

**THE IMPACT OF PRODUCT-COUNTRY IMAGES ON CONSUMER
EVALUATIONS: A CROSS-CULTURAL STUDY¹**

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SUMMARY

This article presents the results of a survey of 415 male consumers carried out in Mexico (240 respondents) and Canada (175 respondents). In the Canadian sample, country-of-origin information was manipulated along two dimensions, namely country of design and country of assembly. In the Mexican sample, country of parts was included as an additional dimension. Consumer judgements of the quality and purchase value of three product categories, i.e. automobiles, VCR and shoes, were obtained in a multi-cue context. The results show that Canadian and Mexican consumers put more emphasis on country of design and country of assembly of consumer products than on brand names. Whereas Canadians generally give more emphasis to country-of-origin cues in their product evaluations, Mexicans' perceptions of the purchase value of shoes are more influenced by quality assurance. Mexican consumers show a very strong home-country bias in assessing various countries of origin. For instance, Mexico is better evaluated than Canada, Italy, France and Belgium. Consequently, it is recommended that nationalistic themes be used in Mexican advertising programmes. It seems that both structural and cultural factors explain the observed cross-national differences. Since our results show that made-in Mexico is very poorly regarded in Canada, Mexican companies should not be blinded by their home-country bias in marketing their products abroad. Because country of parts is an indicator of quality and purchase value for Mexicans (especially for video cassette recorders), promotional strategies in Mexico should take this fact into consideration. Our results also suggest that because Mexicans hold made-in U.S.A. in higher regard than made-in Canada, it would be advisable for global corporations who also have manufacturing operations in the U.S. and Canada, to export their new products to Mexico from their U.S. plants.

BACKGROUD DISCUSSION

The study of country-of-origin (COO) effects on product evaluations has been a major research stream in international marketing for over twenty-five years (see Papadopoulos and Heslop 1993). In their influential review of this literature, Bilkey and Nes (1982) questioned the validity of previous studies reporting significant effects of COO on product evaluations. The main criticisms made by Bilkey and Nes (1982) were that previous studies had presented COO information in a single-cue format (i.e. only COO information was available), had used verbal descriptions of stimulus products and employed a single dependent variable to assess the impact of the COO cue. These criticisms generated a widespread response and several subsequent studies were designed to overcome these limitations.

More recently, Özsomer and Cavusgil (1991), Chao (1993) and Samiee (1994) made the observation that the global competitive environment has led to a proliferation of so-called "hybrid" products, i.e. products designed in one country and manufactured in another country. Such products usually carry brand names with various country connotations and may even be assembled with parts that have been sourced in yet another country. In a global marketplace context, researchers interested in studying COO effects must distinguish between the country where a product is designed or engineered, the country where it is assembled (Chao 1995) and, as suggested by Chao (1996), even the country of parts. In addition, it is important to adopt a research approach where COO information is presented along with other informational cues such as brand name, price and quality assurance. The few recent COO studies that have addressed some of these research issues have been carried out in highly industrialised countries (HICs): e.g. Belgium (Ahmed, d'Astous and Mathieu 1995), Canada (d'Astous, Ahmed and El Adraoui

1993) and the U.S. (Chao 1993). In order to generalise research findings to the global context, COO studies must be conducted both in HICs and in newly industrialising countries (NICs) (Ettensen, Kuznetsov and Vetrova 1992; Papadopoulos, Heslop and Beràcs 1990; Roth and Romeo 1992).

Replication of COO effects in NICs and comparison with what is observed in HICs is important. Research has shown that country image perceptions are likely to vary depending upon the level of economic development of the country (Papadopoulos, Heslop and Bamossy 1990). In many NICs, especially those with a low per capita income, inefficient marketing systems prevail. Because of low income, individuals are more likely to patronise traditional retail outlets where credit obtainment is easier. Limited storage capacity, the desire of household members to socialise through daily shopping activities and limited means of transportation represent factors that hamper the information search process of consumers. For most products, the demand far exceeds the supply and long-time established companies tend to be the market leaders. Product information is not easily available and the penetration of mass media and the use of advertisements to promote products are quite limited (Austin 1990). Large differences in market structures and consumer behaviour between HICs and NICs are therefore prevalent and COO results obtained in developed countries may not necessarily apply to NICs. This would be true for an economy such as Mexico which traditionally had a highly protective market structure, and started its liberalisation process in the 1980's which has been greatly accelerated since Mexico became part of the North American Free Trade Agreement (NAFTA) in 1994 (Voljc and Draisma 1993).

