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„The Impact of Country-of-Origin Changes on Consumers’
Willingness to Pay“
A Construal Level Perspective

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Abstract

With the growing globalisation of the business environment, brands increasingly often experience changes in their country-of-origin (COO) resulting from cross-border mergers/acquisitions (i.e., changes in brand origin) and/or production shifts (i.e., changes in country of manufacture). COO changes positively or negatively affect consumers' attitudinal and behavioural responses, depending on the country image (CI) associated with both the initial (pre-change) and the new (post-change) COO. As COO changes from a country with superior CI to a country with less favourable CI (i.e., negative COO changes) generate negative consumer responses, managers of companies engaging in negative COO changes should consider various communication strategies that could decrease the resulting negative effects. However, research has paid little attention to message variations differing in the level of psychological distance used in the announcement of a COO change. Furthermore, it is still uncertain which COO cue (BO vs. COM) has higher impact on consumer behaviour, specifically, consumers' willingness to pay (WTP). Hence, drawing on signaling theory and construal level theory (CLT), this thesis examines the effect of two equivalent COO changes, namely changes in brand origin (BO) or country of manufacture (COM) on consumers' WTP, considering varying levels of psychological distance (high vs. low temporal distance). For this purpose, an experimental study was conducted in the USA, with the USA (representing a country with superior CI) and China (representing a country with inferior CI) used as stimuli countries. Contrary to expectations, the study did not reveal a difference in consumers' WTP for a brand that engages in acquisition vs. production shift, hence indicating an equivalent effect of BO vs. COM in the case of negative COO changes. Furthermore, the study found no difference in consumers' WTP depending on the temporal distance towards the COO change, indicating an equivalent effect of high vs. low psychological distance. Based on these findings, implications for academics and managers are discussed and paths for future research are offered.

Key words: country-of-origin change, construal level theory, psychological distance, brand origin, country of manufacture, willingness to pay

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Abbreviations

ANOVA	Analysis of variance
ANCOVA	Analysis of covariance
CCOS	Consumer cosmopolitanism
CI	Country image
CLT	Construal level theory
COO	Country-of-origin
GDP	Gross domestic product
PSM	Price Sensitivity Meter
USA	The United States of America
WTP	Willingness to Pay
PE	Product ethnicity
PI	Product involvement
PS	Price sensitivity
TD	Temporal distance
V ₍₁₋₄₎	Version of questionnaire (1-4)

1 Introduction

The following chapter shows the relevance of the research topic, it identifies research gaps and introduces research objectives. At the end, it also presents the structure of the thesis.

1.1 Relevance of the topic and research gaps

With the growing international competition among brands and the globalisation of the business environment, cross-border mergers/acquisitions or production shifts are becoming increasingly common nowadays. Some examples include the acquisition of the German sportswear brand Reebok by the New York-based brand Authentic Brands, the acquisition of the British automotive company Jaguar Land Rover by the Indian Tata Motors Limited, the production shift of the Spanish brand Zara to Portugal or the shift of footwear production of the American brand Nike to China and later from China to Vietnam (Emmanuel, 2021; Chung, Youn & Lee, 2014; Herz & Diamantopoulos, 2017; Montanari, Diamantopoulos & Giraldi, 2021).

These mergers/acquisitions and production shifts have sparked managerial and academic interest. In this context, several scholars have focused on the performance of a firm following a merger/acquisition and/or a production shift, and thus a change in the country-of-origin (COO) (e.g., Wiles, Morgan & Rego, 2012; Matarazzo, Resciniti & Simonetti, 2019; Bandick, 2011; Bakier & Shelton, 2002). COO changes resulting from cross-border mergers/acquisitions and/or production shifts may represent both opportunities and challenges for the company's performance.

On the one hand, companies undertake mergers and acquisitions (M&A) on the assumption that one bigger company has a higher value than two smaller companies alone (Vazirani, 2012). These companies have then an expectation to maximise growth and to reduce costs through more significant economies of scale (Tamosiuniene & Duksaite, 2009). However, the estimated failure rates following M&A are generally high (Matarazzo et al., 2019), with only 50 to 80% of M&As producing the anticipated benefits (Vazirani, 2012). There is also a considerably high risk of losing customers during the post-acquisition integration process (Bekier & Shelton, 2002), as M&A may increase consumers' uncertainty regarding the acquiring firm's ability to "maintain its product attributes,

intangible assets, consumer benefits, and even brand personality” (Lee, Lee & Wu 2011, p. 1102). This is an aspect that should be taken into consideration by companies considering a COO change, as according to Homburg and Bucerius (2005, p. 107), “market-related performance”, such as customer loyalty or customer perceptions, plays a much more significant role for financial performance following a M&A than are cost savings, as it is what will, eventually, influence consumers’ purchase decision (Fang & Wang, 2018).

Similarly, production shifts may enable companies to leverage economies of scale and economies of scope, develop new organisational competencies and to increase the exploitation of brand equity (Tallman & Yip, 2001). However, the geographical spread of the company may affect home consumers’ evaluations of its products, resulting not only from the fact that consumers base their purchase decision on quality evaluations, but also due to the impact of their attitudes towards the country where the product is manufactured (Funk, Arthurs, Treviño & Joireman, 2010).

Overall, regardless of whether an M&A or a production shift is at stake, consumers are directly affected by the change in the country-of-origin (COO). The influence of COO on consumers’ responses is called country-of-origin effect (Diamantopoulos & Zeugner-Roth, 2010). This effect is driven by country image (CI), namely “the overall perceptions consumers form of products from a particular country, based on their prior perceptions of the country’s production and marketing strengths and weaknesses” (Roth & Romeo, 1992, p. 480).

Country image (positive or negative) is a determinant to whether consumers perceive the COO change as beneficial or detrimental (Herz & Diamantopoulos, 2017). Indeed, extant research has shown that a COO change towards a country with a more favourable image than the current origin is considered positive and generates positive consumer responses (e.g., Matarazzo, Lanzilli & Resciniti, 2018; Drozdenko & Jensen, 2009) whereas a COO change towards a country with a less favourable image than the current origin is considered negative and it generates negative consumer responses (e.g., Manrai, Lascu & Manrai, 1998; Johansson & Nebenzahl, 1986). However, other factors might play a role when consumers evaluate positive and negative changes. Previous studies have explored for instance the acquirer’s participation in CSR activities (Matarazzo et al., 2019), internal employee communication following the announcement of the COO change (Bekier

& Shelton, 2002), rebranding (Lambkin & Muzellec, 2008) and the acquirer's marketing capabilities (i.e., pricing capabilities, marketing communication capabilities and brand management capabilities) (Wiles et al., 2012). Despite of the valuable insights from this research, no study so far has focused specifically on communication strategies and message variations used in the announcement of a (pending) M&A or a production shift. This is an important issue as message variations significantly affect consumers' responses on the brand (Hongcharu, 2018). For instance, psychological distance, namely "a cognitive separation between the self and other instances such as persons, events, or times" (Baltatescu, 2014, p. 5145), might be of relevance as it is a determinant for how consumers perceive events and objects they are exposed to. With high psychological distance, individuals represent events more abstractedly (high construal), whereas with low psychological distance, individuals represent events rather concretely (low construal) (Rietzschel & Ritter, 2018).

Furthermore, except for Montanari et al. (2021), studies on COO changes have focused *either* on COO changes resulting from M&As *or* from production shifts, but not both. Nevertheless, COO changes may often result in different combinations of COO cues: country of manufacture (COM) and brand origin (BO). While mergers and acquisitions are accompanied by an alteration in BO, namely "the country where the corporate headquarters of the company marketing the product or brand is located" (Johansson, Douglas & Nonaka, 1985, p. 389), production shifts involve a change in COM, namely "the country in which the product is manufactured or assembled" (Hamzaoui-Essoussi & Merunka, 2007, p. 412).

Finally, although existing studies provided important insights on the effects of COO changes on consumer responses, the majority of them have focused on "soft" consumer response variables, such as repurchase intentions (Matarazzo et al., 2018) or brand credibility and brand prestige (Woo, Jin & Papadopoulos, 2020). Specifically, only limited research has explored the link between a COO change and consumers' price-related responses, either using a reference price (Johansson & Nebenzahl, 1986; Drozdenko & Jensen, 2009) or willingness to pay (Montanari et al., 2021). However, literature suggests that measuring price rather than purchase intentions or quality evaluations as a dependent variable offer a *stricter* test of COO effects (Koschate-Fischer, Diamantopoulos & Oldenkotte, 2012). „Soft“ consumer response variables do not take into consideration the financial sacrifice that customers connect with the purchase (Monroe, 1980). Moreover,

even though consumers might evaluate a product from country A more favourably than an in any other aspect identical product from country B, it does not necessarily mean that they are willing to pay a price premium for it (Koschate-Fischer et al., 2012).

Against this background, this thesis investigates the impact of two different forms of COO changes (change in BO vs. in COM) on consumers' willingness to pay, i.e., "the maximum amount of money a customer is willing to spend for a product or service" (Homburg, Koschate & Hoyer, 2005, p. 85), taking into consideration varying levels of psychological distance (high vs. low) towards the COO change. In other words, this master's thesis examines how low vs. high psychological distance towards the COO change affects consumers' WTP for a brand that is undergoing *either* a change in BO *or* in COM.

The contribution of this thesis is twofold. First, from a theoretical point of view, the study expands prior research on COO changes by examining the extent and direction that varying levels of psychological distance towards different forms of a COO change (BO vs. COM) have on consumers' WTP. In addition, it broadens the literature on COO changes by comparing the difference of the relative impact of different COO cues (BO vs. COM) on consumers' WTP. Finally, it provides valuable insights into the influence of COO changes on consumers' price responses, more precisely, WTP.

Second, from a managerial perspective, this investigation can help managers choose an appropriate marketing communication strategy when communicating a COO change depending on the psychological distance of consumers. Moreover, it offers managers information on the relative importance of COM vs. BO as determinants of consumers' WTP. Finally, it can assist practitioners in the choice of the appropriate pricing strategy, depending on the levels of psychological distance and the more relevant COO cue.

1.2 Research question and objectives

Considering the above mentioned research gaps, this thesis aims to answer the following research question:

How do COO changes (in terms of BO or COM) affect consumers' WTP for a brand considering varying levels of psychological distance (high vs. low)?

Thus, the objective of this thesis is to examine the influence of COO changes (in BO or COM) on consumers' WTP for a brand while considering the role of high vs. low psychological distance. Specifically, this thesis addresses only negative COO changes, thus from a country with a superior CI to a country with a rather negative CI. Negative COO changes are becoming increasingly common as companies from developed countries are often under pressure to decrease costs and gain competitive advantages (Fetscherin & Toncar, 2010; Liu, Öberg, Tarba & Xing, 2018). Some recent examples include the acquisition of the British toy retailer Hamley's by Hong Kong-based C.banner International in 2015 and by Indian Reliance Retail later on in 2019 or the shutdown of Adidas' production facilities in Germany and the USA, followed by a production shift to China and Vietnam in 2019 (Wood, 2019; Ziady, 2019).

In doing so, this thesis focuses on the perspective of home consumers, namely those from the original COO of a brand, as the consequences of a COO change are likely to be even more evident when involving consumers' home country (Montanari et al., 2021). When faced with a COO change concerning consumers' home country, consumers feel more directly involved in the change. Consequently, their psychological distance towards the change decreases and they are likely to interpret it in a more concrete way (Trope & Liberman, 2010).

To answer the research question, this thesis draws on signaling theory and construal level theory and employs experimental research design.

1.3 Structure of the thesis

This thesis is divided into 6 chapters. In *Chapter 1*, the relevance of the research topic is discussed, research gaps are identified, theoretical and managerial implications are outlined, and the research question is presented.

Chapter 2 summarises relevant theoretical concepts, focusing on the literature on country-of-origin (COO), COO changes, willingness to pay (WTP) and psychological distance.

Next, in *Chapter 3*, the conceptual model is defined, and hypotheses are developed based on two main theories: signaling theory and construal level theory.

Chapter 4 deals with the methodology, including the research design, country of research, variables and adjacent measures, stimuli, pre-test, questionnaire design and data collection.

In *Chapter 5*, results of the main study are presented, including sample profile, manipulation checks, reliability of constructs and hypotheses testing.

In *Chapter 6*, results of the main study are discussed in detail and theoretical as well as managerial contributions are highlighted. Furthermore, chapter 6 deals with limitations of the research and directions for further research are presented.

2 Literature review

The following chapter details the theoretical background, and it is structured according to the following topics: country-of-origin (COO), COO changes, consumers' willingness to pay (WTP) and psychological distance, which is based on construal level theory (CLT).

2.1 Country-of-origin (COO)

The question how the country-of-origin (COO) of a product or a brand affects consumer behaviour is one of the most prevalent concerns in the field of international marketing (Wegapitiya & Dissanayake, 2018; Verlegh & Steenkamp, 1999). The first phase of research related to COO, which lasted approximately from 1965 (Schooler) until the 1990s (Srinivasan, Jain & Sikand, 2004), associated COO with the “made in” label and thus with the country of manufacture, i.e., “the country in which the product is manufactured or assembled” (Hamzaoui-Essoussi & Merunka, 2007, p. 412).

Throughout the years, COO literature has started to highlight the importance of viewing COO as a multi-dimensional concept rather than a single-dimensional concept referring only to the country of manufacture (Usunier, 2006). The reason for this breakdown was the increasing globalisation of the market, in which companies often leverage fragmented, multi-national supply chains and the sharing or acquisition of resources across national borders was becoming progressively prevalent. As a consequence, products were designed and assembled in different countries, none of which necessarily correspond to the country where the headquarters of the brand are located (Chao, 2001; Usunier, 2006). Hence, in the second phase of COO research, scholars have split the COO concept into multiple dimensions, such as country of design (COD), country of parts (COP), country of assembly (COA), country of manufacture (COM) or brand origin (BO) (Ha-Brookshire, 2012; Usunier, 2011), the latter being the main one, defined as “the country where the corporate headquarters of the company marketing the product or brand is located” (Johansson et al., 1985, p. 389)

Regardless of the exact definition of the COO concept, COO research unites on the idea that the origin of a product/brand serves as a cue that plays an important role in influencing consumers' product evaluations and subsequent purchase decisions (Verlegh

& Steenkamp, 1999; Mueller, Wang, Liu & Cui, 2016). Specifically, COO can be described as an extrinsic cue (Diamantopoulos & Zeugner-Roth, 2010) as it, unlike intrinsic cues, which refer to physical product features such as design or quality, describes an intangible characteristic of the product that can be altered without changing the product itself (Verlegh & Steenkamp, 1999; Olson & Jacoby, 1972).

The specific ways in which COO influences consumer behaviour are summarised under the term “COO effect” (Chen, Wang & Huang, 2020). The first known research related to COO effect was conducted by Schooler (1965). In his study, this author examined consumers’ evaluations of products that were identical in all aspects except for the country specified in the “Made in...” label. The study has, together with multiple other studies that have followed, confirmed that COO acts as an extrinsic informational cue (Peterson & Jolibert, 1995) for consumers’ evaluations of products and brands, being a signal of product quality and hence influencing consumers’ intentions and willingness to pay for a certain product (Koschate-Fischer et al., 2012; Wegapitiya & Dissanayake, 2018).

Overall, COO studies have mainly focused on the role of COO as a cognitive cue – a stimulus that is used by consumers to infer beliefs about product attributes, especially product quality (Verlegh & Steenkamp, 1999; Bilkey & Nes, 1982). However, research has also shown that the effect that COO has on consumer behaviour is comprised of three different aspects, namely cognitive, affective and normative cues (Verlegh & Steenkamp, 1999; Obermiller & Spangenberg, 1989). The affective aspect is constituted by symbolic and emotional connotations that consumers hold towards a specific COO (Obermiller & Spangenberg, 1989). These emotional connotations can be acquired either through direct encounters with the country or through indirect experiences with for instance, mass media or art (Cristea, Capatina & Stoenescu, 2015; Verlegh & Steenkamp, 1999). Moreover, consumers link COO to feelings of status and pride associated with the ownership and usage of products originating in certain countries (Verlegh & Steenkamp, 1999; Hirschman, 1985). The normative aspect can be captured by the term “customer voting” (Smith, 1990). By deciding to buy or not to buy a particular product, customers indirectly “vote” pro or against policies and practices done in a specific country. This decision is related to consumers’ associations with the country and its image, stereotypes, and reputation (Verlegh & Steenkamp, 1999). As an example, Klein, Ettenson & Morris (1998) found that the economic and military rivalry between Japan and China negatively affects

Chinese consumers' willingness to buy Japanese products. Additionally, the normative aspect of COO can be also manifested in some consumers' norm to prefer domestic products.

