

國立臺灣大學管理學院國際企業學研究所

博士論文

Graduate Institute of International Business

College of Management

National Taiwan University

Doctoral Dissertation

參考國效應與消費者購買決策之探討

The Country of Reference (COR) Effects and Consumer

Purchasing Decision

陳亭廷

Ting-Ting Chen

指導教授：黃恆獎 博士

Advisor: Heng-Chiang Huang Ph.D.

中華民國 109 年 1 月

January, 2020



國立臺灣大學博士學位論文
口試委員會審定書



參考國效應與消費者購買決策之探討

The Country of Reference (COR) Effects and Consumer
Purchasing Decisions

本論文係陳亭廷君，學號 D99724007，在國立臺灣大學國際企業
學研究所完成之博士學位論文，於民國 109 年 01 月 16 日承下列考試
委員審查通過及口試及格，特此證明

論文考試委員：

黃恒獎

林俊昇

蔡顯奎

張嘉雯

王仁茹

陳秉亮

指導教授：

黃恒獎

所

長：

連勇智

中華民國 109 年 1 月 16 日



誌謝

終於來到最後一哩路，回首在台大國企這數年間的點點滴滴開始有依依不捨的感覺，那年點開榜單的興奮感還歷歷在目，由衷的感謝這幾年來在這一路上協助過我的貴人們。

首先，感謝指導教授黃恆獎教授細心、嚴謹又開明的指導，用身教及言教一步一腳印的引領我朝偉大航道邁進，笨拙的我老是讓老師不斷處於危機狀態，再一把將在大海中載浮載沉的我撈起，偶爾跟我分享棒球跟生活趣事，降低我的憂愁感，老師上課的活力以及研究熱忱，是學生將來的努力目標，衷心感謝老師一路來的教導，尤其在論文發展過程中，全心全力的參與，學生感念在心，期許自己能成為老師驕傲的學生，並能成為第一個跑進波士頓馬拉松的學生。

其次，感謝在學期間所有教導過我的老師們，尤其國企系的幾位神木級的老師們。陳厚銘教授給予擔任課程助教的機會，讓學生能從中學習到許多教學及個案帶領技巧；任立中教授像是安西教練一樣一步步的為我們研究方法扎根；謝謝林俊昇教授課程研究上的指導，讓學生獲益良多；謝明慧教授除了給予課程助教的機會外，還帶領我進入不同的研究面向，熱情又有活力給予我溫暖。另外特別感謝王仕茹教授幾次撥冗參與討論，給予學生的建議以及回饋。也感謝所有口試委員們的指導讓這篇論文更加豐富。此外也感謝碩班的張純端教授，以及大學的第一個老闆邱奕嘉教授，是您們讓我開啟了與台大的連結，也是讓我想成為學者的開端。謝謝所有一路上相遇的貴人恩師們。

感謝這幾年間所有照顧過我的學長姐們，政佑、達凱、宜芳、功新、寒光、季芸等學長姊們；還有跟我一起共患難的同學及學弟妹們恩頤、令妍、怡君、Jeff、王浩，祝福大家在未來的生涯都能順風順水，一起加油。

最後感謝的是這漫長歲月中一路陪伴我的家人，謝謝爸爸媽媽的支援才能讓我能無後顧之憂地完成學業，謝謝我的雙胞胎弟弟們長毅、典寬的鼓勵。還有最重要的夥伴張麟，沒有你，我想我這慘澹的博士生生活，不會過得這麼多采多姿。

這張畢業證書，是大家的陪伴下讓我一點一滴慢慢築成

苦練決勝負 人品定優劣

Zero in your target, and go for it.

獻給我的家人

亭廷 2020.02.04

中文摘要



在過去幾十年來，國際企業領域探討了許多來源國(country of origin, COO)效應之議題，雖然許多研究已證實 COO 存在於消費行為中，然而探討的研究多數來自於製造端(made-in)角度，主要以「生產相關」的議題為著眼點，探討消費者依據產品生產國或是技術來源作為評斷產品品質好壞的影響，多是以生產端的角度來做為出發點，然而從「消費相關」的觀點來作為討論的研究卻較為缺乏，後者主要討論邏輯是從消費端角度出發，實務上我們已能看到許多廠商開始利用消費者這樣的行為模式來作訊息溝通，依據這樣的訊息來做為行為模式判斷的消費者，主要是依據他國消費國的產品選擇行為來做為其購買決策之評斷。因此，本研究提出消費參考國(country of reference)的概念，希望透過消費端的探討來了解消費者模仿其他國家/地區消費者消費行為意圖之來由。

不同於強調製造端的概念，我們認為產品偏好來源，可能是來自於跨境參考，本研究目的在於建構一個消費參考國的影響模式，藉由探討此架構來補足來源國效應無法解釋之消費者購買決策之行為歷程，因此本文引用了最佳獨特性理論(optimal distinctiveness theory)作為架構切入點，涵蓋了系統合理性理論(system justification theory)、自我效能(self-discrepancy concept)、捷思(heuristics)和心理模擬(mental simulation)理論，提出了 Country of Reference (COR)架構。

本文從消費參考國對於市場上的意義談起，並進一步提出相關概念研究命題。COR 可被視為是一種行為處理決策，透過仿效他國消費行為的歷程能讓位階較低的消費者透過模仿消費來縮短其與位階較高消費者之間的距離。最後將針對 COR 的討論做出結論並提出學術與實務上之建議、研究限制及未來研究方向。

關鍵字: 消費參考國、系統合理性理論、自我效能、捷思、心理模擬、他國從眾行為

Abstract

The international marketing field has witnessed many studies related to “country of origin” (COO) effects or the “made in” concept over the past few decades. Yet COO research is deeply rooted in the so-called “production-related” approach, which mainly accounts for production- or technology-based factors. Barely considered is the “consumption-related” perspective, which reflects consumers’ proclivity to base their buying decisions on foreigners’ product choice. In this paper, we propose the “country of reference” (COR) concept, in which consumers deliberately imitate the product choices of consumers from another country, to whom the former (i.e., the imitators) attribute superior or more prestigious personas.

Unlike the made in concept, which emphasizes favored product qualities from superior manufacturing countries, we believe product preferences may arise from cross-border benchmarking or “cross-country referencing.” Pivoting on the optimal distinctiveness theory, this paper suggests a COR framework that incorporates the system justification theory and the self-discrepancy concept, along with decision heuristics and mental simulation effects. The proposed framework aims to explain consumers’ inclination to “buy what certain foreigners buy.”

We suggest critical propositions related to the COR concept, discuss its marketing implications, and pinpoint further research issues. COR may become a coping strategy through which low-status consumers perceiving themselves as less privileged than their high-status counterparts can narrow this gap by means of decision mimicking.

Keywords: country of reference; system justification theory; self-discrepancy; heuristics; mental simulation; etic conformity

Contents

| | |
|--|-----|
| 口試委員會審訂書 | i |
| 誌謝 | ii |
| 中文摘要 | iii |
| Abstract..... | iv |
| 1. Introduction | 1 |
| 2. From COO to COR: Conceptual Differences..... | 10 |
| 3. How COR Works: Theoretical Foundations and Propositions..... | 18 |
| 3.1 <i>The Theoretical Framework</i> | 22 |
| 3.2 <i>Contextual Factor: eWOM spillover</i> | 23 |
| 3.3 <i>Foundation: Optimal Distinctiveness Theory</i> | 25 |
| 3.4 <i>Determining Factor 1: System Justification</i> | 26 |
| 3.5 <i>Determining Factor 2: Self-discrepancy</i> | 29 |
| 3.6 <i>Mediator Variable: COR</i> | 35 |
| 3.7 <i>Etic Conformity</i> | 37 |
| 3.8 <i>Facilitators: Decision Heuristics and Mental Simulation</i> | 39 |
| 3.9 <i>Control Variables</i> | 43 |
| 4. Conclusions and Implications..... | 44 |
| 5. Limitations and Future Research Suggestions | 48 |
| 6. References | 51 |

Figures

| | |
|--|----|
| Figure 1 Product communications emphasizing user imagery | 8 |
| Figure 2 The Conceptual Framework for Country of Reference (COR) Effects | 23 |
| Figure 3 Four Possible Directions of Cross-country Referencing..... | 34 |

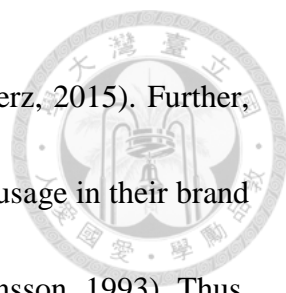
Table

| | |
|---|----|
| Table 1 Major Differences between COO and COR | 15 |
|---|----|

1. Introduction




It is common for consumers to evaluate the country in which products are manufactured before purchasing. The country of origin (COO) effect, which focuses on how COO affects consumers' product/brand evaluations and behavior intentions, has "a tremendous influence on the acceptance and success of a product" (Dichter, 1962). Over the past few decades, COO has become one of the most studied topics in international business and international marketing (Lu et al., 2016). COO-related issues have preoccupied scholars of multinational corporations and global marketing, and the literature reveals the explanatory power of the COO effect, despite some conflicting empirical results (Erickson, Joansson and Chao, 1984; Han and Terpstra, 1988; Heslop, Liefeld and Wall, 1987; Tse and Gorn, 1993). However, while there is some evidence of strong positive COO effects associated with firms' "Made in XXX" campaigns, the COO effects may be less significant than has generally been believed (Johansson, Douglas, and Nonaka, 1985, p.395). Samiee (1994, p. 594) showed that COO may be less critical in the choice process and behavior than other considerations in global markets. He also pointed out that a better informed audience amid speedy global communications make the COO definition somewhat difficult. Some studies have also reported that consumer knowledge of a brand's COO (i.e., their brand origin recognition




accuracy) is very limited (Balabanis and Diamantopoulos, 2008; Herz, 2015). Further, consumers often claim to care little about COO, and deny COO cue usage in their brand evaluations (Hester and Yuen, 1987; Hugstad and Durr, 1986; Johansson, 1993). Thus, it seems that many consumers either do not know a brand's COO or, if they do, do not care about it (Samiee, Shimp, and Sharma, 2005; Liefeld, 2004).

The incessant globalization of business has made it common for products to be manufactured at locations other than where the company was originally founded (Roth and Romeo, 1992). Recently, as “made in China” has become the rule rather than the exception, COO has accounted for a smaller proportion of the variation explaining why people choose products from one country rather than another. Hence, the role COO plays in consumers' evaluation of products is likely to be less significant. Usunier (2006) proposes that the “COO effect is no longer a major issue for international marketing operations and even under externally ultimate, real-life conditions, most consumers do not consider the COO of the products they purchase (Samiee and Leonidou 2011). Numerous reasons support such an argument. Conceptually speaking, previous COO studies relied heavily on production-related factors (e.g., the image of the “Made in” label). However, COO as a signal of manufacturing quality is gradually losing its power. The decline of COO significance calls for further re-examination of the COO effect and verification of its continued validity.




In this paper, the first question we explore concerns whether COO-related studies face new challenges in today's digital epoch. From a practical viewpoint, advances in technology have led to the birth of many new methods of electronic communication, such as blogs, microblogs, discussion forums, chat rooms, product/service rating or review sites, e-bulletin board systems, video sharing, and newsgroups. This increase in electronic communication has helped eliminate time and distance as obstacles to communication. Such a revolutionary transformation has been beneficial to many parts of society, including business, education, and international relationships, and especially, has been incorporated into the media consumption routines of many people. Since the beginning of the information age, consumers now have a better knowledge of the outside world, thanks to the availability of numerous online channels through which people virtually interact and share information/opinions about products and brands. Accordingly, interpersonal influences now permeate the cyberspace, especially in the form of eWOM (Goldsmith and Horowitz, 2006), which now plays a crucial role in influencing consumer behavior in almost every corner of the globe.

In global marketing, the internet era and digital age imply borderless communication and instantaneous spreading of consumption information on a global scale. Thanks to the reservoir of information accumulated from online reviews, expert opinions, social media, and peer-to-peer communication, today's consumers have a



richer and more specific sense of what it is like to own or use products they are considering than their predecessors (Simonson and Rosen, 2014b). An April 2017 survey by Statista showed that internet-savvy buyers spend time researching products online and reading online reviews to “get the best deal possible.” At times, they research online but buy offline (around 42% of U.S. consumers had searched for and purchased products/services online, while 14% preferred searching online but buying instore). In the near future, probably over 50% of total retail sales may be affected by an explosive growth of the web. Information shared online has a significant effect on consumers’ decision-making process. As consumers can tap a much richer wealth of information than previously, marketing managers must re-examine the influences that affect their purchase decisions, including prior preferences, beliefs, experiences, and input from others, which Simonson and Rosen (2014b) referred to as the “O continuum,” namely Other information (as opposed to prior preference or marketing information) which contains user reviews, expert opinions, advice from other people.