CHOICE OF MEXICO AND CANADA AS STUDY SITES

With a population of 85 million, Mexico is the world's largest Spanish-speaking market. Mexico's GDP per capita is \$2,365 (Caetora, 1996), and the GDP is \$201.4 billion. This wealth is very unevenly distributed. An estimated 40 % of Mexicans are extremely poor, earning less than \$80 a month. The Mexican population is very young. By the year 2000 it is predicted that more than 50 % of the population will be under 21 years old. Thus, there is a potentially large market in the future as Mexican economy picks up steam (Alvarado 1996). Economists expect the economy to grow 5 per cent in 1997 compared with only 2 per cent in 1993 and that over 800,000 new jobs will be created in 1997. More than 8,500 U.S. companies do business in Mexico and the bilateral trade is nearly \$178 billion U.S. a year (Emling 1997).

Canada is a democratic, western country with a long tradition of free market economic principles. It has a well-enforced legal system which enables participants in the market to engage in business and feel confident that they are protected by a set of well-known rules. With a population of 27,4 million, its GDP per capita is \$20,774 (Caetora, 1996). Therefore, comparing Mexican results with Canadian data should allow a better understanding of how Mexican consumers' reactions to COO cues differ from those of HICs' consumers.

Mexico and Canada are part of NAFTA since 1994. Within a ten-year frame, most of the trade barriers between Canada, the U.S. and Mexico will come off, thus leading to a much greater flow of goods, services and investments between the three countries (Rubel 1995). Therefore, understanding how consumers react to products originating from NAFTA countries becomes of great importance for planning future export marketing and investment decisions.

It is difficult for global marketers interested in COO issues in Mexico to obtain some

guidance from previous studies available in the marketing literature. At the present time, there is no study reporting results from Mexico using a multi-dimensional conception of COO in a multi-cue environment and comparing these with a developed country such as Canada. The present research seeks to fill this gap in the marketing literature.

DIFFERENCES BETWEEN CANADA AND MEXICO

Previous studies have indicated that Mexican consumers' consumption patterns are different from those of U.S. consumers (Wallendorf, and Reilly 1983, Penaloza 1994). Hofstede (1991) finds that whereas Canadians are individualists, Mexicans are collectivists (see also Diaz-Guerrero and Szalay 1991). Collectivist societies emphasize values such as family security, responsibility and the conformity to societal norms. In collectivist societies, groups are tightly knit and generally demand that individuals conform to an established set of norms, roles and values (Childers and Rao 1992). Gregory and Munch (1997) found that Mexicans prefer advertisements that are consistent with collectivist cultural values. Hofstede (1991) also reports that in comparison with Canadians, Mexicans are more risk averse, tolerate greater power distance and are more masculine. These differences between Canadians and Mexicans are likely to extend to COO perceptions.

The Mexican culture - the way of thinking and believing - is different from the North American (i.e. the U.S. and Canada) culture. Compared to North Americans who are rational, scientific, analytical, individualistic and eager for change, Mexicans are intuitive, synthetic, and group oriented (Hofstede 1991; Hustad 1994). Thus, they may be more persuaded by contextual cues such as COO and brand in making their purchase decisions. Because of their higher need for cognition, North Americans are less affected by contextual cues (Hague and Bahn 1996).

Similarly, Mexicans are more likely to be influenced by affect-laden stimuli than North Americans (Lawrence and Yeh 1994; Moore, Harris and Chen 1995). Attributes sought in a product and the association of a COO or a brand with high quality is affected by the value system of consumers (Sukhdial, Chakraborty, and Steiger 1995). Evidence suggests that the Mexican psychological make up is different from that of North Americans (Valderrama 1986). For example, Shim and Gehrt (1996) found that whereas White Americans exhibit a utilitarian orientation to shopping, Hispanics exhibit a social/hedonistic orientation.

According to Alvarado (1996), the Mexican economy and value structure are going through profound changes since the signing of NAFTA. Due to the fact that over 90 % of Mexican economic activities are open to foreign ownership, the presence of international newspapers and television companies in Mexico is growing rapidly. Many Mexican companies are facing tough Canadian and U.S. competition in their domestic market. Therefore, there is a greater consciousness on the part of Mexican companies of the need to improve the quality of products and to gain a better competitive edge in the marketplace. Traditionally, service in Mexico has been very poor. Thus, Mexicans know that they have to become more service-oriented. The increasing importance given to service is also spurred by the growth of investments by foreign companies in such service industries as banking and fast foods.