Furthermore, extant literature on COO effects suggests that the main driver of COO influence on consumers' behaviour is country image (CI), namely "the overall perceptions consumers form of products from a particular country, based on their prior perceptions of the country's production and marketing strengths and weaknesses" (Roth & Romeo, 1992, p. 480). The image of a country that a product or a brand originates in affects consumers' cognitive assessment of the product or brand and its value, reliability, innovativeness or workmanship (Wang, Tang, Stewart & Paik, 2022). Consequently, CI can influence consumers' attitudes and decision making (Kang & Yang, 2010; Papadopoulos & Heslop, 1993).

Jaffe and Nebenzahl (2006) propose that "a country having a better image than others, especially as a source for a product, has a comparative advantage that should translate to economic value" (p. 59). In line with this premise, research has shown that favourable CI leads to more positive product evaluations, greater consumer preferences and greater purchase intentions compared to a product from a country with a less favourable CI (Koschate-Fischer et al., 2012; Papadopoulos & Heslop, 1993; Baughn & Yaprak, 1993; Insch & McBride, 2004). Moreover, consumers are also willing to spend more money to obtain products from a COO with a favourable CI (e.g., Johansson & Nebenzahl, 1986; Drozdenko & Jensen, 2009). The reason for this is that, from the viewpoint of a consumer, a product originating in a country with a favourable image is likely to be associated with a higher benefit than a product originating in a country with a less favourable image (Koschate-Fischer et al., 2012). Consequently, as argued by Diamantopoulos et al. (2021), "one could predict that, *ceteris paribus*, consumers would be willing to incur a greater (lesser) monetary sacrifice to obtain a product from a country with a strong (weak) country image" (p. 751). On the other hand, products or brands originating in a country with a negative or weaker CI might raise quality and reliability concerns (Sharma, 2011; Pecotich, Pressley & Roth, 1996) and thus influence consumers perception of risks and value associated with the purchase (Wang, Li, Barnes & Ahn, 2012; Koschate-Fischer et al., 2012). Thus, a negative CI negatively affects consumers' product evaluations (Johansson,

1989; Han & Terpstra, 1988), purchase intentions and brand image evaluations (Manrai et al., 1998).

2.2 COO changes

In recent years, a growing body of research has emerged focusing on the effects of COO *changes* on consumer responses and consumer behaviour (e.g., Woo, Jin & Papadopoulos, 2020; Nguyen & Alcantara, 2020; Matarazzo, Resciniti & Simonetti, 2019). Brands may experience change in their original COO “as a result of a merger with a foreign company, a change in corporate headquarters, or a change of production facilities to a different country” (Herz & Diamantopoulos, 2017, p. 55). Therefore, COO changes can be classified as a) changes in brand origin (i.e., cross border mergers/acquisitions) and/or changes in country of manufacture (i.e., production shifts).

Prior research has shown that COO changes affect consumers’ evaluations and perceptions depending on CI associated with both the initial (pre-change) and the new (post-change) COO. Specifically, consumers’ assessment of the pre-change COO impacts their assessment of the post-change COO (Johansson & Nebenzahl, 1986; Herz & Diamantopoulos, 2017). When a brand undergoes a COO change, consumers’ prior associations of the original COO and its products are replaced by new associations derived from the new COO (Johansson et al., 2018).

COO changes can be described as positive or negative. A positive COO change occurs when the new COO is associated with a more favourable CI than the original COO, whereas a negative COO change implies a change to a country with a less favourable CI than the original COO (Matarazzo et al., 2019; Montanari et al., 2021). As already discussed before, extant research has shown that positive (negative) CI may positively (negatively) influence price-, brand-, intentions-, and value-related outcomes in consumers’ responses (e.g., Matarazzo et al., 2019; Nguyen & Alcantara, 2020; Woo et al., 2020; Balabanis & Diamantopoulos, 2011). Therefore, in this context, similar outcomes may be expected following a positive or a negative COO change, as the CI of the new COO determines whether the COO change benefits or detracts the perceived value of the brand from the viewpoint of customers (Nguyen & Alcantara, 2020).

Specifically, considering changes in COM, studies have shown that negative changes in COM negatively influence perceived brand attractiveness (Johansson & Nebenzahl, 1986), brand image (Han & Terpstra, 1988; Nebenzahl & Jaffe, 1996), brand perception (Woo et al., 2020) and willingness to purchase the product (Funk, Arthurs, Treviño & Joireman, 2010). On the other hand, research exploring positive COM changes has reported conflicting results. Woo et al. (2020) have, for example, not found any significant positive effect of a positive COM change on brand perception, while Johansson & Nebenzahl (1986) have revealed that shifting production to a country with a better CI may indeed booster brand image. In general, studies focusing on price-related consequences of a change in COM are conclusive on the result that positive (negative) changes in COM positively (negatively) affect consumers' price-related outcomes (i.e. Montanari et al., 2021; Johansson & Nebenzahl, 1986, Drozdenko & Jensen, 2009).

With regards to changes in BO, scholars have found that a worse (better) CI of the acquiring company in comparison to the acquired company may negatively (positively) affect purchase intentions and repurchase intentions (Lee & Lee, 2011; Anggraeni & Hasan, 2016; Matarazzo, Lanzilli & Resciniti, 2018; Matarazzo et al., 2019). Moreover, a negative (positive) change in BO may negatively (positively) influence also perceived brand value (Chung et al., 2014; Nguyen & Alcantara, 2018) and willingness to pay (Montanari et al., 2021).

2.3 Willingness to pay

The concept of willingness to pay (WTP), namely “the maximum amount of money a customer is willing to spend for a product or service” (Homburg et al., 2005, p. 85), is often used to measure the perceived value of a product from the viewpoint of a consumer and the sacrifice the consumer links to the purchase. WTP equals consumers' individual monetized value/utility of a product. This tangible measure allows managers to make appropriate pricing decisions and to predict demand functions (Homburg et al., 2005; Isaak, 2016).

Over the last decades, a variety of different WTP understandings have been proposed in consumer behaviour research. This include WTP as a price point, WTP as a range and WTP as a latitude of price acceptance (LPA). For this thesis, the concept of LPA

is of a particular significance, as it has been found to be especially appropriate for measures related to different levels of construal and psychological distance (Isaak, 2016).

According to Isaak (2016), consumers do not have a single internal reference price for a specific product; they think of an entire range of reference prices in form of an interval of prices which they find acceptable. This interval is specified by a lower and an upper reference price of consumers. The lower reference point serves as a threshold due to consumers' concerns regarding the quality of a product (Isaak, 2016).

There are various methods used in the field of market research to measure consumers' LPA. One potential method, which has been increasingly used in COO literature, is Van Westendorp's (1976) Price Sensitivity Meter (PSM) (see Diamantopoulos et al., 2021; Fischer, Zeugner-Roth, Katsikeas & Pandelaere, 2022). This survey-based price elicitation method considers multiple price perceptions, reducing the chance of an overestimation and encouraging cognitive elaboration of respondents (Lipovetsky, Magnan & Polzi, 2011). Moreover, another advantage of PSM is that it can be applied to various product categories as it does not require the respondents to actually buy the product as other methods do, such as the Becker-DeGroot-Marschak (BDM) mechanism (Becker, DeGroot & Marschak, 1964). Hence, its use is not limited to inexpensive products only (Wertenbroch & Skiera, 2002).

When using the PSM to measure consumers' WTP, consumers are asked to answer four open-ended questions. These questions include the prices for which consumers would consider a product being (a) *too cheap* (i.e., leading to quality concerns), (b) *cheap* (i.e., a bargain), (c) *expensive* (i.e., not cheap but consumers still consider buying it), and (d) *too expensive* (i.e., a very high price that consumers would not buy it for). These questions measure respondents' price acceptability (Ceylana, Koseb & Aydin, 2014) and define price thresholds and consumers' price elasticity (Lipovetsky et al., 2011).

With relation to COO, extant research has shown a positive link between COO and consumers' WTP (e.g., Johansson & Nebenzahl, 1986; Diamantopoulos et al., 2021; Pucci, Casprini, Guercini & Zanni, 2017). Specifically, a more positive country image increases consumers' WTP, while a negative country image decreases consumers' WTP (Drozdenko & Jensen, 2009; Köse & Eroğlu, 2021).

2.4 Psychological distance and levels of construal

People are capable of thinking beyond their direct everyday experiences. They possess the ability of mental travelling – they ponder about their past and future, imagine hypothetical alternatives to reality, relate to other individuals or to spatially distant locations. Previous research originating in the field of social psychology has shown that one’s mental representations of direct and indirect experiences with objects, events or people differ and that they have a different impact on evaluation and behaviour (Adler & Sarstedt, 2021; Soderberg, Callahan, Kochersberger, Amit & Ledgerwood, 2015).

Drawing on this idea, Trope & Liberman (1998, 2003, 2010) developed the construal-level theory (CLT), which posits that there is a positive relationship between psychological distance and the way people mentally represent the world. Psychological distance is defined as the “subjective experience that something is close or far away from the self, here, and now” (Trope & Liberman, 2010, p. 440). CLT assumes that the more distant (close) an object, event or a person is from an individual, the more abstract (concrete) it will be represented in the individual’s mind. CLT is based on the general idea that closer objects allow an observer to draw detailed, contextualised information. The more distant an object becomes, the less information is available to the observer, hence requiring a higher degree of abstraction (Adler & Sarstedt, 2021).

As an example of different mental representations, Trope & Liberman (1998) use the event of “moving into a new apartment”, which can be described as “starting a new life” (abstract way) or as “packing and moving boxes” (concrete way) (p. 8). In the CLT terminology, the abstract way would be described as *high-level construal*. High-level construal is an “decontextualized mental representation that extracts the deeper essence from the provided information” (Isaak, 2016, p. 14). It represents a rather schematic summary of an object or an event, referring to its elementary features and looking at the bigger picture. Conversely, *low-level construal* would in the CLT terminology refer to the concrete way of mental representation that is “contextualized and unstructured, containing peripheral and specific features of events” (Isaak, 2016, p. 15). Objects and events embodied on a low-level construal are represented in great detail and rich in secondary aspects (Septianto, Japutra, Sung & Seo, 2022; Qiuying, Huifan, Huarui & Tang, 2014).

CLT proposes that psychological distance from an object, event or another individual can be manifested in different dimensions, namely temporal (near future vs. distant future), spatial (here vs. there), social (self vs. others), and hypothetical (likely vs. unlikely) dimensions (Septianto et al., 2022). Maglio, Trope and Liberman (2013) define the dimensions of psychological distance as “avenues through which a target of representation can be removed from one’s immediate experience, with the self as the egocentric reference point” (p. 645). The relationship between psychological distance and construal levels has been confirmed by a wide range of studies, especially with regard to temporal distance, which was the very first studied dimension (Trope & Liberman, 1998) as well as the most often studied one (Soderberg et al., 2015). According to CLT, the further (closer) an event is placed from one’s direct experience, the higher (lower) the construal of that event (Trope & Liberman, 2010). In other words, when referring specifically to temporal distance, the longer the time period between an individual’s thought about a future event and its actual occurrence, the more abstractly the event will be pictured in one’s mind (Isaak, 2016).

Since Trope’s and Liberman’s (1998) study on temporal distance and construal levels, the link between temporal distance and the level of abstraction (construal level) has been confirmed by a wide range of studies and in various decision and judgement situations mainly with regard to products or negotiations (i.e., Eyal, Liberman & Trope, 2008; Fujita, Eyal, Chaiken, Trope & Liberman, 2008; for reviews see Isaak, 2016). Specifically, whether a consumer thinks concretely (low construal) vs. abstractedly (high construal) influences what product features are salient for the consumer, and thus, provided those features are favourable, what product will be preferred by the consumer (Isaak, 2016; for reviews see Trope, Liberman, & Wakslak, 2007).

CLT proposes that when consumers evaluate a product, they focus either on its central or peripheral features, depending on their current level of construal (Trope et al., 2007). Specifically, under low-level construal, consumers pay more attention to peripheral or the so-called feasibility aspects of a product (attributes). As an example, evaluations of a radio under low-level construal are affected mainly by its peripheral features (those that are different than the primary purpose of the radio itself), such as the quality of integrated clock. Conversely, under high-level construal, consumers focus on central, or the so-called desirability aspects (benefits) of the product. With regard to the evaluation of the radio under high-level construal, consumers pay attention mainly to its central aspects that are

determined by the purpose of the product itself, such as the sound quality (Trope & Liberman, 2000; for reviews see Isaak, 2016). Hence, the level of construal affects product evaluations and thus, consequently, purchase decisions. Specifically, using CLT terminology, when an object is represented under high-level construal, its desirability-related aspects, which are those representing the superordinate “why” features for engaging in an action (“*why would you like to have this product?*”) become more salient. On the other hand, when an object is represented under low-level construal, its feasibility-related aspects, or those representing the subordinate “how” features of an action (“*how would you use this product?*”), are paid more attention to (Isaak, 2016).

Previous research has confirmed that the different dimensions of psychological distance and construal levels have a range of downstream effects on consumers’ motivation, product evaluation, attitudes, purchase decision (e.g., Trope et al., 2007; for review see Isaak, 2016) and willingness to pay (e.g., Hansen & Melzner, 2014; Irmak, Wakslak & Trope, 2013; Maier & Wilken, 2014; Bornemann & Homburg, 2011; Isaak, 2016). Kim, Dhar & Novemsky (2007) for example suggest that in order to increase consumer attention to advertisements, claims should be congruent with the psychological distance that they are viewed from. Hence, to increase consumer attention, ads should emphasise desirability (feasibility) features of the product when being viewed from a psychologically distant (near) perspective. A study conducted by Hernandez, Wright & Rodrigues (2015) yielded similar results related to persuasiveness of marketing campaigns: when construal levels are high, appeals emphasising benefits of the product are more persuasive than appeals emphasising its attributes. Thomas, Chandran & Trope (2006) found that when consumers face a purchase decision taking place in near future, information about a price discount (feasibility aspect of the product) leads to higher purchase intentions compared to information about an additional feature of the product (desirability aspect). In contrast, when the purchase decision is moved to distant future, the desirability feature increases purchase intentions, whereas the feasibility feature does not. Isaak, Wilken, Dost & Bürgin (2020) explored the link between various marketing activities that allow consumers to access a product from varying levels of psychological distance on their WTP ranges. They found that when a product was presented on a more abstract (concrete) level, consumers shifted their upper limits of WTP ranges upwards (downwards), thus allowing marketing managers to increase the scope for price setting.

3 Conceptual model and research hypotheses

This chapter introduces the research model used as a basis for this research and develops research hypotheses. The hypotheses are grounded in two theories: signaling theory and construal level theory (CLT).

3.1 Conceptual model

Based on the literature review, the following research model was created:

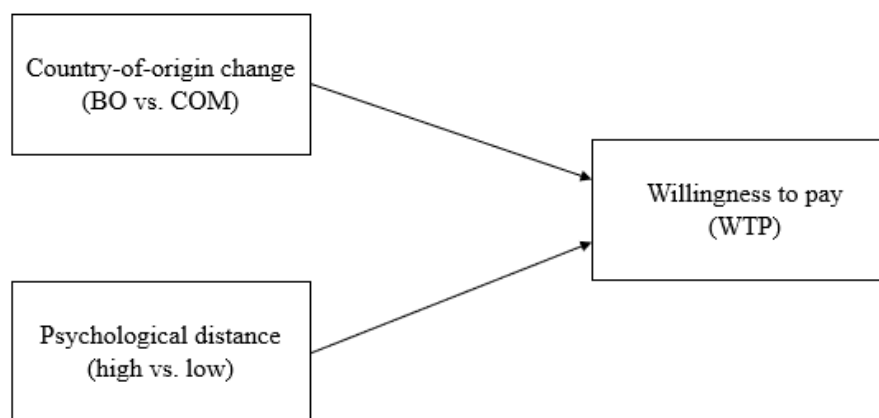


Figure 1: Conceptual model

In line with the model above, this thesis examines the effect of two forms of a COO change (BO vs. COM) and of two levels of psychological distance (high vs. low) on consumers' WTP.

