# CONSUMERS' USE OF COUNTRY-OF-MANUFACTURE INFORMATION: TURKEY VERSUS THE U.S.A.

**Lada Helen V. Kurpis, Gonzaga University**
**James G. Helgeson, Gonzaga University**
**Ahmet Ekici, Bilkent University**
**Magne Supphellen, Norwegian School of Economics**

## ABSTRACT

*Globalization and the growth of international trade increase the importance of strategic decisions involving the positioning of brands for successful entry into foreign markets. One of these marketing decisions concerns whether the use of the country-of-manufacture information should be emphasized or masked in brand positioning. Country-of-manufacture (the "made in") information has been shown to influence consumers' purchase decisions. However, a number of researchers have been recently questioning the universality of this impact by pointing out at the instances when consumers stated or demonstrated that the country-of-manufacture information did not significantly influence their purchase decisions.*

*The purpose of this study is to expand our understanding of the boundary conditions for the country-of-manufacture (COM) effect. Specifically, this study examines whether the consumers from Turkey (an emerging market) or the U.S.A. (a developed market) differ in their reliance on the country-of-manufacture information. The study was conducted in non-laboratory setting, a condition that provides a more rigorous test for the study hypotheses since the influence of the country-of-manufacture information cue was examined in our study in the presence of many other information cues (product appearance, retailers' reputation, salespeople advice, etc.) that could have potentially weakened the country-of-manufacture influence on consumer decisions.*

*The results indicate that consumers in Turkey rated the COM importance higher, were more aware of the country-of-manufacture of their recent purchases, and cited the "made in" information as a purchase-influencing factor more frequently than consumers in the U.S.A. The effects of country/culture was significant even when the data were adjusted for individual differences in consumer ethnocentrism, and the influence of income, age, and education were taken into account. Consumers' age, income, ethnocentrism and perceived importance of brands as sources of product quality information were positively related to COM importance in both countries while retailers' role as guarantors of product quality was negatively related to COM importance in the U.S.A only.*

*This exploratory study has tested the differences between Turkish and American consumers' perceptions of the role of retailers as guarantors of product quality and their reliance on brands (ratings of brand importance). As expected, Turkish consumers gave higher ratings to brand importance and lower ratings to retailers' role as guarantors of product quality. Several possible explanations including cultural differences and stage of market development were discussed in this explanatory study.*

***Key words**: Country of manufacture, country of origin, emerging markets, consumer behavior, Turkey, U.S.A., Uncertainty Avoidance, consumer ethnocentrism.*

# INTRODUCTION

The country of origin effect has been defined by Bilkey and Nes (1982) as the influence that a product's perceived country of origin exerts on consumers' evaluations of products. The country-of-origin effect has been empirically tested and documented in many marketing studies (e.g., see Peterson and Jolibert, 1995; Pharr, 2005, or Koschate-Fischer, Diamantopoulos, and Oldenkotte, 2012 for reviews of country-of-origin research). Researchers found that the country-of-origin effect can be a result of a number of factors. For instance, they found that the country where the product was manufactured, along with the country where it was designed, or where the components of the product were manufactured, as well as the country of assembly might have an influence on consumers' perceptions of the product and on purchasing decisions (Balabanis & Diamantopulos, 2008; Chao, 2001; Han & Terpstra, 1988; Johansson & Nebenzahl, 1986; Hamzaoui-Essoussi & Merunka, 2007).

In this study, we decided to focus on the country-of-manufacture (COM) effect as opposed to a broader country-of-origin effect for a number of reasons. Firstly, of all dimensions of the country-of-origin phenomenon, the "made in" aspect draws the most attention of the general public and across the broad political spectrum in conjunction with the debate about the effects of free trade on the state of the economies and on the wellbeing of the citizens. Secondly, since most countries mandate that the country of provenance is indicated on the product label, the "made in" information represents one of the most objective, easily accessible information cues that a consumer can verify for herself simply by examining the product tags or packaging. If consumers utilize the country-of-origin information in their purchase decisions at all, the country-of-manufacture cue is very likely to be utilized. In light of the conflicting information about the importance of the country-of-manufacture information for consumers in the globalized world, we strive to advance our understanding of the phenomenon by examining several aspects of the COM effect across two economically and culturally different countries, the USA and Turkey.

# LITERATURE REVIEW AND HYPOTHESES

## Degree of Reliance on Country-of-Manufacture Information

This paper uses the cue utilization theory (Olson & Jacoby, 1972) as the underlining theoretical base for exploring the COM effects in the two countries of interest. Olson & Jacoby (1972) separate the product-related information cues into two categories: *intrinsic* (e.g., product shape, performance, texture, etc.) and *extrinsic* (e.g., price, brand name, warranties). Since the product quality rarely can be reliably assessed prior to purchase, prudent consumers have to rely on intrinsic and extrinsic cues as indicators of product quality and to minimize risk of purchase. Country-of-origin information is an extrinsic cue (Bilkey & Ness, 1982; Han & Terpstra, 1988; Hong & Wyer, 1989) that is used by the consumers for the pre-purchase evaluation. The likelihood of utilizing extrinsic cues such as the country-of-manufacture information increases when intrinsic cues are not available to assist in quality diagnostics (Olson & Jacoby, 1972).

Meta-analytical studies (e.g., Peterson & Jolibert, 1995; Verlegh & Steenkamp, 1999) seem to leave little doubt about the pervasiveness of the country-of-origin effect (including its underlying dimensions such as the country-of-manufacture). However, results of recent opinion polls and academic literature suggest that further investigation is needed to clarify the scope and the boundary conditions of the effect.

