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#### MASTER OF BUSINESS ADMINISTRATION

# Country of Origin Effect on Mongolian Consumer's Purchase Intention of Korean Cosmetic products: Using Human Values as a Moderator

The Graduate School of the University of Ulsan

Department of Business Administration

GANBAT KHALIUN

# Country of Origin Effect on Mongolian Consumer's Purchase Intention of Korean Cosmetic products: Using Human Values as a Moderator

Advisor: Professor Doyle Kim

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Ganbat Khaliun

Department of Business Administration
Ulsan, Korea
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This certifies that the master thesis of Ganbat Khaliun is approved

Park Jong-hee
Committee member
Park Ju-sik
Committee member
Kim Doyle
Committee member

**Department of Business Administration** 

Ulsan, Korea

July, 2019

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#### **ABSTRACT**

This research has proposed a conceptual framework to investigate the effect of Korean country of origin's perceived product quality, attitude and human values on Mongolian consumer's purchase intention. Specially, this study tested the independent and moderating roles of human values between consumer attitude and consumer purchase intention. The purpose of this research is to know about Mongolian consumer's perception and purchase intention of the developed country's products such as 'Cosmetics'. To test the conceptual framework, structural equation modeling (SEM) and Hierarchical multiple regression analysis has been used to analyze the data collected from 254 respondents Mongolian female respondents. The results of the study indicate that the perceived product quality and attitude are significantly and positively related to purchase intention by Country of origin effect. Human values have found to be an independent moderator between attitude and purchase intention. A clear understanding of the relationships among the variables makes the Korean cosmetic companies know about Mongolian consumer's perceptions and how their country image affects their product(s) and made to purchase intention by the consumers. The study result shows that all independent variables (COO, PQ, A and HV) have positive relationship with purchase intention. Also, Self-direction value has a stronger positive moderator between Attitude and Purchase intention compared to Stimulation value. However, Hedonism value and Achievement values did not have a moderation effect between relationship of Attitude and Purchase intention.

#### **CHAPTER 1**

#### 1. Purpose of the thesis

Mongolia is an emerging market country in Asia and has high imports from all around the world, especially developed Asian countries such as Korea. There has been few research that explore the effects of COO on Mongolian consumer purchase intention. The lives of Mongolian consumers are linked to Asian markets and international trade more intensely than ever before. Consumers can choose foreign products ranging from basic necessities, such as water and tea, to advanced technological products, like automobiles and computers and skin care products. Only a few of these products were available to Mongolian consumers a few decades ago. Now consumers of all social classes can afford to purchase a variety of foreign products.

As the 4th biggest importing partner of Mongolia, South Korea shares its 5.9% of total imports after China with 31%, Russia with 26.2% and Japan with 9.8% in 2016. However, the import from Korea has been gradually decreasing, from 507 million USD in 2013 to 197 million USD in 2016 (National Statistic Office of Mongolia, 2017).

For just over 30 years, international trade and the global market have grown considerably. Companies and international marketers are also looking for more opportunities in the global market and multinational firms, which causes international competition between companies. There are many factors that have an impact on this growth as well as consumer products and services evaluation, brand name and perception of country. Studies show that country of origin (COO) is one of the factors that most concern marketers in respect of its impact on consumer purchase intention (Lin & Chen, 2006). Country of origin is an exciting subject for marketing managers (Roth & Diamantopoulos, 2009). The impact of country of origin on the buyer's intention dates back over three decades and purchase intention is one of the main issues considered in purchase behavior and the international business literature (Ghazali, Othman, Yahya, & Ibrahim, 2008). Accordingly, many studies have been chosen country image as an influencing factor on purchase intention (Baughn and Yaprak, 1993; Han, 1990; Kim Si-Wuel, 2012; Maher and Carter, 2011)

Studies have found that Country of Origin (COO) information has stronger effects in less developed countries compared, to developed countries (Josiassen & Harzing, 2008; Pappu et al., 2007; Usunier & Cestre, 2008). Many papers COO effects on other countries purchase intention,

specially developed country such as USA, Germany, Japan, France, Korea and UK effects on developing countries such as Indonesia, India, Bangladesh, Turkey, Morocco and Vietnam (Anholt, 2006; Hahn, Choin & Eckhardt, 2006). But few researchers have found COO effect on Mongolian consumer's perception (Ganbold, 2017; Sharmuud, 2015; Shirbazar, 2014). Many multinational corporations draw consumers' attention to products by the product's design, performance, the producer's name, and the country-of-origin (COO). Phrases like "this product is from somewhere" or "it is made in another country" demonstrate that the COO can play a significant role in advertising and selling products.

This study follows a stream of prior studies on the effects of COO on consumer perceptions of product quality and purchase intention (Pappu, Quester and Cooksey, 2007; Josiassen and Harzing, 2008; Usunier and Centre, 2008; Sharma, 2011). This stream of research suggests specific lines of inquiry into COO. First, the business community needs better understanding of how consumers attach importance to various cues like COO. Second, research needs to investigate the socio-psychological process that underlies consumer perceptions about products imported from developed and emerging markets. Finally, inquiries are needed into consumers' intentions towards imported products from different types of markets (Sharma, 2011). Mongolian consumers provide an opportunity to study these three questions.

Research objective is the research proposed following objectives to implement the research purpose. Moreover, each goal was integrally related with the target.

- 1. To identify the influences of Korean COO, perceived product quality, attitude on Mongolian consumer purchase intention.
- 2. To define moderating effect of Human values on the relationship of the attitude and the purchase intention.

#### 2. Organization of the thesis

The thesis is organized as follows.

Chapter 2 reviews the literature. And Chapter 3 builds research hypotheses and the model. Chapter 4 explains the methodology and Chapter 5 analyzes the research results. Finally chapter 6 discusses the result and implication and future research.

#### **CHAPTER 2 LITERATURE REVIEW**

#### 2.1 Country of origin

Since the publication of the classic review article by Bilkey and Nes in 1982, county-of-origin (COO) as a subject area has been studied extensively as different facets of the subject area have been examined. In recent years, country has been viewed as a multi-dimensional construct involving a hybrid of factors that makes the distinction between the country of manufacturer and the country of the company's home. Clark (1990) suggests that enduring behavior as patterns and consumer personality characteristics are extremely important to consumer and strategic decision making in the global marketplace. In particular, consumer behavior and international marketing literature have extensively documented the impact that a consumer's knowledge about a product's COO has on subsequent product evaluations (Papadapoulos and Heslop, 1993). A new concept of COO label, "made in Europe" was examined and consumers' perceptions of the quality of various products within this label were compared to the quality of goods "made in the USA" and "made in Japan". Results indicated that European products labeled "made in Europe" were perceived to be at least of the same quality as products from Europe's Japanese and US competitors on world markets (Schweiger et al., 1995). Products from less developed countries may face some barriers and constraints regarding their entry and positioning in the international arena (Došen & Previšić, 2001). Schooler (1965) is the first to identify the importance of country-of-origin as a cue in consumer choice behavior in the international business literature. In addition, several researchers have found evidence of an important relationship between COO and brand equity (Pappu, Quester, and Cooksey, 2007). And the brand awareness and perceived quality are antecedents of brand equity.

The construct of country-of-origin image (COI) has been introduced in the literature to refer to "the total of all descriptive, inferential and informational beliefs one has about a particular country" (Martin & Eroglu 1993. p. 193). Past research has shown that, when known to consumers, COI influences the evaluation of products in general (e.g., Heslop et al. 2004, Laroche et al. 2005), classes of products (e.g., Nagashima 1970, Ittersum, Candel, Meulenberg 2003), specific types or brands of products (e.g., Parameswaran & Pisharodi 1994, Häubl 1996,

Lampert & Jaffe 1998), consumer and industrial products (e.g., Heslop & Papadopoulos 1993, Bradley 2001) as well as services (e.g., Javalgi, Cutler & Winans 2001).

The magnitude of the COO effect on consumer's choices was also explored by Watson and Wright (2000) in their study of New Zealand consumers. Imported products did not have domestic substitutes (competitive of foreign ones), then similarity in terms of culture and politics between two countries was found to be a major factor influencing the evaluation of products. Two explanations exist for the conflicting results observed in previous research on the impact of COO. On one hand, the use of different types of products from different sources may result in opposite conclusions on the effect of origin on consumers' perceptions and purchasing behaviors (Veale and Quester, 2009).

In the international literature one can find many diverse definitions of the COO effect (Khachaturian and Morganosky, 1990; Okechuku, 1994; Schaefer, 1995; Ahmed and d'Astus, 1995, 1996; Kucukemiroglou, 1997; Knight and Calantone, 2000). According to Wang and Lamb (1983, in Al-Sulaiti and Baker, 1998), the COO effect is an obscure, intangible obstacle that a product (or service) confronts when entering a new market. This obstacle is manifested with the form of negative disposition, on behalf of consumers, towards the newly imported product or service. The entire literature concerning the COO effect suggests that consumers' perceptions about imported products and their attributes are affected by the country of origin (Papadopoulos, 1993). The country of origin, as an information cue, activates various ethnocentric beliefs and the antecedent knowledge of consumers, which subsequently affect the interpretation and evaluation of product attributes. The phenomenon of evaluating products based on judging the country of origin is called COO effect.

