THE EFFECTS OF COUNTRY-OF-ORIGIN ON YEMENI CONSUMERS’ ATTITUDES TOWARD ASIAN PRODUCTS

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A thesis submitted in fulfilment of the requirements for the award of the degree of Doctor of Philosophy (Management)

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To my beloved father and mother, wife and lovely daughters
“Afnan and Soundus”, brothers and sisters, whose prayers always afforded me the power to accomplish this work. To all I dedicate this work with great respect and love.
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First of all, I thank Allah (SWT) for His Help in giving me the opportunity of extending my knowledge and learning. Surely, without Allah help, neither this work nor others cannot be completed.

I would to thank the staff of the Faculty of Management and Human Resource Development and the staff at Sultanah Zanaria Library. I would like to express my deep thanks and gratitude to my supervisor Associate Professor Dr Hj Rohaizat Bin Baharun for his supervision, great support, guidance, critics, friendship, and invaluable encouragement throughout the stages and difficulties of doing this study. All these are highly appreciated.

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I would like to express special tribute and love to my great family in Yemen and to my small family: my wife Safa Mustafa and my daughters Afnan and Soundus. Their moral support, patience, prayers, tolerance, sacrifice and sincerity being supportive, given throughout the time I took to complete this research. I love you, care about you, and most, I respect you all.

Finally, but not least, I thank Allah, whose mercy and bounty have enabled me to overcome difficulties during my study and produce the current research.
ABSTRACT

The main purpose of the present research was to extend and consolidate knowledge about country-of-origin cue and its effects on the consumers’ attitudes from least developed countries. In order to achieve the purpose, this research has been applied on Yemeni consumers. A correlational study was employed to measure the effects of country-of-origin on consumers’ valuations of home appliance products made-in five selected Asian countries of origin namely Malaysia, Japan, Korea, Taiwan and China. In this study, a theoretical framework of country-of-origin effects was tested in which the complete model was illustrated with associated variable which influenced consumers’ attitudes and purchase intention. The data collection instrument used was questionnaire which was administrated personally and distributed to a total sample of 1095 households in three Yemeni regions which include six urban cities. From this number, 625 respondents answered the questionnaires. The data had been analyzed using the mean significant differences and significant relationship between independent and dependent variables. It involved statistical methods such as t-test, one-way ANOVA, coefficient Cronbach’s alpha and regression analysis to draw the results. Yemeni consumers preferred the products made in Japan more followed by products made-in Malaysia and Korea. However, they were having less attitudes towards Chinese and Taiwanese products. In addition, significant differences were found in Yemeni consumers’ perception, attitudes and purchase intention according to their regions. Besides, the information sources of country-of-origin knowledge were also identified. Television and word-of-mouth were found to be the mostly used information sources by Yemeni consumers to know more about country-of-origin. Significant differences were found among respondents depending on their demographic background in the use of information sources.
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CHAPTER 1

INTRODUCTION

1.1 Research Background

International trade activity has become a principal part of the world’s economy, and it is recognized that there is a greater necessity to gauge consumers' attitudes toward both domestic and foreign products (Netemeyer et al., 1991). The recent globalization of business has resulted in increased competition among domestic and multinational firms in both domestic and foreign market.

As the actual result from the international trade, a stream of research has emerged from the notion of country-of-origin (COO) information which can influence consumers’ product perceptions (Nebezahl et al., 2003). One of the most widely studied areas of international marketing has been the impact of country-of-origin on the consumer’s perception of products from both developing and developed nations (Samiee, 1994; Peterson and Jolibert, 1995). A Numerous of academic articles have been published over 40 years, with a great deal of diversity of consumers surveyed (Usunier, 2006). Country-of-origin research has concentrated on the examination of consumer product perceptions and/or attitudes towards products made in different countries based on a variety of intrinsic or extrinsic cues. It was
found that, consumers in various countries have different perspectives on the products evaluation. Some consumers are highly looking for products involved with the high quality and the other trust the brand which they consider have good quality. Most of them may less consider on the price, but some are very concerned with the prices of the products. At the same time, some might be attracted to the advertisement, warranty or promotion. In this case, consumers will show their purchasing behaviour according to the environment and/or culture around them. However, all the above issues are not clearly identified in terms of empirical validation and subject to further study. Almost all the researchers have studied about the developing and developed countries’ purchasing behaviour; it is very rare to see the empirical study carried out in this area in least developed countries (Hamin and Elliott, 2006). Al-Sulaiti and Baker (1998) reported that the majority of studies in the fields of country of origin and ethnocentrism have been conducted in Western cultures. Researchers called for more research in non-Western cultures, especially in least developed nations.

