The Effects of Country of Origin on Purchase Intention of Thai Consumers: The Moderation of Trusting Beliefs and Brand Equity
ความสำคัญของความเชื่อมั่นและมูลค่าของแบรนด์ที่มีต่อความสัมพันธ์ระหว่างผลกระทบของแหล่งที่มาของสินค้าและความตั้งใจซื้อสินค้าของผู้บริโภคชาวไทย

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คณะพาณิชยศาสตร์และการจัดการ

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บทคัดย่อ

ในขณะที่ปัจจุบันธุรกิจทั่วโลกต่างกำลังพยายามหาหนทางเพื่อเพิ่มผลกำไรของธุรกิจให้มากขึ้น หนทางหนึ่งซึ่งถูกนำมาพิจารณาเป็นกลยุทธ์ของธุรกิจมากที่สุด คือ การย้ายฐานการผลิตไปยังประเทศ ที่มีต้นทุนการผลิตถูกกว่า แต่อย่างไรก็ตาม การย้ายฐานการผลิตไปยังประเทศใด ๆ นั้น ก็ยังมีคำถาม เกิดขึ้นเกี่ยวกับคุณภาพของการผลิตสินค้าซึ่งเกี่ยวข้องกับทักษะและคุณภาพการผลิตในประเทศนั้น ๆ ซึ่งถูกเรียกว่าแหล่งที่มาของสินค้านั่นเอง เนื่องจากโดยทั่วไปแล้วแหล่งที่มาของสินค้ามักถูกพิจารณา เป็นปัจจัยสำคัญปัจจัยหนึ่งในการประเมินสินค้าใด ๆ ก่อนการซื้อของผู้บริโภคเสมอ สำหรับผู้บริโภค ชาวไทยนั้นสินค้าที่ผลิตในจีนยังมีผลกระทบรุนแรงต่อทัศนคติในการซื้อสินค้า และคนไทยส่วนใหญ่ ยังนิยมสินค้าที่ผลิตในประเทศไทยมากกว่าสินค้าที่ผลิตจากประเทศจีน แหล่งที่มาของสินค้าซึ่งได้ถูก นิยามไว้ว่าเป็นประเทศที่เป็นต้นกำเนิดหรือผลิตสินค้านั้น ๆ ขึ้นมา จึงยังมีผลกระทบต่อการดำเนินธุรกิจ โดยเฉพาะในด้านความเชื่อมั่นต่อคุณภาพของสินค้า ดังนั้น งานวิจัยชิ้นนี้จึงพยายามค้นหาปัจจัย ที่จะสามารถนำมาพัฒนาเป็นกลยุทธ์ในการลดผลกระทบของแหล่งที่มาของสินค้าต่อความตั้งใจซื้อสินค้า ของผู้บริโภค อันจะส่งผลดีต่อธุรกิจต่าง ๆ เพื่อพัฒนากลยุทธ์ขององค์กรในด้านนี้ต่อไป

คำสำคัญ: แหล่งที่มาของสินค้า ความเชื่อมั่นในตราสินค้า มูลค่าของแบรนด์ ความตั้งใจซื้อ

Abstract

Companies around the world are seeking ways to maximize their profit. The option most selected is to move the production-base to low-cost countries. However, there is a question about the product quality as, generally, the Country-of-Origin (COO) is considered an extrinsic product cue in consumer product evaluation. For Thai consumers, Made in China still has a strong impact on their product evaluation, since Thai consumers prefer the Made in Thailand label over a Made in China label. COO has been defined as "the country in which the product is made". Hence, the main aim of this research is to develop strategies that can lessen the effect of the COO on consumer product evaluation and purchase intention.

Keywords: Country-of-Origin (COO), Trusting Beliefs Branding, Brand Equity, Purchase Intention

Introduction

In past decades one of the main issues for global retailers and manufacturers has been labour costs, which keep increasing every year. This phenomenon has led Western retailers and manufacturers to search for cost-effective production-bases in order to maximize their profits. As a result, developing and less developed countries around the world have been targeted as production-bases, especially Asian countries such as China, Cambodia, Thailand and Vietnam. For the purpose of cost management, Western retailers and manufacturers, particularly in the textile, clothing, footwear, toys and electronics categories, are heading to Southeast Asia. One of the most attractive destinations in Asia is China because of its cheap labour.

