

The Effect of Country of Origin Image on Brand Equity and Purchase Intention

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Received: September 16 2013

Accepted: November 2 2013

ABSTRACT

This study have focused on the effects of sub-component of Country of Origin (include country of brand (CoB) and country of manufacture (CoM)) on brand equity dimension and purchase intention. To accomplish this, a conceptual framework was designed and relationships among its constructs (CoB image, CoM image, brand equity dimensions, purchase intention) were hypothesized.

The purchase intention of personal goods such mobile phones were examined among Iranian consumers. Primary data were collected from a sample of 586 consumers in Tehran Mobile Passage using questionnaire survey .We used probability cluster sampling method for selecting the sample.

Whereas Country of Brand images relate positively to four dimensions of brand equity and purchase intention, Country of Manufacture images has not an impact on purchase intention and brand equity. The results of the research contribute also to the theoretical controversy concerning the importance of Country of Origin in the consumer decision-making process.

KEYWORDS: Country of origin, Country of Brand, Country of Manufacture, Brand equity, Purchase intention, Iran

1. INTRODUCTION

Over the last 30 years, international trade and the development of the global market have grown considerably. Companies and international marketers are also searching for more opportunities in the global market and multinational firms, which causes international competition among companies [1]. From a marketing point of view, international companies that are operating in highly competitive domestic and foreign markets need to understand consumers' perceptions and evaluations of foreign-made products. Understanding global consumer behavior is the first step of corporate learning about how to compete in the world market [2].

Consumers have access to a large amount of product information during their purchasing process. Country-of-origin (CoO) image is an important extrinsic product cue, and studies show that it influences on consumer perceptions and overall evaluations of the product. Papadopoulos and Heslop (2002), Knight et al., (2007) have reported Country-of-origin also has a major influence on consumer tendencies to buy products. In developing countries, consumers do not buy imported products due to lower price or appropriate ratio between quality and price. These consumers show that CoO has high preference for them compared with either the price or the packaging in their decision to purchase a product [3].

Studies suggest that decomposing CoO into its dimensions enables a fuller understanding of how CoO drives brand equity (Ahmed and d'Astous, 2008; Chao, 1993; Fetscherin and Toncar, 2010; Hamzaoui and Merunka, 2007; Thakor and Lavack, 2003). Consumers regularly know both where a brand originates and where the product is manufactured. The perceived country of brand or country of manufacture may vary across consumers and differ from the actual locations. Country of brand (CoB) is the "place, region or country where a brand is perceived to belong by its target customers, that is, the country where the brand appears to originate, which reflects the "nationality of the brand." Country of manufacture (CoM) is the country (or region) that, according to consumers, produces the branded product. Whereas CoB exists in consumers' memory and represents a strong brand association, CoM is factual information that can vary over time and space. Therefore, CoB and CoM may affect brand equity and purchase intention differently [4].

In the other hand Branding is a powerful mean of distinction [5]. Strong brands help the firm establish an identity in the market place [6], less vulnerability to competitive actions, larger margins, greater intermediary co-operation and support and brand extension opportunities [7]. The equity of a brand is the result of consumers' perception of it which is influenced by many factors. Brand equity cannot be fully understood without carefully

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examining its sources, that is, the contributing factors to the formation of brand equity in the consumers' mind [8]. Most of the brand equity research such as Cobb-Walgreen et al., (1995), Yoo et al., (2000) focuses on the marketing mix variables such as advertising, distribution, price, and product quality as the contributing factors [9,10]. However, not much attention is given to the non-marketing mix factors. In the process of purchasing, consumers are not only concerned about the quality and price of a product but also other factors such as the brand's country-of-origin.

In summary, this study offers several contributions that enhance understanding of how CoO images affect brand equity and purchase intention. First, by decomposing CoO into dimensions (CoM and CoB), this study extends previous research in this field. Second, the authors investigate the mediator role of brand equity in the relationship between CoO images and purchase intention. Third, by investigating four dimensions of brand equity (brand awareness, brand loyalty, brand Association and perceived quality), the present study provides a differentiated picture of how CoB and CoM images influence on brand equity and purchase intention.