#### 2.2 Perceived quality

Perceived quality is a result of consumers' subjective judgment on a product (Zeithaml, 1988; Dodds et al., 1991; Aaker, 1991). Bhuian (1997) also considers perceived quality a judgment on the consistency of product specification or an evaluation on added value of a product. Garvin (1983) proposes that perceived quality is defined on the basis of users' recognition while objective quality is defined on the basis of product or manufacturing orientation. Canli and Maheswaran (2000) argued that the extent to which a product's country of

origin cue is utilized depends on the level of consumer involvement in its purchasing. The fewer motives consumers have to engage actively in the buying process, the greater the probability to utilize the country of origin to infer quality, whereas highly motivated consumers are expected to focus on specific product's attributes. In the latter case, country of origin is perceived as a mere informational cue and not as a measurement of overall quality.

In addition, Chang (2006) and Wu (2006) conclude that perceived quality and purchase intention are positively related. Belonging to a COO should enhance the intrinsic attributes of the product as a result of the improvement in physical characteristics gained from stricter quality controls, greater experience of production processes and so on. In the same way, the perceived quality of extrinsic attributes will also improve due to the enhancement of the brand image under the umbrella of the COO, stronger differentiation of the COO product against competitors and so forth. However, not all of these attributes can be adequately perceived by the individual until the product is actually consumed. As a consequence, it would seem reasonable to suppose that the level of perceived quality associated with intrinsic attributes (e.g. aroma, flavor, texture, natural and carefully prepared products, etc.) may rise in the process of consumption, thereby increasing the consumer's loyalty and possible repeat buying intention.

The extrinsic attributes of a COO product, such as the place of origin, the traditional product image and the know-how associated with production are uniquely distinguishing features that are difficult to imitate (Mattiacci and Vignali, 2004). This represents a competitive advantage in the globalized context in which the products are marketed. Similarly, shopping involves a decision making process on the part of the consumer, and influenced by a series of psychological factors such as motivation and perceptions, situational factors such as the shop itself, its location and the reason for the shopping trip, informational factors, and social or group factors such as culture, social class, reference groups and family. It is thus likely that the perception of quality associated with symbolic factors such as the image of the product, the region of origin and so on will have a positive influence on customer loyalty and product buying intentions. Furthermore, apart from the fact that COO apparently influences consumers' perception regarding the quality of a product, it may also have an impact on their attitudes, behaviors, and purchasing decision process (Ammi, 2013; Baker & Ballington, 2002). Perceived quality is a consumer subjective judgment on product quality, and he or she will evaluate product quality from their previous experiences and feelings. Perceived quality is not the actual quality of

the product but the consumer's subjective evaluation of the product. Similar to brand associations, perceived quality also provides value to consumers by providing them with a reason to buy and by differentiating the brand from competing brands. The variable of brand perceived quality has been examined by several researchers (Severi and Ling 2013; Yaseen et al. 2011). Yang and Wang (2010) measures brand perceived quality from a store brand's perspective. Specifically, they posit that a store brands' perceived quality has a positive effect on perceived value.

#### 2.3 Attitude

There is general agreement that attitude represents a summary evaluation of a psychological object captured in such attribute dimensions as good-bad, harmful beneficial, pleasant-unpleasant, and likable-dislikable (Ajzen & Fishbein 2000; an in-depth discussion of issues related to evaluation can be found in Tesser & Martin 1996). Recent neurological evidence suggests that evaluative judgments differ in important ways from non-evaluative judgments.

The idea that attitudes are dispositions to evaluate psychological objects would seem to imply that we hold one, and only one, attitude toward any given object or issue. Recent work, however, suggests that this may be too simplistic a conception. Thus, when attitudes change, the new attitude overrides but may not replace the old attitude (Wilson et al 2000). According to this model of dual attitudes, people can simultaneously hold two different attitudes toward a given object in the same context, one attitude implicit or habitual, the other explicit. Motivation and capacity are assumed to be required to retrieve the explicit attitude in favor of the implicit evaluative response.

A great deal of research in the area of consumer behavior has focused on the structure and determinants of brand attitudes or evaluations, and on persuasion and other techniques designed to change these attitudes (for a few recent examples, see Brunel, Tietje, & Greenwald, 2004; Coulter & Punj, 2004; Sengupta & Fitzsimons, 2004). Much of this work is based on the premise that consumers' attitudes toward cosmetic products are important determinants of their buying decisions. Before considering this proposition, however, I must examine several issues related to attitude theory and measurement.

Numerous studies have shown that attitudes towards products or services and toward other aspects of consumer behavior, such as attitudes toward ads or toward retailers, can easily and reliably be assessed in this manner. Many investigators rely on their own familiarity with the product or on prior research to select a set of attributes for investigation, under the premise that these attributes are important determinants of attitudes or purchase decisions (for a few recent examples, see Batra & Homer, 2004; Hui & Zhou, 2003; Stoel, Wickliffe, & Lee, 2004).

#### 2.4 Human value

Values have been a central concept in the social sciences since their inception. Values have played an important role not only in sociology, but in psychology, anthropology, and related disciplines as well. Values are used to characterize cultural groups, societies, and individuals, to trace change over time, and to explain the motivational bases of attitudes and behavior.

Value is one of the most widely and frequently used words in various disciplines of social science. In the marketing domain, value has been considered a key concept in understanding and predicting customer behavior. Poortinga (1992, p.10) He identified two types of behavioral constraints:

- 1. External constraints which refer to ecological, social, economic, historical and political conditions of a group; and
- 2. Internal constraints which refer to culturally transmitted values and beliefs.

Although both types of constraints are important, most of the recent work focuses on the internal behavioral constraints and values in particular (Bond and Smith, 1996). The main reason is that values are more stable and occupy a more central position than beliefs, within a person's cognitive system (Kamakura and Novak, 1992). Swartz (1992, 1994) has dominated with a different conceptualization of human values that divided into collectivism and individualism. As mentioned the only available work relating culture with COO is based on the concepts individualism and collectivism (Sharma et al, 1995; Watson and Wright, 2000; Canli and Waheswaran, 2000).

Consumers likely react to a product's symbolic meaning; a product that symbolizes a human value that they endorse may result in a more positive attitude toward that product, and a greater likelihood of purchasing it, whereas a product that symbolizes a value that they reject results in an unfavorable attitude and a lower probability of purchase. For instance, if a shared

cultural association of the Nike brand is the human value "Self-Direction" (i.e., setting one's own goals), then I suggest that consumer preference and intention to buy Nike products is determined, in part, by how much that consumer personally values self-direction. Indeed, Allen and Ng (1999) found that the human values of consumers who had indicated that the symbolic meaning of a product was important to them had a direct influence on their final product choice. In addition, Allen (2002) found that experimentally manipulating the human value content of a product's symbolic meaning led participants to change their product attitudes (i.e., those who endorsed the value became favorable, whereas those who rejected the value became negative). Consumers consider a cultural symbols and associations of products. If the product symbolizes a human value that they personally support, the congruency leads to a favorable evaluation of the product's taste, a positive attitude toward the product, and a stronger intent to purchase it.

Schwartz (1992) manifested that power, achievement, hedonism, stimulation and self-direction are linked with individualism and regulated how one expresses personal interests and characteristics; whereas values such as benevolence, tradition and conformity are linked with collectivism; universalism and security are linked to both individualism and collectivism. In general collectivists were found to be more biased against foreign products than other individuals (Sharma et al, 1995); Watson and Wright, 2000; Canli and Maheswaran, 2000). According to Sharma et al (1995), collectivist consumers are more likely to perceive foreign product as a threat to the local economy and jobs. In individuals consumers such distinctions are weaker ties with the home country and other social groups are more flexible and behavior tends to be guided by self-interest. Any attitude or behavior typically has implications for more than one value. For example, attending church might express and promote tradition and conformity values at the expense of hedonism and stimulation values. The tradeoff among relevant, competing values guides attitudes and behaviors (Schwartz, 1992, 1996).

Rokeach (1973) suggests that human values guide principles in one's life and these values are tied to self-concept. Thus, a person chooses products that reflect his or her values and opinions. For instance, if a cultural group interprets Gatorade as symbolizing "a sense of achievement," individuals will perceive the product based on their values of achievement. People who value "a sense of achievement" would perceive that Gatorade tastes good and have a favorable attitude and PI toward it, whereas those who reject "a sense of achievement" would experience negative feelings about Gatorade (Allen, 2008).

Thus, to study the specific ten human values to be associated with a product, this study will use domains outlined by Schwartz (1992) for the selection of individual human values; these values are likely to be universal because they are grounded in one or more of three universal requirements of human existence with which they help to cope. These requirements are needs of individuals as biological organisms, requisites of coordinated social interaction, and survival and welfare needs of groups. (Balabanis, 2002) shows the Individualist values (power, achievement, hedonism, stimulation and self-direction) are positively associated with COO image evaluations. Individuals cannot cope successfully with these requirements of human existence on their own. This study will select value domains for the manipulation, these domains will include the individual values chosen to test with Mongolian consumers. Four domains were selected from Schwartz (1992). First, Self-Direction value include such as independent thought and actionchoosing, creating, exploring. Self-direction derives from organismic needs for control and mastery and interactional requirements of autonomy and independence (Kohn & Schooler, 1983). Second stimulation domain includes excitement, novelty and challenge in life. Third, hedonism domain includes values such as pleasure or sensuous gratification for oneself. Hedonism values derive from organismic needs and the pleasure associated with satisfying them. Theorists from many disciplines (e.g., Williams, 1968) mention hedonism (pleasure, enjoying life, selfindulgent). Finally, Achievement domain includes personal success through demonstrating competence according to social standards. Competent performance that generates resources is necessary for individuals to survive and for groups and institutions to reach their objectives. As defined here, achievement values emphasize demonstrating competence in terms of prevailing cultural standards, thereby obtaining social approval (ambitious, successful, capable, influential). Schwartz (2006) made the structure of ten human values, divided into four basic structure such as Self-enhancement, Openness to change, Conservation and Self-transcendence. Stimulation and Self-direction values are included in Openness to change structure. Openness to change: controlling one's own impulses and behavior, according to social norms and expectations. And Hedonism and Achievement values are included in Self-enhancement structure. Selfenhancement: promote self-interest at the expense of others and emphasize the search for personal success and dominance over others.

