

**HOW COUNTRY OF MANUFACTURING AND SWEATSHOP  
FREE INFORMATION AFFECTS ONLINE APPAREL  
CONSUMERS' PERCEIVED QUALITY, VALUE AND  
PURCHASE INTENTION**

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the Degree of Master of Science**

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**APPROVAL PAGE**

The undersigned, appointed by the dean of the Graduate School, have  
examined the Thesis entitled:

**HOW COUNTRY OF MANUFACTURING AND SWEATSHOP FREE  
INFORMATION AFFECTS ONLINE APPAREL CONSUMERS'  
PERCEIVED QUALITY, VALUE AND PURCHASE INTENTION**

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## ABSTRACT

Online consumers are not able to assess the physical product in the pre-purchase process. This poses a problem for the consumers, and further affects their purchase behavior. The popularity of sustainability and transparency may provide an opportunity to lessen this kind of uncertainty. The literature review suggests that the country of manufacture and sweatshop free information, as two extrinsic information cues, may have the potential to affect a consumer's perceived quality, perceived value and purchase intention in online shopping context. This study aims to determine how the information regarding country of manufacture and sweatshop free influences consumers' perception of quality, value and patronage intention regarding different price apparel products in the online shopping context.

For this study, a 2\*2\*2 (country of manufacture \* sweatshop free \* price) experiment was designed and each participant was exposed to one of eight profiles in random order. OLS regression results indicate that country of manufacture don't relate to any of the perceived quality, perceived value and purchase intention. To the contrary, price has a statistical significant effect on all the dependent variables. The sweatshop free label is positively related to the perceived quality and purchase intention, but doesn't affect perceived value. The interaction effect (C\*P\*S) affects consumers' perceived quality only. Implications, limitations, and scope of further research are also discussed.

## **CHAPTER I: INTRODUCTION**

Chapter I contains the following sections: (a) Background of the Study, (b) Purpose of the Study, and (c) Significance of the Study.

### **Background of the Study**

Online shopping has developed rapidly in the recent decades. Online shopping is popular for its convenience, transparency and efficiency (Vijayasathy & Jones, 2000; Bikra, 2008). According with U.S. Census Bureau News (2012, Aug), the sales for the first 9 months in 2012 increased by 6.6 percent over the same period from the previous year. Apparel is one of the most frequently purchased products online (Mui, 2007). According to EMarketer (2012), the sales for apparel and accessories are expected to reach \$ 40.9 billion this year. However, online consumers are not able to assess the physical product in the pre-purchase process. This produces uncertainty about the quality of the product, which poses a problem for the consumers (Park & Kim, 2007; Azam, 2012). Without the ability to physically inspect products, consumers must rely primarily on the price, product related information, shopping experience and other extrinsic cues to make the purchase decision (Childers et al. 2001; Rajamma et al, 2007).

With the popularity of sustainability and transparency (Bhaduri & Ha-Brookshire, 2011), an increasing number of consumers are demonstrating concerns regarding ethical issues through their consumption behavior (Pelsmacker & Janssens, 2007). The notion of sustainability is derived from the idea that current generations meet present needs without compromising the ability of future generations to meet their needs (World Commission on Environment and Development, 1987). It calls for a balance

among economic development, ecological compatibility and social equity (Sikdar, 2003). Consumers are not only concerned about the quality of product, but also the social and environmental effect associated with product (Dickson, 2001; Singh et al., 2008; Hustvedt & Bernard, 2008). They want to know where and how the product was made (Burchell & Cook, 2006). However, for online shopping, this kind of information is rare, most of the websites only label their products simply as imported. It is difficult for consumers, who are environmentally and socially conscious, to determine where and how the product was made, and this lack of information can frustrate their efforts to make an informed purchase decision.

### **Purpose of the Study**

Two extrinsic cues that consumers may value are: (1) information regarding country of manufacture, and (2) information regarding if the products were manufactured in a sweatshop free situation. Prior studies have examined the relationship of the country of manufacture and the presence of sweatshop free information to the consumer's quality perception, value perception and purchase intention in apparel consumption context respectively (Bilkey & Nes, 1982; Samiee, 1994; Hilowitz, 1997; Dickson, 2001; Dimara & Skuras, 2005). Little research can be found that examines consumers' tradeoff between these two extrinsic cues attributes when both of them are presented with price, creating a gap in the literature. Presumably, this lack of research is because each of these two extrinsic cues have shown less effect than other intrinsic cues in the traditional shopping context (Dickson, 2001; Prasad et al., 2004; Iwanow et al., 2005). However, in the online shopping context, extrinsic information cues strongly influence consumer's perceived quality, perceived value and willingness to buy in light of the absence of the physical

product (Bolton & Drew, 1991; Richardson et al., 1994). As a result, the country of manufacture and the sweatshop free information, as two extrinsic information cues, may influence consumer's perceived quality, perceived value and purchase intention in online shopping context.

This study aims to determine how the disclosure of the country of manufacture and the declaration that the product was not produced in a sweatshop influence consumers' perception of quality, value and patronage intention regarding different price apparel products in the online shopping context.

### **Significance of the Study**

It has been shown that there is a positive relationship between the completeness of product information and consumer preference for products and companies (Hiscox and Smyth, 2007; Hustvedt & Bernard, 2008; Aspers, 2008; Hustvedt & Bernard, 2010). Moreover, Creyer (1997) suggested that ethical behavior, when characteristic of a business, should be accessible to consumers. The ethical behavior of company not only benefits society, but also benefits the company's development (Davis et al. 2006).

Consumers prefer to have access to transparent and sustainable information at the point of purchase (Bhaduri et al, 2011). However, in the online shopping context, little information is generally made available regarding the extent to which the product was manufactured in accordance with ethical standards. Consumers have no clue to track where and how the product was made, not to mention find answers regarding the degree to which sustainable manufacturing was used in the production of the product, or if the product was made in a sweatshop free manner. Given the potential power of this kind of

information, it is extremely important to investigate the effect that such information (country of manufacture and the extent to which manufacturing involved sweatshop conditions) would have on consumers' perception about the product, such as quality, value and purchase intention.

This study contributes to understanding the role of country of manufacture and sweatshop free labeling in shaping consumers' perception of product and purchase behavior in different price context. It will also help firms to decide the most appropriate attribute combinations relative to budget constraints.

## **CHAPTER II: LITERATURE REVIEW**

Chapter II section includes the following: (a) Online Shopping, (b) Perceived Quality, Perceived Value and Purchase Intention, (c) Sustainability, (d) Social Conscious Consumption, (e) Insufficient Information for Consumers, (f) Transparency, (g) Labor Issue in Supply Chain, (h) Sweatshop Free Label, (i) Country of Manufacture, (j) Price, (k) Research Objects , and (l) Research Hypothesis.

### **Online Shopping**

Online shopping has become one of the most popular Internet applications. According to U.S. Census Bureau News (2012), E-Commerce sales in the second quarter of 2012 were approximate \$54.8 billion, an increase of 3.3 percent from the first quarter of 2012. Comparing with the second quarter in 2011, there has been a 15.3 percent increase to date this year. The total amount of online retail is expected to achieve \$ 278.9 billion in 2015.

Online shopping is also a complementary platform for apparel selling (Kim & Damhorst, 2010). Apparel is one of the most frequently purchased products online (Mui, 2007). In the first 9 months in 2012, apparel sales rose 6.6 percent than last year. EMarketer (2012) predicts the sales of apparel and accessories are expected to achieve \$ 40.9 billion this year, up from \$ 34.2 billion in 2011.

The online shopping experience is different from the bricks and mortar business. Convenience is one of the advantages for online shopping. Consumers decide upon the product, order, pay online and then wait for the product to be delivered. Online shopping also allows consumers to obtain information related to products rapidly and make price

comparisons (Vijayasathy & Jones, 2000). Additionally, online shopping is also a time saving convenience option (Bikra, 2008).

However, consumers are unable to assess the physical product during purchasing. Only a visual image of product and relevant information are offered to consumers. The lack of tangibility is one of the main disadvantages for online shopping (Bikra, 2008). This contributes some degree of risk or uncertainty to consumers regarding their purchase decision (Park & Kim, 2007; Azam, 2012).

Previous studies supported that purchase intention, or willingness to buy, is positively affected by perceived value (Szybillo & Jacoby, 1974; Zeithaml, 1988; Rao & Monroe, 1989; Monroe, 1990; Dodds et al., 1991). Perceived value refers to consumer's whole evaluation of the utility of a product. It is based on "what is received and what is given" (Zeitham, 1988, P 14). It is an important predictor and positive catalyst for purchase intention (Dodds et al, 1991; Holbrook, 1994; Cronin et al, 2000). Previous studies also found the positive relationship between perceived quality and perceived value (Zaeitham, 1988; Dodds et al., 1991; Agarwal & Teas, 2001; Chen & Dubinsky, 2003).

The Internet population has now begun to mirror the general population (Korgaonkar & Wolin, 1999; Lohse et al., 2000). The positive relationships between perceived quality, perceived value and purchase intention were also found in the online shopping context (Chen & Dubinsky, 2003; Yang & Peterson, 2004). Kim and Damhorst (2010) also found that perceived apparel quality has a positive and direct influence on the perceived value of an apparel product in the online shopping context. And perceived value of apparel has a positive and direct influence on consumers' behavior intention (i.e.

searches for product information on the site, purchase products on the site, say positive things about the site and recommend the site to others).

### **Perceived Quality, Perceived Value and Purchase Intention**

J.M. Juan (1988) defined quality as “fitness for use.” Consumers judge the “fitness extent” on their own subjective standards which include personal preference, relative knowledge, past experiences and other factors. It is obvious that the judgment of quality is a complex and subjective process.

Previous studies have established that it is the consumers’ perception of quality rather than the product’s objective quality that drives consumers’ product preferences and value judgment (Zeithaml, 1998; Aaker & Jacobson, 1994; Anderson et al., 1994; Rust et al., 1995). Perceived quality is consumers’ subjective judgment about a product’s overall excellence or superiority (Zeitham, 1988; Dodds et al., 1991). It is different from objective quality which refers to the sum performance of all the vector product attributes (Curry & Riesz, 1988; Lichtenstein & Burton, 1989; Riesz, 1978; Tellis, 1989). In the apparel shopping context, both traditional retail and online retail, consumer judgment of a product is based on the perceived quality.

According to cue-utilization theory, consumers rely on the intrinsic and extrinsic attribution cues to create their perceived quality (Cox, 1967; Forsythe 1991; Davis 1985). Intrinsic cues are the physical composition of the product (Olson & Jacoby, 1972; Olson, 1977). Extrinsic cues are the attributes related to the product, but excluded from the physical composition (Zaeitham, 1988). Thus, the general perceived quality indicators



such as aesthetic, performance, and fiber content are the intrinsic cues, while price, brand name, and shopping environment represent extrinsic cues.

Previous studies showed that consumers prefer to use extrinsic cues rather than intrinsic cues to infer the perceived quality of a product (Bolton & Drew, 1991; Richardson et al., 1994). Zeithaml (1998) also pointed out that consumers depend on extrinsic attributes more than intrinsic cues when they are unable to evaluate the intrinsic attributes readily, or the intrinsic attribute information is limited.

