

Empirical Studies on Luxury Handbags on Product Involvement and Purchase Intention by Mainland Tourist

Suey Chau¹, David Ko² & Yang Xueqi³

1. Introduction

With the unstoppable trend of globalization and Mainland consumers' increasing purchasing power and demand in Hong Kong, there are more and more bi-national products in the Hong Kong market. This research aims to investigate the effect of COM and other variables that moderate the COM's effect on Mainland tourists. And the research will be conducted with data on consumers product involvement and their evaluation of and purchase intention toward luxury handbags of 2 brands made in two different countries - France and China.

1.1 Objectives of the Study

While there are many studies regarding the COO or COM's influence on consumer behavior in the western countries, rare studies can be found on Asia or Mainland tourists. Due to cultural differences, such as the Confucius face value in China that can significantly influence consumer behavior, it is questionable whether the results found in other countries can be generalized and applied to the market in Hong Kong. Therefore, this research intends to investigate the following questions:

1. What is the COM effect on consumers' product evaluation and purchase intention?
2. What is the relationship between the COM of the products and consumer's product involvement, product evaluation and purchase intention?
3. What is the relationship between the COM and the brand name of products, product evaluation and purchase intention?

2. Literature Review

2.1 Country-of-Origin (COO)

Country-of-Origin (COO) is defined by Roth and Romeo (1992) as the overall consumers' perception form of the products from a particular country, based on their prior perceptions of the country's production and marketing strengths and weaknesses. There are many researches that identified the way COO impact consumers' product evaluation with. In consumer cognitive progress studies, Sirgy pointed out that this process includes self-perception, which is a desire to match self-image and product image (Sirgy et al., 1991). Other studies pointed that COO may have a halo effect on consumers where the feelings towards a country may be transferred onto the products (Erickson et al., 1984; Johansson et al., 1991). Wright recognized that the COO may directly affect consumers overall attitudes towards the brand of a country (Wright, 1975). In summary, COO is a critical cue that influences the product acceptance in different markets in the world (Samli 1995).

A cue is a external characteristic to a person that can be encoded and used to categorize a stimulus (Schellinck, 1983). Many researchers have found that COO is often used as an extrinsic product attribute or cue in consumers' purchase decisions (Cordell 1992, Han 1989, Hong and Wyer 1990, Ahmed and d'Astous 2008).

¹ The Hong Kong Polytechnic University.

² Corresponding author. The Hong Kong Polytechnic University. Email: dave.ko@polyu.edu.hk

³ Corresponding author. The Hong Kong Polytechnic University. Email: dave.ko@polyu.edu.hk

For example, consumers in developing countries consciously shop for goods of high quality but are less familiar with the attributes of certain products (Batra, 1997). Therefore, brands and COO serve as important cues for consumer to evaluate products' quality (Reardon et al., 2005). Many studies have supported that Asian consumers base on the COO cue to evaluate product and make purchase decisions (Mohamad, Ahmed, Honeycutt, & Tyebkhan, 2000; O'Casey and Lim, 2002).

The effect of COO is more important in making purchase decisions of products used publicly, thus under the influence and watch of others, as Sirgy et al. (1991) suggested, the COO is indirectly linked to consumers' image. Therefore, a product's COO is an important cue for product evaluation and purchase decisions of luxury products and necessities (Wall et al. 1991, Li and Wyer's 1994). With the increased exposure to global media, consumers from developing countries increasingly desire branded goods from certain developed countries to show their social status and improve their life quality. For example, Asian consumers believe that European luxury products have to be made in Europe to be the best (Johnson, Kapner, & McGregor, 2003). And Han's (2010) study showed that consumers preferred a reputable COO and doubted a less-reputable one, and they believed that handbags made in France should have better quality, prestige and workmanship.

2.2 Country-of-Manufacture (COM)

Traditionally, the COO construct has been grounded on the assumption that the country where a product is manufactured is the same as the country associated with the brand. Nowadays, however, companies outsource their manufacturing and assembling activities to developing countries, and create more and more branded, bi-national products render consumers' perception (Essoussi and Merunka, 2007). For example, Coach handbags are designed in the U.S. but manufactured in China. Therefore, the proliferation of bi-national products in today's global markets encouraged the partitioning of the COO concept into at least two dimensions of COO, namely, Country-of-Brand (COB) or Country-of-Design (COD) and Country-of-Manufacture (COM) or Country-of-Assembly (COA). And the decomposition of the COO construct has proven to be an important contribution to the study of the COO effects on consumers' product evaluations (Insch and McBride, 2004).

The influence of COM is important for consumers' choice of products, especially that are used publicly, as consumers hope to be seen with products that match their ideal and actual self-image, and where the branded product is produced can influence the image matching process (Ahmed et al., 2004). Moreover, for products perceived as less complex to design and manufacture, the possible sources of variation of product quality relate more to the COM (Essoussi and Merunka, 2007). Johansson (1989) found that when the production technology is not standardized, COM effects should be more significant due to the emerging differences in country manufacturing skills.

