The authors examine the extent to which cultural orientation influences country of origin effects on product evaluations in two countries (Japan and the United States). Subjects were given attribute information about a mountain bike made in either Japan or the United States. The target product was described as either superior or inferior to competition. Respondents in Japan evaluated the product that originated in the home country (versus foreign country) more favorably regardless of product superiority. In contrast, respondents in the United States evaluated the product that originated in the home country more favorably only when the product was superior to competition. The authors explain these findings on the basis of the cultural psychological principles of individualism and collectivism. Specifically, the authors show that the vertical dimension of individualism and collectivism explains country of origin effects. The authors also discuss implications for global marketing strategies featuring country of origin.

Cultural Variations in Country of Origin Effects

Recent research has documented cultural differences in consumer behavior (Aaker and Williams 1998; Klein, Ettenson, and Morris 1998). These studies highlight the need to examine the validity of applying inferences developed in the United States to designing marketing strategies in other cultures, especially in non-Western cultures. Many U.S.-based multinationals, such as Coca-Cola, McDonald’s, IBM, and others, derive significant revenues from international operations. Therefore, the development of effective marketing strategies that are sensitive to cultural differences across countries is of considerable importance for success in the global marketplace.

Previous research has shown that products from countries with favorable perceptions are often evaluated positively (Hong and Wyer 1990; Leclerc, Schmitt, and Dube 1994). However, a survey by Bozell-Gallup (1996) finds that considerable differences in perceptions exist across countries. For example, European consumers choose Germany as the quality leader, whereas in Asia, Japan emerges as the quality leader. Despite an extensive literature on country of origin effects, a systematic examination based on a theoretical framework for understanding country of origin effects across cultures is lacking (Maheswaran 1994).

The individualism/collectivism framework has provided a useful basis for examining cultural differences (Triandis 1995). Individualists and collectivists have been shown to differ significantly in self-expression and social relationships, and such differences influence the efficacy of marketing strategies (Han and Shavitt 1994). Also, prior research in general has viewed individualism/collectivism as a single dimension (Aaker and Maheswaran 1997; Han and Shavitt 1994). However, recent research indicates that this construct is multidimensional, and specific dimensions must be identified to account for the observed cultural differences (Triandis and Gelfand 1998).

In this research, we examine whether cultural orientation moderates country of origin effects by examining two countries (Japan and the United States). In addition, we explore the effects of the vertical and horizontal dimensions of individualism and collectivism on country of origin effects. We propose that the differences may be attributable to the vertical dimension of individualism and collectivism.

THEORETICAL BACKGROUND

Country of Origin Effects

Country of origin effects refer to the extent to which the place of manufacture influences product evaluations. Research suggests that country of origin is used as a cue in evaluating new products under several conditions. For example, novices often use country of origin to evaluate a new product and give minimal consideration to product attributes (Maheswaran 1994). Hong and Wyer (1990) show that country of origin effects are observed only when con-
consumers are able to elaborate on them before evaluations. In general, these studies suggest that favorable country perceptions lead to favorable inferences about product attributes and subsequent favorable evaluations. However, recent research suggests that the weight given to country of origin in product evaluations may not be universal (Bozell-Gallup 1996; Klein, Ettensohn, and Morris 1998). For example, several studies have found that featuring Japan as the country of origin leads to favorable perceptions of product quality (Maheswaran 1994). However, Klein, Ettensohn, and Morris (1998) show that Chinese consumers in Nanjing, the site of atrocities during the Japanese occupation, might not purchase Japanese products because of animosity toward Japan. In their animosity model related to foreign product purchase, Klein, Ettensohn, and Morris (1998) provide two interesting insights relevant to country of origin effects. They suggest that culture-specific factors influence the weight given to the country of origin in product evaluations and that attitudes toward foreign products may be governed by inferences other than those about product quality. In summary, prior research provides some evidence that country of origin effects may vary across countries and such variations may be due to culture-specific factors. We build on these insights by explicitly examining cultural differences in the extent to which consumers use country of origin information in their evaluations.

Cultural Orientation

Research on cultural differences suggests that cultures can be broadly classified as collectivist or individualist (Hofstede 1990; Triandis 1995). Collectivist cultures are mostly Eastern countries, and individualist cultures are mostly Western countries. Collectivists have strong ties to the collective, such as family, country, and so forth. Self is defined in terms of others, and behavior is regulated by group norms. Strong distinctions are made between in-group and out-group members. When collective and individual goals conflict, sacrifice for the collective is common. In contrast, individualists have flexible ties to social groups, and their behavior is often guided by self-interest. The distinction between in-groups and out-groups often overlaps, and similar behavior patterns may be exhibited toward both. In individualist cultures, when group and individual goals conflict, personal goals often have primacy (Triandis 1995).

