The Enchilada effect: Do ethnocentrism, affinity & PCI influence the COO effect on consumers’ foreign product attribute and type preferences?

Master thesis in Business Administration

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Abstract

Purpose: To identify the relevance ethnocentrism, affinity and product country-image (the three theory effect affectionately called “the enchilada effect” by the authors) have on the consumers’ decision-making process as well as their effect on the consumers’ preferences for certain product attribute importance and types.

Problem: In modern society most marketplaces around the world are full of foreign products. The importance ethnocentrism and the country of origin (COO) effect have on the consumers’ decision process has already been studied and identified on several researches along several decades. This mentioned, the authors think not only ethnocentrism, but also affinity and PCI might have an effect on this decision process as well. Therefore, they believe this to be an interesting and important consumer behavior phenomenon to investigate. Further, they want to identify how much these theories influence the consumers in two areas: first, the relative preferences of 8 attributes importance (price, quality, design, weight, energy saving, capacity, material, and HDD storage capacity) distributed in 4 product categories (laptops, refrigerators, bicycles and shoes); and second, their effect on consumers’ preferences over two types of product versions (low-end versus high-end) that differ in price and their added features with the basic price-quality relationship i.e. the more expensive the better it is.

Method: To find answers to the research questions, the authors decided to use a mix of data collection methods: first, they designed a survey with the help of secondary research. The survey was later improved by the use of qualitative research, specifically a focus group and pre-test. Then, the survey was distributed via a Qualtrics link in order to gather the required data. Finally, the data was analyzed using SPSS 20.0 as well as Excel 2011. Multiple Linear regressions and a subsequent conjoint analysis were carried out to come with the necessary data for the analysis and conclusions.

Conclusion: The authors conclude, that most respondents are ethnocentric with a neutral to negative affinity towards Mexican products (but positive when asked about the country in general), and are not sure of the PCI or product quality mainly because of lack of knowledge or exposure towards real Mexican products. The main conclusions differ depending on the product category as well as the particular profile that is being taken into account. In general, when comparing respondents’ profiles against the whole target sample, respondents’ preferences of the attributes relative importance do not show significant variations (although they exist) for example, price remains the most relevant attribute for laptops with or without profile analysis. On the other hand, product type preferences do vary especially between ethnocentric with negative affinity and PCI respondents and non-ethnocentric respondents with a positive affinity and PCI: laptops and bicycles are seen as risky and in general the low-end versions are preferred. On the other hand, refrigerators and shoes received a positive reaction from the respondents towards the high-end versions.
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1. Introduction

In the first chapter an introduction to the thesis is given. After briefly explaining the COO effect and which research has already been done, an introduction to ethnocentrism, PCI, and affinity will be given. The authors will briefly describe Latin America and especially Mexico so the reader can understand why it will be the focus of the study as well as offering a fresh perspective to this kind of research. Next, the research questions will be presented. The purpose is then defined, as well as explaining the delimitations. The chapter ends with the complete thesis’ disposition.

1.1 Problem Background

In recent years, many studies have been written about the country of origin (COO) effect, the impact ethnocentricity has on potential customers as well as on how it affects their purchase decisions and a variety of other consumer behavior related theories.

Within the last almost thirty years, a variety of studies (Beverland & Lindgreen, 2002; Elliott & Cameron, 1994; Garland & Coy, 1993; Han & Terpstra, 1988; Kaynak & Cavusgil, 1983; Lawrence, Marr, & Prendergast, 1992; Manrai & Manrai, 1995; Watson & Wright, 2000) have been carried out on consumer COO-based perceptions and its effect on the choice of a wide range of imported products such as laptops, TV’s, refrigerators, microwaves, watches, among others for end users.

While COO effect research has focused on consumer’s opinions of other countries and the perceived quality of products from that country; ethnocentricty lies emphasis on the fact that a large number of customers prefer to buy products from their own country rather than purchasing imported goods (Bilkey & Nes, 1982; Samiee, 1994).

It is relevant to mention that a number of studies in this field have been done, both for services and products, underlining the strong impact these effects have on purchase decisions (Strutton, True, & Rody, 1995; Kaynak, Kucukemiroglu, & Kara, 1994).

While the product’s country of origin plays an important role, it is not only the consumers’ ethnocentrism, but also their personal affinity towards the country, as well as their perception towards the country’s products that are of major influence. But are people differentiating with regard to what they buy? Is the ethnocentric impact different when it comes to high-end products in contrast to low-end products? Are certain countries connected to such negative associations that they should not put their COO tag on items at all? And what is the decisive extrinsic factor (e.g. price, quality) when choosing certain foreign products?

1.2 Problem Discussion

Kumara and Canhua (2010) consider that the importance of the COO effect is based on the fact that there are consumers that are sensitive to the information they infer from their perception of the product’s COO. Quality has been found as the most affected attribute by the COO effect. The importance of this effect is due to the relationship between quality and price. Lee and Lou (1996) describe this relationship as the “price-reliance schema” which simply means that “you get what you pay for”, making it fundamental for any successful product positioning as costumers tend to link a higher price with higher quality and vice versa.

According to several authors (Agrawal & Kamakura, 1999; Oberecker & Diamantopoulos, 2011; Veale & Quester, 2009; Luque, Ibáñez, & del Barrio, 2000), there
is also a relationship between the COO and the perceived quality or product-country image (PCI). Whether this relationship is positive or negative, depends on the perception the consumers have of the country’s image from where the product originates.

Kotler and Gertner (2002) consider that the perception towards the countries’ image originates from several elements such as its geography, history, famous citizens, art and music, amongst others; these elements along with the media help shape the country’s perception towards a positive or negative image. Based on this and especially if the consumer has had any personal experience towards the country an affinity will be formed. Like with the PCI whether the consumer’s affinity is positive or negative will depend on the perception and results of this experiences.

In connection to these various studies the authors will go more in depth of the COO effect, and will measure affinity and the product-country image (PCI), as well as ethnocentrism (the combination of these three theories to measure the COO effect on consumers’ behavior, is affectionately named “the enchilada effect” by the authors), to define the impact these theories have on respondents’ attribute preferences when choosing non-domestic products as well as their effect on product type decision making.

The authors will now briefly discuss the geographical focus and why they consider it to be a very interesting research subject. Latin America is a fascinating part of the world due to its people, culture, nature, food among many others features. Latin America compromises 44 countries from Mexico to Argentina’s Patagonia going though the Caribbean islands, covering an area of more than 21 million square kilometers (Europe has 10 million square kilometers) and a population of approximately 572 million people. Latin America’s economy has carried for a long time among people in North America and Europe a stigma of corruption and bureaucracy. Fortunately, on the last decade things have started to change for the better in some countries of Latin America and for the region as a whole: its GDP increased by 4.7% in 2011 (Euromonitor International, 2011) compared to the EU 27 having a 1.6% growth in 2011 (Eurostat, 2011).

Mexico is the main focus of the experiment, a reason for this is the author’s belief it is well known among some of the respondents because of its world famous cuisine, seaside holiday resorts and of course tequila! This being said, some persons in North America, Europe and other parts of the world have an erroneous or incomplete perception of what the country can offer or what its real image is. Mexico’s has more than 1.9 million square kilometers (in comparison Germany has approximately 357 thousand square kilometers) making it the 14th biggest country in the world by size and more than 114 million persons live there (CIA, 2012). It has the 12th biggest economy in the world with a GDP of $1.1 trillion USD in 2011 and a growth of 3.8% on the same year (Euromonitor International, 2011).

After briefly describing the geographical and economical situation of Latin America and more in depth Mexico, it is interesting to mention that even though the geographical and economical size of the region and country; not many research articles on this area have Latin America or Mexico as its focus. This gives the opportunity to research a relevant and recent trend from a whole new perspective.

Another not very known fact about Mexico is that it has a very efficient and qualified manpower with many engineers that produce quality products. Some examples of this are: many electronic components and microchips, used in TV’s and computers in the USA, are made there; another example is that one of Volkswagen’s largest factories worldwide is in the state of Puebla. By doing this, it can be measured how much “good quality” products can be favored or affected by the overall perception and image of their COO.
The opportunity the authors found relies on the fact that during the secondary research, they could not find any research paper that tries to measure the relative importance of the most common product attributes while considering the ethnocentric effect as well as the role affinity and PCI might have in showing how much they affect the consumers’ choices. The authors believe that mapping the relative importance of these attributes as well as knowing the product type preferences (low vs. high-end) is of fundamental importance to any company that is willing to sell their products on a foreign market in order to know which attributes and types to focus the most on.

The fact that Mexico is a developing middle high-income country just like the BRICS\textsuperscript{1} countries or the Asian tigers\textsuperscript{2} makes it an interesting country to analyze. This is because since most products found on European markets and worldwide come from this type of countries, this means that the average consumer is already familiar with them and has in most cases either an accurate or inaccurate perception of the real product’s COO image and of what it offers.

The research process will be better defined in the methodology section of the paper, but for now, the authors believe it is important to mention that the results will be able to map the most important attributes of four product types: laptops, sneakers, bicycles and refrigerators while considering the COO and the other elements the authors have mentioned so far.

The researchers consider it a very interesting and current topic that still offers many areas to research as well as to experiment, and based on what has already been mentioned, the research questions that will be addressed and answered in this thesis are:

1. Which product attributes carry the highest and lowest importance on the consumers’ purchase decision for each product while taking into account the consumers’ ethnocentricity, affinity and PCI profiles?
2. Is there a difference in preference between ethnocentric and non-ethnocentric consumers when choosing high versus low end products?
3. Can a country use its COO identification or nationality branding towards certain types of products based on its image?
4. Does the nature of affinity (positive or negative) towards the product’s COO carry an important weight in the consumers’ decision of whether or not buying certain product types?

1.3 Purpose

The main purpose of this thesis is to determine if the proposed theories i.e. ethnocentrity, affinity and PCI, have a relevant influence in the consumers’ decision-making process concerning the relative importance of several product attributes, as well as on the consumers’ product type preference i.e. high or low-end.

The researchers believe that opposed to some of the actual researches, the COO effect is a multidimensional problem where affinity and PCI should be included, as opposed of being one-dimensional with only ethnocentrism. The authors propose to find out through the development of a traditional full profile Conjoint Analysis whose answers will also be used to identify product type preferences. Ethnocentric, affinity and PCI questions will also be designed in order to separate respondents into clusters allowing the authors to compare them to identify any differences among them.

\textsuperscript{1} Brazil, Russia, India, China & South Africa
\textsuperscript{2} Hong Kong, South Korea, Singapore & Taiwan
Erdogan and Uzkurt (2010) also share the belief that this consumer behavior topic is in need of further research as they write: “Reported studies have found the presence and strength of relationships among the consumer ethnocentrism, product attitude, and demographic variables to vary in different countries. Therefore, there is a need to do more research into different cultures.” The researchers also consider the subject very important since due to the lack of costless and readily available objective information on quality for every product available, consumers must relay on the mentioned extrinsic and intrinsic cues of products to make inferences about their quality. Therefore COO has a great impact on many products working as a product signal of quality.

The authors believe this will help international firms especially from emerging economies to better understand what the average consumer values the most in foreign products as well as what kind of products would be most likely avoided by them given the perceptions of the country’s image.

1.4 Delimitations

Thanks to the Internet and modern technology, the authors are able to easily deliver their survey to every corner of the world. Since the main means of distribution will be Facebook and Emails via a Qualtrics link, there are no limitations to the respondents’ nationalities. On the other hand, the fact that the authors are not limiting the research to one nationality makes reaching a representative size of each age group and social class for every country very difficult. The motive of this is the limited number of respondents of every nationality the authors can reach by this method, as well as time and resource constrains. One advantage of focusing on several countries is that it gives a different perspective to COO effect research as many authors such as Urbonavicius, Dikcius & Navickaite, (2011) have found concentrating on a small number of countries a limitation that generates too country-specific results instead of results that can be generalized for many different markets.

1.5 Thesis Layout

Chapter 1 – Introduction

The main goal of this chapter is to give an overview of the study. The authors begin with a background on the theme as well as some basic concepts and past researches. The problem or opportunity is then discussed and the importance of this type of researches is analyzed. The research questions are afterwards mentioned. Finally, the purpose and delimitations are presented.

Chapter 2 – Frame of Reference

In this chapter all the main concepts and theories that are used on the thesis are defined in order to clarify their meaning and usage on the next sections of the thesis.

Chapter 3 – Method

The research methods and its process are thoroughly explained as well as their main strengths and weaknesses are discussed. Furthermore, the method for collecting and analyzing data is mentioned and examined.
Chapter 4 - Empirical findings & Analysis

In this chapter the results from all the methods: focus groups, pre-test and questionnaire are presented and analyzed. The focus group and pre-test will be presented first as they will be used to develop and correct the questionnaire. The results of the questionnaire are then presented with central focus on the Conjoint Analysis and its implications.

Chapter 5 - Conclusions, Limitations and further analysis

During this chapter the research questions are answered using the selected theories, results and analysis. Lastly, the authors present the limitations and criticism on their own work as well as ideas for future researches on this area of knowledge.

Appendix & Bibliography
2. Frame of Reference

This chapter will help both; the authors and reader to better understand the background upon which the thesis will be built. It will also support the authors in answering the research questions that were presented earlier.

2.1 Reasons underlying the chosen theory and framework division

The authors chose the theories that will be described on the following section, after a thorough secondary data investigation and analysis. The authors consider these theories as the best and most relevant background in order to develop the methodology to achieve the desired results.

The main focus of the thesis as has already been stated, is to measure the effects several consumer behavior theories have on consumers’ decisions. The frame of reference will be divided as follows: (1) it will refer to each theory that explains the reasons for consumers to behave in a specific manner when choosing international products; (2) the division between high-end and low-end products will be given; (3) the authors will refer to the different product and country attributes that will be used. Throughout the thesis, each product will be defined in terms of these attributes that makes a clear definition fundamental; the country attributes will be used for defining the affinity towards the country; and, (4) the decision process will be analyzed from the consumer behavior point of view. This chapter is fundamental for the authors to properly understand the reasons underlying the behavior of the consumers. The flow of the framework is being summarized with the following chart:

![Figure 1: Thesis frame of reference design](image)

2.2 Consumer behavior theories for international products

2.2.1 Country of origin (COO)

In general the country of origin means the land where the item was manufactured or assembled in. Hence country of assembly and country of manufacturing (COA/COM) were seen as exchangeable expressions. All described what the “made in” tag on the item
said. Nowadays, the COO is seen as the country of origin, no matter where the product was actually manufactured or designed (Aiello, Donvito, Godey, Pederzoli, Wiedmann, Hennings, et al., 2009).

The country of origin effect describes the influence the image of a country has on potential customers with regard to products being manufactured there (Huddleston, Linda, & Lesli, 2001; Kaynak & Kara, 2002). Schoolar (1965) was the first to discuss this topic by identifying product bias based on national origin. Pharr (2005), also mentions that the COO effect as an extrinsic attribute has been discussed for more than four decades trying to explain how it affects the consumers’ behavior.

It is known that the COO is a fundamental factor that affects the consumer evaluation. The reason for this is that since consumers do not have all the available information they evaluate the product based on the available cues (Bilkey & Nes, 1982 cited in Kaynak & Kara, 2000).

Although a fundamental product cue, it has been proven that consumers sometimes mistake the real COO of the product with the origin of the brand (Balabanis & Diamantopolus, 2011). This situation is being exploited by some manufacturers, as some countries are seen as better than others for producing certain items (regardless of whether or not it is true). For the authors this of importance as one of the research questions refers to managing the COO identification for certain products. Since there are no country comparisons in the experiment, the COO effect will be measured with the use of the next three theories that are part of this effect.

2.2.2 Ethnocentricty
Another element of the COO is ethnocentrism. Shimp & Sharma (1987) define it as “the beliefs held by consumers about the appropriateness or morality of purchasing foreign made products in place of locally made products”. The ethnocentricty theory refers to why consumers consider their own country and its’ values as the best; affecting this way the image ethnocentric consumers have on foreign products.

This element defines the norms for every non-domestic product or value to compare to. Consumers that are highly ethnocentric are both judgmental and intolerant towards goods from a culture and country different from their own one (Booth, 1979; Luque et al., 2000). This is because it is seen as both unpatriotic as well as harmful to the own countries’ economy. Studies about this element have, demonstrated that in most cases customers prefer domestic products to foreign ones (Shimp & Sharma, 1987). The studies also refer that when it comes to choosing imported goods, people tend to buy from similar countries. Kaynak & Kara (2011) consider that for highly ethnocentric consumers, buying foreign products is not only wrong and unpatriotic, but also harmful to the economy and results in losing jobs.

This element is very important for the thesis as high ethnocentric consumers are believed to have a negative initial perception towards the products and thus will be more judgmental towards the attributes importance as well as the type or version, than their counterparts that do not care as much about the origin of the product. Furthermore, highly ethnocentric consumers might have a biased judgment as they might over-evaluate domestic products. How ethnocentrism will be measured will be explained with the next element of the framework.

2.2.2.1 CETSCALE
Not a theory per se but rather a tool to measure just how ethnocentric a person is, Shimp and Sharma (1987) developed this scale in order to explain and predict consumers’
buying behavior when it comes to domestic versus non-domestic products. When it was developed the CETSCALE served to test whether domestic products from the USA or foreign goods were purchased on the assumption that the positive attitude towards domestic products was a matter of national responsibility and loyalty (Hult, 1994). The most important assumption of this scale according to Erdogan and Uzkurt (2010) is that it assumes that a positive attitude towards domestic products is a matter of national responsibility and loyalty. This scale has already been tested in several other countries than the USA such as Turkey, France, Japan, Germany, Korea and Poland of which all received a Cronbach’s alpha value of approximately 0.90 making it a reliable scale (Netemeyer, 1991). According to Luque et al., (2000), the most notable uses of a CETSCALE are: (1) an explanatory variable in experimental designs in which the effect of a product’s COO is controlled by the researcher; and, (2) an explanatory variable of attitudes, purchase intentions and consumer behavior. For this research, the authors will use the second type of practice as well as an adapted version of the scale with 7 items that the authors believe are the most important and relevant ones. The reason for having a smaller version of the scale relies on the authors’ fear of having non-response errors due to the survey’s length when all the parts are considered.

2.2.3 Country Affinity and loyalty

This element describes the positive or negative affection customers have towards a country based on experience and feelings. The consumer has traveled to that country or has met an inhabitant from the country or maybe just has seen, heard or read something about the country and thereby has developed a positive or negative attitude (Oberecker & Diamantopoulos, 2011). Affinity towards the product’s COO is another factor that plays a fundamental role on the consumer’s purchasing preferences when selecting a foreign product. Personal experience and contact with people from a certain country also play a major role on the country’s perception, and thereby might influence whether the product is selected or not (Urbonavicius et al., 2011).

Some studies show that when non-domestic products are being bought, those from a country with comparable cultural values are generally preferred because consumers expect such a country to have similar standards and suppose to receive the same price-quality relation as from their domestic products. Thus risk aversion is being reduced (Heslop, Papadopoulos, & Bourke, 1998; Watson & Wright, 2000; Wang & Lamb, 1983; Agarwal & Kenneth, 2001). Pappu & Quester (2010), consider country affinity and loyalty similar to the loyalty consumers have towards a certain brand or store. They believe consumers tend to be loyal towards a country in the same way as if it was a store and their behavior towards the products of their favored country is more positive.

The authors are measuring this with a scale of their own in order to find out how consumers with either a positive or negative affinity towards Mexico behave. The attributes used to create the affinity scale are based on the ones used in Elliot & Cameron’s (1994) experiment:

1. **Design:** It can be described as the convention for the construction of a product. In this case it is seen as part of the micro level that captures consumers’ product-related evaluation of a country (Roth & Romeo, 1992). It is important to mention that another design will be used as part of the affinity scale. This one will refer to how much the country contributes to the standards of “design” (and not to the level of design of the products that will be used in the experiment) e.g. Italy is a country known to be the spearhead of new designs of several industries such as the fashion and automobile industries among others (The Financial Times, 2004).