The main purpose of this study is to explore the effects of sub-component of CoO (include country of brand (CoB) and country of manufacture (CoM)) on purchase intention. To achieve this goal, the purchase intention of mobile phones were examined between Iranian consumers. Secondary purpose of this research is in investigating the mediator role of brand equity in the relationship between CoO images and purchase intention.

2. LITERATURE REVIEW

2.1. Country of Origin

Globalization has become important in today's competitive market place with firms often outsourcing different parts of their production and function to different countries in pursuit of the lowest possible cost and expertise [11]. In recent decades the concept of country image and CoB have emerged in international marketing parts. Roth and Romeo (1992) defined country image as "all consumers formed perceptions of products of a particular country, based on their previous perceptions of that country's production and marketing strengths and weaknesses". According to Roth and Romeo (1992), a country's image arises from a series of aspects that qualify a nation in terms of its production profile. Such aspects include innovative approach (superior, cutting edge technology); design (style, elegance, balance); prestige (exclusiveness, status of the national brands); and workmanship (reliability, durability, quality of national manufacturers) [12].

Country image acts as a halo effect and summary structure in which effect orientation toward the product brand. In fact, country image acts as "halo effect" even when consumers are not familiar with the products while it acts as "summary structures", when consumers are familiar with the product. It can almost be said that standard products can be produced all over in the country, so the marketers use this method for identifying their products with other competitors [13]. On the other hand when consumers are not familiar with a brand or product, country-of-origin serves as an extrinsic cue because many intrinsic cues, such as quality and performance, are difficult to evaluate [14]. Indeed, consumers prefer products or brands made in countries with a high country-of-origin image [15].

Consumers associate different countries with a brand, such as the country of assembly, the country of design, the country of manufacture, or the country of brand. Especially, CoB and CoM images might influence the different dimensions of brand equity and purchase intention. Country of brand (CoB) is the "place, region or country where a brand is perceived to belong by its target customers, that is, the country where the brand appears to originate, which reflects the "nationality of the brand "Country of manufacture (CoM) is the country (or region) that, according to consumers, produces the branded product. Whereas CoB exists in consumers' memory and represents a strong brand association, CoM is factual information that can vary over time and space. Therefore, CoB and CoM may affect brand equity and purchase intention differently [4].

The associative network memory model provides a good basis for explaining the relationships between country-of-origin and consumer-based brand equity. Both Aaker (1991) and Keller (1993) used the associative network memory model to explain consumers' brand associations and the notion of brand equity [16,17]. Following associative memory network theory, the strong brand association of CoB is accessible to the consumer upon brand name activation. Many dimensions linked to CoB are important for consumers' product evaluations and might transfer to brand equity. For example, Chao (1998), Han and Terpstra (1988) have reported CoB images such as innovativeness, design, and prestige relate to both brand image and brand [18,19]. Because CoM can vary over time or relate to multiple countries of assembly, this variable may provide a weaker brand association than CoB. Therefore, CoM transfers limited information and meaning to the brand. Research further identifies CoM as an antecedent of perceived brand quality [4].

Positive brand images can reduce if the CoM has a negative image [20], while a very strong brand could decrease the relevance of CoO [21]. This finding reveals that information on the manufacturer's country does not significantly affect the evaluation of branded products when this information is congruent with the country of brand. However, when the CoM has a weaker image than the country of the brand origin, this information produces a

significant negative effect on product evaluation: an effect that tends to be more severe for low-equity than high-equity brands. Some researchers investigate the relationships between CoO image and brand equity for electrical appliances; they discover that CoO has a significant impact on brand dimensions and specifically on brand loyalty [22]. Few studies conducted about the effect of country image on the brand equity in the international society as an example in this case we can mention researches by Pappu et al.(2006, 2007) and Yasin et al.(2007) [8,23,24]. Unfortunately there are a few studies that investigate CoO sub-components influence on brand equity formation. In view of this and the above it is expected that:

H1: CoB image has direct and positive influence on brand equity in terms of (a) brand loyalty and (b) brand awareness (c) brand Association (d) perceived quality.

H2: CoM image has direct and positive influence on brand equity in terms of (a) brand loyalty and (b) brand awareness (c) brand Association (d) perceived quality.