Recent research suggests that differences exist within individualist or collectivist cultures, and specific dimensions that account for such differences need to be identified (Triandis and Gelfand 1998). The individualism/collectivism classification can be differentiated on the basis of the extent to which a culture emphasizes horizontal or vertical social relationships. The horizontal dimension assumes that each person is equal to other group members, whereas the vertical dimension assumes that group members can differ from one another in a hierarchical manner. Such a differentiation leads to a four-way typology that consists of vertical individualism (VI), horizontal individualism (HI), horizontal collectivism (HC), and vertical collectivism (VC).

Vertical individualists are concerned with hierarchy and strive to achieve higher status by competing with other group members. They value self-enhancement and self-serving biases over group affiliation. Horizontal individualists want to be distinct and unique from other group members and emphasize self-reliance. They would like to do their own thing. Horizontal collectivists are interdependent with the group and share common goals. They want to be similar to other members but do not subordinate themselves to group norms. Vertical collectivists are committed to and accept the superiority of the group over the individual. They often sacrifice their personal goals to further the group interest (Triandis and Gelfand 1998).

In summary, collectivists are more likely to engage in behavior that benefits the in-group (versus the individual). In contrast, individualists are emotionally detached from the in-group and are more likely to engage in behavior that benefits the individual (versus the group). Also, in-group preference may be attributable to the vertical dimension of individualism and collectivism. A given culture may have both horizontal and vertical features, and either of these dimensions may be dominant in different situations in the same culture. In addition to variations across cultures, people within a given culture may vary in the extent to which they are collectivist or individualist in their orientation.

In this research, we attempt to document empirically the role of vertical and horizontal dimensions on country of origin effects. We propose that country of origin is a group-level concept, and the extent to which group membership is beneficial to the individual may determine whether country of origin will be used in product evaluations. Because the primacy of individual (versus group) goals is a feature of the vertical dimension of individualism and collectivism, we anticipate that the differences along the vertical dimension between cultures can provide additional insights on the asymmetric findings on country of origin effects. Specifically, we suggest that a focus on the vertical dimension may help us understand the conditions under which country of origin is used in product evaluations.

On the basis of this theorizing, we collected data in Japan and the United States with three objectives in mind. First, we explore whether country of origin effects vary across cultures. Second, we propose individualism/collectivism as a theoretical framework for understanding country of origin effects across cultures. Third, we suggest that the vertical dimension of individualism/collectivism accounts for differences in country of origin effects between the United States and Japan.

**Hypotheses**

In this research, we explore how consumers from an individualist (United States) and a collectivist (Japan) culture evaluate home (versus foreign) country products. Subjects received superior or inferior attribute information about a mountain bike manufactured in either the United States or Japan. When consumers evaluate a product, they rely on attribute information in addition to country of origin information. If a product manufactured in the home country has superior attributes, consumers are likely to evaluate it favorably. In individualist cultures, such favorable evaluations are likely only when the home product is superior to competition. This effect is anticipated because the superiority of the home product is likely to enhance people's competitive goals of possessing a superior product, and therefore group membership is beneficial to individuals. However, if a foreign product has superior attributes, consumers are less likely to prefer the home product. In such situations, group
membership is no longer important, because it does not benefit individuals. Thus, when country of origin does not benefit individuals, they are likely to minimize the importance of country of origin in evaluations. Therefore, individualists evaluate a home product more favorably than a foreign product only when the home product is superior. In contrast, collectivism places more emphasis on the group than the individual. If there is a conflict between individual and group goals, collectivists sacrifice individual goals to maintain harmony with their group. Thus, collectivists evaluate the home product more favorably, regardless of superiority.

On the basis of this theorizing, we suggest the following:

H1: In individualist cultures, more favorable evaluations of the home country product will be obtained when the product is superior to those of foreign competitors. When the product is inferior, the evaluations for the home and foreign country products will not vary.

H2: In collectivist cultures, more favorable evaluations of the home than the foreign country product will be obtained regardless of product superiority.