For the last four decades there has been substantial literature on the COO drastic effect on consumer perceptions, evaluations, attitudes and purchase intentions. Country-of-origin studies focus on the relationships between beliefs about an object and the attitude toward the object, its influence on product bias, the relationship between the product and the brand. Country-of-origin research has also studied attitude variance toward foreign products, the willingness to buy foreign products and dimensions of country image, influence of image congruence and consumer choice and distinctions or differences in focus with brand origin (Birdwell, 1968). It has been concluded that country-of-origin is the most researched international aspect of consumer behaviour (Tan and Farley, 1987; Heslop et al., 1998). Despite the plethora of studies conducted on the subject, there has been a lack of knowledge on the perceptions of Yemeni consumers on foreign products. At the same time there are view studies conducted in Arabian countries.

The wide period of literature review done by Dinniel (2004) reported that there is a distinctly bias approach taken to studying the country-of-origin phenomenon, with a limited range of countries studied as country-of-origin cues.
Most of country-of-origin researches have been done in few countries represented as countries-of-survey (see Table 1.1).

**Table 1.1: Countries of Survey**

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<th>Country-of-survey</th>
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<td>USA</td>
<td>36.31%</td>
</tr>
<tr>
<td>France</td>
<td>10.12%</td>
</tr>
<tr>
<td>UK</td>
<td>6.55%</td>
</tr>
<tr>
<td>Canada</td>
<td>6.55%</td>
</tr>
<tr>
<td>Japan</td>
<td>5.36%</td>
</tr>
<tr>
<td>Germany</td>
<td>4.76%</td>
</tr>
</tbody>
</table>

Source: Usunier, (2006), page 66

Overall, there are 583 hypothetical country-of-origin; many countries were considered several times, some of them in only one research piece (see Table 1.2).

**Table 1.2: Countries Considered as Country-of-Origin**

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<th>Country-of-origin</th>
<th>No.</th>
<th>%</th>
<th>Country-of-origin</th>
<th>No.</th>
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<td>USA</td>
<td>76</td>
<td>13.04</td>
<td>Belgium</td>
<td>5</td>
<td>0.86</td>
</tr>
<tr>
<td>Japan</td>
<td>75</td>
<td>12.86</td>
<td>Honduras</td>
<td>2</td>
<td>0.34</td>
</tr>
<tr>
<td>Germany</td>
<td>61</td>
<td>10.46</td>
<td>Iran</td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>41</td>
<td>7.03</td>
<td>N. America</td>
<td></td>
<td></td>
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<tr>
<td>UK</td>
<td>31</td>
<td>5.32</td>
<td>Egypt</td>
<td></td>
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<tr>
<td>Italy</td>
<td>25</td>
<td>4.29</td>
<td>Iran</td>
<td>2</td>
<td>0.34</td>
</tr>
<tr>
<td>Korea</td>
<td>22</td>
<td>3.77</td>
<td>N. America</td>
<td></td>
<td></td>
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<tr>
<td>Mexico</td>
<td>20</td>
<td>3.43</td>
<td>Egypt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taiwan</td>
<td>17</td>
<td>2.92</td>
<td>Other countries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>16</td>
<td>2.74</td>
<td>Finland</td>
<td></td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>13</td>
<td>2.23</td>
<td>Norway</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>12</td>
<td>2.06</td>
<td>Malaysia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td></td>
<td></td>
<td>Thailand</td>
<td>1</td>
<td>0.17</td>
</tr>
<tr>
<td>Sweden</td>
<td></td>
<td></td>
<td>Switzerland</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Russia</td>
<td>17</td>
<td>2.92</td>
<td>Russia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>12</td>
<td>2.06</td>
<td>Chile</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Netherlands</td>
<td>10</td>
<td>1.72</td>
<td>Cuba</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hong-Kong</td>
<td>9</td>
<td>1.54</td>
<td>Venezuela</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td>7</td>
<td>1.20</td>
<td>Haiti</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Usunier (2006), page 66
The aim of this study is to explore how country-of-origin influences product evaluation by consumers in Yemen, considered as least developed country, and to measure the perception and attitude of Yemeni consumers toward home appliance products made in five Asian countries (Japan, China, Malaysia, Korea and Taiwan). According to the Foreign Trade Statistics report which published by Central Statistical Organization (2006), those Asian countries are among the top 20 exported nations to Yemen during 2005-2006.

1.2 The Republic of Yemen in Brief

1.2.1 Location

Yemen Republic lies in the South West of the Arabian Peninsula between latitudes 12N and 17N and longitudes 43E and 56E with an area of 555 thousand km². Yemen shares a border with Saudi Arabia to the North, Oman to the east and is surrounded by the Red Sea to the West, the Arabian Sea and Gulf of Aden to the South. About 200 islands are part of Yemen’s territory. The country may be subdivided into five physiognomic regions, mountain, plateau, coast, the Empty Quarter and the islands, with a great diversity in climate and topography. There are 19 governorates beside the Capital Sana’a, and urban population is about 40% of the total population according to the Central Statistical Organization (2006).
1.2.2 Population and Income