2. **Innovativeness:** Refers to the originality of a country by the virtue of introducing new ideas: “something new or different introduced” (Dictionary.com, 2010). In
the authors’ work, it is part of the micro-level perceptions that forms the product-based country evaluation. In contrast to the other four factors, innovativeness is being compared internationally, e.g. by the Boston Consultancy Group or the INSEAD.

3. Perceived country quality: This effect describes the quality that is being assumed with a country based on products that come from this country.

4. Prestige: It refers to the good reputation a product may have, partially based on prior use. In this case it refers to the positive associations consumers have towards a country based on high prestige products coming from that country.

5. Workmanship: As part of the micro-level attributes in this thesis, workmanship describes the positive association consumers have with a country based on the high degree of workmanship perceived with that specific country.

2.2.4 Product-Country Image (PCI)
This theory refers to either the positive or negative connotation a product carries based on the country it comes from linked to the association in the consumers mind (Bilkey & Nes, 1982; Papadopoulos & Heslop, 1993). According to Morello (1984), both product classes, as well as specific products have different images deriving from their country of origin (cited in Elliot & Cameron, 1994). Depending on whether the image is good or bad, the PCI can create either a negative or positive impact on products originating from certain countries (Kaynak & Kara, 2002).

Hollensen (2007), also refers to the PCI effect with a similar theory called “psychic distance”. This concept refers to the “perceived degree of similarity or difference between two markets according to cultural and business issues”. Psychic distance is important because consumers are more inclined into buying products from a country with a small psychic distance because their country’s image is in most cases stronger deriving into a greater positive perception and lower risk (Agarwal & Kenneth, 2001).

The perceived image plays a fundamental role on the initial product evaluation leading in some cases to the rejection of the product without further consideration of other elements. As an example, a consumer may choose a microwave from a particular COO because of their perception of that country’s quality or because they know as a fact that microwaves from that country have indeed better quality according to Agrawal & Kamakura (1999); either way, COO is an important element to consider in modern lifestyle.

A specific question will be used by the authors on the survey to measure the respondents PCI towards Mexico in order to be able to define how much this theory affects or does not affect their decision making when choosing the products. The elements to rank this question are in terms of price, product innovation, quality, etc.

2.3 Product Differentiators

2.3.1 High-end versus low-end products
High-end products are usually defined as an either expensive product or one of high quality (Reverso, 2008). Of course having both attributes can also apply. Still it is difficult to draw a line of what high and low-end products are, especially as most people would agree on many but not all products and no per se definitions exist. On the other hand, a low-end product is considered to be the cheapest product type in the company’s range (Financial Times Lexicon, 2012). At the same time it is considered to only have the most basic product attributes.
The authors assume that people make different decisions when buying either high-end or low-end type products, as high-end ones require more financial means and hence have a different decision making process (Branch, 2007).

The main point of differentiation between the categories is the price attribute. The reason for this is that price may work as a product signaler; hence most consumers might link a higher price to better quality and/or more features, which refers to the researchers’ definition of the product categories.

2.3.2 Product Cues

In order to reach concise and significant results, the authors will focus their research on extrinsic and some intrinsic cues or product attributes. In order to clearly distinguish them, the authors will provide a brief explanation as an introduction before presenting the variables themselves.

Extrinsic cues are attributes that according to Vale and Quester (2009) can be changed without affecting its objective attributes. Some examples that often act as risk-reduction information to customers are price, brand or COO, among others (Aqueveque, 2006; Agarwal, 2011). These cues normally work better as determinants when choosing for example a shirt, as opposed to choosing it only if it is made of cotton or another fabric (unless the specific consumer is looking for a particular fabric).

On the other hand, intrinsic cues are product attributes inherent to the product itself (Vale and Quester, 2009). For this reason, consumers do normally not depend upon them when choosing between different brands as they refer to for example the fabric used on a pair of pants, a shirt or the grapes used for a specific wine. Since most of the times these cues do not supply the consumers with useful information, extrinsic cues are taken into account to define the products quality. That mentioned, some intrinsic cues are necessary when describing certain types of products in terms of attributes and therefore also have to be considered.

Veale & Quester (2009) found better results using extrinsic cues when researching product attributes and COO effects, than those obtained while using only intrinsic ones. Another reason is that consumers normally base their choices on extrinsic cues since they work as an overall indicator of the product attributes (Agrawal & Kamakura, 1999). Agrawal, Grimm, Kamath & Foscht, (2011) also mention on their literature review that similar types of empirical studies have been consistent in finding that consumers do in fact rely on external cues as signals to infer about the product’s quality.

Therefore, most of the chosen product attributes or variables are of extrinsic nature but as the focus group carried by the authors (that will be explained on the fourth chapter) pointed out, certain intrinsic ones are in control of the consumer choice as they are decision-making factors. An example of this is the material of shoes variable that will be explained. Even though the consumer cannot change the material, it will still influence the consumers’ decision whether to purchase the shoes or not.

2.3.3 Product Attributes

Based on the secondary research as well as the authors’ opinion, the authors started to choose variables for their research. In order to ensure that these represent what customers are really looking for when choosing a product the authors carried out a focus group. Based on it, it became clear which variables the authors should focus on.

The price, quality, weight and design of products were picked as a choice of attributes to measure ethnocentricity as well as affinity and later on be able to present which attribute
is the most influential one when buying a certain product category. As some of these variables are not totally clear for all four product-categories that were chosen, some will be specified in more detail. Price and design were the only attributes applied to all of the products, while quality and weight were used only on two of them. The description of the products will also come in more detail on the methodology section of the thesis. It is relevant to mention that of the four products, only bicycles have all four of the main attributes applied.

Measuring a laptop’s quality by itself proved to be difficult and unrealistic. Using very specific features such as the processor’s speed proved to be also very complicated to clearly point out and explain using solely survey instructions. This was proven with the focus group and the pre-test showed that most consumers only know or care about the storage capacity of their hard-drive rather than the ram, processor or graphics employed.

With regard to shoes, the authors saw that the weight was of little importance, as long as it does not come to high performance shoes like running or football shoes. Hence the authors again chose an intrinsic cue, namely the material the shoes are made of, as this often indicates personal preferences. The authors also used the assumption that the average consumer cares for design and material without considering the purpose of the shoe i.e. the four attributes are still important regardless of the intended used of the shoe such as exercising, going out, working, etc.

The fourth product category: the refrigerator neither has quality nor weight, as these are either difficult to define or, in the case of the weight of minor importance. Energy Efficiency was applied as a means to define quality and also because it is an important aspect consumers look for when purchasing this type of product. Through the focus group, the author also found out that instead of considering the weight, which might only be of interest when installing the refrigerator, its capacity is far more important and hence was chosen.

These variables are of independent nature. Other elements are also of concern such as extraneous variables, as well as the age, gender, social status or experience of the participants. Unfortunately they are something the authors can barely influence and hence can only try to have a population as homogeneous as possible.

The chosen product attributes are considered by the authors to be responsible for the changes in the consumer’s purchase intentions as these attributes were also asked during the focus group with an average selection of the target population. Their influence will be seen with the relative attribute importance changes as well as within the product type purchase intentions of the respondents.

2.3.3.1 Price

One of the simplest definitions the authors could find for this attribute is: “the amount of money charged for a product or service” (Kotler, Wong, Saunders, & Armstrong, 2005).

Of course price can vary based on the actual supply and demand of a product or service. If the supply increases, while the demand is constant, the price will decrease and vice versa: if demand increases while the supply remains constant, prices will increase, as customers will be willing to pay more. Further, the income also has a certain influence on price, as rising salaries and adapted rising prices can occur during inflation (McDowell, Thom, Frank, & Bernanke, 2006).

A variable such as price can be clearly defined when it comes to tangible and known products such as laptops, shoes, refrigerators and bicycles. On the other hand, the price relativity always needs to be seen with regard to the quality provided since this variable is
most of the time used as a product signal for the underlying quality of the product. Hence three different price levels will be offered that will vary from each other and will depend as well on the particular product.

As Malhotra & Birks (2006) mention, the price needs to differ in an outstanding way, as it otherwise does not play an important role in the consumer’s decision-making process. As the four products will be rated individually, there will be no problem, assigning each of them a different low, moderate and high price. The different price levels for each product were selected after a careful analysis of the average prices found on the common market place by using popular stores such as Amazon, Ebay, Elgiganten and Media Markt.

2.3.3.2 Quality
According to Drucker (1993) quality is not what the producer implies into the product but rather what the consumer receives from his purchase and is willing to pay for.

A variable as quality cannot exclusively be defined. The reason for this is because it differs in most consumers’ perception and is influenced by various other factors. In addition to that, quality needs to be seen in connection to price although even consumers differ a lot in their associations between price and quality according to Scott & Bettman, (1986) cited in (Zeithaml, 1988).

The authors intend to mention three levels of this variable, while still being realistic and not offering a high quality laptop for 10 euros. This is based on one of the Conjoint Analysis assumptions that will be mentioned further in the thesis.

As mentioned before, different products like the shoes and bicycles will be rated individually giving “low”, “medium” and “high” quality levels while assigning different realistic prices depending on the quality level avoiding this way an unrealistic bias.

2.3.3.3 Weight
Weight is defined as “the measure of heaviness of an object” (Farlex, 2012). Since the consumer’s perception of what is light or heavy weight might vary a lot, the authors will provide three different levels for each of the three products where this attribute is used. By doing this it becomes easy for the respondents to use their perceptions towards what is light, average and heavy. Like price levels, the actual levels will depend on the particular product. The levels are based on features provided by big the European bicycle retailer rose-versand.de and e-commerce retailers such as mediamarkt.se.

2.3.3.4 Design
It is defined as “to work out the structure or form of something by making a sketch or plan” (Farlex, 2012). It is an extrinsic cue; this means that the feature can be seen immediately when purchasing an item. Since every customer considers different aspects to be well designed or not, the authors will offer three general design categories and photos exampling the idea of the product’s design. One will be a very simple design, while another will be average and the third one modern.

To clarify this, an example will be given: the low design laptop contains all the required features while not being created with design being the main focus. An IBM ThinkPad, can be seen as an example, as it has the necessary specifications while having the same old fashion design for years. The average laptop will contain the same features, while looking like almost all competitors laptops on todays’ market. Any HP, Asus or Compaq laptop that is from a regular product series serves as an example. The modern design laptop will not only feature all the attributes but at the same time also show its design focus. Looking at the latest Ultra-books by Acer or a MacBook Pro serve as examples.
2.3.4 Product specific attributes

After having defined four of the attributes that will be used in all the products, the authors will now define four specific product attributes that are used separately by only one of the products at a time. Since these are very specific, no detailed definition is provided, especially as they mainly serve to specify the attributes above or to make it easier for the respondents to give clear feedback. All variables provided below, are based on information gathered from market-leading companies in the respective sectors to have realistic information presented to the respondents. These attributes were also verified during the focus group as important while evaluating product alternatives.

2.3.4.1 HDD Storage Capacity

The hard disk drive is the device where most computers save their digital data on, unless the newer version SDD (static drive disk) is being used. This attribute is only being used for the laptops, as it is only relevant in that product category. The authors took three different options that the contestant can chose from, from a well-known e-commerce retailer, namely Media Markt and Best Buy.

The HDD sizes that will be used are: 320 GB, 500 GB and 640 GB which are the averages of rather low, medium and high sized hard-drives on laptops.

2.3.4.2 Energy Efficiency

This is one of the attributes that came up during the Focus Group. In modern societies it is important to not only consider monetary savings but also care about not polluting the environment. Refrigerator gases are known to be very harmful to the ozone layer and therefore energy efficiency has become very important when considering this type of product category. With regard to retailers like “Amazon”, “Media Markt” or “ElGiganten” which are some of the biggest Swedish as well as European retailers of electronic goods, the energy efficiency is one of the most important attributes when it comes to the sales of refrigerators. The ranking is in accordance with their specifications and the energy efficiency was chosen itself based on the focus groups results.

The options are: “not energy efficient”, meaning not having been rewarded with an efficiency tag; “A”, with indicates an already good consumption of electricity; and “A++”, having outstandingly low energy consumption for its size and capacity that might also represent electric bill savings.

2.3.4.3 Capacity

As the weight of a refrigerator is unimportant, the authors replaced this by having the storage capacity. The focus group contestants also considered capacity to be an important aspect when choosing refrigerators. Dependent on the purpose of the purchase this is a factor that is always being taken into account during the decision process. The authors chose 280, 387 and 515 liters to represent different sizes that refrigerators currently offer. This has been done in accordance with Amazon and Idealo.

2.3.4.4 Material

Although the shoe material is an intrinsic cue, the authors took the feedback from the focus group into account. The focus group participants considered “material” as a very important attribute to consider while choosing shoes. In contrast to extrinsic cues, the consumer cannot influence what the shoe is made of, but he or she often bases the purchasing decision on the products’ material. This is because the different materials highly influence the look of the shoes as well as features like breathability. Hence three levels were chosen taking into account: that most shoes use these types of materials, that they apply to daily use and that both genders can use them. After considering all these
elements, and discussing them at the focus group, the authors decided the following levels: suede, leather and linen.

2.4 Decision making process

The authors decided to choose Solomon’s decision-making framework as it clearly explains the process behind the average consumer’s purchasing behavior. The process has five main stages as can be seen with figure 1 at the beginning of the chapter. They also believe that the already mentioned theories as well as the product differentiators, are already established in the mind of every consumer and that those elements affect their decision making process depending on their ethnocentricity, affinity, and PCI. This will be explained more in detail in the heuristics section.

2.4.1 Problem recognition

As Solomon, Bamossy, Askegaard & Hogg (2006) mention, a consumer’s purchase is a response to a problem. They feel a discrepancy between their actual state and ideal state (the reason can change depending if this discrepancy comes from a need or an opportunity recognition). The consumers therefore decide they need to acquire something in order to return to their ideal state. For this experiment, after considering the type of products that will be used on the experiment as well as the given space limitation, all discrepancies between actual and ideal states will come from “opportunity” recognitions.

2.4.2 Information Search

The second step of the process refers to the consumers’ surveying of the environment for appropriate data in order to make the right decision. According to Solomon et al., (2006), the consumers can get information from two sources: internal which comes from the memory of past actions and experiences and external from sources such as friends and family, from the company via its advertisements or website, through specialized media that compares several products and brands, as well as from their personal past experience with similar products.

The search process can also be considered either direct learning if the information was already recollected for a previous occasion or incidental learning if the information is recollected from a package or advertisement while the product was of no interest and is later on used. Finally, the amount of search will depend on two elements: (1) the “prior knowledge”: consumers with a modest knowledge are usually the ones that search the most (Solomon et al., 2006); and (2) the “perceived risk” that refers to the consumer’s belief that the product might have negative consequences (either monetary, functional, physical, social and psychological); the higher the perceived risk the more thorough the search will be.

2.4.3 Evaluation of alternatives

Since modern societies have an enormous amount of choices available from all over the world for almost every type of product, it is in this stage that consumers place most of their effort into. This step is also very important for the authors’ as it is here where the attribute importance takes place and might play a fundamental part on the final decision. In this step not only the recollected information is considered but also the person’s ethnocentricity, country affinity and PCI (given that there are foreign and domestic products available), as well as all other cues such as COO, price, brand, among others. According to Solomon et al., (2006), there are three types of alternative sets: the inert set refers to the alternatives not considered at all; the inept set are the known alternatives but that will not be considered; finally the evoked set are the alternatives already in the memory bank that will be considered. Good brand equity and marketing campaigns are fundamental for products to be considered as part of the consumers’ evoked set.
Fields, (1990) proved on his study that the COO effect could have negative effects on consumer awareness and choice (cited in Elliot & Cameron, 1994). This means that consumers do take into account at least the country of origin when choosing among a selection of products and might first decide depending on their ethnocentrism between a domestic product and then among several COO’s if foreign products are chosen.

2.4.3.1 Heuristics: The short cuts of the mind
This special section refers to a fundamental part of the framework: the “rules of thumb” of the mind in order to simplify decisions (Solomon et al., 2006). Most consumers just rely on product signals that supposedly communicate an underlying quality e.g. clean car equals quality, cheaper product infers lower quality or known brand equals higher quality, among many others. The most important element of heuristics for this paper is using the COO as quality indicator (Elliot & Cameron, 1994).

Even though there will be no country of origin comparisons between products to know which country they prefer, the authors believe COO as product quality signaler is based on the consumer’s ethnocentrism, affinity and PCI towards that COO.

Based on stereotypes, many countries are correctly or incorrectly regarded as better or worse for making certain types of products. Heuristics play an important role in the alternative evaluation and should be considered by all marketers. The authors believe that how heuristics work on the mind of each consumer, will depend on the levels of the theories already mentioned e.g. a highly ethnocentric person might perceive a lower quality for any foreign product when compared to the domestic version.

2.4.4 Product Choice
In most cases, the sum of all the evaluative criteria will be judged by the consumers and choose the one that fulfills the most according to what is being looked for. According to Solomon et al., (2006) there are two types of decision rules: (1) non-compensatory which are used in case of simple decisions where options that do not meet the lowest standard are eliminated regardless of other positive attributes; and (2) compensatory rules, this type of rule gives the product a chance to make up for its shortcomings with other positive aspects. If this rule is used, it means that the consumer is more involved with the decision process.

2.4.5 The Decision Outcome
The final part will only briefly be mentioned as it is out of the scope of this thesis since it does not form part of the decision process per se. There are three main outcomes:

1. **Trial purchase** when the product is purchased for the first time and is evaluated,
2. **Repeat purchase** the product was found satisfactory after the trial purchase and is considered again.
3. **Long-term commitment** a bond is formed with the product and its brand. It can also refer to durable products with which the consumer knows he or she will have to spend a certain amount of time.

The researchers consider this element of the framework essential for designing the experiment. The reason for this, is that by theoretically knowing how and why most consumers behave in a specific way, will enable the authors to create a better experiment i.e. one that is closer to real life and thus will produce better results in the end. One limitation mentioned by Agrawal & Kamakura (1999), that is present in any type of consumer behavior experiment, and that unfortunately cannot be adverted is that consumers will always allocate more processing effort and time to real purchase situations than to hypothetical ones making the process not perfect. The authors will try to
remedy this to some extent by recreating accurate products that are familiar to what most of the respondents are used to.

Another assumption worth mentioning is considering that the four products used on the experiment demand the same type of decision behavior (i.e. routine, limited or extensive) as well as carrying and demanding the same risk and involvement. This is because there are already other elements involved in the experiment and due to time and space limitations, adding another element to the research is not possible. The authors believe that this bias can be somewhat fixed with the low end vs. high-end separation of products, which already includes the risk factor (a high end product is more expensive, therefore it carries a higher risk, therefore demanding a higher consideration and vice versa).
3. Methodology

*In this section of the thesis the authors’ choice of research methods will be stated. In addition to that the methods for data collection and analysis will be presented.*

### 3.1 Research process

This section of the thesis will briefly and on a preliminary basis present how the data will be recollected and which methodology will be applied. The authors’ intention is to help the reader understand the type of data that will be required as well as how it will be collected and afterwards analyzed. The authors consider that the following marketing research process suggested by Malhotra & Birks (2006) will help have a systematic and tidy process. This process is as follows and is illustrated in [appendix 1](#):

**Stage 1 Problem Definition**

Identify how much ethnocentrism, affinity and PCI influence the attribute relative importance of certain products as well as the consumers’ preferences for low and high-end versions for the same products.

**Stage 2 Research approach developed**

Secondary research plays a fundamental part in identifying the appropriate factors that might influence the research design. Based on this secondary research, the authors were able to identify the key elements and factors that are of mayor importance throughout the research. Some examples are COO, PCI, and ethnocentricity, among other product cues that have already being described.