Such measures as the establishment of a Mexican foundation for quality have been taken to help companies improve the quality of their products and the productivity of their operations. Many Mexican companies such as Vitro (glass and electronics), Ranini (auto parts) and Mabe (electro-domestics) have a clear concept that they must produce world-class products. Their products are often of better quality than U.S. products. This list, in Alvarado's (1996) opinion,

needs to be expanded.

RESEARCH OBJECTIVES

With these considerations in background, the objectives of this research are: (1) to investigate the effects of three COOs, in the presence of three different brand names and three levels of price and quality assurance, on Canadian consumers' perceptions of the quality and purchase value of three common product categories, across two dimensions of origin, namely country of design (COD) and country of assembly (COA), (2) to compare the Canadian results with those obtained in Mexico replacing the price variable with country of parts (COP), in order to obtain greater insight into mutual consumer behaviour, (3) to examine the relative impact of brand name versus COO cues cross-nationally and (4) to discuss the implications of the above for global marketers.

In a recent study conducted in Belgium, Ahmed, d'Astous and Mathieu (1995) found significant effects of COD and COA on perceptions of the quality and purchase value of three product categories: automobiles, VCRs and shoes. In that study, COD and COA information was presented along with other informational cues (brand name, price and quality assurance) in a conjoint analysis format. The negative perceptions of Mexico and the positive perceptions of Canada as CODs and COAs found in a single-cue setting were considerably attenuated when other information on brand name, price and quality assurance was presented along with COO information. In a survey conducted in Canada, d'Astous, Ahmed and El Adraoui (1993) obtained similar results for the above products using a rating format. Chao (1993) also found significant effects of COD and COA on U.S. consumer evaluations of the design and product quality of a television set and Chao (1996) found significant effects of country of parts (COP).

METHOD

The Canadian study was carried out in the city of Sherbrooke, located 90 miles east of Montreal. Sherbrooke is a mid-sized city (about 90,000 inhabitants) in the French-speaking province of Québec in Canada. The Mexican study was conducted in the city of Acapulco. These choices were partly opportunistic since one of the authors who teaches in Sherbrooke was able to obtain the support of the Facultad de Turismo U.A.G. to conduct this study. Acapulco is the capital of the province of Guerrero. It is a commercial, industrial and tourism centre with a population of over 1,000,000. The data were collected during the Spring of 1993 in Canada and Spring of 1994 in Mexico.

The product categories chosen for the study are automobiles, VCR and shoes. Automobiles and VCR are technologically complex and high involvement products while shoes are technologically simple products of daily use. These product categories were selected in order to generalise results across products of different levels of involvement. The procedure employed to estimate the impact of COD and COA and the other informational cues is conjoint analysis. The conjoint design includes five factors: COD, COA, brand name, price or COP and quality assurance, comprising three levels each. The study design is presented in Table 1. The choice of countries, brand names, product satisfaction assurance and price levels was made in consideration of actual market conditions in Sherbrooke and Acapulco. Before going to the field, the research design was pre-tested with a convenience sample of Sherbrooke and Acapulco male residents.

The decision to replace the price variable with COP in Mexico was made for two reasons. Preliminary analysis of the Canadian data and a study carried out in Chile (Ahmed,

d'Astous and Rojas, 1996) – a country similar to Mexico –, had indicated that price was not related to the perception of quality of the three products. In addition, in a study carried out in Morocco (d'Astous and Ahmed, 1995), which like Mexico is heavily involved in assembling products with imported parts, it was found that COP was a very significant predictor of both quality and purchase value.

The questionnaire, written in French and Spanish languages using a double translation procedure, consisted in three main sections. In the first section, fourteen countries had to be evaluated as CODs, COAs (Canada) and COPs (Mexico) using nine-point bipolar scales (bad/excellent). To ensure that the concepts of COA, COD and COP were understood, respondents were provided with descriptive information. COD was defined as the country where the product is conceived, designed or engineered; COA was described as the country where the product is assembled or manufactured, and COP was defined as the country where parts were manufactured. The second section involved the evaluation of nine advertisements of each product defined by combining the levels of the conjoint design factors (see Figure 1 for an example of a Canadian advertisement). The nine ad profiles were defined according to a one-third fractional factorial design confounded with nine blocks (Cochran and Cox 1957). Perceived quality and purchase value were measured with nine-point bipolar scales (very bad quality/very good quality; very bad buy/very good buy). The last section of the questionnaire included questions about product familiarity, product involvement and socio-demographics.