Although most of the production countries in Asia are improving their technological skill to ensure product quality, there remains a consumer concern; the Country-Of-Origin (COO) plays an important role in product evaluation. Customarily the COO is indicated by a "Made in" label attached to each product. The COO has an effect on the purchase intention of Thai consumers according to the research by Rungkasiri (2008: 142), which shows that 73.30% of Thai consumers take the COO into consideration when purchasing any type of product. Thai consumers still have a negative attitude toward the "Made in

China" label in both high and low involvement purchases, with 40.07% of Thai consumers perceiving the "Made in China" label as indicative of low quality products.

Thailand's Textile and Clothing industry is the top importer among major sectors, amounting to 3,649.4 million US Dollars in 2011 (Thailand Textile and Clothing, 2012). In particular it is strongly influenced by European brands, so, when looking at the Textile Subsector alone, we can see that clothing imports accounted for 9,076 million Baht in 2011. ZARA is becoming one of the popular middle-market brands in Thailand, thus we chose Textile and Clothing as a targeted industry and chose the ZARA brand as a representative middle-market brand because it represents European brands. ZARA's products, which are manufactured in China, are regularly found in Thailand.

This study conducted in Thailand, aimed to examine the combined effect of Country of Origin, Brand Equity and Trusting Beliefs toward customer purchase intention in the clothing and textile industry. The main objective of this research was to develop strategies that can lessen the effect of the COO on consumer product evaluation and purchase intention. Made in China but Sold at FAO SCHWARZ: Country-Of-Origin Effect and Trusting Beliefs by Kabadayi and Lerman (2011: 120) concluded that Trusting Beliefs; Integrity, Ability and

Benevolence helps marketers reduce a COO effect. However, to find other scenarios we add Brand Equity as another cue for consumers, since it is a major factor influencing consumer buying decisions (Cordell, 1992: 255).

Literature Review

A. Country-of-Origin (COO):

[1] Origiinally country-of-origin (COO) was defined as a country where a product is manufactured or assembled (Bilkey and Nes, 1982: 89), and identified by a "Made in" label or "Manufactured in" label (Nagashima, 1977: 95). However, more recently the emergence of globalization has brought some changes in the COO definition, since some products are manufactured in more than one country. Nevertheless, for this research we relied on the definition defining COO as a country where a product is manufactured or assembled. Therefore, we use the "Made in" label as a critical element to identify the COO of the product.

B. COO Effect, Country Image and Product Evaluation:

The definition of the COO effect stated by Roth and Romeo (1997: 477) refers to consumer stereotypes of one specific country. In other words, consumers take COO as a cue, together with other cues, when making a purchase decision on a product. This is called the halo effect, which usually occurs when consumers are less familiar with the product of a specific country. The country image performs as a "halo" that has a direct impact on consumer beliefs (Erickson, Johansson, and Chao, 1984: 694; Johansson and Thorelli, 1985: 57). This concept also aligns with the COO concept by Samli (1995: 96) where he states that the "COO concept [is] a critical information cue, which plays a major role in having products accepted in different world markets."

C. COO Effect and Purchase Intention:

When consumers want to make a buying decision, the two important parts of this behavior are the stimulation response model and the black box concept according to behavior science response (Kotler, 2000: 161). The same source also states that there is a buying intention/purchase intention relationship formed between evaluation of alternatives and the purchase decision. This supports the statement made by Fishbein and Ajzen (1975: 355-358) that the purchase intention can be used as an important factor to predict consumer behavior. According to Roth and Romeo (1997: 477), the more positive the country image for a specific product category the more consumers favor the product of those categories. Moreover, Hsieh, Pan, and Setiono (2004: 251) also confirm that consumers' attitudes toward the COO can have an impact on their purchase intention.