One tough challenge of future web-marketing is the appropriate handling of eWOM. The recent eWOM literature has reported a growing trend that highlights the importance of user-generated content (UGC) (e.g., online customer ratings/reviews, blogs, social networking sites, and online discussion forums) in influencing consumer purchasing decisions (Cheung and Thadani, 2012; Chevalier and Mayzlin, 2006).



Traditionally, the commercial media is full of firm-generated content (FGC), but nowadays the online reviews posted by unknown consumers begin to gain more Internet users' trust. In the context of eWOM communication, product/brand opinions and experiences are exchanged and shared by a vast and geographically dispersed group of unknown individuals outside people's personal social networks. Thus, information receivers tend to have great concerns about the credibility of the messages they obtain on the web.


Message source credibility refers to information receivers' perception that a message source is believable, competent, and trustworthy. Source credibility includes two elements: "expertise" (i.e., message source's perceived ability to demonstrate its authoritativeness, competence and expertness); and "trustworthiness" (i.e., message source's provision of accurate and truthful information) (Cheung and Thadani, 2012, p. 466). When people are in doubt about source credibility, they may look for various cues signaling the credentials of message senders. In an international marketing context, one plausible solution to alleviate message uncertainty is associating oneself with esteemed/admired overseas pioneering users and follow suit. The rationale behind such consumption mimicry reflects Bickart and Schindler's (2001) arguments that UGC (e.g., consumer reviews) is more influential than marketer-generated content on firm websites, mainly because consumer reviews have greater credibility, greater relevance, and

greater ability to evoke empathy. As a consequence of such empathetic feelings when people look up to “respect-worthy” and trustworthy adopters overseas, duplicating others’ product/brand choice becomes straightforward.



Changing technologies lead to information reach and richness, and with almost unlimited data accessibility, people can easily observe which products are consumed/owned worldwide. Gradually, consumers have become accustomed to evaluating information regarding the popular products chosen by customers in specific foreign countries. Although such information usually reflects “faraway non-native choices,” it may eventually affect product attitude/preference formation and buying intentions of consumers who take note of “which-country-prefers-what.” As consumers can easily obtain evidence regarding what is being pursued around the world, they tend to have a better sense of the physical possessions and material lives of people in other countries, whom they now consider benchmarks. Examples of product-related communications with reference to specific people from specific countries are not difficult to find in practice.

The illustration starts from “market share leadership” campaigns (such as “number-one best-selling product in USA”), in which inquiries such as “what do the majority of customers buy in country X?” may be answered via company responses



such as “In country X, this product is definitely on top of people’s choice list.” There are numerous campaigns in which firms aggressively emphasize their market dominance. In Panel-a of Figure 1, marketers who run a surrogate internet shopping mall promote “Korean girls’ must-have lipsticks” by emphasizing Korean girls’ top-rated lipsticks, with the aim of influencing consumers. In Panel-b of Figure 1, Acer, the famous Taiwan-based ICT-product manufacturer, portrays its LED Projector as “No. 1 choice in Germany.” By fostering brand trust in Taiwan through German consumers’ endorsement, Acer can prompt potential Taiwanese buyers to “confidently buy in Taiwan as the majority of Germans buy in Germany.” Given these real-life marketing practices, we believe that campaign messages conveyed using a central theme of “chosen/used by consumers in country X” differ from the conventional COO quality signals, characterized by the “made in country X” label. Given the changing face of resourceful online/mobile consumption-related information and UGCs on a “24-7 basis,” consumers around the world can easily observe “who prefers/purchases what,” and use others’ product experience as reference points. Thus, the effectiveness of COO as a buying guide is gradually weakening. Unfortunately, this issue has barely been addressed in the extant literature.

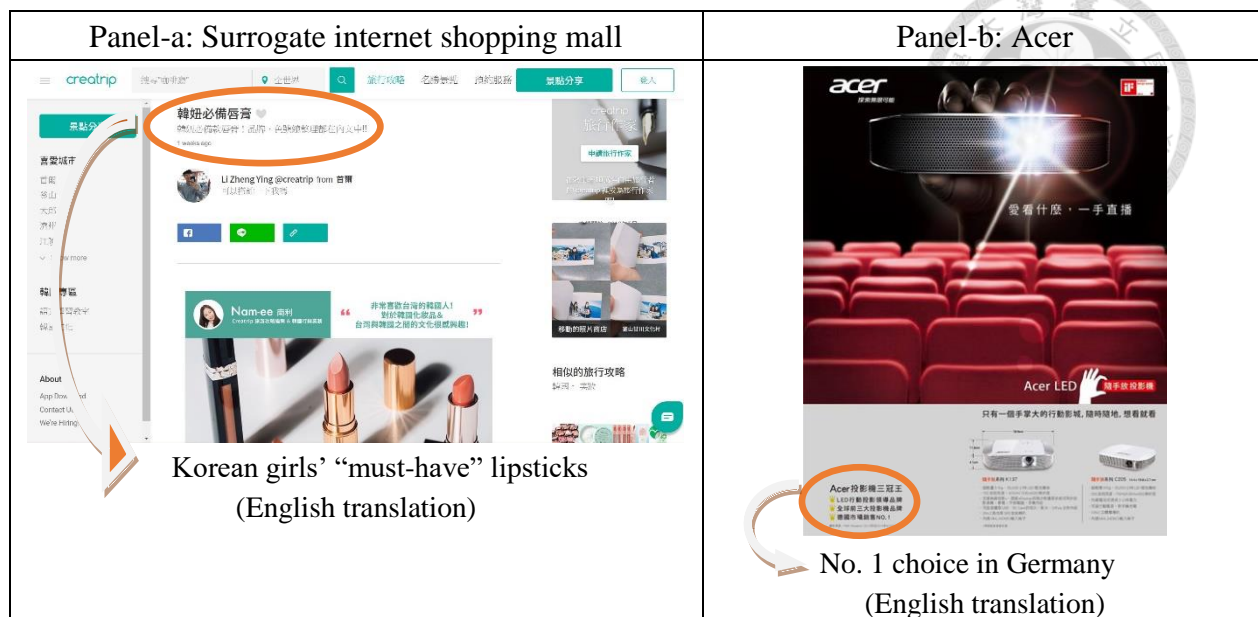



Figure 1 Product communications emphasizing user imagery

In this paper, we first envisage the “country of reference” (COR) concept, defined as “a would-be buyer’s overall image of a product’s former adopters or preferers in a specific foreign country where it’s chosen or favored (the ‘chosen-by’ label).” If a potential consumer’s overall impression of previous buyers in a specific foreign country is attractive and favorable, his/her evaluations of the target product may be positively affected. COR can have a positive or negative impact on consumer evaluations. If consumers have a more favorable image of certain foreign buyers (i.e., they believe them to be admirable, respectful, or trustworthy), product evaluation tends to be higher, and vice versa. According to this definition, what drives consumers from one country to follow another country’s consumer choice as a benchmark is perhaps product popularity. Previous studies of “popularity information” argue that popularity is an indicator that



reflects the preferences of earlier consumers (Duan et al., 2009), and can be displayed in different formats such as sales volume, product appeals, product reviews, and product ratings. It has been widely noted that individuals' behavior is affected by their observation of other people's behavior and the information contained therein (Cai et al., 2008). Observational learning or herd behavior (Chen, 2008; Lee and Hong, 2016) usually takes place when individuals face similar underlying problems (Zhang, 2010) (e.g., a purchase decision), and they activate the "learning-from-others" mechanism through direct communications or observing behaviors of others (Bikhchandani et al., 1992, 1998; Susarla et al., 2016). It is therefore individuals' product choice that causes cross-country referencing (i.e., the COR concept), not the country origin of the product (i.e., the COO concept).

COR plausibly describes how consumers' revealed product attitudes, preferences, and choices are transmitted worldwide, causing other countries' consumers to form similar product attitudes/preferences or imitative buying. In the following sections, we first explain the features of COO and discuss the possible drawbacks of current COO research. Next, we detail the uniqueness of COR, the merits of COR, and probable differences between COO and COR. Then, the theoretical underpinnings of COR are proposed and appropriate propositions related to COR are suggested. Finally, we

conclude the paper, discuss marketing implications, and pinpoint further research possibilities.

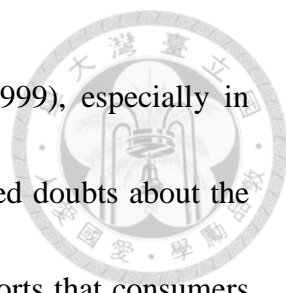


2. From COO to COR: Conceptual Differences

2.1 Production-related Perspective: COO and Product Evaluations

Among the influencing factors of consumer behavior, COO, as a stereotype or halo effect on product evaluations, has been widely discussed (Bilkey and Nes, 1982; Ozsomer and Cavusgil, 1991; Herz and Diamantopoulos, 2013). COO, also known as the “made in” image, usually represents a product’s country of manufacture, production, or growth. COO research has emerged as an important area of investigation for consumer behavior (Maheswaran, 1994). Studies of COO can be classified into two kinds: those devoted to the identification of factors or antecedents that influence COO effects (e.g., processing motivation, goals and types of information) (Gürhan-Canli and Maheswaran, 2000), and those dedicated to understanding how consumers use COO in product evaluations, in particular, the psychological process under COO effects.

Various social–psychological processes have been proposed to explain COO effects. In general, COO, as an information cue, is statistically significant across countries and a variety of product categories including industrial and consumer goods (Peterson and Jolibert, 1995). To summarize, a consensus with regard to the importance



of the COO effect has been reached (Verlegh and Steenkamp, 1999), especially in signaling quality of products. However, some researchers have raised doubts about the generalizability of COO effects; for example, Johansson (1993) reports that consumers may not use COO as a basis for product evaluations because of lack of intention or desire.

But despite the rich COO-related literature, researchers claim that COO should not be considered a panacea in consumers' product evaluation process. In today's global village, most products are made off-shore by emerging country firms; in particular, as Bongiorno (2007) notes in her book "A Year Without Made in China," what we buy from markets is mostly made in China and other developing countries. Further, COO cues might be used incorrectly, as many consumers frequently attribute brands they purchase to the wrong country (Magnusson et al., 2011). This, in part, is self-explanatory, because previous COO studies predominately originate from production-related considerations. From a production-related perspective, COO effects derive from different countries' capabilities to produce high-quality products, and reflect differences in "country of manufacture" (Morello, 1984; Pecotich and Steven 2007; Johansson, 1993). In this sense, the "made in" label as an extrinsic cue consumers use to assess product quality becomes meaningful during the consumer product evaluation process (Carneiro and Faria, 2016; Dekhili and Achabou, 2014).



2.2 Consumption-related Perspective: COR and Cross-country Referencing

Alternatively, research on country image has ignored the consumption-related perspective, which mainly concerns how consumers (as an out-group) across different countries mutually affect each other in buying decisions. Specifically, when a majority of consumers from country A choose their preferred products and, at an aggregate level, their collective choice as a whole is disclosed (or communicated) to consumers from another country B, those who make the revealed choice in country A may become the “reference group” for country B’s potential buyers, whose subsequent product evaluation or preference formation is likely to be affected by the reference group. Basically, COR provides the required “frame of reference,” especially when potential customers are unsure about the best choice given numerous product alternatives. In this case, country A’s consumers are “forerunners,” and comprise a particular set of people to whom country B’s consumers can refer in subsequent product assessment.

2.3 Differences between COO and COR



There are significant differences between COO and COR. The COR concept deviates from the production-driven COO notion, because it emphasizes consumption-related factors instead. Compared with COO's "made in" extrinsic cue, the COR effect examines how "chosen-by" information affects consumer product preference. In other words, COR relies on revealed preferences of foreign out-group consumers as essential cues for would-be consumers in other countries. The COO effect takes effect because countries capable of producing the highest-quality products enjoy an unparalleled reputation, while COR applies when people in low-status countries refer to the usage experiences of those in high-status countries. Thus, excelling in manufacturing can be a quality signal (cue) in the case of COO, but revealed choice of the majority of consumers in high-status countries acts as a quality signal in the case of COR.