2.3 Product Involvement

Product involvement is a factor researchers found that could moderate the COO effects on product evaluation and purchase intention. When the purchase is important and has social signaling value, higher monetary risk and hedonic value, the product involvement will be high. According to the ELM (Petty and Cacioppo, 1981), when a consumer considers purchasing a product of high product involvement, he/she will carefully evaluate product information, advantages and disadvantages, and rely more on factual information (message elaboration via the central route). Therefore, the degree of product involvement moderates between the message and the response by determining the pathway to be used in information processing. Some research results found that when it comes to luxury products, the COO effects are more pronounced (Li and Wyer's, 1994). However, other research has shown that when a product appears at a higher involvement level, a consumer would also notice other information, such as brand and price. Therefore, the COM and COO effect would decrease simultaneously. (Ahmed et al. 2004)

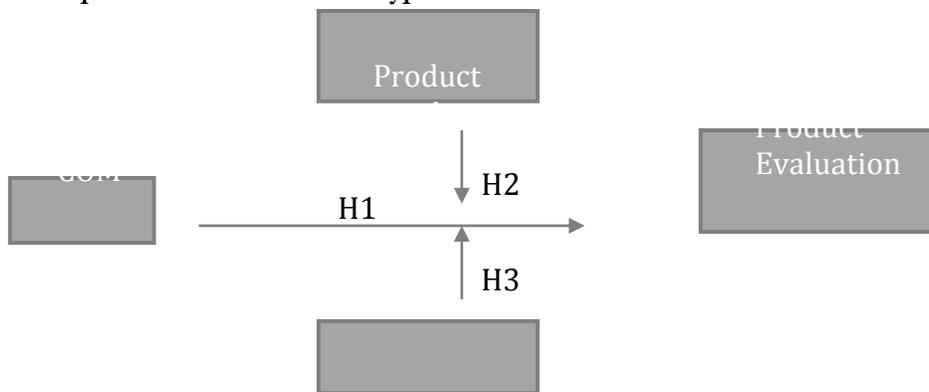
2.4 Brand Name

Brands have been known for its influence on consumers' product evaluation and purchase intention in literature (Jacoby et al., 1971; Robertson, 1987). There are numerous studies that have examined whether there's an interaction between brand name and COO on product evaluation and purchase intention, but the results were not consistent. Some studies have found that the brand name can moderate the COO effects, which means a high-reputable brand name can help overcome negative COO effects on product evaluation (d'Astous and Ahmed, 1992; Han and Terpstra, 1988; Kim and Pysarchik, 2000; Lee and Ganesh, 1999; Cordell, 1993; Ulgado and Lee, 1993).

On the contrary, others studies (Ahmed and d’Astous, 1996; Cordell, 1992; Gaedeke, 1973; Teas and Agarwal, 2000; Tse and Gorn, 1993; Wall et al., 1991; Heslop et al. 1987) suggesting that the negative COO effects are unlikely to be eliminated even with the presence of strong brand names. For example, the research on Taiwanese consumer’s perception of luxury handbags has found that the effect of COO was stronger than the brand name when evaluating a handbag. There are also some studies examining the relative influence of brand and COM on the multiple dimensions of quality evaluation (Han & Terpstra, 1998; Li & Dant, 1997). Han and Terpstra’s (1998) found that while both brand name and COM had significant effects on technical advancement, prestige, workmanship, serviceability, economy and overall quality, serviceability and workmanship were found to be more sensitive to COM. Moreover, other research results show that the influence of COO, compared with brand name, is higher in the field of product quality evaluations, however, lower when consumers move to purchasing intentions. (d’Astous, A. and Ahmed, 1999).

3. Methodology

3.1 Proposed Framework and Hypotheses



The research hypotheses are as follows:

- H1a: There is a significant positive relationship between COM and product evaluation.
- H1b: There is a significant positive relationship between COM and purchase intention.
- H2a: There is an interaction effect between COM and Product involvement on Product Evaluation.
- H2b: There is an interaction effect between COM and Product involvement on purchase intention
- H3a: There is an interaction effect between COM and Brand on Product Evaluation.
- H3b: There is an interaction effect between COM and Brand on purchase intention.

3.2 Design of the Study

The research will select luxury handbags as the product category for the setting, because luxury handbags have a relatively strong market penetration rate in Hong Kong market, and Hong Kong people are familiar with this product category. A questionnaire was designed to conduct the study.

3.3 Questionnaire Design

Part 1 of the questionnaire, that contained a screening question asking whether the respondent has purchased at least one luxury handbag in the past two years, will be used to ensure the respondents’ evaluability of luxury handbag brands. Afterwards, product involvement with the product was measured by Zaichkowsky’s (1994) ten-item seven-point semantic differential scale PII. In Part 2, a 2 COM x 2 Brand within subject experimental design was employed, in which respondents were expose to 4 treatments and asked questions regarding their purchase intention and product evaluation toward each treatment. The order of these four treatments were counterbalanced to prevent biases due to the sequences of presence.

	COM 1 – France	COM 2 – China
Brand 1 – Louis Vuitton	Treatment A	Treatment B
Brand 2 – Coach	Treatment C	Treatment D

France and China were selected, because France is the country of many famous and luxury brands, and previous studies showed that it is strongly associated with prestige, good workmanship and design, while China scores low in all of these areas (Aiello G. et al., 2009). Yet, many famous brands have either been manufacturing products in Asian countries, or planning to do so (Johnson, Kapner & McGregor, 2003). Moreover, because prior studies have suggested that brand familiarity may moderate the effect of COO on product evaluation (Johansson et al., 1985; Lee and Ganesh, 1999), a small-scale pretest with a sample size of 30 has been conducted to select 2 luxury handbag brands of different strength but equal familiarity to be used in the research, and 2 brands, Louis Vuitton and Coach, were selected. For the information on each handbag, other cues, such as a picture of the handbag, the material, and other details are also provided in addition to the COM and brand name information to avoid the possibility of increased effect size as a result of only 2 cues (Lee et al., 2005).