On the one hand, consumers state that they are interested in and increasingly pay attention to the country-of-manufacture information. For instance, in 2007, Gallup Poll reported that 72% of Americans claimed that they were paying more attention to which

country produces the products they buy (Vence, 2007). In 2013, a New York Times poll found that two-thirds of Americans said they check labels when shopping to see if they are buying American goods and almost half of the respondents claimed that they were willing to pay more for the American-made garments. These statements are, however, confronted with the evidence to the opposite effect coming from the retailers who did not find American-made goods generating better sales than the lower-priced imported competition (Clifford, 2013). On the academic side, a number of recent studies confirm the presence of the country-of-manufacture influence on product evaluations and even consumers' willingness to pay a price premium for a more favorable country of provenance (Koschate-Fischer, Diamantopoulos, & Oldenkotte, 2012). These findings are countered by the sceptics who claim that consumers' concern for the COM as a predictor of product quality is declining (Leclerc, Schmitt, & Dube 1994; Samiee, Shimp, & Sharma, 2005; Saimee, 2011; Usunier & Cestre, 2007), that consumers are for the most part unaware of the origin of the products in their shopping carts (Liefeld, 2004), or could not correctly identify the country-of-origin for a range of familiar brands (Balabanis & Diamantopoulos, 2008). Notably, the effect of diminishing importance of COM information (e.g., Balabanis & Diamantopoulos, 2008; Liefeld, 2004) has been documented in developed, culturally similar (Canada, U.S.A., U.K., etc.) countries which are categorized in the GLOBE project as part of the Anglo cultural cluster (House et al., 2004).

At the same time, research suggests that the various aspects of the country-of-origin effect work differently at different geographical locations. Specifically, culture (Gurhan-Canli & Maheswaran, 2000), country's stage of economic development (Batra et al., 2000; Hamzaoui Essoussi & Merunka, 2007; Reardon, Miller, Vida, & Kim, 2006; Sharma, 2011), ethnocentrism (Cilingir & Basfirinci, 2014; Durvasula, Andrews, & Netemeyer, 1997; Parker, Haytko, & Hermans, 2011; Pecotich & Rosenthal, 2001), or historical events that resonate most profoundly with certain populations (Klein, Ettenson, & Morris, 1998) were found to interfere with the positive or negative influence that country of origin exerts on consumers' evaluation of products. Despite recent research activity exploring the effect that "made in" information exerts across different countries/cultures, many gaps remain. For instance, Sharma (2011) notes that even though there is growing evidence of differences in how consumers behave in emerging versus developed markets, there is little research on the differing effect of country-of-origin information on consumer decision making. For instance, given that the evidence suggesting that the influence of the COM is on decline comes predominantly from "mature" developed markets, should we expect similar decline to be observed in "younger" emerging markets? Or, is the COM on decline only in the developed markets while it matters a lot in emerging markets?

Even though it would be potentially interesting to explore the interplay of the country-of-manufacture with other related constructs such as the country-of-design, country-of-brand-origin, or country-of-assembly (e.g., Chao, 2001; Hamzaoui-Essoussi & Merunka, 2007; Hamzaoui-Essoussi, 2010; Johansson & Nebenzahl, 1986), the format of a short post-purchase interview that we chose for this study limited a number of questions that we could ask. Based on the findings of a meta-analytical study by Verlegh & Steenkamp (1999) who did not find significant differences in effect sizes for hybrid (products that are designed in one country but manufactured in another country) and non-hybrid products, we made the decision to focus on just one aspect of the country-of-origin effect, that is, on the country-of-manufacture (COM) for the purposes of this particular study.

It remains unclear whether consumers from two culturally and economically different countries will vary in the degree of their awareness and utilization of the country-of-manufacture information when evaluating products for purchase. In an exploratory fashion, this current research compares the role that the country-of-manufacture information plays in

the very dissimilar countries: Turkey and the U.S.A. The rationale for selecting these two countries for our hypotheses testing is explained further in this paper.

The focus of this paper lies in examining whether Turkey and the U.S.A. differ in perceived importance of the COM information in the presence of other potential extrinsic product quality information cues such as brand names and retailers' reputation as guarantors of quality. Additionally, we examine the role of consumer ethnocentrism (Shimp & Sharma, 1987) and a few key demographic variables (age, income, and education) as they relate to perceived COM importance. Although this study remains exploratory in nature and does not strive to build a comprehensive model of the factors influencing consumers' perceptions of COM importance, it makes a contribution by taking the first steps to an eventual systematic examination of the difference between the COM role in the emerging and the developed markets while taking a number of potential influencing factors into consideration. Finally, this study strives to make a contribution by investigating the difference between the two countries in consumers' awareness of the COM of their purchases and in COM influence on consumer decision-making in natural (non-laboratory) settings. Previous research has shown that when COM is the only extrinsic quality cue available (vs. multiple cues, such as price and brand) or when respondents were presented with a verbal description of the product (vs. an actual product in its physical form), the COM effect size tends to be inflated (Liefeld, 1993; Peterson & Jolibert, 1995). Many of the COM studies published have utilized single-cue designs and many used verbal descriptions. Asking consumers to recall their actual considerations that influenced their real life purchase decisions allows for investigating the COM effect within a richer context and allows for more accurate mapping of the boundary conditions of COM influence on consumer behavior by comparing the role of the country-of-manufacture information cue across two economically and culturally different countries: Turkey and the U.S.A.

**Cultural and Economic Differences, Turkey versus the U.S.A.**

Given the focus of this study on exploring whether consumers from emerging economies might differ from their peers in developed economies in their reliance on the country-of-manufacture information, we chose Turkey for the comparison with the United States.

According to the World Bank (World Bank, 2015), Turkey is a rapidly growing middle-income economy with the GDP of $ 822.1 billion USD and the population of 75 million in 2013. It is the 18-th largest economy in the world that achieved a three-fold increase in average income in less than a decade (Turkish Statistical Institute, 2015). There is a general consensus on the part of global financial institutions (the World Bank, International Monetary Fund, Dow Jones) that classify Turkey as an emerging market. The U.S.A. (GDP of $ 16.7 trillion USD and the population of 316 million in 2013), of course, is classified as a developed market. The Global Edge data portal (GlobalEdge, 2015) estimates one of the key economic development indicators, the GDP per capita in purchasing power parity dollars equal to $ 19,020 in Turkey. The same indicator was equal to $ 53,042 for the United States.

Prior research provides many indications that consumers' reliance on COM information is likely to vary depending on the stage of economic development of the country where the consumer resides. First, multiple studies suggest that consumers in emerging markets prefer foreign brands, especially brands coming from developed markets, to local products not only because they consider imported products to be of superior quality, but for status-enhancing reasons as well (Batra et al., 2000; Hamzaoui-Essoussi, 2010; Sharma, 2011). Some consumers in emerging markets prefer non-local to local brands for value-expressive purposes. For instance, conspicuous consumption of foreign brands can be used to

manifest modernity, individuality, and freedom of choice (Bar-Haim, 1987; Batra et al., 2000; Sandikci & Ekici, 2009). In summary, consumers from the emerging markets might utilize the country-of-manufacture information cue not only for evaluating product quality but for achieving other consumption-related goals as well. In other words, compared to their counterparts in the developed markets, they have more uses for the COM information cue, therefore they are likely to utilize the COM information cue more heavily.

