

The Effects of Country-Of-Online Retailer on Consumer's Purchase Decision-Making in a Foreign Internet Shopping Mall*

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Abstract

Purpose – The growth in consumers' online shopping has even been accelerated by the COVID-19 pandemic. While the purchase can be made from any countries online, the purpose is to examine the effect of the country of the online retailer (COOR) on consumers' perceived risk and purchase motivation, focusing on the retailer not on the brand.

Design/methodology – Survey data from online shoppers are analyzed using the structural equation model.

Findings – COOR, like COO of the brand manufacturer, positively affect consumer's purchase intention. First, the images and the perceived psychic distances of the COOR affects both perceived risk and purchase confidence. Secondly, this perceived risk and confidence they put on the transaction then affect the purchase intention of the consumer.

Originality/value – We show that the quality of the signal comes not only from the manufacturer-branded product item itself with a certain COO, but also from the retailer who carries it.

Keywords: Country of Online Retailer, Country of Origin, Perceived Risk, Psychic Distance, Purchase Confidence, Purchase Intention.

JEL Classifications: D91, F23, M31

1. Introduction

The level of consumers' online shopping has been growing fast over time, and this growth has been accelerated by the COVID-19 pandemic (Dannenberg, Fuchs, Riedler, and Wiedemann, 2020; Roggeveen and Sethuraman, 2020). Online shopping provides global consumers unlimited access in terms of time and space. Borders between countries becomes meaningless, as a consumer in one country can shop online from a retailer from anywhere in the world. Thus, the importance of the location factor for brick-and-mortar retail stores does not apply in the internet market. From a seller's point of view, the biggest online retailer Amazon recognizes the size of overseas markets, reporting that on average, over 40% of total sales comes from international markets other than North America, as measured for the last decade (Statista, 2016). Even now, more and more buyers are entering into the online market every year. For example, in South Korea, which ranks first among the Asia Pacific countries

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in terms of online mark strength, with a 62% e-commerce penetration rate (Statista, 2016), consumers directly purchasing from international online retailers not through any intermediaries or importers created sales of about 3 billion US dollars in 2019 (Korean Statistical Information Service, 2020).

When consumers purchase products from foreign countries, it is well known that there is a country-specific effect on the consumer's purchase decision. In other words, the manufacturer's Country-of-Origin (hereinafter, COO) affect consumers' purchase behavior. Although there have been extensive studies on COO effect of manufacturer's brand have revealed that it has an influence on consumers' purchase decision-making process (Srinivasan, Jain and Sikand, 2004), whether the same effect exists for retailers' brands is not yet clear. Consumers' attribute ratings or purchase motivation for a product can be different, depending on the "made-in" cues (Tse and Gorn, 1993). For example, a Swiss-made watch, Italian bag, a piece made from Chinese silk, and French perfume are stereotyped as the best products. Consumers tend to use the COO cues as important evaluative criteria in their formation of purchase motivation for a given product (Bloemer, Brijs, and Kasper, 2009). With the appearance of hybrid products that are branded, designed, manufactured, and assembled in different countries, the COO has been considered a more multidimensional concept over time (Tse and Gorn, 1993; Quester, Dzever, and Chetty, 2000). The COO is addressed as consisting of not only the country of manufacture, but also the country of design, country of assembly, country of branding, and so on. Despite the acknowledgement that these multiple dimensions exist, the majority of extant research has conceptualized the COO as a unidimensional concept (i.e., country of manufacture), and investigated its effect on consumers' evaluation of a given product (Srinivansan et al., 2004).

However, whether theories on the COO effect, which is believed to be focused primarily on branded products, can then be applied to online retail brands, still remains questionable. In particular, among these multiple dimensions, the effect of country-of-online retailer (COOR) on consumers' purchase motivation remains unexplored. The globalization of the world through the advance of transportation and communication technologies has led to an increasing number of consumers who want to buy products from foreign countries through foreign online retailers (e.g., e-bay). Shopping experience from global online retailers is characteristically different from that buying from a local online retailer. Higher uncertainty can be induced by the language barrier, long distance delivery, and unfamiliar payment systems. Therefore, even consumers who are familiar with using a local online shopping mall may perceive higher risk due to the higher uncertainty when purchasing of a product through a global retailer. When consumers face unfamiliar domain names, the perceived risk involved can be much higher (Ozretic-Dosen, Skare, and Krupka, 2007). Given the three levels of product (i.e., core benefit, actual product, and augmented product), the image of and psychic distance to COOR would affect consumers' product evaluation in terms of the experience of delivery, payment, and warranty which are important components of the augmented product. Accordingly, Internet shopping malls need to understand how the COOR can have an effect on consumers' risk perception and purchase motivation.