Country of origin's influence on customer purchase intention has been a topic of study for many decades. Different cultures and histories cause dissimilar perceptions among consumers, which may lead to different evaluations about products when they want to choose. There are many parameters that have an effect on this issue, of which country of origin plays an important role in competitive markets and consumer behavior. Stereotypes of country and the preference of customer influence the purchase intention. Political system, culture and the economy of the country can be a cause of sensitivity to people [1].

Many researchers who have conducted surveys on country of origin effects on consumer behavior believe that country of origin is a significant factor in influencing international marketing. The findings show that consumers evaluate goods from developing countries unfairly because of the previous beliefs of people; therefore, developing countries have a problem with this issue and face unjust evaluation. Studies have also shown that this effect differs among people similar to brand, guarantee and price, which contrasts to other tangible characteristics. In addition, buyers use country of origin as an indicator of a product's quality [25]. Lou and Johnson (2005) concluded that CoO can be a predictor for customer thoughts and preference trend. 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 [1].

Lin and Chen (2006), in examining the effect of the country of origin image on the consumers' purchasing behavior have found that there is an interactive relationship between the two variables and show that the more the consumers are involved in the product evaluation the more the country of origin image will have a positive impact on the purchase intention of consumers [26].

Other researchers believe that country image has an indirect influence on purchase intention. When people are familiar with the product, they tend to use country of origin as data for intention to purchase [27].

This relationship logically leads to the following hypotheses:

H3: CoB image has direct and positive influence on consumer's purchase intention.

H4: CoM image has direct and positive influence on consumer's purchase intention.

H5: CoB image has indirect and positive influence on consumer's purchase intention through brand equity.

H6: CoM image has indirect and positive influence on consumer's purchase intention through brand equity.

2.2. Brand equity and purchase intention

In the marketing literature, brand equity is referred to the intangible brand properties. Brand equity arose from customer brand-name awareness, brand loyalty, perceived brand quality and favorable brand symbolisms and associations that provide a platform for a competitive advantage and future earning streams [17]. The equity that the strong brand possesses can give the company a loyal consumer franchise that could bring substantial returns to the firm. Similarly, the 1989 Marketing Science Institute defines brand equity as: "The value that is added by the name and rewarded in the market with better profit margins or market shares. It can be viewed by customers and channel members as both a financial asset and as a set of favorable associations and behaviors" [8]. Aaker defined brand equity as a set of assets (or liabilities), and found brand awareness, brand associations, perceived quality and brand loyalty to be its four most important dimensions from a consumer perspective [23].

Some empirical evidence supports the notion that these four are distinct dimensions of consumer-based brand equity. As per Aaker (1991), we define brand awareness as "the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category. A link between product class and brand is involved". We define a brand association as "anything linked to the memory of a brand" [17]. Perceived quality is defined as the "customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose relative to alternatives" in this study, as per Aaker (1991, p. 85). According to Aaker, perceived quality is not just another brand association but an association that is elevated to the status of a separate dimension of brand

equity. However, whereas Aaker treated brand loyalty as a behavioral dimension, we conceptualize it as an attitudinal dimension and define it as “the tendency to be loyal to a focal brand, which is demonstrated by the intention to buy the brand as a primary choice” [23].

Purchasing intention is the probability that customers in a certain purchasing situation choose a certain brand of a product category. The interest of marketing scholars on purchase intentions drives from its relation to purchase behavior. Researchers contend that "the best single predictor of an individual's behavior will be a measure of his intention to perform that behavior [28], Scholars define purchase intention as personal action tendencies according to a brand. They have also concluded that intention is different from attitude. While attitude means evaluation of products, intention is the person’s motivation in the sense of his or her intention to perform behavior. It also describes the feeling or perceived likelihood of purchasing the products that are advertised, moreover, purchase shows the level of loyalty to products. Other scholars believe that purchase intention has a relationship with demographic factors like age, gender, profession and education [1].

The operationalizations of consumer-based brand equity can be divided into consumer perception (e.g. brand awareness, brand association, perceived quality) and customer behavior (e.g. brand loyalty) [29]. Cobb-Walgren, et al (1995) confirms that brand equity influence brand preference and purchase intentions directly and ultimately influence consumers’ brand choice [9]. Also other researchers (e.g. Myers, 2003; Prasad and Dav, 2000; de Chernaony, 2004) pointed out that high equity leads to high brand preference and loyalty. Other researcher state as brand equity is reflected in brand preference, it could be inferred that brand preference would be reflected in purchase or usage intention [30].