Consumer purchase intention is the possibility and probability of a consumer's willingness to purchase a specific product (Dodds et al., 1991). This study adopts reference from Dodds et al.'s (1991) study and defines purchase intention as the possibility of a consumer's willingness to purchase a specific luxury handbag. The purchase intention is measured by a three-items seven-point semantic differential scale adapted from Dodds et al.'s (1991) Willingness to Buy Indicators. The product evaluation is measured by a four-items seven-point semantic differential scale with reference to Dodds et al.'s (1991) Product Quality Indicator and Vigneron and Johnson's (2004) Brand Luxury Index scale.

In Part 3, questions were designed to collect some demographic information of respondents, such as the gender, age range and monthly income.

3.4 Sampling Plan

A pretest of questionnaire was conducted with 12 respondents before distributing the questionnaires to public to test the treatment design and avoid ambiguous wording and inapplicable questions in the questionnaire. A convenient sample will be employed that the questionnaires were distributed and collected on campus and major shopping areas in Hong Kong, such as the Festival Walk, Harbor City, or Central. The survey was completed through face-to-face interviews with respondents to avoid misunderstanding of the questions.

3.5 Methods of Data Analysis

Data collected were analyzed through SPSS 14. The demographic profile of the respondents was first analyzed, followed by the test of reliability of the research. Paired samples t test was then used to determine the relationship between COM and product evaluation, and COM and purchase intention. The involvement scale scores were summed up to calculate the respondent's product involvement with luxury handbags, with scores range from 10 to 70, and 40 was the midpoint of the scale (Zaichkowsky, 1994). The midpoint was used to split the respondents into 2 groups: low-involvement group, with scores between 10 – 39, and high-involvement group, with scores between 40 – 70. Then, a one within- and one between-subjects two-way ANOVA analysis was employed to analyze the interaction effect between COM and product involvement on product evaluation and purchase intention. Lastly, repeated measure ANOVA was employed to identify whether there is interaction between COM and brand names on product evaluation and purchase intention.

4. Analysis and Findings

4.1 Respondents Profile

In this research, 200 valid questionnaires were received, and the description of the respondents' demographic profile is shown in Table 1. The sample consists of 41 Male Chinese Tourists (20.5%) and 159 Female Chinese Tourists (79.5%), reflecting the fact that more women have purchased luxury handbags than men. The majority of the respondents are all from Mainland, with a frequency of 134 (67%), and for the rest of the respondents, 57 (28%) are from Mainland China (includes respondents from mainland China but currently live in Hong Kong), and 9 (4.5%) are from overseas. Regarding the age range, 148 (74%) respondents are aged between 18 – 24 years, followed by 21 (10.5%) that are aged between 25 – 34 years, 14 (7%) are aged between 35 – 44 years, 11 (5.5%) are older than 45 years, and 6 (3%) are younger than 18 years. In terms of monthly personal income or pocket-money, 101 (50.5%) of the respondents fall in the income range of below \$4000, 38 (19%) fall in the range of \$4000 - \$9999, 31 (15.5%) of the respondents claimed that their monthly personal income is between \$10000 - \$19999, 18 (9%) claimed \$20000 - \$29999, only 1 (0.5%) claimed \$30000 - \$39999, but 11 (5.5%) claimed monthly personal income to be above \$40000.

Table 1: Demographic profile of valid samples

Variables		Frequency	Percentage
Gender	Male	41	20.5%
	Female	159	79.5%
Origin	Hong Kong	134	67%
	China	57	28.5%
	Overseas	9	4.5%
Age Range	<18	6	3%
	18-24	148	74%
	25 - 34	21	10.5%
	35 - 44	14	7%
	>45	11	5.5%
Monthly personal income / pocket-money (HKD)	<\$2,000	42	21%
	\$2,000-3,999	59	29.5%
	\$4,000-5,999	16	8%
	\$6,000-7,999	15	7.5%
	\$8,000-9,999	7	3.5%
	\$10,000-14,999	18	9%
	\$15,000-19,999	13	6.5%
	\$20,000-24,999	10	5%
	\$25,000-29,999	8	4%
	\$30,000-39,999	1	0.5%
>\$40,000	11	5.5%	

4.2 Reliability Test

The research contains 4 handbags: Handbag 1 – Louis Vuitton made in France, Handbag 2 – Louis Vuitton made in China, Handbag 3 – Coach made in France, Handbag 4 – Coach made in China. A reliability test was conducted for the 3 purchase intention questions and 4 product evaluation questions of each handbag. All the reliability tests resulted in a Cronbach's Alpha larger than 0.8 (APPENDIX 3), indicating that the reliability was acceptable (Nunnally, 1978).

4.3 Hypotheses Testing

H1a: There is a significant positive relationship between COM and product evaluation.