Next, the heuristics underlying consumers' choice tasks (Balestrini and Gamble, 2006) may also differ under COO and COR regimes. When individuals lack product knowledge or experience, but have certain projected (or even stereotyped) images about a country instead, the COO influence is akin to a "halo" effect (Erickson et al., 1984; Johansson, 1989; Johansson et al., 1985). Under the COR regime, the bandwagon effect


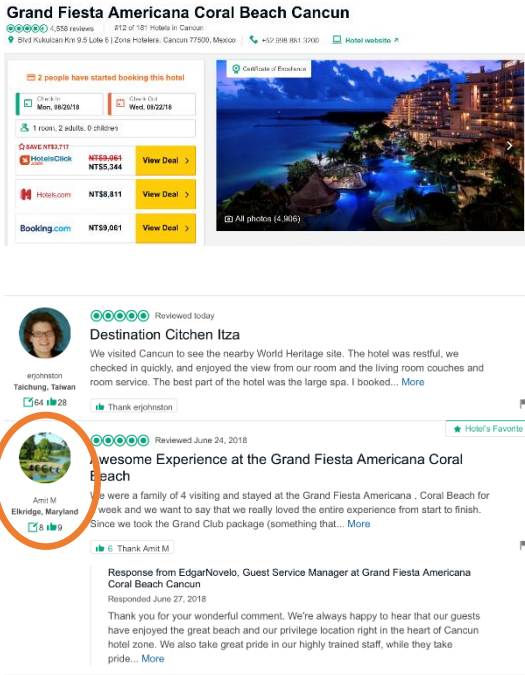
may take place when consumers evaluate user-generated reviews (Sundar et al., 2007; Liang et al., 2014); favorable user ratings usually positively enhance perception of a given consumer review as well as the reviewed product (Sundar, 2007; Xu et al., 2012).

Thus, positive product attitude and possibly more intense buying intention become contagious between local in-group and foreign out-group consumers. Consumers' coping strategies also differ: buying products from favored countries (COO) vs. buying products that favored countries' consumers prefer (COR). Similarly, product trust arises from different sources. The COO regime pertains to product performance features (e.g., durability, reliability, serviceability, and precision), demonstrated professionalism (e.g., workmanship or craftsmanship), among others, while the COR regime pertains to issues such as how consumers from a certain country perceive foreign country consumers' elegance/decency, good taste, living standards, enjoyment of life/wellness, as well as the extent of the consumer rights protection, encouragement of fair competition, and respect for consumer welfare. Table 1 lists the main aspects of COO and COR, along with examples reflecting their differences in conveyed messages.

Table 1 Major Differences between COO and COR

| Dimensions | Country of Origin (COO) | Country of Reference (COR) |
|-----------------------------------|--|---|
| Conceptual Viewpoint | Production-related | Consumption-related |
| Main arguments | <ul style="list-style-type: none"> ● “Made in” concept ● Products made in countries with relatively reputable quality image are preferred by consumers | <ul style="list-style-type: none"> ● “Chosen-by” concept ● Consumers from relatively low-status countries emulate the buying decisions of those from high-status countries, and vice versa |
| Product quality signal (cue) | <ul style="list-style-type: none"> ● Superior manufacturing capability as quality cue | <ul style="list-style-type: none"> ● Out-group product choice/usage experience as quality cue |
| Value to firms | <ul style="list-style-type: none"> ● Goodwill from consumers’ acknowledgement of a firm’s capabilities to consistently become a product quality “center of excellence” | <ul style="list-style-type: none"> ● Positive imagery/association in consumers’ minds due to a firm’s products/brands being frequently chosen, experienced, or recommended by people whom consumers admire or envy |
| Decision heuristics | <ul style="list-style-type: none"> ● Halo effect (stereotyping of country image) → High-quality products are produced by certain competent foreign countries | <ul style="list-style-type: none"> ● Herding or bandwagon effect (contagious influence between out-group and in-group consumers) → High-quality products tend to be favored by consumers from high-status countries |
| Consumers’ coping strategy | Buy what favored countries offer | Buy what favored countries’ consumers buy |
| Possible sources of product trust | <ul style="list-style-type: none"> ● Product quality ● Product durability/reliability/dependability/stability ● Performance consistency ● Precision ● Workmanship/craftsmanship ● Insistence on high quality standards | <ul style="list-style-type: none"> ● Perceived elegance/decency of out-group consumers ● Good taste ● Living standards ● Enjoyment-of-life/wellness ● Established legal protection of consumer rights ● Encouragement of fair competition ● Respect for consumer welfare |

| | | |
|-------------------------------|---|---|
| <p>Communication messages</p> | <p>Example: Product X advertised as “made in Country Y”</p> <p><u>Illustration:</u></p>  <p>(Alpecin shampoo: Made in Germany)</p>  <p>(Smirnoff vodka: Made in America)</p> | <p>Example1: Product X advertised as “having the highest market share in Country Y”</p> <p><u>Illustration:</u></p>  <p>(Alpecin hair care: No.1 in Germany)*</p>  <p>(Alinamin nutritional supplement: No.1 in Japan)**</p> |
|-------------------------------|---|---|

| | | |
|--|--|---|
| | | <p>Example 2: Consumers' reviews of various services (e.g., hotels, travel agencies, and ticket booking websites) disclosing which country they are from</p> <p>Illustration: guest reviews in  provided by consumers from different countries</p>  |
|--|--|---|

Note: * “Alpecin,” a German shampoo brand, positions a caffeine shampoo as “Germany’s No. 1 male hair care brand.” This demonstrates Alpecin’s market dominance as well as its popularity among German males. Therefore, people who recognize and appreciate “German manhood” (as compared to, for example, American or French manhood) may become enthused about using Alpecin.

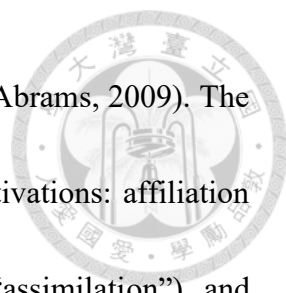
** “Alinamin,” a nutritional supplement brand intended for overcoming fatigue, is produced by Takeda, the Japan-based pharmaceutical company. It is advertised as Japan’s No. 1 in its product category.

3. How COR Works: Theoretical Foundations and Propositions



We now turn our attention to the theoretical underpinnings of the COR effect. As mentioned above, COO stereotyping influence is deeply rooted in the so-called “production-related” approach, which may be oriented toward technology-based factors. Barely considered is the “consumption-related” perspective, which reflects consumers’ proclivity to purchase certain products as they use foreign consumers’ buying decisions as a reference. In this paper, we take a consumption-centered view of COR, with emphasis on the role consumer psychology plays in cross-border imitative consumption. In the past, various models have been proposed to explain how individuals modify their thoughts under the influence of others’ opinions (Axelrod, 1997; Nowak, Szamrej, and Latané, 1990; Brewer, 1991). In this paper, the contextual background that allows COR to take effect is the eWOM spillover due to widespread consumption-related information. Next, to broadly set the stage for this COR effect, we adopt Brewer’s (1991) optimal distinctiveness theory as our theoretical foundation. Based on this, two relevant theories—the system justification theory (SJT) and the self-discrepancy theory (SDT)—are applied to explain our propositions.

The optimal distinctiveness theory (ODT) posits that people try to maintain a balance between their “desire of belonging and affiliating with others” and “desire of



being distinct and differentiated from others” (Brewer, 1991, 2007; Abrams, 2009). The ODT underscores individuals’ reconciliation of two competing motivations: affiliation with a certain group and similarity to its members (i.e., seeking “assimilation”), and independence/distinctiveness within the affiliated group (i.e., seeking “differentiation”). To satisfy both opposing motives when people hold system-justifying beliefs (as explained below and in later sections), the optimal balance can be achieved by affiliating with local in-groups while at the same time infusing distinctiveness through product possessions that are popular in foreign out-groups (but seldom seen in local in-groups). Hence, ODT provides some support for the COR concept.

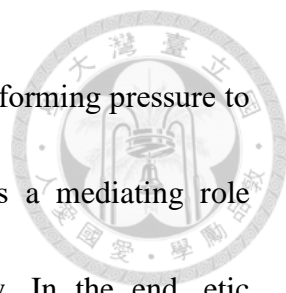
On top of ODT, SJT offers valuable insights into why so many accept the social, economic and political systems that affect them as legitimate and justified (Jost et al., 2003; Jost and Hunyady, 2003; Kay et al., 2007). Basically, SJT can explain acknowledgment of status (or standing) gaps across different countries. Applied to the context of cross-country consumption (as discussed in later sections), SJT suggests that people with system justification ideologies are more willing to move forward in a hopeful future to deal with unjust or unpleasant realities. Thus people from low-status countries (e.g., in-groups in under-developed/developing societies) may internalize their unfavorable image, and express preferences or respect for people from high-status

countries (e.g., out-groups in developed countries) (Jost and Burgess, 2000; Jost, Pelham, and Carvallo, 2002; Jost and Hunyady, 2002).



Moreover, for domestic in-groups to imitate the consumption choices of foreign out-groups, the self-discrepancy concept may provide the needed impetus. Nowadays, what people say and how they behave are vastly influenced by others, and people may alter initial perceptions and preferences given provision of information from others (McCullough, MacLachlan and Moinpour, 1982). The self-discrepancy theory (SDT) proposes that individuals try to avoid the emotional discomfort due to discrepant self-representations (Higgins, 1987; Higgins et al., 1985; Kwon et al., 2018). Self-discrepancy occurs when one detects an inconsistency between one's actual and ideal self or between one's actual and ought self. Once people are motivated to resolve such discrepancy, consumption becomes an alternative tool to compensate for their psychological discomfort.

"The combination of SJT and SDT paves the way for the formation of foreign out-group's positive image, as perceived by domestic in-groups. The encouraging or favorable image of out-group consumers, reflecting the COR effect, exerts considerable influence or "referent power" on in-group members. Such influence subsequently turns into "yielding to out-group" pressure, which we define as an etic (i.e., cross-border)



conformity concept reflecting the extent of in-group consumers' conforming pressure to follow out-group consumers' buying decisions. Thus, COR plays a mediating role between system justification/self-discrepancy and etic conformity. In the end, etic conformity is likely to lead to transmitted preferences for products as potential in-group consumers try to imitate the buying decisions of out-group users.

Beyond the aforementioned fundamental theories, we also consider two facilitating factors: decision heuristics and mental simulation. First, when people form judgments and conduct decision-making, heuristics, as mental shortcuts, represent simple, efficient rules that simplify problem-solving tasks and increase the speed of making choices (see a review by Gigerenzer and Gaissmaier, 2011). When people follow “what others buy” and take this cue as a decision shortcut, their decision-making time can be vastly reduced. Second, the term “mental simulation” reflects the ability of a person's mind to imagine taking specific actions and simulate the possible results before actually proceeding. Mental simulations make events concrete and increase perceived likelihoods of occurrence (Taylor et al. 1998). Consequently, mental simulation helps reduce performance uncertainty associated with new or unfamiliar products (Castaño et al., 2008). Thus, people may deal with uncertain futures (e.g., choosing from an array of alternatives) by closely observing, imagining and visualizing what others have chosen.

3.1 *The Theoretical Framework*



Summarizing the points raised so far, this paper suggests a conceptual framework for the COR effect, as depicted in Figure 3. In this framework, ODT lays the theoretical foundation of the COR effect, along with a contextual factor reflecting eWOM information spillover. SJT forms the basis of low-status consumers' acquiescence to their perceived relative mediocrity, as compared with high-status counterparts. Next, self-discrepancy acts as another determining factor, because local in-group consumers may endeavor to resolve their self-discrepancies (due to cross-border social comparison) by imitating the buying decisions of foreign out-group consumers, especially when the imitated group appears to reflect the majority viewpoint. When consumers from a specific country bestow high levels of approval or envy on foreign country consumers they admire, the COR effect takes effect. Once the triggering force, namely a sense of ethic conformity, is formed, domestic in-group consumers may feel the pressure to conform to the product preferences of foreign out-group consumers. Thus, product preference may transcend country boundaries, and can be transmitted. Finally, two facilitators—decision heuristics and mental simulation—expedite the COR effect. In addition, the proposed framework must take into account control variables (such as consumer xenocentrism and product category differences), which will be discussed later.