**Stage 3 Research design developed**

Built-on the outcome from stage 2, the next step of the methodology, after the initial analysis of secondary data, will be to conduct a focus group with a representative small sample of the target population using the findings of the secondary research as well as the authors’ initial considerations and findings to draft a preliminary survey. The authors will then carry a pre-test to minimize errors and biased results.

Finally, using all gathered data, the authors will modify the designed survey as well as launch it to begin collecting empirical data to find answers to the research questions.

**Stage 4 Fieldwork data collection**

As mentioned on the delimitation section of the thesis, the authors intend to spread the survey via Email’s and Facebook using a Qualtrics’ link. Qualtrics is an excellent online marketing tool that allows designing and distributing a survey having neither limitation on the number of respondents or on their physical location. The authors are looking for at least 100 respondents and there is no minimum or maximum number of nationalities to be included. The authors do know that it is important to try to have a similar number of respondents on each nationality in order to avoid biased results.

**Stage 5 data preparation and analysis**

This stage will be developed further as the research method progresses later on.

**Stage 6 report preparations and presentation**

Refers to the final draft of the thesis and its presentation to the pertinent scholars.
3.2 Research Approach

The authors will research the relative importance of eight product attributes (these attributes will depend on the particular product), that have already been mentioned and described and how their importance affects the consumers’ decisions. The primary data is going to be gathered by carrying an experiment that will then be contrasted to the theory that was acquired throughout the secondary research.

Due to time and resource constraints, the empirical experiment of the research will only focus on Mexican products, both real and hypothetical, in order to measure the perceptions towards them based on the products’ COO and the consumers’ ethnocentrism, affinity and PCI and how this affects the product type choices and their attributes’ importance.

In general, the research approach consists of both exploratory and conclusive research. The focus group is exploratory and will work as a basis for later research. The survey goes after this preliminary stage of the research and will serve in providing data in order to answer the research questions. Conclusions can be made and possibly applied in a broader and representative manner.

In addition to that, the authors had to choose between two basic ways that can be used in order to solve the research questions. A study can either apply a deductive approach or an inductive approach: for the deductive approach it is necessary to first define a hypothesis and then, based on the gathered data and its outcome, to approve or disapprove it. On the other hand, an inductive approach’s first step is to collect data, before defining a theory or hypothesis based on the data’s analysis (Saunders & Thornhill, 2007). With these definitions in mind, this research will use the deductive approach since theories will be probed based on the data gathered, and the conclusion will be achieved based on a general principle. It is important to mention that data is the focus of the deductive approach, which requires order and avoids biased results that can be created by non-independent researchers. Finally it is relevant to mention that a deductive argument is good if its premises are true and valid.

3.3 Research strategy

As mentioned in the research process, the authors’ strategy is one that is not made by separate actions or phases but more one in which each phase works as the foundation of the next one. The authors believe this synergy will with having a more compact and unified thesis with a clearer process that in the end will prove to show better results. This type of procedure is also called sequential method.

The authors’ main strategy will be the creation of a survey or questionnaire that will allow them to independently measure the ethnocentric levels of the respondents, their affinity towards Mexico, and their perception regarding its products in general. The survey will also measure the relative importance of all the attributes, as well as the product type preferences.

Further, in order to be able to achieve the best survey design i.e. one that characterizes the average respondents that belong to the desired population, and thus, that can give the required data, a focus group will be used to further develop and complement the research and share new insight and ideas for the next steps of the research process.

Before launching the final survey, a pre-test will be conducted in order to be able to identify any problems with it that can be solved before the definite launch to avoid invalidating any actual responses.
During the preliminary research the authors learned that the COO effect is a multivariable element and as such, cannot be measured by just using one scale or assuming every respondent has the same characteristics. For this reason, and in order to compare across respondents, the authors will measure each respondent on its own and divide them into several profiles depending on their ethnocentricity, affinity and PCI results after the authors place each respondent’s score in their scale. This will be better explained in the next section.

Another distinction the authors will make is between high-end and low-end products. As Solomon et al., (2006) mention, the consumer will not act the same way if the product is low-end with low-risk as when buying a high-end product that carries a greater risk. For this reason, the conclusions will be divided between high-end and low-end products. The main difference across this two product types is the price. As mentioned, the authors are using the price-quality relationship. The other attributes will be matching the price, e.g. a 1000€ laptop will not have the most simple attributes assigned, when it comes to design, HDD storage capacity or weight. Since 9 profiles are needed for the conjoint analysis, an average type will exist for all products, allowing the authors to offer three of each category.

3.4 Qualitative and Quantitative research techniques

In order to be able to achieve the desired results, the authors cannot approach the problem via using only a qualitative or quantitative technique. They will start by defining both types of research techniques and then carry on to mention what their intentions are with each technique:

Malhotra & Birks, (2006, p.132) define qualitative research as “an unstructured primary exploratory design based on small samples intended to provide insight and understanding”. It is used among other situations, when the research phenomena is too complex to be answered with a few structured questions, when the research information is very sensitive, or when the researcher needs to unveil the subconscious feelings of the respondents. Qualitative research is also used as a primarily step to gather more information to be used in the next phase of a study. Some examples of techniques are focus groups, in-depth interviews and ethnographic studies among others.

On the other hand, quantitative research is defined as “techniques that seek to quantify data and, typically apply some sort of statistical analysis” (Malhotra & Birks, 2006, p.132). This research is used to analyze data and get structured answers using statistical means. Some examples are structured surveys, multiple regressions and factor analysis among others.

As mentioned before, the qualitative method of the experiment will be to carry a focus group to precede and give additional information about the products to be used, as well as the attributes and levels to be used. The quantitative data will be collected via a survey designed in Qualtrics that will first identify the level of ethnocentricity, affinity and general perceptions of products for each respondent. Further, the product profiles will be shown for the respondents to evaluate (from 1 to 5) depending on how much they like that specific profile. The dependent variable will be the output given by the respondents, while the independent variables will be each of the attributes and levels of the products. The output will then be analyzed with a special Excel 2011 plug-in via linear multiple regressions.
3.5 Data Collection
The data sampling collection needs to be developed prior to starting the actual research. This step shows the authors’ thoughts on important aspects such as the target, the sample frame and sample technique as well as the sample size. These are steps that need to be fulfilled before being able to carry out the sampling process.

3.5.1 Defining the target population
The first step to be done, is defining the target population. The target population consists of elements that have the same characteristics while carrying the information the researcher is looking for.

A target population is “a specified group of people or objects for which questions are asked or observations made to develop required data structures and information” (Hair, Bush, & Ortinau, 2006).

In this case the authors intend to ask mostly students from many countries on several continents, only having the age restriction of being above 18 years old. The authors consider this restriction will allow them to focus on respondents that will be interested in the type of research being done, as well as being open and experienced into purchasing interesting and original products from all over the world. Of course it will be difficult to ensure the participants are only students and recent graduates but by applying a judgmental approach when spreading the survey the authors intend to comply with this self-set standard.

In order to compare opinions on Mexican products without a bias on nationalities, the authors plan to have similar figures on the number of respondents from each nationalities that will be considered in the research i.e. not having 50 Germans and 2 Chinese as their perception will not carry the same weight. The authors believe this will not be a problem, as the respondents will be divided in profiles regardless of their nationality. Part of the limitations of this research will be the lack of demographic clusters analysis that will be explained on the appropriate section.

3.5.2 Defining the sample frame
The sampling frame represents the elements of a target population and shows these in a list. An example can be a telephone book or a customer database (Malhotra & Birks, 2006). Such a sampling frame is supposed to help identify the elements of a population (McGivern, 2009).

Due to the financial as well as time constraints of the research, the authors will not make use of a sample frame, instead, the authors plan on asking students and recent graduates for their research in order to have a homogenous group. Aiello et al., (2009) consider that using students and recent graduates as survey groups is a good choice because they are a relatively homogenous group in terms of demographics, socioeconomic background and education. Another reason is that most university students have a good grasp of English and thus the survey does not have to be translated to a multitude of different languages.

3.5.3 Choosing a sampling technique
There are two techniques in which sampling can be applied. These are probability and non-probability sampling. Probability sampling implies that all elements have an equal chance of being selected. In order to ensure equal chances when for example using simple random sampling or a stratified sample a sample-frame is required (Malhotra & Birks, 2006).
Non-probability sampling is based on the researchers influences on the choice of participants. Participants are chosen in a non-random way based on required characteristics (Saunders, Lewis, & Tornhill, 2003). Based on not having the financial means to create a sample frame, the authors chose to make use of the non-probability technique. This technique has four different approaches: convenience sampling, judgmental sampling, quota sampling and snowball sampling.

Based on the influence the authors intend to have on the population they will use judgmental sampling as a basis. This technique allows choosing those elements that the researchers consider as being representative of the intended population (Hair, et al., 2006). As the authors intend to emphasize on students and recent graduates the authors thereby will only chose participants that are relevant to the research. Although this cannot be measured it is supposed to be more representative than convenience sampling (Hair et al., 2006).

The other technique the authors will use following the judgmental sampling is snowballing. Snowballing is based on a random or in the authors’ case, judgmental group of initial participants. Subsequent respondents are then being chosen based on the initial group’s feedback and information (Malhotra & Birks, 2006). The reason for this is simple: the authors as has already been stated, prefer to have a representative number of respondents from various countries, but on the other hand, they do not have the means by themselves to contact a sufficient number of people.

3.5.4 Define the ideal sample size
When defining the sample size the researcher needs to decide how many elements to include into his or her research in order to have reliable and valid data. Although the data is reliable and valid, a bias cannot be excluded since other elements within the research process and their influence may have a negative effect on the outcome (McGivern, 2009).

According to Orme (2010) a sample size of 30 to 60 respondents is sufficient for working with a conjoint analysis, but in order to have better validity, reliability and generalizability and results, the authors intend to have a higher number of participants. The authors know many respondents will answer in a pattern or with a low R-square value making their answers invalid. Therefore, the authors intend to have no less than 100 participants in order to have a cushion of appropriate answers to be used.

3.5.5 Executing the sampling process
After having defined the elements mentioned above, it needs to be ensured that these are being followed when carrying out the research. The decisions that were made with regard to population, sample frame, sampling technique and sample size need to be implemented (Malhotra & Birks, 2006). Since for this study, only two researchers will be working, no further explanation is required, as opposed to when third party employees are helping carrying out the research.

Furthermore, it is important to explain how the authors will proceed with non-respondents. People not replying to the request will be deleted from the research completely and will not appear in any way. The same applies to people starting to answer the survey but not completing it in the given time of 24 hours. Further, answers that make no sense will be also deleted e.g. answering in patterns or without making any sense.

3.6 The Data Collection Process
The first step in the research will be the gathering and analyzing of secondary data. This is in order to know and understand what has already been done, to gather ideas on how to approach the research and to further define the actual research questions.
After having completed this early phase of the work, the authors will start collecting primary data for the preliminary survey and focus group. The focus group goal is to help the researchers create a good survey together with the secondary research and general ideas the authors already had on this topic. In order to make sure the experiment will work as required, the authors will then carry a pre-test, by asking just a small number of persons to fill in the survey. Although the authors intend to have immediate feedback, the authors will let the contestants fill out the survey on their own to see if they understand everything without any help or advice from the authors.

### 3.7 Research method

#### 3.7.1 The Experiment

The experiment is the most important part of the complete research; its main function is to test the effect independent variables have on dependent ones.

There are two different kinds of experiments; one is carried on a laboratory, while the other is a field experiment. While the researcher is in full control of everything that might happen during the laboratory experiment, the field experiment is based on natural conditions that cannot be controlled by the researcher (Hair et al., 2006).

A field experiment is what the research will rely on. The authors will spread the survey to the chosen target group via Facebook and e-mail. Of course there might be external factors that the authors cannot influence such as the emotional state of the respondent while filling in the survey or technical problems with their computer that could change the feedback of the participants. But the authors are sure not to have any issues such as the one presented by Malhotra & Birks (2006) in which the participants might focus on the situation instead of the variable in question. As most participants will likely be in a familiar setting such as their homes, school or workplace, they will be relaxed although external distractions can be a problem, unfortunately this is outside the researchers control.

#### 3.7.2 Focus Group

A trained moderator in a non-structured and relaxed setting conducts a focus group discussion with a small group of participants. The main purpose is to gain insights by making the group feel stress-free and interact with each other as well as with the
moderator. Malhotra & Birks (2006), consider the main value of the technique to lie in
discovering unexpected findings that are obtained by the free-flowing manner of the
discussion. This type of discussion benefits from not having a fixed structure and that the
pace is set by the participants. Contributors take advantage of the stimuli shared by the
moderator and other participants, as well as from the time to reflect on their thoughts and
ideas. There are two main schools of thought that teach how to apply this method: the
cognitive used mainly in the USA, is a structured procedure with larger groups and strong
external validation; on the other hand, the conative school which is mainly used in Europe
has a smaller sample of respondents. The conative approach emphasizes exploration and
is less structured (Malhotra & Birks, 2006). The main weak point of this technique is the
possible misinterpretation of the output data since it’s coding is based on the perception
and feelings of the moderator and analysts. Another weak point is that not all the
participants give the same amount of usable and good information. Some reason for this
is shyness, being uncomfortable during the process, lack of knowledge on the subject and
fear of ridicule.

For the experiment, the authors will use a conative approach since they need to explore
what the participants believe to be the most important characteristics or attributes for
foreign products. The researchers will use the output of this technique not as a conclusion
itself but to continue developing the experiment and they want the participants to debate
and develop the themes as much as possible. The procedure will not be structured, but the
authors will have an agenda of topics they need to discuss as well as ordered in a logical
sequence i.e. first the general topic will be discussed, then products and finally the
attributes and any other suggestions. The research group will consist of 5 persons and will
last approximately 40 to 45 minutes. The setting is important so the authors will carry it
on one of the library rooms for its convenient location and relaxed atmosphere. To avoid
as much as possible the technique’s weak points mentioned, the authors will divide the
tasks during the process: only one will be the moderator while the other transcribes
everything, also the whole process will be recorded on a phone with permission of the
participants to avoid loss of information. The participants will be selected judging on
their general knowledge as well as the authors’ perception of them.

The main points the authors want to develop with this technique are: (1) Product
categories, (2) product attributes and levels and, (3) general insights on the research focus.

3.7.3 Survey

This type of method uses structured questionnaires and is given to a sample population in
order to gather the requested information to later be analyzed (Malhotra & Birks, 2006).
There are many types of survey designs based on the type of information the researcher is
trying to gather. Some of the variables the researchers have to consider while designing
questionnaires are: the length, the structure of the questions e.g. open ended or multiple
choice, dichotomy and scales (comparative or non-comparative), the wording of the
questions, etc. The best surveys must also consider several elements such as not asking
two or more things in one question, the wording used on each question depending on the
type of respondent, among others. The questions must not be ambiguous and should be
written in such a way to help the respondents answer it properly by giving examples or
asking only the simplest questions.

In short, Hunt, Sparkman & Wilcox (1982), mention seven basic steps during a survey
development: (1) specify what information will be sought, (2) select the type of
questionnaire and method of administration, (3) determine the content of individual
questions, (4) choose the form of response to each question, (5) determine the number
and sequence of questions, (6) re-examine steps 1-5 and revise if necessary, and (7) pre-
test the questionnaire and revise if necessary.
According to Malhotra & Birks (2006), the main advantages of using surveys on experiments are: surveys are simple and easy to administer, the data obtained is consistent because the answers are limited to the given options and coding and analyzing the data is relatively simple. Another advantage for the experiment is that they are very easy and economic to spread giving the authors’ the opportunity to send as many questionnaires as necessary in order to be able to use only those questionnaires that fulfill several minimum quality standards. The main disadvantage is the unwillingness of some respondents to answer the questions. This can be because they do not know the answer or it is sensitive information they are not willing to share.

For the experiment, the authors want to have a survey as short as possible but that allows them to gather all the required information. This is because in the authors’ experience, the respondents tend to answer less truthfully and with less effort when they see a long and elaborate questionnaire. The questionnaire will be divided into 5 parts:

1. A CETSCALE question with 7 inquiries and a 5-item Likert scale to measure the level of ethnocentricity of the respondent (Shimp & Sharma, 1987),
2. A PCI question for measuring general perceptions towards Mexican products (Elliot & Cameron, 1994) also with 7 inquiries and a 5-item Likert scale,
3. An affinity question to measure the level of sympathy towards Mexico of the respondent (Roth & Romeo, 1992). This question has 5 inquiries and a 5-item Likert scale. As already mentioned, design here is considered to refer to how much a country contributes towards the industry,
4. Conjoint profiles to measure the relative importance of each attribute and,
5. Questions to be able to know gender, age, and nationality of the respondent as well as their perception towards Mexico (only in case of having visited).

This structure will allow to first assign a score from 1 to 5 using the Likert scale (which according to Malhotra and Birks (2006) is a measurement scale with five response categories ranging from “strongly disagree” to “strongly agree” that requires a level of agreement or disagreement from the respondents with each of a series of statements), to each respondent’s level of ethnocentricity, PCI and affinity. This scale, allows to place the answers in a simpler “how much you disagree/agree” format and gives the advantage of dividing the answers into two or three categories depending on the respective question: (1) 1-2 positive, (2) 3 neutral, and (3) 4-5 negative.

The main idea of the experiment is to categorize the respondents based on these scores to be able to group them together and compare first across COO profiles, and then against the whole sample used on the experiment. The authors believe that by cross-analyzing these COO profiles, they will be able to draw conclusions regarding the respondents’ preferences and behavior depending on their ethnocentrism, affinity and PCI. For example a person with high levels of ethnocentrism will be more sensitive to the COO effect in a negative way (will more likely discard) the product; the same can be said for participants with a positive affinity COO profile, they will also be more affected by the COO effect by having a higher chance of considering the product.

These scores will work as a filter of the respondents, the COO profiles will include:

1. An ethnocentric score: ethnocentric or non-ethnocentric,
2. A PCI score: positive, neutral or negative
3. An affinity score: positive, neutral or negative,

These COO profiles will also allow creating clustered conclusions considering the specific types of respondents e.g. conclusions for ethnocentric respondents with a positive
affinity and PCI towards Mexico or non-ethnocentric respondents with negative affinity and PCI, etc.

The Conjoint cards or product profiles will then be shown, the structure of the product profiles will be done using an orthogonal design and 9 product profiles will be presented. The respondents will have to evaluate each product profile individually from 1 to 5. This will permit measuring the relative importance of each attribute for every respondent.

The demographic questions are in order to keep track of the type of respondent and to know the demographic characteristics within every COO profile.

Finally, as already mentioned, the survey will be delivered via a Qualtrics generated link that will be shared on Facebook. The authors believe this is a very good method for distributing the questionnaire considering the speed and spread that can be achieved by it. This survey technique via the Internet has many advantages such as a high flexibility on data collection, a moderate to high degree on the diversity of questions, low cost, no potential interviewer bias (as opposed to face-to-face surveys), high social desirability because the respondents are anonymous and hence more prone to answer truthfully. On the other hand, some disadvantages are the lack of control over the sample as well as the data collection environment and the low response rate.

### 3.7.4 Pre-Test

A pre-test is a fundamental step in any research process as it gives the researchers clues about deficiencies in the design that need to be adjusted before launching the questionnaire. Malhotra and Birks (2006, p.345) define it as “testing the questionnaire on a small sample of respondents for the purpose of improving the questionnaire by identifying and eliminating potential problems.

Avoiding this step might result in biased or flawed results. A reason for this can be that the respondents do not understand the questions due to grammatical mistakes or complexity; another reason is the design of the survey is not the correct one to collect the desired type of data. A pre-test gives good and valuable feedback on the general process.

As mentioned above, pretesting is one of the seven steps of developing a good questionnaire. Hunt et al., (1982) mention three item categories that need to be pretested: (1) items about the questionnaire itself, (2) items about specific questions, and (3) items about data analysis.