To our knowledge, relatively little research empirically examines the COOR effect in the context of Internet shopping. Based on the findings of extant research relevant to the COO effect, the COOR is also expected to be an important extrinsic cue which affects consumers' purchase decisions. Specifically, the COOR may influence consumers' risk perception when purchasing a product through foreign Internet shopping malls. The perceived risk has been considered a critical obstacle for purchase decisions in the context of Internet shopping (Tan, 1999). The positive image of COOR and the short psychic distance to COOR are likely to decrease the perceived risk, which in turn would increase the purchase motivation. Although

many believe that price becomes more important than ever when complete price comparison is available on the web, Kim, Xu, and Gupta (2012) argue that the importance of perceived trust may outweigh the perceived price for certain online vendors. The perceived risk has been considered a critical obstacle for purchase decisions in the context of Internet shopping (Tan, 1999). The positive image of COOR and the short psychic distance to COOR are likely to decrease the perceived risk, which in turn would increase the purchase motivation.

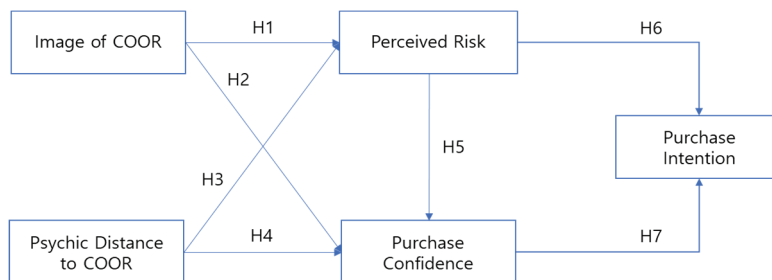
Taken together, we address these research gaps – i.e., the need to examine the effect of COOR on perceived risk and purchase motivation in the context of Internet shopping. This investigation is important from the business management and marketing perspective, as it helps Internet shopping malls to strategically plan how to attract consumers in the global market through the best usage of COO effects. To this end, we propose and analyze a model which encompasses the structural relationships among the two dimensions of COOR, perceived risk, and the two dimensions of purchase motivation (i.e., purchase confidence and purchase intention). The dimensions of COOR are postulated to consist of (1) the image of and the (2) psychic distance to COOR which operates the Internet shopping mall. The consumers' risk perception for foreign Internet shopping malls is expected to be influenced by these two dimensions. Consumers are likely to perceive lower risk when the image of COOR is positive and the psychic distance to COOR is short, which leads to an increase of purchase motivation.

This paper is hereafter organized as follows. First, based on the literature review, we develop a research model as mentioned above, and formulate seven hypotheses. Then we provide the empirical test of the hypotheses. The collection of the data and the analysis for testing the hypotheses is described. This is followed by presenting the results of the hypotheses test and developing the discussion on these results. Finally, limitations of the present research and directions for future research are mentioned.

2. Theory and Hypotheses Development

In this section, we develop hypotheses on the effects of two dimensions of COOR, in addition to perceived risk, psychic distance, and purchase motivations. As presented in Fig. 1, the proposed model incorporates the image of COOR, the psychic distance to COOR, perceived risk, purchase confidence and purchase intention. In the model, the image of and psychic distance to COOR are postulated to affect purchase intention through perceived risk, as well as through purchase confidence, which is then influenced by perceived risk. Based on the following theoretical backgrounds, the seven hypotheses are developed in order to examine the structural relationships among the constructs.