Second, because consumers in emerging markets have a shorter history of access to world-class-quality products and competition-driven marketplaces, they tend to have lower levels of consumer expertise (Alba & Hutchinson, 1987) and product-related expertise (Batra, 1997; Hamzaoui-Essoussi & Merunka, 2007; Sharma, 2011). Specifically, compared to their counterparts in a developed market, consumers in an emerging market might be less aware of the available brands and less familiar with the product category attributes and benefits (Batra, 1997; Sharma, 2011). As extant research suggests, COM information is more likely to be utilized by consumers with low (versus high) product expertise (Maheswaran, 1994; Pecotich & Ward, 2007). Based on the research pertaining specifically to Turkey, we might expect the same attitudinal tendency of heightened attention to product provenance. Recently, Cilingir & Basfirinci (2014) found that the country-of-origin information significantly influenced the product evaluation process in Turkey.

Finally, smaller scale non-consolidated retailers in emerging markets are typically less able (or willing) to offer product quality warranties to their consumers (e.g., accepting product returns when a consumer is not satisfied with the product). An industry expert recently described the retail market in Turkey as “fragmented and difficult to consolidate…” (Dombey & Felsted, 2013). We reason that in order to compensate for the relative deficiency of retailers’ warranties, consumers in Turkey need to develop efficient decision-making strategies for identifying “safe” choices. This deficiency will likely increase consumers’ reliance on the country-of-manufacture information as a quality cue.

Besides the distinction between Turkey and the U.S.A. along the lines of emerging versus developed markets, there are general cultural differences that might contribute to the differences in consumers’ utilization of the country-of-manufacture information cue. As we noted earlier, many of the studies that suggested the decline of consumers’ reliance on the country-of-origin, including the country-of-manufacture information (e.g., Liefeld, 2004; Saimee, 2011; Usunier & Cestre, 2007), were conducted in the developed, culturally close cluster of countries belonging to the so-called “Anglo” cultural cluster (e.g., Canada, the U.K., the U.S.A.), according to the GLOBE program (House et al., 2004). In our study we compare consumers’ responses collected in the U.S. to those collected in Turkey which is a part of a distinctly different cultural cluster dubbed “the Middle East” (along with Morocco, Egypt, and others) by the GLOBE project researchers. The “Middle East” and the “Anglo” clusters are presented as the most culturally different, diametrically opposite, from each other relative to eight other GLOBE culture group categories (e.g., Eastern Europe, Southern Asia, Sub-Sahara Africa etc.).

We relied on the data from a widely recognized ongoing Hofstede study of cultural dimensions to identify the cultural dimensions that might affect consumers’ utilization of the COM cues. According to the Hofstede Center data (Hofstede Center, 2015), Turkey and the U.S.A. differ substantially along all of Hofstede’s cultural dimensions. For instance, the U.S.A. exceeds Turkey in Individualism, Masculinity, and Indulgence, while Turkey exhibits higher scores of Power Distance, Uncertainty Avoidance, and Long-Term Orientation. We believe that Uncertainty Avoidance scores can be particularly relevant to consumers’ tendency to rely on the COM information in their shopping decisions. The Uncertainty Avoidance dimension is defined as “the extent to which people feel threatened by uncertainty and ambiguity” (De Mooij & Hofstede, 2011, p. 183). The cultures that have high scores of

Uncertainty Avoidance are known to adopt practices and prefer products that reduce risk and uncertainty. For instance, there is a correlation between high levels of Uncertainty Avoidance and consumption of bottled water (De Mooij, 2003). The Uncertainty Avoidance score for Turkey is 85 versus 46 for the United States (The Hofstede Center, 2015). Thus, on the basis of the difference in Uncertainty Avoidance scores, we can expect Turkish consumers to exert greater efforts in reducing the risk of their purchasing decisions. Specifically, we can expect Turkish consumers to utilize more information cues, including the country-of-manufacture cue, when evaluating products.

In total, the above considerations regarding the stage of economic development and the cultural differences between Turkey and the U.S.A. suggest that:

*H1: Consumers in Turkey versus the U.S.A. will give higher ratings to the importance of the country-of-manufacture information.*

As a consequence of Turkish consumers (vs. American consumers) giving higher ratings to the importance of the COM information, we expect Turkish consumers to be also more aware of the country-of-manufacture of their recent purchases and to name the country-of-manufacture information as a purchase-influencing factor more frequently:

*H2: Consumers in Turkey versus the U.S.A. will have greater awareness of the country-of-manufacture of their purchases.*

*H3: Consumers in Turkey versus the U.S.A. will more frequently cite the country-of-manufacture as a factor influencing their purchases.*

As we discussed earlier, country-of-manufacture exerts its influence along with many other extrinsic quality cues (Olson & Jacoby, 1972), such as the reputation of a brand, reputation of a retailer that sells the brand, price level, etc. Recall that we expect that consumers' use of products for value expressive purposes, lower levels of consumer expertise, less generous warranties by the retailers, and the cultural propensity to seek the "safest" purchase options leads to greater reliance on the COM extrinsic cues in Turkey, as opposed to the U.S.A. However, the above economic and cultural factors should exert influence on other potential extrinsic quality cues as well. To examine for such possibility, we set forth two hypotheses pertaining to the utilization of brand and retailer reputation cues by consumers in Turkey versus the U.S.A. We expect that brand information utilization will occur along with COM information utilization and, the vector of its influence will be unidirectional with the COM cue. In fact, country of provenance is likely to be considered by a consumer as one of the facets of a brand image (Keller, 2003). Therefore, we expect those consumers who pay attention to the COM information to pay attention to the brand as an extrinsic indicator of a product quality as well.

In fact, Hong & Wyer (1989) found that the country-of-origin information not only had a direct effect on product evaluations, it also stimulated subjects to think more about other product attributes, augmenting their effect. Pecotich & Rosenthal (2001) found that the country-of-origin effect was most prominent when the country cue was presented in conjunction with a strong national brand to highly ethnocentric consumers. Therefore, the use of brand reputation as a quality indicator complements, rather than supplants the COM information cue.