3.2 Hypotheses development

In the following sections, two research hypotheses are developed based on two different theories – namely signaling theory and construal level theory.

3.2.1 *Signaling theory and the relative importance of different COO cues in COO changes*

Signaling theory (Erdem & Swait, 1998) proposes that consumers establish assumptions about product quality and reduce perceived risk by using signals or observable product-related features. When accessing the reliability of those signals, consumers primarily rely on the lack of ambiguity of the transmitted information and on the consistency of the various marketing mix components across markets and over time (Erdem & Swait, 1998).

Following a COO change (*either* in BO *or* COM), a new combination of different COO cues (BO and COM cues) emerges. Consequently, consumers evaluate the new combination of the BO and COM cues as signal referring to the origin of the product (Montanari et al., 2021). The inconsistency of various COO signals may create ambiguity in consumers' minds (Johnson, Tian & Lee, 2016), making consumers disoriented about which cue to consider when evaluating the product's or the brand's origin (Johansson et al., 2018).

Existing COO literature has not found a common result on which cue (BO or COM) consumers consider more credible in referring to a COO of a product and hence, which of them matters more in influencing consumers' product evaluations and behavioural responses (i.e., WTP) (see e.g., Coffey & Kabadayi, 2019; Ulgado & Lee, 1993; Hamzaoui-Essoussi et al., 2011). A recent study on COO changes conducted by Montanari et al. (2021) used both cues, however, without explicitly comparing which of them is more relevant to consumers.

However, based on signaling theory, this thesis considers BO as a more credible COO signal than COM, expecting a higher impact of BO on consumers' WTP due to two reasons. First, unlike COM, BO incorporates multiple attributes about the brand itself, such as trustworthiness, expertise and prestige, which are all likely to have an impact on consumer responses (Cho & Hwang, 2020). Consumers are therefore likely to associate the origin of a product with the BO rather than with a COM (Usunier, 2011). As an example, the sports brand New Balance is recognised as an American brand, but most of their shoes are currently manufactured either in China, Vietnam or in Indonesia (Style And Run, 2023). The reason for this may be that unlike BO, COM does usually not contribute to brand

identity and brand image (Chen, Wright, Gao, Liu & Mather, 2020; Hamzaoui-Essoussi et al., 2011). On the other hand, COM is more strongly connected with the production process and technology (Aruan, Crouch & Quester, 2018), conveying only limited information about the brand itself. Second, BO usually refers only to one country (Samiee, 2011), whereas COM often includes multiple countries which may change more frequently over time due to the cost benefits that result from producing in multiple countries (Allman, Fenik, Hewett & Morgan, 2016). Hence, COM may serve as a less credible signal overall as it is more likely to create ambiguity in consumers' minds compared to BO (Loureiro & Kaufmann, 2017).

Thus, in line with signaling theory, a change in BO should have a stronger effect on consumers' WTP than a corresponding change in COM. Thus, as a negative COO change negatively influences consumers' WTP when the new COO corresponds to a less favorable country image (e.g., Montanari et al., 2021; Johansson & Nebenzahl, 1986; Drozdenko & Jensen, 2009), when such a change occurs, consumers' WTP should be lower in case of a BO change compared to a COM change:

H1: A negative change in BO results in a lower consumers' WTP than a corresponding negative change in COM.

3.2.2 Construal level theory and the effect of high vs. low psychological distance in the context of COO changes on consumers' WTP

As already outlined in chapter 3.4., construal level theory (CLT) describes the link between individuals' psychological distance (temporal, spatial, social or hypothetical) to an object, event or another individual and their level of construal. CLT proposes that the closer (more distant) a stimulus is from individual's direct experience, the more concretely (abstractedly) it will be interpreted in their mind (Trope & Liberman, 2010). Various levels of psychological distance and construal levels have been found to influence consumers' product evaluations, purchase intentions and monetary outcomes (for review see chapter 3.4.).

Monetary outcomes have been less studied in CLT literature compared to other consumer behaviour variables. Nonetheless, consumers' temporal distance to a purchase of

a product (e.g., when the product is available immediately vs. when respondents saw just a prelaunch advertisement) has been established as a factor influencing consumers' WTP (e.g., Ledgerwood, Waksalak, & Wang, 2010; for review see Isaak, 2016). Bornemann and Homburg (2011) found that at the point of purchase, consumers are willing to pay more when the product was initially evaluated from a temporally distant perspective as opposed to a temporally close perspective. The authors have linked this relationship to the theory of the dual role of price, which distinguishes between a price-perceived sacrifice, which is viewed as a means-related consideration and a price-perceived quality relationship, and thus as an end-related consideration. These authors state that consumers think of a price as quality indicator when the purchase is temporally distant and as a monetary sacrifice when the purchase is temporally close. This is the case as the price-perceived quality relationship constitutes an ends-related perception that pertains to the core benefits of a product. The price-perceived sacrifice relationship, on the other hand, constitutes a means-related perception that pertains to what is given up obtaining these benefits. As a reason, the authors argue that from a psychologically distant perspective, core benefits of a product should be more prevalent whereas from a psychologically close perspective, cost-related considerations are more significant for the product evaluations. Similar results were observed in a study conducted by Nunez (2015), who found that consumers indicate a higher WTP for products when the decision to purchase lies on the distant future instead of a near future. They state that decisions regarding the purchase of cause-related products with a price premium seen as far are represented more abstractly. Consequently, consumers place focus on the positive and beneficial characteristics of the decision. On the contrary, when the purchase decision is to be made in near-future, consumers represent it concretely, and the negative monetary consequences of the decision become more prevalent.

Furthermore, Krüge, Alves & Koch (2016, as cited in Isaak, 2016), focused on WTP *ranges* resulting from different levels of spatial distance. They manipulated participants from Mannheim and Cologne with a scenario in which they were about to buy a pizza either in Mannheim or Cologne and asked them to indicate their WTP. The results showed that when presented with a scenario involving their domestic city (low spatial distance), participants indicated narrow range of prices. On the contrary, when asked about the more distant city (high spatial distance), price ranges were rather broad. Thus, to sum up, the price range a consumer is willing to pay for a product increases with increased psychological distance and higher construal.

In addition, for the sake of this study, it is of importance to look at the relationship between psychological distance and pros vs. cons of a given situation that a consumer faces. Eyal, Liberman, Trope & Walther (2004) argue that with increasing temporal distance to an action, pros of an action become more salient, and cons of the action become less salient. Their argument is based on the premise that in general, cons of an action are subordinate to its pros, as the importance of pros does not depend on the existence of cons. However, cons only play role as long as pros exist (Trope et al., 2007).

In line with the theoretical considerations above, second hypothesis for this research is developed as follows. First, the higher (lower) the psychological distance towards an event, the more abstractly (concretely) it is represented in consumers' minds. In relation to the case of this research, when consumers experience high psychological distance towards a negative COO change, they represent the change and its negative consequences more abstractly. On the other hand, when consumers experience low psychological distance towards a negative COO change, their mental representation of the change and its consequences is rather concrete. Second, with high psychological distance, consumers should focus less on the cons of the change and more on its pros. Furthermore, when experiencing high psychological distance towards the COO change, consumers should view the price of the product as an ends-related consideration. On the other hand, when experiencing low psychological distance, price should be viewed as a means-related consideration. Hence, all taken together, consumers who feel high psychological distance towards the negative COO change should be willing to pay more for a product compared to those who feel low psychological distance. In other words, as a result of a negative COO change, the decrease in consumers' WTP should be *lower* (vs. *higher*) when the psychological distance to the event is high (vs. low), thus resulting in a higher WTP (vs. lower WTP). Hence:

H2: A negative COO change associated with a high level of psychological distance results in a higher WTP compared to a corresponding COO change associated with a low level of psychological distance.

4 Methodology

The following chapter describes the methodology of the experimental research, including its research design, country of research, variables and adjacent measures, stimuli, pre-test and the design of the questionnaire.

4.1 Research Design

To answer the proposed research question, a 2 (COO: BO vs. COM) x 2 (psychological distance: high vs. low) full-factorial between-subjects design was employed. The COO manipulation occurred with a scenario (i.e., a newspaper article) announcing either a brand takeover (i.e., a change of BO) or a production shift (i.e., a change in COM). Both scenarios focused on a negative COO change, representing a BO or COM change to a country with a less favourable country image than the initial COO. For the psychological distance manipulation, temporal distance (high vs. low) was used as the specific dimension of psychological distance. The psychological distance manipulation occurs with temporal framing of the COO change, announcing that the change occurs either in three years from now, thus in 2026 (i.e., high temporal distance) or on a specific day next week (i.e., low temporal distance). For details on the manipulations, see Appendix B.

Specifically, respondents were randomly exposed either to a newspaper article announcing a change in BO with high psychological distance (Experimental group 1), a change in BO with low psychological distance (Experimental group 2), a change in COM with high psychological distance (Experimental group 3) or a change in COM with low psychological distance (Experimental group 4).

The newspaper article was identical across all conditions, differing only in the communicated COO change (BO vs. COM) and the psychological distance framing (high vs. low temporal distance). The experimental groups are illustrated in Table 1 below.

	High psychological distance	Low psychological distance
Change in BO	Experimental Group 1	Experimental Group 2
Change in COM	Experimental Group 3	Experimental Group 4

Table 1: Research design

4.2 Country of Research

The present experimental study was conducted in the USA, with respondents of American nationality. The USA represent a suitable country for this research for multiple reasons. First, the USA have the largest economy in the world, measured by the nominal GDP (Silver, 2022), which amounted around US\$23 billion in 2021 (The World Bank, 2022).

Second, the USA are considered the leading importer in the world, with an import value worth US\$3401.7 milliard in 2021 and US\$3957.2 milliard in 2022 (Statista, 2023; US Department of Commerce, BEA, Bureau of Economic Analysis, n.d.). The country also has a relatively open economy enabling flexible foreign direct investments (Silver, 2022).

4.3 Variables and Measures

In this section, the dependent, independent and control variables as well as the measurement scales used in this study are described.

4.3.1 Dependent Variable

The dependent variable, also known as outcome variable, represents the variable that is not manipulated by the experimenter and whose value is determined by the variables that have been manipulated (Field, 2018). In the present thesis, consumers' WTP, defined as "the maximum amount of money a customer is willing to spend on a product or service" (Homburg et al., 2005, p. 85) is used as dependent variable.

As already outlined in chapter 2.3., this thesis captures consumers' WTP with Van Westendorp's (1976) Price Sensitivity Meter (PSM). This method is based on four open-ended questions measuring the price at which consumers consider a product being (a) too cheap (i.e., leading to quality concerns), (b) cheap (i.e., a bargain), (c) expensive (i.e., not cheap but consumers still consider buying it), and (d) too expensive (i.e., a very high price for which consumers would not buy the product) (Lipovetsky et al., 2011). In the table below, the measurement of the dependent variable is detailed:

Variable	Measurement
Willingness to pay “The maximum amount of money a customer is willing to spend for a product or service” (Homburg et al., 2005, p. 85)	Four open-ended questions following the Van Westendorp’s PSM: 1. At what price would you consider this product to be so low that you would question its quality? (<i>Too cheap</i>) 2. At what price would you consider the product to be a bargain – a great buy for the money? (<i>Cheap</i>) 3. At what price would you consider the product starting to get expensive – not out of the question, but you’d need to give some thought to buying it? (<i>Expensive</i>) 4. At what price would you consider this product so expensive that you would not consider buying it? (<i>Too expensive</i>) Source: Ceylana et al. (2014)

Table 2: Dependent variable – WTP

To obtain an individual-level estimation of consumers’ WTP, this master thesis calculates the average of the estimated *too expensive* and *expensive* prices. Previous studies have shown that the price that consumers consider “*expensive*” is the closest to their actual reservation price (Roll, Achterberg & Herbert, 2010). Nevertheless, Diamantopoulos, Matarazzo, Montanari & Petrychenko (2021) criticized this approach as considering only the expensive price may lead to an underestimation of consumers’ actual WTP. The *too expensive* price, on the other hand, is above consumers’ WTP as they would no longer consider buying the product at this price level. Therefore, calculating the average of the *too expensive* and *expensive* prices addresses the issue of both underestimation and overestimation of WTP and it hence allows for a suitable approximation of consumers’ actual WTP.

4.3.2 Independent Variables

In experimental research, the independent variable, also referred to as predictor variable, is the variable which is manipulated by a researcher, and it is the cause of some effect (Field, 2018). In the present study, two independent variables, namely COO change (BO vs. COM) and psychological distance (high vs. low temporal distance) are used. In the following sections, the two independent variables and their manipulations and measures are described in detail.

4.3.2.1 COO Change - BO vs. COM

The first independent variable used in this study was a negative COO change with two levels: (i) a change in BO, namely “the country where the corporate headquarters of the company marketing the product or brand is located” (Johansson et al., 1985, p. 389), and (ii) a change in COM, namely “the country in which the product is manufactured or assembled” (Hamzaoui Essoussi et al., 2007, p. 412). The COO change (BO vs. COM) was manipulated by a newspaper article describing either a brand acquisition of the previously American brand to China (i.e., negative change in BO) or a production shift from America to China (i.e., negative change in COM). For details on the choice of the stimuli countries, see section 4.4. The design and contents of the news article were based on the study conducted by Montanari et al. (2021).

Variable	Measurement
Negative COO change with two levels: • Change in BO “the country where the corporate headquarters of the company marketing the product or brand is located” (Johansson et al., 1985, p. 389) • Change in COM “the country in which the product is manufactured or assembled” (Hamzaoui Essoussi et al., 2007, p. 412)	Manipulated through a newspaper article announcing either a change in BO or in COM: • Change in BO: Brand acquisition of a US brand by a Chinese company. • Change in COM: Production shift from the USA to China. Source: Adapted from Montanari et al. (2021)

Table 3: Independent variable - COO change: BO vs. COM

To evaluate whether respondents correctly understood this first manipulation on the COO change from the USA to China, a manipulation check was included in the questionnaire. This consisted of a one-item single choice question asking the participants to indicate the new BO or COM of the brand after the acquisition/production shift is completed.

4.3.2.2 Psychological distance - High vs. low temporal distance

The second independent variable employed in this study was psychological distance, namely “a cognitive separation between the self and other instances such as persons, events, or times.” (Baltatescu, 2014, p. 5145), with two levels: high vs. low.

Existing research has applied various forms of manipulations intended to elicit high vs. low levels of psychological distance. The following table summarises examples of manipulations of psychological distance divided according to the four dimensions, namely temporal, spatial, social and hypothetical.

Dimension of psychological distance	Manipulation
Temporal	• Participants were asked to imagine that they were going to buy a new notebook in six months (high distance) vs. next week (low distance) (Hernandez et al., 2015) • Participants imagined an event happening tomorrow (low distance) vs. a year from now (high distance) (Gong & Medin, 2012) • Participants were asked to imagine doing a series of activities either tomorrow (low distance) or one year later (high distance) (Kim, Zhang & Li, 2008)
Spatial	• Participants made judgements about a product advertisement which includes the phrase “Available at your local electronics store” (low distance) vs. “Only available in the U.S., shipped internationally (high distance) (Isaak, 2016) • Participants from New York watched a video that had been filmed either in New York (low distance) or in Florence, Italy (high distance) (Fujita, Trope, Liberman, & Levin-Sagi, 2006) • Participants saw a car advertisement showing close-ups of the car’s exterior and interior (low distance) vs. pictures of landscape (high distance) (Isaak et al., 2020) • Participants were told that an agent in charge of their issue was based close to their current location vs. far from it (Hong, Longoni & Morwitz, 2023)
Social	• Participants made judgements about a story written by a similar (low distance) vs. different (high distance) person (Liviatan, Trope & Liberman, 2008) • Participants were asked to evaluate a product from their own perspective (low distance) vs. from a perspective of someone else (high distance) (Isaak, 2016) • Participants were given information on a product from an in-group member (low distance) vs. by an out-group member (high distance) (Kim et al., 2008)
Hypothetical	• Participants made judgments about a product ad containing one of the following two sentences: “On stock – availability guaranteed” vs. “Limited number on stock. Please note, this product can be sold out quickly”. (Isaak, 2016). • Participants were told than an event (a promotional campaign) was very likely (low distance) vs. very unlikely (high distance) to occur (Todorov, Goren & Trope, 2007) • Participants were told that there is a high likelihood (low distance) vs. low likelihood (high distance) that they will have to complete an activity later on in the course of the study (Wakslak, Trope, Liberman & Alony, 2006)

Table 4: Overview of manipulations of psychological distance

For the present study, temporal distance, namely “the difference between two points in time, the now and a point in the future or the past” (Isaak, 2016, p. 20) was chosen as it

offers the most robust theoretical base among all other dimensions. It also offers the more realistic dimension involving COO changes.