H7: brand equity in terms of (a) brand loyalty and (b) brand awareness (c) brand Association (d) perceived quality has direct and positive influence on consumer’s purchase intention.

Figure 1 shows the conceptual model and proposed hypotheses. In conceptual model, sub-component of CoO (CoB and CoM) is treated ash the independent variables, brand equity dimensions and overall brand equity treated as the dependent (outcome) variables.

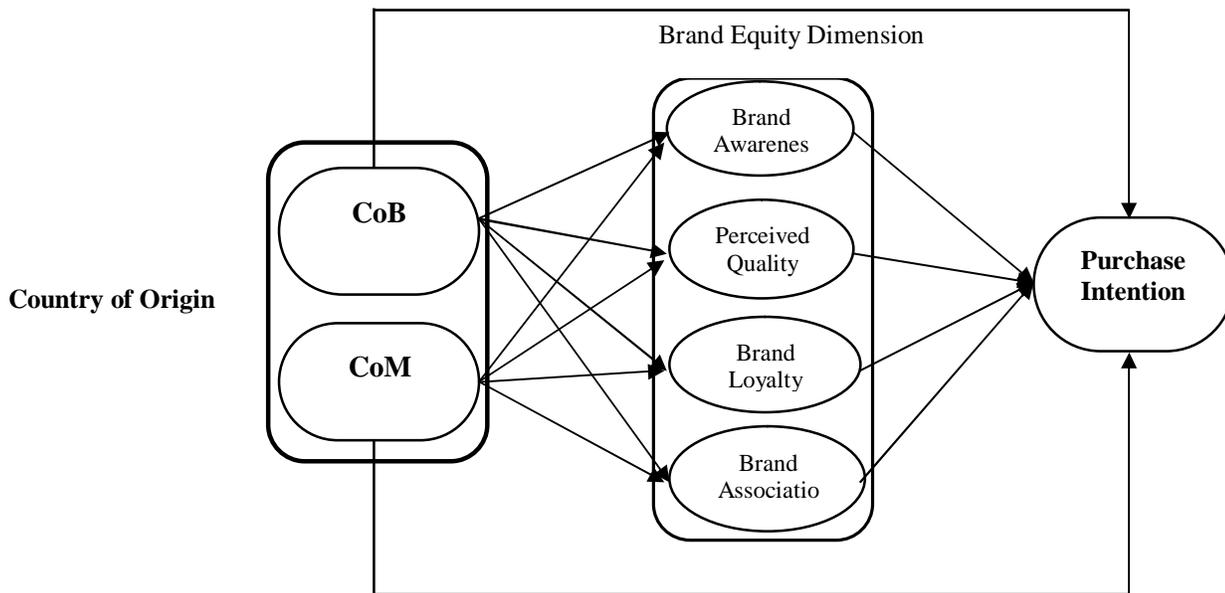


Figure 1. Conceptual model

3. METHODOLOGY

3.1 Research method

This research considers mobile phone product category. The purpose of this study is exploring mobile phones in Iran. Buying this kind of electronic products was strongly linked to 18-35 age segments of consumers in Iran, which is higher than other age segments. To choose the sample, probability cluster sampling was employed and among public Mobile Stores four were store chosen which includes Alaedin. Iranian, Ghaem and Payetakht in Tehran city. Since the respondents were at store, this research used cluster sampling for selecting store in Tehran.

And in each store simple random sampling method was used. As given population was unlimited the sample size was determined using Krejcie and Morgan (1970) table.

To select brands in product categories, researchers conducted interviews with ten Iranian salespersons in Tehran. Salespersons revealed that Apple, Samsung, Sony, Nokia, HTC, LG and GLX are the most selling brand compared to other brands in mobile phone category. The questionnaire consisted of two sections. The first section included four demographic questions. In the second part, questions measuring the country of origin image on brand equity and purchase intention. A Likert-scale ranging from 1 as strongly disagree to 5 strongly agree was used. A total of 586 questionnaires were collected over a period of a month.