Perceived value refers to consumer's whole evaluation of the utility of a product. It is based on "what is received and what is given" (Zeitham, 1988, P 14). It is an important predictor and positive catalyst for purchase intention (Dodds et al, 1991; Holbrook, 1994; Cronin et al, 2000). Previous studies also found the positive relationship between perceived quality and perceived value (Zeitham, 1988; Dodds et al., 1991; Agarwal & Teas, 2001; Chen & Dubinsky, 2003). In addition, previous studies supported that purchase intention, or willingness to buy, is positively affected by perceived value (Szybillo & Jacoby, 1974; Zeithaml, 1988; Rao & Monroe, 1989; Monroe, 1990; Dodds et al., 1991).

The Internet population has now begun to mirror the general population (Korgaonkar & Wolin, 1999; Lohse et al., 2000). The positive relationships between perceived quality, perceived value and purchase intention were also found in the online shopping context (Chen & Dubinsky, 2003; Yang & Peterson, 2004). The perceived value of apparel products sold online refers to the whole evaluation of benefits and sacrifices of both the product and shopping experience (Kim & Damhorst, 2010). It is positively influenced by perceived quality of product (Dodds et al., 1991; Agarwal &

Teas, 2001; Chen & Dubinsky, 2003) and positively affects purchase intention (Szybillo & Jacoby, 1974; Monroe & Krishnan, 1985). Kim and Damhorst (2010) also found that perceived apparel quality has a positive and direct influence on the perceived value of an apparel product in the online shopping context. And perceived value of apparel has a positive and direct influence on consumers' behavior intention (i.e. searches for product information on the site, purchase products on the site, say positive things about the site and recommend the site to others).

As mentioned above, consumers are unable to assess the physical apparel in online shopping context. Thus, most of the intrinsic attribute cues and some extrinsic cues, for instance aesthetics, and hand, are not available directly to consumers to form the quality perception in pre-purchase state in online shopping context (Chen & Dubinsky, 2003). The majority of product attributes cues that influence consumers' perceived quality in the online shopping context are extrinsic attribute cues, such as price, shopping experiences, navigation, quality of product related information and security (Childers et al. 2001; Rajamma et al, 2007). Further, those extrinsic attribution cues of the product will influence online consumers' perceived value and purchase intention towards the product (Zaeitham , 1988; Tse & Lee,1993).

### **Sustainability**

People are creating wealth at the expense of both the natural environment and human beings. The short-sighted development strategies in the past have led to serious problems in today's environment and society. Sustainability, as the solution, was put on the development agenda in recent decades. Sustainable development is the development that meets present needs without compromising the ability of future generation to meet

their needs (World Commission on Environment and Development, 1987). It is development with the balance among economic development, ecological compatibility and social equity (Sikdar, 2003).

Sustainability has evolved in numerous industries and has been given substantial attention (Marquardt, 2010). Improving working conditions in a factory, requiring suppliers to follow the environmental and social code, and using more eco-friendly transportation are some examples for the sustainable effort that industries have made (Carter & Rogers, 2008).

### **Social Conscious Consumption**

In light of the popularity of sustainability, an increasing number of consumers began to express their concern about ethical issues through their consumption behavior (Pelsmacker & Janssens, 2007). Previous research titled this behavior as *ethical consumption* (Doane, 2001; Mintel, 1994) or *social conscious consumption* (Zadek, 1997; Ha-brookshire & Hodges, 2009). It was defined as consumers' tendency to express their opinions indirectly through their purchase behavior to minimize the harmful effects and maximize the beneficial impacts to both the society and environment. The surveys made by Zadek (1997) suggested that 86% of British consumers preferred to buy the product related to ethical, social, or environmental issues. Cortese (2003) pointed out that 33 percent of U.S. adult population was concerned about social and environmental issues when making a purchase, including environmental pollution and the sweatshop issue in production.

Previous research also supported that consumers' purchase behaviors were influenced by both ethical and unethical company behavior (Creyer, 1997; Davidon, 1998; Cortese, 2003; Rudell, 2006; Bhaduri & Ha-Brookshire, 2011). The study from Hines and Ames (2000) showed that 68% of the European population purchased products from a company they viewed as ethical. Creyer (1997) found that consumers preferred to use monetary sacrifice level to show their attitude toward company's ethical behavior. Consumers would award the ethical company with the desire to pay a premium for the company's product. Similar results were found in more recent research; i.e. consumers are willing to pay more for the products with ethical information (Hiscox and Smyth, 2007; Hustvedt & Bernard, 2008; Aspers, 2008; Hustvedt & Bernard, 2010). Meanwhile, Creyer (1997) also pointed out that consumers would buy the products from an unethical company, but "punish" the company with a lower price.

### **Insufficient Information for Consumers**

Limited ethical profiles for companies are available to consumers (Dickson, 2000; Shaw & Duff, 2002; Tomolillo & Shaw, 2004; Pelsmacker & Janssens, 2007). Insufficient information flow and opaque business operations may create consumers' suspicion and distrust about the product and company, thus forming a barrier for consumers' purchase predisposition.

Ethical issues regarding the apparel industry are given considerable attention by the public. In light of the highly globalized and fragmented routine of the industry, and the multiple countries and huge numbers of subcontract of factories that are involved in the apparel manufacturing process, it is unrealistic for consumers to assess the real work conditions in the overseas factories and monitor the company's ethical or unethical

behavior directly (Dickerson, 1982; Dyer & Ha-Brookshire, 2008; Bhaduri & Ha-Brookshire, 2011). Also, in light of limited resources and budgets, few companies offer detailed information about their manufacturing or logistics to consumers (Ha-brookshire, 2012). Consequently, a claim for transparency emerged.

### **Transparency**

According to Mitchell (1998), transparency refers to information demand, consumers' ability to assess information, and the actual released information by company and NGOs to the public. Ball (2009) gauged transparency as "the more open and easier it is for the public to obtain information, the greater the transparency" (P 298).

Transparency in this study focuses on corporate behavior rather than the financial aspect. According to Global Transparency Index (2011), transparency was a tool to inform the public about the companies' performance. It was a statement of commitment to sustainability, a demonstration of serious intent and an invitation for stakeholders to review and react.

In the business field, transparency in the supply chain is paid utmost attention (Singh et al, 2008). According to the Council of Supply Chain, the supply chain is the process that encompasses the planning and management of all activities involved in sourcing and procurement, collaboration with channel partners, which can be suppliers, intermediaries, third-part service providers, and consumers. In other words, the supply chain is the channel to connect companies and consumers together directly.

Consumers' interest regarding transparent supply chains has been intensive for a long time (Waddock, 2004; Bansal & Kistruck, 2006, Singh et al, 2008). Since the mid-

20<sup>th</sup> century, U.S. consumers began to request more sourcing information regarding retailers and the companies' codes related to the product (Co-op America Quarterly, 1994; Consumer Report, 1999; Holsterin, 1996; Halbfinger, 1997). Consumers are concerned about where and how the products are designed, manufactured and transported (Singh et al., 2008). Previous studies found that the transparency level of a supply chain did affect consumers' consumption. Vaccaro and Madsen (2009) found that the information transparency increased the value perception of consumers about the related product. Consumers were more positive about the brands with transparent business practice and were more willing to purchase from those brands rather than the nontransparent ones (Lafferty & Goldsmith, 1999; Eggert & Helm, 2003; Pagano, 2004; Viso, 2009). In addition, consumers were less price resistant to quality product with transparent information (Lennon & Fairhurst, 1994).

In the apparel industry, transparency is also an important topic (Kingsolver, 2007, Singh et al, 2008). The information about sustainable supply chain operations influences consumers' evaluation of products and purchase intention (Bhaduri & Ha-Brookshire, 2011). As mentioned above, consumers are concerned about where and how the products are designed, manufactured and transported (Singh et al., 2008). In this study, the sweat labor issue and manufacturing origin are discussed.

### **Labor Issue in Supply Chain**

Sweatshop issues in apparel manufacturing recently shocked the public again. A series of tragedies happened in September 2012 that sounded the warning to both apparel companies and common consumers. Either the fatal fires in markets and factories in Pakistan (CNN, 2012), or the strikes in Bangladesh (Just-style, 2012) remind the public

that the guarantee for offering a healthy work situation for the apparel manufacturing worker is extremely urgent. The sweatshop labor issue in apparel industry has been much maligned for a long time (Claxton & Ritchie, 1979; Emmelhainz & Adams, 1999). Children labor, overtime work, sexual or physical harassment and unreasonable wages are all viewed as sweatshop issues (Firoz & Ammaturo, 2002; Ross, 2004; Smithsonian Institution, 1998). The fragmented structure, international sourcing and the market demand for low priced, fast fashion in the apparel industry fueled the reemergence of apparel production sweatshops in contemporary society (Cheek & Moore, 2003). Furthermore it is unrealistic to believe that sweatshops can be eliminated in the apparel industry which keeps expanding and sourcing in underdeveloped countries (Rudell, 2006).

Nonetheless, consumers remain concerned about the sweatshop issues in the apparel industry (Greentohouse, 2000). Consumers' awareness about the relationship between consumer consumption choices and the impact on the workers' situation is rising. A survey conducted by the U.S. National Consumer League in 1999 showed that 61% of participants were concerned whether the use of sweatshops or child labor was used in the product manufacturing process (Harris, 1999). The Marymount survey (1999) found that 78% of participants were not willing to purchase a product made in sweatshop. A survey of British adult consumers in 2005 revealed that 96% of males and 88% of females showed awareness about the child labor issue in the apparel industry (Iwanow et al, 2005). In addition, Singer (2012) pointed out that company shareholders were highly concerned about the labor standard in the apparel global supply chain, especially for the manufacturing process.

As mentioned above, consumers have insufficient access to the information related to labor standards in the apparel supply chain (Dickson, 2000; Burnett& Mahon, 2001; Shaw& Duff, 2002; Tomolillo& Shaw, 2004). Consequently, the sweatshops free label may be an effective tool to disclose the product's manufacturing situation to consumers (Dickson, 2001).

### **Sweatshop Free Label**

Previous studies have supported the idea of a sweatshop free label. For example, a poll conducted by the National Consumers league (1999) suggested that if there was a label on a product to show that it was made without sweatshop labor, more than 77% of respondents were very or somewhat likely to look for it, and 55% of respondents would pay a premium for a product with such a label. The Marymount survey (1999) found that 56% of participants expressed their preference to be informed about labor situations in manufacturing by a label. The survey also supported that U.S. consumers are willing to pay a premium if they know the product was made ethically. Fifty-percent of UK consumers were also found to require more ethical information on the label to guide them in their purchase decision (MARR study, 2000).

Sweatshop free information, one of the extrinsic information cues, helps consumers to gain insight into how the apparel was manufactured (Hilowitz, 1997; Dickson, 2001). Information related to ethical issues influence consumers' beliefs, attitudes and behavior during the consumption process (Shaw & Shiu, 2000; Pelsmacker & Janssens, 2007). Sweatshop free information may also influence consumers accordingly.