Thus, we should expect that consumers who rely more on the COM information (Turkey) will also consider the brand name to be an important source of quality information.

*H4: Brand importance will be positively related to the COM importance ratings.*

Contrary to the relationship between brand importance and COM, retailers' ability to back up the product with exchange and return policies, is expected to render the country-of-manufacture cue less important. In fact, if a retailer uses due diligence in selecting the products to be sold at its stores and is ready to serve as an additional guarantor of product quality by providing generous return and exchange policies, it becomes less critical for the consumer to investigate all alternative quality cues (such as the brand name and the country-of-manufacture) prior to purchase. When the retailer is trusted and is willing to provide exceptional quality warranties, the products sold by this retailer are likely to be bought with little consideration for the location of the actual manufacturer of these products. Therefore, higher ratings of the retailers' as guarantors of quality are likely to work in a compensatory manner to the COM quality cue. The more the consumers trust the retailers to select the best quality products, the less they need to rely on the COM information as a quality cue. For instance, as we discussed earlier, we expect to find that in Turkey retailers generally play a less prominent role as guarantors of product quality.

*H5: The ratings of retailers' performance in ensuring product quality will be negatively related to the COM importance ratings.*

## Influence of Consumer Ethnocentrism

Consumer ethnocentrism (Shimp & Sharma, 1987) involves beliefs about the appropriateness of purchasing foreign-made products. For ethnocentric consumers, not only are domestic products viewed as superior, but purchasing imports is viewed as morally wrong because it hurts the domestic economy and causes loss of jobs (Shimp & Sharma, 1987). Sharma (2011) found that ethnocentrism is negatively associated with product evaluations and purchase intentions for imported products irrespective of the products' COM or of the objective quality of the products being evaluated. Prior research has also found that higher levels of ethnocentrism were associated with a predisposition to purchase domestic products and the use of country-of-origin information (Balabanis & Diamantopoulos 2008; Netemeyer, Durvasula, & Lichtenstein, 1991; Orth & Firbasova, 2003; Shimp & Sharma, 1987; Sharma, 2011) while having a negative effect on attitudes toward and purchase intentions regarding foreign products (Durvasula, Andrews, & Netemeyer, 1997; Klein, Ettenson, & Krishnan, 2006; Netemeyer, Durvasula, & Lichtenstein, 1991).

This leads to the proposal that highly ethnocentric consumers are more likely to pay attention to the country-of-manufacture information because it increases their chances of making "morally correct" purchases which, in their opinion, involve favoring domestic manufacturers.

*H6: Consumers' levels of ethnocentrism will be positively related to the ratings of COM importance.*

Because of the dearth of empirical academic research directly comparing consumers' reliance on brand information or their perceptions of retailers as guarantors of quality in the U.S.A. and in Turkey, we had to make a few assumptions (e.g., that retailers generally do less to ensure product quality in Turkey, compared to the U.S.A.), based on the available literature. To verify these assumptions, we set forth two formal hypotheses:

*H7: Consumers in Turkey versus the U.S.A. will give higher ratings to brand importance.*
*H8: Consumers in Turkey versus the U.S.A. will give lower ratings to retailers' performance as guarantors of product quality.*

# METHOD

## Sample

The data were collected in Turkey and in the United States by interviewing consumers shortly after they made a purchase. The data were collected by students enrolled into undergraduate marketing courses at a small private university in the Pacific Northwest of the U.S. and at a medium size private university in Turkey, respectively. Each student conducted a post-purchase interview of five consumers about the purchases that these individuals made over the period of 7 days prior to the interview. The data collection in both countries was timed to be conducted during the main holiday shopping season: end of Ramadan (Eid ul Fitr) in Turkey and Christmas in the U.S.A., respectively. Both religious holidays are associated with the tradition of gift giving and many of the purchases made by the respondents were intended to be given as gifts. The students conducting the interviews attended a training session during which they were provided with the interview script. This data collection procedure yielded 561 usable surveys in Turkey and 298 in the U.S.A. The questionnaires and the respondents' open-ended answers were translated to and from the Turkish language by the local bilingual collaborators. Respondents' participation in this study was voluntary and no monetary rewards were provided for participation. Student interviewers were rewarded with partial course credit.

## Procedure and Measures

To maintain consistency across the series of interviews, interviewers asked respondents to indicate the most expensive item bought during the preceding seven days. Product categories such as housing, gasoline, and public transportation, for instance, for which the country-of-manufacture cannot play a role in the choice process, were excluded from the data collection (Liefeld, 2004). At the next stage of the interview, respondents were asked: "When you were shopping for [name of the item], what did you consider when making your choice?" The unprompted response was coded into one of the predetermined categories: price, brand, quality, retailer, country-of-manufacture or, if the interviewers felt that the response did not fit any of these categories, the answers were recorded verbatim for subsequent classification. The interviewers were instructed to make two more probes: "Did you consider anything else in your choice?" and record the answers in the same manner as above. Therefore, up to three factors influencing purchase decisions were recorded per respondent.

The COM awareness was measured through the question: "Do you know where [name of the product] was made?" with response options being yes, no, and not sure. If respondents felt that they knew the COM of their purchase, they were asked to state it, and their answers were recorded. They were then asked to indicate the source of their knowledge with the response options being: looked at the package, purchased before, guessed, other.

Two measures, each consisting of three items, were developed to capture respondents' opinion about COM information importance and brand importance. Consumers' rating of retailers as guarantors of products' quality were assessed with the help of a single-item measure (please see Appendix for the wording of all measures developed specifically for this study). The responses were recorded on five-point Likert type scales ranging from 1=strongly disagree to 5=strongly agree. Responses to each of the three-item measures were averaged to form the indexes of COM Importance and Brand Importance, respectively. Next, respondents completed the 10-item version of the Consumer Ethnocentrism Scale (Shimp & Sharma, 1987) and indicated their gender, age, education, and income.

## ANALYSIS AND RESULTS

### Demographic Profile of the Respondents

As a first step of the analysis, demographic characteristics of respondents from each country were compared (see Table 1).