In this research Self-direction, Stimulation, Hedonism and Achievement values moderates consumer attitude and purchase intention through the Korean Cosmetic product(s).

Korean cosmetic product(s) has competitive features than other countries cosmetic products as packaging and using natural ingredients. The cosmetic producers make purchasing and applying beauty products fun and entertaining with adorable packaging. Natural ingredients are also a benefit to using Korean beauty products. Korean cosmetic brands tend to avoid chemical ingredients and instead incorporate natural elements like green tea, bamboo sap and bee venom. These products use the natural healing and moisturizing properties of these ingredients to treat the skin and keep it happy and healthy.

As in the literature the most of the main goals of self-direction value are independent thought, exploring, curious, self-respect and privacy. For the people who has a self-direction value have strong loyalty with their privacy and self-respect. Other meaning is using the Korean cosmetic product that approved by their greatest features is most important with the person who have self-respect with themself and more care with their privacy. For stimulation value, excitement, novelty, and challenge in life are most important goals of stimulation value. Seeking new things is one of the mail goals of stimulation value. Example, trying new cosmetic products with cute packaging and included with full of natural ingredients will give an excitement and full of adventure in their life. Also, foreign products may complete their goals who has a stimulation value. Hedonism values derive from organismic needs and the pleasure associated with satisfying them. So, for this kind of people every type of things can satisfy them even cosmetic products. Korean cosmetic features that packaging, natural ingredients and brands can satisfy and fitting their pleasure, it's depend on believes' of her (him) who has a hedonism value. Also Achievement values emphasize demonstrating competence in terms of prevailing cultural standards, thereby obtaining social approval. In Mongolia the Korean cosmetic products are most famous and people want to use the Korean cosmetic product even they have not enough money to purchase. In Mongolia people are trying to reach social standards by they use and want to be approved by social by using highly demanded products. Such as that values, in this research the human values moderate attitude and purchase intention through their own ways.

#### 2.5 Purchase intention

Purchase intentions are personal action tendencies relating to the brand (Bagozzi et al. 1979). Intentions are distinct from attitudes. Whereas attitudes are summary evaluations, intentions

represent "the person's motivation in the sense of his or her conscious plan to exert effort to carry out a behavior" (Eagly and Chaiken 1993, p.168). Thus, a concise definition of purchase intentions may be as follows: Purchase intentions are an individual's conscious plan to make an effort to purchase a brand. Kotler (2003) proposes that individual attitudes and unpredictable situations will influence purchase intention. Individual attitudes include personal preferences to others and obedience to others' expectation and unpredictable situations signify that consumers change purchase intention because a situation is appearing, for example, when the price is higher than expected price (Dodds et al., 1991). Consumer purchase intention is considered a subjective inclination toward a product and can be an important index to predict consumer behavior.

For academic research, purchase intention is utilized to predict purchase behavior (Schlosser, 2003; and Morwitz et al., 2007). Predicted purchases represent expectation of actual purchase behavior, which is referred to as "intention to purchase" (Tirtiroglu and Elbeck, 2008). Sun and Morwitz (2010) stated that "intentions are popular to foretell the actual purchase action; it is basically due to the postulation that intentions are the predictors of individuals' behavior about purchase" Schiffman and Kanuk (2009) suggest purchase intention as the chance measurement of customers buying specific items. They say that higher the purchase intention, greater the purchase probability. While buyers choose one specific service or product, the last choice on accepting something to buy and rejecting it relies on consumer intention.

Other researchers believe that purchase intention is "what we think we will buy" (Park, 2002). It also describes the feeling or perceived likelihood of purchasing the products that are advertised, moreover, purchase shows the level of loyalty too. Other scholars like Daneshvary and Schower (2000) believe that purchase intention has a relationship with demographic factors like age, gender, profession and education (Lu, 2007). There is another statement that shows that particular features of products, perception of consumers, country of origin and perception of country of origin, all have an influence on customer purchase intention (Wang, Li, Barnes, & Ahn, 2012). Purchase intention can also be defined as the decision to act or physiological action that shows an individual's behavior according to the product (Wang & Yang, 2008).

The influence of COO on purchase intention has been studied since the 1960s. Many researchers who have conducted surveys on country of origin effects on consumer behavior (Xu in 2002, Klein in 2002) believe that country of origin is a significant factor in influencing international marketing. In addition, buyers use country of origin as an indicator of a product's

quality (Lee & Lee, 2009). The history of the literature about country of origin goes back over 40 years, and explores whether or not the 'country of origin' of a product has an effect on consumer purchase intention (Roth & Diamantopoulos, 2010). There is considerable literature on this issue from the 1980s, which demonstrates the clear proof of country of origin influence on consumers 'purchase intention and evaluation'. While buyers choose one specific service or product, the last choice on accepting something to buy and rejecting it relies on consumer intention. Additionally, a lot of external factors have been realized, which may impact Purchase Intention (Keller, 2001).

#### CHAPTER 3 HYPOTHESES AND RESEARCH MODEL

#### 3.1 Hypotheses

#### 3.1.1 COO effect on consumer perceived quality

The impact of COO includes products in general, classes of products, specific types of products, specific brands, among developed countries, between developed and less developed countries, or among less developed countries (Bilkey and Nes, 1982). The entire literature concerning the COO effect suggests that consumers' perceptions about imported products and their attributes are affected by the country of origin (Papadopoulos, 1993). The country of origin, as an information cue, activates various ethnocentric or not beliefs and the antecedent knowledge of consumers, which subsequently affect the interpretation and evaluation of product attributes. The phenomenon of evaluating products based on judging the country of origin is called COO effect. Studies show that as an extrinsic cue, country of origin helps people in judging. This happens because evaluating extrinsic cues is more convenient than intrinsic attributes, and the important thing that should be considered is that the country of origin effect is involuntary on people's evaluation (Dagger & Raciti, 2011; Powers, & Fetscherin, 2008; Yasin, et al., 2007).

# H1: Korean COO has a positive effect on Mongolian consumer perceived quality toward Korean product.

#### 3.1.2 Consumer perceived quality and consumer attitude toward Korean cosmetic product.

According to categorization theory, attitudes towards a stimulus are directly related to attitudes associated with the activated category (Alba and Hutchinson, 1987). When consumers face a country name associated with a positive image, consumers will infer positive attitudes towards the product produced in that country. Thorelli et al (1989) conducted to examine the impact of country-of-origin cue on perceived quality, overall attitude and purchase intention. The results suggest that consumer's perceptions of country of origin affect their perception of quality, attitude and purchase intention. Wall et al., (1991) examined the impact of country of origin, price and brand cues perceived product quality, perceived value and likelihood of purchasing. In addition, Aaker (1991) had pointedout that perceived quality is actually an overall or

superiority of the product and brand with respect to its intended purpose such as buying purpose. Other than the perceived quality of a product, higher country's brand familiarity has also been found to influence consumer attitudes, preferences and choice. The relation of product familiarity and country-of-origin depends on the theory that scholars create according to how consumer rely on the country-of-origin for purchase intention (Rezvani et. al, 2012).

H2: The Mongolian consumer perceived quality of the intrinsic and extrinsic attributes toward a Korean COO product has a significant impact on Mongolian consumer Attitudes.

## 3.1.3 Consumer perceived quality and consumer purchase intention toward Korean cosmetic product.

Garretson and Clow (1999) suggest that perceived quality will influence consumer purchase intention, and Monore (1990) indicates that perceived quality will positively influence purchase intention through perceived value. Ho (2007) also asserts that the higher the perceived quality and perceived value of the private brand foods, the higher buying intention to consumers. Research findings revealed that COO can become an important extrinsic cue for consumers when assessing the quality of a specific product, especially when they are unfamiliar with the item (Ammi, 2013), even though consumers may also use other extrinsic cues like price to evaluate the product's quality (Ammi, 2013). Focusing in the first place on the influence that intrinsic attributes may exercise on consumer perceptions and buying behavior, let us note that quality perception is a complex process that begins with the discernment and classification of signals associated with intrinsic attributes, such as the appearance, color, flavor and presentation of the product. The analysis shows that consumers rely more heavily on intrinsic than extrinsic attributes to predict the quality of foodstuffs such as meat on the basis of visual inspection. According to Haubl (1996), purchasing intentions in relation to luxury products are likely to flow from both brand and COO; customers consider both the brand's attributes and the place of manufacture or place of assembly in their purchasing decisions. Many important brands with good reputations link to countries with high COO images.

H3: The Mongolian consumer perceived quality of the intrinsic and extrinsic attributes toward a Korean COO product has a significant impact on Mongolian consumer buying intention.