Yemen’s population growth is one of the highest populations in the world at 3.5%, considered as high by regional standards and in comparison with countries with similar levels of per capita income. Such a rapid growth in population pushes demand for housing. According to the Central Statistical Organization’s (CSO) most recent report (2006), the population of Yemen is 20.7 million. The average income has stagnated at around US$587 per capita (CSO-The Household Budget, 2006), and more than 45% of the population lives below the poverty line. On current trends, the population will double by 2026 (more than 40 million in 20 years), nearly 5 million higher than the target of the national population policy adopted in 1997.
1.2.3 The Economy of Yemen

Yemen remains one of the poorest countries in the Middle East and North Africa region and considered as the least developed country. It is ranked 150th out of 177 countries in the 2006 by Human Development Index (Library of Congress, 2008). The Committee for Development Policy used the following three criteria for the identification of the LDCs (UN-OHRLLS 2006):

- A low-income criterion, based on a three-year average estimate of the gross national income (GNI) per capita (under $745 for inclusion, above $900 for graduation);
- A human capital status criterion, involving a composite Human Assets Index (HAI) based on indicators of: (a) nutrition: percentage of population undernourished; (b) health: mortality rate for children aged five years or under; (c) education: the gross secondary school enrolment ratio; and (d) adult literacy rate; and
- An economic vulnerability criterion, involving a composite Economic Vulnerability Index (EVI) based on indicators of: (a) population size; (b) remoteness; (c) merchandise export concentration; (d) share of agriculture, forestry and fisheries in gross domestic product; (e) homelessness owing to natural disasters; (f) instability of agricultural production; and (g) instability of exports of goods and services

Strong oil revenues, especially in recent years, have permitted large increases in government spending. Together with sizable private transfers, this has contributed to decline in poverty, which has fallen from 40% in 1998 to 35% in 2006. Real per capita GDP, however, has been improving only slowly, reflecting Yemen’s high rate of population growth. Similarly, the unemployment has been rising, from 12% in 1999 to 35% in 2006, as labor force growth has been outpacing job creation. Yemen will face difficult challenges meeting the millennium development goals (World Bank, 2006).
Yemen’s economy is dominated by oil (estimated at 27 percent of GDP and 90 percent of merchandise exports). The other Yemeni economic activities consist of 38% of GDP for services; agriculture 15%; manufacturing, utilities and construction 10% and Government services 10%. While the oil sector makes a substantial contribution to GDP (World Bank, 2006). Other incomes are contributed by the remittance from Yemenis working abroad and foreign aid paid for perennial trade deficits. Its economic fortunes mostly depend on the declining oil resources, but the country is trying to diversify its earnings. In 2006, Yemen began an economic reform program designed to bolster non-oil sectors of the economy and foreign investment. As a result of the program, international donors pledged about $5 billion for development projects. In addition, Yemen has made some progress on reforms over the last year that will likely encourage foreign investment. The oil revenues probably increased in 2007 as a result of higher prices (Library of Congress 2008).

The following Table 1.3 shows the general value of Yemen export and import for the period of 1996 to 2006. From the table, Yemen’s imports grew at an impressive 47.51% annually on average over the eleven years in the overall imports. Meanwhile, Table 1.4 illustrates the first 20 countries which export products to Yemen. The principal source of Yemen’s imports in 2006 was the United Arab Emirates (11.73 percent of total imports); Switzerland ranked at third place went down two steps compared in 2005. The bulk of these imports are actually re-exports from the other countries of origin. Meanwhile, Yemen received 8.29 percent of its total imports from China and 8.71 percent from Japan. The total Yemen imports from Malaysia is almost 2 percent from the total import in 2006 compared to only 1.45 percent from Korea.

<table>
<thead>
<tr>
<th>Years</th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value</td>
<td>Change</td>
</tr>
<tr>
<td>1996</td>
<td>251,829,687</td>
<td>_</td>
</tr>
<tr>
<td>1997</td>
<td>323,715,896</td>
<td>28.5%</td>
</tr>
<tr>
<td>1998</td>
<td>203,480,294</td>
<td>-37.1%</td>
</tr>
<tr>
<td>1999</td>
<td>380,010,187</td>
<td>86.8%</td>
</tr>
</tbody>
</table>
Source: Central Statistical Organization, Foreign Trade Statistics: Year Book 2006, page 3 and 4
Note: Value in 000, Y.R (USD1= YR200).

Table 1.4: Top Twenty Exporting Countries to Yemen by Country of Origin for 2005 and 2006