Bearing the above in mind, the present study manipulated respondents' psychological distance by varying the levels of temporal distance (high vs. low) to the event of a COO change (BO vs. COM). After reading the article announcing the COO change framed as temporarily close (i.e., next week) vs. temporarily far (i.e., in 2026), respondents were first asked to indicate the actual date of the acquisition/production shift. This question served as a manipulation check intended to assess whether respondents paid attention to the content of the article. However, the actual calendar date can vary from subjective temporal distance, or the perceived distance to the actual event from individuals' viewpoint (Cortes, Leith & Wilson, 2018). Therefore, subjective personal distance was measured using a 7-point Likert scale adapted from a study conducted by Cortes et al. (2018).

Variable	Measurement
Psychological distance “a cognitive separation between the self and other instances such as persons, events, or times.” (Baltatescu, 2014, p. 5145).	One item on a 7-point Likert scale: 1. How close vs. far in time from the present date does the date of the [acquisition/production shift] feel to you? (1 = “Very close to today, 7 = Very far from today). Source: Adapted from Cortes et al. (2018)

Table 5: Independent variable - Psychological distance: High vs. low temporal distance

4.3.3 Control Variables

Control variables, also referred to as confounding variables, are variables other than the predictor variable that potentially affect the outcome variable (Field, 2018). Based on literature review on COO changes and CLT, four control variables were selected for this study as they might influence the relationship between COO and consumers' WTP: product ethnicity, product involvement, price sensitivity and consumer cosmopolitanism. In the following paragraphs, each control variable and its measurement are described in detail.

The first control variable selected was product ethnicity (PE), namely “the stereotypical association of a generic product with a particular COO” (Usunier & Cestre, 2007, p. 36). Based on perceptions of a country's know-how and reputation regarding manufacturing or

design of generic goods, consumers form associations between products and countries. Consumers are likely to demonstrate a higher WTP and higher attitudes towards typical products (Usunier & Cestre, 2007; Tseng & Balabanis, 2011).

The second control variable was product involvement (PI), namely “a person’s perceived relevance of the object based on inherent needs, values and interests” (Zaichkowsky, 1985, p. 342). Consumers to whom a particular product category is of a high personal relevance pay more attention to COO information (Josiassen, Lukas & Whitwell, 2008). Consequently, consumers are likely to exhibit a higher WTP with increasing PI (Campbell, DiPietro & Remar, 2014).

Price sensitivity (PS), the third control variable, refers to “the extent to which individuals perceive and respond to changes or differences in prices for products or services” (Wakefield & Inman, 2003, p. 201). Price-insensitive consumers are likely to exhibit a higher WTP for a particular product than price-sensitive consumers (Goldsmith & Newell, 1997).

The fourth control variable, consumer cosmopolitanism (CCOS), describes “the extent to which a consumer (1) exhibits an open-mindedness towards foreign countries and cultures, (2) appreciates the diversity brought about by the availability of products from different national and cultural origins, and (3) is positively disposed towards consuming products from foreign countries” (Riefler, Diamantopoulos & Siguaw, 2012, p. 287). Previous research has shown that more cosmopolitan consumers exhibit higher preferences towards buying foreign products (Sousa, Nobre & Farhangmehr, 2018) and higher attitudes and purchase intentions towards foreign brands (Srivastava, Gupta & Rana, 2021). Therefore, CCOS may positively affect consumers’ WTP, i.e., the higher CCOS, the higher their WTP for a particular product from a foreign country.

The control variables and their measurements are summarised in the following table:

Variable	Measurement
Product ethnicity “The stereotypical association of a generic product with a particular COO” (Usunier & Cestre, 2007, p. 36).	Four items on a seven-point Likert-type scale (1 = “strongly disagree” and 7 = “strongly agree”): 1. The [product category] reflects [COO]. 2. I associate the [product category] with [COO]. 3. The [product category] makes me think of [COO]. 4. There is a strong link between the [product category] and [COO]. Source: Halkias & Diamantopoulos (2020)
Product involvement “A person’s perceived relevance of the object based on inherent needs, values and interests” (Zaichkowsky, 1985, p. 342).	Three items on a seven-point Likert scale (1 = “strongly disagree” and 7 = “strongly agree”): 1. I choose my [product category] very carefully. 2. Which [product category] I use matters to me a lot. 3. Deciding which [product category] to buy is an important decision to me. Source: Mittal & Lee (1988)
Price sensitivity “The extent to which individuals perceive and respond to changes or differences in prices for products or services” (Wakefield & Inman, 2003, p. 201).	3 items on a seven-point Likert-type scale (1 = “strongly disagree” and 7 = “strongly agree”): 1. I’m willing to make an extra effort to find a low price for [product category]. 2. I will change what I had planned to buy in order to take advantage of a lower price for [product category]. 3. I am sensitive to differences in the prices for [product category]. Source: Wakefield & Inman (2003)
Consumer cosmopolitanism “A relative distance from one’s own culture and affiliation and openness towards other cultures and customs” (Riefler et al., 2012, p. 285).	12 items on a seven-point Likert-type scale (1 = “strongly disagree” and 7 = “strongly agree”): <i>Open-mindedness:</i> 1. When traveling, I make a conscious effort to get in touch with the local culture and traditions. 2. I like having the opportunity to meet people from many different countries. 3. I like to have contact with people from different cultures. 4. I have a real interest in other countries. <i>Diversity appreciation:</i> 5. Having access to products coming from many different countries is valuable to me. 6. The availability of foreign products in the domestic market provides valuable diversity.

	7. I enjoy being offered a wide range of products coming from various countries. 8. Always buying the same local products becomes boring over time. <i>Consumption transcending borders:</i> 9. I like watching movies from different countries. 10. I like listening to music of other cultures. 11. I like trying original dishes from other countries. 12. I like trying out things that are consumed elsewhere in the world. Source: Riefler et al. (2012)
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Table 6: Control variables

Additionally, the following demographic variables were measured in the main questionnaire:

Variable	Measurement
Gender	Single question with three distinct options: Gender: ☐ Female ☐ Male ☐ Diverse
Age	Single, open-ended question: How old are you? _____ years old.
Nationality	Single question with two distinct options: Nationality: ☐ American ☐ Other
Employment status	Single question with 7 distinct options: Employment status: ☐ Employed ☐ Unemployed ☐ Student ☐ Working student ☐ Homemaker ☐ Retired ☐ Other
Monthly net income	Single, open-ended question: Monthly net income: _____ US\$.

Table 7: Demographics

4.4 Stimuli

In the following sections, the stimuli used in the experimental study (i.e., product category and countries) are explained.

4.4.1 *Product category*

As a product category for this experimental study, apparel was chosen, specifically sneakers since both domestic (e.g., New Balance, Converse, Nike) and foreign (e.g., Adidas, Veja, Puma) sneaker brands are widely available on the US market. Hence, it is unlikely that there is any effect resulting from the unavailability of domestic products (Balabanis & Diamantopoulos, 2016). Furthermore, the product category of sneakers is part of a multi-national supply chains, with brands originating and producing in differing countries (e.g., Sketchers headquartered in California and producing mainly in China and Vietnam) (USA Love List, 2023). Moreover, sneakers represent an appropriate product category for COO studies as they are a product familiar to and frequently purchased by US consumers (Insch & McBride, 2004). COO of shoes was also shown to have a significant effect on US consumers' product quality perceptions (Insch & McBride, 2004).

Furthermore, to avoid confounding effects due to brand familiarity and brand equity (Dimofte, Johansson & Ronkainen, 2008), fictitious brand and company names were used. The fictitious brand name ("D2R") was previously successfully used in a study conducted by Diamantopoulos et al., (2021). The name of the Chinese company ("ZK Corporation") was randomly generated.

4.4.2 *Countries*

As stimuli countries, two countries with a differing (higher vs. lower) CI, or the "overall perception consumers form of products from a particular country, based on their prior perception of the country's production and marketing strengths and weaknesses" (Roth & Romeo, 1992, p. 480) were chosen. For this purpose, the USA were chosen as the original COO with a more favourable CI, whereas China was used as the new COO with a less favourable CI, thus corresponding to a negative COO change (Matarazzo et al., 2019). The CI of the USA has been already shown to be superior compared to China (Montanari et al., 2021). Moreover, products from developed countries, such as the USA, are generally

associated with high quality, technology, accuracy and workmanship, while products from emerging markets, such as China, are associated with lower quality, lower reliability and low cost (Chuin & Mohamad, 2012; Pecotich et al., 1996). As already discussed in chapter 2.1, products from a country with a negative CI may raise quality concerns which consequently influence the value consumers associate with the purchase. Indeed, with relation to the countries chosen as stimuli for this study, research indicates that consumer attitudes in Western countries towards products from developing countries have hardened as a result of quality concerns (Wang et al., 2012).

To confirm these expectations, a manipulation check was included in the questionnaire. Roth & Romeo (1992) propose that CI consists of four dimensions related to products originating in the country, namely innovativeness, attractiveness of design, prestige and workmanship. CI of both the USA and China were measured and compared.

Variable	Measurement
Country image “Overall perception consumers form of products from a particular country, based on their prior perception of the country’s production and marketing strengths and weaknesses” (Roth & Romeo, 1992, p. 480).	Four items on a seven-point Likert-type scale: 1. How would you rate innovativeness of products from [the USA/China]? Innovativeness designates the use of new technology and engineering advances. (1 = “not innovative” and 7 = “innovative”). 2. How would you rate the attractiveness of the design of products from [the USA/China] regarding appearance, style, colors, and variety? (1 = “not attractive design” and 7 = “attractive design”). 3. How would you rate the prestige of products from [the USA/China] including their exclusivity, status, and brand name reputation? (1 = “low prestige” and 7 = “high prestige”). 4. How would you rate the workmanship of products from [the USA/China], which comprises reliability, durability, craftsmanship, and manufacturing quality? (1 = “bad workmanship” and 7 = “good workmanship”). Source: Roth & Romeo (1992)

Table 8: Manipulation check - CI

4.5 Pretest

In the following sections, the pretest conducted before the main study is reported in terms of its design, method and results.

4.5.1 Design and Method

Before conducting the main study, a pretest was carried out. Its objective was threefold. First, it aimed to test whether respondents would recognise differences in varying level of psychological distance (temporal distance – high vs. low) in an online news article. Its second objective was to examine if participants would accurately understand the COO scenario (change in BO). Finally, it was intended to verify if the scenario was perceived as credible and believable.

The pretest was designed similar to the study conducted by Montanari et al. (2021). After being introduced to the aim of the study, participants were randomly assigned to one of two experimental groups and consequently exposed to one of two fictitious newspaper articles (high vs. low temporal distance) announcing the confirmed acquisition of the previously American footwear brand D2R by the Chinese ZK Corporation. The articles differed in the information on the timing of the ongoing acquisition. In the high temporal distance condition, the acquisition was described as happening in three years from now (in 2026), whereas in the low temporal distance condition, the acquisition was happening next week (March 13, 2023).

After reading the article, participants were first asked to recall and indicate the timing of the acquisition (objective temporal distance). Then, they indicated on a 7-point Likert scale how close vs. far in time from the present date the date of the acquisition felt to them (subjective temporal distance). This question was intended to measure whether the temporal distance manipulation (high vs. low) was successful. Second, to check whether respondents understood the scenario correctly, they were asked to indicate the new BO once the acquisition is completed. Third, credibility and believability of the article were tested with four different questions (*“For me, the article presented is authentic”*, *“For me, the article presented is realistic”*, *“I think that the article is understandable”* and *“I believe this scenario could happen in reality”*), each measured on a 7-point Likert scale. Finally, participants completed a set of demographic questions, namely on their gender, age, employment status and nationality.

4.5.2 Results

A total of 60 Americans (50% female, $M_{\text{age}} = 34.58$, $SD = 12.85$) participated in the pretest, conducted in the paid survey platform Prolific.

An independent samples t-test showed that the manipulation of temporal distance (high vs. low) was successful, with respondents perceiving the high-distance manipulation as much more temporarily distant ($M_{\text{HIGHTD}} = 5.03$) compared to the low-distance manipulation ($M_{\text{LOWTD}} = 1.90$; $t(60) = 10.82$, $p < 0.05$). Also consistent with expectations, 57 respondents (95%) understood the COO scenario correctly, with three (5%) incorrectly indicating “the USA” as the new BO after the acquisition. Finally, the scenarios were credible ($M_{\text{CRED}} = 5.35$, $SD = 0.99$). Therefore, the pretest was successful.

4.6 Questionnaire design and data collection

The main questionnaire was created via the online survey platform SoSci Survey. Four different versions of the questionnaire were designed, one for each experimental group: V1 = change in BO + high temporal distance, V2 = change in BO + low temporal distance, V3 = change in COM + high temporal distance, V4 = change in COM + low temporal distance.

Participants in each experimental group first read an introduction to the questionnaire and a personal data protection clause. Next, they were randomly assigned into one of the four experimental groups, and they were, according to their group assignment, presented with one of the four versions of stimuli (online news article) – for details, see Appendix B. After reading the article, they were instructed to answer the questions from the PSM. Next, participants were asked to indicate the date of the acquisition or production shift, which served as manipulation check and they were asked to indicate the subjective temporal distance. Next, participants were asked to indicate the new COO after the acquisition or production shift happens, which served as another manipulation check intended to verify their scenario understanding. Moreover, this section included an open-ended question (How much is 2+2?) which served as an attention check intended to verify whether participants read the questions carefully. Finally, participants completed four questions that were later used to estimate the perceived credibility of the scenarios.

Next, participants completed questions measuring the country image of the USA and China and questions about the control variables: product ethnicity (the USA and China), product involvement, price sensitivity and consumer cosmopolitanism. Then, the demographic data of respondents, namely their gender, age, nationality, employment status and monthly net income finished the questionnaire.

The data was collected via the online crowdsourcing platform Prolific. The Prolific platform has been shown to represent a good choice for collecting data of reasonably high quality in a relatively short time and for reasonable price (Stanton, Carpenter, Nance, Sturgeon, & Andino, 2022). Prolific offers the option to define the target population according to multiple prescreen criteria, such as nationality, age, gender, education, lifestyle or interests. For the present study, the screener nationality – United States and balanced sample – 50% male, 50% female was used. Furthermore, participants who participated in the pretest were excluded from the study distribution. The participant reward was chosen according to the minimum reward criterium specified by Prolific.

5 Results

This chapter shows the results of the main study. First, sample profile is described in detail, and the reliability of constructs used in the present study is assessed. Next, control variables and manipulation checks are presented. Finally, the two hypotheses developed for this master thesis are tested.

5.1 Sample profile

The initial sample comprised 691 respondents before data cleaning. In this process, first, blank cells (66 respondents), respondents with nationality other than American (4 respondents) and respondents who did not finish the questionnaire (3) were removed from the sample. Second, participants who failed the attention check (i.e., provided wrong answer to the question “How much is 2+2”) were also excluded from the sample (2). Furthermore, 9 duplicate Prolific ID numbers were detected, leading to the further elimination of these 9 participants.

Next, manipulation checks for both independent variables were evaluated. First, 32 respondents were excluded as they failed the COO manipulation check by incorrectly indicating the USA as the new COO. Second, 27 respondents were eliminated as they did not recall when the COO change was about to take place or provided an answer different to a year, date or a day (e.g., “Arizona”), thus failing the manipulation check on the objective psychological distance. It is important to note that participants who indicated an incorrect date of the COO change (137) were not excluded from the analysis. Instead, a new control variable *TD_Correct* was created with values 0 = incorrect answer, 1 = correct answer; this variable was further included as a covariate in the hypotheses testing.

Finally, respondents whose answers to the PSM did not follow the increasing price levels (i.e., *too cheap* < *cheap* < *expensive* < *too expensive*) were removed (52). Next, based on multiple box plot analyses, outliers were eliminated (19). The box plot analysis was performed for each experimental group separately.