Using an area sampling procedure, 262 homes were visited in Acapulco and 476 in Sherbrooke. In order to be eligible, all participants had to be males over 18 years of age. This

was done because studies conducted in less developed countries have found that purchase decisions of complex consumer products are often dominated by men (Green et al. 1983). After giving appropriate instructions concerning how to proceed with the materials, the interviewer left the questionnaire with the respondents and picked it up the next day. In Acapulco, a total of 250 questionnaires were picked up resulting in 240 usable answers. Mexican data were collected from upper middle, middle and lower middle class areas. In Canada, 185 questionnaires were collected resulting in 175 usable answers.

RESULTS AND DISCUSSION

Sample Description

The mean age of the Mexican survey participants is 33 years. Thirty-six percent of them are single, 50 % have at least one child, 20 % have completed primary or high school, 27 % have a technical school background, 44 % have some university and 10 % have some post-graduate education. Thirty-five percent earn under 20,000 pesos a year, 46 % earn between 20,000 and 60,000 pesos and 19 % over 60,000 pesos. The mean age of Canadian respondents is 38 years. Thirty-one percent of Canadian participants are single and 56 % are married. Forty-two percent earn less than \$20,000, 40 % between \$20,000 and 50,000 and 18 % over \$50,000. Thirty five percent have high school education and 65 % have post secondary education. Thus, the Canadian respondents are wealthier and older but somewhat similar to the Mexicans in terms of marital status. The Mexican sample is better educated.

Manipulation Checks

As expected, the respondents felt that buying an automobile was more important, more difficult and required a greater extent of information search than buying a VCR or a pair of

shoes. Similarly, buying a VCR was perceived as more important, more difficult and requiring more information search than buying shoes. All differences are statistically significant ($p < 0.001$).

Country Perceptions

Table 2 presents the mean ratings of the fourteen countries of origin. Evaluations pertain to perceived design and assembly capabilities of the countries. The Mexican data were adjusted for positive response bias to make Canadian and Mexican data equivalent (Marin, Gamba and Marin 1992). As one would expect, in general the HICs obtain better evaluations than the NICs. It is interesting to note that South Korea, a newly industrialised country, is rated higher than Belgium as a COD and COA by the Mexicans. Mexicans rate their country higher than Canada, France, Italy and Belgium as a COD and COA. They even rate Mexico as good as Germany as a COA. In terms of other individual countries, Mexicans give better evaluations to South Korea, Brazil and Russia than Canadians but rate all developed countries lower than Canadians as CODs. In terms of COA capabilities, Russia is rated higher and Japan, Germany, Canada, France and Belgium are rated lower by the Mexicans.

In general, Mexicans give better evaluations to NICs as CODs and show an extremely high degree of home country bias. However, Mexicans' pride in their products is not shared by the rest of the world. Mexicans rank 13th among fourteen countries in terms of the global perception of the quality of manufactured goods. Among the people from 19 countries responding to a poll conducted by the Gallup Organisation, only 4.6 % consider Mexican products very good to excellent (Milner 1996). Our Mexican respondents do however view made-in U.S. products quite favourably. Previous studies also report similar results. Miller

(1995) has previously reported that Mexican consumers look to made-in U.S. products for quality and warranties. Alvarado (1996) reports that Mexicans switched to U.S. products before the 1995 devaluation of the Mexican peso because they were thought to be cheaper and of better quality.

The observation of overall low evaluations of NICs in the Canadian and to a lesser extent in the Mexican data conforms to the existing literature. According to Li and Monroe (1992), differences in perceived product quality between HICs and NICs are due to consumers' belief that HICs' workers are more technologically sophisticated than NICs' workers and consequently more able to make quality products. Milner (1996) reports that Japan is perceived to be a quality leader in manufacturing, followed by Germany, the United States, Great Britain, France, Canada, Italy, Spain, China, Taiwan, South Korea, Russia, Mexico and Brazil. It appears that Canadian and to a lesser extent Mexican consumers, share the views held by other consumers.

The relatively poor evaluation of Belgium as a COO by Mexican consumers may perhaps be attributed to their very limited experience with Belgium, its people and its products. Research indicates that consumers use COO cue symbolically by associating countries with their areas of excellence: Denmark with agriculture, France with fashion and design, Germany with technology and engineering (Niss 1996). Perhaps no such symbolic association has been formed yet by Mexicans with products designed and/or assembled in Belgium. The symbolic association of Russia with space programmes may perhaps explain favourable rating given to Russia by the Mexicans.