3.2 Data collection and sample

The research was conducted in 2013. The data was collected from 586 customer, in Tehran, Iran. The reliability analysis for the items included in the questionnaires generated Cronbach Coefficient Alpha scores that shown in the following table, which are higher than the adequate levels of internal consistency, as the minimum is stated to be 0.70.

Table 1. Cronbach Coefficient Alpha

Variables	item	α
Country of Brand	7	0.836
Country of Manufacture	7	0.869
Brand Loyalty	5	0.901
Brand Awareness	3	0.766
Brand Association	4	0.892
Perceived Quality	3	0.903
Purchase Intention	2	0.839
Questionnaire	31	0.916

3.3 Measures

The CoO image scales measures the consumer’s perception of the image of the country where the brand originated or where the products are manufactured. To measure country of brand and country of manufacture, seven items were adopted from Yasin et al. (2007) [8].

Based on Aaker’s well-known conceptual model, brand loyalty, perceived quality, brand association and brand awareness are the four dimensions of brand equity. To measure brand loyalty, three items were adopted from Tong and Hawley (2009) [31], one item from Yoo and Donthu (2001) [32] and one item from Yasin et al (2007) [8]. Perceived quality was measured by two items adopted from Tong and Hawley (2009) [31], and one item by Yoo and Donthu (2001) [32]. By the one items that were adopted from Yoo and Donthu (2001) [32] and two item from Tong and Hawley (2009) [31], we measured brand awareness. To measure brand association, four items were used where one items were adopted from Yoo and Donthu (2001) [32], an item from Tong and Hawley (2009) research [31], and two item adopted from Lai et al. (2010) [33]. Finally To measure purchase intention, two items were adopted from Chen & Chang, (2008) [29].

Table 2. Results of confirmatory factor analysis

Constructs	t- value	Standard loading	Constructs	t- value	Standard loading
Country of Brand			Country of Manufacture		
CoB1	21.00	0.63	CoM1	16.34	0.48
CoB2	21.11	0.66	CoM2	20.93	0.93
CoB3	18.67	0.60	CoM3	14.70	0.68
CoB4	17.14	0.60	CoM4	17.35	0.70
CoB5	18.90	0.58	CoM5	22.68	0.96
CoB6	19.76	0.62	CoM6	20.54	0.90
CoB7	20.86	0.66	CoM7	15.51	0.64
Brand Awareness			Brand Loyalty		
BAW1	-	0.58	BLO1	-	1.03
BAW2	15.32	0.61	BOL2	26.29	0.97
BAW3	13.97	0.56	BLO3	25.61	0.95
Perceived Quality			Brand Association		
PQU1	-	0.71	BLO4	25.10	0.83
PQU2	33.71	0.75	BLO5	14.95	0.55
PQU3	33.70	0.81	Brand Association		
Purchase Intention			BAS1	-	0.43
PIN1	0.87	-	BAS2	12.98	0.81
PIN2	0.92	27.58	BAS3	12.56	0.73
			BAS4	11.86	0.59

4. RESULTS

The sample size for the initial test of the structural model was 586 customers. The structural model was estimated in LISREL 8.30 with a correlation matrix as input. The overall fit indices for the structural model were above the advocated range (χ^2 (df) =1076.66 (419)). Both the absolute fit statistics (GFI=0.92, AGFI=0.94, RMSEA=0.089) and the relative fit indices (CFI=0.95, IFI=0.94, NFI=0.94) suggested that the structural model fit the model adequately.

All factor loadings of constructs were tested at 5% error level, all factor loadings were significant at the 95% confidence level (t-statistic ranges out to -1.96 to +1.96 have been), and related structures of measurement have been able to make a significant contribution.

Fig.2 provides the Standardized structural estimates, and Table 2 summarizes the Path estimates of the structural model for this study.

