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Country Image, e-WOM and Purchase Intention of Korean Products in China¹

—With Korean Cosmetic Products as an Example

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Abstract: Country image is viewed as the overall perception of consumers from a particular country, based on their prior perception of the country's production and marketing strengths and weaknesses and this image affect customer attitudes like purchase intention. The purpose of our study was to develop and validate the relationship among country image, e-WOM and purchase intention of foreign products. Based on literatures, a comprehensive set of constructs and hypotheses was compiled with a methodology for testing them. A questionnaire was constructed and data were collected from 255 customers in Beijing and Shanghai. The results indicated that country image affect purchase intention of Korean Cosmetic products through e-WOM.

Keywords: Country image, e-WOM, Purchase intention, Korean cosmetic products

1. INTRODUCTION

The global cosmetic industry has gone through a transition period since the late 19th century. In the past, cosmetic products were recognised as luxury items, and only upper class women could afford to purchase cosmetics. Cosmetic products are thought to be a common element in female consumer culture and represent a way for women to have self-identity. A report by Foundation of Korea Cosmetic Industry Institute (2012) regarding the cosmetics exports to 548,075,929won in 2012, and the amount of export to china is 215,922 Korean won, is the 22.1% of the total amount. So the china market is the best import market. So what is the impact of the Chinese consumers to buy Korean cosmetics?

e-WOM is the form of a online WOM(Word-of-Mouth) that is generally acknowledged to play a considerable role in influencing and forming consumer attitudes and behavioral intentions^[28]. Many researches have shown that e-WOM communication is more influential than communication through other sources such as advertisements ^[31]. This type of communication has become an important venue for consumer opinions, and for consumers is increasingly common to look for online reviews when gathering pre-purchase product information ^[34]. Many studies have shown that the country image serves as an external cue, which might influence consumers' purchase intentions ^[23]. And the country image affects customer loyalty and customer loyalty's antecedent by e-WOM. Based on these finding in the literature, we understand that country image can affect the e-WOM and purchase intention for Korean cosmetics in China.

This study applied experimental design methodology to explore:

The impact of country image of Korean on e-WOM of Korean cosmetics

The impact of e-WOM of Korean cosmetics product on purchase intentions of Korean cosmetics

The mediation relationship of e-WOM among country image of Korean and purchase intentions of Korean cosmetics products

The rest of this paper is organized as below. Frist we provide a review on the literature related to country image and e-WOM. Second, we introduce hypotheses and the research model. Next, we describe the research

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methodology and discuss the statistical results. Finally, we summarize the finding and discuss the implication for both research and practice.

2. LITERATURE REVIEW

2.1 Country Image (CI)

According to national marketing research, country image is a main subject among scholars. In the early stages, 200 Guatemala students were studied. Research concluded that if products have the same attributes, products from different country image received inconsistent evaluation. They found out that products from economically developed countries were better received than products from under-developed countries [29].

Country image refers to the picture, reputation, and stereotype of specific domestic products in the mind of businesses and consumers [22]. The product's representatives, national characteristics, economic and political backgrounds and traditional history create these images. Country image as a perception consumers have with a specific country's product quality how people construct a general range of concepts, attitudes and favorites for a specific product, and preference [21]. There is no absolute criterion for a good or bad image, but according to the subjective difference, it could be divided into a specific image, country image as a whole.

When consumers are evaluating products, if they are not familiar or are unable to view the quality immediately, they will first evaluate the price, brand, and other external factors. If it is an imported good, consumers will use stereotypes from this country to infer the product quality, which is known as the Halo Effect [16]. When consumers are familiar with a country's products, the country serves as a brand image, which is the summary of the product information structure, also known as the summary effect. When consumers are familiar with a country's products, country image will directly affect attitude. In other words, it is known as the summary effect of the belief construct the consumer has with the product. Therefore, country image plays an important role in product evaluation, thereby affecting the sale results.

Pisharodi & Parameswaran^{[23]-[25]} proposed two main dimensions to measure country image, general country attitudes (GCA) and general product attitudes (GPA). They found that consumers are different between German products and Korean products about cars and blenders.

For the Korean country image studies, initially started from cars and TV, and recently many studies are in the fashions and mobile phone. Lebrezn^[28] investigated that country image affected the Japan, Korea, and Germany cars and TV product attitudes. Samiee^[25] investigated that country image affected the Germany, China, France, Japan, and Korea general products, cars and fashion products.