Evaluations of Product Profiles

Table 3 presents the ANOVA results associated with the evaluations of individual

product profiles. The results indicate that COD and COA have significant effects on the perceived quality and purchase value of automobiles, VCR, and shoes in the Canadian sample. The results for Mexicans are less clear. COD has no effect on the evaluation of shoes and COA has no effect on the perceived quality of automobiles. COP has a significant effect on the evaluation of the three products in the Mexican sample. Brand name explains a statistically significant portion of the variance in the perception of quality and purchase value of automobiles, VCR, and shoes. The variance explained by brand with regard to the purchase value of shoes by Mexicans is not significant. The statistically significant impact of price in the Canadian sample is noted for purchase value perceptions of all three products. Price does not affect judgements of quality. Quality assurance has a significant effect on all product evaluations in the Canadian sample except with regard to the perceived quality of shoes. Quality assurance appears to be a more important cue for predicting the purchase value of a product rather than quality. This result holds for both the Canadians and the Mexicans. It is interesting to note that, whereas for Mexicans quality assurance and COP are the most important cues affecting the evaluations of shoes, for Canadians it is COD and COA. The greater importance attached to quality assurance may perhaps reflect the fact that traditionally service in Mexico has been poor (Alvarado 1996). Quality assurance is a safeguard against poor service. The most important cue affecting the evaluation of VCR by Mexicans is COP whereas for Canadians it is COD. Using mean squares as indicators of effect strength, it can be seen that COO cues are much more important than brand name for both the Canadians and the Mexicans. Thus, on an overall basis, there appear to be considerable differences between the Mexicans and the Canadians in how they use extrinsic cues in making product judgements.

Marginal Means

Table 4 compares the conjoint (multi-cue) marginal mean evaluation ratings of Japan, Italy, Canada and Mexico with the direct (single-cue) ratings of these countries on 9-point scales. Marginal means represent mean evaluations of cues such as COD and COA after controlling for the effects of other product cues (brand name, warranty and price). They were derived through ANOVA procedures and reflect an average value of the products evaluated. The results indicate that multi-cue differences between countries on both perceived quality and purchase value measures are smaller than single-cue differences. The marginal means of multi-cue Japan COD and COA show the greatest decrease from single-cue ratings, followed by COA Mexico for Mexicans and COA and COD Canada for the Canadians. The evaluation of COD and COA Mexico goes up for Canadians from a single cue setting to a multiple cue setting. This improvement is much stronger for COD Mexico. Evaluations of Italy does not show much change from a single-cue to a multi-cue format. Additional information regarding brand name, price or COP and quality assurance seems to have attenuated the impact of single-cue COD and COA. As pointed out by Smith and Swinyard (1983), when an attitude is less firmly held, it is more likely to undergo changes in the presence of new information about the attitude object. It is interesting to note that even in a multiattribute setting, Mexicans evaluate their products as being as good as Canadian and Italian products.

In general, results show smaller differences in COD and COA mean evaluations of a developed country (DC) (Japan) by both Canadians and Mexicans and a less developed country (LDC) (Mexico) by Canadians when the information is presented along with other cues than when the two countries are directly evaluated on their COD and COA capabilities. Thus, it

appears that consumers are less affected by COO information when other product information is available.

DISCUSSION

The cross-national differences noted in the results is believed to be partly due to Mexico's emergence as an important country of assembly following the adoption of the maquiladora concept of assembling products whose parts are made in developing countries such as the United States. This process has accelerated since Mexico's entrance in NAFTA. The Mexican market has opened up to foreign imports with low import duties since late 1980's and the variety of products and brands available in the Mexican market place is increasing (Miller 1995). However, because the process has begun only recently, in the absence of reliable brand information (Maheswaran 1994) and given the expected variance in the durability of consumer products, quality assurance becomes an important extrinsic cue for judging the quality and purchase value of products like VCRs and shoes. Given that product assembly operations have gained considerable exposure in Mexico because of their impact on the economic development and the availability of COA Mexico products, one would expect that the components of the products assembled, COP, would play a strong part in making product evaluation.