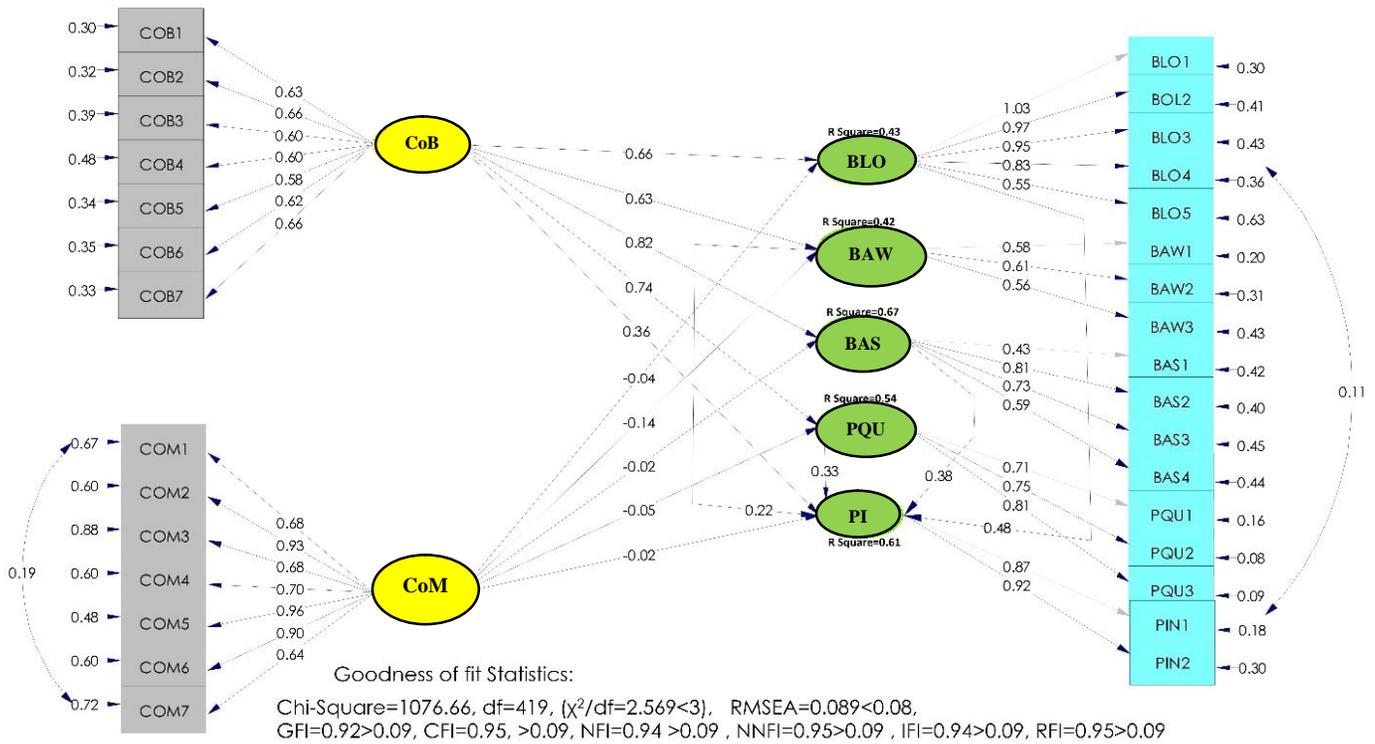


Fig 2. Standardized structural estimates (direct influence)

Table 3. Constructs hypotheses, standardized coefficient, t-value and finding (direct influence)

Constructs/paths	Hypotheses	(t-value)	Findings
CoB → Brand Loyalty	H1a	15.51	Supported
CoB → Brand Awareness	H1b	12.96	Supported
CoB → Brand Association	H1c	12.30	Supported
CoB → Perceived Quality	H1d	7.24	Supported
CoM → Brand Loyalty	H2a	-0.94	Unsupported
CoM → Brand Awareness	H2b	-3.39	Unsupported
CoM → Brand Association	H2c	-0.68	Unsupported
CoM → Perceived Quality	H2d	-1.44	Unsupported
CoB → Purchase Intention	H3	20.40	Supported
CoM → Purchase Intention	H4	-0.94	Unsupported
Brand Loyalty → Purchase Intention	H7a	13.05	Supported
Brand Awareness → Purchase Intention	H7b	2.24	Supported
Brand Association → Purchase Intention	H7c	6.07	Supported
Perceived Quality → Purchase Intention	H7d	8.64	Supported

Table 4. Constructs hypotheses, standardized coefficient, t-value and finding (indirect influence)

Constructs/paths	Hypotheses	(t-value)	Findings
CoB → Purchase intention	H5	19.19	Supported
CoM → Purchase intention	H6	-1.88	Unsupported

As Table 2 results shows, CoB has direct and positive on brand loyalty, brand awareness, brand Association and perceived quality, these result supported H1a, H1b, H1c and H1d, that CoB has the most influence on brand Association among brand equity dimension ($\beta=0.82$). But hypothesis H2a, H2b, H2c and H2d which posited that CoM was positively related to brand loyalty, brand awareness, brand Association and perceived quality, is not supported.