Respondents were asked to indicate their purchase intention and product evaluation regarding each of the 4 handbags. The product evaluation of the 2 handbags made in France has a mean of 4.99 (SD=0.89), but the product evaluation of the 2 handbags made in China only has a mean of 3.73 (SD=1.11). Similarly, the product evaluation of Louis Vuitton handbags made in France has a mean of 5.33 (SD=0.95), whereas that made in China has a mean of 3.96 (SD=1.30). The product evaluation of Coach hand bag made in France has a mean of 4.65 (SD=1.16), whereas that made in China has a mean of 3.49 (SD=1.17). Paired T-tests, comparing the product evaluation regarding 2 handbags made in France and 2 handbags made in China, and the same brand-name handbag made in France and made in China, reveal a significant difference between the product evaluation of handbags made in France and that made in China ($p < 0.05$ for the 3 paired comparisons). Handbags made in a more reputable country France are evaluated more positive than handbags made in a less reputable country China. Therefore the H1a is accepted. (Table 2- 3)

Table 2: Descriptive statistics of paired T-test of product evaluation

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 EVALUATIONFR	4.9888	200	.88992	.06293
EVALUATIONCN	3.7275	200	1.10906	.07842
Pair 2 EVALUATION1	5.3313	200	.95071	.06723
EVALUATION2	3.9625	200	1.29837	.09181
Pair 3 EVALUATION3	4.6463	200	1.15568	.08172
EVALUATION4	3.4925	200	1.16990	.08272

Table 3: Result of paired T-test for significant difference in product evaluation

	Paired Differences			t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean			
Pair 1 EVALUATIONFR - EVALUATIONCN	1.26125	1.15576	.08172	15.433	199	.000
Pair 2 EVALUATION1 - EVALUATION2	1.36875	1.29575	.09162	14.939	199	.000
Pair 3 EVALUATION3 - EVALUATION4	1.15375	1.29884	.09184	12.562	199	.000

H1b: There is a significant positive relationship between COM and purchase intention.

The purchase intention of the 2 handbags made in France has a mean of 3.40 (SD=1.37), but the product evaluation of the 2 handbags made in China only has a mean of 2.57 (SD=1.18). Similarly, the product evaluation of Louis Vuitton handbags made in France has a mean of 3.87 (SD=1.52), whereas that made in China has a mean of 2.81 (SD=1.40). The product evaluation of Coach handbags made in France has a mean of 2.94 (SD=1.44), whereas that made in China has a mean of 2.33 (SD=1.26). Paired T-tests, comparing the purchase intention towards 2 handbags made in France and 2 handbags made in China as well as the same brand-name handbag made in France and made in China, reveal a significant difference between the product evaluation of handbags made in France and that made in China ($p < 0.05$ for the 3 paired comparisons). And handbags made in a France have higher purchase intention than that made in China. Therefore the H1b is accepted. (Table 4 – 5)

Table 4: Result of paired T-test of means of purchase intention

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 INTENTION FR	3.4033	200	1.36523	.09654
INTENTION CN	2.5692	200	1.18162	.08355
Pair 2 INTENTION 1	3.8650	200	1.52115	.10756
INTENTION 2	2.8117	200	1.39656	.09875
Pair 3 INTENTION 3	2.9417	200	1.44253	.10200
INTENTION 4	2.3267	200	1.25834	.08898

Table 5: Result of paired T-test for significant difference in purchase intention

	Paired Differences			t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean			
Pair 1 INTENTIONFR - INTENTIONCN	.83417	.96758	.06842	12.192	199	.000
Pair 2 INTENTION1 - INTENTION2	1.05333	1.18451	.08376	12.576	199	.000
Pair 3 INTENTION3 - INTENTION4	.61500	1.08546	.07675	8.013	199	.000

H2a: There is an interaction effect between COM and Product involvement on Product Evaluation.

Descriptive analysis of respondents' product involvement with luxury handbags reveals that 92 (46%) respondents are in the low-involvement group and 108 (54%) respondents are in the high-involvement group (APPENDIX 6.1).

Then, a one within- and one between-subjects two-way ANOVA analysis was conducted, where COM is the within subjects variable, product involvement is the between-subjects variables, and the product evaluation of handbags made in France and made in China are the dependent variables.

Descriptive statistics show the mean of product evaluation of handbags made in France is 5.03 (SD=0.94) for the low-involvement group and 4.95 (SD=0.85) for the high-involvement group, and the mean of product evaluation of handbags made in China is 3.72 (SD=1.05) for the low-involvement group and 3.73 (SD=1.16) for the high-involvement group (Table 6), indicating that both low- and high-involvement group evaluate handbags made in France to be more favorable.

Table 6: Descriptive statistics of one within- and one between-subjects two-way ANOVA analysis – product evaluation

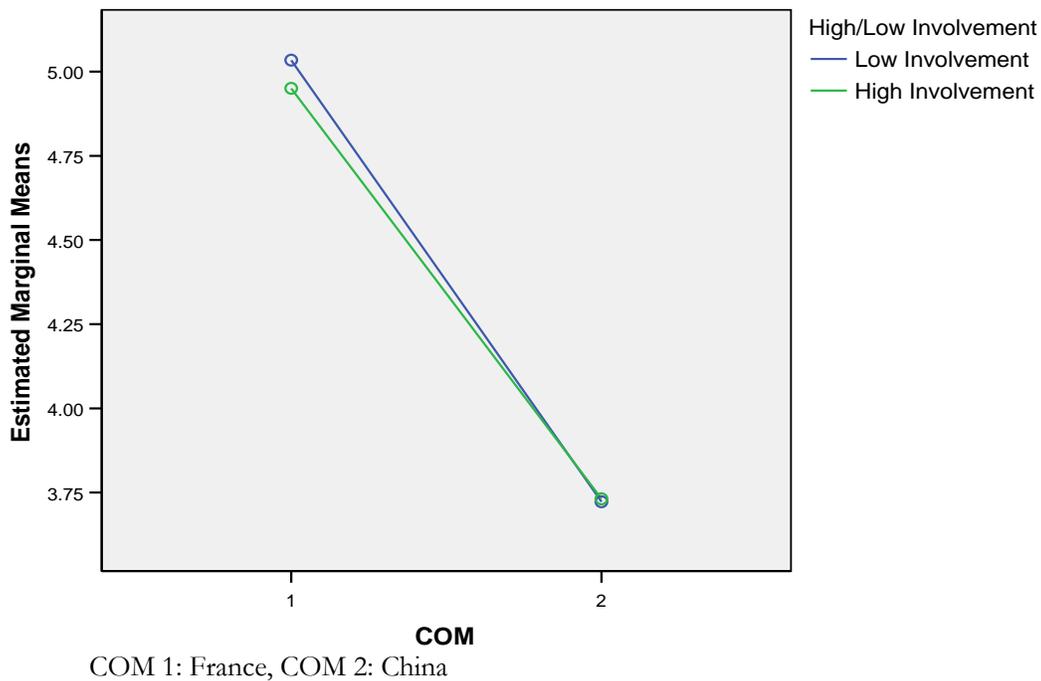
	High/Low Involvement	Mean	Std. Deviation	N
EVALUATIONFR	Low Involvement	5.0340	.94202	92
	High Involvement	4.9502	.84554	108
	Total	4.9888	.88992	200
EVALUATIONCN	Low Involvement	3.7228	1.05316	92
	High Involvement	3.7315	1.15943	108
	Total	3.7275	1.10906	200