<table>
<thead>
<tr>
<th>Countries</th>
<th>2006</th>
<th>%</th>
<th>Imports</th>
<th>Countries</th>
<th>2005</th>
<th>%</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.A.E</td>
<td>11.73</td>
<td>122382990</td>
<td>Switzerland</td>
<td>9.58</td>
<td>89215543</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>8.71</td>
<td>90804316</td>
<td>U.A.E</td>
<td>8.84</td>
<td>82326876</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td>8.68</td>
<td>90568700</td>
<td>China</td>
<td>6.74</td>
<td>62743909</td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>8.29</td>
<td>86453057</td>
<td>U.S.A</td>
<td>6.63</td>
<td>61808826</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kuwait</td>
<td>6.71</td>
<td>69996828</td>
<td>Kuwait</td>
<td>6.60</td>
<td>61455923</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>5.95</td>
<td>62018840</td>
<td>Saudi Arabia</td>
<td>5.95</td>
<td>55386357</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Country of different origin</td>
<td>4.05</td>
<td>42210960</td>
<td>Japan</td>
<td>5.59</td>
<td>52070377</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.A</td>
<td>3.95</td>
<td>41212276</td>
<td>Country of diff. origin</td>
<td>4.61</td>
<td>42971724</td>
<td></td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>3.56</td>
<td>37103817</td>
<td>Brazil</td>
<td>3.85</td>
<td>35890782</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>3.27</td>
<td>34099173</td>
<td>Germany</td>
<td>3.37</td>
<td>31410201</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>2.53</td>
<td>26420969</td>
<td>India</td>
<td>3.21</td>
<td>29871360</td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>2.36</td>
<td>24607643</td>
<td>Turkey</td>
<td>3.09</td>
<td>28784382</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>2.32</td>
<td>24250828</td>
<td>Egypt</td>
<td>2.31</td>
<td>21494018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>2.10</td>
<td>21924196</td>
<td>France</td>
<td>2.22</td>
<td>20694186</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>1.98</td>
<td>20653795</td>
<td>Malaysia</td>
<td>2.09</td>
<td>19472216</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Egypt</td>
<td>1.83</td>
<td>19092240</td>
<td>Argentina</td>
<td>1.90</td>
<td>17723730</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1.63</td>
<td>17010136</td>
<td>United Kingdom</td>
<td>1.79</td>
<td>16681177</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>1.61</td>
<td>16767736</td>
<td>Italy</td>
<td>1.68</td>
<td>15615050</td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Korea</td>
<td>1.45</td>
<td>15111513</td>
<td>South Korea</td>
<td>1.52</td>
<td>14157460</td>
<td></td>
<td></td>
</tr>
<tr>
<td>European Common Market Countries</td>
<td>1.37</td>
<td>14246022</td>
<td>Finland</td>
<td>1.24</td>
<td>11579201</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total 84.07 876936037 Total 82.80 771353299
Rest of the countries 15.93 166183370 Rest of the countries 17.20 160245949
Grand Total 100 1043119407 Grand Total 100 931599248

Note: Value in 000, Y.R (USD1= YR200).
Regarding to the import from economic associations and groups, Table 1.5 shows that Yemen is more dependent on Islamic countries to import products with almost 50% from the total import in 2006, followed by Arabian Blocks (the next five blocks), besides that, 22.41 % of the total import come from Asia-Pacific Economic Cooperation and 4.47% from ASEAN.

Table 1.5: Percentage of Imports with Economic International Blocks: 2005 and 2006

<table>
<thead>
<tr>
<th>Economic blocks</th>
<th>Imports%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005</td>
</tr>
<tr>
<td>Islamic Conference League</td>
<td>47.02</td>
</tr>
<tr>
<td>Arab Countries</td>
<td>40.62</td>
</tr>
<tr>
<td>Pan Arab Free Trade Area</td>
<td>39.12</td>
</tr>
<tr>
<td>ESCWA Countries</td>
<td>38.97</td>
</tr>
<tr>
<td>Organization of Arab Petroleum Exporting Countries (OAPEC)</td>
<td>36.91</td>
</tr>
<tr>
<td>GCC Countries</td>
<td>35.56</td>
</tr>
<tr>
<td>Organization of Petroleum Exporting Countries (OPEC)</td>
<td>34.87</td>
</tr>
<tr>
<td>Organization for Economic Cooperation &amp; Devlop. (OECD)</td>
<td>34.97</td>
</tr>
<tr>
<td>Asia-Pacific Economic Cooperation (APEC)</td>
<td>19.43</td>
</tr>
<tr>
<td>European Union (EU)</td>
<td>14.15</td>
</tr>
<tr>
<td>European Free Trade Association (EFTA)</td>
<td>8.47</td>
</tr>
<tr>
<td>Association of Southeast Asian Nations (ASEAN)</td>
<td>4.45</td>
</tr>
<tr>
<td>Latin American Integration Association (LAIA)</td>
<td>4.99</td>
</tr>
<tr>
<td>South American Common Market (Mercosur)</td>
<td>4.82</td>
</tr>
<tr>
<td>North American Free Trade Agreement (NAFTA)</td>
<td>4.75</td>
</tr>
<tr>
<td>Common Market for Eastern &amp; Southern Africa (COMESA)</td>
<td>2.36</td>
</tr>
<tr>
<td>Least Developed Countries (LDCS)</td>
<td>1.71</td>
</tr>
<tr>
<td>Sana'a Aggregation For Cooperation</td>
<td>1.46</td>
</tr>
<tr>
<td>South African Customs Union (SACU)</td>
<td>0.89</td>
</tr>
<tr>
<td>Commonwealth of Independent States (CIS)</td>
<td>1.17</td>
</tr>
<tr>
<td>Andeen Common Market (ANCOM)</td>
<td>0.13</td>
</tr>
<tr>
<td>Economic Community of West African States (ECOWAS)</td>
<td>0.01</td>
</tr>
<tr>
<td>Central African Customs and Economic Union (CACEU)</td>
<td>0.00</td>
</tr>
<tr>
<td>Central American Common Market (CACM)</td>
<td>0.04</td>
</tr>
<tr>
<td>Caribbean Community and Common Market (CARICOM)</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Note: Some countries are members of several blocks; hence figures might reflect repetition of shares of such countries
1.2.4 Yemeni Household