The apparel label is used to show the mandated information, such as fiber content or country of origin to consumers. It is also able to serve as a platform to deliver the ethical information to consumers (Baker, 2002; Thomas, 2008; Hyllegard et al., 2012). Previous research showed that consumers are easily influenced by precise, clear and factual information (Baker, 2002; University of Delaware's sustainable apparel initiative, 2009; Hyllegard et al, 2012). In other words, the quality rather than the quantity of information may affect consumers' product evaluation and buying behavior (Pelsmacker and Janssens, 2007). As a result, sweatshop free label may be a good choice to convey the "No sweatshop labor" information to consumers.

Compared with the previous research, recent findings show the increasing desire for social labeling and hang tags on consumer's product evaluation and purchase behavior. Previous researchers found that some consumers may feel sympathy to the sweatshop free labeling, however for most consumers, other product attributes may be more salient (Dickson, 2001; Prasad et al., 2004; Iwanow et al., 2005). Dickson (2001) pointed out that social awareness consumers were more conscious about the No Sweatshop label. In her study, only 16% of the participants were defined as no sweatshop label user. For this group of consumers, nevertheless, the no sweatshop label played a dominant role in purchase decision making. Recent studies suggested that consumers showed a greater predisposition and willingness to pay a higher price for the product tagged with the labor-related information label or eco-friendly label (Hiscox & Smyth, 2007; Hustvedt & Bernard, 2008; Hustvedt & Bernard, 2010; Hyllegard et al. 2012). For example, in the study from Hyllegard et al. (2012) about consumers' evaluation regarding social hang tags and the affective word gained from social hang tags, 764 adult consumers

from 39 states were involved. According to the results, about 60% of the participants' shopping decisions were positively affected by the social hang tags. Rudell (2006) also support the idea that social labels were more effective in helping with consumers' purchase decision than a list of ethical stores or companies. As result, the value for the sweatshop free label to consumers' product evaluation and purchase intention may have also increased.

### **Country of Manufacture**

Country of origin information is mandatory for each apparel product sold in the U.S. Today's consumers are concerned about where and how the products are designed, manufactured and transported (Singh et al., 2008). An increasing number of consumers are interested in country of origin information (Hugstad & Durr, 1986). Country of origin, acts as an extrinsic cue, and helps consumers to assess the information about the labor resources and situation. Meanwhile, the label for country of origin helps consumers to avoid fraud and deception in the purchase process (Ha-Brookshire, 2012).

Previous studies showed different dimensions of country of origin, such as country of design, country of assembly, country of component parts manufactured, and country of manufacturing for the final product (Samiee, 1994; Inch & McBride, 1998; Essoussi & Merunka, 2007). In this study, country of origin represents the country that manufactured (COM) the final product, which corresponds with the U.S. apparel labeling requirement.

The effect for country of origin on consumer product preference has been discussed for a long time in the marketing literature (Chao, 1989; Samiee, 1987). The

effect for country of origin refers to how the country of origin information influences consumers' opinion regarding the quality of a product (Han & Terpstra, 1988; Dardis et al., 1985). Both Sternquist & Davis (1986) and Norum & Clerk (1989) found that country of origin was not related to garment objective quality or perceived quality directly. However, most of the published studies take the opposing point of view. It influences consumers' perceived quality of the product, value perception and purchase intention, especially among social conscious consumers (Bilkey & Nes, 1982; Samiee, 1994; Dimara & Skuras, 2005). For example, country of origin was viewed as an useful extrinsic information cue for consumers to evaluate the quality and value of apparel products (Schooler, 1965; Gaedeke, 1973; White & Cundiff, 1978; Papadopoulos & Heslop, 1993; Tse & Lee, 1993; Ulgado & Lee, 1993; Elliott & Cameron, 1994; Samiee, 1994; Iyer & Kalita, 1997). Previous studies found that products made in different countries are valued unequally (Bannister & Saunders, 1978; Krishnakuma, 1974; Reiersen, 1966). A majority of U.S. consumers believed that higher quality was associated with developed countries, and thus, showed preference for the developed country made apparel (Dickerson, 1982; Wall & Heslop, 1986). Meanwhile, consumers rated the products from developing countries as lower quality (Lillis & Narayana, 1974; Bannister & Saunders, 1987; Nes & Bilkey, 1993; Iyer & Kalita, 1997). There is a positive relationship between product evaluation and degree of economic development (Krishnakuma, 1974; Schooler, 1971; Wang 1978). For perceived value, the results from Iyer and Kalita's study (1997) showed that consumers' perceived value were significantly different for the products manufactured in developed countries, new developing industry countries and developing countries, especially for the fashion product which required low

technology skill. A similar result was found by the study of Ha-Brookshire (2012): consumer valued U.S. (developed country) made apparel more than the apparel made in China (developing country), even though the fiber in both garments was produced in United States.

### **Price**

Price represents the monetary sacrifices a consumer makes to obtain a product (Zaeithaml, 1988). It is an important extrinsic cue for consumers to evaluate the product quality, value and their purchase behavior (Riesz, 1978; Bishop, 1984; Veale & Quester, 2009). In the study from Norum and Ha-Brookshire (2011), price was the most important variable in predicting preferences for cotton apparel products across respondents. Price and quality are the priority concern rather than the information transparency for the consumers (Bhaduri & Ha-Brookshire, 2011).

Some studies support the notion that price is a surrogate indicator for quality when consumers have limited knowledge or inadequate intrinsic cues information about this product (Woodside, 1974; Sproles, 1977; Sternquist & Davis, 1986; Zaeithaml, 1998; Veale & Quester, 2009). However, some researchers suggested it may not always be a positive relationship between price and perceived quality when more extrinsic cues are available (Dodds et al., 1991; Zaeithaml, 1988). In the context of online shopping, Chen and Dubinsky (2003) found certain external cues, such as e-retailer reputation and online experience, have a positive relationship with perceived quality rather than price.

Previous studies also found, even though, the quality is great, consumers will decrease the perceived value based on the higher price (Dodds et al., 1991; Zeithaml,

1988). Korgaonkar and Wolin (1999) pointed out most of the online consumers are price sensitive consumers. Seeking the best price is one of the major motivations for online shopping. So price can be viewed as an essential predictor for perceived quality, value and purchase intention in the online shopping context.

### **Research Objects**

The previous studies provide a strong theoretical argument that the consumer knowledge of the country of manufacture and a sweatshop free label relates positively to consumers' quality perception and purchase intention. For the country of manufacture, a product made in a developed country is viewed as being of a higher quality than the product made in a less developed country. For the sweatshop free label, consumers preferred the product labels with ethical information and were willing to pay a higher price to, in effect, reward the manufacturers of the ethically produced product. Few previous studies have focused on the effect when both of these two attributes are present. It is understandable. Comparing these two product attributes with the other intrinsic product attributes, for instance, objective quality and aesthetic value, the question of relative weight in the decision process is difficult to ascertain. However, when the intrinsic information cues are limited or it is hard to distinguish between products with the available information, consumers may use extrinsic information cues, such as country of origin and the sweatshop free information as an important quality and value index.

Both the country of manufacture and sweatshop free information are extrinsic cues. Consumers were inclined to use extrinsic cues rather than intrinsic cues to infer the perceived quality of a product (Bolton & Drew, 1991; Richardson et al., 1994). It is also supported in the online shopping context. As mentioned above, product attribute cues that

influence a consumer's perception of quality in the online shopping context are primarily extrinsic cues. Meanwhile, with the popularity and development of sustainability and transparency, an increasing number of consumers are concerned about where and how the product was made. Thus, I assume the information of country of manufacture and sweatshop free may influence consumers' perceived quality, perceived value and purchase intention in online context. However, few studies have tested these effects simultaneously. Additionally, previous research showed that consumers perceived concise and accurate relevant information as useful. If too much information or choices are offered, the shopping experience of consumers may be viewed as unpleasant (Jacoby, 1984; Garbarino & Edell, 1997; Moon & Frei, 2000). As a result, concise and accurate relevant information in online shopping is identified as essential to foster a pleasant purchase experience (Chen & Dubinsky, 2003). Thus, I assume that the extrinsic attribution cues presented in a concise way (label) may influence consumers' perceived quality, perceived value and purchase behavior in the online shopping context.

*My research goal is to understand how the label of country of manufacturing and the label of sweatshop free at different price levels influence consumer perception of product quality, value and purchase intention regarding apparel products in the online shopping context. Other apparel attributes, such as color, style and performance are assumed to meet consumer needs and will be held constant. Price is involved as one of the independent variables to reflect consumer' price concern and evaluate the tradeoffs for consumers between conscious attributes and monetary sacrifice.*

### **Research Hypothesis**

From the above discussions on the impacts of price, country of manufacture and sweatshop free labels on the perceptions of quality, value and purchase intention, I propose, and will test the hypotheses as stated below:

*H1: Perceived quality will be affected by the different combinations of country of manufacture, sweatshops free label and price.*

*H2 A product made in a developed country has higher perceived quality than the product made in a developing country.*

*H3 A product with high price has higher perceived quality than the product with low price.*

*H4 A product with a sweatshop free label has higher perceived quality than the product without a sweatshop free label.*

*H5 Perceived value will be affected by the different combinations of country of manufacture, sweatshops free label and price.*

*H6 A product made in a developed country has higher perceived value than the product made in a developing country.*

*H7 A product with high price has lower perceived value than the product with low price.*

*H8 A product with a sweatshop free label has higher perceived value than the product without a sweatshop free label.*

*H9 Purchase intention will be affected by the different combination of country of manufacture, sweatshops free label and price.*

*H10 A product made in developed country has higher purchase intention than the product made in developing country.*

*H11 A product with high price has lower purchase intention than the product with low price.*

*H12 A product with a sweatshop free label has higher purchase intention than the product without a sweatshop free label.*



## CHAPTER III: RESEARCH METHODOLOGY

Chapter III provides the following sections: (a) Research Design, (b) Sample Information, (c) Research Instruments and Internal Validity, (d) Pilot Test, (e) Data Collection, (f) Data Analysis, and (g) Empirical Model

### Research Design

#### *2\*2\*2 subject, randomized online experimental design*

A 2\*2\*2 online experiment was designed for this study. The independent variables were country of manufacture (Italy and Bangladesh), price (high and low), and sweatshop free label (absent and present). All of the independent variables were between group variables. The between-subject method was chosen to reduce the possibility of subject sensitization to the different stimuli. To minimize the possible fatigue and repetition effects, a short questionnaire was administered.

Multiplying the number of levels of each product attribute (2\*2\*2), 8 fictitious product description web pages, which closely mimic real online retail webpages, were created to display different attribute combinations of the products to participants. The image of the product, detailed product attributes (e.g. color choice, style description, garment fit and shipping information, etc.) remained consistent for each webpage. Brand name was not available to participants to avoid potential brand bias. Different combinations of the information of country of manufacture, price and sweatshop free label were applied for each webpage. Table 3.1 shows the manipulation sets and Figure 3.1 shows one set of the fictitious apparel retail webpage.