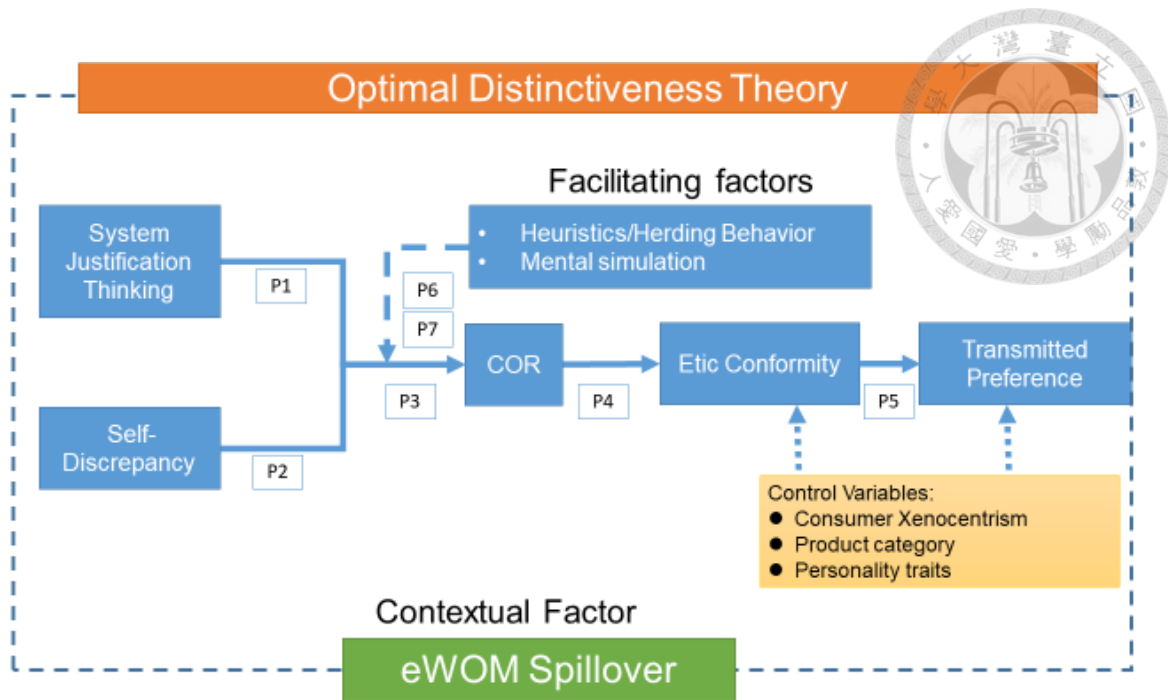



Figure 2 The Conceptual Framework for Country of Reference (COR) Effects

3.2 Contextual Factor: *eWOM spillover*

eWOM reflects consumer–consumer interactions (Yadav and Pavlou, 2014; You, Vadakkepatt, and Joshi, 2015) in computer-mediated environments. With the proliferation of Web 2.0 tools, e-commerce has progressed to social commerce, and consumers are increasingly dependent on each other, searching for online social support (either informational or emotional) and e-commerce platform reviews before making a purchase decision (Ahmad and Laroche, 2017). However, new digital platforms (e.g., LinkedIn, Facebook, YouTube, Twitter, Tumblr, Weibo, and Instagram) re-shape the competitive landscape as co-creation of brand values involves customer input (Steenkamp, 2017). Spreading much faster than traditional WOM, information-sharing



through eWOM is not private and can normally be seen by many people who do not know each other (Huete-Alcocer, 2017). Supported by the internet's worldwide scope, opinions and experiences are transmitted globally through eWOM from a single person to the entire world (Dellarocas, 2003) and from existing users to potential consumers (Litvin et al., 2008). Additionally, previous research has shown that eWOM is a significant factor affecting consumer loyalty and purchase decisions (Gruen et al., 2006, Lin et al., 2005). As most people are willing to share their product-related information/experiences with others, eWOM serves as an effective channel to collaborate and exchange information that allows the creation of UGC (Kaplan and Haenlein, 2010). With few exceptions (notably, totalitarian regimes), eWOM and UGC can be easily and globally accessed by people living in almost every corner of the world. As far as differences in language are concerned, most websites or e-platforms offer multi-language options, and some even provide a foreign-to-local language translation service (e.g., TripAdvisor's guest reviews in foreign languages can be translated into local language by volunteers). Thus, we believe eWOM and its global spillovers can serve as contextual cues that influence consumer product judgment.

3.3 Foundation: *Optimal Distinctiveness Theory*



ODT (Brewer, 1991), rooted in social identity theory (Tajfel and Turner, 1986), deals with the question of how people balance their need for inclusion and need for differentiation, and what strategies they use to reach their optimal point of distinctiveness on this continuum. ODT emphasizes the fundamental tension and balance between two competing social needs — a need for conformity and inclusion, and a countervailing need for uniqueness and individuation (Brewer, 1991). According to ODT, people manage to balance “assimilation and similarity with others” (i.e., a need to belong and affiliate) and “differentiation and distinctiveness from others” (i.e., a need to be unique). By appropriately choosing one’s group membership, assimilation needs can be satisfied by identifying with one’s in-group, and distinctiveness needs can be realized by distinguishing the in-group from out-group (White and Argo, 2011). One of ODT’s central tenets is that members of a majority group, when defining their social identity, focus on comparing themselves with other members of the majority group and strive for greater differentiation within this group. On the other hand, members of minority groups focus on comparisons between groups, particularly high-status majority groups, and strive for higher inclusiveness (Hornsey and Jetten, 2004). Applying ODT to our COR framework, we suggest that domestic in-group consumers maintain their affiliation with their belonging group but admire and think highly of foreign out-group

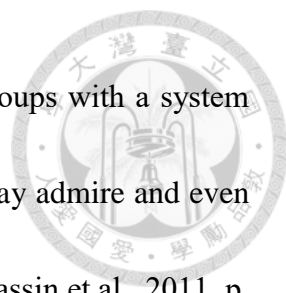
consumers, and are eager to enrich themselves and enjoy a desirable or pleasing life such as they believe the latter experience. These in-group consumers may devote considerable resources to behaving like the latter, including mimicking the product choices of the latter. In the end, the two opposing needs—affiliation with an in-group (reflecting an assimilation need), and imitating an out-group’s product choice (reflecting a distinctiveness need)—are balanced.

3.4 Determining Factor 1: System Justification

Though a fundamental tenet of many religions and worldviews is the equality of all humanity, this notion of equality rarely encompasses social status. People “at the bottom” strive for system justification in any shape or form. The basic idea of SJT, first advanced by Jost and Banaji (1994), explains justification tendencies or motives. First, individuals evoke “ego justification” to develop and maintain a favorable self-image and to feel valid, justified, and legitimate as an individual actor. Second, when someone has a need to establish and maintain the favorable image of one’s group and to define and justify the actions of fellow in-group members, “group justification” takes place. Third, “system justification” starts from social and psychological desires to imbue the status quo with legitimacy, in an attempt to perceive it as good, fair, natural, desirable,

and even inevitable. Exposure to system criticism can implicitly activate system justification (Jost, 2017). In addition, feelings of powerlessness and dependence increase system justification, even when inequality in the system is made explicitly salient, and a system-challenging explanation for inequality is made cognitively available.

At its core, SJT proposes that “people tend to provide cognitive and ideological support for the existing social system” (Jost et al., 2003). More specifically, people have a general social psychological tendency to rationalize, defend, bolster, and justify aspects of the societal status quo; that is, to see it as good, fair, legitimate, and desirable (Kay et al., 2007). Hence, people who feel disadvantaged, underprivileged, or even inferior sometimes yield to their own subjugation, rendering them happier and more satisfied with the status quo. Under SJT, individuals adopt attitudes and beliefs that underscore the merits of their social roles or categories, usually to enhance their self-esteem (Jost and Andrews, 2011). For example, to reinforce the assumption that society is fair, individuals often embrace the stereotype that deprived individuals are actually happy, or that wealthy individuals are often unhappy. After they are exposed to anecdotes that reinforce these assumptions, they perceive society as fairer (Kay and Jost, 2003).



It has been noted that although “members of disadvantaged groups with a system justification orientation think that the system is fair and just, they may admire and even show outgroup favoritism to outgroups that thrive in this system” (Kassin et al., 2011, p. 165). Thus, SJT implies underprivileged people may have a tendency to internalize their scarcity and shortage, and express liking or admiration for privileged others. When in-group members perceive themselves as disadvantaged and underprivileged, they may strive for an improvement and show out-group favoritism. In other words, admitting that there is in-group (host country) derogation as well as out-group (foreign country) favoritism, as shown by Balabanis and Diamantopoulos (2016) in their use of SJT to explain xenocentrism, amounts to one way in which people unknowingly support and maintain existing forms of inequality (Jost, Pelham, and Carvallo, 2002).

SJT is unique in postulating a tendency to defend, bolster, and justify aspects of the societal status quo—not necessarily at a conscious level of awareness. The foundation of justification is individuals’ need for reinforcing the status quo or seeking sought-after growth. When people, especially disadvantaged consumers from low-status countries, come in contact with a life they respect and admire, they have the desire to enjoy this much better life. They tend to view relatively advantaged out-group consumers from high-status countries as exemplars of good taste and models to be imitated. Hence,

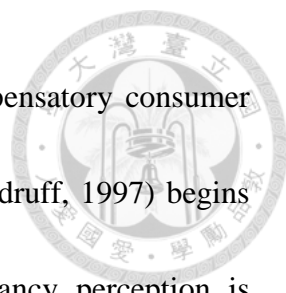
system justification thinking can lead to the COR effect, reflected by the advantageous or admirable image of consumers in the out-group.



Proposition 1 (P1). Evoked system justification positively influences the COR effect.

3.5 Determining Factor 2: Self-discrepancy

The “self-discrepancy theory” (SDT) (Higgins, 1987; Mason et al., 2019) is a model of self and affect which specifies different kinds of self-representations: the actual self (attributes a person actually possesses), the ideal self (attributes a person would ideally like to possess, namely one’s hopes and aspirations) and the ought self (attributes a person believes it’s his/her responsibility to possess, namely one’s duties and obligations) (Mason et al., 2019). As part of an individual’s self-regulation process, a person usually checks potential gaps between: (1) actual self and ideal self; and (2) actual self and ought self (Mason et al., 2019). A person will perceive self-discrepancy when there’s an inconsistency between one’s actual and ideal self or between one’s actual and ought self (Higgins, 1987; Mason et al. 2019). The self-discrepancy is psychologically aversive, and people are motivated to engage in self-regulation efforts to restore their desired state (Higgins, 1987; Tesser et al., 2000; Mandel et al., 2017).



As a consequence of self-discrepancy, a triggering force for compensatory consumer behavior (CCB) (Gronmo, 1997; Rucker and Galinsky, 2008; Woodruff, 1997) begins to surface. Mandel et al. (2017) propose that once self-discrepancy perception is activated, people are motivated to resolve the discrepancy, consumption therefore becomes an alternative tool to compensate for their psychological needs. Hence, CCB reflects “any purchase, use, or consumption of products or services motivated by a desire to offset or reduce a self-discrepancy” (Mandel et al., 2017, p.134).


Self-discrepancy has different manifestations covering a variety of domains (such as body image, intelligence, sense of power, or affiliation). In practice, there are numerous incidents which can trigger a self-discrepancy, such as a non-native speaker scoring poorly in TOEFL test, or a college graduate receiving fewer job offers than his/her classmates. Self-discrepancy can also arise from social comparison, as a person compares his/her current status, skills, or attributes with those of others. For example, an Asian girl may be reminded of her single eyelid, black hair, and flat-chested body when she watches fashion shows posted on YouTube featuring western models. In the case of upward comparison (to someone with plentiful resources, superior skills or high standing), an individual is more likely to consume products that resolve the source of self-discrepancy (e.g., going to cram schools or hiring tutors to improve English), or

purchase high-status products (e.g., luxury handbags) to restore their feelings of power (Mandel et al., 2017).



Moreover, self-discrepancy can also arise when people feel that their group membership/affiliation or inter-personal relationship status is far from ideal (Mandel et al., 2017). This occurs when individuals experience social exclusion from an important referent group, or a loss of connections with groups which they identify, or even a failure of romantic relationship with another person. When a person finds it very difficult to associate the self with others, he/she may endeavor to fulfill the need for affiliation by forming strong attachments toward brands or possessions (Mandel et al., 2017).