Overall, it appears that the differences between Mexican and Canadian consumers' use of extrinsic contextual cues are driven both by structural and cultural differences. Mexicans are group-oriented (Hofstede, 1991). Therefore, showing strong support for COD, COA and COP Mexico for Mexicans is probably a means of satisfying a deep-seated social value (Gregory and Munch 1997). In contrast with this culturally driven cross-national difference between Canadians and Mexicans in the importance given to made-in Mexico, the greater importance

given to quality assurance for VCR by Canadians and shoes by Mexicans, can be attributed to structural factors. Electronic products available on the Canadian market are often assembled in newly industrialised countries whose workers are held in low esteem by the Canadians (Li and Monroe 1992). Given the low income of Mexicans, compared to Canadians, Mexicans give greater importance to the durability and reliability of shoes. From the point of view of Canadians, the quality of products made in Mexico is less than desired. On the other hand, Mexicans' perceptions regarding the performance of made-in Mexico products is high. This may explain why Mexicans' evaluation of products made in Mexico products did not change much from single attribute to multi-attribute setting whereas those of Canadians did change.

Rawwas, Rajendran and Wuehrer (1996) describe consumer nationalism as a sentiment of supreme consumer loyalty towards a nation or a state which has significant effects on attitudes and purchase intentions. Consumer nationalists are willing to make a sacrifice to purchase a domestic brand because they believe that imported goods may damage their country's economy. Shimp and Sharma (1987) found that consumer nationalism is negatively correlated with the purchase of foreign products by U.S. consumers. Previous research has shown a tendency for consumers to prefer their own country's products over imported products. For example, over two-thirds of Spanish and British subjects prefer domestic made products to comparable foreign made products (Peris, Newman, Bigne, and Chansarkar 1993). Similar findings are reported for French and Germans by Papadopoulos, Heslop and Bamossy (1990) and Canadians by Milner (1996).

MANAGERIAL AND RESEARCH IMPLICATIONS

This research suffers from a number of limitations. It was carried out in only one

Mexican and one Canadian city with an all-male consumer sample and using a very limited number of products and brand names. Our results must therefore be interpreted with great care. Further research should be conducted with larger probabilistic samples from different parts of Mexico and Canada and use different types of products. Despite these limitations, we believe that the results presented in this paper have strategic implications for global marketers.

Our results show that in comparison with COD and COA, brand names do not have a strong established franchise in Canada or Mexico and that COP is an indicator of quality and purchase value in Mexico. Quality assurance appears to be a very strong marketing tool for products like shoes whose manufacture in Mexico is dominated by Mexican firms. Mexican marketers who wish to sell their products successfully in a DC such as Canada should realize that Canadians need to be persuaded regarding the quality and purchase value of products made in Mexico. Quality assurance appears to be a powerful tool to use for selling automobiles and VCRs in Canada. This tool can be used by global marketers to push made-in Mexico products in Canada. Made-in Canada does not seem to impress the Mexicans. Therefore, Canadians exporters will face an uphill battle in conquering the Mexican market. In the context of NAFTA, studies indicate that not only Canadian but also U.S. respondents hold made-in Mexico products in low esteem in terms of quality (Roth and Romeo 1992; Chao 1996). Therefore, Mexican manufacturers are particularly urged to pay attention to the problems related to the quality control of their products. Perhaps acquiring ISO 9000 designation for their manufacturing operations may reassure Canadian importers. Given that Mexicans tolerate large power distance and thus show great respect for authority and are collectivist and therefore appreciate group work, quality improvement programmes should be easier to implement. Perhaps, Mexican

workers' greater preference for leisure, opposition to planning and disciplined routine, and reliance on emotion (Lawrence and Yeh 1994) impede progress in achieving quality standards. If such is the case, it is imperative that Mexican workers be educated to the fact that reliability and product perfection are the norms in North America and that these norms have to be met if their products are to be sold in export markets. Because of their greater need to avoid uncertainty, Mexican workers may have to be assured by their supervisors that the slowing down of work process will be tolerated in favour of gaining improved quality.

In the short run, strong brands manufactured in Mexico may be able to increase their brand franchise in the U.S. and Canada by offering lower prices. As Jo (1996) points out, the amount of quality discounting made by the lower prices for U.S. respondents is significantly smaller for strong brands than for weak brands. However, in the long run a brand equity advantage may not support a poorer quality product. Another approach may be to build a new model of an existing brand in Mexico. Haubl (1996) found that the impact of COO on the overall evaluation of an automobile was mediated by the car's appearance and features. Thus, customers may be willing to try new products made in an unfavourable COO with a very strong brand name if it has appealing appearance and features, and is supported by a credible product warranty.