Overall, education and income levels in our samples tended to be higher than the national statistics. The main reason for this pattern in both countries was the fact that the post-purchase interviews were conducted by the students enrolled at private universities. This circumstance may have led to oversampling students' friends and family members who also tended to be wealthier and better educated than an average consumer. Although certain bias of results obtained via convenience sampling methods is unavoidable, it is not always undesirable, depending on the purpose of the study. In the case of this current research, by asking the wealthier populations (particularly in an emerging market) about their reliance on COM information, we could be sure that we were getting answers from the part of the population who were actually familiar with and could afford buying imported products. Likewise, asking a more educated population about their purchase behaviors in regard to foreign-made products, represents a more stringent test of several of our hypotheses. This comment is based on extant research that found, for instance, that greater consumer expertise leads to lesser reliance on country of origin information (Maheswaran, 1994). Therefore, if we find support to our hypotheses about greater reliance on COM information in Turkey (an emerging market) in a population of affluent and educated consumers who possess higher levels of consumer expertise, we can expect that the effect will be even more pronounced among less affluent and less educated consumers.

**Table 1**
**DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS**

| Variable | Categories | Turkey | U.S.A. |
|---|---|---|---|
| Number of respondents | | 561 | 298 |
| | | | |
| Gender, % | Male | 52.1 | 49.8 |
| | Female | 47.9 | 50.2 |
| | | | |
| Age, % | < 35 | 60.0 | 67.0 |
| | 35-54 | 34.3 | 23.6 |
| | > 55 | 5.7 | 9.4 |
| | | | |
| Highest | < High school | 2.3 | 1.4 |
| education | High school | 19.3 | 9.5 |
| level, % | College | 65.8 | 78.0 |
| | Graduate school | 12.5 | 11.1 |
| | Not reported | .1 | 0 |
| | | | |
| Income, % | < $ 25,000 | 15.9 | 36.4 |
| | $ 25,000 - 49,999 | 20.9 | 12.5 |
| | $ 50,000 - 74,999 | 23.4 | 15.0 |
| | $ 75,000 - 99,999 | 14.3 | 7.5 |
| | > $100,000 | 25.3 | 28.6 |
| | Not reported | .2 | 0 |

## Products Purchased

Two independent coders classified all reported purchases into nine product categories. Any disagreements were resolved through discussion. The most frequently reported purchases were from the apparel and footwear category, followed by consumer electronics. These two categories accounted for well over half of the purchases reported by the respondents in both countries. Overall, 298 purchases were reported by the American respondents and 553 by the Turkish respondents.

## Hypotheses Testing

Hypothesis 1 predicted that Turkish consumers will rate the importance of the COM information higher than American consumers. Existing research suggests that income and education might play a role in consumption of foreign brands (e.g., Kaynak & Kara, 2001). To control for the possibility that other factors, such as age, income, and education level could be responsible for the observed results and to control for a potential confounding factor, consumer ethnocentrism, an ANCOVA design was used in Hypothesis 1 testing. The independent variables included country/culture (2 levels: Turkey vs. the U.S.A.)×Age (3 age categories – see Table 1)×Education (4 education categories)×Income (5 income categories). The Index of COM Importance, calculated as the sum of the 3 COM importance items – please see Appendix) was a dependent variable and consumer ethnocentrism (CET) was a covariate. The reliability of the COM Importance index was sufficient (Bagozzi, 1994) for both Turkey and the U.S.A. (Cronbach's alpha .78 and .75, respectively). The 10-item Consumer Ethnocentrism scale also had high reliabilities in both country-samples, with Cronbach's alpha being .91 in Turkey and .93 in the U.S.A.

Since theory did not predict the interactions between the independent variables (e.g., Education×Income×Age) and the full factorial ANCOVA confirmed that the interaction terms were not significantly associated with the outcome variable (COM importance), interaction terms were eliminated from the model for the subsequent analyses. The resulting main effects ANCOVA model was significant ($F(11, 825)=12.7$, $p< .001$) explaining 14.5% of the variance. The main effect of country/culture (that is, respondents residing in Turkey ($M=3.40$) versus the U.S.A. ($M=3.05$)) on COM importance was significant $F(1, 825)=17.7$, $p<.001$, even when the data were adjusted for individual differences in consumer ethnocentrism and the influences of income, age, and education were included in the model. Income ($F(4, 825)=2.41$, $p<.05$) and age ($F(2, 825)=5.19$, $p<.01$) were significant as predictors of COM importance ratings, while education was not a significant predictor ($F(3, 825)=1.97$, n.s.). Consumer Ethnocentrism was significant as a covariate ($F(1, 825)=42.89$, $p<.001$). Taken together, these results fully support H1 by indicating that even when the influence of age, income, and education, as well as the influence of a potential covariate were taken into consideration, Turkish respondents rated the importance of the country-of-manufacture (COM) information significantly higher than American respondents. The pattern of the means suggests that older age and higher income levels were associated with higher ratings of COM importance.

Recall that H2 predicted that, compared to their American counterparts, consumers in Turkey, will have greater awareness of the country-of-manufacture of their purchases. To test for H2, the responses to a "*Do you know where the product was made?*" question were subjected to a Chi-square test. Of all Turkish respondents who answered this question, 48.1% felt that they knew the COM of their purchases. This was significantly higher than the level

of COM awareness in the U.S.A. (34.5%), as confirmed with the Chi-square statistics ($\chi 2$ (1, N=853)=14.67, p<.001). Overall, H2 has been fully supported.

To test whether consumers in Turkey will more frequently cite the country-of-manufacture as a purchase-influencing factor (H3), the total count of all *unprompted* mentions of the country-of-manufacture as a factor that influenced a purchase decision was calculated across the responses to the three probes by the interviewers. Recall, that every respondent could give up to three different answers in response to three probes asking her to name the factors that influenced her decision ("*When you were shopping for [name of the item], what did you consider in making your choice?*"). The respondent could also decline answering this question or give an answer of "*nothing else*" that would result in zero count of reasons influencing her purchase decisions. In sum, the percentage of respondents in Turkey citing COM as a purchase-influencing factor (8.2 %) was greater than in the U.S.A. (.3%). This difference was statistically significant ($\chi 2$ (2, N=859)=23.27, p<.001), providing full support for H3.