Fig. 1. Proposed Research Model



2.1. The Effect of the Image of COOR on Perceived Risk and Purchase Confidence

The COOR may be considered as one of COO dimensions. Accordingly, we developed the hypotheses relevant to the COOR based on the results of literature review on the COO. A substantial body of research has shown that the COO plays an important role in consumer's purchase decision-making process (Tse and Gorn, 1993; Chao, 1998; Quester et al., 2000; Gürhan-Canli and Maheswaran 2000; Srinivasan et al., 2004; Bloemer et al., 2009).

The COO effects have been explained with the use of the cue utilization theory (Olson and Jacoby, 1972). According to this theory, the evaluation of a product consists of a set of intrinsic and extrinsic cues that serve as proxy indicators of quality, and consumers tend to use those cues to infer the quality of the product (Richardson, Dick, and Jain, 1994). Intrinsic cues involve the physical attributes of product (e.g., ingredient), whereas extrinsic cues focus on the nonphysical attributes of the product (e.g., price, brand name, packaging, and COO to name a few). Consumers are likely to relieve the level of risk perception by using both intrinsic and extrinsic cues when high uncertainty exists (Dowling and Staelin, 1994). The COO, when used as an extrinsic cue, can help consumers reduce the perceived risk and make them evaluate the product differently from other products from various countries, mainly in terms of their attribute rating or purchase motivation (Srinivansan et al., 2004).

The COO effects may also be explained with the concept of secondary brand association (Keller, 1993). This concept focuses on the association which is not directly related to the product, but which helps the consumer to infer specific beliefs and evaluations of a brand. To illustrate, the association which arises from the company, the COO, and a celebrity spokesperson can be the secondary brand association. As such, strong, unique, and favorable secondary associations from the COO can then activate primary associations directly relevant to the positive evaluations of the brand, which thereby leads to an increase in purchase confidence.

According to Chang, Cheung, and Lai (2005), consumers perceive greater risk in online shopping than offline shopping due to various concerns, including: privacy infringement, system security, credit card fault, and other uncertainties. Especially when consumers use a foreign Internet shopping mall that is unfamiliar or which is being operated by developing countries, the perceived risk would be much higher average (Ozretic-Dosen et al., 2007).

Extant research has demonstrated that irrelevant of the dimensions of COO, the positive image of country induces consumers to perceive lower risk when purchasing a product with the COO, and consequently have a more favorable evaluation of the product (Hong and Wyer, 1990; Ahmed and d'Astou, 1993; Maheswaran, 1994; Pharr, 2005; Quester et al., 2000; Srinivansan et al., 2004; Bloemer et al., 2009). In line with these results, the favorable image of COOR is likely to be an important factor that subdues the consumer's perceived risk with regards to security, payment, delivery, and product quality in the context of Internet shopping. It is also likely to increase their purchase confidence. Accordingly, we address the following hypotheses.

H1: The image of COOR is negatively related to perceived risk.

H2: The image of COOR is positively related to purchase confidence.

2.2. The Effect of Psychic Distance to COOR on Perceived Risk and Purchase Confidence

Psychic distance to other countries has been considered an important factor which affects

the success of international business (Evans and Mavondo, 2002; Dow and Karunaratna, 2006; Dikova, 2009). However, there is no consensus on the definition of psychic distance in the research (Evans, Treadgold, and Mavondo, 2000). Despite the definitional inconsistency, it may be defined generally as the perceived closeness (i.e., similarity and familiarity) between the home country and foreign country in terms of factors such as culture, societal value, and business practices.

Most of the research on psychic distance in international marketing has focused on its effect not on consumer behavior (e.g., purchase motivation) but on organizational performance (Nordstrom and Vahlne, 1994; Dow, 2000; Evans et al., 2000; Evans and Mavondo, 2002; Child, Ng, and Wong, 2002; Dikova, 2009). As such, less is known about the role of psychic distance in consumers' decision-making process. Especially, the effect of psychic distance to the COOR on purchase motivation has not been focused.

However, the findings of the research on the similarity-attraction effect provide background theory on the mechanisms underlying the relations between psychic distance to the COOR and purchase motivation. The degree of similarity with a communicator can be used as an extrinsic cue for consumer's judgment of trustworthiness (Simons, Berkowitz, and Moyer, 1970; Woodside and Davenport, JR., 1974; Montoya and Horton, 2004; Montoya, Horton, and Kirchner, 2008). In other words, interpersonal attraction reduces the perceived risk and in turns leads to the increase in purchase confidence. Interpersonal attraction is influenced by various facets of similarity: similarity of personality, physical attractiveness, group membership and attitude toward objects (Meijnders, Midden, Olofsson, Ohman, Matthes, Bondarenko, Gutteling, and Rusanen, 2009).