## 3.1.4 Consumer attitude and consumer purchase intention toward Korean cosmetic product.

Attitude toward behavior refers to personal evaluations being favorable or unfavorable to perform the behavior. According to Ajzen (1985), an individual is more likely to undertake a certain behavior if he/she has a positive attitude toward undertaking the behavior. Numerous studies support the positive relationship between consumers' attitudes and behavioral intentions for green purchasing in different cultures, such as Asian, US, and European, and in different product categories, such as organic foods and timber-based products (Chan and Lau, 2001; Kalafatis et al., 1999; Tarkiainen and Sundqvist, 2005). Applying the theory of reasoned action (Fishbein & Ajzen, 1975) to the case of green energy, attitudes toward renewable energy mediate the effect of environmental concern on purchase intention (Bang, Ellinger, Hadjimarcou, & Traichal, 2000). Every person has a special attitude towards his or her purchase behavior and the parameters that influence it; even people who live in the same country with the same beliefs have different buying behaviors. As studies have demonstrated before, COO still affects this issue (Ghazali, et al., 2008).

## H4: Mongolian consumer attitude has a positive effect on Mongolian consumer purchase intention toward Korean product.

#### 3.1.5 Human values, attitude and consumer purchase intention

Values may influence formation of an individual's attitude by guiding him/her to look for objects that will satisfy his/her values (Grunert and Juhl, 1995; Poortinga et al., 2004). Additionally, individuals' values dictate their attributes, on which any changes to the existing centrally held values would certainly affect the persons' attitudes and behavior. What's more, values are significantly prominent in situation where individuals' experiences conflict of choices in their decision-making processes (Vincent, 2014). Values influence not only behavior, but also attitudes, especially when they express the content of the value ("value-expressive attitudes"; see Maio and Olson, 2000; Maio, 2010). The underlying mechanism between values and attitudes relates to the attainment of motivational goals that are either promoted or suppressed by the attitude object (Sagiv and Schwartz, 1995; Davidov, 2008).

Rafia Afroz (2015) found that Self-enhancement values (Hedonism and Achievement) are positively related to attitude. Emotional value (Hedonism value) is defined as the benefit derived from the feelings or affective states (i.e enjoyment or pleasure) that a product generates (Sweeney and Soutar, 2001). Dodds et al. (1991) are of the opinion that there is a positive impact of emotional value on consumer's purchase intention. Abdul (2015) also generates model that shows theoretical relationship between values, attitude and behavior.

H5a: Self-direction value moderates the influence of attitude on purchase intention such that when human value is high, attitude will have more positive effects on purchase intention than when human value is low.

H5b: Stimulation value moderates the influence of attitude on purchase intention such that when human value is high, attitude will have more positive effects on purchase intention than when human value is low.

H5c: Hedonism value moderates the influence of attitude on purchase intention such that when human value is high, attitude will have more positive effects on purchase intention than when human value is low.

H5d: Achievement value moderates the influence of attitude on purchase intention such that when human value is high, attitude will have more positive effects on purchase intention than when human value is low.

#### 3.2 Research model

This study of Korean Country-of-origin and Mongolian consumer purchase intentions would be appropriate in a product market where foreign-made product's competition exists. It is necessary to select an appropriate product type, in view of the previously documented relationship between the strength of COO effects and the nature of the product (Liefeld 1993). The cosmetics and personal care product's market in Mongolia is going to become a highly competitive one, cause the imports of different countries products, specially American Cosmetic product(s) and personal care products strongly compete with the Korean Cosmetic products in Mongolian Cosmetic market. No competition exists between domestic and foreign-made products, specially for Cosmetic products in Developing country such as Mongolia.

The finding suggested that a significant relationship between COO and Purchase intention through Consumer perceived quality and Consumer attitude. Second, Consumer attitude and Consumer purchase intentions were moderated by four Human values such as Self-direction, Stimulation, Hedonism and Achievement values.

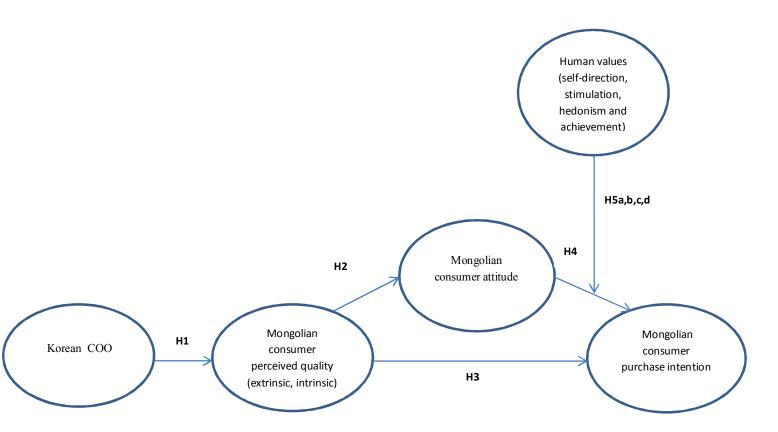


Figure 1 Research model

#### **CHAPTER 4: METHODOLOGY**

#### 4.1 Research design

According to the literature review on above, the Korean COO product(s) are an independent variable and purchase intention is a dependent variable. The consumer perceived quality and consumer attitude are mediating variables. The human values are the moderators in this model.

#### **4.2 Procedures**

The survey is conducted through a structured self-administrated questionnaire presented to the sample. The questionnaire is firstly prepared in English language and translated into the Mongolian language. The study was based on both secondary and primary data. The secondary data were collected from journals and text books and research articles referring to consumer behavior. The primary data were collected through a survey research to investigate the responses from the Mongolian female respondents. There were just 6 responses from the Internet (Facebook) and all other 248 respondents were random sample and taken in the residential areas in city of Mongolia 'Ulaanbaatar'. Almost all of the survey was taken in the university area, high school area and in the street. All the questionnaires were filled out by all the respondents.

#### 4.3 Sample size and data

This study used a survey method to investigate the effects of COO on Mongolian consumer Purchase Intention toward a Korean product. The Korean cosmetic products were chosen products. In addition Korea has a dominant market share with a positive perception in the Mongolian Cosmetic market. Total sample size was 254 respondents and the attributes of the sampled respondents are depicted as age, occupation and income. 33(13.2%) were under 20 years old, 71(28.4%) were 21-30 years old, 106(42.4%) were 31-40 years old, 29(11.6%) were 41-50 years old, and 11(4.4%) were above 50 years old. The most common level of education was college graduate at 176(70.4%). Other educational levels represented were 68 respondents with post-graduate degrees (27.2%), and 6 respondents were in high school (2.4%).

Table 1 Sample's Demographic profile (n=254)

Age	Frequency	Percent
less than 20	20	7.9
21-30	125	49.2
31-40	91	35.8
41-50	16	6.3
Equal to 51 and	2	0.8
more		
Total	254	100.0
Education		
High school	19	7.5
Bachelor degree	168	66.1
Master degree	67	26.4
Total	254	100
Employment		
High school student	6	2.4
Bachelor student	121	47.6
Employed	120	47.2
Unemployed	5	2
Retired	2	0.8
Total	254	100
Income		
Less than \$200	113	44.5
\$201-\$400	63	24.8
\$401-\$600	71	28
\$601-\$800	7	2.8
Total	254	100

#### 4.4 Measurement

All the scales were ranged five point likert scales (1= strongly disagree to 5= strongly agree). Table 2 shows the measurements of the variables.

**Table 2 Measurements of the variables** 

Items		Scale	Reference
	Country image	I evaluate South Korea positively (COO 1) I have a good impression about South Korea (COO 2)	
	Economic image	South Korea has advanced economy development (COO 3)	
Country of origin	Relationship image	Mongolia has a good relationship with South Korea (COO 4)	Anh Jong-Seok, 2005; Gong Chae-Hui, 2014;
or origin	Familiarity with country	Have you ever tried Korean Cosmetic product? (COO 5) How much do you know about Korean cosmetic brands? (COO 6) How knowledgeable are you with Korean Cosmetic products? (COO 7) How interested are you with Korean Cosmetic products? (COO 8)	
	Extrinsic attributes Product's quality	Do you think Korea has well qualified products? (PQ 1)	
Perceived	Unique features	Quality of Korean cosmetic products is good relative to the price? (PQ 2) Korean cosmetic products are better than those of other countries? (PQ 3)	Sajjad Ahmad and Muhammad Mohsin Butt (2012)
quality	Intrinsic attributes Product structure	Korean cosmetic product's aroma and texture is so favorable. (PQ 4) Korean cosmetic products include more naturally ingredients than other countries product. (PQ 6)	(2012)
	Core service	Korean cosmetic product fits well to me than other countries cosmetic product. (PQ5)	

Attitude	Likeability	I like Korean cosmetic products (A 1) I like to test Korean cosmetic products in their store (A 2) I like more Korean Cosmetic brands to be stored in my country. (A 3)	Monahan (1998)
Purchase intention	Intend to purchase	I have an intention to purchase Korean cosmetic products. (PI 1) I have an interest to purchase many Korean cosmetic products as I could. (PI 2)	Michaelidou and Hassan (2008); Theo et al (2008);
	Good probability  I would like to give Korear products as a gift to my friend. (P I like to advise my friends and fa an Korean cosmetic products. (PI I would like to choose Korean products in the future. (PI 5)		Sajjad Ahmad and Muhammad Mohsin Butt, (2012)
	Choosing own goals	It is important to me to make my own decisions about what I did. (SDV 1)	
Self-direction value	Independent  Creativity	It is important to me to be independent. (SDV 2) I think it is important to be interested in all sort of things. (SDV 3)	
	Daring	I like to take risks and looking for an adventures. (StiV 1)	
Stimulation value	A varied life	I think it is important to do lots of different things in my life and looks for new things to try. (StiV 2)	Salaranda (2012)
Hedonism value	Pleasure	I think enjoying life's pleasure is important to me. (HeV 1)	Schwartz (2012)
nedonism value	Enjoying life	Having a good time is very important to me. (HeV 2)	
	Capable	It is very important to me to show my abilities. (AchV 1)	
Achievement value	Influential	I like to impress other people. (AchV 2)	
	Ambitious	Getting ahead in life is important to me. (AchV 3)	

### 4.5 Reliability and validity of the constructs

### 4.5.1 Reliability

This study obtained Cronbach's alpha coefficient to test the reliability of all the measures. Table 3 shows Cronbach's alpha coefficients. Most of the constructs had Cronbach's alpha coefficients of over 0.7, the threshold of acceptable reliability but three of them was lower than 0.7.