On a side note, price, brand, and quality were the most frequently named decision factors in both countries and by far surpassed the frequency with which COM was mentioned as a purchase-influencing factor (see Table 2). Additionally, our study provided insight into the process of how the consumers usually acquire the COM information in "natural" (non-laboratory) settings. Of those respondents who thought that they were aware of the country-of-manufacture of their purchases, the most frequently reported method was "*by looking at the package*" (36.9% Turkey, 47.4% U.S.A). Another frequently cited source of COM information was that the consumer's prior knowledge ("*already knew the product's COM/purchased it before*"): this percentage was 30.7% in Turkey and 13.5% in the U.S.A. Finally, about a quarter of the respondents in each country told the interviewers that they just "*guessed*" the product's COM (28.4% Turkey, 21.8% U.S.A.). Together, these three response categories explain 82.7% instances of the COM awareness in the United States and 96% in Turkey.

Overall, all three hypotheses pertaining to the elevated role that a country-of-manufacture plays for the consumers in Turkey, compared to the U.S.A., were fully supported.

Hypotheses 4-6 about the influence exerted by Brand Importance, retailers' role as guarantors of quality (referred to as "Retailers' Role" hereafter), and Consumer Ethnocentrism on COM Importance ratings were tested with the help of the regression analysis. The data were analyzed separately for the U.S.A. and Turkey. At the first step, Brand Importance and Retailers' Role were entered as independent variables, with COM Importance being a dependent variable. In the next step of the analysis, CET scale was added as a predictor of the dependent variable.

**Table 2**
**FREQUENCY OF THE COUNTRY-OF-MANUFACTURE (COM) UNPROMPTED MENTION IN COMPARISON TO THE SIX MOST FREQUENTLY CITED PURCHASE-INFLUENCING FACTORS (% OF RESPONDENTS)**

| | Turkey | U.S.A. |
|---|---|---|
| Probe 1 | Quality (44.2%) | Price (32.2%) |
| | Brand (33.0%) | Brand (22.8%) |
| | Price (17.1%) | Quality (21.5%) |
| | Design (3.0%) | Retailer (7.7%) |
| | Retailer (1.2%) | Design (7.4%) |
| | COM (.6%) | COM (.3%) |
| Probe 2 | Price (31.6%) | Price (27.8%) |

| | | |
|---|---|---|
| | Quality (30.2%) | Quality (27.4%) |
| | Brand (25.1%) | Brand (20.0%) |
| | Retailer (7.3%) | Design (8.9%) |
| | Design (2.5%) | Retailer (8.9%) |
| | COM (1.6%) | COM (0%) |
| Probe 3 | Price (26.2%) | Quality (29.3%) |
| | Brand (18.9%) | Price (22.8%) |
| | Quality (16.6%) | Retailer (16.3%) |
| | Retailer (11.8%) | Brand (11.4%) |
| | COM (6.0%) | Design (9.2%) |
| | Design (1.2%) | COM (0%) |

The model using Brand Importance and Retailers' Role as predictors of COM Importance have been significant for both Turkey ($F(2, 554)=24.29$, $p<.001$), and the U.S.A. ($F(2, 294)=7.95$, $p<.001$). Adding Consumer Ethnocentrism (CET) as an independent variable improved predictive power of the model ($R^2$ change ($F(1,553)=36.4$, $p<.001$) for Turkey and ($F(1, 293)=25.5$, $p<.001$) for the U.S.A). The significance of the resulting improved models (with the inclusion of CET) was ($F(3,553)=27.4$, $p<.001$ for Turkey and $F(3, 293)=11.6$, $p<.001$ for the U.S.A. These models explained 13.7% of the variance in ratings of COM Importance in Turkey and 12.7% of the variance in the U.S.A. Brand Importance was significantly related to COM Importance in both countries (see Table 3), thus supporting H4. Recall that H5 predicted a negative relationship between COM Importance and Retailers' Role. In the U.S.A., H5 was supported by the data: Retailers' Role was significantly negatively related to the COM Importance. Adding CET as a predictor did not change this pattern. However, in Turkey, the relationship between Retailers' Role and COM importance was neither negative nor significant. Therefore, the data rendered only partial support to H5. Consumer Ethnocentrism was significantly positively related to COM Importance in both countries, thus supporting H6.

**Table 3**
**RESULTS OF REGRESSION ANALYSES PREDICTING COM IMPORTANCE RATINGS FROM BRAND IMPORTANCE, RETAILERS AS GUARANTORS OF QUALITY, AND CONSUMER ETHNOCENTRISM RATINGS IN TURKEY AND THE U.S.A.**

| | **Turkey** | **U.S.A.** |
|---|---|---|
| **Model 1 (Brand Importance and Retailers' Role as Predictors)** | | |
| Brand Importance | .314*** | .261*** |
| Retailers' Role as Guarantors of Quality | .086* | -.130* |
| **Model 2 (Brand Importance, Retailers' Role, and CET as Predictors)** | | |
| Brand Importance | .348*** | .246*** |
| Retailers' Role as Guarantors of Quality | .045 | -.118* |
| Consumer Ethnocentrism | .281*** | .297*** |

Note: Numbers represent unstandardized beta weights.
* p< .05. ** p< .01. *** p< .001

Hypotheses 7 and 8 tested two of the assumptions of our study. Specifically, H7 predicted that, compared to the U.S.A., consumers in Turkey will give higher ratings to Brand Importance (H7) and lower ratings to Retailers' Role (H8) as guarantors of product quality. As predicted in H7, Turkish consumers rated their reliance on brand as a guarantor of

product quality higher (non-adjusted mean M=3.74) than their American counterparts (M=3.62, F(1,368)=4.25, p<.05).

The data also fully supported H8. The average agreement (on a 5-point scale) with the statement "*Most retailers do a good job selecting good quality products to be sold at their stores*" was higher in the U.S.A. (M=3.30) than in Turkey (M=3.15, F (1, 852)=4.50, p<.05).