D. Trusting Beliefs:

Trust is seen as a multidimensional construct with two inter-related components-trusting beliefs (perceptions of trustworthiness of the vendor), and trusting behavior- willingness to depend on (Mayer, Davis and Schoorman, 1995: 347); (McKight, Choudhury and Kacmar, 2002: 335); According to Mayer, Davis and Schoorman (1995: 347) and McKnight and Chervany (2001: 41) trusting beliefs occur when the trustor perceives that the trustee presents characteristics that would be helpful to the trustor. In this research, we employ the three most often utilized trusting beliefs (McKight, Choudhury and Kacmar, 2002: 335).

a) **Ability Beliefs** reflect the consumers' confidence in a firm or a store to have the skills and competencies necessary to perform the job (Mayer, Davis and Schoorman, 1995: 345-347).

b) **Benevolence Beliefs** indicate the extent individuals believe that a store wants to do good things rather than just maximize profit. Benevolence reflects a perception of the store's willingness to engage in a discretionary or philanthropic commitment to its customers (McKnight and Chervany, 2001: 49).

c) **Integrity Beliefs** reflect the consumer's confidence that a store adheres to a set of moral principles or professional standards that guide its interactions with its consumers (McKnight and Chervany, 2001: 49). Importantly,

the research by Kabadayi and Lerman (2011: 120) "Made in China but sold at FAO Schwarz: country-of-origin effect and trusting beliefs" shows the empirical evidence as below; The impact of the COO on consumers' purchase intentions weakens as the consumers' integrity beliefs, benevolence beliefs and ability beliefs about a store increases. Therefore, in this study, we also use the same set of Trusting Beliefs, since the effects of all three factors do exist.

E. Brand Equity:

De Wulf, et al. (2005: 224) defines brand equity as power of a specific brand that emerges from goodwill, familiarity and attractiveness, and which gradually increases over time to evolve into higher brand performance represented by higher sales volumes and higher profit margins compared to the competitors. The impact of brand equity is more important when brands are perceived as low equity rather than high equity brands (Koubaa, 2008: 150).

According to Cordell (1992: 255), brands from a particular country that has a favorable competence image will be seen as reliable and thus preferable to those from countries with a less favorable competence. The study of COO by Hui and Zhou (2003: 149) has clarified the fact that a brand name can enhance the perceived quality of a specific product.

The empirical evidence indicates that brand equity could affect purchase intention in

various contexts (Ashill and Sinha, 2004: 27). Moreover, brand equity can make consumers trust in its quality or service (Eamlaorpakdee, 2009: 190). Hence, in this research we add brand equity as another factor to clarify its effects on weakening the COO effect on consumer purchase intention.

Theoretical Framework

In this study, the COO "Made in China" label has been set as an independent variable that affects a dependent variable of this research; Consumer Purchase Intension. The conceptual framework is built upon the concept of the COO effect whereas Trusting Beliefs; Integrity, Ability, and Benevolence (Kabadayi and Lerman, 2011: 105-166) and Brand Equity have been treated as moderating variables. The assumption is that there is a negative impact of the COO (Made in China) on consumer purchase intension, however, the moderating variables will weaken the impact of the COO.

Hypothesis

H1: COO (Made in China) is negatively related to consumer purchase intention.

H2a: The impact of the COO (Made in China) on consumer purchase intention weakens as the consumer integrity beliefs about ZARA store increases.

H2b: The impact of the COO (Made in China) on consumer purchase intention weakens as the consumer benevolence beliefs about a store increases.

H2c: The impact of COO (Made in China) on consumer purchase intention weakens as the consumer ability beliefs about a store increases.