**Table 3 Reliability** 

Items	Cronbach's Alpha	
Country of origin	I evaluate South Korea positively (COO 1) I have a good impression about South Korea (COO 2) South Korea has advanced economy development (COO 3) Mongolia has a good relationship with South Korea (COO 4) Have you ever tried Korean Cosmetic product? (COO 5) How much do you know about Korean cosmetic brands? (COO 6) How knowledgeable are you with Korean Cosmetic products? (COO 7) How interested are you with Korean Cosmetic products? (COO 8)	0.797
Do you think Korea has well qualified products? (PQex 1) Quality of Korean cosmetic products is good relative to the price? (PQex 2) Korean cosmetic products are better than those of other countries? (PQex 3)  Ferceived quality  Korean cosmetic product's aroma and texture is so favorable. (PQin 4) Korean cosmetic product fits well to me than other countries cosmetic product. (PQin5) Korean cosmetic products include more naturally ingredients than other countries product. (PQin 6)		0.688
Attitude	I like Korean cosmetic products (A 1) I like to test Korean cosmetic products in their store (A 2) I like more Korean Cosmetic brands to be stored in my country. (A 3)	0.562
Purchase intention	I have an intention to purchase Korean cosmetic products. (PI 1) I have an interest to purchase many Korean cosmetic products as I could. (PI 2) I would like to give Korean cosmetic products as a gift to my friend. (PI 3) I like to advise my friends and family to use a Korean cosmetic products. (PI 4)	0.683

	I would like to choose Korean cosmetic products in the future. (PI 5)	
Self-direction value	It is important to me to make my own decisions about what I did. (SDV 1) It is important to me to be independent. (SDV 2) I think it is important to be interested in all sort of things. (SDV 3)	0.824
Stimulation value	I like to take risks and looking for an adventures. (StiV 1) I think it is important to do lots of different things in my life and looks for new things to try. (StiV 2)	0.768
Hedonism value	I think enjoying life's pleasure is important to me. (HeV 1) Having a good time is very important to me. (HeV 2)	0.804
Achievement value	It is very important to me to show my abilities. (AchV 1) I like to impress other people. (AchV 2) Getting ahead in life is important to me. (AchV 3)	0.790

#### 4.5.2 Validity of constructs

An exploratory factor analysis was conducted to check convergent and discriminant validity. The primary purpose of the factor analysis is item reduction and summarization. EFA was conducted using SPSS factor analysis. Table 4 shows factor loadings of the measures, respectively. In addition, in Table 5 the exploratory factor analysis results confirmed good convergent validity and discriminant validity. Twenty four items loadings of eight factors were higher than .60. Every variable's some items were deleted due to its low loading. The descriptive statistics of all the variable's items studied are presented in Table 6.

**Table 4 Exploratory factor analysis** 

Items				Factor				
	1	2	3	4	5	6	7	8
COO1	<mark>.817</mark>	.131	028	.016	.246	.017	.116	.068
COO3	<mark>.794</mark>	034	.080	.222	.069	.019	214	.090
COO2	<mark>.784</mark>	042	094	.099	.202	.027	.113	.153
COO4	<mark>.746</mark>	071	.103	.332	072	018	025	049
SELF2	.033	<mark>.880</mark>	.156	.055	.026	.170	.104	055
SELF1	022	<mark>.855</mark>	.040	083	.069	.046	.085	.126
SELF3	042	<mark>.699</mark>	.301	057	.078	.154	.308	001
ACHI3	.082	.188	.827	002	064	.135	.003	041
ACHI2	046	.046	<mark>.778</mark>	.008	.101	.113	.331	029
ACHI1	008	.258	<mark>.694</mark>	.141	.044	.395	.021	.020
PQ1	.157	.017	039	<mark>.793</mark>	.067	011	.306	028
PQ5	.175	060	.082	<mark>.729</mark>	.138	.017	141	.167
PQ4	.351	071	.092	<mark>.623</mark>	.091	.122	341	058
PI3	.142	.001	007	.050	<mark>.770</mark>	.265	084	.110
PI4	.122	.105	.169	.041	<mark>.704</mark>	323	.190	.108
PI2	.226	.114	100	.429	<mark>.637</mark>	.026	035	021
HEDO1	.016	.335	.267	.092	.052	<mark>.746</mark>	.176	013
HEDO2	.053	.112	.447	011	.004	<mark>.728</mark>	.189	.024
STI2	.043	.379	.320	030	029	.178	<mark>.692</mark>	.029
STI1	014	.407	.193	019	.085	.354	.629	049
A2	.193	.066	046	.080	.152	.002	004	<mark>.942</mark>

Table 5 Exploratory factor analysis results

Items	Scale	Factor loadings	Eigen value	Variance explained
	I evaluate South Korea positively (COO 1) I have a good impression about South Korea (COO 2)	.817 .784	5.090	24.240
Country of origin	South Korea has advanced economy development (COO 3)	.794		
	Mongolia has a good relationship with South Korea (COO 4)	.746		
	Do you think Korea has well qualified products? (PQ 1)	.793	1.236	5.888
Perceived quality	Korean cosmetic product's aroma and texture is so favorable. (PQ 4) Korean cosmetic product fits well to me than	.623		
	other countries cosmetic product. (PQ5)			
Attitude	I like to test Korean cosmetic products in their store (A 2)	.942	0.767	3.654
	I have an interest to purchase many Korean	.637	1.098	5.228
Purchase	cosmetic products as I could. (PI 2) I would like to give Korean cosmetic products as	.770		
intention	a gift to my friend. (PI 3) I like to advise my friends and family to use a Korean cosmetic products. (PI 4)	.704		
	It is important to me to make my own decisions about what I did. (SDV 1)	.885	4.007	19.083
Self-direction	It is important to me to be independent. (SDV 2) I think it is important to be interested in all sort	.880		
value	of things. (SDV 3)	.699		
	I like to take risks and looking for an adventures. (StiV 1)	.629	0.782	3.724
Stimulation value	I think it is important to do lots of different things in my life and looks for new things to try. (StiV 2)	.692		
Hadanian salsa	I think enjoying life's pleasure is important to	.746	0.891	4.241
Hedonism value	me. (HeV 1) Having a good time is very important to me. (HeV 2)	.728		
Achievement	It is very important to me to show my abilities. (AchV 1)	.694	1.742	8.297
value	I like to impress other people. (AchV 2) Getting ahead in life is important to me. (AchV	.778		
	3)	.827		

**Table 6 Descriptive statistics** 

Items	Scale	Mean	Std. Deviation
	I evaluate South Korea positively (COO 1)	4.1024	0.553
	I have a good impression about South Korea (COO 2)	4.1496	0.512
	South Korea has advanced economy development (COO 3)	4.2480	0.614
Country of origin	Mongolia has a good relationship with South Korea (COO 4)	4.2717	0.617
	Have you ever tried Korean Cosmetic product? (COO 5) How much do you know about Korean	3.7756	0.744
	cosmetic brands? (COO 6) How knowledgeable are you with Korean	3.6732	0.727
	Cosmetic products? (COO 7) How interested are you with Korean Cosmetic	3.6772	0.774
	products? (COO 8)	4.1063	0.678
	Do you think Korea has well qualified products? (PQex 1)	4.1732	0.527
	Quality of Korean cosmetic products is good relative to the price? (PQex 2)	4.1417	0.491
Perceived quality	Korean cosmetic products are better than those of other countries? (PQex 3)	4.1850	0.611
Tereory ea quanty	Korean cosmetic product's aroma and texture is so favorable. (PQin 4)	4.1575	0.525
	Korean cosmetic product fits well to me than other countries cosmetic product. (PQin 5)	4.2362	0.602
	Korean cosmetic products include more naturally ingredients than other countries product. (PQin 6)	4.3307	0.642
A	I like Korean cosmetic products (A 1)	4.1969	0.549
Attitude	I like to test Korean cosmetic products in their store (A 2)	4.1299	0.490
	I like more Korean Cosmetic brands to be stored in my country. (A 3)	4.1929	0.532
	I have an intention to purchase Korean cosmetic products. (PI 1)	4.1063	0.496
	I have an interest to purchase many Korean cosmetic products as I could. (PI 2)	4.1890	0.593
Purchase intention	I would like to give Korean cosmetic products as a gift to my friend. (PI 3)	4.1378	0.556
	I like to advise my friends and family to use a Korean cosmetic products. (PI 4)	4.2362	0.540
	I would like to choose Korean cosmetic products in the future. (PI 5)	4.4173	0.634
Self-direction value	It is important to me to make my own decisions about what I did. (SDV 1)	3.7717	0.890
Scir-un couoii value	It is important to me to be independent. (SDV 2)	4.1299	0.751