For the pre-test, the Qualtrics link will be shared with five selected users of which a detailed report will be asked with suggestions about the three areas discussed above and ideas on how to improve them. A short interview with each respondent separately will follow concerning their thought on length and complexity. The link will also be shared with the thesis coordinator for feedback.

### 3.7.5 Conjoint Analysis

This is a technique that attempts to determine the relative importance consumers attach to salient attributes and the utilities they attach to the levels of attributes (Malhotra & Birks, 2006). It allows the measurement of the relative value of each attribute or variable of a specific product to determine which attribute mix maximizes the probability of election by the consumer. The respondents are presented with stimuli that consist of combinations of attribute levels. They are then asked to evaluate these stimuli in terms of their desirability.
Veale & Quester (2009) also consider this type of multivariate analysis to be the best for researches concerning the consumer preferences and product extrinsic and intrinsic cues. This method has been sufficiently tested in fields such as psychology and marketing, and it reflects the belief that consumers do not evaluate the quality of a product based on a single attribute but rather evaluate the product considering all the attributes at once. This is based on combining the separate amounts of utility provided by the different product levels adding them and comparing this utility to that of other similar products.

According to Malhotra & Birks (2006), the main marketing uses for a conjoint analysis are: (1) Determining the relative importance of attributes in the consumer choice process, (2) estimating market share of brands that differ in attribute levels, (3) determining the composition of the most preferred brand, and (4) segmenting the market based on similarity of preferences for attribute levels.

The basic principle is that products can be explained as a combination of attributes e.g. price, size, quality, country of origin, and design among others. Further, each attribute can have one or more levels or options depending on the type of product e.g. price can be 20, 30 or 100 euros while size can be 10, 50 or 100 grs, etc. The most important assumptions of this technique are: (1) the consumer sees the product as a bundle of attributes or characteristics. The level of each attribute is generating the benefits sought; (2) when potential consumers are evaluating the product, they mentally associate a value to each attribute level called part worth utilities; (3) when determining the consumer’s total utility of the product, consumers mentally combine each part utility and then compares this total with other similar products to choose; and, (4) the buyer uses a compensatory rule when producing an evaluation of the total utility, which means he/she mentally offsets weak scores on one attribute with high scores on another to make the final judgment.

The researchers decided to use a traditional full profile method of Conjoint Method for their experiment. This means that each responded will evaluate each product separately, it is the most used method because it elicits fewer judgments and they can be ranked. The most important advantages of using this method are: (1) the achievement of a more realistic description by describing the levels of each attribute in the product concept; (2) a more explicit portrayal of trade-offs among all attributes; and, (3) The situation is as close as it can be to the actual consuming behavior (Lambin, 2007).

On the other hand, the most important limitations of this method are: (1) the risk of fatigue from the respondents due to the number of products they have to grade, it also is difficult if the attributes are totally new to the customers; (2) conjoint analysis assumes that the most important attributes of the product can be identified; (3) it also assumes that the consumers evaluate the choice alternatives in terms of these attributes and make trade-offs; (4) data collection may be complex if a lot of attributes and levels are involved since the model is estimated on an individual level; and, (5) the part-worth functions are not unique.

Two programs will be used during the analysis of the data: First, SPSS in order to create the product profiles via an orthogonal design i.e. a special class of fractional design that enables the efficient estimation of all main effects (Malhotra & Birks, 2006). By using this function, the authors will ensure to get the least number of product profiles needed to get relevant conclusions, and then the authors will select from all the product profiles the ones that are realistic to actual products. Due to the fact that the authors have four different products, they will need to repeat the process four times, and then will select nine product profiles for the survey. The reason for this is that it cannot be expected to for example use the same price or quality for shoes than for a laptop. Then, after having collected enough data with the survey, the authors will run linear regressions with a
special plug-in of Excel 2011. The regressions will be done with the ordinary least squares method\(^3\) for each of the respondents in order to obtain the coefficients for each attribute. The second step will be copying this raw data to Excel 2011 for its analysis using a template designed by the researchers that will allow them to manipulate the data in order to obtain the required results to draw the conclusions. The output will clearly state which attributes are the most and least important for each respondent. After analyzing all of the respondents’ answers, a tendency on their preferences will be found. This process will be more clearly explained later on the paper.

The validity will be assessed for each respondent using Pearson’s R-square value, which is part of the output given by the linear regressions. R-Square values range between 0 and 1; the closer to 1, the better the dependent variable in the model is explained by the independent variables. This value is an indicator of how well the model fits the data e.g. an R-square close to 1.0 indicates that the authors have accounted for almost all of the variability with the variables specified in the model (Statsoft, 2010).

### 3.8 The products

Choosing the correct products is a fundamental step in the process to achieve a successful experiment, especially because the authors are using both hypothetical and real products and no brands at all to measure the consumer preferences. One of the reasons for avoiding brand usage is that most consumers that are not Latin or North American do not know many Mexican brands. This means that the authors need common products that are available in the everyday life and that respondents can easily identify. The importance of these relies on what Elliot & Cameron mention (1994, p.52): “the most common difficulty when doing consumer decision-making research is identifying the individual contribution of every single attribute in a decision that involves a complex range of attributes and rules in real life”. For this reason, in order to achieve “as close to actual behavior” as possible results, the respondents have to be very familiar to the products and use them almost everyday. It is important to mention that the photos are only examples and guidelines of what the authors have in mind and not the products themselves.

As has been mentioned on the last section, the products will have mixture of extrinsic and intrinsic cues (although focusing more on the extrinsic ones). A summary of the complete product attributes and level profiles is within [appendix 2](#).

The authors carefully chose each of the four product categories taking into account several criteria:

1. Easily recognizable, and most respondents are familiarized with them, thus they know what to expect on price, design, functionality, etc.
2. Each product category is different, and thus will share a bigger perspective of the consumer preference other than using just one category such as for example clothes or electronics,
3. They are mostly unisex categories allowing both female and male respondents to answer without biased results. This as opposed as asking to evaluate automobile tires or any product category that targets a specific gender,
4. There are high-end and low-end types for each of the product categories and,
5. That type of product or a similar one has been used in related researches such as the one of Elliot & Cameron (1994).

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\(^3\) This method is used to estimate the unknown parameters in a linear regression model.
3.8.1 Laptop computers

This product is fundamental in the everyday life of most persons in the authors’ target population. Respondents have general knowledge about its characteristics as well as established preferences on its performance and design. Laptops are also a product that demands a great deal of consideration as it contains greater financial as well as social risk than most products. Unfortunately there is no Mexican laptop brand per se so this is one of the hypothetical Mexican products.

3.8.2 Refrigerators

This is another type of product that is part of everyday life for most respondents. Its acquisition may carry also a financial risk especially the high-end type, but a lower social risk depending on the consumer. Most respondents also know what to expect from this type of product in terms of design and functionality. The authors believe this is an interesting product to research how much the COO affects the respondents’ preferences in attributes as well as purchasing intentions. This is the second category where no Mexican brand is creating the complete product at least for commercial usage.

3.8.3 Bicycles

This is one of the most used means of transportation for many persons belonging to the target population. Using a bicycle is not only about convenience and practicality but also about design and performance. The authors know most consumers do not know that Mexico produces many quality bicycles making this type of product very fascinating to
research especially regarding European consumers. The high-end example comes from a company called Bamboocycles, which is owned by a young entrepreneur in Mexico City, all the bicycles are made from bamboo with customizable parts. On the other hand, the low-end bicycles come from Bimex, a Mexican company established in 1972.

3.8.4 Shoes

![Figure 6: Example of shoe category](image)

This is another type of product that is used by everyone on a daily basis. For many persons, shoes are all about design and their country of origin. The authors chose this type of product wanting to measure just how much the COO affects the fact that they come from a country not so well known as a shoe producer. Both types of shoes come from real companies: the high-end shoes come from León, a city in the state of Guanajuato renowned for producing quality shoes for both export and local businesses. On the other hand, the low-end shoes are from a brand called Capa de Ozono (Ozone layer), a Mexican company established in 2002.

3.9 Validity, Reliability and Generalization

3.9.1 Validity

Validity refers the extent to which a measurement represents characteristics that exist in the phenomenon under investigation (Malhotra & Birks, 2006). There are two types of validity on any experiment: (I) **Internal validity**, refers to the measure of accuracy of an experiment. Its purpose is to measure whether or not the manipulation of the independent variables are what actually caused the effects on the dependent variables. Internal validity is the basic minimum that must be present in an experiment to ensure that the conclusions result from what was being measured by the experiment. Since the authors are using a Conjoint Analysis, this refers to the independent variables, which are the product attributes described in the framework. Three measures are taken by the authors in order to ensure internal validity: (1) A focus group to ensure that the products as well as their attributes and levels resemble real ones as much as possible, (2) A pre-test to guarantee control over the survey, and (3) R-square values of at least 0.7 or 70% for each of the respondents’ answers.

(II) **External Validity** is a determination of whether the cause-and-effect relationships found in the experiment can be generalized out of the research sample. The main threats to external validity arise when the specific restrictions of the experiment do not realistically consider the interactions of other relevant variables that exist in real life. Considering having only small limitations of the type of respondents to be used such as preferably being students or recent graduates, as well as their nationality (except for Mexicans), age (above 18) and social group allows measuring as close as possible to the actual population. The use of several hypothetical products\(^4\) might be a problem but since

\(^4\) The case of laptops and refrigerators as they are mostly assembled in México for foreign brands but no “Mexican” Brand exists *per se.*
it will not be mentioned on the experiment and no brands are used, the authors believe the average respondent will not notice this fact.

Due to the short duration of the experiment, other extraneous variables mentioned by Malhotra & Birks (2006) such as history, maturation, instrumentation or mortality, are no threat whatsoever to either the internal nor external validity of the experiment.

3.9.2 Reliability
In accordance with Malhotra & Birks (2006) reliability indicates whether a scale represents consistent results on the basis of repeated measures being taken. No systematic errors but only random errors need to be avoided as these would lead to inconsistency and hence decrease reliability.

It is of major importance that the tools used during the process are consistent in order to achieve a high reliability (Kumar, 1999). A common means to achieve this, is the test-re-test reliability that is based on two or more identical tests being made at different points of time, while keeping other circumstances equivalent. In the authors’ case this is not applicable because of two reasons. (1) The authors do not have the required time, to ask all the participants to answer the survey twice, and (2) the fact that based on snowballing, the authors lose control over whom is being asked to answer and would not be able to receive feedback from the exact same people as the authors can with the judgmental sampling. Looking at external reliability, which refers to variances of the measure from one use to another, the above-mentioned test-re-test reliability is an ideal tool that can be used.

Finally it needs to be mentioned that the authors will control the reliability by using Excel 2011. Based on the calculated correlations of the Pearson’s Value that is expected to be between 0 and 1, the closer the scores are to 1 the more reliable the experiment is. Internal reliability for the CETSCALE, affinity and PCI will be measured via Cronbach’s alpha.

3.9.3 Generalizability of the experiment
This term refers to whether or not the results of a study can be used beyond the scope of the research. It comes from the fact that for researchers to reach conclusions they need to establish boundaries or limitations to their studies. It is very difficult to measure a phenomenon taking into account all the variables that happen in nature and even more difficult if the researcher has to consider the whole population. This is the reason why there are samples in research, which try to emulate as much as possible the whole population. As Stephen Gorard (2003) mentions, the researcher intends to generalize results made by a relative small group of respondents to a population. The use of a snowballing sampling technique will help the authors by making the experiment lose some of the sample control that might be gained due to the authors’ initial judgmental sampling. This way, by randomly generating respondents, it can be generalized based on the belief that the sample characteristics approach those of the actual population.

As it was mentioned before, the main intention of this study is to give information on how the country image and perception affects the product attributes. The authors use Mexico as the example of the experiment because they believe it to be an interesting illustration of a country that can be applied to other similar countries and because of the a priori knowledge of the country.

5 By the author’s initial judgmental sampling respondents sharing the Qualtrics link via their own Facebook account
The researchers consider that the COO effect’s PCI, ethnocentrism and affinity, will produce the same results regardless of the country and will change only on the basis of whether it is a positive or negative feeling. The ultimate purpose is for this study to be used as guidelines regardless of the focus of similar experiments as long as it fulfills other requisites i.e. trying to reach similar conclusions as the ones achieved on this paper by using an adjusted design of the framework to that of the future researcher.
4. Empirical findings & Analysis

This chapter will present all the results and findings collected via the experiment: first the focus group and pre-test outcome will be explained, followed by the data analysis performed with Excel 2011. The authors will explain this data and analyze it with help of the chosen theory.

4.1 Qualitative and pre-test results

4.1.1 Focus Group Outcome

In order to ensure that the product, attribute and level choices are correct, the authors conducted a focus group interview in which the authors met with five students from four different nationalities. A total of 5 students attended the meeting (a Slovakian, a Swedish, a Dutch and two Germans) that lasted around 60 minutes. The participants are all studying at the Jönköping International Business School and are between 23 and 25 years old. In terms of gender, two of them were male and three were female.

During the focus group, the authors discussed with the participants the product categories and their respective attributes. After giving a brief introduction to the topic, the discussion went further into detail. With regards to the products, the participants showed doubts whether the products were representative or if other examples (that consumers are more aware of), should replace them. After the discussion, it was determined that a mix of more and less frequently bought products is the best combination, especially with the less habitually bought products such as refrigerators, since students are not brand focused, therefore being more influenced by the experiment’s factors. Hence they really care about the attributes assigned to the item.

Further, relating to the attributes the authors changed a several things: their initial idea was to have the exact same four attributes for all of the products. It turned out that this did not make sense, hence only the bicycle kept the original four attributes: price, quality, design and weight. Since perceptions with regards to quality are even wider spread when it comes to laptops, the authors decided to choose a more specific factor that indicates the value of the laptop. Since according to the participants, customers often don’t know which processor or graphics their laptop features, the HDD storage capacity was chosen, as all participants of the focus group seemed to know about it.

Looking at the refrigerators, the participants advised the authors to replace weight and quality, as these are rather unimportant when it comes to weight and are hard to measure with regards to quality. The model was adapted, by choosing capacity and energy efficiency, two really important aspects when buying a refrigerator.

The shoes kept three of the main attributes, while weight was replaced by material. Unless it comes to professional sports, the weight of a shoe does not really matter, but the participants said the upper material is a buying-influencing factor. All these decisions were based on both authors’ as well as participants’ opinions and ranking of their favorite attributes.

4.1.2 Outcome of the Pre-test

For the experiment’s pre-test, the authors spread the survey to five persons that fit into their wished target group. These were four university students, of whom two where male and two female at the age range from 23-25, as well as the thesis coordinator. While they were answering the questions the authors stayed in contact with them and asked about improvement for the survey directly after they finished.
The only point that stuck out and was criticized by 3 of the participants was that the age range from 18-30 offered by the authors was too big and imprecise. Based on the fact that the authors anyway expected the majority of participants to be in that age range, they decided to split it up and thereby be able to cluster the responses more detailed. Otherwise they would have ended up with 95% of their contestants in one age group. By now having two groups, one being from 18-25 and the other from 26-31 the options to analyze has increased.

Apart from that and a few wording decisions nothing had to be changed in the design of the survey itself. Further, when running the test-regressions and checking the results everything turned out to be fine, hence allowing the authors to directly start spreading the survey.

4.2 Data Handling, COO Profiles & results validity and reliability

The authors decided to finalize the survey a few days after their 100 respondent mark was surpassed in order to have enough time to analyze all the data. The questions regarding ethnocentricity, affinity, PCI and the respondents’ who have travelled to Mexico perception of the country will be handled separately from the Conjoint Analysis questions. The multiple linear regressions required for the conjoint analysis were done in Excel using a special plug-in the authors acquired from: http://www.business-spreadsheets.com/regfor.htm.

Since the study refers to four different product categories, the authors decided its not only impossible to group them into a single conclusion, but also by doing such a thing, the results would not present anything relevant. Therefore, each product will have its own analysis while following a shared template in order to be able to compare them. It is important to mention that even though the results will be separated, the procedure was the same for all of them.

The authors’ quantitative procedure is as follows: (1) Selecting the relevant attributes and levels: as has already been mentioned this was done first by common sense and secondary research and then improved by carrying a focus group. It is recommended to have the same number of levels for each attribute when possible, as well as that both attributes and levels should be similar to those found in the actual market (Sawtooth Software, 2010). (2) Determine the attribute combination for each product profile: There are a total of 4 products, each consists of 4 attributes and 3 levels each which gives a total of (3 x 3 x 3 x 3)= 81; this means there are 81 possible combinations for each of the products giving a total of (81 x 4)= 324 combinations that in a perfect world would have to be analyzed in order to have the optimal results. Since this is not the case, the authors used SPSS’ orthogonal design to create the minimum number of product profiles.

This gave the authors 9 product profiles for each product that were used in the survey (after carefully checking and modifying those profiles that did not match the low end vs. high end delimitations e.g. a low quality computer with the highest price) to be rated from 1 to 5 by the respondents in an individual fashion. One of the most useful conjoint properties is the fact that by only showing this 9 product profiles on the survey the total of 81 profiles is represented. (3) Data recollection: as has been mentioned this was done through Qualtrics and the survey questions can be seen within appendix 3. (4) Multiple Regressions: A multiple regression is a statistical technique that predicts someone’s scores on one variable on the basis of their scores on several other variables. Based on the assumption that two variables are correlated knowing the score on one will allow us to know the score on the second (Palgrave, 2011). For the research, the authors transcribed
the survey scores into special Excel Files and transformed the different levels and attributes to dummy variables i.e., coding them into 1’s and 0’s depending on the specific product profile (appendix 4 shows an example), and knowing that each level is mutually exclusive i.e. the same product cannot be low quality and high quality at the same time.

Due to the linear dependency problem, which occurs when no independent variable may be perfectly predictable based on the state of any other independent variable or combination of independent variables (Sawtooth Software, 2010), the authors had to omit one level from each attribute. This doesn’t mean that one level is not considered since they are implicitly included as reference levels for each attribute.

The final step was to use the mentioned add on for getting the coefficient levels. The ordinary least squares method was used during the regression. This method’s purpose is to estimate the unknown parameters in a linear regression model. Finally, this is the equation used on the model for predicting the behavior of the dependent variable using the independent ones:

\[ U = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7 + b_8X_8 \]

Where “b0” is the intercept, Xi is the correspondent dummy code for each level and attribute and b1to8 are the partial coefficients obtained from the regression.

The first type of data given by the regression is the part worth utilities for each attribute by respondent. They represent the preference or utility associated with a specific level of an attribute included in a conjoint profile for a specific person (Hair, Anderson, Tatham, & Black, 1998). These numbers are in an interval type of data, which permits only simple operations like addition or subtraction. The utilities are made to sum zero and the fact that some are negative does not mean they are not liked but just that if everything else is the same the other options are more acceptable to that consumer in particular. The same case is for utilities valued 0, which does not mean it is left out or has no value, it just works as a reference for the values of the remaining attributes. The part worth utilities do not allow comparisons across attributes e.g. a person with a coefficient of 4.1 on the “387 liters” level for capacity, is not considered more important than the 3.56 coefficient of the same person for “modern” level of design.

Further, in order to be able to work with the coefficients, the total utility value has to first be calculated: this is the sum of all the part utilities for a certain attribute for each attribute of each respondent. These values cannot be compared amongst themselves since they are also in an interval scaled data and their absolute values have no inherent meaning (Orme, Sawtooth Software, 2002). Once the utility value of each attribute is calculated, the next step is to sum up all the values and then divide each of them by this new value. Each respondent’s attribute importance must sum up to 100% and in this way the authors can see the attribute importance for each of the participants since this data is ratio scaled and data it can be compared between attributes and levels. To be able to better understand this, an example of the linear regressions’ output will be included within appendix 4.