Psychic distance to COOR also concerns the degree of dissimilarity between the two countries, which are evaluated in terms of various aspects, such as culture, economy, politics, language, history and so on. Thus, the low psychic distance to COOR may increase the credibility of foreign internet shopping malls, which makes consumers perceive lower risk and have higher purchase confidence in the shopping mall. With all this in mind, Hypotheses 3 and 4 are developed as follows:

H3: Psychic distance to COOR is positively related to the customer's perception of risk.

H4: Psychic distance to COOR is negatively related to purchase confidence.

2.3. The Relationships Between Perceived Risk, Purchase Confidence and Purchase Intention

Since Bauer (1960) introduced the concept of perceived risk in the field of marketing research, it has been operationally defined as a multidimensional concept which consists of financial, performance, physical, psychological, and social risk (Jacoby and Kaplan, 1972). Within consumer research, perceived risk involves the perception of uncertainty and the negative outcomes of buying a product (Dowling and Staelin, 1994). In other words, consumers perceive risk when they expect an unpleasant post-purchase consequence, but hardly know the exact probability of its occurrence. The anxiety or discomfort due to this risk perception has been found to negatively affect purchase motivation (i.e., purchase confidence and purchase intention) (Dowling and Staelin, 1994; Tan, 1999; Miyazaki and Fernandez, 2001; Chang et al., 2005). Tan (1999) particularly uncovers the negative effect of perceived risk on purchase motivation within the context of Internet shopping. Based on a review of the literature, Chang et al. (2005) argue that perceived risk has a negative impact on purchase intention by way of the attitude toward online shopping. Accordingly, Hypotheses 5 and 6

are developed as follows:

H5: Perceived risk is negatively related to purchase confidence

H6: Perceived risk is negatively related to purchase intention

Purchase confidence is related to the consumers' ability to judge and evaluate the attributes of a product, and it has been proposed as a determinant of purchase intention (Howard and Sheth, 1969; Bennett and Harrell, 1975; Laroche, Kim, and Zhou, 1996). Hsu and Chiu (2004) demonstrate that Internet self-efficacy, characterized by confidence in Internet use, enhances the intention to use the e-services offered by a specific website. Therefore, we address the following hypothesis.

H7: Purchase confidence is positively related to purchase intention

3. Methods

3.1. Pretest

A pretest was conducted in order to select the countries to be used as the stimuli for the main study. The participants consisted of 32 Korean undergraduate students (male: 50%, female: 50%). Participants were instructed to select four foreign countries which have different images and psychic distances. The selected countries included Japan (positive image, low distance), China (negative image, low distance), Italy (positive image, high distance), and Philippines (negative image, high distance). The image of and the psychic distance to four countries were measured with the 7-point Likert-type scale, with the anchors of 1=strongly disagree and 7=strongly agree, and the results are shown in Table 1. The differences between the highly-valued countries and the low-valued countries were all significant, as shown in the right columns.

Table 1. Four Countries Having Differences in Image of and Psychic Distance to COOR

Dimensions of COOR	Positive	Negative	Comparison	t-value
Image of COOR	Japan	China	Japan vs. China	11.08 ^b
	5.01(1.01) ^a	2.33(1.34)	Japan vs. Philippines	8.53 ^b
	Italy	Philippines	Italy vs. China	10.68 ^b
	4.90(1.00)	2.96(1.01)	Italy vs. Philippines	8.11 ^b
Dimensions of COOR	High	Low	Comparison	t-value
Psychic Distance to COOR	Italy	Japan	Italy vs. Japan	8.99 ^b
	5.04(1.00)	2.57(1.19)	Italy vs. China	6.92 ^b
	Philippines	China	Philippines vs. Japan	9.89 ^b
	5.31(1.03)	2.65(1.57)	Philippines vs. China	7.67 ^b

Notes : a. Standard errors placed in parentheses.

b. Statistical significance level <.001.