	I think it is important to be interested in all sort of things. (SDV 3)	4.2402	0.858
Stimulation value	I like to take risks and looking for an adventures. (StiV 1)	4.0591	0.953
	I think it is important to do lots of different things in my life and looks for new things to try. (StiV 2)	4.2717	0.766
	I think enjoying life's pleasure is important to me. (HeV 1)	4.3622	0.761
Hedonism value	Having a good time is very important to me. (HeV 2)	4.4882	0.693
	It is very important to me to show my abilities. (AchV 1)	4.5157	0.753
Achievement value	I like to impress other people. (AchV 2) Getting ahead in life is important to me. (AchV	4.3819	0.733
	3)	4.5906	0.721

#### **CHAPTER 5 RESEARCH RESULTS**

#### 5.1 Confirmatory factor analysis (CFA)

Confirmatory factor analysis (CFA) was carried out with Amos program and presented in Table 7. The model's fit indicates with X2 of 357.697, df of 181, X2/df of 1.976, IFI (incremental fit index) of .918, CFI (comparative fit index) of .916 which is greater than .90, GFI (goodness of fit index) of .881, TLI (Tucker-lewis index) of .893 are nearly .90 that is acceptable, RMSEA (root mean square error of approximation) of .062 suggests a normal and good model fit.

**Table 7 Confirmatory factor analysis** 

Items	Estimates	Std.E	T	Р	Ave
COO1	1				
COO2	.92	.092	10.932	.000	
COO3	1.184	.102	11.607	.000	1.084
COO4	1.043	.101	10.312	.000	
PQ1	1	_			
PQ4	1.333	.191	6.987	.000	1.575
PQ5	1.396	.207	6.748	.000	
A2	1				
A3	1.023	.249	4.110	.000	1.023
PI3	1				
PI4	.842	.151	5.573	.000	1.277
PI2	1.457	.215	6.788	.000	
SELF1	1				
SELF2	1.033	.088	11.676	.000	1.118
SELF3	1.135	.099	1.418	.000	
STI1	1				
STI2	.79	.066	11.967	.000	0.812
HEDO1	1				
HEDO2	.896	.072	12.484	.000	0.901
ACHI1	1				
ACHI2	.811	.075	10.846	.000	0.766
ACHI3	.8	.074	10.875	.000	

<sup>\*</sup>p<.05; \*\*p<.01; \*\*\*P<.001.

#### **5.2 Structural equation modeling (SEM)**

Table 8 presents SEM tests hypothesis, not including moderators. Structural equation modeling is a multivariate statistical analysis technique that is used to analyze structural relationships. This technique is the combination of factor analysis and multiple regression analysis, and it is used to analyze the structural relationship between measured variables and latent constructs. The model has examined of country of origin and consumer purchase intention through perceived quality and attitude. Also this model has examined both direct and indirect causal links between consumer perceived quality, consumer attitude and consumer purchase intention. The model's fit indicates with X2 of 111.427, df of 50, X2/df of 2.229, GFI (goodness of fit index) of .923, IFI (incremental fit index) of .926, TLI (Tucker-lewis index) of .900, CFI (comparative fit index) of .924, RMSEA (root mean square error of approximation) of .070 suggest a normal and good model fit.

Table 8 SEM

City or Town	Estimate	Std.E	Т	Р
COO → PQ	.676	.094	7.223	.000
PQ → A	.349	.880.	3.981	.000
PQ → PI	.457	.196	2.332	.020
A → PI	.955	.470	2.033	.042

<sup>\*</sup>p<.05; \*\*p<.01;

#### 5.3 Hypotheses testing

Hierarchical multiple regression analysis was conducted in SPSS program used to test the hypothesis. The results appear in Table 9. Results of analyses on the influence of Korean country of origin on the Mongolian consumers purchase intention. The general purpose of multiple regression analysis is to investigate more about the relationship between several independent or predictor variables and a dependent or criterion variable. R-squared is a statistical measure of how close the data are to the fitted regression line. Table 9 shows the model summary of regression analysis. Therefore, if the t-value associated with a b value is significant (if the value

<sup>\*\*\*</sup>P<.001.

in the column labeled Sig. is less than 0.05), the smaller the amount of Sig. (and the larger the t value) the more significant participation of that predictor.

Regression analysis of the Country-of-origin is significantly related to Perceived quality (p<.001), so Hypothesis 1 were supported. Perceived quality is significantly related to Attitude (p<.001) and Purchase intention (p<.001), so Hypothesis 2a, b and Hypothesis 3a, b were supported. Attitude is significantly related to Purchase intention (p<.001), so it confirmed Hypothesis 4. Results indicate that Korean country of origin effects Mongolian consumer's perceived quality, attitude and purchase intention through Korean cosmetic product(s). The moderating roles of values in the relationships between Attitude and Purchase intention, only Self-direction value (p<.001) and Stimulation value (p<.001) are significant, so Hypothesis 5a was supported but Hypothesis 5b is not supported because there has a negative coefficient which means when the impact of consumer attitude on purchase intention has become weaker for Mongolian consumers with high stimulation value than those with lower stimulation value. Hedonism value (p>.05) and Achievement value (p>.05) did not serve as a significant moderator in the relationship between Attitude and Purchase intention, so Hypothesis 5c, d was not supported. These results indicate that Mongolian consumers who have the Self-direction and Stimulation values are more likely to purchase Korean cosmetic product(s).

**Table 9 Hypothesis testing results** 

Direct effects	Coefficient	t-value	$\mathbb{R}^2$	Sig
Korean COO→Mongolian consumer Perceived quality (H1)	0.491	8.951	.241	.000
Mongolian consumer perceived quality → Mongolian consumer Attitude (H2)	0.267	4.394	.071	.000
Mongolian consumer perceived quality → Mongolian consumer Purchase intention (H3)	0.378	6.488	.143	.000
Mongolian consumer attitude > Mongolian consumer Purchase intention (H4)  *p<.05;  **p<.01;  ***P<.001.	0.370	6.330	.137	.000

Moderating effects	Coefficient	t-value	$\mathbb{R}^2$	Sig
Consumer attitude X Self-direction value → Consumer purchase intention (H5a)	0.315	4.202		.000
Consumer attitude X Stimulation value → Consumer purchase intention (H5b)	-0.360	-3.494	.116	.001
Consumer attitude X Hedonism value  → Consumer purchase intention (H5c)	-0.101	-0.870		.385
Consumer attitude X Achievement value → Consumer purchase intention (H5d)  **p<.01;  ***P<.001.	0.026	0.236		.813

#### **CHAPTER 6: DISCUSSION**

#### 6.1 Conclusions and implication

While early research on the COO effects focused on the consumers in developed markets, recent studies examine these effects on the consumers in emerging markets as well (e.g., Amine & Shin, 2002; Batra et al., 2000; Klein et al., 2006; Ozretic-Dosen et al., 2007; Wang & Yang, 2008). However, most of these studies seem to assume that the COO effects are similar for the consumers in both developed and emerging markets despite growing evidence of the divergence in their attitudes and perceptions (Batra, 1997; Cui & Liu, 2001; Sharma et al., 2006). This paper hypothesizes COO effects of consumers in developing market using a common conceptual framework (Figure 1) incorporating three relevant constructs (PQ, A, and HV).

This study examined the effect of Korean COO on Mongolian consumer PI through consumer perceived quality, consumer attitude and extends this research by showing the moderating roles of four specific human values using a Korean cosmetic products. The analysis is based on sample of 246 respondents in the capital of Mongolia. The research model accompanied with 5 hypotheses. First, the findings show significant main effects on every relationship of variables in the research model. Therefore, this study provides evidences that Mongolian consumers could have a favorable attitude and PI toward products imported from developed Asian countries (Ahmed and d'Astous, 2008; Verlegh and Steenkamp, 1999). Second, the study examines the direct and moderating impacts of Self-direction value and Stimulation value on PI of a Korean cosmetic product. Mongolian consumers who have Self-direction value are willing to purchase a Korean cosmetic product (H5a). But the impact of consumer attitude on purchase intention has become weaker for Mongolian consumers with high stimulation value than those with lower stimulation value (H5b). For the Hedonism value and Achievement value were not in the expected line. Mongolian consumers with high Hedonism value and Achievement value may hesitate to purchase a Korean cosmetic product (H5c, d).

These findings help us to understand the human values influence on consumers' perceptions, intentions and behavior towards imported products. Specifically, human values are seems to have significant effect on consumer choice, irrespective of the home country or the country of origin.

This study has some important business implications. For marketing, it is important to understand other countries' consumers' abilities, perceptions and their values. When Western companies want to enter the Mongolian market, they could take advantage of developed Asian countries COO by using Asian brands and distributing products through developed Asian countries into developing country such as Mongolia. Korean cosmetic product(s) are number one in Asian countries for Mongolian consumers. But nowadays European countries are highly competed with Korean cosmetics in Mongolia. So Western companies may take an advantage about Mongolian consumers' perception and human values how affect their abilities, attitudes and their decisions.

#### 6.2 Limitations and future research directions

This study has several limitations. The chosen product is cosmetic product, in the future research can focus on specific cosmetic brands, because non-brand cosmetic's products also spread into Mongolian market. This can make low product evaluation and negative attitude because of the non-brand product's quality. The product type can be different than cosmetic products such as clothes and foodstuffs. In addition, the respondents of the survey were mostly young college students who did not have any real income. Therefore, in future research, diverse respondents should be included in the sample, specially the employed respondents.