H3: The impact of the COO (Made in China) on consumer purchase intention weakens as the consumer perception of ZARA's brand equity increases.
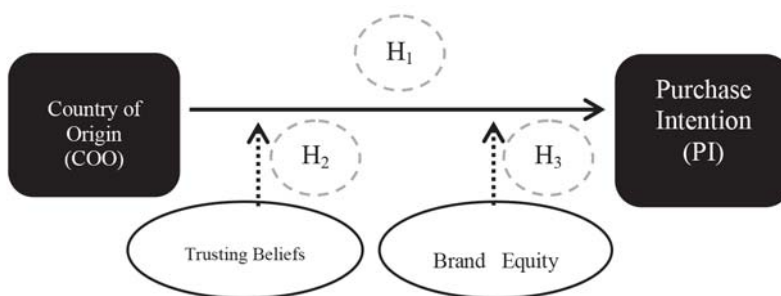

Figure 1 The Theoretical Model

Methodology

A. Data Collection

A personal mall-intercept survey was used as a method to collect primary data through the Zara shop in the four main department stores in Bangkok. Secondary data are gathered from various relevant sources such as textbooks, academic journals, reports, reliable websites, articles and newspapers, prior research and also accepted databases from all over the world.

The personal mall-intercept survey was selected as the data-collecting tool using the questionnaires that were used by previous researchers (Kabadayi and Lerman, 2011: 108-109; Rungkasiri, 2008: 129-130) due to their accessibility, accuracy and adaptability. The self-administered surveys were distributed to customers who had recently made purchases at ZARA shops in the four main department stores in Bangkok. STATA was used to analyze the raw data through descriptive statistics, factor analysis, correlation analysis, reliability analysis and regression analysis.

B. Sample Design and Sample size

For this research we used the non-probability sampling technique of depending on the personal judgment of the researcher rather than selecting a sample at random (Hair, Bush and Ortinau, 2003: 366-367). The target population in this research was early and middle jobbers who live in Bangkok. The assumption is people who live in Bangkok tend to have similar lifestyles and have experience with Zara since they are close to the big shopping centres and fashion phenomenon. The questionnaires were distributed to the four main department stores in Bangkok, Thailand, with a personal mall-intercept survey, and were completed by the respondents immediately after their purchase experience. Incomplete questionnaires were eliminated from the survey, therefore the survey represents reliability and validity.

C. Variables and Measures

a) **Independent Variable-**The independent variable is the country of origin (COO). Perception and attitude variables can be measured by a five-point scale to measure agreement with four statements adapted from Rungkasiri (2008: 131).

b) **Dependent Variable**-Purchasing intention is the dependent variable.

c) **Moderating Variable-**Trusting Beliefs is the first moderating variable and consists of three minor components; integrity, ability and benevolence.

d) **Control Variable-**In this research, we measure the respondent's familiarity (FA) with Made in Europe and Made in China products as a control variable (Kabadayi and Lerman, 2011: 110).

D. Validity and Reliability

In this research, the quality of data collected was measured by reliability and validity. Validity is the degree to which a test measures what it is supposed to measure, while reliability refers to stability and consistency of measurement (Forza, 2002: 176-177). STATA was used to assess the measurement properties, factor analysis was used to assess the construct validity of a test together with scale accuracies, a technique to reduce a set of observable variables.

The internal consistency method was applied to measure the reliability in this research. Cronbach's coefficient alpha is the most popular test for internal consistency. The alpha coefficient ranges in value from 0 to 1. The value of Cronbach's coefficient alpha of 0.60 is acceptable, while a value of 0.80 and higher indicates a high level of reliability. The specific scale items for the variables are listed in Table 1.

Table 1 Scale Items, Item Loading and Reliabilities

Scales	Item	Reliabilities(α)
COO	4	0.878
Trusting Beliefs-Integrity	5	0.848
Trusting Beliefs-Ability	5	0.805
Trusting Beliefs-Benevolence	5	0.791
Brand Equity	5	0.76
Purchase Intention	3	0.806

E. Method of Analysis

Hierarchical regression analysis was conducted to test the hypotheses. Firstly, the COO and purchase intention were introduced into regression as the main research variables to measure the relationship between the variables based on Hypothesis 1. Secondly, trusting belief was selected as the first moderator and entered to be analyzed by its sub domains (integrity, ability and benevolence) as Hypotheses 2a-c. Finally, brand equity was entered as the second moderator for analysis as Hypothesis 3. Moderated regression analysis technique was implemented to test whether the relationship between the COO and purchase intention was moderated by the level of trusting belief and brand equity.