The one within- and one between-subjects two-way ANOVA reveals, that there is no significant interaction effect between COM and product involvement on product evaluation ($p=0.574 > 0.05$) (Table 7). There is a significant main effect of COM on product evaluation ($p<0.05$) that does not differ significantly over different level or involvement as respondents in both involvement groups evaluate handbags made in the same country similarly. The result can also be clearly seen in the profile plots (Figure 1). Therefore H2a is rejected.

Table 7: Results of one within and one between-subjects two way ANOVA analysis product evaluation

Source	COM	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
COM	Linear	158.985	1	158.985	237.224	.000	.545
COM * Involvement	Linear	.212	1	.212	.316	.574	.002
Error(COM)	Linear	132.697	198	.670			

Figure 1: Results of two-way ANOVA analysis of person involvement and COM on product evaluation



H2b: There is an interaction effect between COM and Product involvement on Purchase Intention.

Another one within- and one between-subjects two-way ANOVA analysis was conducted, where the purchase intention toward handbags made in France and made in China are the dependent variables. Descriptive statistics show the mean of purchase intention toward handbags made in France is 3.95 (SD=1.24) for the low-involvement group and 2.94 (SD=1.30) for the high-involvement group. The mean of purchase intention toward handbags made in China is 2.91 (SD=1.13) for the low-involvement group and 2.28 (SD=1.45) for the high-involvement group (Table 8), indicating that both low- and high-involvement group have higher purchase intention toward handbags made in France than that made in China.

Table 8: Descriptive statistics of one within- and one between-subjects two-way ANOVA analysis – purchase intention

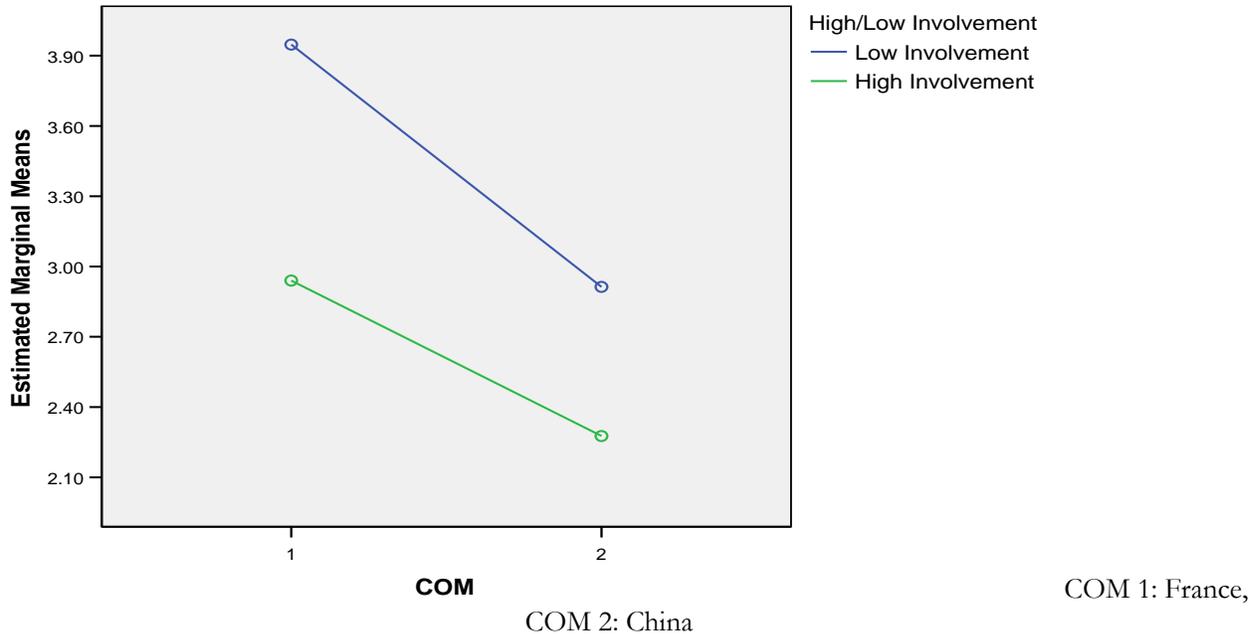
	High/Low Involvement	Mean	Std. Deviation	N
INTENTIONFR	Low Involvement	3.9475	1.23540	92
	High Involvement	2.9398	1.30270	108
	Total	3.4033	1.36523	200
INTENTIONCN	Low Involvement	2.9130	1.13402	92
	High Involvement	2.2762	1.14661	108
	Total	2.5692	1.18162	200