4.2.1 Respondents’ COO profiles

As has been mentioned, in order for the researchers to be able to measure and compare the attribute preferences as well as other phenomena they believe are linked to the proposed theories, respondents were separated in COO profiles based on the three COO effect theories and their results: ethnocentricity, affinity and PCI. These characteristics are of course mutually exclusive across their own results but not with each other e.g. an ethnocentric respondent can have a positive affinity and a negative PCI or any other combination but cannot be ethnocentric and non-ethnocentric at the same time.

Neutral COO profiles which mean they have at least a neutral label on any of the characteristics, were taken out due to space limitations and because of the author’s belief
that they do not offer real insights towards either a positive or negative direction. Nevertheless, these neutral profiles’ characteristics are shown within appendix 5.

To better understand the COO profiles, a short explanation of what each of these characteristics based on the theories means can be found in appendix 6.

Finally, to separate respondents by each of these attributes and characteristics, the authors used the respondents’ survey answers for each of the implied theories. Each of these characteristics is divided by a Likert scale of 5 items, which means every respondent’s highest average can be 5 and the lowest 1. The researchers did this for all of the respondents’ answers for the three characteristics and divided accordingly depending on the possible outcomes and scale’s orientation. A summary with figure 7:

<table>
<thead>
<tr>
<th>Theory</th>
<th>Scale</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethnocentrism</td>
<td>1-2.5</td>
<td>Non-Ethnocentric</td>
</tr>
<tr>
<td></td>
<td>2.6-5</td>
<td>Ethnocentric</td>
</tr>
<tr>
<td>Affinity</td>
<td>1-2.9</td>
<td>Negative</td>
</tr>
<tr>
<td></td>
<td>3-3.9</td>
<td>Neutral</td>
</tr>
<tr>
<td></td>
<td>4-5</td>
<td>Positive</td>
</tr>
<tr>
<td>PCI</td>
<td>1-2.9</td>
<td>Positive</td>
</tr>
<tr>
<td></td>
<td>3-3.9</td>
<td>Neutral</td>
</tr>
<tr>
<td></td>
<td>4-5</td>
<td>Negative</td>
</tr>
</tbody>
</table>

Figure 7: Theoretical scale divisions

Based on the three theories as well as the possible results or labels for each, the authors got a total of 8 COO profiles. Two were removed since no respondents fell into either category. The summary of the COO profiles as well as their nationality composition can be found within appendix 7. The authors decided not to consider neutral respondents for two reasons: first, these are respondents that are not sure of how they feel towards Mexican products, therefore they cannot offer insights towards either a positive or negative direction, and second, due to space limitations considering the neutral profiles would give the authors a total of 15 profiles (6 profiles will be analyzed as it is), to analyze for each of the four products.

The first COO profile refers to respondents that are ethnocentric, have a negative affinity towards Mexico and a negative image of its products. This profile is comprised by 5 persons and would in general consider buying Mexican products to be very risky and not worthy. The authors expect respondents of this profile to prefer the low-end versions of the products or none if given the option.

The second COO profile refers to respondents that are ethnocentric, have a negative affinity and a positive PCI. Twelve respondents are part of this profile and would prefer products from their own home countries, have a general bad image towards Mexico and its attributes e.g. may think Mexico has a low prestige, affinity, design, etc. On the other hand, having a positive PCI means the respondents will consider some products on which Mexico (based on their correct or incorrect perception) excels at manufacturing. The researchers believe this type of respondents will be less harsh than profile 1 respondents towards certain product types.

COO profile three consists of ethnocentric respondents with both a positive affinity and PCI towards Mexico. Interestingly this is the profile that has the biggest number of respondents of all profiles (including the not used neutral profiles), with 25, which means that the biggest proportion of respondents are ethnocentric but tend to have a good image and perception towards Mexico. These respondents prefer products from their own country but due to their positive image towards Mexico as well as a good perception of its
products consider its products as a less risky purchase than other countries products depending on their image towards them. The authors believe that respondents in this profile may become loyal towards Mexican products during their decision making process if they are satisfied after the trial purchase.

The fourth COO profile is the first to include non-ethnocentric consumers. Formed by 6 respondents that also have a negative affinity and PCI towards Mexico. These consumers are neutral towards feeling “guilty” when buying foreign products but are not attracted into buying Mexican products either. When compared with profile 1 the real effect of ethnocentrism when having both a negative affinity and perception towards Mexico can be compared.

The next COO profile consists of consumers that are non-ethnocentric, have a negative affinity towards Mexico but a positive perception towards certain products manufactured there. Formed by 9 respondents, the authors believe they might consider certain Mexican products depending on their perception and previous information gathering, but will prefer products from countries they have a positive affinity for.

The last COO profile is for non-ethnocentric consumers that have both a positive affinity and PCI. These 9 respondents like Mexico and have a positive affinity and PCI towards it. Profile 6 respondents are the most likely to prefer and buy Mexican products as they see a smaller risk than when buying from other countries (those they have a lower PCI or affinity to) and might even develop loyalty towards the country. When compared to COO profile 3 the real effect of ethnocentric can be measured again as well as the effect having a positive affinity and image might do to the preferred product type and attribute importance. Comparing it with COO profile 4 will allow the authors to measure the effect of positive affinity and PCI versus its negative counterparts.

### 4.2.2 Validity & Reliability of results

This section will briefly explain the validity and reliability of the chosen methodology results. The main point to be mentioned, is that since the authors wanted to identify and quantify all of the respondents separately (in order to be separated by COO profiles and analyze their individual attribute and product type preferences), they performed individual multiple regressions for all of the respondents and each of the products with a subsequent conjoint analysis giving a total of 448 regressions. For this reason no table can be presented, but the authors used only those answers that had a Pearson’s R square value higher than 0.7 meaning that at least 70% of the dependent variable change is explained by the given independent variables. This value goes between 0 and 1, meaning that the closer this value is to 1 is, the more valid the data will be (Sawtooth Software, 2010).

A second part of this section refers to the internal reliability of the scales used for identifying the respondents’ ethnocentrism (CETSCALE), affinity and PCI. As has been mentioned, Cronbach’s alpha was used to measure if the scales are reliable or not and are presented:
These figures show that all three of the used scales present internal reliability and hence can be used, as they are above the 0.7 level suggested as acceptable.

### 4.3 Analysis of the statistical results & respondents’ demographics

During the experiment 166 people answered the survey that was spread via Qualtrics. The survey consisted of 5 different parts that were measuring the ethnocentricity (via CETSCALE), the product-country image (PCI), the affinity, the product profile preferences for the conjoint analysis and the respondents’ demographics.

Of these 166 participants only 120 (72%) completed the survey and hence were the only ones that could be taken into account. The authors again checked the results and found that of the 120 completed surveys only 112 provided valuable data, as some had answered in a pattern or their answers made no sense. Therefore, this left 67% of the original 166 answers to be analyzed.

The 112 respondents sample consisted of 54% women and 46% men, respectively 60 women and 52 men. The biggest of the four age range groups was the one covering ages between 18 and 25 with 78 answers (70% of the total), followed by the 26-31 year olds with 28 answers representing the 25%. The two clusters representing the older respondents; one for respondents between 32 to 45 years old and the other for respondents being 45 years and up, had only 3 answers each, meaning a low 2.6% of the total.

With regards to nationalities, 26 countries in total are represented on the experiment. While most countries only have between one to six replies, three countries, namely Germany, the Netherlands and Sweden with respectively 30, 15 and 11 participants stand out. The other represented nationalities are: Belarusian, Bulgarian, Chilean, Chinese, Czech, Finnish, French, Indian, Korean, Latvian, Lithuanian, Norwegian, Pakistani, Peruvian, Polish, Portuguese, Romanian, Russian, Slovakian, Spanish, Taiwanese, Turkish and US American. The authors decided to separate the respondents into various groups in order to have more homogeneous clusters. These groups are: Germans, representing 27% of all respondents on one cluster, all the other Europeans together representing 55% are another cluster, while the final group consists of 23% percent of respondents from all over the world.

The following table summarizes the values above and additionally separated the data into the country clusters. More detailed graphs can be found in the appendix 8.

<table>
<thead>
<tr>
<th>Theory</th>
<th>Cronbach's Alpha</th>
<th>Cronbach's Alpha based on Standardized Items</th>
<th>No. Of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>CETSCALE</td>
<td>0.741</td>
<td>0.726</td>
<td>7</td>
</tr>
<tr>
<td>Affinity</td>
<td>0.791</td>
<td>0.758</td>
<td>5</td>
</tr>
<tr>
<td>PCI</td>
<td>0.831</td>
<td>0.816</td>
<td>7</td>
</tr>
</tbody>
</table>

Figure 8: CETSCALE, affinity & PCI’s reliability alpha values
4.3.1 Demographics by theories

In the following section, the age clusters will be used in order to see whether one nationality or group of these is more ethnocentric than others, or differs with regards to PCI and affinity from the rest.

4.3.1.1 Ethnocentrism statistics

The authors found out that as well as the majority of all respondents (82 of 112, hence 73%) are ethnocentric, German respondents follow the same tendency scoring 70%. The same applies to the second group, the Europeans, which also score 74% while the “others” cluster consists of 71% of ethnocentric people. In general all values are close together, with the German consumers in the authors experiment tending to be the least ethnocentric.

<table>
<thead>
<tr>
<th>Nationality</th>
<th>Ethnocentric</th>
<th>Non-ethnocentric</th>
</tr>
</thead>
<tbody>
<tr>
<td>German</td>
<td>70%</td>
<td>30%</td>
</tr>
<tr>
<td>European</td>
<td>74%</td>
<td>26%</td>
</tr>
<tr>
<td>Others</td>
<td>71%</td>
<td>29%</td>
</tr>
<tr>
<td>Total</td>
<td>73%</td>
<td>27%</td>
</tr>
</tbody>
</table>

4.3.1.2 Affinity statistics

Another relevant element to consider is the affinity. The authors consider it interesting to see how consumers from different countries think about Mexico. As the table indicates most respondents from all three clusters are mainly negative. While clusters 2 and 3 have similar numbers for negative and positive especially Germans are negative by exactly 50%.

<table>
<thead>
<tr>
<th>Nationality</th>
<th>Positive</th>
<th>Negative</th>
<th>Neutral/No affinity</th>
</tr>
</thead>
<tbody>
<tr>
<td>German</td>
<td>27% (8)</td>
<td>50% (15)</td>
<td>23% (7)</td>
</tr>
<tr>
<td>European</td>
<td>38% (24)</td>
<td>46% (29)</td>
<td>16% (9)</td>
</tr>
<tr>
<td>Others</td>
<td>40% (8)</td>
<td>45% (9)</td>
<td>15% (3)</td>
</tr>
</tbody>
</table>

4.3.1.3 PCI statistics

Looking at the product country image, it can be inferred that an overall positive image exists. Especially Germans with 66% and Europeans with 70% have a positive attitude towards products from the country of Mexico. Only the other non-European countries have a rather balanced relation with 46% positive and 43% neutral opinion. Still with only 11% having negative PCI, their overall image is positive.

6 The age range divisions in which the table is divided are: 18-25; 26-31; 32-45 & 46+
4.4 Ethnocentrism, affinity, PCI and perception about Mexico questions analysis

In the following section the mean, standard deviation and charts of the answers concerning the PCI, affinity and ethnocentricity as well as for the “visited Mexico” question will be presented and analyzed in a brief manner.

Looking at the PCI question, the following graphical representation indicates the answers to the authors’ experiment. It can be seen in how far the participants agreed or disagreed with the presented statements. This part of the experiment got a mean varying from 1.82 to up to 3.36. As 1 is defined as strongly disagreeing with the authors’ statements and 5 is to strongly agree with them, the mean indicates the variance in answers, and points out that for most questions an almost average answer has been given. This fact is being underlined by the results shown in the chart. Most answers are on the very middle of the five given options, namely “neither agree nor disagree”. In addition to that most of the other answers are either slightly agreeing or disagreeing while the “strongly agree/disagree” option have received only very little answers. The standard deviation for these questions varies between 0.7 and 1.17, indicating little deviation from the mean. The main point that can be inferred is that in general respondents do not have a clear image of what to expect or think from Mexican products, this can be due to little marketing efforts from the manufacturers or that the consumers have had little to no actual contact with products.

<table>
<thead>
<tr>
<th>Nationality</th>
<th>Positive</th>
<th>Negative</th>
<th>Neutral/No affinity</th>
</tr>
</thead>
<tbody>
<tr>
<td>German</td>
<td>66%</td>
<td>7%</td>
<td>27%</td>
</tr>
<tr>
<td>European</td>
<td>70%</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Others</td>
<td>46%</td>
<td>11%</td>
<td>43%</td>
</tr>
<tr>
<td>Total</td>
<td>61%</td>
<td>11%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Figure 12: Respondents’ PCI by nationality

Figure 13, indicates the affinity the respondents felt towards Mexico. In this case the mean is varying even less, namely from 2.52 up to 3.34, showing many of the answers to be without a real opinion towards the presented issue of the question. Again the standard deviation varies from 0.58 to 0.83 indicating the results to be even closer to the mean that for the question above. The respondents tend to have answered again either slightly positive, neutral or slightly negative. The highest value of a highly positive or negative reply is 5.36% while the other answers go up to 58.93% when looking at the neutral answer to the very last statement on workmanship. The respondents disagree when asked if Mexico is an innovative country as well as if its products have prestige. Interestingly
they agree to have a positive image of the country (not when the question is analyzed as a whole and not just this item, then it tends as has been shown to be negative). Finally, the respondents are not sure of the design and workmanship of Mexican products. This is an interesting niche where Mexican manufacturers can advertise themselves in order to change this perception. These findings are in line with what the ones of Roth & Romeo, (1992) in saying that Mexican styling and craftsmanship are perceived to be relatively weak.

Figure 14: Affinity analysis

Figure 15, refers to the ethnocentrism questions. The mean varies from 2.53 to 3.31 and thereby is even closer to average answers. Only very few strongly agree or disagree with the provided definitions but chose to answer very moderate. In this case the standard deviation shows a variance from 0.51 to 0.9 for the respective question, while all of these values indicate only little deviation from the average answer that has been given. When this question is analyzed as a whole (in order to separate consumers into groups), as has been show, most are considered ethnocentric as was expected. That mentioned, it is relevant to say that from these respondents, 29 were in the borderline (with a score between 2.51 and 3) of being considered non-ethnocentric but due to space limitations, the authors decided to divide them in just two groups. This is the reason why when looking at the chart the “disagree” bar is seen quite often.

Figure 15: Ethnocentrism analysis

Since only fifteen people did visit Mexico, which is 13%, the researchers decided not to take this into account because the low numbers do not allow a clear and representative
distinction by country. In general it can be said, that of these 15 visitors only 7% have a negative image of the country and 20% a negative affinity towards the country while 93% a positive PCI and 80% an overall positive affinity. These figures have got a mean of 1.87 and a standard deviation of 0.34. The mean already shows the high amount of number 2 answers, which referred to a “no” to the question on ever having visited Mexico. The standard deviation of 0.34 indicates little deviation from the average values, namely the mean.

4.5 Product Analysis
As mentioned before, due to the authors’ choice to focus on several industries instead of just one, each product needs to have its own analysis in order to be able to draw significant conclusions. All the products will follow the same analysis enabling the reader to compare and understand across products.

4.5.1 Laptops

4.5.1.1 General attribute importance

![Relative importance chart]

Figure 16: Laptop attribute importance

Based on the chart, price is by far the most important attribute with 55% of preference; indicating that the respondents are very sensitive to this product’s attribute and to its changes. The authors believe that one explanation for this, can be that since most respondents are students, they are very sensitive to price and hence they would either choose a product in the lower range of the category for an affordable price or a premium one only when they feel they get the best type of product on the market. This last statement is linked with the following attribute in the authors’ belief that choosing a high-end version of this product is linked in young consumers’ mind to a social risk as this product is seen as fundamental and necessary in modern society. Design with 26% follows, indicating that respondents care more about this cue other than the HDD storage capacity with 15% or weight with 4%. The authors consider the lack of importance given to the HDD storage capacity is part of the absence of knowledge and significance given to this product’s characteristic as seen during their research. The researchers believe unless the user needs a laptop for a particular use, they will in general choose based on price heuristics i.e. the more expensive, the better the features will be.

It is also interesting to mention, that the authors did not expect weight to be the least important, as the average respondents are believed to carry the laptop with them all the time. Of course, this does not mean that in general, weight is not important, but when compared with the other given attributes it is. The fact that there are big differences within the attribute preferences means that consumers are more than willing to sacrifice one attribute in order to receive more of another more relevant.
4.5.1.2 Product profile analysis

As with the rest of the products, based on the number of attributes and levels, SPSS’ orthogonal design gave the authors a total of 9 profiles that were slightly modified in order for them to make sense with real life conditions. The laptops as the rest of the products were classified into low-end, average and high-end types depending on their characteristics.

<table>
<thead>
<tr>
<th>Type</th>
<th>Medium 1</th>
<th>High 2</th>
<th>Low 3</th>
<th>High 4</th>
<th>Low 5</th>
<th>Medium 6</th>
<th>Low 7</th>
<th>High 8</th>
<th>Medium 9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>600 £</td>
<td>900 £</td>
<td>450 £</td>
<td>900 £</td>
<td>450 £</td>
<td>900 £</td>
<td>900 £</td>
<td>450 £</td>
<td>900 £</td>
</tr>
<tr>
<td>Weight</td>
<td>3.2 kg</td>
<td>2.6 kg</td>
<td>4.5 kg</td>
<td>2.6 kg</td>
<td>3.2 kg</td>
<td>2.6 kg</td>
<td>2.6 kg</td>
<td>2.6 kg</td>
<td>4.5 kg</td>
</tr>
<tr>
<td>Design</td>
<td>Average</td>
<td>Average</td>
<td>Simple</td>
<td>Modern</td>
<td>Simple</td>
<td>Average</td>
<td>Simple</td>
<td>Average</td>
<td>Modern</td>
</tr>
<tr>
<td>HDD</td>
<td>50GB</td>
<td>90GB</td>
<td>120GB</td>
<td>60GB</td>
<td>90GB</td>
<td>50GB</td>
<td>60GB</td>
<td>90GB</td>
<td>50GB</td>
</tr>
<tr>
<td>Total utility</td>
<td>3.4107</td>
<td>2.5853</td>
<td>2.6789</td>
<td>3.1339</td>
<td>2.7024</td>
<td>3.0576</td>
<td>2.4955</td>
<td>2.4768</td>
<td>3.0583</td>
</tr>
</tbody>
</table>

Figure 17: Laptop product profile preferences

As can be seen from the figure, profile 5 has the highest utility value with 3.7321; this means that in general respondents prefer a lower version of the product. The authors believe this profile is the most liked, because price is the most relevant attribute and in this version, it contains the lowest price option without having the highest weight and with an average HDD storage capacity. It is also worth mentioning that even though it has the lowest design level, this attribute’s importance is half of what price represents and thus, consumers may not care having a lower level. Price is also relevant on the second most liked product profile, which is profile 1 with a utility of 3.4107. In this case respondents are willing to pay an average price when getting a product with regular features. Profile 7 is the second lowest with a utility value of 2.4955; with this product it can be seen that even though it has the lowest available price, its features tend towards the worst level of each category with the exception of weight that is in any case the least valued attribute with a 4% of preference. Profile 8 is seen as the worst with a utility value of 2.4768; even though this card is a premium product, the authors conclude that respondents are not willing to spend that high price considering the COO of the product. COO in this case is clearly working as a heuristic or product’s quality signal (Solomon et al., 2006). Within appendix 9 a graphic summarizing all of the laptop profile utility values is presented.