According to the report the Household Budget Survey (2006), for multi-purpose, the decline in the proportion of poor people in Yemen to 34.7% against 40.13% as the household budget survey in 1998. The survey shows that the proportion of poor people in urban areas fell to 20.7% versus 32.3% according to the household budget survey in 1998, while the percentage in rural areas compared to 42.5%, according to a survey the same year. Extracting from the results of the household budget survey, 79% of the total population of Yemen household their total monthly expenditure does not exceed $400, it is notable to mention that, more than 50% of this segment of society are not able to spend more than $150 monthly. While the rest 22% spending more than $400 monthly.

For consumption of household appliance products, according to the International Trade Centre UNCTAD/WTO (2006), the total value of imported home appliance products reach $21 million in 2005 increased by 17% when comparing with the previous year of 2004 and the increase average for four years scored 12.5% for the period of 2001 to 2005. The Yemeni households spend 1.03 percent annually for home appliance products from the total expenditure (Central statistics Organization, 2006). The majority of the urban population are living in six cities as shown in Table 1.7, and those areas represent approximately 79 % from the total residents of the urban areas of Yemen.

Table 1.6: Resident Population in the Urban Areas of the highest six Yemen Governorates

<table>
<thead>
<tr>
<th>Governorate</th>
<th>Resident population</th>
<th>%</th>
<th>Number of households</th>
<th>Number of dwellings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sana'a City</td>
<td>1,707,586</td>
<td>30.29</td>
<td>250,199</td>
<td>262,154</td>
</tr>
<tr>
<td>Al-Hodeida</td>
<td>761,057</td>
<td>13.50</td>
<td>112,760</td>
<td>120,830</td>
</tr>
<tr>
<td>Aden</td>
<td>589,419</td>
<td>10.45</td>
<td>90,667</td>
<td>97,408</td>
</tr>
<tr>
<td>Taiz</td>
<td>535,980</td>
<td>9.51</td>
<td>81,655</td>
<td>88,642</td>
</tr>
<tr>
<td>Hadhramout</td>
<td>475,855</td>
<td>8.44</td>
<td>59,787</td>
<td>66,540</td>
</tr>
<tr>
<td>Ibb</td>
<td>374,833</td>
<td>6.65</td>
<td>52,069</td>
<td>54,192</td>
</tr>
<tr>
<td>Total Population</td>
<td>4,444,730</td>
<td></td>
<td>647,137</td>
<td>689,766</td>
</tr>
<tr>
<td>Total population of Urban in Yemen</td>
<td>5,637,756</td>
<td>78.84</td>
<td>805,716</td>
<td>847,717</td>
</tr>
</tbody>
</table>

1.3 Problem Statement

The rapid and dramatic changes in the economy have caused firms to face more challenges to get engaged in strategic alliances, increase export to and import from various countries, country of design, country of manufacturing, country of assembly, country of component and country of origin. In various aspects in concerning the production process of outsourcing, enterprises try to engage their production in the developing countries and/or least developed countries in order to take advantage of lower labour wage rates and to be more close to raw materials as well as to be close to consumers or end-users. Kaynak and Kara (2002), Lumpkin and Crawford (1985) and Chao (1998), stated that there were differences between the levels of consumer preference to purchase products from different level of economies of those countries. The consumers may give a higher quality product expectation on higher technological countries. Most of the firms which engage with developing and/or least developed countries, manufacture component parts by importing the product design and professional engineers from developed countries. This results in more difficulties to consumers’ perception to associate between products and country of origin; a consumer may think about product’s country of origin, where the products were made. A consumer who believes that when a product is designed, assembled, and used parts from countries with high reputation; he/she may be willing to pay more premiums for this product.