Hypothesis H3 are supported, CoB image has direct and positive influence on consumer’s purchase intention. But hypothesis H4, which posited that CoM image has direct and positive influence on consumer’s purchase intention, is not supported.

Hypothesis H7a, H7b, H7c, H7d are supported. On the other hand brand equity dimension in terms of brand loyalty, brand awareness, brand Association and perceived quality has direct and positive effect on purchase intention.

Finally, we found that CoB image has indirect and positive influence on consumer’s purchase intention through brand equity dimension and CoM image has not indirect and positive influence on consumer’s purchase intention through brand equity dimension. This result provided support for H5 and not support for H6.

Examination of the R^2 estimates also supported the findings. In this sample, 61% of the variance in purchase intention was explained by CoB, CoM, brand loyalty, brand awareness, brand Association and perceived quality. 43% of the variance in the brand loyalty, 42% of the variance in the brand awareness, 67% of the variance in the brand Association and 54% of the variance in the perceived quality were explained by the relationships in the conceptual model.

5. DISCUSSION

This study’s results underline the importance of CoB and CoM images for one product categories (mobile phone). CoB images exert positive impacts on four important dimensions of brand equity (brand loyalty, brand awareness, brand Association and perceived quality) and purchase intention, in contrast CoM image has not impact on dimension of brand equity and purchase intention. This result conforms to previous research that shows consumers express positive evaluations of products conceived in highly developed countries, whereas products from less developed countries tend to receive less favorable evaluations.

Brand managers will have to take the country of origin into consideration in their global branding decisions and to manage the dimensions of consumer-based brand equity more effectively. For example, “brand associations” must be managed in such a way that the brand’s country-of-origin effects contribute to the overall equity of the brand. Leveraging secondary associations is an important way of building a brand’s equity and the results of the present study could help brand managers by suggesting the countries of origin from which they could leverage secondary associations for a brand. Marketing managers operating in the international context must identify the sources of brand equity, and understand the importance of incorporating country of origin into their brand equity measurement. Country image of a brand has a very important role in consumer purchasing decisions, especially for electronic products. Consumers put their interest on a brand according to their perceptions of the origin country and they expand their information related to the brand. Appropriate information about the country helps to create a positive attitude towards the brand which will lead to the desired image that the brands desire.

In this study the effects of country-of-origin image on each of the dimensions of brand equity are also analyzed. The results demonstrated that buyers consider the products which produced in industrial countries, with higher quality than the products which produced in the other countries that just joined the industrial countries or have a little experience on the production. A probable interpretation for the expected relationship for Iranian consumer about the countries perceptions’ with positive image is, the level of technological development in these countries and their history in the production of these products are important and whether Iranians consumer consider them as high quality and reliable or not. Although consumers encounter lots of brands in market which consumers almost receive equal perception of their performance and product profile, but image which is available from a country, adds more value on that and give more advantages compare with the other competitors.

The test of relationship between country image and brand loyalty supports the hypothesis that there is a positive relationship. A plausible explanation for this expected relationship is that Iranian consumers perceive countries with good image as technologically advanced countries and brands that originate from these countries are reliable and high quality. Although consumers are faced with many alternative brands in the market, which they

perceive as equally good in terms of product attributes and functionality, information about the country is an added advantage. Consumers' perception towards country-of-origin is often transferred to the brands originate from that country due to carry-over effect. These consumers feel that brands from countries with good image are more reliable than brands produced by countries with less favorable image. As a result, these brands are preferred and often chosen during purchase decision-making. If repeat purchases occurs, eventually consumers may develop loyalty towards these brands. This explains why country image is related to brand loyalty.