In summary, this research used the definition of country image, which is the picture, reputation, and stereotype in the minds of consumers for a product in a specific country. These all come from the products that represent the country which are created by trust, which are known as the national characteristics, economic, political backgrounds, and history. The measurement factors in the research are based on Pisharodi & Parameswaran^{[23]-[25]}, two main dimensions were used to measure country image general country attitudes (GCA) and general product attitudes (GPA).

2.2 Electronic Word-Of-Mouth (e-WOM)

“Word-of-Mouth” refers to brand, service, speaking, and communication between people and the cognitive between the recipient and speaker, which is known as non-commercial behavior. Early studies suggested that WOM has a critical impact on shaping consumer behavior and attitudes. Since it has the characteristics of a two-way communication, it could provide a complete reference value, and as a result, when consumers evaluate new services and new products, they are very dependent on the opinions of others^[9]. With the advancement in technology, Hennig-Thurau et al. [17] pointed out with emergence of the internet, consumers are able to collect information and topics through browsing and receiving product information from other consumers. Consumers

are given the ability to share their experience, advice and knowledge on specific topics which is known as Electronic WOM (e-WOM). e-WOM refers to sharing comments with other people on the Internet^[19], Hennig-Thurau et al. ^[17] believes that consumers will share their comments or experiences about products and services on Internet platforms, which is known as being involved in spreading e-WOM. Regarding the measurement of e-WOM, Bansal & Voyer ^[4] designed a measurement score for empirical discussion.

In summary, e-WOM is based on the comments of other people on the Internet^[19]. As for the measurement, Bansal & Voyer ^[4] designed an e-WOM measuring scale with seven measurement items, used in this study.

2.3 Purchase Intention of Foreign Products

Practitioners using consumer behavior research, proposed different behaviors to explain this mode. Demby^[11] believes purchase intention is the assessment, obtaining, and using economic products or services during the decision-making process and practical action. Bagozzi & Burnkrant ^[2] pointed out that purchase intention is the consumer's tendency for a product, whether they planned to buy a branded product, which could be used to forecast consumer buying behavior. Engel, Blackwell & Miniard ^[14] also pointed out in their research, purchase intention is the tendency for the overall product, which is the likelihood or subjective probability consumers are willing to buy the product (specific product or brand). Schiffman & Kanuk^[27] pointed out that the purchase intent is the possibility a consumer will buy a product. The higher the intent, the greater the probability will be for the actual purchase. Regarding the measurement scale for purchase intention, Zeithaml ^[33] proposed using perceived value, which contains three dimensions: wanting to purchase, perhaps will purchase, considering a purchase. Dodds, Monroe & Grewal ^[12] includes possible purchase, perhaps will purchase, recommended by friends and relatives. Biswas^[7] research contains deciding to buy, wanting to buy, possibility for recommendation to others.

Summarizing the above, this study uses Samsung smartphones as the research object, a foreign brand; therefore, purchase intention will refer to intention to purchase foreign products. Purchase intention for foreign products refers to people who have a tendency for these products, that is, the possibility of consumers to buy the product, or the process of planning a purchase, which could be used to forecast consumer buying behavior. The measurement uses and modifies Dodds et al. ^[12] three measurements: purchase possibility, deciding to purchase as the measurement factors to determine purchase intention for foreign products in this research.

3. RESEARCH MODEL AND HYPOTHESES DEVELOPMENT

3.1 The relationship between country image and purchase intention of foreign products

Bilkey & Nes ^[6] pointed out when consumers are not familiar with a foreign product, they will refer to the country's reputation and the stereotype of the product, which will determine the strength and weakness of the quality, known as the Halo Effect. If country image has established a good image of the product, other products could enjoy the same reputation, making it effective for product sales. Information affects customer response, which is one of the external clues of country image, along with product performance stimulating consumers, it forms the willingness to buy or purchase intention.

Ahmed & d'Astous ^[1] pointed out that the products manufactured in developed countries receive better evaluation than developing countries. Consumers believe national economic development affects product reviews. Conversely, when consumers are not familiar with a product, it will have a negative effect on purchase intention. Wall, Liefeld & Heslop ^[31] also pointed out that the forming the country image would affect consumer perception of product attributes and overall evaluation. Wang & Lamb ^[32], Baughn & Yaprak ^[5] pointed out in their research, the political, economic and cultural characteristics of the country image will affect consumer's willingness to buy.