Cognitive Responses

Cognitive responses provide evidence related to process issues and indicate the extent to which elaboration on the country of origin (versus attribute) information influences evaluations. We classify thoughts as country of origin related or attribute related and subsequently code them for valence. We anticipate that consumers will elaborate on country of origin when it is more likely to influence evaluations. Such elaboration will be evidenced by more country of origin thoughts in these conditions.

In individualist cultures, country of origin is expected to influence evaluations only when the home product is superior. This effect will be evidenced by greater elaboration of country of origin. Therefore, we predict more thoughts related to the home country in response to superior description. However, when the home product is inferior, its ownership does not contribute to a person's goal of possessing a superior product, so the country of origin is likely to be discounted. This will be evidenced by a minimal elaboration of the country of origin and fewer country-related thoughts in this condition.

In collectivist cultures, consumers are expected to elaborate on country of origin, because group membership is important. Home products are likely to be favorably evaluated regardless of product superiority. Therefore, we expect collectivists to elaborate on the home country of origin in response to both superior and inferior descriptions and to generate more country of origin thoughts. When the product is from a foreign country, collectivists are less likely to elaborate on the country of origin in forming their evaluations, and to that extent we predict minimal country of origin thoughts in the foreign product conditions.

The valence of country of origin thoughts is expected to follow a pattern convergent with evaluations. In individualist cultures, more-favorable home country thoughts will be obtained when the home country product is superior. Because country of origin is not expected to influence evaluations in the foreign country conditions, a minimal number of country of origin thoughts is anticipated. In collectivist cultures, more-favorable country of origin thoughts are predicted in the home than the foreign country conditions regardless of product superiority. Because country of origin is not anticipated to influence evaluations in the foreign product conditions, minimal country of origin-related thoughts will be generated.

H3: In collectivist cultures, more favorable country of origin-related thoughts will be generated for the home than the foreign country product when the foreign product is superior. When the home product is inferior, the number of country of origin-related thoughts is not expected to differ for the home and foreign country products.

H4: In collectivist cultures, more-favorable country of origin-related thoughts of the home than the foreign country product will be obtained when the home product is inferior. When the home product is inferior, the favorableness of the country of origin-related thoughts is not expected to vary for the home and foreign country products.

H5: In collectivist cultures, more-favorable country of origin-related thoughts of the home than the foreign country product will be obtained regardless of product superiority.

Mediation Analysis

We expect the findings based on evaluations and cognitive responses to converge and show that culture influences country of origin effects. However, the findings do not provide insight on the specific dimension of culture that mediates these differences. In individualist cultures, the preference for a superior product, regardless of its origin, could be attributed to a person's desire to perform better. This behavior is characteristic of VI, in which people are competitive and attempt to achieve individual goals at the expense of group goals. In collectivist cultures, consumer preference for the home product regardless of its superiority is mediated by people's willingness to sacrifice for the collective goal. Vertical collectivists are anticipated to sacrifice their personal preferences and evaluate the home product favorably to enhance the group interest. Thus, cultural differences in country of origin effects are explained by the vertical dimension for both individualist and collectivist cultures.

The predictions based on the horizontal dimension do not conform to the previous pattern of responses. Horizontal individualists consider themselves unique and distinct from the group. Such an orientation is likely to lead to the choice of a unique product rather than a superior product. Because uniqueness was not manipulated in this study, the effect of HI is not anticipated. Similarly, horizontal collectivists consider themselves interdependent with but equal to other group members. Because there are no hierarchies within horizontal collectivist societies, members are not anticipated to subordinate their individual goals to those of other group members to achieve the group objectives. Therefore, we do not anticipate the horizontal dimension to mediate the country of origin effects.

The mediation of cultural differences in country of origin effects by the VI and VC is examined by path analysis (Baron and Kenny 1986). Specifically, when the product is made in a collectivist culture (Japan), VC mediates the effect of culture on evaluations regardless of product superiority. However, when the product is made in an individualist culture (United States), VI mediates the effect of culture on evaluation only when the product is superior.
Subjects
As part of course requirement, 168 undergraduate subjects (86 from the United States and 82 from Japan) who were enrolled in a U.S. and a Japanese university participated in this experiment. They were randomly assigned to small group sessions in a 2 (country of origin: United States versus Japan) × 2 (product description: superior versus inferior) between-subjects design.