Country image is also found to have a significant effect on brand awareness/associations. A possible explanation for this relationship is that in the purchase of mobile phone, consumers often associate the quality of a brand with the image of the origin country. Since consumers today are mostly well educated, as indicated by the education level of the study sample (85 percent), it can be expected that they are well informed about the original country of their selected brands. Countries with good image are often familiar to the consumers and often perceived as producers of quality brands. As such relationship exists between country image and brand awareness/associations.

On the other hand, since the clients of the products in developing countries, tend to purchase products belong to famous countries in order to demonstrate their self-esteem and success, therefore the importance and effects of country image will be obvious.

Moradi & Zarei (2012) indicate for products with high involvement (laptop) only manufacturer country has positive and significant on brand equity dimensions (brand loyalty and perceived quality). In developing countries, young consumers with lower income levels – who cannot afford to buy this products every, they try to make correct purchase decisions and in this process existing stereotypes of manufacturer countries is critical factor. For product with low involvement (mobile phone) county of brand positively influence brand loyalty, perceived quality and association/awareness (as brand equity dimensions). Because these products are purchased several times a year, most of these young consumers are not looking for long-term performance in this product category but are looking to satisfy his/herself need for uniqueness through well-known brands which belongs to famous countries (like Japan), so this research findings is not unexpected.

As mentioned earlier, the focus of this study is to examine the relationship between country-of-origin image and purchase intention, which is mediated by the brand equity dimensions. From the previous section, it is found that relationships exist between CoB image and the dimensions of brand equity. This study also found that CoB image has a positive and significant impact on purchase intention. However, the results suggest that CoB image has both direct and indirect relationship with purchase intention. Indirect relationship here indicates that CoB image is related to purchase intention through the mediators.

The results of the hypotheses related to the manufacturer country, confirm studies of Chang and Liu (2009) and recent research of Wong et al (2008) in China [34,35]. They express their idea about the importance of producer country effects on young people in this way:

“According to the globalization and since young people used to see the products from around the world which is produced by a country except the owner of that brand, therefore this issue confirm this claim that country image has no great effect on young people.”

Viewing the results of the study, the findings suggest two things. First, CoB image has a significant impact on brand equity dimensions and purchase intention. Secondly, brand equity dimension has a significant impact on purchase intention of mobile phone. Among these influences, brand loyalty has the greatest contribution to the development of purchase intention.

This implies that mobile phone producers should put greater emphasis in creating brand loyalty for their products. To ensure loyal customers, producers and retailers need to build long-term relationship with their customers, offer and maintain high quality products, and provide good services, including delivery and installation as well as after sales services such as maintenance and repair.

Apart from that, producers of mobile phone should always try to increase and promote the good image of their CoB in order to enhance the overall image of the brand in all their marketing practices particularly advertising and personal selling. Brands from well-established or good image countries generally are easier to sell than brands from countries with unfavorable image. Producers of brands from countries with favorable image can also capitalize the good image in their brand-naming strategy. Besides, marketers who want to benefit from favorable country image should highlight the brands of superior quality that originate from the same country. This emphasis may help consumers to generalize product information over the country's brands.

6. Limitations and future research

This research relies on data collected in one country (Iran). Some characteristics of that country may influence the strength of the relationships between CoO images and brand equity and purchase intention. Therefore, replications of this research in other settings would be useful.

Current study limits its evaluation on the country image to the manufacture and brand countries only. Other external effective factors such as advertising, brand personality and reputation had not been considered. In addition, we did not include price in our study. Price is a very important aspect when consumers engage in auto purchase. Therefore, price effects should be examined in future research.

Another important issue to be researched is how to separate a company's brand from its low country-of-origin image. If acquiring a top brand is a fundamentally flawed marketing strategy, the existing brand might be enhanced intrinsically if it could be divorced from its low country-of-origin image. The question is, how could this be done?

7. Acknowledgment

I would like to express my sincere appreciation to my advisor, Dr. Dehdashti, for his ongoing mentoring, continuous support and encouragement.

I extend my greatest thanks to my father and mother for bringing me into this world and for protecting me and providing me with continuous motivation and enormous emotional support.

Lastly and most importantly, I wish to express the greatest thanks to my wife who has continuously supported me with her patience and commitment, giving me wholehearted encouragement in every step that I have taken.

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