The one within- and one between-subjects two-way ANOVA reveals that there is significant interaction effect between COM and product involvement on purchase intention ($p=0.007 < 0.05$) (Table 9). The purchase intention toward luxury handbags of respondents in the low-involvement group increases by a significant larger amount when the COM is changed from China to France than that of respondents in the high-involvement group. The result can also be clearly seen in the profile plots (Figure 2). Therefore H2b is accepted.

Table 9: Results of one within- and one between-subjects two-way ANOVA analysis – purchase intention

Source	COM	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
COM	Linear	71.619	1	71.619	158.024	.000	.444
COM * Involvement	Linear	3.416	1	3.416	7.537	.007	.037
Error(COM)	Linear	89.737	198	.453			

Figure 2: Results of two-way interaction between product involvement and COM on purchase intention



H3a: There is an interaction effect between COM and Brand on Product Evaluation

Six paired T-tests comparing the product evaluation and purchase intention of 2 Louis Vuitton and 2 Coach handbags, and Louis Vuitton and Coach handbags made in each individual country reveal that there is significant difference between the respondents’ produce evaluation and purchase intention of the 2 brands’ handbags. Louis Vuitton handbag has higher means regarding both product evaluation and purchase intention than that of Coach handbag, which is consistent with the pre-test results (APPENDIX 7.1). A two-way ANOVA within-subjects analysis was conducted, where COM and brand name are the between-subjects variables, and the product evaluation of each handbag are the dependent variables. Descriptive statistics show that the product evaluation of Louis Vuitton handbag made in France has the highest mean of 5.3313 (SD=0.95), Louis Vuitton handbag made in China has a mean of 3.96 (SD=1.30), Coach handbag made in France has a mean of 4.65 (SD=1.16), and Coach handbag made in China has the lowest mean of 3.49 (SD=1.17) (Table 10).

Table 10: Descriptive statistics of two-way within-subjects ANOVA analysis – product evaluation

	Mean	Std. Deviation	N
EVALUATION1*	5.3313	.95071	200
EVALUATION2*	3.9625	1.29837	200
EVALUATION3*	4.6463	1.15568	200
EVALUATION4*	3.4925	1.16990	200

*Handbag 1: Louis Vuitton made in France; Handbag 2: Louis Vuitton made in China; Handbag 3: Coach made in France; Handbag 4: Coach made in China

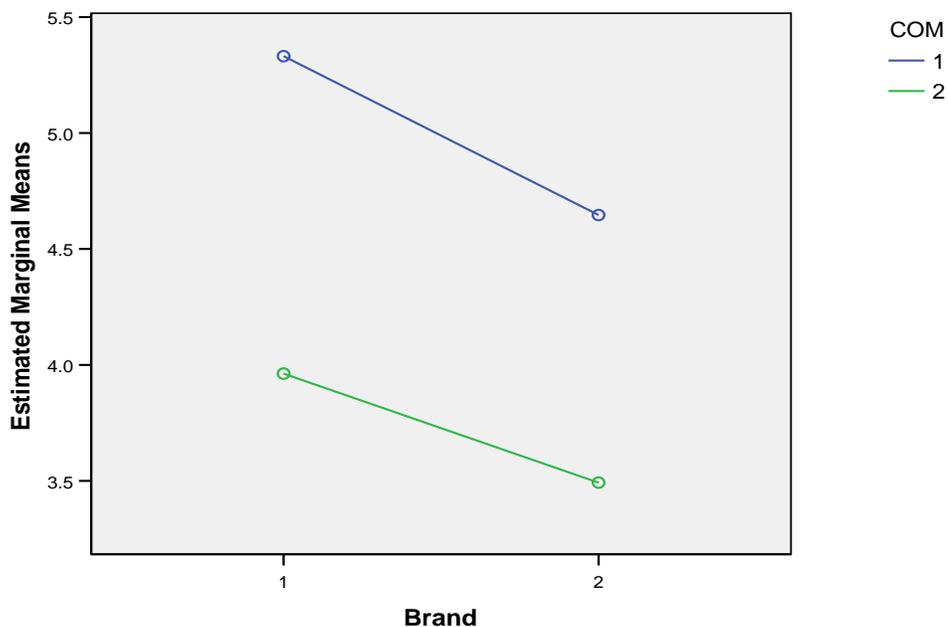
The two-way within-subjects ANOVA results reveal that there is significant interaction effect of Brand Name and COM on product evaluation ($p=0.011 < 0.05$) (Table 11). Therefore, H3a is accepted. When the COM of a more favorable brand – Louis Vuitton, changes from the more reputable country France to the less reputable country China, the reduce in respondents’ produce evaluation is significantly larger than when the COM of Coach changes

from France to China (Figure 3). Thus the presence of a more favorable brand name can even augment the negative effect of a less reputable COM on product evaluation. The respondents evaluate Coach handbag made in France to be more favorable than Louis Vuitton handbag made in China. Moreover, by comparing the Partial Eta Squared of brand name ($\eta_p^2=0.271$) and that of COM ($\eta_p^2=0.545$), it can be seen that the COM has a greater effect on product evaluation than brand name.