The country of origin issue has grown rapidly to stand as one of the major influencing factors on product evaluations in the area of international marketing and in the field of consumer behaviour (Jaffe and Nebenzahl, 2001; Verlebh and Steenkamp, 1999). The numerous practical and theoretical implications of country-of-origin research have made it one of the most fruitful research areas in marketing, with hundreds of studies published since 1960s (Laroche et al., 2005). Country-of-origin is one of the most important factors that significantly influence the purchasing decision of consumers (Chai et al., 2004). It is defined as comprising the individual perceptions of a consumer about the products that provide an important observation, such belief, ideas and impressions before making buying decision. Therefore, country-of-origin has been utilized as an important function in meeting with today's
competitive and global environment in order to significantly acquire more selling of commodities. Agarwale and Kamakura (1999) found that country or origin is an extrinsic cue that gives effects on consumer perceptions, affect and behavioural intentions because consumer would collect all the information related to the product when they intend to buy that products. To meet what consumers need, marketers have to use country of origin as a sign to excite the buyers. However, when the buyers are familiar with the products, country-of-origin becomes less important until they develop the special functions for those products then country of origin will start to be popular also (Chao, 1998).

The country-of-origin cue plays a major issue since 1960s as made-in label raised consumers’ awareness of product sourcing. Despite the large number of studies, the results of country-of-origin effects is somewhat generalized and this phenomenon is still not clearly understood. Obermiller and Spangberg (1989) mentioned that no certain conclusion can be drawn on the persuasiveness or the strength of country-of-origin global effects. Likewise, Ozsomer and Cavusgil (1991) concluded that most-of the recent country-of-origin studies provide us little generalizable knowledge. Samli (1995) summarized well the phenomena of country-of-origin, stating that the country-of-origin concept is a critical information cue, which plays a major role in having the product accepted in different world market. Moreover, Petersone and Jolibart (1995) had conducted a meta-analysis of country of origin effects. They stated that the country-of-origin is still not well understood. Their findings show that country-of-origin cue differentially influenced both perception and intentions and that influence was context dependent. In a wide ranging and comprehensive literature review of country-of-origin effects in studies published between 1965 and early 1997, Al-Sulaiti and Baker (1998) reported in their study about the effects of country of origin and passed a question to find out how much influence the country of origin have on products and services. However, this question remains unanswered and a number of other major issues have yet to be resolved.

Beside a large body of research on country-of-origin effects, there is another empirical research on the consumer ethnocentrism, which can significantly effect on the products evaluation of consumers. Consumer ethnocentrism is a useful factor that
affects the consumers’ evaluation as well as to predict the attitude and perception of consumers toward foreign-made products (Shimp and Sharma, 1987; Han, 1988; Sharma et al., 1995; Witkowski, 1998; Haman and Elliott, 2006; Javalgi et al., 2005). The majority of the previous studies focused on the domestic versus foreign product to measure the ethnocentrism tendency of consumers. As mentioned by Moon (1996), the deficiency that should be investigated is measuring consumer ethnocentrism when the domestic alternative is not available. From this point, this research concerned to evaluate consumers’ ethnocentrism toward foreign products when the alternative product is made in other country which related to the respondent’s country within one group such as Islamic countries group.

There may be a question that whether it is still important in nowadays of the new Millennium of the era of globalization and effecting different world markets in different economic development level of consumer’s country. Some recent empirical evidence show that the country-of-origin effect still perseveres (see Kaynak and Kara, 2002; Bennett and Zhao, 2004; Ahmed et al., 2002; Balabanis and Diamantopoulos, 2004; Agarwal et al. 2002; Darling and Puetz, 2002; Piron, 2000). The importance of country-of-origin issue appears to be growing, because of the increasing globalization of markets and the volume of international trade grows (Bennett and Zhao, 2004). Haman and Elliott (2006) and Usunier (2006) addressed that only a few studies regarding the country-of-origin effect have focused on the consumers buying behaviour in developing countries and very rare studies have been carried out in case of least developing countries.

After reviewing the related literature of country-of-origin, the shortcoming of the effects of country-of-origin in different markets or segments within one consuming country has been found. Some of the deficiencies include the effects of COO on LDCs’ consumers and its effects on consumers from different regions in one country of study. There is only one clear study done by Darling (1987) which found out that made-in label showed significant differences in consumer’s product evaluations which were made in four countries of origin across three different cities in Finland. Therefore, this study is conducted to find identify whether country-of-
origin is still important and investigate whether country-of-origin has effect on
different markets in the world in different economic levels.

In spite of the nature of country-of-origin cue as purchasing influence, we
still need to acknowledge its existence and account for it in our marketing. In some
cases, this may mean exploiting a positive country-of-origin effect while in other
circumstance, the country-of-origin needs to play down or omit. All this is really
common sense in marketing items but we need a better understanding of the country-
of-origin effects in order to appreciate whether it is pertinent to our own marketing
effects in least developed country such as Republic of Yemen

As associated variable affected by country-of-origin, very little is known
regarding the attitudes of people towards products from different countries and also
how they develop these attitudes (Papadopoulos and Heslop, 1993), the attitude of
consumers shown to be significantly different with regard to products and associated
marketing practices (Darling and Puetz, 2002). This research aims to study the
impact of country-of-origin on Yemeni consumers’ attitudes toward product labelled
Made-in Asian countries.