Procedure
Subjects received a booklet that contained the country of origin information, the product (attribute) description, and the dependent measures. Subjects were told that the study's objective was to assess their reactions to a new mountain bike. They also learned that the bicycle was made either in the United States or Japan. Then they read the product description that conveyed the bicycle's attribute information compared with that of competing brands. After reading the description, they completed the dependent measures. The materials used in Japan were translated into Japanese by a professional organization that used back translation to ensure reliability (Brislin 1986). The English version was first translated into Japanese by a bilingual person. A second bilingual person translated the Japanese version into English. Finally, the differences were resolved by discussion with a bilingual supervisor.

Pretest
A different set of subjects from the same population as the experimental group participated in a pretest designed to select the product and attributes featured in the study. The favorableness of mountain bikes made in the United States and Japan was perceived to be equivalent by both the U.S. and the Japanese subjects. In contrast, significant differences were observed for other product categories (e.g., electronic products). In addition, both Japanese and U.S. subjects were moderately familiar with and interested in mountain bikes. Subjects were also provided with a list of attributes and were asked to rate the importance of these attributes in purchasing a mountain bike. These attribute ratings were assessed for both Japan and the United States. The following attributes were selected on the basis of similar importance ratings in the two cultures: gear selection, gear shifting, weight, brakes, color, and shock absorption (see the Appendix).

Independent Variables
Cultural orientation. Japan and the United States were the collectivist and individualist countries, respectively. A scale was used to assess the extent to which the subjects actually varied on specific cultural dimensions (Singelis et al. 1995).

Country of origin. The cover page of the experimental booklet manipulated the country of origin information. Subjects learned that the mountain bike was manufactured either in the United States by a U.S. manufacturer or in Japan by a Japanese manufacturer.

Product description. The description conveyed attribute information compared with that of two leading unidentified Japanese or U.S. brands. Subjects were told in the beginning of the description that the competing brands were Japanese in the U.S. country of origin condition and U.S.-produced in the Japanese country of origin condition. The superior (inferior) description featured the product as better than (not as good as) the competing brands. To be realistic, the product was featured as relatively (versus absolutely) superior or inferior to the competition. Specifically, the product was represented as superior on four attributes, equivalent on one attribute (shock absorption), and inferior on one attribute (color). For example, the gear selection and the color features were stated as follows: “The new BM500 has the unique advantage of letting you pedal comfortably despite changes in road slope. This is mainly because the BM500 has higher gear range than the two competing brands. Its performance is particularly remarkable when tackling steep inclines.” “The BM500 is available in the standard two colors: black or gray. In contrast, the two competing brands offer a wide variety of additional colors, such as solid orange, yellow, ice blue, lime green, translucent red, or purple.”

Dependent Variables
All dependent measures except cognitive responses were assessed on scales anchored by 1 and 7. Higher numbers indicate more positive evaluations or agreement.

Evaluations. Subjects evaluated the target product on the following scales: “negative” versus “positive,” “not at all favorable” versus “very favorable,” and “bad” versus “good.” In addition, they indicated their intentions to buy the target product (“would definitely not consider buying it” versus “would definitely consider buying it”). These items were averaged to form an evaluation index (α = .97).

Cognitive responses. Subjects were given three minutes to list the thoughts that came to their minds while they read the material. Two independent raters who were bilingual and fluent in both Japanese and English later categorized these thoughts as attribute related and country of origin related (A, C) and as expressing positive, negative, or neutral evaluations (+, −, 0). Attribute-related thoughts included attribute evaluation and clarification (e.g., “Shock absorbency was very good”). Country of origin–related thoughts included thoughts about country of origin, such as specific country of origin beliefs and global evaluations (e.g., “American products are generally superior”). These country of origin–related thoughts are specific to the country of origin of the focal product featured in the description (Eagly and Chaiken 1993). Interrater agreement was 92%, and discrepancies were resolved through discussion.

Cultural orientation scale. Subjects’ cultural orientation was assessed by a scale developed by Singelis and colleagues (1995). The scale included 32 items divided evenly among the four dimensions: VC, VI, HC, and HI. Subjects also rated the extent to which the target product was inferior/superior to the competition and had many/few positive...
and many/few negative attributes. These items were averaged to form a description index ($\alpha = .94$).

**Manipulation and confound checks.** Subjects were asked to recall the country of origin featured in the questionnaire to ensure that they were aware of the country of origin. Subjects rated the importance of the featured attributes and responded to an open-ended suspicion probe. They provided demographics and indicated their familiarity with mountain bikes. We also assessed motivation and ethnocentrism as confound checks. We measured motivation on two seven-point scales anchored by "not at all involved" versus "highly involved" and "not at all interested" versus "highly interested." We averaged these items to form a motivation index ($r = .86$). We measured ethnocentrism using a ten-item version of the CETSCALE (Shimp and Sharma 1987) and averaged these items to form an ethnocentrism index ($\alpha = .70$).