We can now extend the findings described above and apply them to our COR framework. When a consumer in X-country observes product preferences revealed by a majority of Y-country consumers, some kind of social comparison may be activated in the X-country consumer's mind, possibly leading to double-checking of inconsistency ("actual vs. ideal" self or "actual vs. ought" self). If indeed there exists a self-discrepancy, the X-country consumer may try to resolve it and the CCB model predicts subsequent consumption of products/services. Given a self-discrepancy caused by social comparison, the X-country consumer may come to the conclusion that



Y-country consumers represent an “aspirational reference group,” namely the group he/she admires, respects and wishes to be like but is not currently a member of. Although the X-country consumer has the desire to associate himself/herself with the Y-country aspirational group, but such need for cross-border group affiliation is very difficult to satisfy due to geographical and temporal distance. But as predicted by both SDT and CCB, the X-country consumer’s need for affiliation can take the form of possessing the same products/brands adopted by Y-country consumers.

The notion that Y-country consumers constitute an “aspirational reference group” does not always mean that X-country consumers belong to a disadvantaged group, while Y-country consumers represent a privileged group. People living in a high-status (more-developed) country may still consider people in a low-status (less developed) country as constituting an aspirational group, because inconsistency between “actual vs. ideal” self or between “actual vs. ought” self may result in high-status consumers admiring or even envying low-status consumers. For example, overreliance on processed food in many highly industrialized countries has led many people from the west to strive for natural/organic food, maintain healthy dietary patterns, and follow new fitness regimes. Ironically, consumers from many low-status countries often live on limited, local food and eat light from their birth. Similarly, the fact that low-status consumers enjoy an austere lifestyle and hold a puritanical attitude towards life can be

very attractive to high-status consumers, hence the former becomes an aspirational group of the latter.



In fact, it is not always the case that consumers in low-status (less-developed) countries take the choices of consumers in high-status (more-developed) countries as a reference. Generally speaking, there are four possible scenarios in which the COR effect can take place, and these scenarios are summarized in Figure 4. Suppose the product involved is herbal tea, the “low-to-low” scenario depicts a situation in which consumers in India (a low-status country) observe the adoption behavior of consumers in Bhutan (also a low-status country). Since Bhutan is perceived to have spectacular mountainous scenery and enjoy high gross national happiness (GNH), Indian consumers may have a favorable image of Bhutanese and like to buy herbal tea products chosen by Bhutanese. On the other hand, the “high-to-high” scenario explains another situation in which consumers in Australia (a high-status country) observe the purchase decision of consumers in UK (also a high-status country). As part of the Commonwealth and with strong connections to United Kingdom, Australians are expected to speak highly of British people and respect their herbal tea choices.

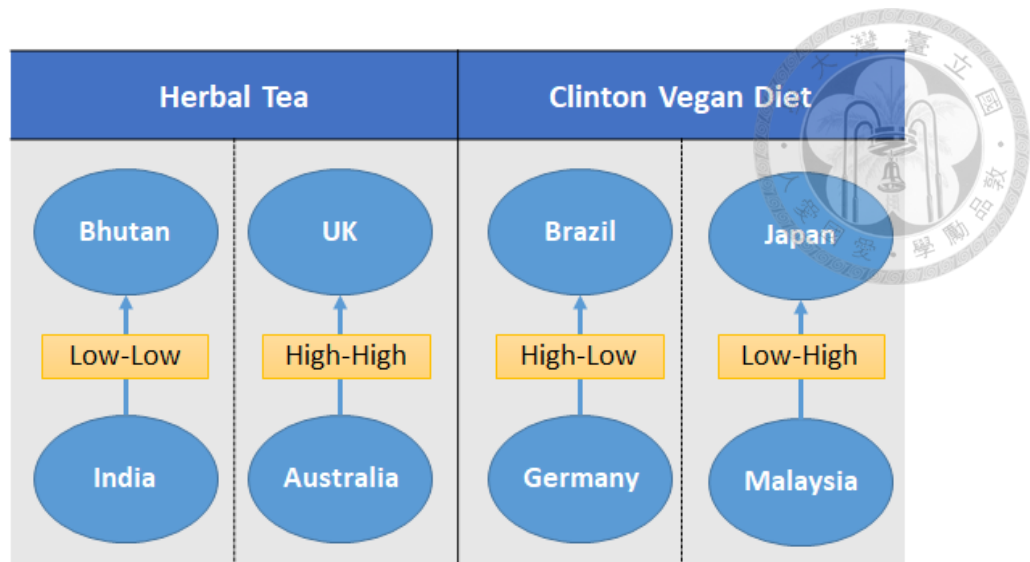



Figure 3 Four Possible Directions of Cross-country Referencing

Next, let's suppose the product involved is "Clinton vegan diet" adopted by former US President Bill Clinton. Just like the heart-healthy Mediterranean diet based on typical foods/recipes of Mediterranean-style cooking, Clinton vegan diet is essentially a plant-based healthy eating plan composed of beans, legumes, vegetables, fruit and protein supplement. Named after Bill Clinton, the Clinton vegan diet is more like a "person-of-origin" brand with less of a COO image. Now assume a "high-to-low" scenario in which consumers in Germany (a high-status country) observe adoption of Clinton diet by consumers in Brazil (a relatively low-status country compared to Germany). As Brazilian cuisine reflects African, Amerindian, European, or even Asian (mostly Japanese) influences, it is a mix of native and immigrant flavors. But Germans are more of a pureblood Germanic ethnicity, and their cuisine is expected to have



limited variety. In this case, Brazilians may be in an enviable position as Germans hold a favorable image of Brazilians, and therefore Germans decide to imitate Brazilians' dieting decision. Finally, there is the typical "low-to-high" scenario in which consumers in Malaysia (a low-status country) observe adoption of Clinton diet by consumers in Japan (a high-status country). Since Japanese cuisine is mostly sea-food based with sparing use of red meat, oils/fats and dairy products, Japanese are normally perceived to be healthy eaters. Thus in the minds of Malaysians, Japanese are likely to be well respected for their healthy eating expertise, and their choice of Clinton diet may be copied by Malaysians.

Proposition 2 (P2). Self-discrepancy positively influences the COR effect.

3.6 Mediator Variable: COR

We argue that a favorable COR image may take shape when domestic in-group consumers with a certain level of perceived inadequacy, mediocrity or self-discrepancy hold an admirable impression of foreign out-group consumers, possibly causing the former to deliberately imitate the preferred product choices of the latter. In this sense, the COR effect explains why enthusiasm for a product is contagious across countries. Namely, whether a product is worth buying in a specific country depends in part on who

are buying it in other countries. This implies that a product is preferred by X-country consumers because their well-regarded Y-country counterparts choose it, not necessarily because it enjoys a better COO image. However, is it plausible to assume country A consumers face conformity pressure to follow country B consumers' product choices?

Applying the conformity approach, Chen and Lu (2015) investigated how individual and psychological factors affect social influences (including informational and normative influences) that may enhance buying intentions. They argue that people may accept information from others as an indicator of reality and sense an urge toward “group-buying.” Within the COR framework, others’ conduct serves as “reference points”—such information is people-centered and realistic in our everyday lives (compared with the COO production-related perspective). In the minds of in-group members, when out-group members enjoy more favorable or admirable associations (i.e., the COR effect is positive and salient) evoked by system justification beliefs and self-discrepancy, their influential position is strengthened and their “referent power” grows larger. Subsequently, the etic (or cross-border) conformity issue becomes relevant as in-group consumers start to sense the urge to “do as out-group consumers do.” This paper thus proposes a mechanism of influence based on the idea that etic conformity is caused by the COR effect, which has previously been linked to social justification and self-discrepancy, in Propositions 1 and 2. Thus, the COR effect is

proposed to mediate both effects of system justification and self-discrepancy on etic conformity.



Proposition 3 (P3). The effects of system justification and self-discrepancy on etic conformity is mediated by the COR effect.

3.7 Etic Conformity

Long ago, Aristotle stated that, “Man is by nature a social animal.” Humans live in and are socialized in societies, through interactions with others. Particularly, consumers seldom make decisions in a social vacuum (Dong and Zhong, 2017), as others’ choices often play an important default role having significant influence (Huh, Vosgerau, and Morewedge, 2014). Conformity is one manifestation of social influence (Allen, 1965), referring to the process of changing one’s behavior to match the responses of others (Cialdini and Goldstein, 2004). In the marketing literature, Burnkrant and Cousineau (1975) distinguish between two tendencies: the tendency of opinions to establish a group norm, and the tendency of individuals to comply with the group norm. More recently, researchers have shown that stable factors (e.g., personality traits and product categories) and situational factors (e.g., physical and emotional experiences) influence conformity (Dong and Zhong, 2017). Don, Dai, and Wyer (2015) report that increasing

conformity activates consumers' "copying others" mindset, as they jointly engage in synchronous activities in subsequently unrelated consumption contexts.



In this paper, we start from a cross-cultural viewpoint and adopt an etic approach to define cross-border conformity. Etic conformity is defined as the conforming pressure as perceived by people from one country to follow the purchase decisions of people from a certain foreign country. It is a kind of group-conforming pressure, but it occurs between consumer groups from different countries. The term "etic conformity" reflects in-group consumers' extent of compliance with out-group buyers' product choices. It affects subsequent transmitted product preference, where transmitted preference represents in-group people's product preference in country-X which is induced by out-group individuals' product preference in country-Y. The term "transmitted" is used to capture the cross-border transfer of product preference. As noted above, the high-status out-group's well-respected COR image (in the form of favorable or admirable associations) enhances their influential position and referent power, which in turn boost low-status in-group consumers' perceived etic (cross-country) conformity. Further, as the extent of etic conformity increases, consumers (in low-status countries) are more likely to prefer products chosen by their foreign counterparts (in high-status countries).

Proposition 4 (P4). The COR effect positively influences consumers' etic conformity.

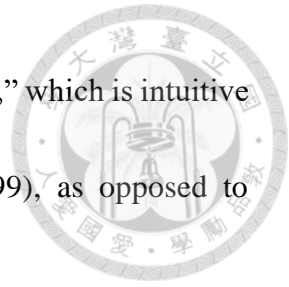


Proposition 5 (P5). Consumers' etic conformity positively influences their transmitted product preferences.

3.8 Facilitators: Decision Heuristics and Mental Simulation

Our study also sheds light on the moderating roles of facilitating factors: decision heuristics and mental simulation, respectively. In the past, cognitive dual-process theories have provided a comprehensive explanation of how consumers make purchase decisions (Zhang et al., 2014). The Elaboration Likelihood Model (ELM) (Cacioppo et. Al., 1986) suggests that individuals can process information using either a peripheral or central strategy. On the other hand, the Heuristic-Systematic Model (HSM) (Chaiken, 1980) proposes cognitive processing as either systematic or heuristic. Previous studies regarding consumer decision-making show that people do not always have precise and clear preferences (Payne, Bettmand and Johnson, 1992), and choice overload often leads to avoidance of elaborate decisions (Schwartz, 2004). In problem-solving situations where information is abundant and there are multiple options, individuals tend to rely on simple rules (Gigerenzer and Gaissmaier, 2011). Briefly, people may

take “shortcuts” and make judgments and decisions using “System 1,” which is intuitive and fairly rapid (Evans, 2008; Kahneman, 2011; Stanovich, 1999), as opposed to “System 2,” which reflects deliberate and slower mental processes.



When people encounter novel, ambiguous, or uncertain situations, they are particularly likely to observe the behaviors and decisions of others (Cialdini, 2009). The phenomenon of “making a decision based in part on the behavior/choices of others” is called “herd behavior.” Previous research has shown that people’s online product choices are influenced by two cues: sales volume and customer reviews. In particular, recommendations from other consumers influence the decision maker more effectively than the information from an expert (Huang and Chen, 2006).

We argue that the heuristics factor strengthens both the effects of system justification and self-discrepancy on the COR effect. Rational choice theorists have created stylized models of how the heuristics produces information cascades when actions are sequential and decision makers learn by observing the actions of others rather than through verbal communication (Banerjee, 1992; Bikhchandani, Hirshleifer, and Welch, 1992). Since consumers may accept others’ opinions and follow others’ actions in their purchase decision when they have little experience and knowledge about an unfamiliar item (Chaiken et al., 1980), respecting what others say and purchasing

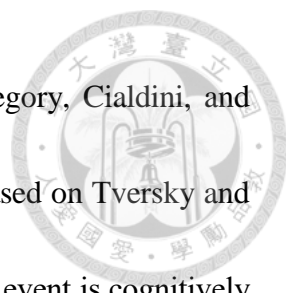
what others buy may simplify their consumption task. This is akin to a decision shortcut, as “listening to others” becomes an easier and more secure coping strategy.