Han and Terpstra (1988) reported that the brand purchase intentions are
elevated when a country's positive image is closely linked with benefits desired from
a product category. Further research is needed in categories not so positively related
to country image. Roth (1995) noted several areas of concern and suggested these
problematic areas be studied from another research perspective. Roth suggested that
research can examine the measurement of brand image and how the changing of
brand, image and marketing program strategies affect image perceptions and brand
equity. Most importantly, Roth suggested that consumer perceptions of brand images
as compared to assessments of the image that managers intend consumers to have
should be investigated.

This study focuses on how brand-name cue affects the confidence of country-
of-origin in evaluating moderately high involved products. This study highlights the
brand-name cue and looks at its moderation effects on country-of-origin cue on
consumers’ attitude. The comparison between both cues country-of-origin and brand-name tested as well. This study tried to give a clear picture of the effect of country-of-origin cue on consumer’s attitudes in least development country. However, the framework for this research provided to describe how factors such as brand-name and religious-centric (in-grouping ethnocentrism), product attributes could moderate the effect of country-of-origin cue. Additionally, the mediation role of consumers’ attitude on the relationship between country-of-origin effect and purchase intention investigated.

1.4 Research Objectives and Research Questions

To address some of the shortcomings of the past literature, this research proposes a conceptual model to explain how country-of-origin affects consumer’s purchase intention in least developed country. The model contains three moderating variables which included consumer’s religious-centrism, brand-name, and product attributes, as well as consumers’ attitude as intervening. Other areas of consumers’ purchasing behaviours such as decision influencers and the most used information sources were explored. In addition, the significant differences among consumers according to the demographic background and living location have been investigated. Based on the previous sections of research background and problem statement, the details of the objectives addressed in this study are companied by the research questions as follows:

Research Objective 1: To figure out the overall assessment of Yemeni consumers toward Asian made products.

RQ 1: What is the overall assessment of Yemeni consumers toward Asian made products?

Research Objective 2: To identify the roles of household members in terms of purchasing decision of home appliance products as well as to identify the
information sources used by a consumer to know about a product’s country of origin.

RQ 2: What roles do household members play pertaining to purchasing decision of home appliance product?

RQ 3: What are the information sources mostly used by Yemeni consumers to know about country-of-origin? And how do these vary among respondents according to the demographic characteristics (gender, education income level, age, and geographic locations?)

Research Objective 3: To identify Yemeni consumers’ evaluations, attitudes and purchase intentions towards products made in the five selected countries and determine the differences among consumers according to their regions.

RQ 4: How do Yemeni consumers evaluate products made in the five selected Asian countries as countries-of-origin? And how do these vary by consumers across the three Yemeni regions?

RQ 5: What is the attitude of Yemeni consumers toward the selected countries-of-origin, and how do these differ among consumers across the three Yemeni regions?

RQ 6: How do Yemeni consumers perceive the product attributes of Asian selected countries-of-origin? And are there any significant differences among consumers across the three Yemeni regions?

RQ 7: What is the purchase intention of Yemeni consumers of products made in the selected countries-of-origin? And how do these vary among consumers across the three Yemeni regions?

Research Objective 4: To determine the religious-centric of Yemeni consumers and figure out this religious-centric according to consumers’ demographic background.
RQ 8: Are Yemeni consumers having religious-centrism toward Muslim countries’ products, and how does this vary by consumers’ gender, age, education level, and level of income?

Research Objective 5: To compare between Brand-name and Country-of-origin information cues in order to purchase products.

RQ 9: Which product information cue is more favourable and used by Yemeni householders to evaluate home appliance products? Is it the Brand-Name or Country-of-origin?

Research Objective 6: To examine and test a country-of-origin effect model used as the conceptual framework of this study.

RQ 10: Do brand names, consumer religious-centrism, and product attributes moderate the effect of country-of-origin on consumer’s attitude and consumers’ purchase intention?

RQ 11: Is consumer attitude variable mediating the relationship between country-of-origin as predictor and consumer purchase intention as independent variable?

1.5 Scope of the Study

The scope of study is to review the literatures and to identify the research questions and structure, and then design the research method and establish the questionnaires, and finally to answer research questions and infer the conclusion. The key issue for this research is to examine the effect of country-of-origin on the attitude of Yemeni consumers toward Asian products as well as to investigate the consumers’ religious-centrism; product attributes perception and brand-name. It is to know
whether or otherwise they have significant relations with consumer’s purchasing intention.

The research underlines some studies related to research topic such as country-of-origin effects studies, consumer’s ethnocentrism studies, consumers’ attitude, consumer perception of product attributes, the effect of brand-name, and consumer purchasing intention. The respondents were household consumers living in six main urban areas in Yemen targeted to be the sample unit. The urban consumers chosen because of the more knowledge they have regarding foreign products (Papadopoulos et al., 1990). Likewise, they have been described as being less resistant to new products and innovative marketing practices, and more discriminating in their purchase decision and more suitable for research on country-of-origin effects (Wood, 1986; Darling and Wood, 1990).