#### **Table 3.1**

## Manipulation sets

| Country of manufacture | Price      | Sweatshop free label |
|------------------------|------------|----------------------|
| Bangladesh             | High price | Label absent         |
|                        |            | Label present        |
|                        | Low price  | Label absent         |
|                        |            | Label present        |
| Italy                  | High price | Label absent         |
|                        |            | Label present        |
|                        | Low price  | Label absent         |
|                        |            | Label present        |

Figure 3.1

Fictitious web page for low price product made in Bangladesh with sweatshop free label

The screenshot shows a product page for 'Slim Jean' priced at \$19.80. The page features a navigation bar with categories like 'WOMEN', 'MEN', 'FOOTWEAR', 'CHILDREN', 'HOME', and 'SALE'. A breadcrumb trail indicates the product is under 'POCKET PANT'. The main image shows a pair of dark denim jeans with a 'MADE IN BANGLADESH' and 'SWEATSHOP FREE' label overlaid. The product details include a list of features: button fly, dual ringspun, redline selvage id line, 100% cotton yarn dyed indigo denim, and wash inside out. There is a size selection dropdown, a quantity selector set to 1, and social sharing options for Facebook, Google+, and Pinterest. At the bottom right, there are buttons for 'ADD TO SHOPPING BAG', 'Eligible for FREE 2-Day Shipping by ShopRunner', 'SHARE THIS ITEM', and 'ADD TO WISH LIST'.

A 100% cotton yarn dyed indigo denim jeans was chosen as the sample apparel product in this experiment. The denim jeans are a common apparel category without a

great deal of styling variations, and the style category is popular with both males and females. This product category also offers considerable price variation. As a result, choosing the jeans as the sample product would decrease the possible gender bias in different price ranges for this experiment.

The two countries of manufacture are Italy and Bangladesh. Italy was chosen to represent the developed country, and Bangladesh represented the developing country. A pretest was employed to identify consumers' perception of the apparel products from nine countries that covered the majority of apparel manufacturing countries for the U.S. market. A 5-point scale was used which 1 represented the very poor perception, and 5 represented the very good perception. ANOVA was used to analyze the data. The results showed that there were statistically significant differences in means of apparel products' perception among those nine countries ( $F(8,388) = 10.19, p = .000$ ). Post hoc mean comparisons, using the Tukey HSD, revealed fifteen out of the thirty-six pair means comparisons were significantly different. Particularly, the largest mean difference existed between the products made in Italy and the products made in Bangladesh (Mean difference = 1.09,  $p < .001$ ). Table 3.2 shows the results of Post hoc analyses. Both of these two countries are heavily involved in the apparel industry. The recent tragedy that happened in the Bangladesh apparel industry brought public attention to this country. Italy, on the other hand, has not received any recent censure about labor issues. Therefore, choosing Italy and Bangladesh were realistic with the current situation. Survey questionnaires are in Appendix C.

### **Table 3.2**

#### **Results of Post Hoc product evaluation mean difference analyses**

|    | CN    | IN     | KP     | BD      | TR    | IT      | MX      | VN      | US     |
|----|-------|--------|--------|---------|-------|---------|---------|---------|--------|
| CN |       | .25    | .06    | .54**   | .00   | .55**   | .45     | .46     | .32    |
| IN | .25   |        | .20    | .29     | .25   | .80***  | .20     | .21     | .57**  |
| KP | .06   | .20    |        | .49*    | .05   | .60***  | .40     | .41     | .37    |
| BD | .54** | .29    | .49*   |         | .54** | 1.09*** | .09     | .08     | .86*** |
| TR | .00   | .25    | .05    | .54**   |       | .55**   | .45     | .46     | .32    |
| IT | .55** | .80*** | .60*** | 1.09*** | .55** |         | 1.00*** | 1.00*** | .23    |
| MX | .45   | .20    | .40    | .09     | .45   | 1.00*** |         | .01     | .77*** |
| VN | .46*  | .21    | .40    | .08     | .46   | 1.01*** | .01     |         | .78*** |
| US | .32   | .57**  | .37    | .86***  | .32   | .23     | .77***  | .78***  |        |

\* $p < 0.1$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$

Two price levels, high and low, were manipulated as actual retail values for jeans (\$98 and \$19.80). The prices were derived from the average price of the jeans in today's apparel marketplace. Lacoste, Ralph Lauren, True Religion and Tommy Hilfiger represented high price brands, while Hollister, Buckle, and American Eagle represented the moderate and low price brands.

The two levels of sweatshop free label were a product with sweatshop free label and a product without sweatshop free label. In light of the fact that sweatshop free is not a mandatory label for U.S. apparel products, absence of the label was selected as the alternate level. Thus, the two alternatives for this category were: sweatshop free label, and no statement at all.

### Sampling Information

An online experiment was employed in this study to determine how the labeling of country of manufacturing, and sweatshop free, at different price levels influence consumers' perceptions of product quality, product value and purchase intention regarding the apparel products in an online shopping context. After receiving the approval from the University of Missouri Institutional Review Board, experiment

participants were recruited through advertisements in the university news media at the University of Missouri – Columbia (MU Info). The total number of respondents was 706.

### **Research Instruments and Internal Validity**

In the questionnaire, previous online shopping experience and attitudes toward online shopping were asked in the first section. The second section of the questionnaire contained the measurement of perceived quality, perceived value and purchase intention toward the sample product of this experiment. Then demographic questionnaire was asked to complete at last.

**Perceived quality:** The multiple items for perceived quality were adapted from J. Kim (2010). The items were measured on a 7-point Likert scale. The indicators were assessed by correlation analysis, factor analysis, and Cronbach's alpha. The reliability of the scales was 0.80.

**Perceived value:** Perceived value was measured using the multiple items measurement developed by Dodds, Monroe and Grewal (1991). According to Dodds et al (1991), perceived value was operationalized in relation to monetary exchange, rather than intrinsic worth, or desirability. The items were measured on a 7-point scale. The values of coefficient alpha were 0.93 for perceived value (average inter-item correlations 0.73 and 0.72).

**Purchase intention:** Purchase intention was measured by using a 2 item measurement adapted from Hyllegar, Yan, Ogle and Lee (1999). The items were measured by a 7-point Likert scale. Participants were asked (a) if they will purchase the product and (2) if they will recommend the product to their friends. Items were averaged

to create an aggregate measure of purchase intention. The reliability of the scales was 0.96. Survey questionnaires are in Appendix A.

### **Pilot Test**

A pilot test was conducted to ensure the reliability, and validity of the adapted scales, and that the appropriate words were used in the experiment. Twenty graduate students from different departments in the University of Missouri were invited to participate in the pilot test. Participants in the pilot tests were excluded from the main data collection. The order and wording for two of the questions were adjusted for clarity.

### **Data Collection**

Data were collected between March 6, 2013 and March 31, 2013. Participants were recruited by a survey recruitment posted on the Internet public media of the University of Missouri-Columbia (MU Info). A link to the questionnaire was included in the announcement. When participants clicked the link, they were randomly assigned to one of eight stimuli groups. The number of participants for each group was kept approximately equal. Participants were unaware that they were involved in an experiment rather than a survey. This helped the researcher to elicit authentic responses from participants. Each participant was required to read a consent form before taking survey. Participants were allowed to withdraw from the experiment or refuse to answer a question at any time during the survey. Meanwhile, they were also assured that the study posed no risks and that data collected would be totally anonymous. Then, they were asked to fill out the first part of the questionnaire about their past online shopping experiences and then attitudes toward online shopping. In each group, participants were

exposed to a fictitious website displaying a sample apparel product (jeans) and were asked to complete questions in each section. The whole experiment session lasted approximately ten minutes.

### **Data Analysis**

SAS was used for the data analysis in this study. Mean differences in male and female participants were tested using the independent sample t-tests. For the descriptive analysis of demographic information, frequencies and percentage were computed. Ordinary Least Square regression was used to test the hypotheses presented in Chapter II. OLS regression is a “generalized linear modeling technique that may be used to model a single response variable which has been recorded on at least an interval scale. The technique may be applied to single or multiple explanatory variables and also categorical explanatory variables that have been appropriately coded” (Hutcheson, 2011, p. 224,). All variables are assumed to be normally distributed. All the variables in this study meet these requirements, thus OLS regression analysis is an appropriate statistical technique for data analysis.

#### *Dependent variables*

Perceived quality, perceived value and purchase intention are the dependent variables. Item scores for each dependent variable were averaged to construct the variable score.

#### *Independent variables*

Country of manufacture, price, sweatshop free label, and a three-way interaction of those factors are the predictors in this study. The independent variables are categorical

variables rather than continuous variables. Thus, they must be entered into the regression equations as dummy variables. For dummy variables, one of the categories is omitted from the estimation, and it will serve as the comparison category when interpreting the results (Suits, 1957).

*Country of manufacture.* Country of manufacture was coded as a “1” if the product was made in Bangladesh, and a “0” otherwise. In this study, Bangladesh and Italy were the two levels of country of manufacture. Thus, Italy will serve as the comparison category in the results interpretation. It is hypothesized that products made in Bangladesh have lower perceived quality (*H2*), lower perceived value (*H6*) and lower purchase intention (*H10*) than the product made in Italy

*Price.* Sample products have two price levels (high and low) in this study. Thus, this dummy variable was coded as a “1” if the price is high, and a “0” if the price is low. It is hypothesized that high price will be positively related to perceived quality (*H3*), and negatively related to perceived value (*H7*) and purchase intention (*H11*).

*Sweatshop free label.* Attaching a sweatshop free label with the sample product was coded as a “1”, and a “0” if the sweatshop free label is absent. It is hypothesized that attaching a sweatshop free label will promote consumers’ perceived quality (*H4*), perceived value (*H8*) and purchase intention (*H12*) on the sample products.

*Interaction effect for country of manufacture, price and sweatshop free label.* Interaction effect is “the differing effect of one independent variable on the dependent variable, depending on the particular level of another independent variable” (Cozby, 1997; p.314). In this study, the interaction effect was defined as the function of sweatshop free



label which depends on the different combinations of country of manufacture and price.

The interaction effect was measured in the multiplication of the codes for those three independent variables (country of manufacture (C)\*price (P)\*sweatshop free label (S)).

Table 3.3 shows the interaction effect codes for the 8 stimuli.

**Table 3.3**

**Interaction effect codes**

|  | <b>C</b> | <b>P</b> | <b>S</b> | <b>C*P*S</b> |
|--|----------|----------|----------|--------------|
| <b>Bangladesh/Low price/ No label</b>    | 1        | 0        | 0        | 0            |
| <b>Bangladesh/Low price/ With label</b>  | 1        | 0        | 1        | 0            |
| <b>Bangladesh/High price/ No label</b>   | 1        | 1        | 0        | 0            |
| <b>Bangladesh/High price/ With label</b> | 1        | 1        | 1        | 1            |
| <b>Italy/High price/ No Label</b>        | 0        | 1        | 0        | 0            |
| <b>Italy/High price/ With label</b>      | 0        | 1        | 1        | 0            |
| <b>Italy/Low price/ No label</b>         | 0        | 0        | 0        | 0            |
| <b>Italy/Low price/ With label</b>       | 0        | 0        | 1        | 0            |

**Empirical Model**

The general form of the ordinary least squares regression equation estimated is:

$$Y = a + b_1 * C + b_2 * P + b_3 * S + b_4 * (C * P * S) + e$$

Where:

Y= Dependent variables

C= Country of manufacture

P=Price

S=Sweatshop free label

C\*P\*S= Interaction of country of manufacture, price, and sweatshop free label

$a$  = The intercept

$b_i$  = Regression coefficient

$e$  = Error term

For a continuous variable, the coefficient ( $b_i$ ) produced by the OLS regression can be interpreted as follows: on average, holding other factors constant, a one unit change in the independent variable results in a  $b_i$  unit change in the dependent variable. For categorical variables that coded as 0 or 1, the coefficients ( $b_i$ ) represent the difference between the categories with respect to the dependent variable.