Proposition 6 (P6). Decision heuristics moderate the effects of system justification and self-discrepancies on the COR effect.

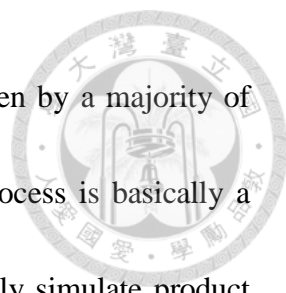
Mental simulation, the process of self-projection into alternate temporal, spatial, social, or hypothetical realities, is a distinctively human capacity. Mental simulation has been defined as the cognitive construction of hypothetical scenarios (Taylor and Schneider, 1989), usually in the form of stories or narratives (Fiske, 1993). Mental simulation enables people to return to past events and to project multiple versions of future incidents. It is a means of anticipating the results of an action, and can improve the ability to handle new tasks or solve new problems. Consequently, mental simulation is necessary while preparing for future events and interpreting recent events. In other words, the process of mental simulation is underway when people are affected by events, behaviors, and products, among others.

In the past, social psychologists have examined the consequences of mental simulation, which include higher probability estimates of simulated events and positive changes in attitudes, brand evaluations, and actual behavior, particularly if the simulation is



self-relevant and repeated (e.g., Anderson, 1983; Carroll, 1978; Gregory, Cialdini, and Carpenter, 1982). The predominant explanation for these effects is based on Tversky and Kahneman's (1974) availability heuristic: to the extent that an idea or event is cognitively available, it will be perceived as more likely (see also Kahneman and Tversky (1982) for a discussion of the simulation heuristic). Mental simulation involving a target product leads to a higher evaluation of that product, as well as the advertisement that elicits the simulation (Escalas, 2004). As noted by Simonson and Rosen (2014a), buying decisions have recently started to depend on the "absolute value of things," which they refer to as the ability to get closer to knowing their likely experience with a product.

Numerous lines of research suggest that the tendency toward mental simulation is associated with enhanced meaning (Waytz et al., 2015). Consumers can make decisions about future consumption through autobiographical anticipation or consumption visions of the future that visualize self-enacting with the new product or service (Payne et al., 1992). When people simulate events, they frequently consider their own actual or potential behaviors, creating behavioral scenarios similar to stories, in which they are the main characters (Escalas, 2004). Therefore, we propose that the mechanism through which mental simulation persuades is similar to the mechanism through which stories persuade. As described above, when domestic consumers with a certain level of perceived inadequacy or self-discrepancy have the opportunity to imagine how their lives will change



after mentally experiencing (i.e., mimicking) the same product chosen by a majority of consumers from foreign countries, the whole scenario projection process is basically a mental simulation concept. We expect that the inclination to mentally simulate product ownership or usage in accordance with imitating others' choice will positively moderate both effects of system justification and self-discrepancy on the COR effect.

Proposition 7 (P7). Mental simulation moderates the effects of system justification and self-discrepancy on the COR effect.

3.9 Control Variables

The conformity literature shows that many factors render consumers more or less likely to conform (Huang et al., 2014). In this study, we also include personal factors or personality trait variables in our framework to account for extraneous influences that may affect conformity and preferences:

- Consumer xenocentrism (Balabanis and Diamantopoulos, 2016): A measure of consumers' xenocentric tendencies that is able to explain consumer preferences for foreign products.

- Product category (Huang et al., 2014): Conformity may be a function of product category.
- Personality traits (Snyder and Fromkin, 1977; Tian, Bearden, and Hunter, 2001): Including variables such as the need for uniqueness and the tendency to conform.




4. Conclusions and Implications

With the progress of communication technologies and unprecedented data accessibility over the internet, information has permeated previously unreachable corners of the world. Consumers around the globe have become both information-providers and information-seekers, and in terms of interpersonal influences, they can claim to be “opinion leaders.” In the internet and social media age, everyone is in the media industry. Everyone can write blogs, post or reply in Facebook, run fan circles, upload videos to YouTube, exchange ideas, influence others’ thoughts, and be influenced by others. Self-media is ubiquitous as long as there are providers and readers, even if they live in countries far from one another. As there are always people going onstage and offstage in the global media, everyone can freely decide what he or she wants to believe and make similar product choices. With the drastically increasing spread of consumer-side information, the COR framework, which reflects a consumption-oriented

perspective, may exhibit explanatory power and become more critical in decades to come.



Traditional COO concept is gradually facing new challenges because of the explosive growth of product-related information flowing all over the internet. In the future, the global marketing arena will address issues such as how we communicate usage experiences, whom we connect with, and from where we acquire product-related information. Thus, in addition to checking a product's "made-in label," modern-day consumers begin to pay growing attention to its "chosen-by label" by examining who exactly are buying it. Therefore, by devising a new COR (i.e., "who buys the product") concept, this paper aims to let COR complement the traditional COO (i.e., "where it is made") viewpoint. In this study, we aim to conceptualize COR and further examine its roles in international marketing. Theoretically speaking, COR branches off from traditional COO research streams as it emphasizes peer-to-peer influences and addresses how product-related information, pouring in from around the world, cascades from countries with earlier product sales figures and usage experiences to countries with later product adoptions. COR provides alternative explanations for the cross-country bandwagon effect in consumer markets and serves as a fundamental mechanism underlying multi-market emulating behavior.



The contribution of this paper is twofold. From a theoretical perspective, we broaden the scope of conventional COO research and advance current COO-related knowledge by proposing a COR cue, which can be further investigated for validity in the international marketing literature. We suggest that within the COR framework, product-related attitudes and consumption behavior can be “infectious” via interpersonal channels of influence on a global scale. From a practical standpoint, this paper shows that COR literally reflects most recent business practices and continues to exert far-reaching influence in current digital environments. COR is expected to have even more profound impacts as the internet and social networking era unfolds in the future.

In addition, marketing implications can be derived from this study. First, as noted by Kotler *et al* (2017), emerging globally-young, urban, middle-class with strong mobility and connectivity would be the majority in the future, and these people aspire to accomplish higher goals, experience more excellent things, and emulate behaviors of people in the more upper class. Firms may grasp the opportunity to “ride the coattails” of earlier product success (e.g., dominant market acceptance) in a specific country and take advantage of the COR spillover effect. For example, if a product launched in country A achieved market share dominance, the firm has the chance to transform the product’s widespread popularity in country A into product acceptance in country B if

the COR effect occurs. One key challenge facing marketing managers is which country to designate as A, so that country B can be affected. The selection of influential countries and influenced countries is important.



Second, manifestations of COR effects can be observed in different forms. In practice, communication messages can be framed as “Market share No. 1 (or Best-selling product) in country X,” or “Ranked No. 1 in consumer ratings in country X,” or “Top on the list of most wanted products,” and so on. The resulting country referencing effects may be different given various forms of advertised messages. Marketing managers hoping to harness the power of COR may need to assess which message frames are more effective than others.

Third, to the best of our knowledge, this pioneering study is the first to theoretically delineate the existence of COR effects, which show that the majority product choice made by out-group consumers in foreign countries has the power to convince in-group consumers in a domestic country to follow suit. Therefore, COR has the potential to constitute a viable source of country-level “soft power,” as buyers from one “influenced” country look up to counterparts in other “influencing” countries. From the standpoint of country image building, COR opens a new research stream for “country-labelling” studies. There are noticeable marketing and policy implications associated with the COR concept when certain countries are identified as influential

“trend-setters” in specific product categories (e.g., fragrance from France, handbags from Italy or Spain, and curry dishes from India).



5. Limitations and Future Research Suggestions

While we propose that consideration of COR effects will gain more weight in future marketing decision-making, the COR concept has not yet been reflected in the literature. There are several limitations in this paper. First, our proposed framework is mainly exploratory in nature, so the COR concept itself and all theoretically identified constructs in this paper (including SJT, self-discrepancy, etic conformity, decision heuristics factors, and mental stimulation) need to be carefully defined and measured to provide empirical support for our model. Second, although we have pinpointed the differences between COO and COR cues, it is natural to expect the coexistence of COO and COR, as both cues can signal distinctive product quality to consumers. However, we do not know yet exactly how COO and COR complement each other; it is likely that whether COO or COR has the most significant explanatory power depends on the specific circumstances. For example, the COR effect may be more substantial in certain types of consumption (e.g., services), product categories (e.g., hedonic goods), or market segments (e.g., youth segment or Net generation), but may become less salient

in others. Further investigation is required to help articulate consumers' product evaluation and judgment process in global environments.



Third, the COR concept cannot be analyzed in isolation because its effect heavily depends on other important marketing mix variables, such as price and advertising, which are totally ignored in this paper. For example, the Veblen effect, often characterized by consumers' desire for conspicuous consumption, states that consumers desperately pursue high-price products that are functionally equivalent to the cheaper alternatives. Besides, Pepall and Reiff (2016) show that to create a Veblen effect, a firm can use targeted advertising to establish its product's social identity associated with a specific social group, thus stimulating consumers' desire to belong to that reference group. It is thus worthwhile to further investigate whether high price and targeted advertising lead to significant COR effects.

As to future research opportunities, there are topics deserving further study. First, conceptually speaking, the aforementioned COR "spillover effects" across different out-groups of consumers living in culturally diverse country markets may be related to other notions. For instance, the bandwagon effect shows that the probability of potential consumers adopting a product increases with the proportion of people who have already adopted. As more share the same product beliefs, others quickly "hop on the bandwagon." The bandwagon effect is likely to be generated by network externalities in

the information spillover environment (Choi, 1997). Another example is herding behavior, which describes how people imitate others and follow the crowd (Banerjee, 1992). Future research endeavors should clarify how COR is related to notions such as the bandwagon effect and herding behavior.

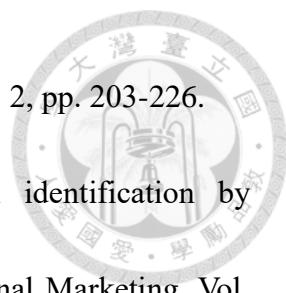
Second, for illustration purposes, this paper provides marketing communication examples in which firms claim a championship position in terms of market share. In reality, firms have a spectrum of options to demonstrate how their products are treasured by advantaged consumers in high-status countries. For example, firms can associate their products with a specific user or usage imagery that belongs solely to distinctive high-status countries. Alternatively, unique psycho-social characteristics of consumers from high-status countries may also be portrayed in advertised messages. In these cases, people from low-status countries may also be attracted, because of an identity fit between self and others. Further investigation of the connections between COR and self–others identity congruence is required.

Third, there are geographical or cultural differences regarding the prevalence of eWOM in the global arena. Chu and Choi (2011) reported that compared to US consumers, Chinese consumers show a stronger trust in product recommendations made by their digital peers and are more influenced by them. In terms of cross-border peer influence, it seems reasonable to expect that cross-country referencing implied by COR

will reflect cultural or regional differences. Take the Korean wave or Korean fever that recently diffuses around East/Southeast Asia as an example. Korean products, cosmetic products in particular, attract this region's consumers, including Chinese. But does the Korean wave stand out due to regional cultural reasons? This important issue is worth further examinations.

6. References

- Abrams, D. (2009), "Social identity on a national scale: Optimal distinctiveness and young people's self-expression through musical preference", *Group Process & Intergroup Relations*, Vol. 12, pp. 303-317.
- Ahmad, S.N. and Laroche, M. (2017), "Analyzing electronic word of mouth: A social commerce construct", *International Journal of Information Management*, Vol. 37 No.3, pp. 202-213.
- Allen, V.L. (1965), "Conformity and the role of deviant. *Journal of personality*", Vol. 33 No. 4, pp. 584-597.
- Anderson, C.A. (1983), "Imagination and Expectation: The Effect of Imagining Behavioral Scripts on Personal Intentions", *Journal of Personality and Social Psychology*, Vol. 45, No. 2, pp. 293-305.
- Axelrod, R. (1997), "The dissemination of culture: A model of local convergence and

- 
- global polarization”, *Journal of Conflict Resolution*, Vol. 41 No. 2, pp. 203-226.
- Balabanis, G. and Diamantopoulos, A. (2008), “Brand origin identification by consumers: A classification perspective”, *Journal of International Marketing*, Vol. 16 No. 1, pp. 39-71.
- Balabanis, G. and Diamantopoulos, A. (2016), “Consumer xenocentrism as determinant of foreign product preference: A system justification perspective”, *Journal of International Marketing*, Vol. 24 No. 3, pp. 58-77.
- Balestrini, P. and Gamble, P. (2006), “Country-of-origin effects on Chinese wine consumers”, *British Food Journal*, Vol. 108 No.5, pp. 396-412.
- Banerjee, A.V. (1992), “A simple model of herd behavior”, *The quarterly journal of economics*, Vol. 107 No.3, pp. 797-817.
- Bickart, B. and Schindler, R. (2001), “Internet forums as influential sources of consumer information”, *Journal of Interactive Marketing*, Vol. 15 No.3, pp. 31–40.
- Bikhchandani, S., Hirshleifer, D. and Welch, I. (1992), “A theory of fads, fashion, custom, and cultural change as informational cascades”, *Journal of political Economy*, Vol. 100 No. 5, pp. 992-1026.
- Bikhchandani, S., Hirshleifer, D. and Welch, I. (1998), “Learning from the behavior of others: Conformity, fads, and informational cascades”, *Journal of Economic Perspectives*, Vol. 12 No. 3, pp. 151-170.