The reliabilities of the measures should be improved by conducting more field studies, and refining the measurement scales in the process. Alternative measurement scales containing a greater number of items need to be developed particularly for the predictor variables that are likely to have an impact on consumers' purchase intentions. In this study, the measures for some items of all variables need to be deleted from the analysis because of inadequacies in the measures. And other human values need to be tested in this research (Schwartz 1994).

It would be really great if in the future research to examine the comparison of two different countries COO effect on Mongolian consumer purchase intention such as Korean cosmetic brands and American cosmetic brands. Because many Mongolian consumer(s) who choose the American cosmetic product(s) than Korean cosmetic product(s). The results may be more helpful for Western companies who produce the cosmetic products.

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# Appendix 1 (English)

# Survey

Hello, Dear respondents,

My name is Khaliun. I'm really appreciate for your participation. This questionnaire will be used my part of MBA research thesis at University of Ulsan in South Korea. My survey investigates "Korean Country of Origin Effect on Mongolian Consumer Purchase Intention". Please complete all the questions truly and fairly, this questionnaire will be full of help for my Master thesis.

Thanks your cooperation!

Your answers will be used only in this thesis.

Part 1: Country of origin

# How do you perceive South Korea as a country? Choose the option that reflects your personal opinion:

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	I evaluate South Korea positively	1	2	3	4	5
2.	I have a good impression about South Korea	1	2	3	4	5
3.	South Korea has advanced economy development	1	2	3	4	5
4.	Mongolia has a good relationship with South Korea	1	2	3	4	5

#### Evaluate how familiar are you with the Cosmetic products of South Korea?

		Not at all	Slightly	Moderately	Very	Extremely
5.	Have you ever tried Korean Cosmetic product?	1	2	3	4	5
6.	How much do you know about Korean cosmetic brands?	1	2	3	4	5
7.	How knowledgeable are you with Korean Cosmetic products?	1	2	3	4	5
8.	How interested are you with Korean Cosmetic products?	1	2	3	4	5

## Part 2: Perceived quality

South Korea is home to several large cosmetic brands. Choose the option that reflects your personal opinion:

## "Seeing the Korean cosmetic products as a product extrinsic attributes:"

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
9. Do you think Korea has well qualified products?	1	2	3	4	5
10. Quality of Korean cosmetic products is	1	2	3	4	5
good relative to the price?					
11. Korean cosmetic products are better	1	2	3	4	5
than those of other countries?					

## "Seeing the Korean cosmetic products as a product intrinsic attributes"

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
12. Korean cosmetic product's aroma and texture is so favorable	1	2	3	4	5
13. Korean cosmetic product fits well to m than other countries cosmetic product.	e 1	2	3	4	5
14. Korean cosmetic product includes mor naturally ingredients than other countries product.	re 1	2	3	4	5

#### Part 3: Attitude

### How likely are you with the Korean Cosmetic product?

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
15. I like Korean cosmetic products	1	2	3	4	5
16. I like to test Korean cosmetic products in their store	1	2	3	4	5
17. I like more Korean Cosmetic brands to be stored in my country	1	2	3	4	5

**Part 4: Purchase intention** 

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
18. I have an intention to purchase Korean cosmetic products	1	2	3	4	5
19. I have an interest to purchase many Korean cosmetic products as I could.	1	2	3	4	5
20. I would like to give Korean cosmetic products as a gift to my friend	1	2	3	4	5
21. I like to advise my friends and family to use a Korean cosmetic products	0 1	2	3	4	5
22. I would like to choose Korean cosmetic products in the future	1	2	3	4	5

## Part 5: Human values

Individual Human values are expresses personal interests and characteristics. Please indicate 'how much it's important to you' with each of the following statements:

<sup>&</sup>quot; as an self-direction human value, I think that:"

	Very important	Importan	t Neutral	Not important	Opposed to my values
23. It is important to me to make my own	1	2	3	4	5
decisions about what I did.	1	2	3	4	5
24. It is important to me to be independent					
25. I think it is important to be interested in	1	2	3	4	5
all sort of things					
s a Stimulation human value. I think that	•"				

<sup>&</sup>quot;as

s a Stilliation human value, I tillik that.	•				
	Very important	Important	Neutral	Not important	Opposed to my values
26. I like to take risks and looking for an	1	2	3	4	5
adventures	1	2	3	4	5
27. I think it is important to do lots of					
different things in my life and looks for					
new things to try					

#### "as

"as a Hedonism human value, I think that:"	,						
	Very impor	tant In	nportant Ne	eutral Not i	mportant O	pposed to my	values
28. I think enjoying life's pleasure is	1	2	3	4		5	
important to me	1	2	3	4		5	
29. Having a good time is very important to							
me							
"as an Achievement human value, I think th	nat:"						
	Very import	ant In	nportant Ne	eutral Not i	mportant O	pposed to my v	values
30. It is very important to me to show my	1	2	2	3	4	5	
abilities	1	2	2	3	4	5	
31. I like to impress other people							

## **Part 6: Demographic Information**

1

2

3

4

5

#### Lastly, please tell me a little about yourself.

32. Getting ahead in life is important to me

- 1. What is your age?
  - a. Less than 20
    - b. 21-30
    - c. 31-40
    - d. 41-50
    - e. Equal to or Above 50
- 2. What is the highest level of education that you have completed?
  - a. High school
  - b. Bachelor degree
  - c. Master degree
  - d. Doctor degree or above
  - e. No education
- 3. What is your employment status?
  - a. Student of high school
  - b. Student of bachelor
  - c. Employed
  - d. Unemployed
  - e. Retired
- 4. What is your total monthly personal income?

Less than \$200	\$201-\$400	\$401-\$600	\$601-\$800	\$801 or more
1	2	3	4	5

#### Thank you for taking of your time to complete this questionnaire.

## Appendix 2 (Mongolian)

## Судалгааны ажил

Сайн байна уу Хүндэт судалгаанд оролцогч танаа.

Миний нэрийг Халиун гэдэг. Уг судалгаа нь Солонгос улсын Улсаны Их Сургуулын Маркетинг Бизнес Удирдлага чиглэлээр мастерын зэрэг хамгаалахад минь ашиглагдах судалгаа юм. Уг судалгаа нь "Солонгос улсын бүтээгдэхүүний гарал үүсэл Монгол улсын хэрэглэгчидийн худалдан авах зорилгод нөлөөлөх нь" гэдэг сэдвийн дагуу авагдана.

Таны бөглөх уг судалгаа нь миний Мастерын зэргийг хамгаалахад маш их тустай учир шударгаар болон үнэн зөвөөр бөглөж өгөхийг хүсье. Таны хариулт нь зөвхөн уг судалгаанд ашиглагдах болно мөн нэр болон тухайн бөглөгчийг таних мэдээлэл уг судалгаанд хамрагдахгүй болно.

Компьютер болон Таблет ашиглан бөглөхийг хүсье. Хариултаа сонгохдоо тухайн өгөгдсөн тоон хариултаас тохирох тооны өнгийг өөрчлөн тодруулж өгөхийг хүсэж байна. Жишээ:

1 2 3 4 5

Тодотгол: Солонгос улсын гоо сайхны бүтээгдэхүүнүүд нь Солонгос улсын гоо сайхны брэндын бүтээгдэхүүнүүд юм. Жишээ: Etude House, Missha, The Face shop, Innisfree, Skinfood, Tony Moly, IOPE, It's Skin, Sulwhasoo,... гэх мэт.

Бөглөж дуусаад буцаагаад Face-book хаяглуу минь явуулж өгнө үү...

Хамтран ажиллахыг хүсье.

Баярлалаа.

## 1-р хэсэг: Улсын гарал үүсэлийн бүтээгдэхүүн дахь нөлөө

# Та Солонгос улсыг хэрхэн хүлээж авдаг вэ? Дараах сонголтуудаас өөрийн үзэл бодолд тань нийцэж байгаагаас нь сонгоно уу?

		Маш их санал нийлэхгүй байна	· · · · · · · · · · · · · · · · · · ·		Санал нийлж байна	Маш их санал нийлж байна
1.	Би Солонгос улсыг эерэгээр үнэ	лдэг.	1 2	3	4	5
2.	Би Солонгос улсын талаар сайн сэтгэгдэлтэй байдаг.	:	1 2	3	4	5
3.	Солонгос улс нь эдийн засгаараа өндөр хөгжил дэвшилтэй орон н		1 2	3	4	5
4.	Монгол улс нь Солонгос улстай харилцаа холбоотой байдаг.		1 2	3	4	5

### Та Солонгос улсын гоо сайхны бүтээгдэхүүнтэй хэр танил байдаг вэ?

		Огт үгүй	Бага зэрэг	Дундаж	Их	Маш их
5.	Та Солонгос улсын гоо сайхны	1	2	3	4	5
	бүтээгдэхүүнийг туршиж үзэж байсан					
	yy?					
6.	Та "Солонгос улсын гоо сайхны	1	2	3	4	5
	бүтээгдэхүүний" талаар хэр ихийг					
	мэдэх вэ?		2	2		-
7.	Та Солонгос улсын гоо сайхны	1	2	3	4	5
	<b>"бүтээгдэхүүний"</b> талаар хэр их					
	мэдлэгэтэй вэ?	1	2	3	4	5
8.	Та Солонгос улсын гоо сайхны	1	2	3	4	3
	бүтээгдэхүүнийг хэр сонирхдог вэ?					