## CHAPTER IV: RESULTS

Chapter IV provides the following sections: (a) Description of the Sample, (b) Means Difference between Male and Female, (c) Means in Perceived Quality, Perceived Value and Purchase Intention, (d) Hypotheses Testing, and (e) Summary of Results

### Description of the Sample

A total of 706 participants were recruited for this study. Twenty-two of the 706 participants were excluded due to missing data and 54 more had to be removed because they had never purchased online. This resulted in a total of 630 usable responses for this experiment. The final sample consisted of 63 (10%) males and 567 (90%) females.

Approximately half of the participants were between 18 and 24 years old (48.3%). With respect to ethnicity, 533 were Caucasian, non-Hispanic (84.6%), 27 African-American (4.3%), 18 Hispanic (2.9%), 39 Asian (6.2%) and 11 others (1.7%). Out of 630, 390 (61.9%) participants had attained a university education. A little over half of the sample (50.5%) were employed and the most of the remaining were students (45.7%).

Approximately half of the sample (55.2%) was single and never married. Given the large percentage of the sample that was students, nearly one-third (27.8%) had an annual income of under \$15,000. A breakdown of the demographic characteristics is shown in Table 4.1.

**Table 4.1**

#### Survey respondents' demographic characteristics

| Variable   | Frequency | Percentage |
|------------|-----------|------------|
| <b>Age</b> |           |            |
| 18 to 24   | 304       | 48.3%      |

|                                     |     |       |
|-------------------------------------|-----|-------|
| 25 to 34                            | 132 | 21%   |
| 35 to 44                            | 73  | 11.6% |
| 45 to 54                            | 64  | 10.2% |
| 55 to 64                            | 50  | 7.9%  |
| Above 64                            | 5   | 0.8%  |
| <b>Race/Ethnicity</b>               |     |       |
| Caucasian, non-Hispanic             | 533 | 84.6% |
| African-American                    | 27  | 4.3%  |
| Hispanic                            | 18  | 2.9%  |
| Asian                               | 39  | 6.2%  |
| Other                               | 11  | 1.7%  |
| <b>Education</b>                    |     |       |
| High school                         | 207 | 32.9% |
| Technical, trade or two year school | 32  | 5.1%  |
| College                             | 259 | 41.1% |
| Graduate school                     | 131 | 20.8% |
| <b>Employment</b>                   |     |       |
| Not employed                        | 15  | 2.4%  |
| Employed                            | 318 | 50.5% |
| Student                             | 288 | 45.7% |
| Retired                             | 1   | 0.2%  |
| Other                               | 7   | 1.1%  |
| <b>Marital</b>                      |     |       |
| Married                             | 190 | 30.2% |
| Partnership, not married            | 44  | 7.0%  |
| Single, never married               | 348 | 55.2% |
| Divorced or widowed                 | 43  | 6.8%  |
| <b>Income</b>                       |     |       |
| Under \$15,000                      | 175 | 27.8% |
| \$15,000 to under \$24,999          | 40  | 6.3%  |
| \$25,000 to under \$34,999          | 65  | 10.3% |
| \$35,000 to under \$44,999          | 49  | 7.8%  |
| \$45,000 to under \$54,999          | 51  | 8.1%  |
| \$55,000 to under \$64,999          | 40  | 6.3%  |
| \$65,000 to under \$74,999          | 40  | 6.3%  |
| \$75,000 to under \$99,999          | 52  | 8.3%  |
| \$100,000 to under \$149,999        | 64  | 10.2% |
| \$150,000 or over                   | 35  | 5.6%  |

---

**Sample size = 630**

With respect to purchase frequency, approximately one-half of the sample (50.6%) purchased apparel products online more than 2 times in the past 6 months, and more than eighty percent (85.4%) had spent, on average, less than \$100 for each apparel purchase.

More than half of the sample (57.8%) returned apparel bought on line. More information about their online shopping experience is shown in Table 4.2.

**Table 4.2**

**Descriptive results of online purchase experience**

| <b>Questions</b>  | <b>Frequency</b> | <b>Percent</b> |
|---|------------------|----------------|
| <b>How many times have you purchased clothes online in the past six months?</b> |                  |                |
| Less than 2 times   | 311              | 49.4%          |
| 3 to 5 times  | 208              | 33%            |
| 6 to 7 times  | 68               | 10.8%          |
| 8 times or more   | 41               | 6.5%           |
| <b>What is your average expenditure when shopping for clothes online?</b>       |                  |                |
| \$10 to 49  | 294              | 46.7%          |
| \$50 to 99  | 244              | 38.7%          |
| \$100 to 149  | 75               | 11.9%          |
| \$150 above   | 14               | 2.2%           |
| <b>Have you ever returned any clothes you purchased online?</b>                 |                  |                |
| Yes   | 364              | 57.8%          |
| No  | 266              | 42.2%          |

**Sample size = 630**

The attitude towards online shopping was measured by a 5-point Likert scale where 1 represented “strongly disagree” and 5 represented “strongly agree.” The results indicated that, on average, participants had a positive attitude towards online shopping, as shown in Table 4.3 for the means of each item in this section.

**Table 4.3**

**Results of online shopping attitude survey**

| <b>Questions</b>                            | <b>Means</b> |
|---|--------------|
| It provides easy access to information      | 4.15         |
| I can purchase goods at any time of the day | 4.44         |

|  |      |
|--|------|
| It provides comprehensive information                        | 3.86 |
| I can order things from distant places                       | 4.20 |
| I can get better prices                                      | 4.22 |
| I can choose from a greater variety of models of the product | 4.27 |
| I can purchase goods and services faster                     | 3.92 |
| <hr/>  |      |
| <b>Sample size = 630</b>                                     |      |

### **Means Difference between Male and Female**

For consistency, and ease of interpretation, question 22 and 23 in the questionnaire and regarding perceived value were reverse coded. Therefore, for the revised 7-point scales were where 1 represented “very uneconomical” and 7 represented “very economical”. As a result, all of the questions now measured higher perceived quality, higher perceived value and higher purchase intention as a high number, and vice versa. Independent sample t-tests were used to compare the means of three dependent variables between male and female participants. This was done to determine whether the data for males and females should be analyzed separately. The significant differences would support two separate analyses. Results of the t-test indicate that there were no statistically significant differences for any of the three dependent variables (perceived quality, perceived value and purchase intention) between male and female participants. It means that both male and female participants’ perceived quality, perceived value and purchase intention of the sample apparel product in this experiment were similar. Thus, responses from both male and female were analyzed as one sample. Table 4.4 shows the results of the t-tests in details.

#### **Table 4.4**

#### **Independent sample T-tests for male and female participants**

| Variable                  | Gender | N   | Means | Levene's Test for Equality of Variances |      | t-test for Equality of Means |     |      |
|---------------------------|--------|-----|-------|---|------|------------------------------|-----|------|
|                           |        |     |       | F                                       | sig  | t                            | df  | sig  |
| <b>Perceived quality</b>  | male   | 63  | 4.49  | .628                                    | .428 | 1.232                        | 628 | .218 |
|                           | female | 567 | 4.32  |   |      |                              |     |      |
| <b>Perceived value</b>    | male   | 63  | 3.63  | .296                                    | .586 | -.587                        | 628 | .557 |
|                           | female | 567 | 3.77  |   |      |                              |     |      |
| <b>Purchase intention</b> | male   | 63  | 2.46  | 1.557                                   | .213 | -.949                        | 628 | .343 |
|                           | female | 567 | 2.66  |   |      |                              |     |      |

**Sample size=630**

### Means of Perceived Quality, Perceived Value and Purchase Intention

Means of the dependent variables: perceived quality, perceived value and purchase intention for all 8 profiles are provided in Table 4.5.

Perceived quality was measured using a 7-point Likert scale where 1 represented “strongly disagree” and 7 represented “strongly agree”. Based on the data, consumers perceived the high price apparel made in Italy with sweatshop free label ( $M = 4.73$ ,  $SD = 0.85$ ) as the highest quality and the high price apparel made in Bangladesh with sweatshop free label as the lowest quality ( $M = 4.21$ ,  $SD = 1.02$ ).

Perceived value was also measured on a 7-point scale. After data recoding, the revised 7-point scale was where 1 represented “very uneconomical” and 7 represented “very economical”. Based on the data, consumers perceived the low price apparel made in Bangladesh without sweatshop free label ( $M = 5.10$ ,  $SD = 1.08$ ) as the highest perceived value, while the high price apparel made in Bangladesh with sweatshop free label ( $M=2.45$ ,  $SD. = 1.32$ ) was perceived as the lowest value.

For purchase intention, a 7-point scale was used which ranged from 1 (definitely not) to 7 (definitely yes). Low price apparel made in Bangladesh with sweatshop free label (M =3.70, SD = 1.70) received the highest purchase intention and high price apparel made in Italy without sweatshop free label (M =1.75, SD = 1.16) was the lowest purchase intention.

**Table 4.5**

**Means and standard deviations of dependent variables**

|  | <b>Perceived<br/>Quality</b> | <b>Perceived Value</b> | <b>Purchase<br/>Intention</b> |
|--|------------------------------|------------------------|-------------------------------|
| <b>Bangladesh/Low price/<br/>No label<br/>(N=78)</b>   | 4.28<br>(SD=.1.20)           | 5.10<br>(SD=1.08)      | 3.24<br>(SD=1.58)             |
| <b>Bangladesh/Low price/<br/>With label<br/>(N=84)</b> | 4.37<br>(SD=1.01)            | 5.05<br>(SD=0.99)      | 3.70<br>(SD=1.70)             |
| <b>Bangladesh/High price/<br/>No label<br/>(N=75)</b>  | 4.31<br>(SD=0.92)            | 2.61<br>(SD=1.12)      | 1.81<br>(SD=1.02)             |
| <b>Bangladesh/High price<br/>With label<br/>(N=83)</b> | 4.21<br>(SD=1.02)            | 2.45<br>(SD=1.32)      | 1.90<br>(SD=1.32)             |
| <b>Italy/High price/<br/>No Label<br/>(N=79)</b>       | 4.31<br>(SD=0.94)            | 2.48<br>(SD=1.24)      | 1.75<br>(SD=1.16)             |
| <b>Italy/High price/<br/>With label<br/>(N=81)</b>     | 4.73<br>(SD=0.85)            | 2.56<br>(SD=1.20)      | 2.00<br>(SD=1.25)             |
| <b>Italy/Low price/<br/>No label<br/>(N=78)</b>        | 4.23<br>(SD=1.20)            | 4.82<br>(SD=1.13)      | 3.26<br>(SD=1.55)             |



|   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|
| <b>Italy/Low price/<br/>With label<br/>(N=72)</b> | 4.27<br>(SD=1.02) | 5.08<br>(SD=1.26) | 3.54<br>(SD=1.63) |
|---|-------------------|-------------------|-------------------|

**Sample size = 630**

### Hypotheses Testing

Three equations were estimated to examine the hypothesis for the three dependent variables in this study. Both regression coefficients and standardized coefficients are presented. It is usually difficult to compare the regression coefficients directly because the magnitude of  $b_i$  reflects the units of measurement of the predictor. Different predictors may have different units. Thus, it is “helpful to work with scaled regressor and response variables that produce dimensionless regression coefficients. These dimensionless coefficients are usually called standardized regression coefficients” (Montgomery et al., 2006, p.105). Both types of coefficients are shown in Table 4.6. In general, price was significant across all of the equations. Sweatshop free label was found to be significant for the perceived quality and purchase intention. The interaction effect (C\*P\*S) was significant for the perceived quality only.

