 2, 3, 4, 5, and 6 included an image of a scarf, while version 7, 8, 9, 10, 11, and 12 included an image of a bathrobe. Between these two products, product information regarding the COO varied as well. For example, in version 1, the scarf was labeled "made in China" with no COD information, while in version 3, the scarf was labeled "made in China" and "designed in Italy." Similarly, in version 7, the bathrobe was labeled "made in China" with no COD information, while in version 9, the bathrobe was labeled "made in China" and "designed in Italy."

The experiments started with a series of questions regarding their involvement in either scarves or bathrobes, and followed by the product context (for either a scarf or a bathrobe) with hypothetical product information that mentioned only product attributes – price, materials, and product information – except COM and COD cues. A premium price was chosen for both of the product types in order to create a superior product image. Then participants were asked about their initial product evaluation and purchase intention. On the second page of the survey, participants were provided with a hypothetical company announcement stating that the company decided to move its production and/or design center to overseas. This was done in order to provide the COO information in an unobtrusive way. Depending on the version of the experiments, the production and/or design country mentioned in the company announcement was stated as either China or Italy. Then, participants were shown the same hypothetical product information that was previously shown plus the COD and/or COM information that correspond to the provided company announcement. As before, participants were asked about their product evaluation and purchase intention again. The objective of asking participants' product evaluation and purchase intention both before and after the COM and/or COD information was provided was to control for personal factors. By doing this, it aimed that the only variables that affect subjects' evaluation and purchase intention would be the independent and moderating variables. Then, they were directed to the next page to answer a series of questions on demographics such as gender, age, income, etc. and questions about product knowledge on either scarves or bathrobes, depending on the version. At the end of the experiment, a few manipulation-check questions were asked in order to make sure that the COO and COD information was noticed when participants were processing the hypothetical product information. Only data from participants who answered these questions correctly were included for further analysis.

Independent and dependent variables

We adopted two dependent variables for this research: product evaluation and purchase intention. Product evaluation was measured with a five-item scale (adopted from the work of Wilcox, Roggeveen, and Grewal 2011), using a seven-point semantic differential scale. The items in the scale were as follows: *unlikable/likable*, *not enjoyable/enjoyable*, *bad/good*, *not delightful/delightful*, and *unpleasant/pleasant*. Since the *Cronbach's alpha* value equals to 0.9722, exceeded the critical threshold of 70%, product evaluation scale shows reliability (Nunnally 1978). Purchase intention was measured using seven-point item responses, ranging from *would definitely not consider* to *would*

Table 1. Effect tests on overall evaluation and purchase intention with moderator – consumption context.

Dependent variables	Predictors	*F* Ratio	*p* Value
Overall evaluation	COM	82.4152	<.0001*
	COD	3.5166	.0308*
	Consumption context	4.3713	.0373*
	COM * COD	3.3454	.0364*
	COM * consumption context	6.7883	.0096*
	COD * consumption context	0.8857	.4134
	COM * COD * consumption context	0.1750	.8396
Purchase intention	COM	83.8584	<.0001 *
	COD	3.5211	.0306*
	Consumption context	6.5555	.0109*
	COM * COD	4.7833	.0089*
	COM * consumption context	4.2014	.0411*
	COD * consumption context	0.6368	.5296
	COM * COD * consumption context	0.0919	.9122

*Indicates that the mean is significantly different between levels, $p < 0.05$.

definitely consider (adopted from Lee and Lee 2009). Product evaluation scores were calculated at two steps. First, we subtracted the pre-evaluation from the post-evaluation for each item, and second, we took the average of all item scores.

The independent variables in this research were the manipulation variables: the COM and COD information provided in the product information in an unobtrusive way and the category of the product (bathrobe vs. scarf) that refer to the consumption context.

Results

To test our hypotheses, we ran two ANOVAs, with interaction terms. Table 1 presents the results of the effect tests, while Table 2 presents the means of DVs (product evaluation and purchase intention) for different manipulation variables. Our predictors were all categorical and consisted of the COM (China vs. Italy), the COD (China vs. Italy vs. none), and the consumption context (public use vs. private use). The differences between product evaluation and purchase intention before and after the manipulation became our continuous dependent variables.

Main effects of COM and COD

In regard to H1a, the information "COM in China" had more negative impact on consumers' product evaluation than the information "COM in Italy." This hypothesis was supported ($M_{China} = -1.414$ vs. $M_{Italy} = -0.260$, $p < .0001$; table 2). Similarly, H1b was supported ($M_{China} = -1.262$ vs. $M_{Italy} = -0.058$, $p < .0001$; table 2), showing that the information "COM in China" also had more negative impact on consumers' purchase intention than the information "COM in Italy." Overall, the results show that COM information from a developing country has more negative impact on consumers' product evaluation and purchase intention, compared to COM information from a developed country.