The final sample of 477 Americans consisted of 49.10% women, 48.20% men and 2.70% diverse with an age range from 18 to 77 and an average of 42.40 years (SD = 14.12).

The sample had a similar composition to the actual US population whose median age was 38.8 years in 2021 (US Census Bureau, 2022a) with a gender distribution of 49.53% females and 50.47% males (US Census Bureau, 2022b) The figure below summarises the overall age distribution in the sample.

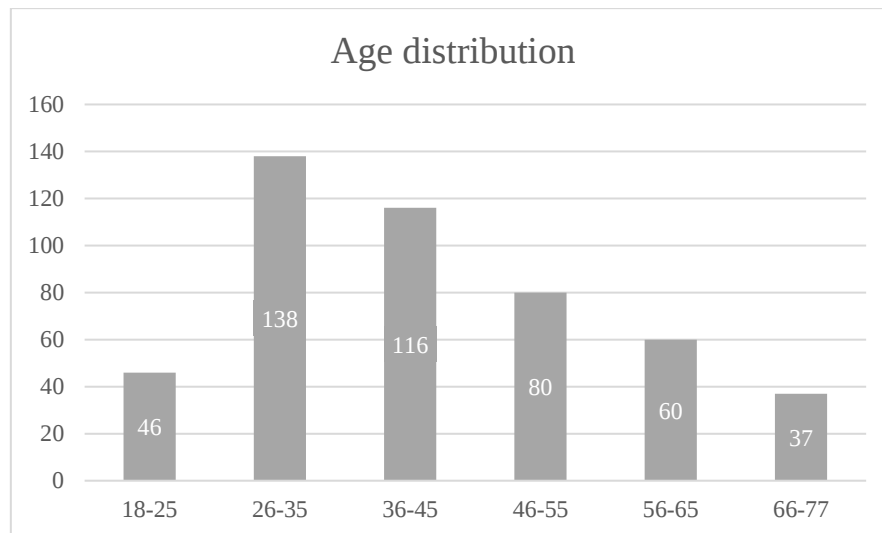


Figure 2: Age distribution

Most of the respondents were employed (66.50%); 11.50% were unemployed, 8.40% retired, 5.20% homemakers, 3.80% were students, 2.10% working students and 2.50% other. In terms of employment, the sample shows again a similar composition to the actual US population, whose employment rate stood at 60% in 2022 (Bureau of Labor Statistics, 2023).

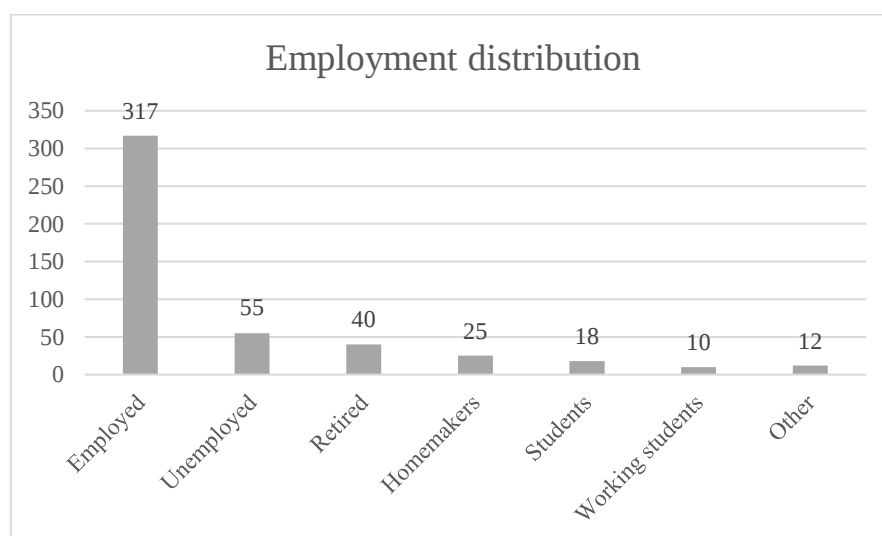


Figure 3: Employment distribution

Finally, the monthly net income ranged from 0 to 180,000 dollars, with a mean of \$US 7,524.12 (SD = 17074.94). The income distribution is not representative. The reason may be that US respondents are used to indicating their annual income, which is also the case in the United States Census (US Census Bureau, 2022c).

5.2 Constructs reliability

To ensure the reliability (internal consistency) of multi-item constructs, Cronbach's alpha (α) was calculated (Cronbach, 1951). According to Field (2018), the acceptable value of Cronbach's alpha is usually set between 0.7 and 0.8. The acceptable value of Cronbach's alpha was therefore set to a value above 0.7.

Table 9 below shows that for each construct, Cronbach's alpha was above the value of 0.7 and therefore, all constructs could be considered reliable.

Construct	Cronbach's alpha
Country Image (Roth & Romeo, 1992)	$\alpha = 0.86$ (USA) $\alpha = 0.82$ (China)
Product ethnicity (Halkias & Diamantopoulos, 2020)	$\alpha = 0.95$ (USA) $\alpha = 0.96$ (China)
Product Involvement (Mittal & Lee, 1988)	$\alpha = 0.94$
Price Sensitivity (Wakefield & Inman, 2003)	$\alpha = 0.81$
Consumer cosmopolitanism (Riefler et al., 2012)	$\alpha = 0.92$

Table 9: Constructs reliability

5.3 Control Variables

The four control variables (product ethnicity, product involvement, price sensitivity and consumer cosmopolitanism) used in the study were analysed and compared across all four experimental groups.

First, with regard to product ethnicity, a paired sample t-test revealed a significant difference between the USA and China ($t(476) = 10.09$, $p < 0.05$; $M_{USA} = 4.52$, $M_{China} =$

3.39). Hence, American respondents associate the product category of sneakers more strongly with the USA than China. However, overall, the associations with both countries can be considered moderate, as the scores are in the middle of a scale ranging from 1 to 7.

Moreover, a one-way analysis of variance (ANOVA) revealed that the average product ethnicity for the USA significantly differed across the experimental groups ($F(3, 473) = 2.77, p < 0.05$; $M_{BO-HIGHTD} = 4.65, SD = 1.53$; $M_{BO-LOWTD} = 4.79, SD = 1.42$; $M_{COM-HIGHTD} = 4.30, SD = 1.46$; $M_{COM-LOWTD} = 4.38, SD = 1.53$). On the other hand, no significant difference was found between the average product ethnicity for China across the experimental groups ($F(3, 473) = 1.41, p > 0.05$; $M_{BO-HIGHTD} = 3.32, SD = 1.56$; $M_{BO-LOWTD} = 3.18, SD = 1.44$; $M_{COM-HIGHTD} = 3.57, SD = 1.56$; $M_{COM-LOWTD} = 3.48, SD = 1.63$).

Second, with regard to product involvement, respondents showed in general high scores ($M = 5.52, SD = 1.43$). The average product involvement was homogenous across the experimental groups as shown by an ANOVA ($F(3, 473) = 0.72, p > 0.05$; $M_{BO-HIGHTD} = 5.41, SD = 1.56$; $M_{BO-LOWTD} = 5.55, SD = 1.31$; $M_{COM-HIGHTD} = 5.49, SD = 1.46$; $M_{COM-LOWTD} = 5.67, SD = 1.36$).

Third, respondents demonstrated high scores for price sensitivity ($M = 5.05, SD = 1.29$). Scores were homogenous across the experimental groups ($M_{BO-HIGHTD} = 5.03, SD = 1.27$; $M_{BO-LOWTD} = 5.03, SD = 1.40$; $M_{COM-HIGHTD} = 5.06, SD = 1.27$; $M_{COM-LOWTD} = 5.09, SD = 1.26$) as revealed by another ANOVA ($F(3, 473) = 0.06, p > 0.05$).

Finally, respondents demonstrated a high consumer cosmopolitanism ($M = 5.09, SD = 1.12$). An ANOVA revealed no significant difference in consumer cosmopolitanism across the experimental groups ($F(3, 473) = 0.89, p > 0.05$; $M_{BO-HIGHTD} = 5.00, SD = 1.16$; $M_{BO-LOWTD} = 5.09, SD = 1.11$; $M_{COM-HIGHTD} = 5.06, SD = 1.10$; $M_{COM-LOWTD} = 5.23, SD = 1.09$).

To sum up, the average scores for all control variables except for the product ethnicity (USA) were homogenous across the experimental groups. However, these controls were nevertheless included in the hypotheses testing as they might potentially affect consumers' WTP.

5.4 Manipulation Checks

As already mentioned in chapter 5.1., manipulation checks for the two IVs (COO and psychological distance) were performed. Specifically, 32 respondents were eliminated from the sample as they did not specify the correct post-change BO/COM. Furthermore, 27 respondents were excluded as they did not recall the date of the COO change thus failed the psychological distance manipulation check.

In order to verify that the psychological distance manipulation worked as intended, an independent-sample t-test was conducted comparing the subjective temporal distance indicated by respondents for each of the two levels of COO (BO vs. COM). In line with the pretest results, respondents in the BO condition perceived the high distance manipulation significantly more temporarily distant compared to the low distance manipulation ($t(230.95) = 11.18, p < 0.05; M_{\text{HIGHTD}} = 4.16, SD = 1.59; M_{\text{LOWTD}} = 2.08, SD = 1.26$). The same effect was observed with respondents in the COM condition ($t(238.98) = 12.86, p < 0.05; M_{\text{HIGHTD}} = 4.22, SD = 1.45; M_{\text{LOWTD}} = 1.96, SD = 1.29$).

Moreover, in order to confirm that the COO change from the USA to China was considered negative by respondents, country image of the USA and China were compared. Consistent with our expectations, a paired-sample t-test revealed that there is indeed a significant difference between the average CI of the USA and China ($t(476) = 21.44, p < 0.05$), with CI of the USA being on average more favourable ($M_{\text{USA}} = 5.17, SD = 1.07$) than CI of China ($M_{\text{China}} = 3.70, SD = 1.15$). Hence, it can be assumed that respondents considered the COO change from the USA to China as negative.

Finally, the credibility of all four scenarios was checked across all four experimental groups. The analysis of means revealed that respondents perceived all scenarios as credible ($M_{\text{BO-HIGHTD}} = 5.14, SD = 1.31; M_{\text{BO-LOWTD}} = 5.22, SD = 1.18; M_{\text{COM-HIGHTD}} = 5.87, SD = 0.77; M_{\text{COM-LOWTD}} = 5.71, SD = 0.85$).

5.5 Hypotheses testing

To test H1 and H2, a two-way analysis of covariance (ANCOVA) was performed. In this analysis, COO change (BO vs. COM) and psychological distance (high vs. low temporal

distance) acted as independent variables. WTP was used as dependent variable and product ethnicity, product involvement, price sensitivity, consumer cosmopolitanism and the newly created covariate TD_Correct (for details see chapter 5.1) were included as covariates.

Before conducting the analysis, the underlying assumptions of two-way ANCOVA were assessed, namely: (i) linear relationship between the covariates and the dependent variables, (ii) homogeneity of regression slopes, (iii) normal distribution of residuals, and (iv) homogeneity of variances and homoscedasticity (Field, 2018).

First, scatterdots were created to test the linear relationship between the covariates and the dependent variable for each combination of the two independent variables. The assumption of linearity was met for all covariates. Second, visual inspection of the scatterdots showed that the assumption of homogeneity of regression slopes was met for product ethnicity for the USA, price sensitivity, product involvement and consumer cosmopolitanism. For product ethnicity for China, three groups showed a similar negative linear relationship, whereas one group showed a slightly positive linear relationship. However, all lines were almost horizontal. The assumption of homogeneity of regression slopes was hence met for all control variables ($p > 0.05$).

With regard to normal distribution of residuals, the histograms showed a fairly symmetric bell shape. Considering the fact that ANCOVA is robust against violations of normality and the central limit theorem, the sample size of each experimental group ($N_{BO-HIGHTD} = 126$, $N_{BO-LOWTD} = 111$, $N_{COM-HIGHTD} = 128$ and $N_{COM-LOWTD} = 113$) indicates that the assumption of normality was met without further analysis necessary (Field, 2018).

Next, visual inspection of the studentized residuals plotted against the predicted values for each group indicated that the assumption of homoscedasticity was confirmed. Finally, the assumption of homogeneity of variances was met, as shown by Levene's test of homogeneity of variances ($F(3, 473) = 0.20$, $p > 0.05$).

Hence, a two-way ANCOVA was conducted. In the first run, the covariates product ethnicity USA, product ethnicity China, product involvement and the correct vs. incorrect indication of temporal distance (TD_Correct) did not have a significant impact on WTP ($p > 0.05$) and were hence removed from further analysis. The two-way ANCOVA was

consequently re-run controlling only for the effects of price sensitivity and consumer cosmopolitanism which showed a significant impact in the first analysis ($p < 0.05$).

This new two-way ANCOVA showed a significant effect of price sensitivity ($F(1, 471) = 17.50, p < 0.05$) as well as of consumer cosmopolitanism ($F(1, 471) = 7.85, p = 0.05$). The results of the two-way ANCOVA are presented in Table 10:

DV: WTP		
Source	F-statistic	Sig.
Price sensitivity	17.50	0.00
Consumer cosmopolitanism	7.85	0.01
BO/COM	2.72	0.10
High TD/Low TD	2.48	0.12
Interaction BO/COM*High TD/Low TD	0.03	0.87

Table 10: Two-way ANCOVA with WTP as DV

To test H1, main effect of BO/COM was observed. The results indicate that the main effect of BO vs. COM on consumers' WTP was not significant while controlling for price sensitivity and consumer cosmopolitanism ($F(1, 471) = 2.72, p > 0.05$). The average WTP for BO was similar to COM ($M_{BO} = 86.25$, compared to $M_{COM} = 80.97$). Therefore, no empirical support for H1 was provided.

To test H2, main effect of High TD/Low TD was assessed. As shown in Table 10, there was no significant effect of High TD vs. Low TD on consumers' WTP while controlling for price sensitivity and consumer cosmopolitanism ($F(1, 471) = 2.48, p > 0.05$). The average WTP for high TD vs. low TD was similar ($M_{HIGHTD} = 86.13$; $M_{LOWTD} = 81.09$). Hence, H2 was not supported.

Furthermore, there was no significant interaction effect between COO (BO/COM) and temporal distance (High/Low) on consumers' WTP after controlling for the covariates ($F(1, 471) = 0.03, p > 0.05$). Table 11 shows that the average estimated WTP after controlling for PS and CCOS.

Experimental group	Estimates
BO + high TD	M = 89.03 US\$
BO + low TD	M = 83.47 US\$
COM + high TD	M = 83.23 US\$
COM + low TD	M = 78.71 US\$
BO total	M = 86.25 US\$
COM total	M = 80.97 US\$
High TD total	M = 86.13 US\$
Low TD total	M = 81.09 US\$

Table 11: Mean estimates WTP adjusted for PS and CCOS

6 Conclusion

This chapter discusses the main findings of the thesis as well as with the theoretical and managerial implications. Moreover, limitations of the study and future research are outlined.

6.1 Discussion

Drawing on signaling theory and CLT, this thesis investigated the impact of two different forms of COO change (change in BO vs. COM) on consumers' willingness to pay, i.e., "the maximum amount of money a customer is willing to spend for a product or service" (Homburg et al., 2005, p. 85), taking into consideration varying levels of psychological distance (high vs. low temporal distance). Specifically, the study examined how low vs. high temporal distance towards a COO change influences consumers' WTP for a brand. The current study focused on negative COO changes, which were represented by a change from a COO with a superior country image (the USA) to a country with less favourable country image (China).

To answer the research question: "*How do COO changes (in terms of BO or COM) affect consumers' WTP for a brand considering varying levels of psychological distance (high vs. low)?*", two hypotheses developed and tested in an experimental study.

Specifically, H1 investigated whether a negative COO change in terms of BO would result in a lower WTP than a corresponding change in COM. However, against signaling theory predictions, no significant difference was found in WTP between negative changes in BO and COM. In other words, consumers seem to be equally affected by a negative M&A and a negative production shift in terms of their WTP.