Finding and Analysis

A. Research Findings

Table 2 Demographic Characteristics of Respondents (n = 210)

	Characteristics	Frequency	Percentage
Gender	Male	39	18.6
	Female	171	81.4
Age	21-25	34	16.2
	26-30	102	48.6
	31-35	56	26.7
	36-40	7	3.3
	41-45	6	2.9
	More than 45	4	1.9
Education	Less than Bachelor	8	3.8
	Bachelor	191	90.9
	Master	9	4.2
	Other	2	0.9
Educational Major	Science/Applied Science and Technology	39	18.6
	Humanities/Social Science and Business Administration	165	78.6
	Other	6	2.9
Job level	Executive Management	6	2.9
	Middle Management	17	8.1
	Early Management	35	16.7
	Staff	112	53.3
	Technician	2	1.0
	Other	38	18.1
Personal Income	Less than 15,000	38	18.1
	15,001-20,000	20	9.5
	20,001-25,000	24	11.4
	25,001-30,000	16	7.6
	30,001-35,000	31	14.8
	More than 35,000	81	38.6

a) Demographic Finding

The Demographic Characteristics of the respondents include gender, age, education, education major, job level and personal income.

According to Table 2: Demographic Characteristics of Respondents (n = 210), it can be seen that most respondents are female (81.4%), and 18.6% of the respondents are male. The majority of the respondents range between 26-30 years of age (91%). Education wise, it shows that 90.9% of the respondents have a Bachelor's degree and a majority (78.6%) graduated from Humanities/Social Science and Business Administration. Regarding occupation, a majority of the respondents work as staff (53.3%). The highest percentage of personal income level was found to be less than 35,000 baht.

b) Consumer's Behavior

According to the study on frequency and percentage of respondents regarding Percentage of Purchase (n = 210), it can be seen that most of the participants spend less than 5 percent of their income on Zara products, which is beneficial information for this study since we want to clarify the moderating effect of Brand Equity and Trusting Beliefs. Thus, there will be no other effects such as customer loyalty that will skew the effect of main variables.

B. Research Analysis

Correlation analysis is employed to test the interaction between variables whereas regression analysis is used to test the hypotheses H1, $H2_a$, $H2_b$, $H2_c$ and H3. The hypotheses are formulated to clarify the

Table 3 Correlation Matrix

	PI	COO	ITG	ABL	BNV	BE	GE	EDU	IC	FA
PI	1.0000									
COO	-0.1978	1.0000								
ITG	0.1249	-0.0807	1.0000							
ABL	0.0666	0.0493	0.6477*	1.0000						
BNV	-0.0117	-0.1257	0.6552*	0.6582*	1.0000					
BE	0.1313	-0.1272	0.5989*	0.6812*	0.6025*	1.0000				
GE	0.1820*	0.0339	-0.0657	0.0537	-0.0740	0.0868	1.0000			
EDU	-0.0512	-0.0697	0.0000	0.1659*	0.0748	0.0204	-0.1448	1.0000		
IC	0.0537	-0.0542	0.1009	0.0812	0.0492	0.0776	-0.0766	0.2314*	1.0000	
FA	0.1253	0.0134	0.1585*	0.1483*	0.1807*	0.2627*	0.2402*	0.0714	0.2359*	1.0000

Note: Statistically significant at: * $p < 0.001$

relationship between the effects of COO, Trusting beliefs and Brand Equity toward Consumer Purchase Intention in the Textile and Clothing industry.

C. Hypothesis Test

Table 3 presents Pearson Correlation Coefficients (r) and their significance at $p > 0.001$. It can be seen that there are high correlations between Ability and Integrity (0.6477*), Brand Equity and Ability (0.6812*), and Brand Equity and Benevolence (0.6025*).