Figure 18: Laptop type preference by COO profiles

Further, when separating by profiles, it can be seen in the chart that the ethnocentric respondents (profiles 1 to 3) have a marked preference for the low-end version of the product. Profile 3 maintains the same tendency but based on having both positive affinity and PCI the difference among product type preferences is smaller. Non-ethnocentric profiles (4 to 6) show a preference towards the average type of product with the exception of profile 6, which by also being positive on both attributes is the only one that prefers the
high-end version of the product although by a low margin. Profile 4 respondents have both negative affinity and PCI and hence the smaller difference between their preference towards an average product and the low-end version of the same. As already seen with profile 3, profile 6 has positive affinity and PCI which leads to closer preferences among the product types but in an opposite fashion i.e. the 6th profile respondents’ preferences tend towards the high end product in contrast to those of profile 3 respondents.

4.5.1.3 Respondents’ profiles attribute preference analysis
The goal of this section is to identify whether ethnocentricity, affinity and PCI do influence the respondents’ attribute preferences, which will be of help for answering the first research question. As already mentioned, appendix 7 summarizes the respondents’ profiles as well as their characteristics. The following chart represents the attribute preferences when considering the respondent’s profiles:

<table>
<thead>
<tr>
<th>Profile Number</th>
<th>Price</th>
<th>HDD</th>
<th>Design</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>52%</td>
<td>16%</td>
<td>27%</td>
<td>0%</td>
</tr>
<tr>
<td>2</td>
<td>58%</td>
<td>14%</td>
<td>24%</td>
<td>4%</td>
</tr>
<tr>
<td>3</td>
<td>48%</td>
<td>16%</td>
<td>30%</td>
<td>3%</td>
</tr>
<tr>
<td>4</td>
<td>51%</td>
<td>16%</td>
<td>25%</td>
<td>5%</td>
</tr>
<tr>
<td>5</td>
<td>61%</td>
<td>11%</td>
<td>25%</td>
<td>3%</td>
</tr>
<tr>
<td>6</td>
<td>50%</td>
<td>17%</td>
<td>25%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Figure 19: Laptop attribute preferences filtered by COO profiles

Based on figure 19, it can be seen that the attribute preference remains the same as when considering the whole population sample regardless of the profiles composition. Profile 1 sees price as the by far most relevant attribute with 52% of importance 25 points ahead of the second most important attribute that is design. Third is HDD storage capacity being 11 point less valued, with namely 16%. The fourth most important attribute is weight with only 6% of preference.

The same tendency can be seen for the other 5 profiles as well, with the difference that the variance among attributes diverge between all 6 of the profiles. The highest difference from the first to the second placed attribute occurs on the 2nd and 5th profile. Both profiles have a negative affinity and positive PCI in common and only differ with regards to ethnocentrism. Accordingly being ethnocentric or not does not influence respondents with a positive PCI, as they are very distinct in what they want. In addition, exactly these two profiles have the lowest scores for HDD storage capacity and weight, again showing how price-focused they are.

The changes within ethnocentric (1 to 3) and non-ethnocentric (4 to 6) profiles resemble the same tendencies i.e. looking at price, it starts at 52% to 58% and down to 48% in the ethnocentric profiles. Looking at the non-ethnocentric profiles, price values change from 51% over 61% down to 50%. The same almost mirrored tendencies can be seen for all of the four attributes, underlining that ethnocentrism does not influence these attribute preferences. The same applies when considering negative affinity profiles (1, 2, 4 and 5) against those with positive affinity (3 and 6). The preferences behave in a similar manner regardless of the orientation, meaning that affinity also has no influence whatsoever on the behavior. The same can be said for PCI where profiles 1 and 4 are negative while 2,3,5 and 6 are positive. The authors conclude then that the proposed theories do not influence over the consumers’ attribute preferences during the laptop’s decision-making process.

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4.5.2 Refrigerators

4.5.2.1 General attribute importance

![Relative importance](image)

Figure 20: Refrigerator attribute importance

Based on figure 20, design is the most relevant attribute with 30% of the total importance. The authors believe this is because such types of appliances standout in the kitchen and thus are seen by many visitors, it is important then, that it has a good design in order to help enhance the interior appearance of any house or apartment. Capacity, is the following attribute with 27%, which is normal as it appeals to the functionality side of the appliance and for what it is used for; the authors believed before hand that this would be the most relevant attribute but the small difference of 3 points between them mean this hierarchy could easily be interchangeable across respondents. Energy saving is the third attribute in order of importance with 23%; this shows an increasing importance in “green” thinking. Consumers are starting to be aware of the negative effect many household appliances (especially refrigerator gasses) have on the environment. Finally and surprisingly, price is the least important with 21%. The researchers believe this is due to the fact that most respondents are on the lowest age range of the experiment (18-25) therefore, most of them have never worried with having to buy this type of appliance making the other attributes more important. It is relevant to mention that opposed to the laptop attribute differences, the differences for this product are very small (the biggest difference is only 8 points). This means that the respondents consider all of the attributes important and would not be willing to sacrifice much of one attribute to receive more of another i.e. the attributes are seen as complimentary.

4.5.2.2 Product profile analysis

As with the rest of the products, refrigerators have in total 9 product profiles that were divided in low-end, average and high-end products.

![Refrigerator profiles](image)

Figure 21: Refrigerator product profile preferences

Going in line with the attribute references, the preferred profile is number 4 with a utility value of 3.5982. It is a high-end product with the highest level for all attributes with the exception of capacity that has the second highest level. This proves the authors’ conclusion of all attributes seen as complimentary as all attributes have a similar preference level. Profile 8 is the following preferred profile with a utility value of 3.57; this profile also presents a good mix with the best capacity and average design and energy saving with the lowest price. Profile 9 is seen as the second worst profile with a utility
value of 2.3125, the researchers conclude that the reason for this is that it has the worst level for the three most relevant attributes. Price, is the only positive element for this profile by being the lowest, but, the respondents do not consider it relevant when taking into account the other more relevant attributes as well as because it is the lowest attribute in importance. Finally, profile 5 with a utility value of 2.0357 is the least liked option. This profile is a low-end version of this category and as will be explained later, respondents in general will prefer high-end versions. The authors believe this decision is because the most relevant attribute has the lowest level. Price is also the lowest level, this might be encouraging respondents to reconsider it, but as has been said, it is the least important attribute. Another positive point of this profile is the highest capacity, but when put in perspective as a whole, it suffers from several weak points that the respondents are not willing to accept. As already mentioned, appendix 10 has a summary of all the refrigerator profiles utility levels.

![Figure 22: Refrigerator type preference by COO profiles](image)

When separating by profiles, the most relevant differences can be seen when separating between ethnocentric (profiles 1 to 3) and non-ethnocentric profiles (4 to 6). The first profile respondents tend to slightly prefer the low-end version of the products while the latter have a clear tendency towards the high-end type. It is also interesting to see the negative movement between profiles 1 and 6: the first are clearly preferring the low version with a utility of 3.2, followed by the average version with 2.94 and far behind the high-end versions with a utility of 2.32. This shows that ethnocentric respondents with a negative affinity and PCI consider these products risky hence prefer the lower cheaper version (or if given the option not buying them at all). On the other hand, profile 6 respondents who are the exact opposite, consider the products a good option and are willing to get the higher more expensive version.

Profile 2 (ethnocentric with negative affinity but positive PCI), respondents show a small preference towards the average version with 3.24 although they could go also for the low-end (3.12) or less likely towards the high-end (3.09). The difference is that non-ethnocentric consumers with a negative affinity but positive PCI (fifth profile) prefer the average version with a utility score of 3.78, followed by the high-end version rather than the low-end version with a score of 2.39. The ethnocentric respondents on the other hand, are less sure of their preferences.

Finally the ethnocentric effect is less clear when comparing profiles 3 and 6 since both profiles have a positive affinity and PCI and tend to prefer the high-end version of the product followed (3.30 and 3.78 respectively) by the average version (3.78 and 3.25) and finally the low-end refrigerators (2.39 and 2.06). This exemplifies the effect having both a
positive affinity and PCI has on the consumers’ behavior. The biggest difference between these two profiles is again that the ethnocentric respondents are less sure of which version they prefer while the non-ethnocentric respondents’ product type preferences are clear.

4.5.2.3 Respondents’ profiles attribute preference analysis

The following chart shows the changes in attribute preferences when considering the respondents’ profiles:

<table>
<thead>
<tr>
<th>Number</th>
<th>Price</th>
<th>Capacity</th>
<th>Design</th>
<th>Energy</th>
</tr>
</thead>
<tbody>
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<td>11%</td>
<td>28%</td>
<td>37%</td>
<td>23%</td>
</tr>
<tr>
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<td>32%</td>
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<td>19%</td>
<td>24%</td>
</tr>
<tr>
<td>4</td>
<td>22%</td>
<td>27%</td>
<td>25%</td>
<td>22%</td>
</tr>
<tr>
<td>5</td>
<td>16%</td>
<td>27%</td>
<td>20%</td>
<td>21%</td>
</tr>
<tr>
<td>6</td>
<td>15%</td>
<td>31%</td>
<td>32%</td>
<td>29%</td>
</tr>
</tbody>
</table>

Figure 23: Refrigerator attribute preferences filtered by COO profiles

Based on figure 23, a similar attribute preference pattern can be seen when comparing the total of respondents against profile divisions: design is the most important attribute regardless of the profile composition followed by capacity, energy and finally price. The only exception is profile 3 that differs in the most important and least important attribute preferences: price is the highest with 32%, followed by capacity with 25%, energy is the third with 24% and finally design is the least important with 19% of the total attribute preferences. The authors believe the reason for this is because ethnocentric respondents that have a positive affinity and PCI towards a country will accept Mexican products, but with certain skepticism (when compared to domestic products). Therefore, respondents of this profile care more about the practical attributes (price and capacity) and less about added features (energy saving and design). Further, it is interesting to notice the attribute relevance between two opposing profiles (1 and 6) in which both types of respondents have the same preferences with only small changes between the relative importance of capacity, design and energy saving attributes.

A difference can be seen between profiles 1 and 4, both have negative affinity and PCI but change in their ethnocentrism: price is clearly the least liked attribute and the preferences have a clear tendency for the first type, while for the latter this preference is less clear. Even though price is still one of the least preferred attributes it has a higher level of importance (15% vs. 22%) and has the same level of preference as the energy saving attribute.

The authors conclude that the proposed theories have a mild effect on the respondents’ attribute preferences for refrigerators. This effect can especially be seen in ethnocentric respondents with positive affinity and PCI for which price is the most important. This said, even though the effect is not so clear, it is still important for manufacturers to evaluate the discrepancies between attribute preferences across profiles, as they will still have a relevant effect on the consumers’ decision process.
4.5.3 Bicycles

4.5.3.1 General attribute preference

When looking at the preferences between the four different product attributes for bicycles it can be seen that the respondents do not have a specific attribute that they prefer a lot over the other ones. All four of the attributes are close together varying from the lowest with 21% to the highest attribute receiving 29% of preference, which is the weight of the bicycle. The authors believe weight is the most important attribute because most of the respondents are students that are travelling a lot, both with and without their bicycle. That means that having a lightweight bicycle to transport and to ride with is rather important. The second most important attribute during the experiment is design receiving 26% of relevance. The researchers believe this is again because of the respondent’s age. As most people of that age care a lot about their appearance, e.g. when it comes to clothes, watches and almost everything else they wear or own. Of course the bicycle needs to be in accordance with the style or image they are pursuing. The third and fourth factor are price with 23% and quality with 21% which both are closely connected. As students cannot spend a lot of money on a bicycle, just are more concerned about receiving a good design rather than high quality for the money they invest.

In general it can be said that all four attributes are only slightly varying in importance, which indicates their preference for an average or low-end bicycle, as the product profile preference will underline.

4.5.3.2 Product profile analysis

Inferring from figure 25, profile 6, a low-end profile, received the highest utility value. Second highest is profile 1, another low-end version. Both have a value of 3.14 and differ only very little from each other. Although the most preferred one contains both the highest weight and worst design, this still fits to the overall preference for a low-end bicycle that features average specifications. The picture that was shown in the survey will also have influenced the respondents choice of product, as otherwise profile product one should have been the most preferred one. This product profile fits even better, since weight and design are average, while the price is the cheapest one being offered. The tendency to value the most a product with an average on all attributes is being shown again. On the other hand, when looking at the least preferred product profiles, the high-end product in profile 5 and the medium one of profile 9 stand out with utility values of
2.6339 and 2.6490 respectively. In profile 5, it can be seen how close the attribute preferences are to each other, as it must have been the high price hindering the respondents from being interested. All other 3 attributes are very appealing, but the price, that was only being third most important when it comes to attributes made the difference. Profile 9, which was the second least-liked again underlines that almost all of the attributes are interchangeable. Compared to profile 1, only the weight increased, and based on this it is the second least liked instead of the second-favorite product profile. Of course, weight is the most important attribute, but as the most preferred profile 6 showed, weight itself cannot be the only reason for a bicycle to be chosen or neglected. See appendix 11 for the complete bicycle profile utility values.

Figure 26: Bicycle type preference by COO profiles

Figure 26 pictures the respondents’ product type preferences when separated by profiles. It can be inferred that while the first three ethnocentric profiles prefer the high-end product, the non-ethnocentric customers do not show the same tendency. A reason for this is the fact that ethnocentric customers are not willing to spend a lot of money on foreign bicycles because they see them as a risky product to buy. Third profile respondents maintain the same higher preference towards low-end products, but have the high-end version, as the second preferred one rather than the average version. This is because profile 3 has a high affinity towards Mexico as well as positive PCI.

This importance of affinity and PCI can be seen for the non-ethnocentric respondents as well, because these respondents again tend to the low-end version of product, because of the negative affinity and low PCI they have towards Mexico. Since these respondents have both a negative image towards the country as well as a bad perception of its products, they also prefer the cheapest option they can pick. The other two non-ethnocentric profiles prefer the medium placed products, resembling their mix of both positive affinity and low-PCI and vice versa.

4.5.3.3 Respondents’ profiles attribute preference analysis

<table>
<thead>
<tr>
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<th>Weight</th>
<th>Quality</th>
</tr>
</thead>
<tbody>
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<td>33%</td>
<td>28%</td>
<td>20%</td>
</tr>
<tr>
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<td>23%</td>
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</tr>
<tr>
<td>6</td>
<td>23%</td>
<td>31%</td>
<td>28%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Figure 27: Bicycle attribute preferences filtered by COO profiles

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Figure 27 represents the attribute preferences when considering the respondents’ profiles. As already seen with the overall attribute preference graphic, it can be understood that all values are very close together, while keeping the same preference tendency.

Either weight or design is most important for all of the profiles. The other one is then observed in 3 of 6 profiles as the second most important attribute. Surprisingly no two profiles that have ethnocentrism, affinity or PCI in common behave in the same pattern. As already mentioned in section 4.5.3.1 this is because all attributes seem to be almost interchangeable. Especially in this part of the analysis, similarities between both positive PCI and negative affinity are identified by the authors.

4.5.4 Shoes

4.5.4.1 General attribute preference

![Relative importance graph](image)

Figure 28: Shoe attribute importance

Looking at figure 28, that is indicating the attribute preference of the experiments respondents for shoes, a clear decision becomes obvious. Material is the most liked attribute with 30% before quality with 25%, design 24% and price 21%. Again price is the least important attribute as already seen with the bicycles and refrigerators. The authors conclude that price being the least important attribute means that respondents do not consider it as a purchase-hindering factor. It can be seen that again all four attributes are relatively close together, between 21% and 30% of preference. The authors conclude that since quality is the second most important attribute it is not being inferred from material and price i.e. by product signals. Having it as a separate attribute means in general the respondents will look for other signs to inferred the product’s quality such as feel, smell, etc.

Material is the most preferred attribute because it in many cases also influences the other attributes while at the same time being a basis for comfort and durability. Companies using material that is known as e.g. durable, lightweight or just good, automatically offer a certain quality with their products. Since these companies already put a lot of effort in the choice of material and quality design is also taken into account. Because of that, all three attributes are that close together and even price has a similar value, since no company offers high quality products that have good materials and the latest designs at low prices. The attribute choice of the author’s experiments’ respondents resembles that connection.

Interestingly the authors did not expect material to be the most important attribute, as they earlier did not even intend to include that option, as it is the only intrinsic one.

Still, the authors decided to pick material, as already the focus group showed the high consumer interest in material.
4.5.4.2 Product profile analysis

As figure 29 indicates profiles 3 and 4 are the most preferred ones, while profiles 2 and 1 are the least liked ones. The most preferred profile 3 with a utility value of 3.1875 makes sense, as all of the features are high, thereby making the shoes an appealing option. As the authors saw earlier, price is not that important, while all attributes have similar preference scores. Profile 3 indicates that as long as it is a high quality product, with a modern design together with good material (such as suede), customers are willing to purchase at a premium price. The other preferred profile is the fourth one with a low-end product. Again all attributes are in line with each other, as at a low price, low quality, average design and linen are being offered. Profile 2, which is the least liked with a utility value of 2.6071, got almost the same attributes as profile 4 except for the design that is simple instead of average. Hence all attributes carry a certain importance and can be decisive whether an item is being purchased or not. Again, the pictures that were provided in the survey might have played a role, in case the design of shoe 4 appeared more appealing to the respondents.

The second least liked shoe is the one of profile 1. This again is a premium product, making the combination of a premium and a low-end product both most liked and least liked. In the case of the second least liked product in profile 1, it becomes obvious that consumers are not willing to spend a premium price only for good material when design and quality are only average respectively medium. All the shoes profile utility values are shown within appendix 12.

The next step in analyzing the respondents’ preferences is to see them when it comes to deciding whether low-end, average or high-end is being bought.

A first separation between ethnocentric and non-ethnocentric can be made, as two out of three ethnocentric profiles tend to purchase low-end while non-ethnocentric respondents have a higher probability of buying a high-end shoe. The authors believe that profile two respondents preference for average products is because even though they are ethnocentric, they have a positive PCI. This explains their higher opinion towards Mexican products and the overall similarity between the values for the low, average and high-end shoes. Profile five, that also has a negative affinity and positive PCI (only differs with regards to
ethnocentricity), shows a similar value for medium shoes, underlining the importance of PCI when it comes to shoes.

4.5.4.3 Respondents’ profiles attribute preference analysis

<table>
<thead>
<tr>
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<th>Material</th>
</tr>
</thead>
<tbody>
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<td>23%</td>
<td>25%</td>
<td>29%</td>
</tr>
<tr>
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<td>23%</td>
<td>25%</td>
<td>25%</td>
<td>28%</td>
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<tr>
<td>3</td>
<td>21%</td>
<td>26%</td>
<td>24%</td>
<td>28%</td>
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<td>4</td>
<td>21%</td>
<td>22%</td>
<td>25%</td>
<td>32%</td>
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<tr>
<td>5</td>
<td>22%</td>
<td>26%</td>
<td>28%</td>
<td>25%</td>
</tr>
<tr>
<td>6</td>
<td>21%</td>
<td>22%</td>
<td>25%</td>
<td>32%</td>
</tr>
</tbody>
</table>

Figure 31: Shoe attribute preferences filtered by COO profiles

When looking at figure 31, it becomes obvious that the overall tendency towards material as the most important attribute is maintained. Only the fifth profile, which includes non-ethnocentric, negative affinity and positive PCI respondents consider both design and quality as more important than material. The overall negative opinion respondents have towards the Mexico as well as to foreign products in general, makes the respondents consider design and quality first, while at the same time, does not allow them to trust the impression that can be gained by looking at the material.

Further, most profiles have material before design, quality and price, same as the overall ranking already indicated. In addition to that, it needs to be mentioned that all attributes are very close together. The gap between price and quality (the two least important overall attributes), is smaller when using profiles than when analyzing the complete sample. This can be seen as profile 1 respondents show no differentiation between price and quality, as well as profile 2, profile 4 and profile 6 respondents only consider quality as slightly more important than pricy (by 1 respectively 2 percent points). This stands in contrast to the overall preference, consisting of 4 percentage points. A clear separation of preference by looking for similarities between different profiles that have one or two factors in common (e.g. low PCI) does not seem to be possibly as the chart does not offer valuable clues.
5. Conclusions, limitations & further research

The last chapter contains the answers to the research questions as well as the authors’ idea of how this research can be useful for interested parties. Limitations and self-critique will follow and finally ideas for further research within the same area will be discussed.