## DISCUSSION

Consumers in Turkey had greater awareness of the COM of their purchases, cited COM more frequently as an influencing factor, and rated COM to be of higher importance as a criterion for product selection than consumers in the U.S.A. Thus, the results supported our proposition that, assuming that the "COM skeptics" are correct about the declining role of the country-of-manufacture information cue (e.g., Liefeld, 2004; Saimee, 2011; Usunier & Cestre, 2007), this decline is not happening at the same pace across different countries/cultures. A much larger percentage of our respondents in Turkey (48.1%) versus the U.S.A (34.5%) were aware of the country-of-manufacture of their purchases. Even though the country-of-manufacture was relatively rarely named as the reason for the purchase decision in either country (see Table 2), the consumers in Turkey were significantly more likely to have country-of-manufacture "on their mind" when buying a product (8.2% versus .3% in the U.S.A.). Recall that the question "*What influenced your purchase decision?*" was asked using the open-ended format. The interviewers did not give the respondents a list of response options where COM was one of the response categories. Every mention of the country-of-manufacture counted in this present study means that a respondent cared enough about the COM as a purchase influencing factor that it triggered an unaided recall. In our opinion, this, as opposed to the multiple-choice format, provides a more stringent test for the significance of the COM in consumer decision-making in "natural" (non-laboratory) settings.

In order to properly interpret the self-reported levels of COM influence in this study, it is important to keep in mind that under natural shopping conditions COM information competes for consumer's attention with brand name, price, retailer's reputation, salesperson recommendations and a multitude of other intrinsic and extrinsic product quality cues (Han & Terpstra, 1988; Hong & Wyer, 1989; Wall, Liefeld, & Heslop, 1991). It is not surprising, therefore, that the relative weight of COM influence drops in the presence of other competing purchase-influencing factors compared to research conducted via single-cue laboratory studies. The low level of self-reported reliance on COM for purchase decisions in the U.S.A. (.3%) in our study was consistent with the comparable statistic from a study conducted in the U.S.A. and Canada where 1.7% of respondents felt that COM influenced their purchase decisions (Liefeld, 2004).

It is notable, however, that low levels of self-reported COM influence were in dissonance with the much higher levels of COM awareness (48.1% Turkey, 34.5% U.S.A.). For someone who claimed that her purchase decisions were influenced by some other, non-COM factor (e.g., retailers' influence, price, design, etc.), our typical respondent was remarkably aware of, or thought that she was aware of, the country where her purchases were made. This points out a possibility that the COM cue utilization rate might actually be higher than indicated by the self-stated reasons for buying. For instance, the COM influence might become an aspect of a specific brand's appeal (e.g., when the country of provenance is actively promoted as a source of competitive advantage or as an important part of a brand image such as the case with French perfume, German autos, etc.). Testing for Hypothesis 4 confirmed the linkage between the COM Importance and Brand Importance. Generally speaking, if consumers believed that country-of-manufacture information helps to gauge the

quality of the product, they tended to believe that brands are also important in assessing the product quality.

A possible explanation to the observed pattern is that the COM information becomes incorporated into the schemas of established brands. Extant research has shown that intrinsic and extrinsic brand attributes, benefits, images, attitudes, experiences, associations, thoughts, feelings (Keller, 2003), as well as personality characteristics (Aaker, 1997) become linked to brand schema over time (Puligadda, Ross, & Grewal, 2012). In line with this theorizing, it seems likely that COM might become incorporated into a brand schema of certain brands as well. The COM cue might also exert its influence in an indirect manner such as through a salesperson's recommendations. An example of such influence is when a salesperson is aware of and is influenced by the COM cue and then, based on this influence, recommends the product to a consumer.

The second consideration that emerges from the analysis of this research data is that even when potentially confounding factors such as consumer ethnocentrism, age, income, and education, were taken into consideration, the COM continued to play a greater role in consumer decisions in Turkey compared to the U.S.A. As we stated earlier, the differences in economic development and in cultural environment might be some of the reasons behind the pattern of results predicted in hypotheses 1-3. However further research is needed to properly test this explanation.

In light of the studies that observed the instances when consumers associated popular brands with the wrong country of provenance (Balabanis & Diamantopoulos, 2008), our research contributes to the exploration of the phenomenon by documenting what sources consumers actually use to obtain the COM information in non-laboratory settings. Examining the package, by far, was the most frequently used method in both countries (36.9% in Turkey, 47.4% in the U.S.A.). The next most frequently utilized method was relying on memory, deducting the COM from past purchase experiences. This percentage was notably higher in Turkey (30.7%) than in the U.S.A. (13.5%) which might be attributed to one of the two explanations: either the share of repeat purchases was higher in our Turkish sample (this variable was not measured in this research) or Turkish consumers indeed stored in their memory the COM information for a longer list of products. The latter explanation would be in line of our findings that consumers in Turkey (vs. the U.S.A.) rely more on the country-of-manufacture cue.

Respondents in Turkey rated Brand Importance higher (H4), and Retailers' Role as quality guarantors lower (H5), compared to the responses from the American sample. The data supported both hypotheses. Taken together, these results shed exploratory light on why emerging market consumers might be highly attuned to the COM information. Indeed, if smaller scale, non-consolidated retailers in the emerging market of Turkey do not yet "pull their weight" as product assortment curators and quality guarantors, consumers have no other choice as to use due diligence and exert more effort in evaluating purchases prior to purchase. Brand reputation and the COM then become particularly valuable as extrinsic cues of product quality.

Notably, in the U.S.A. sample, Brand Importance was positively related to COM Importance, as opposed to the negative relationship between Retailers' Role and the COM Importance (see Table 3). In the data from Turkey, both Brand Importance and Retailers' Role were positively related to COM Importance. American data suggests a compensatory mechanism: if the retailers do their job selecting reliable suppliers and back up their products with generous exchange and return policies, this diminishes the need to utilize other extrinsic cues, hence the stable negative relationship between the Retailers' Role and COM Importance, even after accounting for respondents' ethnocentrism. In Turkey, the Retailers'

Role seems to be viewed more as a supplement, working concurrently with brand information in ensuring product quality.

Taken together, these results support the view of the COM as an inextricable component of the brand image (indeed, the country of provenance is actively exploited in many advertising campaigns). Our research suggests that retailers' role in ensuring product quality, on the other hand, might be more varied from country to country.

The results concerning consumer ethnocentrism supported our expectation that ethnocentric consumers pay more attention to the "made in" information irrespective of the country where they reside. Overall, mean Consumer Ethnocentrism levels were moderate (M=2.55 Turkey, M=2.30 U.S.A., on a 5-point scale). The difference between Consumer Ethnocentrism means, however, was statistically significant ($t(857) = 3.83$, $p < .001$), indicating that consumers in Turkey were more likely to have ethnocentric views on the appropriateness of consumption of foreign made goods.