3.2. Participants, Design, and Procedures

For the main study, 320 Korean undergraduate students participated in this exchange for course credit. The participants were randomly assigned to one of the four groups, corres-

ponding to the four countries with different images and psychic distances. The data from 34 participants were excluded because of incomplete responses, which resulted in the total number of samples consisting of 286 participants in the analysis (male: 58.2%, female: 42.8%).

The participants were instructed to imagine that they were purchasing a clothing brand in one of four foreign Internet shopping malls, which included a cue relevant to the COO of the online retailer (e.g., a mall in Japan), and were then asked to give answers to the questions about image of the COOR, psychic distance to COOR, perceived risk, purchase confidence and purchase intention in this order. The demographic questions were asked last, and after all participants completed the questionnaire, they were then debriefed.

3.3. Measures

The image of the COOR is measured with four items, which are adapted from COO image dimension measurements by Häubl (1996). They are, “the service quality of [the] website that the country offers is good,” “the country has a trustworthy image,” “the country has an excellent ability to provide website service,” and “the Web-related technology of the country is high.” They are measured on 7-point Likert-type scales, with anchors of 1=strongly disagree and 7=strongly agree, and the Cronbach’s coefficient alpha for the four-item scale was 0.93.

Psychic distance to COOR is operationally defined as, “the degree to which consumers perceive the home country as being close to the foreign country.” We measure it with four items, which are adapted from Souca and Bradley (2006), and Brewer (2007). Specifically, they are measured with the items about the degree of closeness in commercial, political, cultural, and social relations between the home country and COOR. They are measured on 7-point Likert-scales with anchors of 1=strongly disagree and 7=strongly agree, and the Cronbach’s coefficient alpha for four-item scale is 0.93. We reversed the scale to indicate high value as long distance later in the analyses.

Perceived risk is operationally defined as the potential loss from pursuing a desirable outcome within the context of Internet shopping, and measured with three dimensions of risk: performance, financial and delivery risk. Participants are asked to express their level of agreement with Garner’s (1986) two measures about the perceived risks under the hypothetical purchasing situation of Internet shopping. The items are: “If I purchase a product from the foreign Internet shopping mall,” (1) “the product might fail to perform to my satisfaction” (performance risk); (2) “I might lose my money” (financial risk) and (3) “the product might fail to delivery on time and in safety” (delivery risk). They are measured on 7-point Likert-type scales with anchors of 1=strongly disagree and 7=strongly agree, and the Cronbach’s coefficient alpha for three-item scale is 0.91.

Purchase confidence about a product is defined as the consumer’s subjective confidence that one’s quality evaluation about a product is correct (Laroche et al. 1996). In our study, purchase confidence is related to the foreign Internet shopping mall, and the three measures are adapted from Laroche et al. (1996). They consist of, “how confident are you about purchasing a clothing brand on the website,” “how confident are you about making a purchase of a clothing brand on the website against other websites,” and “how would you evaluate confidence about purchasing a clothing brand in the website.” They are measured on 7-point Likert-type scales, with anchors of 1=not confident at all and 7=very confident, and the Cronbach’s coefficient alpha for three-item scale is 0.91.

Purchase intention is operationally defined as a consumer’s intention to purchase products at a specific Internet shopping mall. It is measured with the three items adapted from Lee and

Kwon (2006): "I will use this Internet shopping mall next time," "It is probable that I will use this Internet shopping mall next time," and "I will often make a purchase in this Internet shopping mall." They are measured on 7-point Likert-type scales, with anchors of 1=strongly disagree and 7=strongly agree, and the Cronbach's alpha for three-item scale is 0.93.

4. Result and Discussion

4.1. Measurement Model

To examine the convergent and discriminant validities, the constructs presented in our research model are compared with each other through a pairwise method (Bagozzi, Yi, and Phillips 1991). A confirmatory factor analysis (CFA) is conducted for all five of the constructs, and all factor loadings of the scale are above .80, with a significant T-value ($p < .01$). Goodness-of-fit statistics were acceptable with the following measurements: $\chi^2(109) = 263.95$, RMSEA = .07, GFI = .90, AGFI = .86, NNFI = .96, CFI = .97, RFI = .93).