One potential explanation for this finding might be that the effect of COO cues on consumers' evaluations varies according to consumers' familiarity with the brand (e.g., Yang, Ramsaran & Wibowo, 2018; Koschate-Fischer et al., 2012). In the present study, respondents were presented with a fictitious, and thus with an unfamiliar brand. According to Bilkey & Nes (1982), when consumers have little knowledge of the brand, they base their evaluations on intrinsic product attributes, such as product quality, rather than on the

origin of the brand. Furthermore, Han (1989) argues that under low familiarity with a product, COO cues are used by consumers to infer intrinsic characteristics of a product. While BO communicates predominantly attributes related to the brand itself (Cho & Hwang, 2020), COM conveys more information about the product itself, such as about its quality (Aruan et al., 2018; Chen et al., 2020). Hence, in line with Bilkey & Nes (1982), the strenght of COM as a signal of quality may increase in case of unfamiliar brands. With relation to the present study, the use of fictitious brand may have led to the increase of COM's strength, whose effect consequently became equal to that of BO.

On the other hand, another explanation for the equivalent effect of BO and COM may be the decrease in BO's strength resulting from the use of fictitious brand. According to Balabanis & Diamantopoulos (2011), weak brands usually suffer less adverse effects of losses in BO (i.e., a negative change in BO) compared to strong brands. Hence, respondents' unfamiliarity with the brand used in this study may have led to the decrease in BO's strength, which hence became equivalent to that of COM. This reasoning is also partly consistent with the study conducted by Montanari et al. (2021), who found that while respondents' WTP decreases in case of a negative COM change of a fictitious brand, they seem to be immune in terms of their WTP to corresponding negative changes in BO.

With regards to H2, this hypothesis explored whether a COO change associated with a high level of psychological distance results in a higher WTP compared to a corresponding COO change associated with a low level of psychological distance. In other words, H2 was intended to test if a negative COO change associated with low level of psychological distance results in greater decrease in consumers' WTP, and thus in a lower WTP, compared to high level of psychological distance. Similar to H1, no empirical support was found for H2 as consumers were equally sensitive, in terms of WTP to different levels (high vs. low) of temporal distance.

One potential explanation for the equal effect of high vs. low psychological distance on consumers' WTP can be found in the fit theory (Higgins, 2000, 2005). The fit theory proposes that in the context of marketing, rather than implementing a strategy to increase or decrease psychological distance, it is more important to align the psychological distance with the variables of the marketing mix (Alaoui & Cova, 2021). Under high psychological distance, consumers focus on central or the so-called desirability features of a product,

whereas under low psychological distance, they focus on peripheral or the so-called feasibility aspects of a product (Trope & Liberman, 2000). The fit theory proposes, in other words, that the level of psychological distance should be matched with marketing mix tools (i.e., product, place, promotion and price), to increase its effect on consumer responses (Alaoui & Cova, 2021). A series of studies conducted by Isaak (2016) confirms this expectation: the research has found that high psychological distance indeed leads to a higher WTP compared to low psychological, however, only when the product is described favorably on its desirability features. Hence, with regard to the present master's thesis, the absence of emphasis on desirability vs. feasibility aspects of the product might be the reason for the decreased strength of high psychological distance, which consequently became equal to that of low psychological distance.

Furthermore, although results of the present study indicate that the temporal framing of the COO changes (temporally close vs. distant) has successfully evoked low vs. high temporal distance in participants, both temporal framings have, in general, referred to future. Hence, participants in all four experimental groups responded to COO changes which have not yet occurred, and which do not yet have any known implications. One should consider the possibility that the effect of high vs. low psychological distance towards a *pending* COO change simply has an equivalent effect on consumers' WTP. When presented with a negative COO change which will happen at some point in near vs. far future, consumers' representation of the COO change in terms of its abstraction might not differ as in both cases, the change will happen in future.

6.2 Theoretical implications

From a theoretical perspective, this thesis expands literature on COO changes by intruding the idea of psychological distance in the relationship between COO changes and consumers' WTP. Thus, the thesis aimed to examine whether consumers react differently to changes in BO vs. COM in terms of their WTP, taking into consideration varying levels of psychological distance (high vs. low temporal distance) towards the COO change.

First, previous research has established link between consumers' psychological distance and their WTP (e.g., Ledgerwood et al., 2010; Bornemann & Homburg, 2011). However, no study so far has explored this relationship in a scenario of a (pending) COO

change. This study addresses this research gap by applying varying levels of temporal distance (high vs. low) to scenarios of a negative COO change. In line with a study by Cortes et al. (2017), the present research has found that temporal framing (close vs. far in time from the present date) of a COO change affects consumers' subjective temporal distance (low vs. high). In other words, this study found that whether a pending COO change is described as temporary close or far affects consumers' psychological distance (low vs. high) towards the change. Consequently, according to CLT, individuals in the low distance condition should represent the COO change and its consequences more concretely, whereas those in the high distance condition rather abstractly (Rietzschel & Ritter, 2018). However, contrary to Bornemann and Homburg (2011), this study found no support for the idea that varying levels of temporal distance (low vs. high) towards the event consequently lead to significant differences in consumers' WTP.

Second, this study advances the literature on COO changes by explicitly comparing the relative effect of two different forms of COO change (BO vs. COM) on consumers' WTP. Except for Montanari et al. (2021), previous studies on COO changes have focused either on M&A or production shifts, however, without explicitly comparing their relative effect on consumer behavior. Contrary to the predictions of signaling theory, this study has found no significant difference between the effect of BO vs. COM on consumers' WTP. This study is partially in line with the results of Montanari et al. (2021). Although the authors have showed that a change in BO has a bigger impact on consumers' WTP compared to a corresponding change in COM in case of COO gain (i.e., a positive COO change), no such effect was observed in case of COO loss (i.e., a negative COO change).

Third, much of the previous research on COO changes has focused on "soft" consumer variables, such as repurchase intentions (e.g., Matarazzo et al., 2018) or brand credibility (e.g., Woo et al., 2020). Only limited COO changes research has been devoted to consumers' price-related responses (e.g., Montanari et al., 2021; Johansson & Nebenzahl, 1986; Drozdenko & Jensen, 2009), which are considered a stricter test of the COO effect (Koschate-Fischer et al., 2012). The present study has collaborated with these few studies, extending by examining consumers' WTP as a dependent variable.

6.3 Managerial Implications

In addition to the abovementioned theoretical implications, this thesis offers valuable insights for practitioners that engage with COO changes.

First, consumers seem to be, in terms of their WTP, equally sensitive to M&As and production shifts from their home country with superior country image to a country with a less favourable country image. Thus, managers should be equally concerned with the decrease in WTP when a negative COO change occurs in terms of BO and COM. In both cases, price discounts might be an alternative to companies. Various communication strategies can be used to decrease consumers' uncertainty and avoid WTP decrease resulting from a negative COO change. Scholars suggest for example communicating the change well ahead with the assurance that "all remains the same" (Johansson et al., 2018, p. 780), focusing on attributes and benefits of the brand's products in the communication (Nguyen & Alcantara, 2022), or leveraging the ability of the segment of the so-called protective brand fans to act as brand ambassadors and share positive word-of-mouth as their acceptance of COO changes and loyalty towards the brand are in general higher (Johansson et al., 2018).

Furthermore, if companies face the decision to undergo a M&A to a less favourable country or moving the production there, other factors than consumers' WTP should be taken into consideration during the decision-making process. For instance, production shifts are usually motivated by cost savings and economic gains resulting from cheaper labour and production costs (Woo et al., 2020). However, one must consider that the brand might consequently suffer significant decrease in its brand reputation (Koschate-Fischer et al., 2012), which might, consequently, lead to other negative consumer responses that outweigh the benefits of cost savings. Similarly, companies usually engage in M&As with the expectation that one bigger company has a higher value than two companies alone (Vazirani, 2012), which should consequently result in growth maximisation and cost savings. However, it needs to be taken into account that brand is the most valuable intangible asset, which is hard to transfer (Lee & Lee, 2011). Building a successful brand truly requires years of planning and implementing. The post-M&A company will require large marketing resources to maintain or enhance the brand (Lee & Lee, 2011). Practitioners should consider that a negative image of the acquiring country might

significantly damage the image of the brand. Most M&A failures are indeed caused by the lack of success in maintaining the value of the brand name (Balmer & Dinnie, 1999).

Lastly, marketing managers of companies engaging in a COO change might want to consider what communication strategy to use for the announcement of the M&A or production shift. The choice of the appropriate message variations might help minimise the negative impacts of a negative COO change as message variations influence consumers' responses (Hongcharu, 2019). One of the many considerations practitioners face may be when to announce a pending M&A or production shift. However, as shown in the results of the study, the temporal factor appears to play no difference in terms of consumers' WTP; managers can then choose to communicate the news only shortly before it occurs or a lot of time in advance, because the decrease in consumers' WTP is the same. Having said that, other factors might play a role in this communication decision, such as legal and financial obligations (Heldenbergh, Scoubeau, Arnone & Croquet, 2006) or confidentiality constraints (Harwood, 2006).

6.4 Limitations and further research

The present study possesses limitations which offer directions for further research.

The first limitation of this study lies in the non-generalisability and non-applicability of the results to other countries and product categories. First, the study was conducted with American consumers only, whose behaviour might differ from other nationalities in terms of the COO effect (e.g., Sharma, 2011; Gürhan-Canli & Maheswaran, 2000) and psychological distance (e.g., Park, Ulusoy, Choi & Kim, 2020; Kim & Ahn, 2019) due to cultural differences and specifications. Second, only one product category (sneakers), which is predominantly of a utilitarian nature, was used as stimuli. However, Isaak (2016) argues there may be a difference between consumers' WTP for utilitarian vs. hedonic products considering varying levels of construal. Specifically, consumers in high-level construal have been shown to indicate higher WTP for a product compared to those in low-level construal, however, only when the product was of hedonic nature (Mehta, Zhu & Meyers-Levy, 2014). Hence, to test the robustness of our findings, replication of the study with different respondents, different countries used as stimuli and different product categories are necessary in future studies.

Second, out of the four chosen control variables (product ethnicity, product involvement, price sensitivity and consumer cosmopolitanism), only price sensitivity and consumer cosmopolitanism were shown as significantly affecting consumers' WTP. Thus, further research could include further control variables that might influence consumers' WTP, such as consumer xenocentrism (e.g., Kent & Burnight, 1951) or consumer ethnocentrism (e.g., Shimp & Sharma, 1987) as these interact with COO (e.g., Drozdenko & Jensen, 2009; Balabanis, Stathopoulou & Qiao, 2019) or others that interact with psychological distance, such as consumers' ability to self-control (e.g., Mehta, Zhu & Meyers-Levyand, 2014) or the temporal orientation of the message recipient (Balbo & Jeannot, 2015).

A third limitation lies in the methodology chosen for this research, which only measured consumers' WTP post-change. To capture the difference on consumers' WTP following a COO change, future research may use a within-subject research design and capture consumers' WTP both pre- and post-change.

In addition, the present study used only temporal distance as the specific dimension of psychological distance, with both low and high temporal framing referring to future (near vs. far). Hence, consumers indicated their WTP for a product which is not yet available on the market. Researchers could therefore replicate the present study with different temporal framings, such as a COO change which has happened today vs. which will happen in far future. Another suggestion for future research would be to try to reproduce the study with different dimensions of psychological distance. As an example, further research could examine what role does social and spatial distance towards the new COO play in terms of consumers' WTP for the product.

Finally, the present study has induced low vs. high psychological distance with temporal framing of the COO change, however, without taking feasibility or desirability aspects of the product into account. However, some scholars propose that in order to increase the effect of psychological distance on consumer responses, psychological distance should be aligned with variables of the marketing mix (e.g., Alaoui & Cova, 2021) and with the product features that are favourable and salient (e.g., Isaak, 2016). Therefore, to increase the strenght of psychological distance, future research could, besides the

manipulation of psychological distance that the event or product is viewed from, also include focus on desirability vs. feasibility features of the advertised product.

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Appendices

Appendix A: Pretest

Pretest of temporal distance manipulation

Introduction:

Thank you for your participation in this study. This survey is a pre-test which will be used as the basis for a master's thesis conducted at the Chair of International Marketing at the University of Vienna.

Completion of the questionnaire will take about 2 minutes. The study will be used for scientific purposes only and has no commercial intentions whatsoever.

- It is important that you read the questions carefully and follow the instructions.
- There are no wrong or right answers. We are interested in your personal opinion.
- There is no time limit for this questionnaire. Please take your time.
- This questionnaire is anonymous. All information provided will be kept strictly confidential.

If you have any questions regarding this survey, please contact the person responsible for this study: Barbora DROBNÁ (a01623505@unet.univie.ac.at).

Please provide your unique Prolific ID.

Please read the following news article

[High vs. low distance scenario]

Based on the article, when will the acquisition take place?

Please answer the following questions based on the article you have just read:

How close vs. far in time from the present date does the date of the acquisition feel to you?

[7-point Likert scale, 1-Very close to today, 7-Very far from today]

After the acquisition, the brand will be:

- ☐ Chinese
- ☐ American

Now, please answer the following questions about your overall impression of the article that you have read.

For me, the article presented is authentic.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

For me, the article presented is realistic.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

I think that the article is understandable.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

I believe this scenario could happen in reality.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

Please provide your demographic data.

What is your gender?

- ☐ Female
- ☐ Male
- ☐ Diverse

How old are you?

I am _____ years old.

What is your current status?

- ☐ Employed
- ☐ Unemployed
- ☐ Student
- ☐ Working student
- ☐ Homemaker
- ☐ Retired
- ☐ Other

What is your nationality?

- ☐ american
- ☐ other

Thank you for completing this questionnaire!

Pretest scenario – high temporal distance



BUSINESS TODAY

ECONOMY | RETAIL | POLITICS | FINANCE | REAL ESTATE | ENERGY | INTERNATIONAL

Latest

Washington D.C., March 9, 2023 12:20 | Published in: Economy

CONFIRMED: American footwear brand D2R to be bought by Chinese company in 2026

The American footwear producer D2R is set to be acquired by the Chinese ZK Corporation in a deal worth US\$ 2,5 billion, confirmed Thomas Smith, the CEO of D2R. The Chinese company will take full ownership of the brand **in three years from now**. The D2R shoes will be introduced to the market as a Chinese brand, however, the Chinese company will maintain the production in the U.S., using the already established factories and production resources in Goodyear, Arizona.



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Pretest scenario – low temporal distance



BUSINESS TODAY

ECONOMY | RETAIL | POLITICS | FINANCE | REAL ESTATE | ENERGY | INTERNATIONAL

Latest

Washington D.C., March 9, 2023 12:20 | Published in: Economy

CONFIRMED: American footwear brand D2R to be bought by Chinese company next week

The American footwear producer D2R is set to be acquired by the Chinese ZK Corporation in a deal worth US\$ 2,5 billion, confirmed Thomas Smith, the CEO of D2R. The Chinese company will take full ownership of the brand next Monday, **March 13, 2023**. The D2R shoes will be introduced to the market as a Chinese brand, however, the Chinese company will maintain the production in the U.S., using the already established factories and production resources in Goodyear, Arizona.



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Page 1

Introduction

Thank you for your participation in this study. This survey will be used as the basis for a master's thesis conducted at the Chair of International Marketing at the University of Vienna.

Completion of the questionnaire will take about 6 minutes. The study will be used for scientific purposes only and has no commercial intentions whatsoever.

- It is important that you read the questions carefully and follow the instructions.
- There are no wrong or right answers. We are interested in your personal opinion.
- There is no time limit for this questionnaire. Please take your time.
- This questionnaire is anonymous. All information provided will be kept strictly confidential.

Data protection information

I take the protection of your personal data as part of this survey very seriously. Therefore, your data are only collected and processed on the basis of legal provisions (section 2f, para. 5 of the Austrian research organisation act, Forschungsorganisationsgesetz, FOG).

This survey is the basis for a master's thesis at the University of Vienna. The data can be consulted by the lecturer or the supervisor of the academic thesis for the purpose of performance assessment. In principle, it is permitted to store the collected data for an unlimited period of time according to article 89, para. 1 of the GDPR.

You have the right to be informed by the person responsible for this study about the personal data collected, the right to rectification, erasure, restriction of processing of data and the right to object to processing as well as the right to data portability.

If you have any questions regarding this survey, please contact the person responsible for this study: Barbora DROBNÁ (a01623505@unet.univie.ac.at), a student in the degree programme in International Business Administration at the University of Vienna.

Page 2

Please provide your unique Prolific ID.