#### *Perceived quality*

The result of the OLS estimation for perceived quality is presented in Table 4.6

**Table 4.6**

#### **Ordinary Least Squares regression, perceived quality, dependent**

| <b>Variable</b>               | <b>Parameter Estimate</b> | <b>Standardized Beta</b> |
|-------------------------------|---------------------------|--------------------------|
| Intercept                     | 4.2***<br>(SE = 0.09)     |                          |
| <i>Country of Manufacture</i> |                           |                          |

|                             |                        |        |
|-----------------------------|------------------------|--------|
| Bangladesh                  | -0.004<br>(SE = 0.09)  | -0.002 |
| Italy                       |                        |        |
| <i>Price</i>                |                        |        |
| High price                  | 0.191**<br>(SE = 0.09) | 0.092  |
| Low price                   |                        |        |
| <i>Sweatshop Free Label</i> |                        |        |
| With label                  | 0.187**<br>(SE=0.09)   | 0.090  |
| No label                    |                        |        |
| C*P*S                       | -0.358**<br>(SE=0.16)  | -0.117 |

---

\*p< .10, \*\*p< .05, \*\*\*p< .01.  
Adjusted R<sup>2</sup>=0.008

As seen in Table 4.6, no relationship between the perceived quality and country of manufacture was found, rejecting *H2*. Price was positively related to perceived quality. It means that holding the other variables constant, the high price product has 0.191 unit higher perceived quality than the low price product. The result supports *H3*. Sweatshop free label was also positively related to perceived quality. Thus, holding the other variables constant, the product attached with label has 0.187 unit higher perceived quality than the product without the label, supporting *H4*. The interaction effect (C\*P\*S) was negatively related with perceived quality. The result indicates that the function of sweatshop free label indeed depends on the different combinations of country of manufacture and price. *H1* was supported. To test the three-way interaction effect on each product profile, mean values of perceived quality in eight stimuli were calculated. Then, eight profiles were categorized into four pairs based on the sweatshop free label

declaration, and mean difference of perceived quality were calculated for each pair. Table 4.7 shows the means difference for each pair.

**Table 4.7**

**Means difference of perceived quality for each pair of product profile**

| Pair  | Product profile 1                        | Product profile 2                      | Mean difference         |
|-------|--|--|-------------------------|
| 1     | <i>Bangladesh /High price/With label</i> | <i>Bangladesh /High price/No label</i> |                         |
| Codes | C=1, P=1, S=1, C*P*S=1                   | C=1, P=1, S=0, C*P*S=0                 |                         |
| Value | $a + b_1 + b_2 + b_3 + b_4$              | $a + b_1 + b_2$                        | $b_3 + b_4$<br>(-0.171) |
| 2     | <i>Italy /High price/With label</i>      | <i>Italy /High price/No label</i>      |                         |
| Codes | C=0, P=1, S=1, C*P*S=0                   | C=0, P=1, S=0, C*P*S=0                 |                         |
| Value | $a + b_2 + b_3$                          | $a + b_2$                              | $b_3$<br>(0.187)        |
| 3     | <i>Bangladesh /Low price/With label</i>  | <i>Bangladesh /Low price/No label</i>  |                         |
| Codes | C=1, P=0, S=1, C*P*S=0                   | C=1, P=0, S=0, C*P*S=0                 |                         |
| Value | $a + b_1 + b_3$                          | $a + b_1$                              | $b_3$<br>(0.187)        |
| 4     | <i>Italy /Low price/With label</i>       | <i>Italy /Low price/No label</i>       |                         |
| Codes | C=0, P=0, S=1, C*P*S=0                   | C=0, P=0, S=1, C*P*S=0                 |                         |
| Value | $a + b_3$                                | $a$                                    | $b_3$<br>(0.187)        |

The result indicates that the sweatshop free label has approximately the same positive effect on the low price products made in Italy and Bangladesh, and the high price products made in Italy. However, for the high price products made in Bangladesh, attaching the sweatshop free label will decrease participants' perceived quality of those products.

***Perceived value***

The result of the OLS estimation for perceived value is presented in Table 4.8

**Table 4.8****Ordinary Least Squares regression, perceived value, dependent**

| <b>Variable</b>               | <b>Parameter Estimate</b> | <b>Standardized Beta</b> |
|-------------------------------|---------------------------|--------------------------|
| Intercept                     | 4.898***<br>(SE = 0.11)   |                          |
| <i>Country of Manufacture</i> |                           |                          |
| Bangladesh                    | 0.128<br>(SE = 0.10)      | 0.038                    |
| Italy                         |                           |                          |
| <i>Price</i>                  |                           |                          |
| High price                    | -2.421***<br>(SE = 0.11)  | 0.710                    |
| Low price                     |                           |                          |
| <i>Sweatshop Free Label</i>   |                           |                          |
| With label                    | 0.089<br>(SE=0.10)        | 0.026                    |
| No label                      |                           |                          |
| C*P*S                         | -0.243<br>(SE=0.18)       | -0.048                   |

\*p< .10, \*\*p< .05, \*\*\*p< .01.

Adjusted R<sup>2</sup>=0.530

As seen in Table 4.8, no relationship between the perceived value and country of manufacture was found, rejecting *H6*. Price was negatively related to perceived value.

This indicates that holding the other variables constant, the high price product has 2.421 unit lower perceived value than the low price product, which supports *H7*. The remaining predictors, sweatshop free label and the interaction effect (C\*P\*S), were not related to perceived value, rejecting *H8* and *H5*.

***Purchase Intention***

The result of the OLS estimation for purchase intention is presented in Table 4.9.

**Table 4.9****Ordinary Least Squares regression, purchase intention, dependent**

| <b>Variable</b>               | <b>Parameter Estimate</b> | <b>Standardized Beta</b> |
|-------------------------------|---------------------------|--------------------------|
| Intercept                     | 3.23 ***<br>(SE = 0.13)   |                          |
| <i>Country of Manufacture</i> |                           |                          |
| Bangladesh                    | 0.079<br>(SE = 0.13)      | 0.024                    |
| Italy                         |                           |                          |
| <i>Price</i>                  |                           |                          |
| High price                    | -1.514***<br>(SE = 0.13)  | -0.467                   |
| Low price                     |                           |                          |
| <i>Sweatshop Free Label</i>   |                           |                          |
| With label                    | 0.328***<br>(SE=0.13)     | 0.101                    |
| No label                      |                           |                          |
| C*P*S                         | -0.221<br>(SE=0.22)       | -0.046                   |

\*p< .10, \*\*p< .05, \*\*\*p< .01.

Adjusted R<sup>2</sup>=0.237

As seen in Table 4.9, no relationship between the purchase intention and country of manufacture was found, rejecting *H10*. Price was negatively related to purchase intention. It means that keeping the other variables consistent, the high price product has 1.514 unit lower purchase intention than the low price product, which supports *H11*. Sweatshop free label was positively related to purchase intention. Thus, holding the other variables constant, the product with sweatshop free label has 0.328 unit higher purchase intention than the product without sweatshop free label. *H12* was supported. The result also indicates that the interaction effect (C\*P\*S) was not related to purchase intention, rejecting *H9*.

## Summary of Results

This study has demonstrated that perceived quality, perceived value and purchase intention are influenced by country of manufacture, price, the absence or presence of a sweatshop free label and the interaction effect of those three variables, but to varying degrees. The results of this study are summarized in Table 4.10.

Country of manufacture didn't relate to any of the perceived quality, perceived value and purchase intention that rejected *H2*, *H6*, and *H10*. To the contrary, price had a statistical significant effect on all the dependent variables. For the perceived quality, the high price led to a higher perceived quality and vice versa. For the perceived value and purchase intention, the low price led to a higher value, while the high price led to a lower value. Based on the results, *H3*, *H7* and *H11* were supported. The sweatshop free label was positively related to the perceived quality and purchase intention, but not for the perceived value. Attaching a sweatshop free label promoted both the perceived quality and purchase intention for the sample product. Therefore, *H4* and *H12* were supported, and *H8* was rejected. The interaction effect (C\*P\*S) was related to perceived quality, but not perceived value and purchase intention. The results support hypothesis *H1*, but not *H5* and *H9*.

**Table 4.10**

### Summary of results

| Hypothesis   | Result   |
|--|----------|
| <u><i>H1: Perceived quality will be affected by the different combinations of country of manufacture, sweatshops free label and price.</i></u> | Accepted |

|  |          |
|--|----------|
| <i>H2 A product made in a developed country has higher perceived quality than the product made in a developing country.</i>            | Rejected |
| <b><u>H3 A product with high price has higher perceived quality than the product with low price.</u></b>                               | Accepted |
| <b><u>H4 A product with a sweatshop free label has higher perceived quality than the product without a sweatshop free label.</u></b>   | Accepted |
| <i>H5: Perceived value will be affected by the different combinations of country of manufacture, sweatshops free label and price.</i>  | Rejected |
| <i>H6 A product made in a developed country has higher perceived value than the product made in a developing country.</i>              | Rejected |
| <b><u>H7 A product with high price has lower perceived value than the product with low price.</u></b>                                  | Accepted |
| <i>H8 A product with a sweatshop free label has higher perceived value than the product without a sweatshop free label.</i>            | Rejected |
| <i>H9 Purchase intention will be affected by the different combination of country of manufacture, sweatshops free label and price.</i> | Rejected |
| <i>H10 A product made in developed country has higher purchase intention than the product made in developing country.</i>              | Rejected |
| <b><u>H11 A product with high price has lower purchase intention than the product with low price.</u></b>                              | Accepted |
| <b><u>H12 A product with a sweatshop free label has higher purchase intention than the product without a sweatshop free label.</u></b> | Accepted |

## **CHAPTER V: CONCLUSION**

Chapter V provides the following sections: (a) Summary of the Study, (b) Discussion of the Major findings, (c) Contributions and Implications, and (d) Limitations and Scope of Future Research

### **Summary of the Study**

Online shopping has developed rapidly in the recent decades as a popular retail channel, but in spite of its popularity, it does pose a unique problem for consumers: there is no way to physically inspect products. Without the ability to physical inspect products, consumers must rely primarily on the price, shopping experience and other extrinsic cues to make a purchase decision. Sustainability and transparency are increasing concerns to consumers. Thus, availability of information regarding where and how the products were made is becoming more important, especially for apparel marketing. The literature review suggests that country of manufacture and sweatshop free labels hold the potential to affect consumers' perceived quality, perceived value, and purchase intention for apparel products. This study sought to understand how the labels of country of manufacture and sweatshop free, at different price levels, influence consumer perceptions of quality, value and purchase intention regarding apparel products in the online shopping context.