Hypothesis 1: According to Table 1, it shows that the relationship between COO and Purchase Intension does exist ($p = 0.002$), which can be interpreted as the consumer's purchase intension is lessened when the effect of the COO (Made in China) increases.

Therefore Hypothesis 1 aligns with the finding of Kabadayi and Lerman (2011: 102-126); the respondents are not likely to purchase Zara's products when they recognize that the products were made in China.

Hypothesis 2a: According to Table 3, this means that the relationship between COO, Integrity beliefs and Purchase intension does exist ($p = 0.000$); consumer's purchase intension increases with the heightened presence of integrity beliefs. The effect of the interaction between the COO and Integrity beliefs increase, however; Integrity belief alone is insignificant ($p = 0.23$). It can be said that consumers are likely to purchase Zara products when they have high Integrity beliefs about the store, even though they recognize the products were made in China.

Table 4 Results of Hierarchical Regression Analysis for Firm Purchase Intension

Variables	Model 1	H1 Model 2	H2 Model 3.1: TB ITG	ABL	BNV	H3 Model 3.2: BE
Step 1: Control						
Gender	0.423**	0.435**	0.446***	0.428**	0.468***	0.385**
Education Bachelor	-0.351	-0.374	-0.344	-0.388	-0.380	-0.381
Master	-0.543	-0.564	-0.507	-0.570	-0.604	-0.513
Other	0.197	0.032	-0.003	0.002	-0.096	0.008
Income 15,001-20,000	0.060	-0.083	-0.212	-0.211	-0.252	-0.140
20,001-25,000	-0.097	-0.018	-0.002	-0.159	-0.131	-0.156
25,001-30,000	-0.109	-0.091	-0.252	-0.283	-0.278	-0.254
30,001-35,000	-0.147	-0.208	-0.291	-0.227	-0.192	-0.305
More than 35,000	0.197	0.193	0.107	0.083	0.145	0.102
Step 2: Independent variable						
Coo		-0.209***	-0.301***	-0.301***	-0.316***	-0.258
Step 3: Moderator						
Trusting Believe						
1) Integrity			0.151**			
2) Ability				0.098		
3) Benevolence					0.105	
Brand Equity						0.123*
Step 4: Interaction terms						
Coo x Integrity			0.229***			
Coo x Ability				0.226***		
Coo x Benevolence					0.182***	
Coo x Brand equity						0.151**
R^2	0.06	0.11	0.19	0.17	0.15	0.14
Adjust R^2	0.02	0.06	0.14	0.12	0.10	0.09
F-Statistic	1.52	2.37**	3.90***	3.52***	3.01***	2.80***

Note: ***,**,* Statistically at 1%, 5% and 10% Confidence level respectively

Hypothesis 2_b According to Table 4 the relationship between COO, Ability beliefs and Purchase intension does exist (p = 0.000), however; ability belief alone is insignificant (p = 0.148). This means that consumer purchase intension increases. When the effect of the interaction between the COO and ability beliefs increase, consumer purchase intension increases as well. It can be said that, although consumers recognize the "Made in China" label, they are likely to purchase Zara products when they perceive high Ability beliefs about the store.

Hypothesis 2_c: According to Table 4 the relationship between COO, Benevolence beliefs and Purchase intension does exist (p = 0.001), however, Benevolence belief alone is insignificant (p = 0.169). When the effect of the interaction between the COO and Ability beliefs increases, consumer purchase intension increases as well. It can be concluded that consumers are likely to purchase Zara products when they perceive high Benevolence beliefs about the store even though they are aware of the COO or "Made in China" label.

Hypothesis 3: According to Table 4 the relationship between COO, Brand equity and Purchase intension does exist (p = 0.016), however, Ability belief alone is insignificant (p = 0.073). Consumer purchase intension increases when the effect of the interaction between the COO and Brand equity increases.

In other words, consumers who are aware of the "Made in China" label on Zara products are likely to purchase Zara products when they perceive high Brand equity in the products.