**RESULTS**

**Preliminary Analyses**

We conducted analyses of variance (ANOVAs) on the measures of the four dimensions to examine whether there are significant differences between U.S. and Japanese subjects. Consistent with previous research, U.S. and Japanese subjects differed in both vertical and horizontal dimensions (Triandis and Gelfand 1998). An ANOVA on VI ($\alpha = .72$) revealed a significant effect of culture such that U.S. subjects were more vertically individualistic than Japanese subjects (Ms = 4.56 versus 4.10; $F(1,160) = 21.57, p < .001$). An ANOVA on VC ($\alpha = .76$) yielded a significant effect of culture ($F(1,160) = 39.50, p < .001$). As expected, Japanese subjects had higher scores than U.S. subjects on the VC scale (Ms = 4.65 versus 3.91). An ANOVA on HI ($\alpha = .74$) suggested that U.S. subjects were more horizontally individualistic than Japanese subjects (Ms = 5.39 versus 4.65; $F(1,160) = 52.52, p < .001$). An ANOVA on HC ($\alpha = .70$) revealed that Japanese subjects were more horizontally collectivist than U.S. subjects (Ms = 5.05 versus 4.76; $F(1,160) = 11.02, p < .001$).

Because the countries differed on the relevant dimensions, in subsequent analyses we used countries as proxies for culture. We analyzed the data using a 2 (cultural orientation: individualist versus collectivist) x 2 (country of origin: United States versus Japan) x 2 (product description: superior versus inferior) between-subjects design. No differential effects on the dependent measures were observed with sex, age, and motivation as covariates. No subjects were judged to have been aware of the hypotheses, so all the responses were included in the analysis. Unless otherwise stated, the degrees of freedom for the F values are 1 and 160.

**Manipulation Checks**

An ANOVA on the product description index indicated only a main effect of description. As intended, subjects reported that the information portrayed the target product as superior to competition and as having many positive and few negative attributes when the description was superior (Ms = 5.66 versus 2.19; $F = 797.44, p < .001$). In addition, all subjects correctly recalled the country of origin featured in the questionnaire.

**Product Evaluations**

An ANOVA on the evaluation index revealed main effects of description ($F = 344.23, p < .001$) and country of origin ($F = 6.40, p < .05$). In addition, the two-way interactions of description x culture ($F = 4.32, p < .05$) and country of origin x culture ($F = 14.50, p < .001$) were significant. More important, the three-way interaction was also significant ($F = 3.91, p < .05$). Follow-up contrasts of the three-way interaction suggested that for the U.S. subjects, the interaction between description and country of origin was significant ($F = 5.62, p < .05$). However, the description x country of origin interaction was not significant for Japanese subjects ($F < 1$). Subsequent examination of these effects revealed that U.S. subjects evaluated the U.S. mountain bike more favorably than the Japanese one in response to superior description (Ms = 6.33 versus 5.63; $F = 5.43, p < .05$). However, U.S. subjects evaluated mountain bikes made in the United States and Japan similarly in response to inferior description (Ms = 2.64 versus 2.95; $p > .31$). These findings are consistent with H1, which suggests that in individualist cultures, more-favorable evaluations of the home country product are obtained in response to superior attribute information. Also, consistent with H2, a simple effects test revealed that Japanese subjects evaluated the Japanese mountain bike more favorably than the U.S. bicycle under both superior (Ms = 6.42 versus 5.34; $F = 12.30, p < .001$) and inferior (Ms = 3.78 versus 2.90; $F = 7.64, p < .01$) description conditions. These findings suggest that in collectivist cultures, the home product is evaluated more favorably regardless of product superiority (for a summary of findings, see Figure 1 and Table 1).