For this study, each of the independent variables has two dimensions: country of manufacture (Italy and Bangladesh), price (high and low) and sweatshop free label (label present and label absent). A 2\*2\*2 between groups experiment was designed and each participant was exposed to one of eight stimuli randomly. For each profile, participants



viewed one image of a sample apparel product and were asked to indicate the level of perceived quality, value, and purchase intention for this product.

Through advertisements in the university news media, 706 participants were recruited for the study. Of the 706 participants 21 were excluded due to a missing value for gender, and 54 more had to be removed because they had never purchased online. There were 63 males and 567 females. Nearly one-half of the participants were between 18 and 24, over 80% were Caucasian, and consisted of both students and non-students.

### **Discussion of Major Findings**

This study examined the effectiveness of how the label of country of manufacture and the label of sweatshop free at different price levels influence consumer's perception of quality, product value and purchase intention regarding apparel products in the online shopping context. Findings indicate a significant three-way interaction effect of country of manufacture, price and sweatshop free label on perceived quality. When those three extrinsic cues are present at the same time, the function of sweatshop free label depends on the different combinations of country of manufacture and price. It is a beneficial strategy to attach sweatshop free label to the low price products made in both Italy and Bangladesh, and the high price products made in Italy. As mentioned previously, the positive effect for the sweatshop free label on those three product profiles are same. However, attaching a sweatshop free label to the high price product made in Bangladesh will decrease consumers' perceived quality. A majority of U.S. consumers believe that higher quality is associated with developed countries and lower quality is associated with developing country (Dickerson, 1982; Wall & Heslop, 1986; Nes & Bilkey, 1993; Lyer & Kalita, 1997). Meanwhile, price is viewed as a surrogate indicator for quality where high

price represents higher quality and vice versa (Woodside, 1974; Sproles, 1977; Sternquist & Davis, 1986; Zaeithaml, 1998; Veale & Quester, 2009). For the developed country, the sweatshop free label enhances consumers' perceived quality of the sample product regardless of the price. For the developing country, consumers may be affected by the sweatshop free label differently based on the varying price. Consumers view the product made in the developing country with low price as a logical expectation. Therefore, the sweatshop free label plays a positive role for this kind of product. To the contrary, consumers may feel uncertainty about the product made in a developing country with a sweatshop free label, and with a high price. Especially, Bangladesh is a country who is notorious for sweatshop issues. The sweatshop free label, as a voluntary label, actually leads consumers to be suspicious about the product. The three-way interaction effect of country of manufacture, price and sweatshop free label on perceived value and purchase intention were not significant. A possible reason for this result may be that the country of manufacture and the sweatshop free label, when compared with other intrinsic and extrinsic attributes cues, are still not powerful enough to create a difference on perceived value and purchase intention. Price represents the monetary sacrifices a consumer makes to obtain a product (Zaeithaml, 1988), and the perceived value in this study is operationalized in relationship to monetary exchange. Therefore, those two extrinsic cues may have no effect on perceived value and purchase intention when they are presented with price simultaneously.

Country of manufacture was not found to have a significant effect on perceived quality, perceived value and purchase intention in the online shopping context. This suggests that online consumers do not use country of manufacture information as a signal

regarding quality or value. The result is supported by both Sternquist & Davis (1986) and Norum & Clerk (1989) that country of origin was not related to garment objective quality or perceived quality. In addition, as mentioned in the literature review, compared to other extrinsic cues, country of manufacture may not be powerful enough to lead the consumers to alter their product evaluation which will further affect consumers' purchase intention.

As expected, price, an important extrinsic cue for consumers to evaluate the product quality, value and purchase behavior (Riesz, 1978; Bishop, 1984; Veale & Quester, 2009), was found to be significant for online consumers' perceived quality, perceived value, and purchase intention as well. This study indicates a positive relationship between the price and perceived quality is also valid in the online shopping context. The results also show the negative effects for the price on perceived value, and purchase intention. It is similar with the findings of Korgaonkar and Woline (1999) indicating that most of the online consumers are price sensitive consumers. Even though, the quality is great, consumers will decrease the perceived value, and further purchase intention based on the higher price (Dodds et al., 1991; Zeithaml, 1988).

The results of this study also indicate that a sweatshop free label, in the online shopping context, has a significant effect on perceived quality and purchase intention. The products with a sweatshop free label have higher perceived quality and purchase intention than the products without sweatshop free label. It coincides with the previous research that consumers prefer products with ethical information (Hiscox & Smyth, 2007; Hustvedt & Bernard, 2008; Hustvedt & Bernard, 2010; Hyllegard et al. 2012). Therefore,

attaching a sweatshop free label in the Internet retail context could be a beneficial strategy for the niche retailers.

### **Contributions and Implications**

In response to the highly developed online shopping industry and increasing consumers' demand for the information about where and how the products are made, this study examined how the country of manufacture and sweatshop free labels, at different price levels, influence consumer perception of product quality, value and purchase intention regarding apparel products in the online shopping context. The findings of this study have several important implications.

First, the sweatshop free label is not a catholicon for all apparel products sold online. The interaction effect of country of manufacture, price and the sweatshop free label was found to be significant for the online consumers' perceived quality. In other words, the effect of a sweatshop free label on perceived quality depends on the country of manufacture and price of the products. While sustainability and transparency in apparel retailing continue to attract attention, and differentiation between apparel products of similar price levels is minimal, the sweatshop free label might be an option for apparel companies to promote their product and distinguish it from the competition. This study suggests that for the product made in a developed country, regardless of the price, there was a significant improvement in perceived quality after attaching the sweatshop free label. However, for the products made in a developing country, increasing price will decrease the positive effect of attaching the sweatshop free label. Given the fierce competition in online apparel retailing, this finding provides a potential useful insight to niche companies who would like to add the country of manufacture and sweatshop free

label to their products. For the appropriate product profiles, attaching the label of country of manufacture, and the sweatshop free besides the product's image could promote the perceived quality directly.

The second important implication relates to country of manufacture. Country of manufacture and price are mandatory in labeling for apparel sold in the U.S. market; however, there is very little information about country of manufacture for the apparel sold online. Most of apparel products sold online are only labeled as imported. The lack of significance of country of manufacture in this study help justify this lack of information. It also suggests that if a niche company wants to use information about their products' manufacturing source to echo the trend of transparency and sustainability, it may be better to add the sweatshop free label with their products too. As mentioned above, the country of manufacture and price could enhance the effect of the sweatshop free label for both the high and low price products made in a developed country, and the low price products made in a developing country. Therefore, it will be a less effective marketing strategy if only country of manufacture information is mentioned. It might be an important implication for apparel firms who incorrectly assume that the country of manufacture information will be universally beneficial regardless of other attributes.

Third, based on the results of this study, the positive relationship between the price and perceived quality, and the negative relationships between price and perceived value, price and purchase intention are also valid in an online shopping context. The results also suggests that the negative effects for price on the perceived value and purchase intention are larger than the positive effect on perceived quality. Thus, a well-conceived pricing strategy must be employed in the online apparel shopping context; it

must instill quality confidence in the customers while avoiding lowering of their purchase intention.

Fourth, this study also revealed that the sweatshop free label has positive effects on perceived quality and purchase intention. This implies the potential business value for this kind of label. Attaching a sweatshop free label beside a product image on a website can potentially influence perceived quality and purchase intention in a positive way. Even though sweatshop free labels are not a mandatory label for apparel products now, it could be a way to promote a product and increase purchase intention. Of course, the company would need to have a way for this to be a legitimate claim. Thus, a company might explore different option for this feature.

### **Limitations and Scope of Future Research**

Despite some important implications and contributions, this study has limitations and, as a result, future research is recommended. First, the small number of male participants may be the possible reason for the insignificant gender difference in the sample responses. Future research could increase the ratio of male participants. Furthermore, the participants in this study tended to be younger, higher educated, of lower income, and more frequent users of Internet shopping than the average American population. Those characteristics no doubt have some influence on the results. The degree to which a respondent understood the meaning of the sweatshop free label may also have contributed the lack of significant effects related to this variable. Each of these concerns suggests paths to future studies.

Second, this study manipulated the experimental conditions using simple mock webpages. The mock webpage stimuli are not fully representative of webpages in the real world. In addition, the mock webpage includes the country of manufacture and the sweatshop free labels, and this is not a common characteristic of an actual online shopping website. This may have produced a bias in the respondents by leading them to infer the purpose of the study. Such awareness could influence study results. Thus, further research is recommended to replicate this study using well established mock websites or even existing websites.

Third, this study includes only Bangladesh and Italy as the countries of manufacture. Italy is always associated with high quality shoes and bags manufacturing rather than the jeans. It may be the possible reason for the insignificant effects for the country of manufacture on the perceived quality, perceived value, and purchase intention. Moreover, Italy is a developed country that is rarely connected with sweatshop issues. The effect of the sweatshop free label on developed country who have had sweatshop issues, such as US, is unknown. Multiple countries could be used in future research. Such insight is likely to be helpful to apparel companies' marketing and merchandising strategies, as well as lend insight into consumer decision making strategies.

Fourth, besides the sweatshop free label, other socially responsible choices might be considered as label worthy information, and as such would provide fertile research opportunities to investigate. In response to the trend of socially conscious consumption, an appropriate statement for sustainability and related information might be examined. The effects of the statement of sweatshop free label on perceived quality, value and purchase intention could also be investigated. In addition, the effect of a

sweatshop free label could be analyzed in conjunction with other socially responsible labels.



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## APPENDIX A

### SURVEY INSTRUMENTS

CONSENT FORM FOR PARTICIPANT

Dear participant:

You are invited to participate in a research study related to online shopping. All surveys that are completed before April 1, 2013 will be entered into a drawing to win one of 5, \$20 gift cards to Target. This study was developed by Lingyuan Zhang, a graduate student in the Textile and Apparel Management department at the University of Missouri.

To be eligible to participate in this survey, you acknowledge that you are 18 years or older. If you agree to participate, please complete the following survey. Participation in this study is completely voluntary. You are free to stop at any time or to skip a question you do not feel comfortable answering. There are no penalties for stopping. The whole survey session will last approximate 10 minutes.

This survey poses no known risks to your health and your privacy will be protected. All information that is obtained during this study will be confidential. Your name will not be directly connected to your response. Data regarding survey and demographic questionnaires will only be available to Lingyuan Zhang and will be stored on a password-protected computer at the University of Missouri.

Questions or concerns about the study may be directed to Lingyuan Zhang (lz7v7@mail.missouri.edu). For information about your rights as a research subject, please contact the MU IRB (573.882.9585; <http://research.missouri.edu/cirb/>).

Lingyuan Zhang

lz7v7@mail.missouri.edu

Advisor: Pamela Norum

norump@missouri.edu

Textile and Apparel Management

University of Missouri

I have read the above content carefully and agree to join this survey.