To examine the convergent and discriminant validities of the scales, average variance extracted (AVE) and construct reliability (CR) are computed for all constructs. As presented in Table 2, the AVE and CR of the constructs are higher than 0.5 and 0.7 respectively, indicating that there is an adequate level of convergent validity. Moreover, the confidence interval (\pm two standard errors) around the correlation estimate between the two factors does not include 1.0 (Table 3), thus indicating discriminant validity (Anderson and Gerbing, 1988). Accordingly, the reliability and validity of the measurement model have been verified.

Table 2. Results of the Measurement Model Evaluation

Constructs and Item		SMC	Standardized factor loading	AVE	CR
Image of COOR	ICR1	.91	.95	.82	.96
	ICR2	.95	.97		
	ICR3	.78	.88		
	ICR4	.77	.88		
Psychic Distance to COOR	PDC1	.85	.92	.74	.94
	PDC2	.79	.89		
	PDC3	.78	.88		
	PDC4	.75	.86		
Perceived Risk	PR1	.78	.88	.68	.90
	PR2	.76	.87		
	PR3	.72	.85		
Purchase Confidence	PC1	.76	.87	.77	.93
	PC2	.95	.97		
	PC3	.76	.88		
Purchase Intention	PI1	.90	.95	.78	.94
	PI2	.81	.90		
	PI3	.82	.91		

Meanwhile, we check the severity of the common method bias by using Harman's single-factor test, as the measures of endogenous and exogenous variables are obtained from the same source, and self-reported data is used (Podsakoff et al., 2003). An exploratory factor

analysis was conducted with all 17 variables in the research mode, with the results showing that the common method bias is not a severe contaminant in our research, as the highest amount of covariance explained by one factor is 46 percent.

Table 3. Correlations among the Four Constructs

	ICOOR	PDCOOR	PC	PR	PI
Image of COOR	1				
Psychic distance to COOR	-.28(4.83) ^a	1			
Purchase Confidence	.43(8.64)	-.34(6.05)	1		
Perceived Risk	-.36(-6.37)	.27(-4.48)	-.43(-8.23)	1	
Purchase Intention	.58(13.71)	-.33(5.94)	.56(13.0)	-.41(5.12)	1

Note: a. t-values in parentheses.

4.2. Structural Model

The structural equations model is estimated by using LISREL 8.31. The goodness-of-fit statistics were acceptable ($X^2(111) = 323.4$, $RMSEA = .08$, $GFI = .89$, $AGFI = .84$, $NFI = .94$, $NNFI = .95$, $CFI = .96$, $RFI = .92$). All paths that were postulated in the seven hypotheses are statistically significant. Hypotheses 1 and 2 propose that the image of the COOR is negatively related to perceived risk, and positively related to purchase confidence. As expected, the effect of image of the COOR on perceived risk is significantly negative, and its effect on purchase confidence is significantly positive, providing support for both H1 and H2.

Table 4. Results of the Testing of Hypotheses

	Hypothesized Relationships	Conclusion	Standardized Estimates	t-value ^a
H1	Image of COOR → Perceived Risk	Supported	-.32	-5.03
H2	Image of COOR → Purchase confidence	Supported	.30	4.98
H3	Psychic distance to COOR → Perceived Risk	Supported	.19	2.97
H4	Psychic distance to COOR → Purchase confidence	Supported	-.19	-3.28
H5	Perceived Risk → Purchase confidence	Supported	-.28	-4.59
H6	Perceived Risk → Purchase intention	Supported	-.21	-3.55
H7	Purchase confidence → Purchase intention	Supported	.48	8.02

Note: a. absolute value of the t-value greater than 2.0 is significant.

Hypotheses 3 and 4 propose that the psychic distance to the COOR is positively related to perceived risk, and negatively related to purchase confidence. As expected, the effects of the psychic distance to COOR on purchase confidence and perceived risk are all statistically significant, providing support for both H3 and H4. These results imply that both image of COOR and psychic distance to COOR are the predictive variables which influence perceived risk and purchase confidence within the context of Internet shopping.