In regard to H2a, the information "COD in China" had more negative impact on consumers' product evaluation than the information "COD in Italy" and no COD information. This hypothesis was supported ($M_{China} = -1.065$ vs. $M_{Italy} = -0.781$, $p = .022$; $M_{China} = -1.065$ vs. $M_{None} = -0.664$, $p = .050$; table 2). Similarly, H2b was supported ($M_{China} = -0.896$ vs. $M_{Italy} = -0.604$, $p = .045$; $M_{China} = -0.896$ vs. $M_{None} = -0.481$, $p = .021$; table 2), showing that the information "COD in China" also had more negative impact on consumers' purchase intention than the information "COD in Italy" and no COD information. Overall, the results show that COD information from a developing country has more negative impact on consumers' product evaluation and purchase intention, compared to the COD information from a developed country or no COD information.

Interaction effects of COM and COD

Most importantly, the interaction of the COD and the COM information is significant for product evaluation ($p = .036$; table 1) and purchase intention ($p = .009$; table 1). However, inconsistent with H3a, the information "COD in Italy" did not significantly mitigate the negative impact of the information "COM in China" on consumers' product evaluation, compared to the information "COD in China" and no COD information ($M_{China,\ Italy} = -1.582$ vs. $M_{China,\ China} = -1.470$, $p = .591$; $M_{China,\ Italy} = -1.582$ vs. $M_{China,\ None} = -1.189$, $p = .150$; table 2 and Chart 1). Also, inconsistent with H3b, the information "COD in Italy" did not significantly decrease the negative impact of the information "COM in China" on consumers' purchase intention, compared to the information "COD in China" and no COD information ($M_{China,\ Italy} = -1.485$ vs. $M_{China,\ China} = -1.291$, $p = .426$; $M_{China,\ Italy} = -1.485$ vs. $M_{China,\ None} = -1.01$, $p = .090$; table 2 and Chart 2). Overall, results show that our

Table 2. LSM of overall evaluation and purchase intention with moderator – consumption context.

Dependent variables	Predictors	Conditions	Mean (LSM)	SE	Hypotheses tested
Overall evaluation	COM	China	−1.414*	0.092	H1a supported
		Italy	−0.260*	0.088	H2a supported
	COD	China	−1.065*	0.110	H3a not supported
		Italy	−0.781	0.111	H4a partially supported
		None	−0.664*	0.109	H5a supported
	Consumption context	Public	−0.970*	0.09	H6a not supported
		Private	−0.704*	0.09	
	COM * COD	China, China	−1.470*	0.161	
		China, Italy	−1.582	0.164	
		China, None	−1.189*	0.153	
		Italy, China	−0.659	0.150	
		Italy, Italy	0.019*	0.151	
		Italy, None	−0.139*	0.154	
	COM * consumption context	China, Public	−1.712*	0.130	
		China, Private	−1.115*	0.130	
		Italy, Public	−0.227	0.124	
		Italy, Private	−0.293	0.124	
	COD * consumption context	Public, China	−1.264	0.159	
		Public, Italy	−0.966	0.157	
		Public, None	−0.679	0.152	
		Private, China	−0.865	0.153	
		Private, Italy	−0.596	0.158	
		Private, None	−0.65	0.155	
Purchase intention	COM	China	−1.262*	0.095	H1b supported
		Italy	−0.058*	0.091	H2b supported
	COD	China	−0.896*	0.114	H3b not supported
		Italy	−0.604*	0.115	H4b partially supported
		None	−0.481*	0.112	H5b supported
	Consumption context	Public	−0.828*	0.093	H6b not supported
		Private	−0.492*	0.093	
	COM * COD	China, China	−1.291*	0.167	
		China, Italy	−1.485*	0.170	
		China, None	−1.01*	0.158	
		Italy, China	−0.500*	0.156	
		Italy, Italy	0.278	0.156	
		Italy, None	0.049	0.160	
	COM * consumption context	China, Public	−1.565*	0.135	
		China, Private	−0.959*	0.135	
		Italy, Public	v0.091	0.129	
		Italy, Private	−0.024	0.128	
	COD * consumption context	Public, China	−1.058	0.164	
		Public, Italy	−0.866	0.162	
		Public, None	−0.561	0.157	
		Private, China	−0.733	0.158	
		Private, Italy	−0.341	0.163	
		Private, None	−0.4	0.161	

*Indicates that the mean is significantly different between levels, $p < 0.05$.

hypotheses H3a and H3b, stating that COD information from a developed country mitigates the negative impact of the COM information from a developing country on consumers' product evaluation and purchase intention, compared to the COD information from a developing country or no COD information, were not supported.