Our results indicate that price is seen as a value feature in Canada. This explains why many global marketers who assemble their product in NICs are able to sell their products on the Canadian market by offering competitive prices. Global marketers who have both NIC and medium prestige HIC manufacturing operations are advised to export their NIC-assembled products to Mexico to take advantage of lower wages in NICs. It appears that Mexicans show

strong positive bias toward NICs. For example, South Korea is perceived to be almost as good a COA as Canada, France or Italy. If however, for strategic reasons, products need to be exported from medium prestige HICs, then the product should be directed toward consumers who have adopted worldmindedness ideology in their purchase behavior. Rawwas, Rajendran and Wuehrer (1996) argue that worldminded consumers may be a ready target for quality foreign products, whereas consumer nationalists may not.

More specifically, in the context of NAFTA, U.S. branded products are increasingly being manufactured in Canada. Our results suggest that it will be advisable for multinational companies to export new U.S.-designed products to Mexico that are also assembled in the U.S. with U.S. parts until the brand equity for the new product is established and COA becomes less important to Mexican consumers. Given that COA Mexico is evaluated less favourably by the Canadians than COA Canada, U.S. corporations may find it to their advantage to assemble their brands in Canada for the Canadian market rather than export products assembled in Mexico unless cost savings from products made in Mexico are very high. Our results indicate that Canadians also show home country bias. Milner (1996) found that only Japanese products were considered by Canadians to be superior to products made in Canada. This consumer nationalism by Canadians has also been reported by Bruning (1997).

Cross-national differences between Mexico and Canada are attributed to both cultural and structural factors. Therefore, given the potential growth of Mexico even after Mexico becomes a HIC, one would expect that the purchase behaviour of North Americans and Mexicans will continue to be somewhat different. Therefore, marketers are advised to build their COO and brand promotional programmes in Mexico differently from that in North America. For

example, advertising messages in Mexico should be emotional rather than cognitive, emphasising such themes as acceptability of a COO or brand name by other group members. These messages should play on the highly nationalistic feelings Mexicans have toward their own country by demonstrating the advertisers' commitment to Mexico and its population.

This study uncovered a very strong home-country bias on the part of Mexicans. It is not certain whether this was a nationalistic response to a questionnaire or a genuine desire to support locally made products. For example, in the U.S. where respondents seem to show strong home-country bias, "Buy America Programs" have not been very successful in increasing sales of U.S. made products (Ettensen, Wagner and Gaeth 1988). Therefore, studies tracking actual buying behaviour of Mexicans should be carried out to find out if indeed products made in Mexico are preferred to products made in medium prestige HICs. Previous studies (Papadopoulos, Heslop and Bamossy 1990) indicates that inhabitants of some NICs have a lower opinion of products made in their own country than of those made in HICs. For example, Bohlen (1993) notes that made-in West remains a powerful lure for Russians who are suspicious of local brands and even of labels printed in the Cyrillic alphabet. Future studies may also try to find out if Mexicans indeed have a different conception of product quality than do residents of HICs. For example, because of the low labour costs of repairing products like automobiles and VCRs, the durability of a product may be a much more important attribute for Mexicans than its reliability. Perhaps Mexican manufacturers are more conscious of such preferences of their consumers and therefore products manufactured in Mexico may indeed be superior on the quality dimensions most preferred by the Mexicans. As pointed out by Cateora (1996), it is important that HIC products be adjusted to meet the different environmental conditions in NICs.

Table 1
Study Design

COUNTRIES/ ATTRIBUTES	PRODUCTS		
	High Involvement	Medium Involvement	Low Involvement
MEXICO	Automobiles	VCR	Shoes
Country of Design	Japan Canada Mexico	Japan Canada Mexico	Italy Canada Mexico
Country of Assembly	Japan Canada Mexico	Japan Canada Mexico	Italy Canada Mexico
Country of Parts	Japan Canada Mexico	Japan Canada Mexico	Italy Canada Mexico
Brand Name/Store	Toyota Ford Volkswagen	Sony Panasonic Samsung	Bally Canada Tres Hermanos
Warranty/ Satisfaction Assurance	1 year 2 years 3 years	6 months 1 year 2 years	No exchange Exchange only Exchange or refund
CANADA	Automobiles	VCR	Shoes
Country of Design	Japan Canada Mexico	Japan Canada Mexico	Italy Canada Mexico
Country of Assembly	Japan Canada Mexico	Japan Canada Mexico	Italy Canada Mexico
Brand (store)	Toyota Ford Hyundai	Sony GE Samsung	Yellow Trans Canada Simard and Voyer
Price	\$ 8,000 10,000 14,000	\$ 300 500 700	\$25 35 45
Warranty/ Satisfaction Assurance	1 year/20,000 km 3 years/60,000 km 5 years/100,000 km	1 year 3 years 5 years	None Exchange only Exchange or refund