Bilkey, W.J. and Nes, E. (1982), "Country-of-origin effects on product evaluations",
Journal of international business studies, Vol. 13 No. 1, pp.89-100.

Bongiorni, S. (2007), A year without" made in China": one family's true life adventure
in the global economy, John Wiley & Sons, NY.

Brewer, M.B. (1991), "The social self: On being the same and different at the same
time", Personality and social psychology bulletin, Vol. 17 No. 5, pp. 475-482.

Brewer, M.B. (2007), "The importance of being we: Human nature and intergroup
relations", American Psychologist, Vol. 62 No.8, pp. 728-738.

Burnkrant, R.E. and Cousineau, A. (1975), "Informational and normative social
influence in buyer behavior", Journal of Consumer research, Vol. 2 No. 3, pp.
206-215.

Cacioppo, J.T., Petty, R.E., Kao, C.F. and Rodriguez R. (1986), "Central and peripheral
routes to persuasion: an individual difference perspective", Journal Personality and
Social Psychology, Vol. 51 No. 5, pp. 1032–1043.

Cai, H., Chen, Y. and Fang, H. (2008), "Observational learning: Evidence from a
randomized natural field experiment", American Economic Review, Vol. 99 No. 3,
pp. 864-882.

Carneiro, J. and Faria, F. (2016), "Quest for purposefully designed conceptualization of
the country-of-origin image construct", Journal of Business Research, Vol. 69 No.

10, pp. 4411-4420.



Carroll, J.S. (1978), “The Effect of Imagining an Event on Expectations for the Event: An Interpretation in Terms of the Availability Heuristic”, *Journal of Experimental*

Social Psychology, Vol. 14 No.1, pp.88-96.

Castaño, R., Sujan, M., Kacker, M. and Sujan, H., (2008), “Managing consumer uncertainty in the adoption of new products: Temporal distance and mental simulation”, *Journal of Marketing Research*, Vol. 45 No.3, pp.320-336.

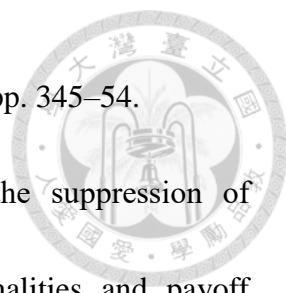
Chaiken, S. (1980), “Heuristic versus systematic information processing and the use of source versus message cues in persuasion”, *Journal of personality and social psychology*, Vol. 39 No. 5, pp. 752-766.

Chen, Y.F. (2008), “Herd behavior in purchasing books online”, *Computers in Human Behavior*, Vol. 24 No. 5, pp. 1977-1992.

Chen, Y.F. and Lu, H.F. (2015), “We-commerce: Exploring factors influencing online group-buying intention in Taiwan from a conformity perspective”, *Asian Journal of Social Psychology*, Vol. 18 No. 1, pp. 62-75.

Cheung, C.M.K. and Thadani, D.R. (2012), “The impact of electronic word-of-mouth communication: A literature analysis and integrative model”, *Decision Support Systems*, Vol. 54 No.1, pp. 461-470.

Chevalier, J.A. and Mayzlin, D. (2006), “The Effect of Word of Mouth on Sales: Online

- 
- Book Reviews”, *Journal of Marketing Research*, Vol. 43 No.3, pp. 345–54.
- Choi, J.P. (1997), “Herd behavior, the ‘penguin effect,’ and the suppression of informational diffusion: an analysis of informational externalities and payoff interdependency”, *The Rand Journal of Economics*, Vol. 28 No. 3, pp. 407-425.
- Chu, S.C. and Choi, S.M. (2011), “Electronic Word-of-Mouth in Social Networking Sites: A Cross-Cultural Study of the United States and China”, *Journal of Global Marketing* Vol. 24 No. 3, pp. 263–281.
- Cialdini, R.B. (2009), *Influence: Science and practice* (Vol. 4). Boston: Pearson education.
- Cialdini, R.B. and Goldstein, N.J. (2004), “Social influence: Compliance and conformity”, *Annu. Rev. Psychol*, Vol. 55, pp. 591-621.
- Dekhili, S. and Akli Achabou, M. (2014), “Eco-labelling brand strategy: Independent certification versus self-declaration”, *European Business Review*, Vol. 26 No. 4, pp. 305-329.
- Dellarocas, C. (2003), “The digitization of word of mouth: Promise and challenges of online feedback mechanisms”, *Management science*, Vol. 49 No.10, pp. 1407-1424.
- Dichter, E. (1962), “The world customer”, *Thunderbird International Business Review*, Vol. 4 No.4, pp. 25-27.

Dong, P., Dai, X. and Wyer Jr, R.S. (2015), “Actors conform, observers react: The effects of behavioral synchrony on conformity”, *Journal of personality and social psychology*, Vol. 108 No.1, pp. 60-75.



Dong, P. and Zhong, C.B. (2017), “Witnessing moral violations increases conformity in consumption”, *Journal of Consumer Research*, Vol. 44 No. 4, pp. 778-793.

Duan, W., Gu, B. and Whinston, A.B. (2009), “Informational cascades and software adoption on the internet: An empirical investigation”, *MIS Quarterly*, Vol. 33 No. 1, pp. 23-48.

Erickson, G.M., Johansson, J.K. and Chao, P. (1984), “Image variables in multi-attribute product evaluations: country-of-origin effects”, *Journal of consumer research*, Vol. 11 No. 2, pp. 694-699.

Escalas, J.E. (2004), “Imagine yourself in the product: Mental simulation, narrative transportation, and persuasion”, *Journal of advertising*, Vol. 33 No.2, pp. 37-48.

Evans, J.S.B. (2008), “Dual-processing accounts of reasoning, judgment, and social cognition”, *Annu. Rev. Psychol*, Vol. 59, pp. 255-278.

Fiske, S.T. (1993), “Social cognition and social perception”, *Annual review of psychology*, Vol. 44 No.1, pp. 155-194.

Gigerenzer, G. and Gaissmaier, W. (2011), “Heuristic decision making”, *Annual review of psychology*, Vol. 62, pp. 451-482.

Goldsmith, R.E. and Horowitz, D. (2006), “Measuring motivations for online opinion seeking”, *Journal of interactive advertising*, Vol. 6 No.2, pp. 2-14.

Gregory, W.L., Cialdini, R.B. and Carpenter, K.M. (1982), “Self-Relevant Scenarios as Mediators of Likelihood Estimates and Compliance: Does Imagining Make It So”, *Journal of Personality and Social Psychology*, Vol. 43 No.1, pp. 89-99.

Gronmo, S. (1988), “Compensatory consumer behavior: Elements of a critical sociology of consumption”, *The sociology of consumption*, pp. 65-85.

Gruen, T.W., Osmonbekov, T. and Czaplewski, A.J. (2006), “eWOM: the impact of customer-to-customer online know-how exchange on customer value and loyalty”, *Journal of Business Research*, Vol. 59 No. 4, pp. 449-456.

Gürhan-Canli, Z. and Maheswaran, D. (2000), “Determinants of country-of-origin evaluations”, *Journal of Consumer Research*, Vol. 27 No. 1, pp.96-108.

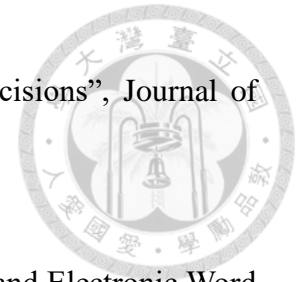
Han, C.M. and Terpstra, V. (1988), “Country-of-origin effects for uni-national and bi-national products”, *Journal of international business studies*, Vol. 19 No. 2, pp. 235-255.

Herz, M. (2015), Do you know COO? An explorative perspective on consumers' country-of-origin knowledge, in *Forum Markenforschung*, Springer Gabler, Wiesbaden.

Herz, M.F. and Diamantopoulos, A., (2013), “Activation of country stereotypes:



- automaticity, consonance, and impact”, *Journal of the Academy of Marketing Science*, Vol. 41 No. 4, pp.400-417.
- Heslop, L.A., Liefeld, J.P. and Wall, M. (1987), “An experimental study of the impact of country-of-origin information”, *Marketing*, Vol. 8, pp. 179-185.
- Hester, S.B. and Yuen, M. (1987), “The influence of country of origin on consumer attitude and buying behavior in the United States and Canada”. In M. Wallendorf, M. and Anderson, P. (Eds.), *Advances in consumer research*, Vol. 14, Association for Consumer Research, Provo, UT, pp: 538–542.
- Higgins, E.T. (1987), “Self-discrepancy: A theory relating self and affect”. *Psychological Review*, Vol. 94 No.3, pp.319–340.
- Higgins, E. T., Klein, R. and Strauman, T. (1985), “Self-concept discrepancy theory: A psychological model for distinguishing among different aspects of depression and anxiety”, *Social Cognition*, Vol. 3 No.1, pp. 51-76.
- Hornsey, M.J. and Jetten, J. (2004), “The individual within the group: Balancing the need to belong with the need to be different”, *Personality and Social Psychology Review*, Vol. 8 No. 3, pp. 248-264.
- Huang, J. H. and Chen, Y. F. (2006), “Herding in online product choice”, *Psychology & Marketing*, Vol. 23 No.5, pp. 413-428.
- Huang, X., Zhang, M. and Hui, M.K. (2014), “Warmth and conformity: The effects of



- ambient temperature on product preferences and financial decisions”, *Journal of Consumer Psychology*, Vol. 24 No.2, pp. 241-250.
- Huete-Alcocer, N. (2017), “A Literature Review of Word of Mouth and Electronic Word of Mouth: Implications for Consumer Behavior”, *Frontiers in psychology*, Vol. 8, pp. 1256.
- Huh, Y.E., Vosgerau, J. and Morewedge, C.K. (2014), “Social defaults: Observed choices become choice defaults”, *Journal of Consumer Research*, Vol. 41 No. 3, pp. 746-760.
- Hugstad, P.S. and Durr, M. (1986), “A study of manufacturer impact on consumer perceptions”, in Malhotra, N. and Hawes, J. (Eds), *Developments in Marketing Science*, Vol. 9, Academy of Marketing Science, Coral Gables, FL, pp. 155-119.
- Johansson, J.K. (1989), “Determinants and Effects of the Use of “Made in” Labels”, *International Marketing Review*, Vol. 6 No.1, pp 47-58.
- Johansson, J.K. (1993), “Missing a strategic opportunity: managers’ denial of country-of-origin effect”, in Papadopoulos, N. and Heslop, L.A. (Eds), *Product-Country Images: Impact and Role in International Marketing*, International Business Press, New York, NY, pp. 77-86.
- Johansson, J.K., Douglas, S.P. and Nonaka, I. (1985), “Assessing the impact of country of origin on product evaluations: a new methodological perspective”, *Journal of*

Marketing Research, Vol. 22 No. 4, pp. 388-396.

Jost, J.T. (2017), “The marketplace of ideology: “Elective affinities” in political psychology and their implications for consumer behavior”, *Journal of Consumer Psychology*, Vol. 27 No. 4, pp. 502-520.

Jost, J.T. and Andrews, R. (2011), System justification theory. in D. Christie (Ed.), *The Encyclopedia of Peace Psychology*, Wiley-Blackwell, UK.

Jost, J.T. and Banaji, M.R. (1994), “The role of stereotyping in system-justification and the production of false consciousness”, *British journal of social psychology*, Vol. 33 No. 1, pp. 1-27.