Please read the news article below about the brand D2R.



Washington D.C., April 15, 2023 10:10 | Published in: Economy

CONFIRMED: American footwear brand D2R to start producing its sneakers in China from 2026

The American footwear producer D2R is set to shift its entire production from its established factories in Goodyear (Arizona) to China, confirmed Thomas Smith, the CEO of D2R. The brand will start to produce its sneakers in China in three years from now. To make this possible, the American brand D2R will establish a partnership with the Chinese company ZK Corporation, which also specialises in the production of sneakers. Despite the shift in production, the D2R shoes will still be introduced to the market as an American brand.



Please imagine that you are considering buying a pair of D2R sneakers and answer the following questions.

1. At what price would you consider the price of this product so low that you would question its quality?

_____ USD

2. At what price would you consider the product to be a bargain – a great buy for the money?

_____ USD

3. At what price would you consider the product starting to get expensive – not out of the question, but you would need to give some thought to buying it?

_____ USD

4. At what price would you consider this product so expensive that you would not consider buying

_____ USD

Now, please indicate the likelihood of buying the product shown before, in which 0% = would definitely not buy; 100% = would definitely buy:

0% ----- 100%

Please answer the following questions related to the news article that you have just read.

1. Based on the article, when will the production shift take place?

2. How close vs. far in time from the present date does the date of the production shift feel to you?

[7-point Likert scale, 1-Very close to today, 7-Very far from today]

3. How much is 2+2?

4. After the production shift, the brand will manufacture in:

() China

() America

Page 6

Now, please answer the following questions about your overall impression of the article that you have read.

1. For me, the article presented is authentic.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

2. For me, the article presented is realistic.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

3. I think that the article is understandable.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

4. I believe this scenario could happen in reality.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

Page 7

Please answer the following questions about American products in general.

1. How would you rate innovativeness of products from the USA? Innovativeness designates the use of new technology and engineering advances.

[7-point Likert scale, 1-Not innovative, 7-Innovative]

2. How would you rate the attractiveness of the design of products from the USA regarding appearance, style, colors, and variety?

[7-point Likert scale, 1-Not attractive design, 7-Attractive design]

3. How would you rate the prestige of products from the USA including their exclusivity, status, and brand name reputation?

[7-point Likert scale, 1-Low prestige, 7-High prestige]

4. How would you rate the workmanship of products from the USA, which comprises reliability, durability, craftsmanship, and manufacturing quality?

[7-point Likert scale, 1-Bad workmanship, 7-Good workmanship]

Now, please answer the following questions about Chinese products in general.

1. How would you rate innovativeness of products from China? Innovativeness designates the use of new technology and engineering advances.

[7-point Likert scale, 1-Not innovative, 7-Innovative]

2. How would you rate the attractiveness of the design of products from China regarding appearance, style, colors, and variety?

[7-point Likert scale, 1-Not attractive design, 7-Attractive design]

3. How would you rate the prestige of products from China including their exclusivity, status, and brand name reputation?

[7-point Likert scale, 1-Low prestige, 7-High prestige]

4. How would you rate the workmanship of products from China, which comprises reliability, durability, craftsmanship, and manufacturing quality?

[7-point Likert scale, 1-Bad workmanship, 7-Good workmanship]

Please indicate how much you agree or disagree with the following statements regarding sneakers.

1. The product category of sneakers reflects the USA.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

2. I associate the product category of sneakers with the USA.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

3. The product category of sneakers makes me think of the USA.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

4. There is a strong link between the product category of sneakers and the USA.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

5. The product category of sneakers reflects China.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

6. I associate the product category of sneakers with China.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

7. The product category of sneakers makes me think of China.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

8. There is a strong link between the product category of sneakers and China.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

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Now, please state the extent to which you agree or disagree with the following statements

(1 = strongly disagree, 7 = strongly agree):

1. I choose my sneakers very carefully.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

2. Which pair of sneakers I buy matters to me a lot.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

3. Deciding which pair of sneakers to buy is an important decision to me.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

4. I'm willing to make an extra effort to find a low price for sneakers.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

5. I will change what I had planned to buy in order to take advantage of a lower price for sneakers.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

6. I am sensitive to differences in the prices for sneakers.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

Page 11

7. When traveling, I make a conscious effort to get in touch with the local culture and traditions.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

8. I like having the opportunity to meet people from many different countries.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

9. I like to have contact with people from different cultures.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

10. I have a real interest in other countries.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

11. Having access to products coming from many different countries is valuable to me.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

12. The availability of foreign products in the domestic market provides valuable diversity.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

13. I enjoy being offered a wide range of products coming from various countries.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

14. Always buying the same local products becomes boring over time.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

15. I like watching movies from different countries.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

16. I like listening to music of other cultures.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

17. I like trying original dishes from other countries.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

18. I like trying out things that are consumed elsewhere in the world.

[7-point Likert scale, 1-Strongly disagree, 7-Strongly agree]

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Please provide your demographic data.

1. What is your gender?

☐ Female

☐ Male

☐ Diverse

2. How old are you?

I am _____ years old.

3. What is your nationality?

- ☐ american
- ☐ other

4. What is your current status?

- ☐ Employed
- ☐ Unemployed
- ☐ Student
- ☐ Working student
- ☐ Homemaker
- ☐ Retired
- ☐ Other

5. What is your monthly net income?

_____ USD

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Thank you for completing this questionnaire!

Appendix C: Results

Sample profile

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Gender	477	1	3	1,54	,551
Age	477	18	77	42,40	14,116
Employment	477	1	7	2,03	1,798
Income	477	0	180000	7524,12	17074,937
Nationality	477	1	1	1,00	,000
Valid N (listwise)	477				

Gender

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	234	49,1	49,1	49,1
	Male	230	48,2	48,2	97,3
	Other	13	2,7	2,7	100,0
	Total	477	100,0	100,0	

Age

Age				Statistic	Std. Error
Age	Mean			42,40	,646
	95% Confidence Interval for				
	Lower Bound			41,13	
	Upper Bound			43,67	
	5% Trimmed Mean			41,91	
	Median			39,00	
	Variance			199,249	
	Std. Deviation			14,116	
	Minimum			18	
	Maximum			77	
	Range			59	
	Interquartile Range			22	
	Skewness			,503	,112
	Kurtosis			-,684	,223

Employment

		Employment			Cumulative Percent
		Frequency	Percent	Valid Percent	
Valid	Employed	317	66,5	66,5	66,5
	Unemployed	55	11,5	11,5	78,0
	Student	18	3,8	3,8	81,8
	Working student	10	2,1	2,1	83,9
	Homemaker	25	5,2	5,2	89,1
	Retired	40	8,4	8,4	97,5
	Other	12	2,5	2,5	100,0
	Total	477	100,0	100,0	

Income

		Income	
		Statistic	Std. Error
Income	Mean	7524,12	781,808
	95% Confidence Interval for Mean	Lower Bound	5987,90
		Upper Bound	9060,34
	5% Trimmed Mean	4372,99	
	Median	3000,00	
	Variance	291553489,133	
	Std. Deviation	17074,937	
	Minimum	0	
	Maximum	180000	
	Range	180000	
	Interquartile Range	4334	
	Skewness	5,173	,112
	Kurtosis	33,167	,223

Construct reliability

Scale: CI_US

Reliability Statistics

Cronbach's Alpha	N of Items
,859	4

Scale: CI_Ch

Reliability Statistics

Cronbach's Alpha	N of Items
,817	4

Scale: PE_US

Reliability Statistics

Cronbach's Alpha	N of Items
,953	4

Scale: PE_Ch

Reliability Statistics

Cronbach's Alpha	N of Items
,957	4

Scale: PI

Reliability Statistics

Cronbach's Alpha	N of Items
,941	3

Scale: PS

Reliability Statistics

Cronbach's Alpha	N of Items
,811	3

Scale: CCOS

Reliability Statistics

Cronbach's Alpha	N of Items
,915	12

Control variables

PE_US vs. PE_Ch

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	PE_US	4,52	477	1,495	,068
	PE_Ch	3,39	477	1,553	,071

Paired Samples Test

		Paired Differences							Significance	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval		t	df	One-Sided p	Two-Sided p
					of the Difference					
					Lower	Upper				
Pair 1	PE_US - PE Ch	1,131	2,447	,112	,910	1,351	10,089	476	,000	,000

PE_US

Descriptives

PE_US

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
BO+highTD	125	4,65	1,532	,137	4,37	4,92	1	7
BO+lowTD	111	4,79	1,422	,135	4,52	5,06	1	7
COM+highTD	127	4,30	1,455	,129	4,05	4,56	1	7
COM+lowTD	114	4,38	1,534	,144	4,10	4,67	1	7
Total	477	4,52	1,495	,068	4,39	4,66	1	7

ANOVA

PE_US

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	18,364	3	6,121	2,768	,041
Within Groups	1046,034	473	2,211		
Total	1064,398	476			

PE_Ch

Descriptives

PE_Ch

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
BO+highTD	125	3,32	1,561	,140	3,05	3,60	1	7
BO+lowTD	111	3,18	1,439	,137	2,91	3,46	1	7
COM+highTD	127	3,57	1,562	,139	3,29	3,84	1	7
COM+lowTD	114	3,48	1,630	,153	3,18	3,78	1	7
Total	477	3,39	1,553	,071	3,25	3,53	1	7

ANOVA

PE_Ch

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	10,166	3	3,389	1,409	,239
Within Groups	1137,613	473	2,405		
Total	1147,779	476			

PI

Descriptives

PI

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
BO+highTD	125	5,41	1,560	,140	5,13	5,68	1	7
BO+lowTD	111	5,55	1,314	,125	5,31	5,80	1	7
COM+highTD	127	5,49	1,463	,130	5,23	5,74	1	7
COM+lowTD	114	5,67	1,361	,127	5,42	5,92	1	7
Total	477	5,52	1,431	,066	5,40	5,65	1	7

ANOVA

PI

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4,455	3	1,485	,724	,538
Within Groups	970,740	473	2,052		
Total	975,195	476			

PS

Descriptives

PS

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
BO+highTD	125	5,03	1,268	,113	4,80	5,25	1	7
BO+lowTD	111	5,03	1,396	,132	4,77	5,29	1	7
COM+highTD	127	5,06	1,265	,112	4,84	5,28	1	7
COM+lowTD	114	5,09	1,257	,118	4,85	5,32	1	7
Total	477	5,05	1,292	,059	4,93	5,17	1	7

ANOVA

PS

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	,282	3	,094	,056	,983
Within Groups	793,844	473	1,678		
Total	794,126	476			

CCOS

Descriptives

CCOS

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
BO+highTD	125	5,00	1,164	,104	4,79	5,20	1	7
BO+lowTD	111	5,09	1,110	,105	4,88	5,30	2	7
COM+highTD	127	5,06	1,098	,097	4,87	5,26	2	7
COM+lowTD	114	5,23	1,085	,102	5,03	5,43	2	7
Total	477	5,09	1,115	,051	4,99	5,19	1	7

ANOVA

CCOS

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3,310	3	1,103	,887	,448
Within Groups	588,439	473	1,244		
Total	591,750	476			

Manipulation checks

Psychological distance manipulation – BO scenario

Group Statistics					
	IV2_PD	N	Mean	Std. Deviation	Std. Error Mean
BO_SubTD	High TD	125	4,16	1,593	,143
	Low TD	111	2,08	1,259	,119

Independent Samples Test

		BO_SubTD	
		Equal variances assumed	Equal variances not assumed
Levene's Test for Equality of Variances	F	12,079	
	Sig.	,001	
t-test for Equality of Means	t	11,026	11,179
	df	234	230,949
	Significance	One-Sided p	,000
		Two-Sided p	,000
	Mean Difference	2,079	2,079
	Std. Error Difference	,189	,186
	95% Confidence Interval of the Difference	Lower	1,707
		Upper	2,450

Psychological distance manipulation – COM scenario

Group Statistics					
	IV2_PD	N	Mean	Std. Deviation	Std. Error Mean
COM_SubTD	High TD	127	4,22	1,447	,128
	Low TD	114	1,96	1,286	,120

Independent Samples Test

		COM_SubTD	
		Equal variances assumed	Equal variances not assumed
Levene's Test for Equality of Variances	F	5,908	
	Sig.	,016	
t-test for Equality of Means	t	12,782	12,863
	df	239	238,977
	Significance	One-Sided p	,000
		Two-Sided p	,000
	Mean Difference	2,264	2,264
	Std. Error Difference	,177	,176
	95% Confidence Interval of the Difference	Lower	1,915
		Upper	2,611

CI_US vs. CI_Ch

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	CI_US	5,17	477	1,073	,049
	CI_Ch	3,70	477	1,147	,053

Paired Samples Test

		Paired Differences							Significance	
		Mean	Std. Deviation	Std. Error	95% Confidence Interval of the Difference		t	df	One-Sided p	Two-Sided p
					Lower	Upper				
Pair 1	CI_US - CI_Ch	1,476	1,504	,069	1,341	1,611	21,435	476	,000	,000

Scenario credibility

Report

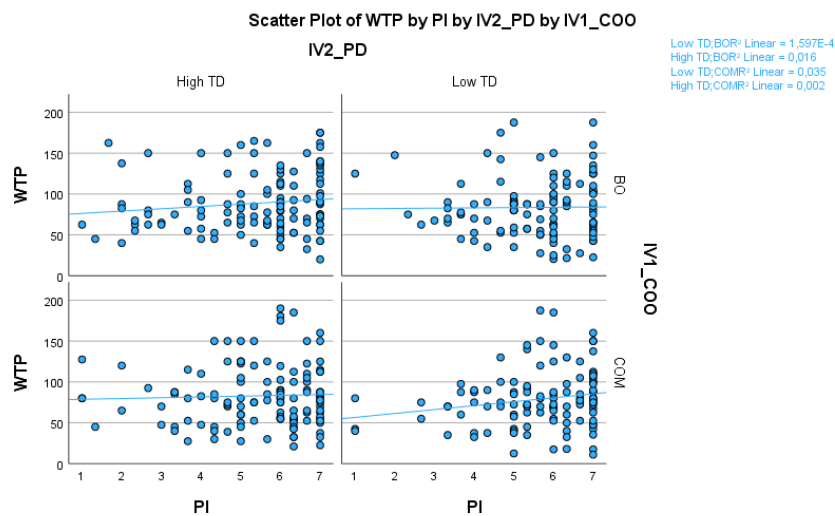
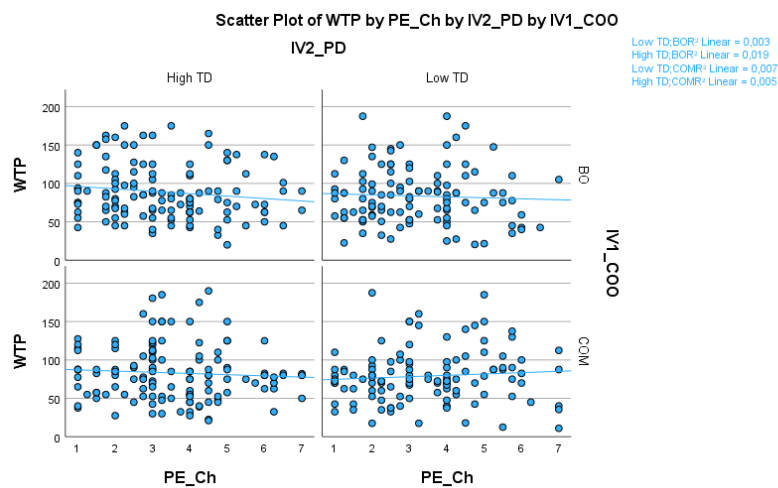
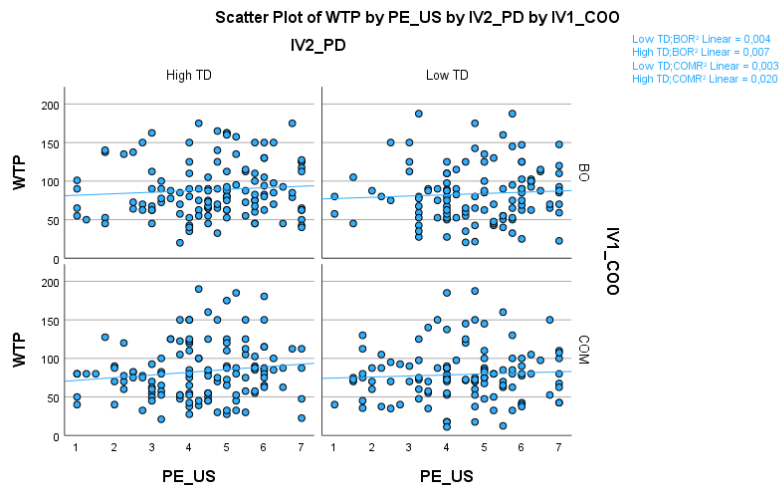
SC