The contribution of our study goes beyond the expansion of the geographic scope of the study of consumers' self-reported use of COM information by conducting a head-to-head comparison of Turkey and the U.S.A. This research not only tested for and found evidence of greater reliance on the COM information in consumer decision-making in Turkey versus the U.S.A., it also explored the role of two other potential purchase-influencing factors: brand and retailer reputation. Most importantly, in the ongoing debate centered around the question: "*Does the "made in" information still matter in the increasingly globalized world?*" our study provides some initial evidence that individual countries differ in their reliance on the country-of-manufacture information as a quality cue. We suggest that the stage of economic development and cultural differences, particularly the difference in Uncertainty Avoidance scores on Hofstede scale (Hofstede, 2001) might be some of the factors explaining the degree of reliance on the COM cues although further research is needed to answer with certainty what causes the observed differences.

## IMPLICATIONS, FUTURE RESEARCH, AND LIMITATIONS

Globalization and the increase in international trade in goods and services opens great opportunities for the companies wishing to serve overseas markets. However, successful entry into foreign markets requires making a number of strategic marketing decisions. One of these marketing decisions concerns whether the use of the country-of-manufacture information should be emphasized or masked in product positioning. If the "COM skeptics" (e.g., Liefeld, 2004; Saimee, 2011; Usunier & Cestre, 2007) are right and the "*COM no longer matters*" then the COM information can be safely omitted from brand positioning. This research, to the best of our knowledge, is the first to provide an exploratory indication of country/culture-specific differences in consumers' reliance on COM information. This research provided evidence of greater reliance on COM information in Turkey versus the U.S.A.

These findings suggest important managerial implications for international marketing. One immediate application is the insight into the Turkish market relative to the U.S.A. market, as discussed above, regarding awareness of, use, and importance of COM information in consumer decisions. Relative to the U.S.A., consumers in Turkey were more attuned to the country-of-manufacture information cue. Marketers should be advised to emphasize the COM information when it is perceived as favorable by the Turkish consumers and exert additional effort to overcome the negative influence of the less favorable countries of manufacture. Therefore, marketing communication may need to be planned carefully to mitigate any unfavorable perceptions and to exploit the full potential of favorable COM effects.

An even greater practical applicability might stem from the replication of this study with a larger sample of emerging and developed economies testing the generalizability of our findings. Conducting a follow-up to this study in the BRICS countries, given their status as emerging markets and their growing importance for world economy, could be particularly valuable. If indeed, as we expect, these future studies confirm that the COM information "looms larger" in emerging markets compared to the developed economies, this knowledge might assist marketing managers in formulating marketing strategies for the emerging markets.

The "made in" information might represent one of the greatest assets (or liabilities) of the product. Highly ethnocentric consumers, versus less ethnocentric consumers, are more likely to rely on COM information in their purchase decisions, which requires developing targeted marketing strategies for these consumer segments. The dynamic between COM and ethnocentrism may precipitate some creative marketing decisions, particularly in emerging markets. For instance, product strategies may benefit from "hybrid" approaches were design, production, or assembly may be done in the emerging market country (see Cilingir & Basfirinci, 2014; Hamzaoui-Essoussi & Merunka, 2007). Such an approach will likely appease most of the ethnocentric consumers.

In dealing with consumers in Turkey, marketers should also note the greater reliance on brands as indicators of product quality. Another practical insight into the psychology of Turkish consumers is that, compared to their American counterparts, they gave lower ratings to retailers' performance in ensuring product quality. In light of this finding, retailers who seek to enter the market of Turkey might be advised that they have a potential to differentiate from the existing competitors by providing superior exchange and return policies.

One of the limitations of our study is the use of convenience samples, as opposed to probabilistically drawn national samples which are preferable for generalizability. For example, COM use by the predominantly urban, highly educated, and affluent respondents in our dataset from Turkey might be different from that of the poorer and less educated residents of rural Turkey. Similarly, the COM-related data was collected in the Pacific Northwest of the U.S.A. by interviewing members of fairly affluent households as well. In this sense, the two samples were demographically similar. However, as we discussed earlier, in the Results section of this paper, even though the use of convenience samples might have biased the results of this study, the direction of this possible bias likely resulted in a more stringent test for the hypotheses of our study, thus increasing the level of confidence in the reported findings.

Further research is also needed in order to more precisely pinpoint the factors accounting for greater reliance on COM information in Turkey. We proposed that increased reliance on COM and brand information cues is due to greater use of brands for value-expressive purposes, lower levels of consumer expertise, shorter history of market development, as well as fewer product quality assurances, in emerging markets versus developed markets. Another possible culprit is the greater score of Uncertainty Avoidance in Turkey, as opposed to the U.S.A. Although these assumptions are supported by the secondary data from the extant research, most of the hypothesized explanations were not directly tested in present research due to the need to limit the length of the questionnaire in our post-purchase interview. This did not allow for measuring a number of variables of potential interest that could help to explain the observed results. Future studies might be able to address these research opportunities.

Other directions of potential future research could include understanding whether heightened attention to the COM information that was documented in this study represents a temporary artifact, a fleeting stage in the market development or this is a phenomenon which will be affecting consumer behavior for the years to come. Collecting the data from a range

of emerging markets at different stages of economic development might help to answer this question.

As stated earlier, consumers' ratings of COM importance and brand importance as quality cues were linked by a significant positive relationship. One plausible explanation for such data pattern might involve the country-of-manufacture becoming a part of the brand schema for some, if not for all brands. Thorough investigation of the relationship between the COM and the brand constructs and developing understanding of the psychological mechanism of COM information utilization might represent a viable research direction. Findings of the proposed future extensions of this present study can be useful for international marketing managers involved in developing strategies for some of the fastest growing markets of today, the emerging markets.

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# APPENDIX

## Country of Manufacture Importance

1. The "made in" information is the best indicator of product performance.
2. It is important to know in what country the product was made.
3. I usually pay attention to the "made in" information on products' packaging.

## Brand Importance

1. I rely on brand names and on my knowledge about the brands as indicators of quality.
2. A strong brand name provides all the assurance you need that the product will perform well.
3. What a brand says about its performance is usually true.

## Retailers' Role as Guarantors of Quality

Most retailers do a good job selecting good quality products sold by this retailer.