Jost, J.T. and Burgess, D. (2000), “Attitudinal ambivalence and the conflict between group and system justification motives in low status groups”, *Personality and Social Psychology Bulletin*, Vol. 26 No. 3, pp. 293-305.

Jost, J.T., Pelham, B.W. and Carvallo, M.R. (2002), “Non-conscious forms of system justification: Implicit and behavioral preferences for higher status groups”, *Journal of Experimental Social Psychology*, Vol. 38 No. 6, pp. 586-602.

Jost, J.T., Glaser, J., Kruglanski, A.W. and Sulloway, F.J. (2003), “Political conservatism as motivated social cognition”, *Psychological bulletin*, Vol. 129 No. 3, pp. 339-375.

Jost, J.T. and Hunyady, O. (2003), “The psychology of system justification and the



palliative function of ideology”, *European review of social psychology*, Vol. 13 No. 1, pp. 111-153.

Kahneman, D. (2011), *Thinking, fast and slow*, Macmillan, NY.

Kahneman, D. and Tversky, A. (1982), The simulation heuristic. in D. Kahneman, P. Slovic, and A. Tversky (Eds.), *Judgment under uncertainty: Heuristics and biases*, Cambridge University Press, UK.

Kaplan, A.M. and Haenlein, M. (2010), “Users of the world, unite! The challenges and opportunities of Social Media”, *Business horizons*, Vol. 53. No.1, pp. 59-68.

Kassin, S., Fein, S. and Markus, H. R. (2011), *Social Psychology*, 8th ed., Wadsworth, Belmont, CA, USA.

Kay, A.C. and Jost, J.T. (2003), “Complementary justice: effects of" poor but happy" and" poor but honest" stereotype exemplars on system justification and implicit activation of the justice motive”, *Journal of personality and social psychology*, Vol. 85 No. 5, pp. 823-837.

Kay, A.C., Jost, J.T., Mandisodza, A.N., Sherman, S.J., Petrocelli, J.V. and Johnson, A.L. (2007), “Panglossian ideology in the service of system justification: How complementary stereotypes help us to rationalize inequality”, *Advances in experimental social psychology*, Vol. 39, pp. 305-358.

Kotler, P., Kartajaya, H. and Setiawan, I. (2017), *Marketing 4.0: Moving from*

Traditional to Digital, Hoboken, New Jersey: John Wiley & Sons.



Kwon, Y., Choi, E., Choi, J. and Choi, I. (2018), “Discrepancy Regarding Self, Family, and Country and Well-Being: The Critical Role of Self and Cultural Orientation.”

Journal of Happiness Studies, pp 1-21.

Lee, J. and Hong, I.B. (2016), “Predicting positive user responses to social media advertising: The roles of emotional appeal, informativeness, and creativity”,

International Journal of Information Management, Vol. 36 No. 3, pp. 360-373.

Liang, Y., DeAngelis, B.N., Clare, D.D., Dorros, S.M. and Levine, T.R. (2014),

“Message characteristics in online product reviews and consumer ratings of helpfulness”, Southern Communication Journal, Vol. 79 No. 5, pp. 468-483.

Liefeld, J.P. (2004), “Consumer knowledge and use of country-of-origin information at the point of purchase”, Journal of Consumer Behaviour, Vol. 4 No. 2, pp. 85-96.

Lin, T.M.Y., Luarn, P. and Huang, Y.K. (2005), “Effect of Internet book reviews on purchase intention: a focus group study”, The Journal of Academic Librarianship,

Vol. 31 No. 5, pp. 461-468.

Litvin S.W, Goldsmith R.E and Pan B. (2008), “Electronic word-of-mouth in hospitality and tourism management”, Tour Management, Vol. 29 No. 3, pp. 458-468.

Lu, I.R., Heslop, L.A., Thomas, D.R. and Kwan, E. (2016), “An examination of the status and evolution of country image research”, International Marketing Review,



Vol. 33 No. 6, pp. 825-850.

Magnusson, P., Westjohn, S.A. and Zdravkovic, S. (2011), “‘What? I thought Samsung was Japanese’: accurate or not, perceived country of origin matters”, *International Marketing Review*, Vol. 28 No. 5, pp.454-472.

Maheswaran, D. (1994), “Country of origin as a stereotype: Effects of consumer expertise and attribute strength on product evaluations”, *Journal of consumer research*, Vol. 21 No. 2, pp. 354-365.

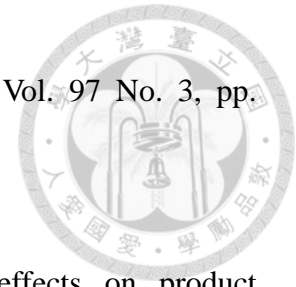
Mason, T. B., Smith, K. E., Engwall, A., Lass, A., Mead, M., Sorby, M. and Wonderlich, S. (2019), “Self-discrepancy theory as a transdiagnostic framework: A meta-analysis of self-discrepancy and psychopathology”, *Psychological bulletin*, Vol. 145 No. 4, pp. 372-389.

Mandel, N., Rucker, D. D., Levav, J. and Galinsky, A. D. (2017), “The compensatory consumer behavior model: How self-discrepancies drive consumer behavior”, *Journal of Consumer Psychology*, Vol. 27 No.1, pp. 133-146.

McCullough, J., MacLachlan, D. and Moinpour, R. (1982), “Impact of Information on Preference and Perception”, *ACR North American Advances*.

Morello, Gabriele. (1984), “The "made in" issue: A comparative research on the image of domestic and foreign products”, *European Research*, Vol. 12, pp. 5-21.

Nowak, A., Szamrej, J. and Latané, B. (1990), “From private attitude to public opinion:



- A dynamic theory of social impact”, *Psychological review*, Vol. 97 No. 3, pp. 362-376.
- Ozsomer, A. and Cavusgil, S.T., (1991), “Country-of-origin effects on product evaluations: A sequel to Bilkey and Nes review”, *Enhancing knowledge development in marketing*, Vol. 2 No. 1991, pp.269-277.
- Payne, J.W., Bettman, J.R., Coupey, E. and Johnson, E.J. (1992), “A constructive process view of decision making: Multiple strategies in judgment and choice”, *Acta Psychologica*, Vol. 80 No. 1-3, pp. 107-141.
- Pecotich, A. and Ward, S., (2007), “Global branding, country of origin and expertise: An experimental evaluation”, *International Marketing Review*, Vol. 24 No. 3, pp.271-296.
- Pepall, L. and Reiff, J. (2016), The “Veblen” effect, targeted advertising and consumer welfare” *Economics Letters*, Vol. 145, pp. 218-220.
- Peterson, R.A. and Jolibert, A.J., (1995), “A meta-analysis of country-of-origin effects”, *Journal of International business studies*, Vol. 26 No. 4, pp.883-900.
- Roth, M.S. and Romeo, J.B. (1992), “Matching product category and country image perceptions: A framework for managing country-of-origin effects”, *Journal of international business studies*, Vol. 23 No. 3, pp. 477-497.
- Rucker, D.D. and Galinsky, A.D. (2008), “Desire to acquire: Powerlessness and



compensatory consumption”, *Journal of Consumer Research*, Vol. 35 No.2, pp. 257-267.

Samiee, S. and Leonidou, L.C. (2011), “Relevance and rigor in international marketing research: developments in product and brand origin line of inquiry”, in Jain, S.C. and Griffith, D.A. (Eds), *Handbook of Research in International Marketing*, 2nd ed., Edward Elgar, Northampton, MA, pp. 68-87.

Samiee, S. (1994), “Customer evaluation of products in a global market”, *Journal of International Business Studies*, Vol. 25 No.3, pp. 579-604.

Samiee, S., Shimp, T.A. and Sharma, S. (2005), “Brand origin recognition accuracy: its antecedents and consumers' cognitive limitations”, *Journal of International Business Studies*, Vol. 36 No. 4, pp. 379-397.

Schwartz, B. (2004), *The paradox of choice: why more is less*. New York, NY.

Simonson, I. and Rosen, E. (2014a), “What marketers misunderstand about online reviews”, *Harvard Business Review*, Vol. 92 No. 1, pp. 23-25.

Simonson, I. and Rosen, E. (2014b), *Absolute value: What really influences customers in the age of (nearly) perfect information*. Harper Collins, NY.

Stanovich, K.E. (1999), *Who is Rational? Studies of Individual Differences in Reasoning*, Mahway, NJ.

Steenkamp, J.B. (2017), “Global Brand Building in the Digital Age”, In *Global Brand*

Strategy. Palgrave Macmillan, London, pp. 111-147.

Sundar, S.S. (2007). Social psychology of interactivity in human-website interaction. In
Oxford handbook of internet psychology.

Susarla, A., Oh, J.-H. and Tan, Y. (2016), “Influentials, imitables, or susceptibles?
Virality and word-of-mouth conversations in online social networks”, Journal of
Management Information Systems, Vol. 33 No. 1, pp. 139-170.

Snyder, C.R. and Fromkin, H.L. (1977), “Abnormality as a positive characteristic: The
development and validation of a scale measuring need for uniqueness”, Journal of
Abnormal Psychology, Vol. 86 No. 5, pp. 518-527.

Tajfel, H. and Turner, J. (1986), The social identity theory of intergroup behaviour. u:
Worchel S. i Austin WG (ur.) Psychology of intergroup relations. Chicago: Nelson
Hall.

Taylor, S.E. and Schneider, S.K. (1989), “Coping and the simulation of events”, Social
cognition, Vol. 7 No. 2, pp. 174-194.

Taylor, S.E., Pham, L.B., Rivkin, I.D. and Armor, D.A. (1998), “Harnessing the
imagination: Mental simulation, self-regulation, and coping”, American
psychologist, Vol. 53 No. 4, 429-439.

Tesser, A., Crepaz, N., Collins, J. C., Cornell, D. and Beach, S. R. (2000), “Confluence
of self-esteem regulation mechanisms: On integrating the self-zoo”, Personality

and Social Psychology Bulletin, Vol. 26 No. 12, pp. 1476-1489.

Tian, K.T., Bearden, W.O. and Hunter, G.L. (2001), “Consumers' need for uniqueness: Scale development and validation”, Journal of consumer research, Vol. 28 No. 1, pp. 50-66.

Tse, D.K. and Gorn, G.J. (1993), “An experiment on the salience of country-of-origin in the era of global brands”, Journal of International Marketing, Vol. 1 No. 1, pp. 57-76.

Tversky, A. and Kahneman, D. (1974), “Judgment under uncertainty: Heuristics and biases”, Science, Vol. 185 No.4157, pp. 1124-1131.

Usunier, J.C. (2006), “Relevance in business research: the case of country-of-origin research in marketing”, European Management Review, Vol. 3 No.1, pp. 60-73.

Verlegh, P.W. and Steenkamp, J.B.E., (1999), “A review and meta-analysis of country-of-origin research”, Journal of economic psychology, Vol. 20 No. 5, pp.521-546.

Waytz, A., Hershfield, H.E. and Tamir, D.I. (2015), “Mental simulation and meaning in life”, Journal of personality and social psychology, Vol. 8 No.2, pp. 336-355.

White, K. and Argo, J.J. (2011), “When imitation doesn’t flatter: The role of consumer distinctiveness in responses to mimicry”, Journal of Consumer Research, Vol. 38 No.4, pp. 667-680.

Woodruff, R.B. (1997), "Customer Value: The Next Source for Competitive Advantage," *Journal of the Academy of Marketing Science*, Vol. 25 No.2, pp. 139-153.



Xu, B., Bu, J., Chen, C. and Cai, D. (2012), "An exploration of improving collaborative recommender systems via user-item subgroups", in *Proceedings of the 21st international conference on World Wide Web (2012)*, ACM, pp. 21-30.

Yadav, M.S. and Pavlou, P.A. (2014), "Marketing in computer-mediated environments: Research synthesis and new directions", *Journal of Marketing*, Vol. 78 No. 1, pp. 20-40.

You, Y., Vadakkepatt, G.G. and Joshi, A.M. (2015), "A meta-analysis of electronic word-of-mouth elasticity", *Journal of Marketing*, Vol. 79 No.2, pp. 19-39.

Zhang, J. (2010), "The sound of silence: Observational learning in the U.S. kidney market", *Marketing Science*, Vol. 29 No. 2, pp. 315-335.

Zhang, K.Z., Zhao, S.J., Cheung, C.M. and Lee, M.K. (2014), "Examining the influence of online reviews on consumers' decision-making: a heuristic-systematic model", *Decision Support Systems*, Vol. 67, pp. 78–89.