**Cognitive Responses**

An ANOVA on the total number of thoughts yielded no significant effects (Ms = 3.60, $F < 1$). Additional analyses on the types of thoughts supported our predictions. An ANOVA on the number of country of origin–related thoughts revealed a main effect for product description ($F = 3.93, p < .05$) and a significant two-way interaction of country of origin x culture ($F = 18.39, p < .001$). More important, the three-way interaction of country of origin x culture x product description was also significant ($F = 4.34, p < .05$). The follow-up contrasts revealed that for U.S. subjects, the interaction between country of origin and description was significant ($F = 6.53, p < .01$). Further analysis suggested that U.S. subjects generated more country of origin thoughts about the home than the foreign product in response to superior description (Ms = .77 versus .18; $F = 11.01, p < .001$). Country of origin thoughts did not vary as a function of country of origin when U.S. subjects were exposed to inferior descriptions (Ms = .24 versus .29; $F < 1$). These findings support H3, which suggests that individualists generate more country thoughts about a home than a foreign product when the home product is superior. Also, consistent with H3, Japanese subjects generated more country thoughts about a home than a foreign product for both superior (Ms = .86 versus .28; $F = 9.82, p < .01$) and inferior (Ms = .65 versus .20; $F = 5.80, p < .05$) descriptions.

We performed subsequent analyses on the valence of cognitive responses. We coded the cognitive responses as favorable and unfavorable thoughts and computed a valenced index of positive minus negative thoughts (Eagly and Chaiken 1993). We expected the pattern of responses on this index to converge with evaluations. An ANOVA on the valenced index of country of origin thoughts indicated a main effect of description ($F = 6.65, p < .05$), an interaction
THE EFFECT OF COUNTRY OF ORIGIN, PRODUCT DESCRIPTION, AND CULTURAL ORIENTATION ON EVALUATIONS

Individualist Culture

<table>
<thead>
<tr>
<th>Country of Origin</th>
<th>Superior</th>
<th>Inferior</th>
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</thead>
<tbody>
<tr>
<td>United States</td>
<td>6.33</td>
<td>2.64</td>
</tr>
<tr>
<td>Japan</td>
<td>5.63</td>
<td>2.95</td>
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Collectivist Culture

<table>
<thead>
<tr>
<th>Country of Origin</th>
<th>Superior</th>
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<tr>
<td>United States</td>
<td>5.34</td>
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<tr>
<td>Japan</td>
<td>6.42</td>
<td>3.78</td>
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Table 1

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<tr>
<th></th>
<th>Individualist Cultures (United States)</th>
<th>Collectivist Cultures (Japan)</th>
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<tbody>
<tr>
<td></td>
<td>Superior Description</td>
<td>Inferior Description</td>
</tr>
<tr>
<td>Evaluations</td>
<td>United States</td>
<td>Japan</td>
</tr>
<tr>
<td></td>
<td>6.33</td>
<td>(0.92)</td>
</tr>
<tr>
<td>Country of origin-related thoughts</td>
<td>.77</td>
<td>(0.69)</td>
</tr>
<tr>
<td>VCT</td>
<td>.64</td>
<td>(0.66)</td>
</tr>
<tr>
<td>Attribute-related thoughts</td>
<td>2.14</td>
<td>(1.08)</td>
</tr>
<tr>
<td>Valenced index of attribute thoughts</td>
<td>1.41</td>
<td>(0.96)</td>
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of country of origin x culture (F = 30.35, p < .001), and a three-way interaction of culture x country of origin x description (F = 6.94, p < .01). The simple interaction revealed that country of origin x description was significant in both individualist (F = 3.74, p < .05) and collectivist (F = 3.92, p < .05) cultures. Consistent with H4, a simple effects test revealed that in individualist cultures, subjects had more-favorable country thoughts about the home than the foreign product in response to superior description (Ms = .64 versus .14; F = 10.92, p < .001). The valenced index of thoughts did not vary as a function of country of origin for inferior description (Ms = .19 versus .10; F < 1). In contrast, subjects in the collectivist culture had more-favorable country of origin thoughts about the home than the foreign product in response to both superior (Ms = .76 versus .00; F = 24.21, p < .001) and inferior (Ms = .40 versus .05; F = 4.86, p < .05) descriptions. These findings are consistent with H5.

Mediation Analysis

We conducted mediation analysis to test the premise that cultural differences may be explained by VC and VI (Baron and Kenny 1986). When the product is from Japan, VC should
mediate the effect of culture on evaluations regardless of superiority. However, when the product is from the United States, VI should be a mediator in superior product conditions.