Accordingly, the following hypotheses are advanced:

H1: Country image significantly affects the purchase intention of foreign products

3.2 The relationship between e-WOM and purchase intention of foreign products

Sharing on online forums or Internet discussion groups has become e-WOM. This means of communication, even though it is not done orally, does not have immediate influence, but it has permanent advantage. With the development of the Internet and participating users, it has influenced brand and product discussion on the Internet as well as consumer purchase decision-making. Scholars generally agree that in the past, WOM will affect the attitudes and purchase decisions of consumers. WOM is divided into three types: personal experience, advice giving, and product news. Past studies pointed out that e-WOM would influence consumer purchase intentions^[4].

Accordingly, the following hypotheses are advanced:

H2: e-WOM significantly affects the purchase intention of foreign products.

3.3 The relationship between country image, e-WOM and purchase intention of foreign products

Scholars generally agree that country image can affect the e-WOM of the foreign products^[18]. Because of country image may be used by consumers as an attribute to evaluate products. Country image may also act as a source of country stereotyping, directly affecting consumers' attitudes towards the brand of a country instead of through attribute ratings.

Accordingly, the following hypotheses are advanced:

H3: Country image significantly affects e-WOM

H4: e-WOM will mediate the relationship between country image and purchase intention of foreign products.

4. METHODOLOGY

4.1 Research Model

Figure 1 discusses the relationship between country image, e-WOM and purchase intention of foreign products as the framework of this study.

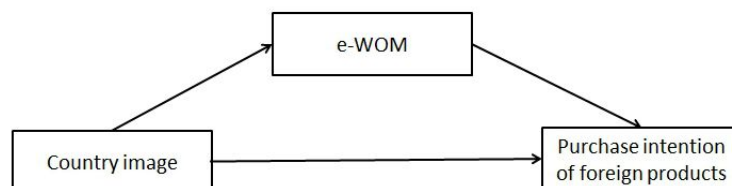


Figure 1 Research model

4.2 Definition and Measurement

Country image Refers to the picture, reputation, stereotype of a specific product where stereotype is derived from the trust created by the representative products from the country, and made up of the national characteristics, political and economic background, and history^[22]. The measurement factors in the research are based on Pisharodi & Parameswaran^{[23]-[25]}. Two main dimensions were used to measure country image general country attitudes (GCA) and general product attitudes (GPA).

e-WOM refers to the comments made by people on the Internet^[19]. The measurement uses the scale developed by Bambauer-Sachse and Mangold^[3] a total of 6 measurements.

Purchase intention of foreign products refers to the behavioral tendency for products, which is the possibility of purchasing the product, or the process of planning purchases, all refer to predicting consumer buying behavior^[27]. The measurement uses a total of three measurement questions. Finally, other survey questions such as gender, age, level of education, occupation, income, amounted to a total of five measurement questions.

4.3 Sampling and Data Collection

The survey was divided into five parts, using the Likert five-point scale for measurement. Data was

collected from respondents in Beijing, Shanghai. Using the convenience sampling method, as well as conducting the survey both through online and paper surveys, they were distributed from October 18, 2013 to November 18, 2013. 300 surveys were recovered and eliminating the invalid surveys, this research received a total number of 255 valid surveys, an effective rate of 76.5%.

5. ANALYSIS AND RESULTS

5.1 Descriptive Statistics

This research interviewed 210 female respondents, standing at 82.4%, 45 were men, a total of 17.6%. Their ages mostly ranged from 26-35, accounting for 63.9%, and 36-45 accounting for 19.2%. Respondents mostly had a university background accounting for 57.6%, high school/specialized subject accounting for 27.7%. Most of the respondents were in electronic technology industry and catering services, accounting for 51.4%. The revenue from most of the respondents were 5,000~10,000, accounting for 48.2%.

5.2 Reliability and Validity

This research uses Cronbach's α to analyze the reliability. The value was ranging 0.77~0.96 > 0.7, which fit the value recommended by Nunnally (1978) showing this measurement scale has a high reliability and with consistent internal variables.