Table 11: Results of two-way within-subjects ANOVA analysis – product evaluation

Source	Brand	COM	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Brand	Linear		66.701	1	66.701	73.889	.000	.271
Error(Brand)	Linear		179.643	199	.903			
COM		Linear	318.150	1	318.150	238.177	.000	.545
Error(COM)		Linear	265.818	199	1.336			
Brand * COM	Linear	Linear	2.311	1	2.311	6.657	.011	.032
Error(Brand*COM)	Linear	Linear	69.095	199	.347			

Figure 3: Results of two-way interaction between brand name and COM on product evaluation



COM 1: France, COM 2: China; Brand 1: Louis Vuitton, Brand 2: Coach

H3b: There is an interaction effect between COM and Brand on Purchase Intention.

Lastly, another two-way ANOVA within-subjects analysis was conducted, where the purchase intentions toward each handbag is the dependent variables. Descriptive statistics show that the purchase intentions toward Louis Vuitton handbag made in France has the highest mean of 3.87 (SD=1.52), Louis Vuitton handbag made in China has a mean of 2.81 (SD=1.40), Coach handbag made in France has a mean of 2.94 (SD=1.44), and Coach handbag made in China has the lowest mean of 2.33 (SD=1.26) (Table 12).

Table 12: Descriptive statistics of two-way within-subjects ANOVA analysis – purchase intention

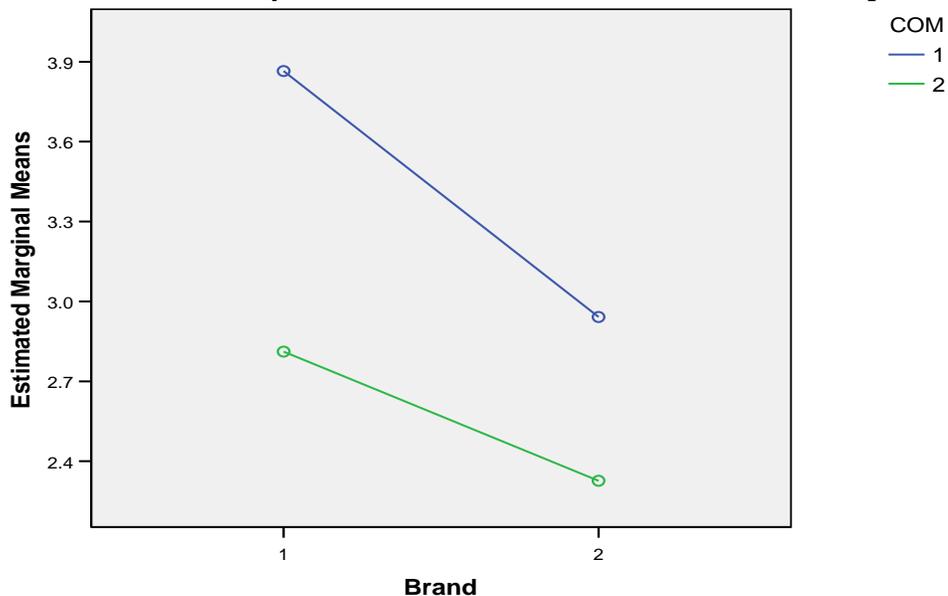
	Mean	Std. Deviation	N
INTENTION1	3.8650	1.52115	200
INTENTION2	2.8117	1.39656	200
INTENTION3	2.9417	1.44253	200
INTENTION4	2.3267	1.25834	200

The two-way within-subjects ANOVA results reveal that there is significant interaction effect of Brand Name and COM on purchase intention ($p < 0.05$) (Table 4.4). When the COM of a more favorable brand like Louis Vuitton, changes from France to China, the reduce in respondents' purchase intention is significantly larger than when the COM of Coach changes from France to China (Figure 4). Therefore, H3b is accepted. Thus the presence of a more favorable brand name can even augment the negative effect of a less reputable COM on purchase intention. And the respondents have higher purchase intention toward Coach handbag made in France than that toward Louis Vuitton handbag made in China. In addition, by comparing the Partial Eta Squared of brand name ($\eta_p^2=0.321$) and that of COM ($\eta_p^2=0.428$), it can be seen that the COM has a greater effect on purchase intention than brand name. Moreover, by comparing the difference in Partial Eta Squared of COM and brand name on produce evaluation and purchase intention (Table 11& Table 13), it can be identified that the effect of COM is decreasing when consumers move from product evaluation to purchase decision stage.

Table 13: Results of two-way within-subjects ANOVA analysis – purchase intention

Source	Brand	COM	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Brand	Linear		99.170	1	99.170	94.089	.000	.321
Error(Brand)	Linear		209.747	199	1.054			
COM		Linear	139.167	1	139.167	148.649	.000	.428
Error(COM)		Linear	186.305	199	.936			
Brand * COM	Linear	Linear	9.607	1	9.607	27.105	.000	.120
Error(Brand*COM)	Linear	Linear	70.532	199	.354			

Figure 4: Results of two-way interaction between brand name and COM on purchase intention



COM 1: France, COM 2: China; Brand 1: Louis Vuitton, Brand 2: Coach

5. Implications and Recommendations

5.1 Implications

Verifications of the H1a and H1b show that COM has a significantly positive influence on product evaluation and purchase intention are consistent with the literatures regarding COO and COM, and prove that COM construct is an important cue when consumers evaluate products and make purchase decisions. Mainland tourists prefer products made in a more-reputable country since they believe that these have a better quality. The consumers are more willing to purchase these products rather than that made in a less-reputable one. Verification of the H3b indicates that COM and product involvement have a significantly interaction effect on purchase intention, and consumers with lower product involvement tend to react more sensitively to the change of COM than consumers with higher product

involvement. This finding can be explained by Ahmed's (2004) study, showing that when a consumer has had a higher involvement with a product, the consumer would also notice and evaluate more cues, such as brand, design and price. As a result, the COM effect decreases simultaneously. Therefore, when make purchase decisions, consumers in the low involvement group base only on a few cues, such as the COM cue. Their decisions are more significantly influenced by each of these cues, and their reaction to the change of COM is more sensitive.