In contrast, partially consistent with H4a, the information "COD in Italy" significantly increased the positive impact of the information "COM in Italy" on consumers' product evaluation, compared to the information "COD in China" ($M_{Italy,\ Italy} = 0.019$ vs. $M_{Italy,\ China} = -0.659$, $p < .0001$; table 2 and Chart 3). However this effect is not significant when it is compared to no COD information ($M_{Italy,\ Italy} = 0.019$ vs. $M_{Italy,\ None} = -0.139$, $p = .324$; table 2 and Chart 3). Also, partially consistent with H4b, the information "COD in Italy" significantly increased the positive impact of the information "COM in Italy" on consumers' purchase intention, compared to the information "COD in China" ($M_{Italy,\ Italy} = 0.278$ vs. $M_{Italy,\ China} = -0.5$, $p < .0001$; table 2 and Chart 4). Similarly, this effect is not significant compared to no COD information ($M_{Italy,\ Italy} = 0.278$ vs. $M_{Italy,\ None} = 0.049$, $p = .324$; table 2 and Chart 4). Overall, the results show that COD information from a developed country increases the positive impact of the COM information from a developed country on consumers'

product evaluation and purchase intention, compared to the COD information from a developing country. However, the results show no significant difference when COD information from a developed country and no COD information were compared.

Interaction effects of COO and consumption context

Most interestingly, the interaction of the COM and the consumption context was significant for both product evaluation ($p = .010$; table 1) and purchase intention ($p = .041$; table 1). Consistent with H5a, the impact of "COM in China" on consumers' product evaluation was stronger for products consumed in public versus those consumed in private ($M_{China,\ Public} = -1.712$ vs. $M_{China,\ Private} = -1.115$, $p = .011$; table 2). Also, consistent with H5b, the impact of "COM in China" on consumers' purchase intention was stronger for products consumed in public versus private ($M_{China,\ Public} = -1.565$ vs. $M_{China,\ Private} = -0.959$, $p = .011$; table 2). Overall, the results show that the consumption context moderates the effect of COM information on consumers' product evaluation and purchase intention. The negative impact caused by COM information from a developing country was stronger for publicly consumed products than for privately consumed products.

Finally, the interaction of the COD and the consumption context was not significant for product evaluation ($p = .413$; table 1) and purchase intention ($p = .530$; table 1). Therefore, inconsistent with H6a, the impact of "COD in Italy" on product evaluation did not significantly become stronger for products consumed in public versus those consumed in private ($M_{Italy,\ Public} = -0.966$ vs. $M_{Italy,\ Private} = -0.596$, $p = .161$; table 2). Also inconsistent with H6b, the impact of "COD in Italy" on purchase intention did not significantly become stronger for products consumed in public versus those consumed in private ($M_{Italy,\ Public} = -0.866$ vs. $M_{Italy,\ Private} = -0.341$, $p = .054$; table 2). Overall, the results show that consumption context does not significantly moderate the impact of COD information on consumers' product evaluation and purchase intention.

Discussion

Several important implications can be drawn from this research. In terms of the theoretical implications, we have a better idea about the effects of the components of COO concept, in particular the COD and COM. The study fills the gap in the literature, in that the COD was introduced into the model as an interaction variable with the COM in varying developed and developing country combinations. In addition, we looked at whether the context in which people consume the product (in public versus in private) makes a difference on the impact of COO facets.

Our results show that manufacturing in a developing country has a negative effect on consumers' product evaluation and purchase intention, compared to manufacturing in developed country, which is quite consistent with general sense and previous findings (Cordell 1992). In addition, this result on COM was extended to COD information in our study. In other words, similar to COM, providing COD information from a developing country has a negative impact on consumers' product evaluation and purchase intention, compared to COD information from a developed country and no COD information. This is consistent with some of the previous studies that stated poorly selected designing countries may lead to negative consequences (Brodowsky, Tan, and Meilich 2004; Li, Murray, and Scott 2000).

The more interesting question that aimed to be answered in this study was how COD information interacts with COM information. In order to have a complete picture, we looked at different combinations of manufacturing and design origin countries for which we used both developed and developing countries (Italy and China). Results show that COD information significantly interacts with COM information, which we consider an important contribution to the literature. Furthermore, we found that the impact will change based on whether COM is developed or developing country. In particular, if a company is manufacturing in a developing country, COD information provided even from a developed country does not mitigate the negative impact of the COM information from a developing country on consumers' product evaluation and purchase intention. That means the negative impact of the COM information from a developing country cannot be compensated by the COD information from a developed country. Explaining the reasons behind these results is beyond the objectives of our study, however, one possible explanation would be that consumers interpret this situation as if companies are manipulating COD information to conceal the fact that they are manufacturing in a

developing country, and then deem this strategy dishonest or deceiving. As a result, they may get really upset and respond with negative reaction. This result itself has important theoretical and managerial implications. First, it suggests that manufacturing country is the most important variable among others that determine consumer evaluation and purchase intention. Therefore, managers should be very careful in making decisions regarding the moving of their manufacturing facilities to developing countries. Although this strategy has proven cost benefits, current and potential detrimental effects of a poor COM selection on consumer evaluation and purchase intention need to be carefully considered by managers as suggested by previous literature as well (Ozsomer 2012; Pappu, Quester, and Cooksey 2007; Usunier and Cestre 2008). Second, our results challenge the practices of prominent MNCs such as Apple and Lacoste that provide their COD information in addition to COM information on their product labeling. Based on our results, these companies might be better off by removing their COD information from product labeling as long as their manufacturing country is a developing country.