1. How many times have you made a purchase online in the past six months?

- Less than 5 times
- 6-10 times
- 11-15time
- 16 times or more

2. Which of the following products you have purchased online? (check all the apply).

- Book
- Flowers
- Clothes
- Accessories
- Groceries
- Tickets
- Financial services
- Automobile
- Other (Please specify)

3. How many times have you purchased clothes online in the past six months?

- Less than 2 times

- 3-5 times
- 6-8time
- 8 times or more

4. Which of the following apparel items would you consider buying online? (check all the apply).

- T-Shirts
- Sweaters
- Hoodies
- Coats/Jackets
- Pants
- Suits
- Underwear
- Other (Please specify)

5. What is your average expenditure when shopping for clothes online?

- \$10-49
- \$50-99
- \$100-149
- \$150 above
- Other (Please specify)

I never purchase clothes online

6. Have you ever returned any clothes you purchased online?

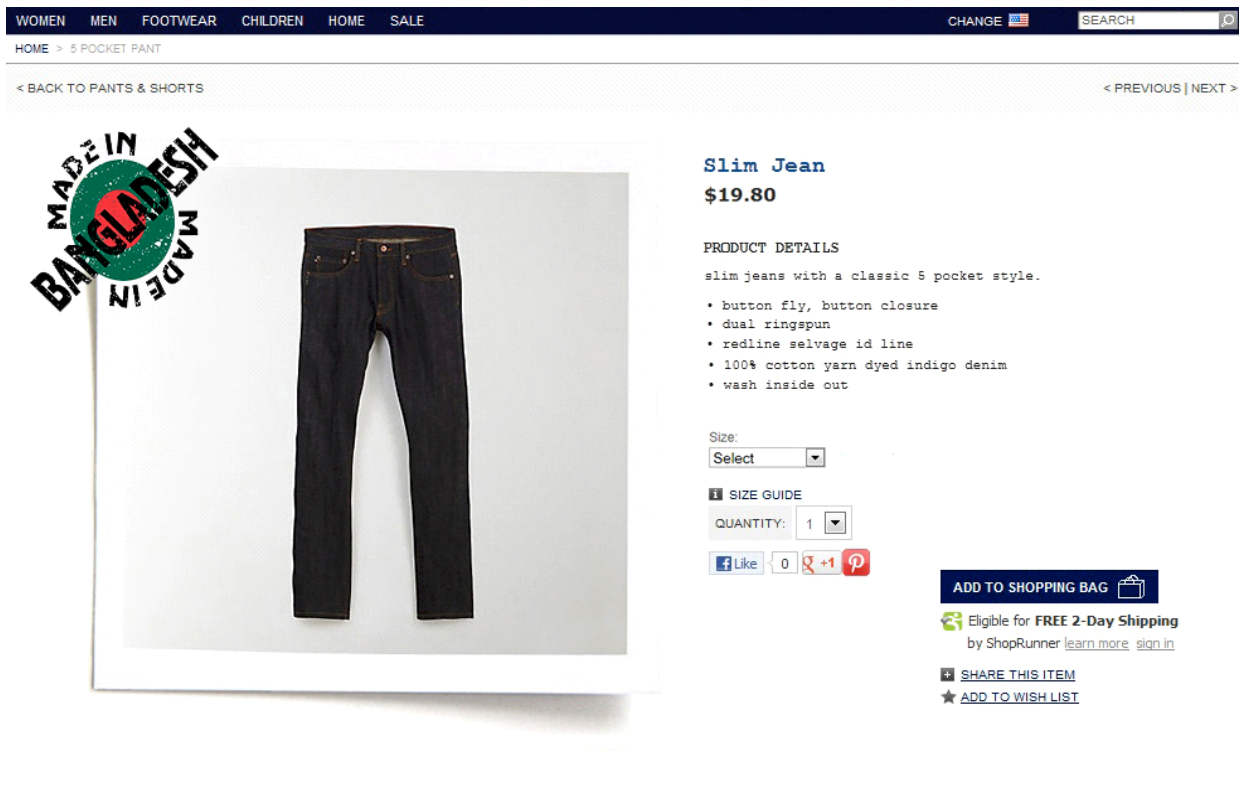
Yes

No

Please rank the following statements about online shopping on a scale of importance from Strongly disagree to Strongly agree

- 7.It provides easy access to information.
- 8.I can purchase goods at any time of the day.
- 9.It provides comprehensive information.
- 10.I can order things from distant places.
- 11. I can get better prices.
- 12.I can choose from a greater variety of models of the product.
- 13.I can purchase goods and services faster.

Page 2: Questionnaire about perceived quality, perceived value and purchase intention



- Please indicate your level of agreement with the following statements. 1 is strongly disagree and 7 is strongly agree.
  - 14.The product seems to be well constructed.
  - 15.The workmanship of the product meets high standards.
  - 16.The product is made of high quality materials/fabrics.
  - 17.The materials of the product are likely to be soft and comfortable to wear.
  - 18.The overall appearance of the product is attractive.
  - 19.The product is likely to be durable during wear and care.
  - 20.The product would last a long time.
  - 21.The product is not likely to stretch out during wear and care.
- 22.At the price shown, the product is

|                               |   |   |   |   |   |                               |
|-------------------------------|---|---|---|---|---|-------------------------------|
| Very Good Value for the Money |   |   |   |   |   | Very Poor Value for the Money |
| 1                             | 2 | 3 | 4 | 5 | 6 | 7                             |

- 23. At the price shown, the product is

|                 |   |   |   |   |   |                   |
|-----------------|---|---|---|---|---|-------------------|
| Very Economical |   |   |   |   |   | Very Uneconomical |
| 1               | 2 | 3 | 4 | 5 | 6 | 7                 |

- 24. The product is considered to be a good buy.

|                   |   |   |   |   |   |                |
|-------------------|---|---|---|---|---|----------------|
| Strongly Disagree |   |   |   |   |   | Strongly Agree |
| 1                 | 2 | 3 | 4 | 5 | 6 | 7              |

- 25. The price shown for the product is

|                   |   |   |   |   |   |                 |
|-------------------|---|---|---|---|---|-----------------|
| Very Unacceptable |   |   |   |   |   | Very Acceptable |
| 1                 | 2 | 3 | 4 | 5 | 6 | 7               |

- 26. Will you purchase the product:



|                   |   |   |   |   |   |            |
|-------------------|---|---|---|---|---|------------|
| Definitely<br>Not |   |   |   |   |   | Definitely |
| 1                 | 2 | 3 | 4 | 5 | 6 | 7          |

- 27. Will you recommend this product to your friends:

|                   |   |   |   |   |   |            |
|-------------------|---|---|---|---|---|------------|
| Definitely<br>Not |   |   |   |   |   | Definitely |
| 1                 | 2 | 3 | 4 | 5 | 6 | 7          |

Page 3: Demographic questionnaire

- Are you:
  - Male
  - Female
  - Other (please specify)
- Your age is :
  - 18 to 24
  - 25 to 34
  - 35 to 44
  - 45 to 54

- 55 to 64
- 64 or older
- What is your race/ethnicity?
  - Caucasian, non-Hispanic
  - African American
  - Hispanic
  - Asian
  - Other (Please specify)
- What is the highest level of education you have completed?
  - Less than high school
  - High school
  - Technical, trade school or two year school
  - College
  - Graduate school
- What is your employment status?
  - Not employed
  - Employed
  - Student

- Retired
- Other (please specify)
- What is your marital status?
  - Married
  - Partnership, not married
  - Single, never married
  - Divorced or widowed
- Approximately, what is your total annual household income (before taxes) from all sources?
  - Under \$15,000
  - \$15,000 to under \$24,999
  - \$25,000 to under \$34,999
  - \$35,000 to under \$44,999
  - \$45,000 to under \$54,999
  - \$55,000 to under \$64,999
  - \$65,000 to under \$74,999
  - \$75,000 to under \$99,999

- \$100,000 to under \$149,999
- \$ 150.000 or over

Page 4 : Drawing option

- If you would like to be entered into a drawing for a chance to win one of 5, \$20.00 gift cards to Target, check the "Yes" box below AND enter your email address, so we may contact you if win and obtain an address to email the gift card.
  - Yes
  - No
- If you checked "Yes" to the question above, please provide a valid email address, so we may contact you and email your gift card.

APPENDIX B

INSTITUTIONAL REVIEW BOARD DOCUMENTS

February 28, 2013

Principal Investigator: Zhang, Lingyuan  
Department: Textile and Apparel Mgmt

Your Exempt Amendment to project entitled How country of manufacturing and sweatshop free information effect online apparel consumer's perceived quality, value and purchase intention was reviewed and approved by the MU Campus Institutional Review Board according to terms and conditions described below:

|                                   |                           |
|-----------------------------------|---------------------------|
| IRB Project Number                | 1206760                   |
| Initial Application Approval Date | January 28,2013           |
| Approval Date of this Review      | February 28,2013          |
| IRB Expiration Date               | January 28, 2014          |
| Level of Review                   | Exempt                    |
| Project Status                    | Active-Open to Enrollment |
| Risk Level                        | Minimal Risk              |

The principal investigator (PI) is responsible for all aspects and conduct of this study. The PI must comply with the following conditions of the approval:

1. No subjects may be involved in any study procedure prior to the IRB approval date or after the expiration date.
2. All unanticipated problems, serious adverse events, and deviations must be reported to the IRB within 5 days.
3. All modifications must be IRB approved by submitting the Exempt Amendment prior to implementation unless they are intended to reduce risk.
4. All recruitment materials and methods must be approved by the IRB prior to being used.
5. The Annual Exempt Form must be submitted to the IRB for review and approval at least 30 days prior to the project expiration date.
6. Maintain all research records for a period of seven years from the project completion date.
7. Utilize the IRB stamped document informing subjects of the research and other approved research documents located within the document storage section of eIRB.

If you have any questions, please contact the Campus IRB at 573-882-9585 or [umcresearchcirb@missouri.edu](mailto:umcresearchcirb@missouri.edu).

Thank you,

Charles Borduin, PhD

Campus IRB Chair

## Print Recruitment (MU Info)

### Online shopping survey with an opportunity to win a gift card

An MU graduate student is looking for volunteers to take a survey about online shopping. The survey should take no longer than 10 minutes to complete. You will have the opportunity to win a Target gift card. [Click here to take the survey](#). All surveys completed before April 1, 2013 will be entered into a drawing to win one of 5, \$20 gift cards to Target. For more information, contact Lingyuan Zhang at [lz7v7@mail.missouri.edu](mailto:lz7v7@mail.missouri.edu).

## APPENDIX C

### PRETEST SURVEY INSTRUMENTS



Please tell us that how do you feel about the quality of the following apparel products (If you have never purchased the apparel product from following countries, please tell us what is your assumption for the products made in those countries).

|                              | Very Poor | Poor | Fair | Good | Very Good |
|------------------------------|-----------|------|------|------|-----------|
| Sweaters made in China       |           |      |      |      |           |
| Sweaters made in India       |           |      |      |      |           |
| Sweaters made in South Korea |           |      |      |      |           |
| Sweaters made in Bangladesh  |           |      |      |      |           |
| Sweaters made in US          |           |      |      |      |           |
| Sweaters made in Turkey      |           |      |      |      |           |
| Sweaters made in Italy       |           |      |      |      |           |
| Sweaters made in Mexico      |           |      |      |      |           |
| Sweaters made in Vietnam     |           |      |      |      |           |