Table 1 Results of the reliability tests performed on the survey items

<i>Items</i>	<i>Content</i>	<i>Cronbach's alpha</i>
GCA_1	People are well educated	0.884
GCA_2	Places emphasis on technical/vocational training	
GCA_3	People are hard working	
GCA_4	People are creative	
GCA_5	People are friendly are likeable	
GCA_6	Technical skills of workforce are high	
GCA_7	Friendly toward my country in international affairs	
GCA_8	Actively participates in international affairs.	
GCA_9	People are motivated to raise living standards	
GPA_1	Country produces highly technical products	0.919
GPA_2	Known for luxury products	
GPA_3	Products are made with meticulous workmanship	
GPA_4	Products are imitations not innovations.	
GPA_5	Products are distributed worldwide.	
GPA_6	Concerned with product performance, not appearance	
GPA_7	Products are marketed in a wide range of styles	
GPA_8	Products are long lasting(durable)	
GPA_9	Advertising of products is informative	
e-WOM_1	I often read other consumers' online product reviews to know what Korean cosmetic products make good impressions on others	0.932
e-WOM_2	To make sure I buy the right Korean cosmetic products, I often read other consumers' online product reviews	
e-WOM_3	I often consult other consumers' online product reviews to help choose the right Korean cosmetic products	
e-WOM_4	I frequently gather information from online consumers' product reviews before I buy a certain Korean cosmetic products	
e-WOM_5	If I don't read consumers' online product reviews when I buy Korean cosmetic products, I worry about my decision	
e-WOM_6	When I buy a Korean cosmetic products, consumers' online product reviews make me confident in purchasing the Korean cosmetic products	
PI_1	I would buy Korean cosmetic products rather than any other brands available	0.907
PI_2	I am willing to recommend others to buy Korean cosmetic products	
PI_3	I intend to purchase Korean cosmetic products in the future	

This study used exploring factor analysis (EFA) to calculate factor loadings. Other than some of the factor loadings' value obtained by EFA were less than 0.7, the others were more than 0.7, showing this scale has a well level of concurrent validity. The convergent validity in line with the value recommended by Fornell & Larcker (1981), which means that each variable has good discriminant and convergent validity.

5.3 Hypothesis Testing

This study uses hierarchical regression analysis method for hypothesis verification. The measurement variables had to be measured by mean-centered, to reduce the problem of variables collinearity.

According the results, CGA affects purchase intention of Korean cosmetic products, $\beta=0.295$, ($p<0,0001$), $R^2=0.391$ and CPA affects purchase intention of Korean cosmetic products, $\beta=0.415$, ($p<0,001$), $R^2=0.172$. H1 is supported. E-WOM affects purchase intention of Korean cosmetic products, $\beta=0.408$, ($p<0,0001$), $R^2=0.391$, H2 is supported. CGA affects e-WOM, $\beta=0.488$, ($p<0,0001$), $R^2=0.391$ and CPA affects e-WOM, $\beta=0.857$, ($p<0,001$), $R^2=0.734$. H3 is supported.

To test the e-WOM mediation effect of the relationship between country image and purchase intention of foreign products, Sobel test was used. Independent variables on the dependent variables are mediated through the effects of variables, ie, the statistical significance of the indirect effects of the indirect effect of the ratio of the standard error of the indirect effect. That is sort of the verification statistics assume a normal distribution, Z and verify. This is known as 'Sobel test'. The results are as follows:

1) CGA

e-WOM is a general image of the mediating effect of purchase intention of Korean cosmetic products and the results show a partial mediation ($z = 3.0 > 1.95$, $p < 0.00$).

2) CPA

e-WOM is a product image and purchase intention of Korean cosmetic products, the results show that there is no effect ($z = 1.72 < 1.95$).

6. CONCLUSIONS AND IMPLICATIONS

This study found that e-WOM is an intermediary between the national image and purchase intention of foreign products. The result is that Korea's general country image through e-WOM impact the purchase intention of cosmetics products but for general product image showed no effect. We can found the consumer and professional cosmetics Korea through film and drama have a crush on has been interested in Korea cosmetics in Korea for the Internet to gather information and also to others to convey information about Korea cosmetic. Korea is in the process of increasing awareness about cosmetic products. However, Korea general products (cars, games, etc.) related to the interest or cosmetics.

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