Influences of Country of Design and Country of Manufacture on Consumers’ Decisions*

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제조국가와 디자인국가들이 소비자의사결정에 미치는 영향

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Abstract

Developments in the global value chains have caused many hybrid products whose country of origin (COO) designations is no longer easy to identify. The main objective is to analyze the factors which are specifically affecting the consumers' decision in favoring separately the country of design (COD) or the country of manufacture (COM) in the presence or absence of brand information which acts as a moderator. A sample of 462 respondents obtained from thirty-one (31) nationals with Koreans and Chinese possess larger share. Data analysis was carried out using full factorial repeated measures ANOVA and MANOVA with mixed designs and geared by Predictive Analytics Software (PASW) v.19.

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Results prove that, whether country of design or country of manufacture; it depends on the presence or absence of brand identity which acts as an important determinant among the two. In the absence of brand identity, consumers tend to separately favor either country of design or country of manufacture. In the presence of brand identity, consumers shifts and favor country of manufacture instead.

Key words: Country of Origin (COO), Country of Design (COD), Country of Manufacture (COM)

I. Introduction

About 60% of global trade, which amounts to more than $20 trillion, consists of trade in intermediate goods and services that are incorporated at various stages in the production process of goods and services for final consumption. This is due to emergence of borderless production systems which are sequential chains or complex networks which may be global, regional or span only two countries. These systems are commonly referred to as global value chains (GVCs). GVCs are typically coordinated by transnational corporations (TNCs) which are engaging in efficiency-seeking FDI (WIR, 2013).

Developments of the global enterprises and value chains have caused numerous hybrid products whose country of origin (COO) designations is no longer easy to identify. A videotape may show on the product label that is designed in Germany and assembled in Malaysia using Japanese component parts. This trend has been accelerated by willingness of many government to relax their economic boarders to facilitate trade as per WTO through which a free flow of parts, goods and services can be more easily achieved (Chao, 2001).

In this modern and competitive era people care very much about which country products come from and where they are made and consider these factors when evaluating the quality of products, (Parkvithee and Miranda, 2012). Buyers use countries as indicator of a product’s quality (Lee and Lee, 2009). Therefore the progress of globalization means that customer's