5.1 Research questions

The main intention of this thesis is to identify the attribute preferences for four different products while considering how the ethnocentricity, affinity and PCI of the respondents affect their choices. The authors’ research questions were formulated in order to answer this purpose:

Research question 1: Which product attributes carry the highest and lowest importance on the consumers’ purchase decision for each product, while taking the consumers’ ethnocentricity, affinity and PCI profiles into account?

As with the general conclusions, the answer for this question is separated by product, and by looking at appendix 7, the six profiles can easily be identified:

I. Laptops: the authors found out that this product has big differences across its attributes. When considering all of the respondents, price is the by far most important attribute with 55% of relevance, while weight is the least important with 4% of importance.

![Figure 32: Laptop attribute preference by COO profile](image)

When analyzing by COO profiles, based on figure 32, it can be seen that for all profiles regardless of their ethnocentricity, affinity and PCI levels, the tendency is the same as the overall one: price is by far the most relevant attribute, while weight is the least important.

II. Refrigerators: the main findings when considering this product are that design is the most important attribute with 30% while price is the least important one with only 21%.
Looking at respondents’ COO profiles number one, two, four, five and six it can be seen that design is the most valued attribute. For all of these profiles price is playing the least important role. In contrast to that, the participants in profile three consider price as most and design as least important, which is the exact opposite ranking to the other five profiles.

**III. Bicycles:** for this product, the researchers found out that when considering all of the respondents regardless of their COO profile, the most important attribute is weight with 29% while quality with 21% is the least important.

When separating by COO profile, design is the most important attribute for the first one, while weight kept the same importance. On the other hand, price and quality are the least important attributes. For the second profile, design is again the most important attribute whereas price is the least important one. The third profile has weight as the most relevant attribute while design is the least important. Design is again in the fourth profile the most important attribute whereas quality ranks as the least important. The respondents within the fifth profile have weight as the most important attribute, while price is the least important. Finally, the sixth profile has design as the most relevant attribute whereas quality is considered the least important.
It can be inferred then, that when separating by COO profiles, design is the most relevant attribute while price is surprisingly the least important, this contrasts the overall results that have already been mentioned.

**IV. Shoes:** the researchers’ analysis proved that when looking at shoes, material is the most relevant attribute, having 30%, regardless of the profiles. Price is the least important aspect with only 21% of importance.

When analyzing the answers by COO profiles, it can be seen that with the exception of profile five, the material is being considered as the most important attribute. Participants of profile five find design as the most valuable attribute. All participants have in common that price is least important.

After analyzing each of the products, the authors conclude that in general, the preferences towards the attributes are in line regardless of separating the respondents by profiles or considering all of them at the same time. This said, variations on the attribute preferences can be seen within each of the profiles and all of the products. Therefore, these preference changes should be taken into account when considering the target market of a product. Although the authors followed Malhotra & Birks (2006) statement that price needs to differ by a lot in order to play an important role in the decision making process. This happens only when looking at laptops that carry a higher financial risk. Clear differentiations in price exist for the other products as well, but still respondents care more about all of the other three product attributes in these cases. Associations between quality and price really differ among customers (as already Scott & Bettmann, (1986) found out) but especially with regards to the type of product that is being acquired they differ even more.

**Research question 2:** Is there a difference in preference between ethnocentric and non-ethnocentric consumers when choosing high versus low-end products?

This question will be answered as well by product in order to be able to measure differences as well as to perform comparisons across products:

**I. Laptops:** For this product, the authors concluded that based on the preference averages, there is no difference in the behavior of the respondents regardless of ethnocentricity since both types have a higher average for low-end laptops. This means that in general, all types of consumers prefer low-end laptops. Furthermore, when comparing across profiles, non-ethnocentric consumers tend to prefer high-end laptops slightly more than ethnocentric consumers; the reverse tendency can be seen for low-end laptops.
II. Refrigerators: This product shows the same pattern for both types of respondents, with the difference that in this case, the high-end refrigerator is the preferred product. Again, the non-ethnocentric respondents have a higher preference for high-end refrigerators and a lower preference for the low-end version when compared to the ethnocentric respondents.

III. Bicycles: Bicycles on the other hand, do show a dissonance in behavior depending on the type of consumer. Based on the analysis non-ethnocentric consumers in average tend to prefer (by a small margin) the high-end version of the product while the ethnocentric consumers prefer by a comparably large margin the low-end version. Therefore, when comparing to laptops and refrigerators, bicycles, tend to be a product that is affected by the level of consumers’ ethnocentrism.

IV. Shoes: The same pattern applies as to the previous product, i.e. ethnocentric respondents prefer low-end shoes over high-end and vice versa. In contrast to the bicycles, ethnocentric consumers are almost balanced on their preference whereas non-ethnocentric respondents prefer by a higher margin the high-end version to the low-end one.

In conclusion, the researchers found out that for ethnocentrism to have a significant impact on the type of product being chosen depends on the product category itself. This is not in accordance with what Booth, (1979) and Luque et al., (2000) found out. They considered all consumers that are highly ethnocentric to be intolerant towards goods from another country. As the authors found out, sometimes even ethnocentric respondents had a higher willingness to purchase as their non-ethnocentric counterparts. As the analysis indivated this is highly being influenced by the positive affinity and/or positive PCI of the consumers.

Research question 3: Can a country use its COO identification or nationality branding towards certain types of products based on its image?

To answer this question, the authors decided to focus only on four profiles: 1, 3, 4 and 6 because these include both ethnocentric and non-ethnocentric respondents and thus, differences in behavior can be identified. Further, they are chosen because they include
both negative and positive feelings and perceptions towards the country regardless of their ethnocentric attitude. A reason why a combination of affinity and PCI is not included e.g. not having a positive affinity mixed with a negative PCI, is because both characteristics being in line with each other, allow the authors to have a broader view of their effect (either in a positive or negative fashion).

Another important point is that since Mexico is the focus of the experiment, the answers will refer only to that country. Nevertheless, the generalizability concept mentioned earlier still applies.

Once again, the question will be separated by product category:

I. **Laptops:** The numbers on the chart represent the average product type (low or high end) preference for each of the mentioned profiles. It can be seen that when it comes to laptops, all the profiles with the exception of number 6 tend to prefer the low-end version of the product. This means that regardless of a respondent being ethnocentric or not, as well as having both a positive or negative affinity and PCI towards Mexico, the respondent would not buy a high-end Mexican laptop.

The high-end version of the laptop is preferred only when it comes to profile 6 that consist of respondents that are non-ethnocentric and that have a positive affinity and PCI. That being said, the difference of profile 6 respondents regarding high or low-end laptops is very small which means that their ultimate decision could also go towards the low-end version.

![Figure 40: Selected COO profile preferences towards laptop type](image)

In conclusion, laptops, as was already suspected are not a product that should be marketed as Mexican, especially when it comes to its high-end version. A low-end version might have a better acceptance across consumers.

II. **Refrigerators:** For this product, the authors found that all profiles with the exception of number 1 tend towards the high-end refrigerator. Respondents within profile 1, are ethnocentric and have a negative affinity and image towards Mexico, therefore their unwillingness to acquire a more expensive foreign product makes sense. Furthermore, profile 3 respondents, are also ethnocentric but have both a positive affinity and image which drives to the conclusion that this characteristics and not the possible ethnocentrism are the main influencing factors when deciding.

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In conclusion, this product category is a fine example of a product that can be marketed as Mexican in the premium segment. The reason for this can be knowledge across respondents towards the country’s expertise in producing home appliances.

III. Bicycles: All profiles are in line with their preferences towards the low-end version of bicycles. While ethnocentric respondents have a comparably high preference for low-end bicycles (especially those with a negative affinity and image), non-ethnocentric respondents do not have such a sharp preference towards the low-end version. Therefore some of them might even choose the high-end bicycle when confronted with a real purchase situation.

In conclusion, bicycles are another product that should not be marketed as Mexican especially when referring to the high-end product type, on the other hand, the low-end version might have better acceptance among consumers. Based on the affinity question of the survey (that shows most respondents do not have a clear perception of Mexican design and workmanship), it can be said that buying a high-end type of bicycle is not an appealing option for them.

IV. Shoes: In the case of shoes a clear separation between ethnocentric and non-ethnocentric respondents can be seen. While ethnocentric consumers (profiles 1 and 3) tend to prefer the low-end version of the product, their counterpart, non-ethnocentric consumers (profiles 4 and 6) are choosing high-end shoes over low-end ones. It needs to be pointed out that a tendency from profile 1 to profile 3 can be seen. This is because
respondents of profile 3 have both positive affinity and PCI towards Mexico, their preference for low-end products decreases in comparison to profile 1 respondents.

In conclusion both product types have a wide acceptance. It might be good to advertise both product types as Mexican, but as a first step, a marketing study should be conducted, to define which exact consumer to target.

Overall it needs to be said that it really differs from product to product, how to approach customers. Bilkey & Nes (1982) mention that consumers that do not have all information at hand are being influenced by the available cues. Although the authors provided the respondents with 4 attributes for each product, consumers always have different levels of knowledge on certain products, and thereby decide differently. The experiment showed that since most respondents do not have a clear image in Mexico, COO branding could make sense, but only in specific cases.

**Research question 4:** Does the nature of affinity (positive or negative) towards the product’s COO carry an important weight in the consumers’ decision of whether or not buying certain product types?

In this section the authors separated the respondents into three categories, namely “positive affinity”, “no affinity” and “negative affinity”. The “no affinity” category is only being taken into account to serve as a reference, to measure how someone that has no specific opinion on Mexican products would behave. These affinity separations will be summarized in a table for each product. The green values indicate respondents’ high willingness to purchase an item, whereas yellow indicates no preference at all. Finally the red bar shows the amount of respondents that are unwilling to purchase. Since the question objective is to define in how far affinity influences a purchase, the authors decided to only compare the positive attitudes, i.e. the green bars.

The given values are not adding up to 100% when comparing low against mid and high, but do so within the product category itself (adds to 100% vertically). This is because the likelihood of e.g. positive affinity consumers buying a high-end laptop is presented in three divisions, that can be defined as “green=high purchase probability”, “yellow=medium purchase probability” and “red=no purchase probability”. Since only the high likelihood of a purchase is relevant, the authors are working with these values exclusively, comparing within consumer characteristics and finally among these.

**I. Laptops:** Looking at laptops the authors start by analyzing the data of people with a positive affinity. A low-end laptop would only be bought by 15% of all respondents with those characteristics while a mid-segmented laptop is not being considered at all. The highest score with 52.9% is the one for the high-end laptop meaning that this is the best option for respondents with a positive affinity. Comparing these values to respondents
with a negative affinity towards Mexico the same pattern can be seen. Again the mid-
segmented one is not considered at all and the low-end version receives a similar 17.6%.
It is remarkable that only 40% of all respondents with a negative affinity would buy a
low-end laptop. When comparing this to the 52.9% of consumers with a positive affinity
it becomes obvious that affinity does play an important role in this case.

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<tr>
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<th>Negative Affinity</th>
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<td>Average Low</td>
<td>Average Mid</td>
<td>Average High</td>
</tr>
<tr>
<td>15.0%</td>
<td>0.0%</td>
<td>52.3%</td>
</tr>
<tr>
<td>32.5%</td>
<td>21.5%</td>
<td>19.0%</td>
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<td>52.5%</td>
<td>23.5%</td>
<td>23.8%</td>
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<td>40.0%</td>
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</tr>
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<td>74.5%</td>
<td>7.5%</td>
<td>13.7%</td>
</tr>
<tr>
<td>86.6%</td>
<td>25.5%</td>
<td>58.0%</td>
</tr>
</tbody>
</table>

Figure 44: Affinity based laptop buying preferences

II. Refrigerators: For this product, the authors found that for all respondents with a
positive affinity, different buying behaviors towards certain product types can be seen.
Looking at low-end products, only 7.5% of all respondents would purchase such a
refrigerator while only 2.5% of all respondents consider buying a medium priced one.
Furthermore, it stands out that when looking at high-end refrigerators, 50% of consumers
with a positive affinity would consider purchasing such an appliance. Based on this it can
be concluded that consumers with a positive affinity towards Mexico are open minded
and willing to buy expensive high-end refrigerators.

Comparing this to consumers with a negative affinity leads to the following results: The
interest in buying a low-end refrigerator is slightly higher with 11.7%. Obviously there is
even less interest in medium priced refrigerators, with 2% and again most respondents
would consider buying a high-end one, namely about 51% of all respondents.

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<td>50.98%</td>
<td>1.96%</td>
<td>58.08%</td>
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<tr>
<td>29.41%</td>
<td>13.75%</td>
<td>58.08%</td>
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</table>

Figure 45: Affinity based refrigerator buying preferences

In conclusion it can be said, that consumers do not differ in preference when buying a
refrigerator. No matter if they have a positive or negative affinity towards Mexico their
chances of buying a category-specific refrigerator do not vary.

III. Bicycles: In general it can be said that the interest in buying this product is lower
compared to what we have seen with the previous products. With 17.5%, 2.5% and 25%
the respective values for low, mid and high-end bicycles are all very low, indicating a
little overall interest from respondents with a positive affinity towards Mexico. In
comparison to that, the values for consumers with a negative affinity differ as follows:
39% of all consumers in that group of people consider buying a low-end bicycle, 2%
consider the mid-priced one and 19.6% the high-end version of the product.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Average Low</td>
<td>Average Mid</td>
<td>Average High</td>
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<tr>
<td>17.5%</td>
<td>2.5%</td>
<td>25.6%</td>
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<tr>
<td>40.0%</td>
<td>33.3%</td>
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<tr>
<td>49.00%</td>
<td>49.00%</td>
<td>60.8%</td>
</tr>
</tbody>
</table>

Figure 46: Affinity based bicycle buying preferences
It can be seen then, that consumers with a negative affinity of Mexico are more likely to purchase low-end bicycles compared to those with a positive affinity. Obviously there exists a certain trust in the craftsmanship of such items, as the phenomenon is otherwise not explicable. Looking at respondents with a positive affinity, they have a comparably higher willingness to purchase a high-end bicycle rather than the low end. This means that even though their willingnessness is overall low, they would rather get the high-end version.

IV. Shoes: Already at first sight, it becomes obvious that the value between positive and negative affinity regarding shoes do not differ a lot. A positive affinity respondent is more likely to purchase the low-end shoe based on the 27.5% score when compared to the 2.5% for a mid-priced one and 15% for the high-end one. Comparing these values to the ones of negative affinity respondents scoring 23.5%, 2.0% and 15.7% a second point stands out, namely that all values are very similar and that negative affinity respondents are also more willing to purchase the low-end version of the product.

<table>
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<td>11.0%</td>
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</tr>
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<td>20.6%</td>
<td>57.1%</td>
<td>15.6%</td>
</tr>
</tbody>
</table>

Figure 47: Affinity based shoe buying preferences

Concluding, it can be said that the overall willingness to purchase shoes, compared to the other products is lower, as especially in the high-end segment only about 15% of the respondents regardless of their affinity are interested in buying. Obviously respondents with a positive affinity are more open to purchasing low-end shoes, underlining the importance of affinity even though the tendency is the same regardless of its direction when it comes to purchasing shoes from that category. Affinity therefor does not have a big influence when it comes into choosing product types as it is seen that both types of respondents would rather have the low-end version of the product.

Two conclusions were to be proven based on this analysis: first, the authors wanted to see if respondents with a positive affinity were more willing to buy high-end products: this applies to laptops and bicycles but not for the other two products. Second, if positive affinity respondents are more willing to buy than those with a negative image: this is true for laptops, bicycles (even though negative affinity respondents would buy more low-end products and positive ones would buy high-end) and to a small degree for shoes. For refrigerators, the tendency is the same regardless of the affinity and surprisingly, the negative affinity respondents have a higher willingness to purchase any version of this product. As with the other research questions, the answer depends on the type of product.

The statement of Urbonavicius et al., (2011) mentioning that COO plays a major role on perception and might influence whether a product is selected or not is being underlined. As described above, the first conclusion applies to only 2 of the products while the second one applies to three. This means that the given assumptions cannot be generalized but applies to various product types. Hence it should always be tested whether it applies or not, depending on each specific case, e.g. with the shoes and refrigerators positive affinity respondents were not more willing to purchase high-end items, while the same respondents decided the opposite with regards to laptops and bicycles. The outcome of this part of the research also fits to the results of the study by Agrawal & Kamakura (1999), namely that the COO impact is lower for multi-cue studies as the authors’ study than for single cue ones.
5.2 Recommendations for interested parties

The most important recommendation the authors can give is to not try to apply a one-solution-fits-all approach. As can be seen with the research question answers, they all vary depending on the product and the associated risk or importance consumers place on them. In general, the authors conclude that ethnocentricity, affinity and PCI do have an effect on the consumers’ choices although the real effect will depend on the type of product. Based on the product type preferences of the consumers, the authors determine that COO is an important product signaler (Mexican laptops and bicycles were not successful across the respondents, especially their high-end versions) but that it cannot be taken into account independently. In fact, the researches found out that consumers in general will use a multi-signal system rather than base their decision on just one signal. This is in line with the findings of Roth & Romeo, (1992) in which COO and country image are a rather multidimensional construct. This means respondents will also use their personal level of ethnocentricity as well as their affinity and perception towards a certain country to make a decision. Accordingly the product’s COO effect is important, but consumers will additionally use a compensatory system in which depending on other product signals such as price, quality or others, as well as their personal feelings and perception towards the country they will possibly overcome the initial COO effect and consider or discard the product. This might go both ways, if the product’s COO is one the consumer does not “like” but other product signals are positive the product might go towards his/her evoked set.

On the other hand, if the signals are weak or negative but the country is “liked” it might also be considered over other better products from a different COO and vice versa. This is in line with what Agrawal et al., (2011) mention on their research: rather than relying in one signal of quality such as brand or COO, consumers might follow an integrated effort by using several correlated signals. That’s why when entering foreign new markets, companies should analyze the signals and attributes that matter to consumers in those countries and tailor their marketing mix to match them.

Further, for Mexican manufacturers, the authors found out that branding Mexico is a good idea for both types of refrigerators (more towards the high-end type) and shoes (towards the low-end) depending on the ethnocentrism of the consumers. On the other hand, laptops and bicycles should not be branded as Mexican especially their high-end version as the authors found out that there is no interest whatsoever from the respondents. Low-end versions of these products might have a better acceptance, but it is important to mention that the study is just comparing between types and does not give an option to not choose the products at all.

Another point for all the analyzed products, with the exception of laptops, the attribute preferences are somewhat similar meaning that they are seen as complementary. This means that Mexican manufacturers have to find the best balance across the product’s attributes knowing that respondents in general are not willing to sacrifice a lot on one attribute to receive more of another one. For laptops, the authors found price to be the most important attribute by far; they conclude that the level of price as has already been mentioned is most likely used to infer the product’s quality. Mexican laptops based on the preferred profile, would have to be a mixture of very low-price with average to low performance specifications. Refrigerators would go towards the high-end with a modern original design. Bicycles would be low-end with low attributes. Finally, shoes should tend between the middle to high end with especial emphasis on a good price-material combination.
Lastly, the author believed Mexico was a well known and appreciated country among consumers, the survey proved them wrong. Even though most respondents have a positive image of the country, their affinity and PCI perceptions tended towards being unsure or even somewhat negative. This is of interest for the Mexican government as they are currently having a campaign in many European countries in order to improve the image of the country worldwide. However, manufacturers have to keep the findings of Roth & Romeo, (1992) in mind, which mention that product-country matches i.e., when a product (in this case a car) has a certain “natural” affinity when coming from a certain country like Germany. This may only be effective if the match is favorable (to make consumers more eager into buying the products) or uncertain (in order to reduce the consumers’ perceived risk). On the other hand it may not work or even prove counterproductive for negative matches (consumers may not believe the marketing efforts and label the manufactures as liars).