From the findings, we can conclude that whenever consumers are aware that a store has the skills and competencies necessary to perform the job (Mayer, Davis, and Schoorman, 1995: 346), the effect of the "made in" label or the COO will have less impact on the buying intention

Discussion and Conclusion

The main purpose of this research was to investigate and understand the factors that motivate consumers to buy products with the negative "made in" effect of European brands sold in the stores in Thailand. We suggest consumer trusting beliefs, integrity beliefs, ability beliefs, benevolence beliefs, and also brand equity can moderate the relationships between the COO effects and purchase intentions. Furthermore, we hypothesized that the significance of the COO effects on consumer purchase intentions weakens when consumers have high levels of trusting beliefs and brand equity about Zara store. Our findings indicate that those three beliefs and brand equity affect consumer purchase intention to buy Zara products with a specific "made-in China" label.

To test these hypotheses, we targeted the Textile and Clothing industry, since, for the Thai market, this sector is the top importer, and particularly because it is strongly influenced by European brands. We focused on the Zara brand because it is becoming one of the popular middle-class European brands in Thailand where the products are mainly manufactured in China.

In this research, we measure the respondent familiarity (FA) with Made in Europe and Made in China products as the control variable (Kabadayi and Lerman, 2011: 110), since Han (1989: 228) suggests that the country image will have an indirect influence on brand attitudes when consumers are familiar with a specific country's products. Thus, it can be said that the Country image can be treated as an indirect channel in affecting product attributes and brand attitudes. From our findings, we can conclude that consumers with different levels of familiarity perceive product quality from each country differently.

Implications, Limitations, and Future Research
Implications for Researchers

Previous researches on COO usually included only Trusting Beliefs; integrity beliefs, ability beliefs, and benevolence beliefs, however; as mentioned by Hui and Zhou (2003: 149) the multidimensional effect of the COO influences product beliefs and attitudes towards brands with different levels of equity. In addition, Koubaa (2008: 151) also stated that the impact of brand equity is more important when brands are perceived as low equity than high equity brands. Our results show that brand equity moderates the effect of the COO when consumers are making a purchase decision. Thus, we recommend the researchers in this area include brand equity as one of the moderating variables when conducting research on consumers' purchase intensions.

Implications for Practitioners

The research findings have strategic implications for both manufacturers and retailers that would like to offset negative COO effects. From the results of this research, we found that Made in China still has a strong negative impact on Thai consumer purchase intension. However, this impact could be lessened by increasing the level of Trusting Beliefs and Brand Equity.

To overcome the negative effect of the COO, manufacturers should standardize their production process to gain more consumer reliability for their products. At the same time, the retailers and brand owners, should emphasize the building of Trusting Beliefs by increasing Integrity, Ability and Benevolence regarding their stores. To increase Ability beliefs, the retailers have to improve their performance to ensure consumer confidence that the stores have the high skills and

competencies necessary to perform the job. For increasing Benevolence beliefs, the stores must demonstrate that they want to benefit the consumer rather than just maximize profit, and this has to be perceived by consumers (McKnight and Chervany, 2001: 49). Integrity beliefs can be enhanced when the stores maintain their operation to meet a set of moral principles or professional standards that guide their interactions with consumers (McKnight and Chervany, 2001: 49).

Last but not least, Brand Equity should also be focused on, since this research shows that consumers will be more willing to purchase products with a Made in China label if it has strong brand equity. Following these practical implications, Western retailers and manufacturers can maximize their profits by employing cheap-labour countries as their production-bases without concern for the COO effects.

Limitations

The limitation is related to data collection, since this study used an online questionnaire and personal mall-intercept survey as tools for collecting the data. The problem arose with an online tool because the respondents answered the questions based on their memory and not from a fresh purchase experience compared to the mall-intercept method. Therefore, the answers have a potential to be imprecise.

Future Research

Since this research focused only on Textiles and Clothing industries, we cannot conclude that the COO will have the same effect on other product categories and Industries. In order to make the research more generalized and provide a better understanding of the COO effects, future researchers have to expand to other product categories and industries.

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