TABLE 2

EVALUATION OF DIFFERENT COUNTRIES OF ORIGIN (a)^{1,2}

	COUNTRY OF DESIGN				COUNTRY OF ASSEMBLY			
	MEXICO	CANADA	DIFFERENCE		MEXICO	CANADA	DIFFERENCE	
HIGHLY INDUSTRIALIZED COUNTRIES								
JAPAN	6.6	7.4	(.8)	**	6.7	7.8	(1.1)	**
GERMANY	6.0	6.8	(.8)	**	6.2	6.7	(.6)	**
UNITED STATES	6.4	6.7	(.3)	*	6.6	6.8	(.2)	--
Canada	5.5	6.8	(1.3)	**	5.7	7.0	(1.3)	**
France	5.6	5.9	(.3)	*	5.7	6.1	(.4)	*
ITALY	5.5	6.1	(.6)	**	5.7	5.9	(.2)	--
BELGIUM	4.3	5.1	(.8)	**	4.4	5.4	(1.0)	**
MEAN	5.7	6.4	(.7)	**	5.8	6.3	(.5)	**
NEWLY INDUSTRIALIZED COUNTRIES								
SOUTH KOREA	5.2	4.6	.6	**	5.4	5.2	.2	--
CHILE	3.9	NIL	NIL	--	4.2	NIL	NIL	--
BRAZIL	4.4	4.1	.3	*	4.7	4.6	.1	--
MEXICO	5.7	4.1	1.6	**	6.2	4.9	1.3	**
MOROCCO	3.7	3.9	(.2)	--	4.0	4.4	(.4)	*
INDIA	3.7	3.6	.1	--	4.0	4.0	---	--
RUSSIA	4.8	3.3	1.5	**	5.1	3.9	1.2	**
MEAN	4.5	3.8	.7	**	4.8	4.4	.4	*

¹ Scale values range from 1 to 9.

² Raw scores for Mexico respondents adjusted for positive response bias.

* Statistically significant at $p < 0.05$.

** Statistically significant at $p < .01$

TABLE 3

**ANOVA RESULTS: MEAN SQUARES AND
STATISTICAL SIGNIFICANCE LEVELS**

a)	<u>Perceived Quality</u>	MEXICO	Canada	MEXICO	CANADA	MEXICO	CANADA
	Source of Variation	Automobile		VCR		Shoes	
	Country of Design	24**	162**	28**	257**	2	159**
Country of Assembly	6	95**	8**	125**	14*	102**	
Country of Parts	19**	N.I.	61**	N.I.	27**	N.I.	
Brand Name	7*	114**	20**	27**	10*	30**	
Price	N.I.	8	N.I.	5	N.I.	2	
Quality Assurance	13**	40**	10*	15**	27**	1	

b)	<u>Purchase Value</u>						
	Source of Variation						
Country of Design	27**	107**	28**	175**	1	143**	
Country of Assembly	16**	144**	16**	139**	14*	94**	
Country of Parts	10*	N.I.	60**	N.I.	19**	N.I.	
Brand Name	20**	86**	22**	31**	8	29**	
Price	N.I.	39**	N.I.	72**	N.I.	24**	
Quality Assurance	15**	129**	35**	89**	88**	24**	

* Statistically significant at $p < .05$

** Statistically significant at $p < .01$

TABLE 4**MULTI-ATTRIBUTE ANALYSIS:
MARGINAL MEANS (b) vs SINGLE-CUE EVALUATIONS (a)¹**

COUNTRIES	COUNTRY OF DESIGN		COUNTRY OF ASSEMBLY	
	CANADA	MEXICO	CANADA	MEXICO
MARGINAL MEANS				
JAPAN (b)	6.3	6.1	6.0	5.9
ITALY (b)	6.0	5.7	5.9	5.6
CANADA (b)	5.9	5.7	5.9	5.6
MEXICO (b)	5.1	5.7	5.1	5.8
COMPARISONS				
JAPAN (b-a)	(0.9)	(0.5)	(1.4)	(0.8)
ITALY (b-a)	0.4	0.2	0.5	(0.1)
CANADA (b-a)	(0.6)	0.1	(0.7)	(0.1)
MEXICO (b-a)	1.8	---	0.8	(0.4)

¹ Information regarding (a) transposed from Table 2.

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