Oliver and DeSarbo (1988) suggested that evaluation on product experience tends to be more valid and stable in predicting consumers’ responses because effects of both experience treatments and product experiences are captured. Therefore, home-appliance products were chosen as the product of this research, because of the experience that the household have with such product category. Norjaya et al. (2007) applied home appliance products in their research; the reason for choosing the household appliances is that major electrical appliances are generally expensive items that have a certain amount of risk associated with them. Moreover, household consumers are familiar with these product categories.

In terms of data collection scope, questionnaire was the research instrument for to collect data from household samples. The questionnaire designed contains four parts; the first part for the research variables (country-of-origin, consumers’ attitude, purchasing intention, product attributes, and brand name), while the second part specified for the product’s country image, the third part for consumers decision and information sources, the last part for consumers’ demographic background. Regarding the data analysis, several types of data analysis techniques were used such as descriptive statistics, one-way ANOVA, regression and correlation analysis, and T-test.
1.6 Organization of the Thesis

This research contains five chapters. In Chapter One discusses the background of the research and a basic concept of country-of-origin as well as provides brief information on the country of the consumers of this study. It also outlines the problem statement of the research, research objectives and questions, and scope of the research. In addition, it provides important definitions of key terms of the study.

Chapter Two addresses the literature review of consumer decision making behaviour, country-of-origin effect, consumers’ attitude, perceived products attributes, consumer religious-centrism, brand-name cue, consumers’ attitude towards products and consumers’ purchase intention. It also discusses the importance of the country’s image. The literature of country-of-origin models was discussed briefly in this chapter, as well as the conceptual framework which has been applied for this study.

Chapter Three discusses the research methodology used, and the research design such as questionnaire design, unit of study and sample size as well as data collection procedure. This chapter provides the data analysis techniques and research construct measurements.

Chapter Four conducts the analysis of the research questions and addresses the empirical results of data collection from the sampling. In this chapter various statistics technique tools were used such as frequencies, descriptive analysis methods, one-way ANOVA, t-test, Chi-square, regressions and correlations.

Finally, Chapter Five presents the summary and conclusion of the significant findings, provides the suggestion for this study and finally the managerial implications to consider.
1.7 Key Terms of Operational Definition

**Brand Name:**

A brand name is that part of the brand consisting of a word, letter, or group of words or letters comprising a name that differentiates a seller’s goods or services from those of competitors. It is a word or combination of words used to identify a product and differentiate it from other products. (Defined by the American Marketing Association, 1960)

**Consumer:**

Consumer refers to individuals or households that purchase and use goods and services generated within the economy. The concept of a consumer is used differently in different contexts, so that the usage and significance of the term may vary.

**Consumer’ Attitudes:**

The concept of attitude refers to ideas, feelings, emotions, and connotation associated with a product or products from an identifiable country (Darling, 1976).

**Consumer Ethnocentrism:**

Consumer ethnocentrism specifically refers to ethnocentric views held by consumers in one country, the in-group, towards products from another country, the out-group (Shimp and Sharma, 1987).

**Consumer Religions-Centric:**

The consumer religions-centric refers to the consumer’ ethnocentric toward products made in country or countries which do not have similar religion.
Country-of-Origin effect:

The country of origin effect refers to the potential bias in product evaluation that results from the knowledge of the country in which the product was made (Hong and Wyer, 1989).

Demographic Variables:

Demographic variables in this study are gender, age, education, marital status, household income, city of household of residence, and occupation.

Made-in Label:

The notation appearing on the label of a product displaying in which country the product was made (Jaruwan, 1993) and is assumed to be the stimulus accounting for the differential attitudes investigated in this study as country-of-origin.

Product Attributes:

The attributes by which product are identified and differentiated from one producer to another. Usually comprises features, functions, and benefits such as quality, durability, design, price, style and innovation.

Products:

The home appliance products were imported into Yemen from the selected countries, Malaysia, Japan, Korea, China, and Taiwan.

Purchasing Intention:

The readiness of consumer to purchase home appliance product/s made in the selected countries of origin in the near future or the next purchasing
1.8 Summary

This chapter introduced the important role of country of origin in the international trade and the impact of COO on consumers’ attitudes and purchase intention. There has been very limited research about the effects of country of origin on consumers’ attitudes in least developed countries. The purpose of this study was to extend and consolidate knowledge about country-of-origin cue and its effects on the consumers’ attitudes in least developed countries. In order to achieve the purpose, Yemen was chosen to be the area of this study. Brief details about Yemen and its householders were provided. The problem statement, scope of the study, research objectives and questions and the organization of the thesis were discussed in this chapter.

The rest of the thesis is organized as follows. Chapter 2 provides a comprehensive review of country of origin effect in terms of brand name, consumer ethnocentrism, product attributes, purchase intention and country’s image as well as the proposed conceptual framework of the study. Meanwhile, Chapter 3 discussed the research methodology and the findings of the study were presented in Chapter 4. Finally, Chapter 5 presented the conclusion and recommendation of this research.
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