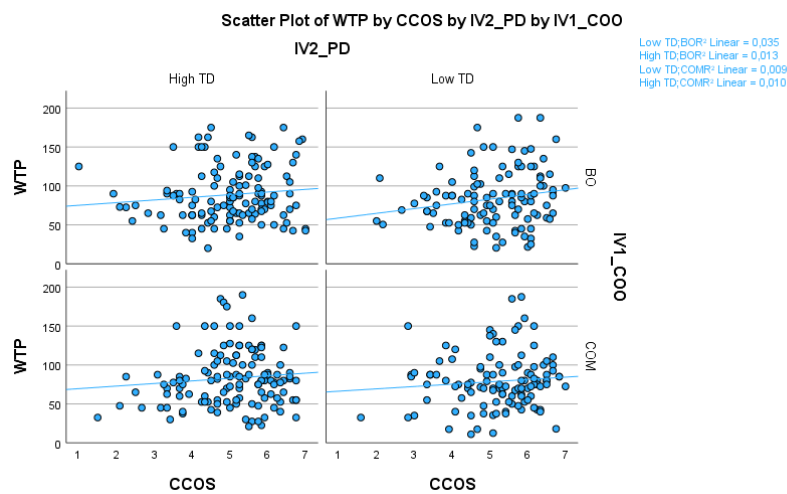
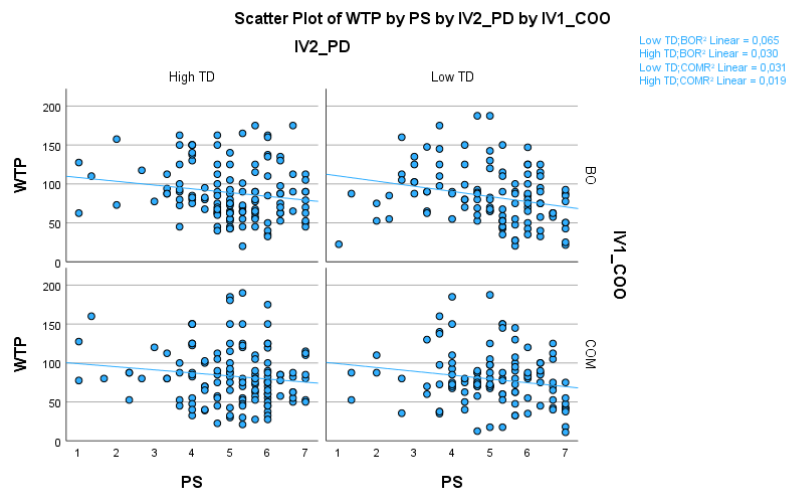
QUESTNNR	Mean	N	Std. Deviation
BO+highTD	5,1420	125	1,31344
BO+lowTD	5,2230	111	1,18242
COM+highTD	5,8720	127	,76562
COM+lowTD	5,7083	114	,85051
Total	5,4906	477	1,09461

Hypotheses testing

Assumptions for ANCOVA

Linear relationship between the covariates and the dependent variable for each combination of the two independent variables:





Homogeneity of regression slopes

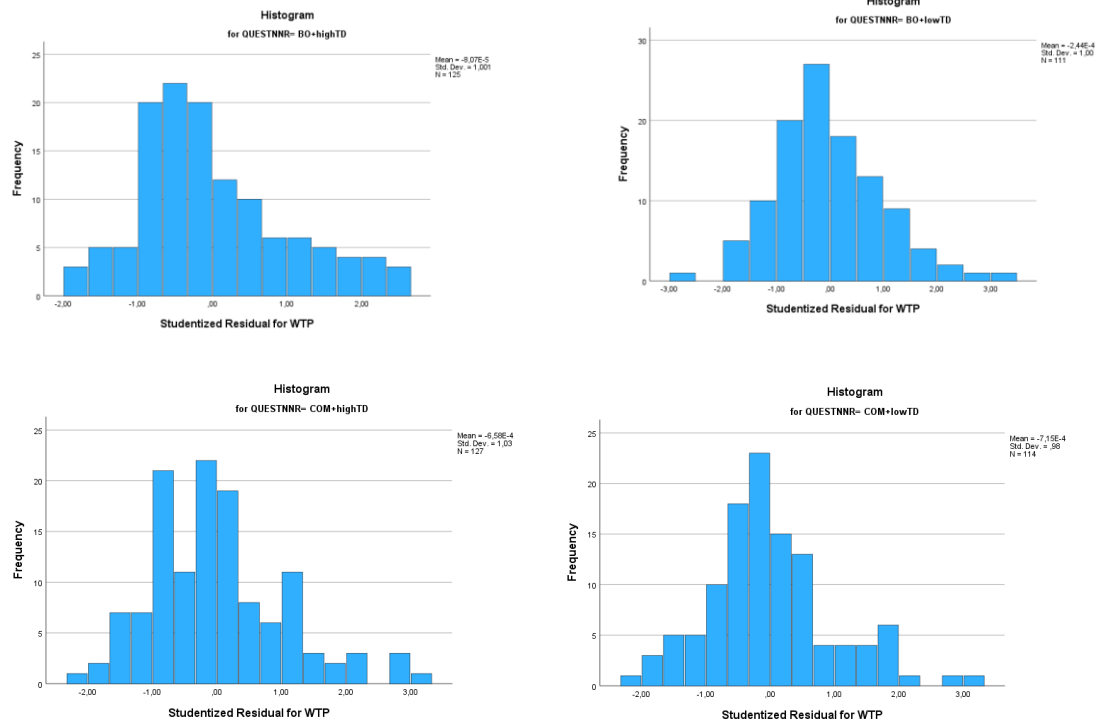
Tests of Between-Subjects Effects

Dependent Variable: WTP

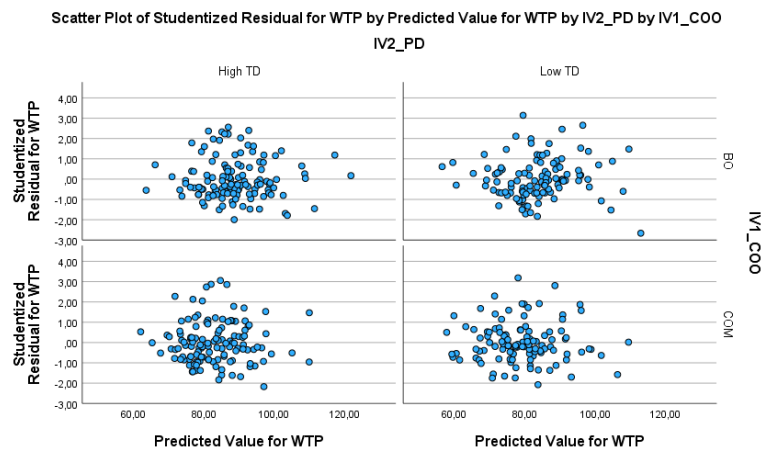
Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	11151,556 ^a	7	1593,079	1,253	,272
Intercept	249749,756	1	249749,756	196,393	,000
IV1_COO * IV2_PD	896,020	3	298,673	,235	,872
IV1_COO * PE_US	103,199	1	103,199	,081	,776
IV2_PD * PE_US	397,866	1	397,866	,313	,576
IV1_COO * IV2_PD * PE_US	220,729	1	220,729	,174	,677
Error	596419,491	469	1271,683		
Total	3951394,750	477			
Corrected Total	607571,047	476			

a. R Squared = ,018 (Adjusted R Squared = ,004)

Normal distribution of residuals



Homoscedasticity



Homogeneity of variance

Levene's Test of Equality of Error Variances^a

Dependent Variable: WTP

F	df1	df2	Sig.
,195	3	473	,900

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Design: Intercept + PE_US + PE_Ch + PI + PS + CCOS + TD_Correct + IV1_COO + IV2_PD + IV1_COO * IV2_PD

Two-way ANCOVA – round 1

Descriptive Statistics

Dependent Variable: WTP

IV1_COO	IV2_PD	Mean	Std. Deviation	N
BO	High TD	88,77	35,429	125
	Low TD	83,58	36,116	111
	Total	86,33	35,772	236
COM	High TD	83,09	36,323	127
	Low TD	79,06	34,754	114
	Total	81,18	35,573	241
Total	High TD	85,90	35,924	252
	Low TD	81,29	35,426	225
	Total	83,73	35,727	477

Tests of Between-Subjects Effects

Dependent Variable: WTP

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	47413,328 ^a	9	5268,148	4,392	,000	,078
Intercept	41119,860	1	41119,860	34,281	,000	,068
PE_US	2756,509	1	2756,509	2,298	,130	,005
PE_Ch	121,474	1	121,474	,101	,750	,000
PI	4088,388	1	4088,388	3,408	,065	,007
PS	23497,813	1	23497,813	19,590	,000	,040
CCOS	6941,051	1	6941,051	5,787	,017	,012
TD_Correct	2520,953	1	2520,953	2,102	,148	,004
IV1_COO	3273,591	1	3273,591	2,729	,099	,006
IV2_PD	2333,058	1	2333,058	1,945	,164	,004
IV1_COO * IV2_PD	12,786	1	12,786	,011	,918	,000
Error	560157,720	467	1199,481			
Total	3951394,750	477				
Corrected Total	607571,047	476				

a. R Squared = ,078 (Adjusted R Squared = ,060)

Two-way ANCOVA – round 2

Descriptive Statistics

Dependent Variable: WTP

IV1_COO	IV2_PD	Mean	Std. Deviation	N
BO	High TD	88,77	35,429	125
	Low TD	83,58	36,116	111
	Total	86,33	35,772	236
COM	High TD	83,09	36,323	127
	Low TD	79,06	34,754	114
	Total	81,18	35,573	241
Total	High TD	85,90	35,924	252
	Low TD	81,29	35,426	225
	Total	83,73	35,727	477

Levene's Test of Equality of Error Variances^a

Dependent Variable: WTP

F	df1	df2	Sig.
,251	3	473	,861

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Design: Intercept + PS + CCOS + IV1_COO + IV2_PD + IV1_COO * IV2_PD

Tests of Between-Subjects Effects

Dependent Variable: WTP

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Square
Corrected Model	35921,948 ^a	5	7184,390	5,919	,000	
Intercept	103607,218	1	103607,218	85,365	,000	
PS	21235,690	1	21235,690	17,497	,000	
CCOS	9525,351	1	9525,351	7,848	,005	
IV1_COO	3305,400	1	3305,400	2,723	,100	
IV2_PD	3012,893	1	3012,893	2,482	,116	
IV1_COO * IV2_PD	31,927	1	31,927	,026	,871	
Error	571649,099	471	1213,692			
Total	3951394,750	477				
Corrected Total	607571,047	476				

a. R Squared = ,059 (Adjusted R Squared = ,049)

Estimates

Dependent Variable: WTP

IV1 COO	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
BO	86,251 ^a	2,273	81,784	90,717
COM	80,971 ^a	2,249	76,552	85,390

a. Covariates appearing in the model are evaluated at the following values: PS = 5,05, CCOS = 5,09.

Pairwise Comparisons

Dependent Variable: WTP

(I) IV1 COO	(J) IV1 COO	Mean Difference (I-J)	Std. Error	Sig. ^a	95% Confidence Interval for Difference	
					Lower Bound	Upper Bound
BO	COM	5,280	3,199	,100	-1,007	11,567
COM	BO	-5,280	3,199	,100	-11,567	1,007

Based on estimated marginal means

a. Adjustment for multiple comparisons: Bonferroni.

Estimates

Dependent Variable: WTP

IV2 PD	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
High TD	86,132 ^a	2,196	81,816	90,449
Low TD	81,089 ^a	2,325	76,521	85,657

a. Covariates appearing in the model are evaluated at the following values: PS = 5,05, CCOS = 5,09.

Pairwise Comparisons

Dependent Variable: WTP

(I) IV2 PD	(J) IV2 PD	Mean Difference (I-J)	Std. Error	Sig. ^a	95% Confidence Interval for Difference ^a	
					Lower Bound	Upper Bound
High TD	Low TD	5,043	3,201	,116	-1,247	11,333
Low TD	High TD	-5,043	3,201	,116	-11,333	1,247

Based on estimated marginal means

a. Adjustment for multiple comparisons: Bonferroni.

3. IV1_COO * IV2_PD

Dependent Variable: WTP

IV1_COO	IV2_PD	Mean	Std. Error	95% Confidence Interval	
				Lower Bound	Upper Bound
BO	High TD	89,032 ^a	3,119	82,902	95,161
	Low TD	83,470 ^a	3,307	76,972	89,968
COM	High TD	83,233 ^a	3,092	77,158	89,309
	Low TD	78,708 ^a	3,269	72,285	85,132

a. Covariates appearing in the model are evaluated at the following values: PS = 5,05,
CCOS = 5,09.

Appendix D: Abstract in German

Mit der zunehmenden Globalisierung des Geschäftsumfelds kommt es bei Marken immer häufiger zu Änderungen des Herkunftslandes (COO), die sich aus grenzüberschreitenden Fusionen/Akquisitionen (d. h. Änderungen des Markenursprungs) und/oder Produktionsverlagerungen (d. h. Änderungen des Herstellungslandes) ergeben. COO-Änderungen wirken sich positiv oder negativ auf die Einstellung und das Verhalten der Verbraucher aus, je nachdem, welches Länderimage (CI) mit dem ursprünglichen (vor der Änderung) und dem neuen (nach der Änderung) Herkunftsland verbunden ist. COO-Änderungen aus einem Land mit besserem CI nach einem Land mit ungünstigerem CI (d. h. negative COO-Änderungen) hervorrufen negative Reaktionen der Verbraucher. Manager von Unternehmen, die negative COO-Änderungen vornehmen, sollten daher verschiedene Kommunikationsstrategien in Betracht ziehen, die die aus der negativen COO-Änderung resultierenden negativen Auswirkungen verringern könnten. Forschung hat sich jedoch bisher nur wenig mit unterschiedlichen Formen und Weisen der Ankündigung einer COO-Änderung befasst, die sich in dem Maß an psychologischer Distanz unterscheiden. Darüber hinaus ist immer noch unklar, welcher COO-Hinweis (BO vs. COM) einen größeren Einfluss auf das Konsumentenverhalten hat, insbesondere auf ihre Zahlungsbereitschaft (WTP). Basierend auf der Signaling-Theorie und der Construal level theory (CLT) untersucht diese Arbeit den relativen Einfluss zweier gleichwertiger COO-Änderungen, nämlich der Änderung des Markenursprungs (BO) und des Herstellungslandes (COM), auf die Zahlungsbereitschaft (WTP) der Verbraucher, wobei unterschiedliche Niveaus psychologischer Distanz (hohe vs. niedrige zeitliche Distanz) berücksichtigt werden. Zu diesem Zweck wurde eine experimentelle Studie in den USA durchgeführt, wobei die USA (als Land mit einem höheren CI) und China (als Land mit einem niedrigeren CI) als Stimulusländer verwendet wurden. Entgegen den Erwartungen zeigte sich kein Unterschied in der Zahlungsbereitschaft der Respondenten zwischen der Marke, die eine Akquisition (d. h. Änderung des Markenursprungs) und eine Produktionsverlagerung (d. h. Änderung des Herstellungslandes) vornimmt. Dieses Ergebnis deutet auf einen äquivalenten Effekt von BO und COM im Falle negativer COO-Änderung hin. Außerdem ergab die Studie keinen Unterschied in der Zahlungsbereitschaft der Verbraucher in Abhängigkeit von der zeitlichen Distanz zur COO-Änderung, was auf einen äquivalenten Effekt von hoher bzw. geringer psychologischer Distanz hindeutet. Auf der Grundlage dieser Ergebnisse werden Implikationen für Wissenschaftler und Manager diskutiert und Empfehlungen für zukünftige Forschung vorgestellt.