The acceptance of the H3a and H3b reveals that COM and brand name have a significantly interaction effect on product evaluation and purchase intention, and the presence of a more favorable brand name can lead to a larger change in product evaluation and purchase intention in reaction to the change of COM. The augmented sensitivity to a change in COM in the presence of a more favorable brand name may occur because the Chinese tourists can hardly accept when they find that a more favorable brand produces products in a less reputable country.

This finding is in contrast to many of the previous studies, which may be due to the difference in cultural background and opinions regarding publicly used products between consumers in western countries and consumers from Hong Kong and China. Mainland tourists are very conscious about their public self-image (Tai and Tam, 1996), and purchasing luxury handbags assists consumers in projecting their personalities through and matching their self-image with the possessions. Therefore, Hong Kong consumers are more conscious about the potential negative effects on their self-image as a result of using a well-known branded product that should have been made in a more reputable country yet is made in a less reputable one.

Lastly, the finding that the effect of COM is decreasing when consumers move from product evaluation to purchase decision stage is consistent with the previous research finding (d'Astous, A. and Ahmed, 1999) that shows that consumers rely less on COM cue when moving from product quality evaluation to purchase intention.

5.2 Recommendations

Globalization and increasing pressure of production cost make many companies consider moving their manufacturing to countries with lower labor costs. However, companies, especially brands that currently have very favorable reputation, should be cautious about the potential negative effect caused by a less reputable COM on consumers' product evaluation and purchase intention, which can lead to lower sales that could counterbalance the costs saved in manufacturing, and may eventually cause damage to the brand image. If a company is currently producing in a country with good reputation, the company's marketing strategy should focus more on this product attribute to gain more favorable product evaluation from consumers and trigger purchase decisions. On the other hand, if a company plans to move its production to or have already been manufacturing products in a less reputable country, it should focus its marketing strategy on other product attributes and benefits, such as product design, to avoid the negative effect caused by the COM.

Meanwhile, as Mainland Tourists have different product involvement with certain product category, marketers should identify the consumers' involvement with their products and develop different strategies when marketing to different consumers groups with different involvement levels. When marketing to consumers with low involvement with their products, a company should be cautious about their high sensitivity with COM, emphasize a favorable COM, and avoid a less reputable COM. When marketing to consumers with high involvement with their products, a company should be cautious that they should not focus too much on the COM attribute as these consumers will analyze different attributes of the product seriously. The company should try to provide positive information on many of the products' attributes to these highly involved consumers.

6. Limitation and Further Research

Although this study provides some valuable insights regarding to the COM's effect on product evaluation and purchase intention, and COM's interaction effect with product involvement and brand name, caution should be exercised in interpreting the results.

First, the research involved a single product category, luxury handbag, and focused mainly on Hong Kong and Mainland China respondents, intending to limit the affect of extraneous variables and improve internal validity, which, as a result, limits external validity. Further studies can be conducted on different product categories, such as product categories that are considered to be more private, in contrast to the public attribute of luxury handbag. Second, a within-subjects research design was employed in this study to avoid the possibility of having heterogeneous samples in different treatment in between-subjects research design, and to enhance efficiency. However, concerns with the over-sensitive of COM effects resulting from a within-subjects research design shouldn't be ignored.

Therefore similar treatments in between-subjects design research should be conducted to compare the results with this within-subjects research. Third, as this study tried to focus on the COM construct of COO, further study can be conducted with COB, and with COM and COB together to study the relationship between COB, COM, product involvement and brand name. Forth, this study reveals an interesting result that the negative effect of a less reputable COM can be augmented by the presence of a more favorable brand name, which is in contrast to many of the literatures which found that the presence of a more favorable brand name could either diminish the negative effect of a less reputable COM or have no interaction effect with COM. A majority of the previous studies were conducted in western countries with respondents of different culture background to that of this study, further studies can be conducted to explain the reasons behind the findings in this study in Hong Kong or China context.

7. Conclusion

Five out of the six hypotheses of this research are supported. Country-of-Manufacture (COM) is an extrinsic cue that affects consumers' evaluation of a product and their purchase intention toward a product. The COM's effect on product evaluation is moderated by the consumers' involvement with the products. And the COM's effects on both product evaluation and purchase intentions are moderated by the brand name of the products, but, in Hong Kong context, the presence of a more favorable brand name can even augment the negative effect of a less-reputable COM. Moreover, it is found that the COM's effects will decrease when consumers move from product evaluation to purchase intentions.

Findings of this research provide more insights in the field of COM effect and its interaction effect with other variables, especially in Hong Kong and China context, for future research. The study findings can provide management implications to companies that are either currently manufacturing in less reputable countries, for instance, China and Indonesia, or planning to move their manufacturers to these countries on their marketing strategies, particularly promotion strategies.

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