To test the mediating effect of VI and VC, we conducted regression analyses under four different product description and country of origin conditions (i.e., superior Japanese bicycle, superior U.S. bicycle, inferior Japanese bicycle, and inferior U.S. bicycle). As suggested by Baron and Kenny (1986), we conducted four sets of regression analyses in each condition. First, we regressed evaluations on the dummy-coded culture (0 = individualist and 1 = collectivist). In the second and third analyses, we regressed VI and VC on the dummy-coded culture in separate regressions. Fourth, we regressed evaluations on VI, VC, and the dummy-coded culture. Support for mediation would be obtained if (1) the effect of culture on evaluations is significant, (2) the effect of culture on VI and VC is significant, and (3) the mediating variable (VI or VC) has a significant effect on evaluations and the effect of culture on evaluations is reduced or eliminated when the mediating variables (VI and VC) are entered into the analyses. In Table 2, we present the results, which are consistent with our predictions.

Specifically, when the target product was made in Japan, we obtained a significant effect of culture on evaluations under both superior (b = .79, p < .001) and inferior (b = .82, p < .001) descriptions. Also, the effect of culture was reduced when VC was included in the regression under superior descriptions (b = .52, p < .05) and was eliminated under inferior descriptions (b = -.04, p > .91). These findings are consistent with H7. Specifically, when the product was made in the United States, culture had a significant effect on evaluations (b = -.100, p < .001). In accord with H8, the effect of culture was reduced (b = -.57, p < .05) when VI was included in the regression only for the superior description. The effects of VI and VC on evaluations were not significant for the inferior description.

We also conducted a similar mediation analysis to examine the mediation of the horizontal dimensions on evaluations. The findings showed that when the product was made in Japan, the effect of HC on evaluations was not significant for either the superior (b = -.27, p > .19) or the inferior (b = .33, p > .46) description. Also, HI did not have a significant effect on evaluations under either superior (b = -.08, p > .97) or inferior (b = -.01, p > .97) descriptions. Similar findings were observed when the product was made in the United States. Specifically, the effect of HC on evaluations was not significant for either superior (b = -.30, p > .18) or inferior (b = -.26, p > .38) descriptions. The effect of HI on evaluations also was not significant (b_{superior} = -.10, p > .64; b_{inferior} = -.35, p > .13). The two mediation analyses taken together suggest that the effect of cultural orientation on country of origin effects can be explained only by VI and VC.

**DISCUSSION**

The findings show that country of origin effects vary across cultures on the basis of the diverse cultural patterns present in different countries. The evaluations and the cognitive responses converged to show that individualists evaluated the home country product more favorably only when it was superior to competition. In contrast, collectivists evaluated the home country product more favorably regardless of its superiority. The mediation analyses extend these findings by identifying the vertical dimension of individualism and collectivism as the dominant dimension in accounting for country of origin differences between the United States and Japan.

One possible interpretation of our findings in Japan may be that Japanese are generally favorable toward home country products and this tendency, rather than cultural orientation, accounted for the favorable evaluations of home products regardless of superiority. We explored this issue by examining the extent to which the valence of country of origin thoughts and cultural orientation predicted evaluations for the Japanese respondents in the home country/inferior product condition. We conducted a regression analysis with evaluations as the dependent variable and the valenced index of country of origin thoughts (VCT) and VC as the predictors. The expectation is that if the VCT predicts evaluations, the general perceptions of home products influence evaluations. If VC predicts evaluations, cultural orientation influences evaluations. In the Japan country of origin/inferior product condition, only VC significantly predicted evaluations (b_{VC} = 1.24, p < .001; \beta_{VCT} > .20). This suggests that in Japan, when the product is inferior, evaluations are guided by the cultural orientation rather than by the general perceptions of the home country products.

We also examined whether consumer ethnocentrism moderated the effects of culture on evaluations. Moderator effect would be indicated by a significant effect of the product of ethnocentrism and culture on evaluations, which was entered into regression after the main and interaction effects of culture, product description, and country of origin (Baron

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**Table 2**

**THE MEDIATING EFFECT OF THE VERTICAL DIMENSION OF INDIVIDUALISM AND COLLECTIVISM ON EVALUATIONS**

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<tr>
<td>Culture → evaluations</td>
<td>.79***</td>
<td>.82*</td>
<td>-1.00***</td>
</tr>
<tr>
<td>Culture → VI</td>
<td>-.63*</td>
<td>-.46*</td>
<td>-1.02**</td>
</tr>
<tr>
<td>Culture → VC</td>
<td>.90***</td>
<td>.89**</td>
<td>.52**</td>
</tr>
<tr>
<td>VI → evaluations</td>
<td>n.s.</td>
<td>n.s.</td>
<td>.66**</td>
</tr>
<tr>
<td>VC → evaluations</td>
<td>.33**</td>
<td>.94***</td>
<td>n.s.</td>
</tr>
<tr>
<td>Culture → evaluations (with VI and VC)</td>
<td>.52*</td>
<td>n.s.</td>
<td>-.57*</td>
</tr>
</tbody>
</table>

*p < .05.