## 2-р хэсэг: Чанар

Солонгос улс нь том гоо сайхны бүтээгдэхүүний брэндүүдийн эх орон юм. Дараах сонголтуудаас өөрийн үзэл бодолд тань нийцэж байгаагаас нь сонгоно уу?

"Солонгос улсын гоо сайхны бүтээгдэхүүнийг бүтээгдэхүүний гадаад шинж чанараар нь харах нь:"

		Маш их санал нийлэхгүй байна	Санал нийлэхгүй байна	і Дундаж	Санал нийлж байна	Маш их санал нийлж байна
9.	Та Солонгос улс нь сайн чанары	IH 1	2	3	4	5
	бүтээгдэхүүн үйлдвэрлэдэг улс	жет				
	боддог уу?		_			_
10.	Солонгос улсын гоо сайхны	1	2	3	4	5
	бүтээгдэхүүний үнэ нь чанартай	гаа				
	хэр нийцсэн байдаг вэ?	1	2.	3	4	5
11.	Солонгос улсын гоо сайхны	1	2	3	4	3
	бүтээгдэхүүн нь өөр орны					
	бүтээгдэхүүнээс дээр байж чадд	аг уу?				

# "Солонгос улсын гоо сайхны бүтээгдэхүүнийг бүтээгдэхүүний дотоод шинж чанараар нь харах нь:"

	Маш их санал нийлэхгүй байна	Санал нийлэхгүй байна	Дундаж	Санал нийлж байна	Маш их санал нийлж байна
	_				
12. Солонгос улсын гоо сайхны	1	2	3	4	5
бүтээгдэхүүний үнэр болон бүт	эц нь				
маш тааламжтай байдаг.					
13. Солонгос улсын гоо сайхны	1	2	3	4	5
бүтээгдэхүүн нь бусад орны					
бүтээгдэхүүнийг бодвол надад и	илүү				
зохицдог.	1	2	3	4	5
14. Солонгос улсын гоо сайхны					
бүтээгдэхүүн нь бусад орны					
бүтээгдэхүүнийг бодвол илүү					
байгалийн гаралтай орц агуулса	Н				
байдаг.					

# 3-р хэсэг: Хандлага

## Таны сэтгэлд Солонгос улсын гоо сайхны бүтээгдэхүүн нь хэр нийцдэг вэ.

	Маш их санал нийлэхгүй байна	Санал нийлэхгүй байна	Дундаж	Санал нийлж байна	Маш их санал нийлж байна
15. Надад Солонгос улсын гоо сайх	ны 1	2	3	4	5
бүтээгдэхүүн таалагддаг. 16. Би Солонгос улсын гоо сайхны бүтээгдэхүүнийг дэлгүүрт нь ту	ршиж 1	2	3	4	5
үзэх дуртай. 17. Би Солонгос улсын гоо сайхны бүтээгдэхүүний брэндүүд манай	. 1 i	2	3	4	5
улсад олон нээгдэхэд нь таатай хүлээж авах болно.					

## 4-р хэсэг: Худалдан авах эрмэлзэл

	Маш их санал нийлэхгүй байна	Санал нийлэхгүй байна	Дундаж	Санал нийлж байна	Маш их санал нийлж байна
18. Надад Солонгос улсын гоо сайхн	<b>ты</b> 1	2	3	4	5
бүтээгдэхүүнийг худалдаж авах эрмэлзэл байдаг.					
19. Надад Солонгос улсын гоо сайхн	ты 1	2	3	4	5
олон бүтээгдэхүүн худалдаж ава	X				
сонирхол байдаг.					
20. Би Солонгос улсын гоо сайхны	1	2	3	4	5
бүтээгдэхүүнийг найздаа бэлэг					
болгон өгөхдөө таатай байх болн	10.				
21. Би Солонгос улсын гоо сайхны	1	2	3	4	5
бүтээгдэхүүнийг найз нөхөд боло	ОН				
гэр бүлдээ санал болгохдоо таата					
байх болно.	1	2	3	4	5
22. Би ирээдүйд ч Солонгос улсын го	00				
сайхны бүтээгдэхүүнийг сонгохд					
таатай байх болно.	•				

## 5-р хэсэг: Хүний үнэ цэнэ

Хувь хүний үнэ цэнэ нь тухайн хүний сонирхол болон шинж чанараар илэрхийлэгддэг. Дараах сонголтуудаас "таньд хэр их чухал нөлөөтэйгөөс нь" сонгоно уу?

<sup>&</sup>quot;өөрөө удирдах, хүний үнэ цэнийн хувьд, би бодохдоо":

	Дээд зэрэг чухал	Маш их чухал	Чухал	Чухал биш	Үнэт зүйлсийн эсрэг
23. Юу хийх талаараа өөрөө сонголтоо	1	2	3	4	5
хийх нь надад чухал. 24. Биеэ даасан байх нь надад чухал.	1	2	3	4	5
25. Олон зүйлд сонирхолтой байх нь надад чухал.	1	2	3	4	5

#### "өөрийгөө урамшуулах, хүний үнэ цэнийн хувьд, би бодохдоо":

	Дээд зэрэг чухал	Маш их чухал	Чухал	Чухал биш	Үнэт зүйлсийн эсрэг
26. Би эрсдэл гаргах болон адал явдал	1	2	3	4	5
хөөцөлдөх дуртай. 27. Амьдралдаа олон өөр зүйлс болон	1	2	3	4	5
шинэ зүйлсийг туршиж үзэх нь надад чухал.					

#### "хедонизм (амьдралд дурлагч), хүний үнэ цэнийн хувьд, би бодохдоо":

	Дээд зэрэг чухал	Маш их чухал	Чухал	Чухал биш	Үнэт зүйлсийн эсрэг
28. Амьдралаас сэтгэл ханамж авах нь	1	2	3	4	5
надад чухал. 29. Цагийг зугаатай өнгөрүүлэх нь надад	1	2	3	4	5
чухал.					

#### "ололт амжилт, хүний үнэ цэнийн хувьд, би бодохдоо":

	Дээд зэрэг чухал	Маш их чухал	Чухал	Чухал биш	Үнэт зүйлсийн эсрэг
30. Өөрийн чадвараа харуулах нь надад					
маш чухал.	1	2	3	4	5
31. Би бусад хүмүүсийг гайхашруулах	1	2	3	4	5
дуртай. 32. Амьдралын төлөө урагшлах нь надад	1	2	3	4	5
чухал.					

## 6-р хэсэг: Хүн ам зүйн мэдээлэл

#### Эцэст нь та өөрийнхөө талаар багахан дурдана уу.

#### 1. Та хэдэн настай вэ?

А. 20 ба түүнээс бага

Б. 21-30

B. 31-40

Γ. 41-50

Д. 50 ба түүнээс дээш

### 2. Таны дүүргэсэн хамгийн өндөр зэрэг тань юу вэ?

- А. Ерөнхий боловсролын сургууль
- Б. Баклаврын зэрэг
- В. Мастерын зэрэг
- Г. Докторын зэрэг болон түүнээс дээш
- Д. Боловсролгүй

- 3. Таны ажил эрхлэлтийн байдал?
  - А. Сурагч
  - Б. Оюутан
  - В. Ажил эрхэлдэг
  - Г. Ажил эрхэлдэггүй
  - Д. Тэтгэвэрт гарсан
- 4. Таны хувийн сарын орлого?

550'000 ба бага (-) 551'000-1'100'000 1'100'1001-1'650'000 1'650'001-2'200'000 2'200'001 ба их (+)
1 2 3 4 5

Цаг гаргаж судалгааг минь бөглөсөнд баярлалаа.

본 연구는 몽골 소비자의 구매의도에 대한 한국의 원산지 제품 품질, 태도 및 인간 가치의 영향을 조사하기 위한 개념적 틀을 제안했다. 특히, 본 연구는 소비자 태도와 소비자 구매의도 간에 인간 가치의 독립적이고 중재적인 역할을 살펴보고자 한다. 본 연구의목적은 '화장품'과 같은 선진국의 제품에 대한 몽골 소비자의 인식과 구매의도에 대해 알기위해서다. 개념적 프레임워크를 테스트하기 위해 구조적방정식모형 (SEM)과 계층적다중회귀분석을 사용하여 몽골 여성 응답자 254 명에게 수집된 데이터를 분석했다. 연구결과에 따르면 인식된 제품의 품질과 태도는 원산지 국가 별 구매의도와 유의미하고 긍정적인 관계가 있음을 확인할 수 있었다. 인간의 가치관은 태도와 구매의도 간에독립적인 조정자로 확인되었다. 변수들 사이의 관계에 대한 명확한 이해는 한국 화장품회사들이 몽골 소비자의 인식과 그들의 국가 이미지가 제품에 어떤 영향을 미치는지를알게하고 소비자를 구매하게 만든다. 연구 결과에 따르면 모든 독립 변수 (COO, PQ, A 및 HV)는 구매의도와 양의 관계가 있음을 확인할 수 있었다. 또한, 자기 방향 값은 자극 값과비교하여 태도와 구매의도 간에 긍정적인 중재자가 강하게 나타난다. 그러나, 쾌락주의가치와 성취가치는 태도와 구매의도의 관계 사이에 중재 효과가 없음을 볼 수 있었다.