On the other hand, our results show that if a company is manufacturing in a developed country, COD information from a developed country has a reinforcing effect on consumers' product evaluation and purchase intention, compared to COD information from a developing country. This particular result suggests that providing COD information from a developed country would make sense if only COM is also from a developed country. Our findings do not exactly match up with the findings by Li, Murray, and Scott (2000). They found no interaction among COO facets such as COD, COA, and COC, while we found significant interaction effects between COM and COD, which not only contribute to the literature and also provide some practical strategies for MNCs. However, our findings support their suggestion of detailed information of COO facets should be provided, especially when COD is from a favorable country.

In addition, we found that the consumption context, whether a product is used in public or in private, affects how consumers process COM information, which is another contribution to the literature. In particular, the negative impact on consumers' product evaluation and purchase intention of a COM from a developing country worsens for products used in public versus those used in private. This can be explained by the idea that a COO cue may contribute to deepen the status/ego enhancement when the product is visible to others. Therefore, this result implies that managers who work in companies that offer products typically used in public such as scarves, jackets, should be even more careful in considering using a developing country as their manufacturing location. On the other hand, there is no significant difference for COD information between products used in public and in private.

In conclusion, our results reveal that multinational companies will not be better off by just providing strong COD information designating the country, in order to compensate for low product evaluation that stems from producing in developing countries with a relatively lower country image (i.e., China). Similarly, if a company with its headquarters and production facilities in a developing country outsources its product design to a developed country, providing this information to consumers will not enhance their product evaluation and purchase intention. Once again, the interaction effects of COO and consumption context prove that COM is the leading variable among COO facets and public used products will magnify the effects of COM on consumers' product evaluation and purchase intention.

Limitations and future research

There are several limitations in this study. First, only one specific product was used for each consumption context. We tried to decrease this concern by conducting a pretest to confirm the products selected are typical products for each of the two consumption contexts. Second, this study used hypothetical product information and measured product purchase intention, not actual purchasing behavior. The responses we got would not necessarily reflect actual behavior in real store settings. However, the fact that we pretested these products and the past literature show a strong connection between purchase intention, and actual purchasing behavior may decrease this concern. Nevertheless, reproducing this study in real store settings may strengthen the findings. Third, our participants were selected through Amazon MTurk, which consists of real consumers. The reason of using this platform was the logic that consumers of diverse background would provide more realistic results, compared to

student respondents. However, we acknowledge that using Amazon MTurk may have its own limitations, compared to field experiment. Since everyone all over the world can participate in MTurk survey, it is more difficult to control the survey quality and the participant pool. However, we tried our best to maintain the data quality by recruiting only the master workers who reside in the US, and including the ones who respond to the manipulation questions correctly in the experiment. Fourth, we used pre- and post-experimental design to control individual factors that may affect the relationship between independent and dependent variables. However, a future research that includes other relevant variables may have additional contribution. Fifth, replicating this study with respondents from emerging countries may produce interesting results. Finally, the products used in this study are wearable textile products. Future research should also explore other product categories, such as electronics, and use actual buying behavior data whenever possible.

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Appendix 1. Examples of scenarios used in the experiment

Without manipulation

- Suggested Retail Price: U.S. $249
- A wonderfully comfortable and luxuriously soft mid-calf length bathrobe, for both men and women with different colors.
- Beautifully designed bathrobe features a shawl collar, attached outer tie, and matching towels.
- Whether used to dry off after a shower or as a dressing gown when you get out of bed, it is sure to hit the spot!
- Machine washable.
- 100% cotton.

With manipulation

Recently, the company has decided to move the design center to China, and the production center to Italy in order to be more competitive.

- Suggested Retail Price: U.S. $249
- A wonderfully comfortable and luxuriously soft mid-calf length bathrobe, for both men and women with different colors.
- Beautifully designed bathrobe features a shawl collar, attached outer tie, and matching towels.
- Whether used to dry off after a shower or as a dressing gown when you get out of bed, it is sure to hit the spot!
- Machine washable.
- 100% cotton
- **DESIGN IN CHINA**
- **MADE IN ITALY**