**p < .01.

***p < .001.

Notes: Values shown are unstandardized coefficients (b values).
and Kenny 1986). The analysis revealed a nonsignificant effect for this term ($p > .57$), which suggests that ethnocentrism did not moderate the effect of culture on evaluations.

The findings contribute to research on culture in marketing and psychology. Prior research has assumed that culture is unidimensional (Aaker and Williams 1998). We document that culture is multidimensional. In accord with prior research, we also show that cultures may differ on both horizontal and vertical dimensions. However, different dimensions may be effective in different contexts (Triandis and Gelfand 1998). In our study, Japan and the United States differed on both horizontal and vertical dimensions; however, only the vertical dimension accounted for the cultural differences in country of origin effects. Therefore, specific dimensions that account for cultural differences in different contexts need to be identified.

We also extend country of origin research by documenting systematic variations across cultures. We showed that individualism/collectivism is a viable framework for exploring the processes that underlie cultural differences. Our results indicate that country of origin information is used differently by U.S. and Japanese consumers when a home country product is compared with a foreign product. An interesting extension of our finding would be to examine whether such differences will be observed if two foreign products are compared.

In our study, the country of origin perceptions of mountain bikes were equivalent. In contrast, if the home country products—such as electronics from China—were inferior, collectivism-based preferences might not operate. Also, certain product categories might have enhanced country of origin effects. For example, recent research has examined the interaction of country of origin with brand name in the context of foreign product purchase (Leclerc, Schmitt, and Dube 1994). Leclerc, Schmitt, and Dube (1994) show that foreign brand name affects attitudes more than country of origin for hedonic products. Therefore, further research is needed to examine country effects in other product categories.

The findings also provide insights on foreign product purchase. For example, Shimp and Sharma (1987) show that more-ethnocentric consumers are less likely to purchase foreign products for economic reasons. We suggest that cultural orientation also influences the purchase of foreign products. Also, we extend the findings of Klein, Etenson, and Morris (1998) by documenting that in addition to country-specific animosity, general cultural tendencies such as individualism/collectivism may also influence foreign product purchase.

The findings suggest that country of origin–based strategies need to be customized across countries. In collectivist cultures, home products are likely to benefit from featuring country of origin in advertising. For example, Kao Corporation maintains a leading share in the Japanese diaper market by highlighting its Japanese origin. However, featuring the country for foreign products may not provide a differential advantage in these cultures. Country of origin focus in individualist cultures may be effective only when home products are superior. For example, Chrysler was able to achieve a turnaround by highlighting the home country image and providing improved products. A simple appeal to "buy American" might not have been as effective. This view is consistent with research that suggests that

### Appendix 1

**SUMMARY OF PRETEST RESULTS**

In a pretest, subjects evaluated mountain bikes made in Japan and the United States, indicated their familiarity with and interest in mountain bikes, and assessed the importance of attributes of a mountain bike on seven-point scales. Higher numbers indicate higher evaluations, familiarity, and interest.

<table>
<thead>
<tr>
<th>Attribute Importance ($1 = not important at all versus 7 = very important$)</th>
<th>Japanese Respondents</th>
<th>U.S. Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mountain bikes made in Japan</td>
<td>5.34</td>
<td>5.20</td>
</tr>
<tr>
<td>Mountain bikes made in the United States</td>
<td>5.12</td>
<td>5.39</td>
</tr>
<tr>
<td>Familiarity with mountain bikes</td>
<td>4.72</td>
<td>5.00</td>
</tr>
<tr>
<td>Interest in mountain bikes</td>
<td>5.16</td>
<td>5.27</td>
</tr>
</tbody>
</table>

U.S. consumers choose foreign products on the basis of perceived quality differences (Levin and Jasper 1996).

In marketing, relatively little research attempts to examine international marketing issues on the basis of data collection in countries other than the United States (Winer 1998). Our research highlights the importance of examining consumer behavior in other countries by documenting asymmetric effects in the country of origin domain. Further research is needed to identify behavioral differences in other domains of consumer behavior.

### REFERENCES