5.3 Limitations & Critique
The authors believe that although the study shows relevant and interesting conclusions, there are several points that should be criticized or that should be modified in case the research was repeated. The first element has been mentioned already in a previous section; it refers to the dissonance in effort placed on the decision process by consumers between real market situations and hypothetical ones that are present on any consumer behavior experiment as mentioned by Agrawal & Kamakura (1999). The authors tried to have a degree of control by presenting products as close as possible to the actual market ones as well as presenting a simple survey that could be understood. Further, the focus group and pre-test helped to ensure both of these elements (real-life products and an easy survey) would help in minimizing errors and biased results. Finally, the authors used answers with R-square values higher than 0.7 and those answers that made sense and were not random patterns that could bias the results.

Another element is regarding the partial success of the snowballing sampling technique, as the researchers could not get a better distribution of nationalities and age range through it, so that the beforehand expected larger amount of Germans and respondents between 18 and 25 years answered. It would be interesting to have a similar number of respondents on all of the demographic characteristics to be able to measure their preferences instead of having to group them into similar categories to have similar numbers of respondents to measure differences across clusters i.e. Germans vs. Europeans and Other Nationalities. Although not a limitation of the experiment per se, the authors believe it would have been interesting to measure preferences by demographic clusters (age, gender and nationalities), unfortunately due to space limitations and number of dimensions used (four products and six profiles), doing this would create a very big report with too many conclusions to analyze.

Considering the experiment, there are two points relevant to mention: first, is using some hypothetical products (laptops and refrigerators), which means brands cannot be taken into account. This mentioned, the authors believe there was no bias because respondents only focused on how the products were presented and what's their COO without knowing if they do in fact exist or not. Therefore Mexican brands might not have shared anything new to the conclusions, as the majority of respondents would not know what to think of them. That mentioned, for brands that are in fact known it would be interesting to see how they affect the consumer behavior. Second, the language of the survey is English for all respondents. The authors thought this could create biased answers since only respondents from the USA have this language as their mother tongue. However, when going through all the answers, the researchers believe that the unfinished surveys might have worked as a filter since the 112 used results present no biased answers due to lack of
understanding. On the same line, the prices were given in euros, which might make difficult for respondents whose countries have a different currency to identify the real costs and prices.

Based on the results, the researchers believe that even though they present interesting conclusions, most respondents do not have clear feelings towards Mexico and its products, hence their affinity and PCI is neutral. The authors already suspected something similar since most researches do not have Mexico or Latin American countries as their focus. As will be mentioned on the following section, the authors believe using the neutral profiles might prove an interesting subject for a new research.

Finally, the product selection and their attributes (although evaluated through the focus group) could have been confusing for some respondents (finding unisex shoes proved very difficult or lack of knowledge from participants regarding refrigerators). The authors chose products that had already been used in experiments found during their secondary research.

5.4 Further research

The authors believe that one of the most interesting researches that can be done taking this study as a basis, is to consider the respondents with neutral profiles. Carefully comparing their product and attribute preferences to those with positive or negative feelings towards a country might offer an interesting comparison as well as give insight into what steps need to be taken (based on these preferences) in order to turn them into having a positive affinity and PCI towards the country and its products. Another type of research can be done by comparing the same products but with two or more different COOs including the respondents’ own country (either by limiting the participants’ nationalities or by naming the home version of the product “domestic”.

This research would give light not only towards particular COO preferences for certain products, but also to identify how much does affinity and PCI affect purchasing decisions regardless of the person’s ethnocentricity. An example can be if the person is ethnocentric but would rather buy a high-end product from country “A” (while having a positive affinity and PCI for that country), rather than a similar product but from country “B” for which he/she has a negative affinity and PCI. Then, it can be proven that ethnocentrism has a role to play in consumers’ decision processes as seen in many researches, but that it is rather a multi-dimensional problem (with affinity and PCI) rather than being the only effect researchers should be concerned with when trying to discern consumers’ purchasing behavior with foreign products.

As mentioned on the critique, it would also be interesting to identify changes in preferences by demographic clusters to see if they are the same when measuring the profiles but separating them by age range, nationalities and gender.

Further, just mixing the product categories, attributes and countries to be studied can make any number of new researches in order to identify the importance affinity and PCI have on the COO effect. As mentioned on the limitation section, brands might also offer interesting insights as several researches (Kotler & Gertner, 2002; Aiello et al., 2009; Prendergast et al., 2010; Agrawal et al., 2011) have already found. Brand as an additional product signaler can be interesting to see when interacting with COO and can be even measured to see which one is more relevant.
Bibliography


Appendix

Appendix 1: Research process

Appendix 2: Conjoint Product Profiles

Laptops

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<td>Weight</td>
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Refrigerators

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<tr>
<td>3</td>
<td>300 €</td>
<td>Simple</td>
<td>387 lts</td>
<td>A</td>
</tr>
</tbody>
</table>

**Product Profile 4 High**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Capacity</th>
<th>Energy Saving</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>900 €</td>
<td>Modern</td>
<td>387 lts</td>
<td>A++</td>
</tr>
</tbody>
</table>

**Product Profile 5 Low**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Capacity</th>
<th>Energy Saving</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>300 €</td>
<td>Simple</td>
<td>515 lts</td>
<td>No</td>
</tr>
</tbody>
</table>

**Product Profile 6 Average**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Capacity</th>
<th>Energy Saving</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>600 €</td>
<td>Simple</td>
<td>515 lts</td>
<td>No</td>
</tr>
</tbody>
</table>

**Product Profile 7 High**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Capacity</th>
<th>Energy Saving</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>900 €</td>
<td>Simple</td>
<td>387 lts</td>
<td>A</td>
</tr>
</tbody>
</table>

**Product Profile 8 Average**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Capacity</th>
<th>Energy Saving</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>300 €</td>
<td>Average</td>
<td>515 lts</td>
<td>A</td>
</tr>
</tbody>
</table>

**Product Profile 9 Low**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Capacity</th>
<th>Energy Saving</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>300 €</td>
<td>Simple</td>
<td>280 lts</td>
<td>No</td>
</tr>
</tbody>
</table>
Bicycles

**Product Profile 1 Low**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Weight</th>
<th>Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>300 €</td>
<td>Average</td>
<td>9 kg</td>
<td>Medium</td>
</tr>
</tbody>
</table>

**Product Profile 2 Average**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Weight</th>
<th>Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>600 €</td>
<td>Average</td>
<td>7 kg</td>
<td>High</td>
</tr>
</tbody>
</table>

**Product Profile 3 High**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Weight</th>
<th>Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>1,000 €</td>
<td>Modern</td>
<td>7 kg</td>
<td>Medium</td>
</tr>
</tbody>
</table>

**Product Profile 4 Low**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Weight</th>
<th>Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>300 €</td>
<td>Simple</td>
<td>14 kg</td>
<td>Low</td>
</tr>
</tbody>
</table>

**Product Profile 5 High**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Weight</th>
<th>Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>1,000 €</td>
<td>Modern</td>
<td>9 kg</td>
<td>High</td>
</tr>
</tbody>
</table>

**Product Profile 6 Low**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Weight</th>
<th>Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>600 €</td>
<td>Simple</td>
<td>14 kg</td>
<td>Medium</td>
</tr>
</tbody>
</table>

**Product Profile 7 Average**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Weight</th>
<th>Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>600 €</td>
<td>Modern</td>
<td>7 kg</td>
<td>Low</td>
</tr>
</tbody>
</table>

**Product Profile 8 High**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Weight</th>
<th>Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>1,000 €</td>
<td>Average</td>
<td>9 kg</td>
<td>High</td>
</tr>
</tbody>
</table>

**Product Profile 9 Average**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Weight</th>
<th>Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>300 €</td>
<td>Average</td>
<td>14 kg</td>
<td>Medium</td>
</tr>
</tbody>
</table>
Shoes

**Product Profile 1 High**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Quality</th>
<th>Material</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>120 €</td>
<td>Average</td>
<td>Medium</td>
<td>Leather</td>
</tr>
</tbody>
</table>

**Product Profile 2 Low**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Quality</th>
<th>Material</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>40 €</td>
<td>Simple</td>
<td>Low</td>
<td>Linen</td>
</tr>
</tbody>
</table>

**Product Profile 3 High**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Quality</th>
<th>Material</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>120 €</td>
<td>Modern</td>
<td>High</td>
<td>Suede</td>
</tr>
</tbody>
</table>

**Product Profile 4 Low**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Quality</th>
<th>Material</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>40 €</td>
<td>Average</td>
<td>Low</td>
<td>Linen</td>
</tr>
</tbody>
</table>

**Product Profile 5 Average**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Quality</th>
<th>Material</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>80 €</td>
<td>Simple</td>
<td>High</td>
<td>Leather</td>
</tr>
</tbody>
</table>

**Product Profile 6 Average**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Quality</th>
<th>Material</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>80 €</td>
<td>Simple</td>
<td>Medium</td>
<td>Suede</td>
</tr>
</tbody>
</table>

**Product Profile 7 Low**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Quality</th>
<th>Material</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>40 €</td>
<td>Simple</td>
<td>Medium</td>
<td>Leather</td>
</tr>
</tbody>
</table>

**Product Profile 8 High**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Quality</th>
<th>Material</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>80 €</td>
<td>Modern</td>
<td>High</td>
<td>Suede</td>
</tr>
</tbody>
</table>

**Product Profile 9 Average**

<table>
<thead>
<tr>
<th>Card ID</th>
<th>Price</th>
<th>Design</th>
<th>Quality</th>
<th>Material</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>80 €</td>
<td>Simple</td>
<td>Low</td>
<td>Linen</td>
</tr>
</tbody>
</table>
Appendix 3: Survey questions

Thesis Survey

Q2 Welcome to our survey. We are trying to define consumer habits when purchasing Mexican products. It will take no more than 10 minutes of your time to complete the questionnaire and your answers are very valuable to us. Thank you very much in advance. Your answers will be handled anonymously.
Q4 Please state how much you agree with the following statements: Mexican products in general are...

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree (1)</th>
<th>Disagree (2)</th>
<th>Neither Agree nor Disagree (3)</th>
<th>Agree (4)</th>
<th>Strongly Agree (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>...expensive. (1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>...reasonably priced considering the quality. (2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>...show bad workmanship. (3)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>...have a good style and appearance. (4)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>...are technically advanced. (5)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>...are cheap imitations of better brands. (6)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>...are risky to buy. (7)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Q8 Please rate in how far these attributes are in line with what you think of Mexico.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Strongly Disagree (1)</th>
<th>Disagree (2)</th>
<th>Neither Agree nor Disagree (3)</th>
<th>Agree (4)</th>
<th>Strongly Agree (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovativeness: Mexico contributes with the research of new technologies and engineering advances. (1)</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Affinity: I have a good image of Mexico. (2)</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Design: you like Mexican products appearance, style, color, elegance and variety. (3)</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Prestige: Mexican products have exclusivity, styles and brand name reputation. (4)</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Workmanship: Mexican products are reliable, durable with good quality. (5)</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>
Q3 Please rank the following statements based on how much you identify with them.

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree (1)</th>
<th>Disagree (2)</th>
<th>Neither Agree nor Disagree (3)</th>
<th>Agree (4)</th>
<th>Strongly Agree (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>People should always buy products from their home country instead of imports. (1)</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Only products that are unavailable in your country should be imported. (2)</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Buy domestic products, keep your home country working. (3)</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Purchasing foreign products is un-patriotic. (4)</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>It is always best to purchase foreign products. (5)</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>It may cost me more in the long-run but I prefer to support domestic products. (6)</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>There should be tariffs on all foreign products. (7)</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
</tbody>
</table>
Q21 In the following section, we will ask you to INDIVIDUALLY rank 4 different types of Mexican products from 1 to 5, being 1 the least liked and 5 the most liked. Please remember that there are 9 products per question so you may have to scroll to the right.

Q18 Please rank the following Mexican laptops individually from 1 to 5, 1 being the worst grade and 5 the best.

- Price: 600€    HDD Size: 500 GB    Design: Average    Weight: 3.2 Kg
- Price: 900€    HDD Size: 500 GB    Design: Average    Weight: 2.6 Kg
- Price: 450€    HDD Size: 320 GB    Design: Simple    Weight: 4.5 Kg
- Price: 900€    HDD Size: 500 GB    Design: Modern    Weight: 2.6 Kg
- Price: 450€    HDD Size: 640 GB    Design: Simple    Weight: 3.2 Kg
- Price: 600 €   Weight: 2.6 kg     Design: Average    HDD Size: 640 GB
- Price: 450 €   Weight: 2.6 kg     Design: Simple    HDD Size: 320 GB
- Price: 900 €   Weight: 2.6 kg     Design: Average    HDD Size: 640 GB
- Price: 600 €   Weight: 4.5 kg     Design: Modern    HDD Size: 500 GB
Q19 Please rank the following Mexican refrigerators individually from 1 to 5, being the worst grade and 5 the best.

- Price: 600€  Capacity: 280 lts  Design: Average  Energy Efficiency: A++  (1) 
- Price: 900€  Capacity: 280 lts  Design: Modern  Energy Efficiency: A  (2) 
- Price: 300€  Capacity: 515 lts  Design: Simple  Energy Efficiency: No  (5) 
- Price: 600 €  Design: Simple  Capacity: 515 lts  Energy Efficiency: No  (7) 
- Price: 300 €  Design: Average  Capacity: 515 lts  Energy Efficiency: A  (9) 
- Price: 300 €  Design: Simple  Capacity: 280 lts  Energy Efficiency: No  (10)
Q17 Please rank the following Mexican bicycles individually from 1 to 5, 1 being the worst grade and 5 the best.

1. Price: 1000€  Quality: Medium  Design: Modern  Weight: 7 kg
2. Price: 600€  Quality: High  Design: Average  Weight: 7 kg
3. Price: 300€  Quality: Medium  Design: Average  Weight: 9 kg
4. Price: 1000€  Quality: High  Design: Modern  Weight: 9 kg
5. Price: 300€  Quality: Low  Design: Simple  Weight: 14 kg
7. Price: 600€  Design: Modern  Weight: 7 kg  Quality: Low

Q20 Please rank the following Mexican shoes/sneakers individually from 1 to 5, 1 being the worst grade and 5 the best.

1. Price: 120€  Quality: Medium  Design: Average  Material: Leather
2. Price: 40€  Quality: Low  Design: Simple  Material: Linen
4. Price: 40€  Quality: Low  Design: Average  Material: Linen
Q5 Please choose your age range below:

- 18-25 (1)
- 26-31 (2)
- 32-45 (3)
- 46+ (4)

Q6 Please enter your nationality below:

Q7 Please select your gender:

- Male (1)
- Female (2)

Q9 Have you ever visited Mexico?

- Yes (1)
- No (2)

If Yes is selected, then skip to Since you chose "Yes" on the previous... If No is selected, then skip to End of Survey.

Q10 Since you chose "Yes" on the previous question, please state how much do you like Mexico's following characteristics based on what you experienced?

- Its customs and traditions e.g., food, music, handcrafts, etc. (1)
- Its people (2)
- Its main attractions e.g., cities, natural areas, beaches, etc. (3)
- In general your experience was (4)

81
Appendix 4: Linear regression output

Conjoint Analysis dummy coding

<table>
<thead>
<tr>
<th>Price Dummy Variable</th>
<th>HDD Size Dummy Variable</th>
<th>Design Dummy Variable</th>
<th>Weight Dummy Variable</th>
<th>Preference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dummy Variable</td>
<td>Dummy Variable</td>
<td>Dummy Variable</td>
<td>Dummy Variable</td>
<td>Dummy Variable</td>
</tr>
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<td>1</td>
<td>0</td>
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</tr>
<tr>
<td>2</td>
<td>0</td>
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<td>1</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
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<tr>
<td>4</td>
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<tr>
<td>8</td>
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</tbody>
</table>

Conjoint analysis coefficients

<table>
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<th>Coefficient</th>
<th>HDD</th>
<th>Coefficient</th>
<th>Design</th>
<th>Coefficient</th>
<th>Weight</th>
<th>Coefficient</th>
<th>Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>450</td>
<td>-15.688</td>
<td>0.115</td>
<td>simple</td>
<td>0.000</td>
<td>2.6</td>
<td>-0.846</td>
<td></td>
<td></td>
</tr>
<tr>
<td>600</td>
<td>0.000</td>
<td>500</td>
<td>5.581</td>
<td>average</td>
<td>-2.721</td>
<td>3.2</td>
<td>-1.792</td>
<td></td>
</tr>
<tr>
<td>900</td>
<td>-0.946</td>
<td>640</td>
<td>0.000</td>
<td>modern</td>
<td>-10.688</td>
<td>4.5</td>
<td>0.000</td>
<td></td>
</tr>
</tbody>
</table>

Results
- Price: 15.688%
- HDD: 6.115%
- Design: 10.688%
- Weight: 1.792%

Sum: 34.282%
Appendix 5: Neutral COO profiles

Neutral COO profiles number coding

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
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<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
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Neutral COO profiles respondents' nationalities

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Appendix 6: Explanation of COO profile characteristics

<table>
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<tr>
<th>Theories</th>
<th>Level</th>
<th>Explanation</th>
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</thead>
<tbody>
<tr>
<td>Ethnocentrism</td>
<td>Non-Ethnocentric</td>
<td>A non-ethnocentric person does not care as much about the product’s COO, and believes they all have a similar quality. This does not mean these types of persons are not for supporting their country but rather looking into other product signalers such as price to infer quality.</td>
</tr>
<tr>
<td></td>
<td>Ethnocentric</td>
<td>An ethnocentric person is one that would buy domestic products rather than foreign ones for different reasons such being “patriotic” for supporting his/her domestic industries or for believing foreign products to have a lower quality, etc.</td>
</tr>
<tr>
<td>Affinity</td>
<td>Positive</td>
<td>This characteristic means that the respondent has good feelings towards the country. Having positive mindsets towards the COO of a product might affect the perception of the product regardless of the real quality of the product coming from that country. A positive affinity may also result in loyalty towards the country’s products.</td>
</tr>
<tr>
<td></td>
<td>Negative</td>
<td>The respondent does not have a good feeling towards the product’s COO. Therefore, they might feel the product is of inferior quality or manufacture (even if it is not) and might not even be considered. There is no loyalty towards the products.</td>
</tr>
<tr>
<td></td>
<td>Positive</td>
<td>A positive PCI means that a consumer has a good association regarding products from a certain country. This means that they see a lower risk associated with buying a product from that COO.</td>
</tr>
<tr>
<td></td>
<td>Negative</td>
<td>A negative PCI means the respondents believe the products to be cheap imitations or have a bad workmanship and/or quality, etc. Therefore, they infer a higher risk when buying products from that COO and would try to avoid them.</td>
</tr>
</tbody>
</table>
Appendix 7: COO Profiles and nationality summary

*Respondents’ COO profiles number coding*

<table>
<thead>
<tr>
<th>Profiles</th>
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<th>5</th>
<th>6</th>
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<td>3 Ethnocentric &amp; Positive Affinity &amp; Positive PCI</td>
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<tr>
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*Respondents’ COO profiles by nationalities*

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<th>3 Chilean</th>
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Appendix 8: Demographic charts

![Total Participant Nationalities Pie Chart]

![Total Gender Overview Pie Chart]

![Total Age Overview Pie Chart]
Appendix 9: Laptop profile utility values
Appendix 10: Refrigerator profile utility values
Appendix 11: Bicycle profile utility values
Appendix 12: Shoe profile utility values