Hypotheses 5, 6 and 7 propose that there is a relationship among perceived risk, purchase confidence, and purchase intention. As expected, the perceived risk is found to be negatively related to purchase confidence (H5). Additionally, the path from perceived risk to purchase intention is significantly negative (H6). Finally, the relationship between purchase confidence and purchase intention is significantly positive (H7). The results of testing the hypotheses are summarized in Table 4.

4.3. Analysis of the Mediating role of Perceived Risk and Purchase Confidence

To test whether perceived risk and purchase confidence mediate the effect of the image of the COOR on purchase intention, a direct path from the image of the COOR to purchase intention was added to the research model. This path was not statistically significant ($\beta=0.00$, $t=0.00$), and the percentage variation in purchase intention accounted for did not change (change in $X^2 = 0.00$, $p > .00$).

Next, the mediating role of perceived risk and purchase confidence within the relationship between psychic distance to COOR and purchase intention was tested. A direct effect of the psychic distance to COOR on purchase intention was then added to the model. The effect is not statistically significant ($\beta=0.00$, $t=0.00$), and the percentage variation in purchase intention accounted for did not change (change in $X^2 = 0.00$, $p > .00$). This indicates that the effects of the two dimensions of the COOR on purchasing likelihood are fully mediated by perceived risk and purchase confidence.

5. Conclusion

The objective of this research is to explore the COOR effect on consumers' purchase motivations within the context of Internet shopping. The results of this analysis shed light on how the COOR effect works on online consumers' purchase decision-making process.

5.1. Theoretical and Managerial Implications

This research is one of the first studies which presents the COOR as one of the COO dimensions and attempts to investigate its effect on purchase motivation in the context of Internet shopping. Although Internet shopping through a foreign website is growing fast, little is known about the effects of COOR on purchase motivations. The findings of our study show that the COOR could play a role as a risk reliever in the formation of purchase motivation.

Furthermore, the present research divides the construct "COOR" into two dimensions: the image of and the psychic distance to COOR. Specifically, the concept of psychic distance has been focused within B2B contexts with regards to a company's expansion of its business to overseas markets, but this research uses the concept in B2C contexts as a dimension of COOR. In our study, psychic distance to COOR reflects the emotional aspect of the COOR (i.e., closeness and familiarity) while the image of the COOR is related to the rational aspect of COOR (i.e., technical ability in operating an Internet shopping mall). According to the findings of this research, the "Image of COOR" has more influence on purchase intention than "Psychic distance to COOR." It indicates that the rational aspect of COOR is more important than the emotional one in the form of purchase motivation within the context of Internet shopping.

In addition to the theoretical implication, the present research provides two more important managerial implications for practitioners who operate foreign Internet shopping malls. First, it is necessary to offer extrinsic cues with which consumers can infer the COOR, particularly for those whose images are favorable. Purchase intention may be influenced not by the image of real COOR but by the perceived image of COOR. To illustrate, the success of Häagen-Dazs gives us meaningful insight. Häagen-Dazs is not a European, but an American ice cream maker, even though the brand name makes consumers perceive it as an Italian or

German company, which results in a positive COO effect. In line with this strategy, the domain address or the brand name of the Internet shopping mall that generates a positive image of COOR needs to be created.

Next, the contents of the Internet shopping mall need to be presented in such a way that decreases the psychic distance to the COOR. Because psychic distance is affected by knowledge and familiarity with objects, sufficient information about the COOR needs to be provided in order to decrease the perceived distance (Evans and Mavondo, 2002; Dow and Karunaratna, 2006; Dikova, 2009). The findings of this study show that these efforts relieve consumer's perceived risk and increase their purchase confidence, which ultimately induces high purchase intention. We observe that major global retailers customize the website names using the country codes (e.g., www.amazon.co.uk, www.costco.co.uk, www.bestbuy.ca, or www.staples.ca) to become closer to the countries with the same language.

To increase the COOR effect fundamentally and effectively, a governmental control tower for national brands (e.g., The Presidential Council on Nation Branding in Korea) should be established and operated. It needs to design and execute a long-term policy that will enhance the nation's international status, as the image of country could not be improved over the short term. The foreign Internet shopping malls could set up links within their malls to the website of the government agency (e.g., www.koreabrand.net), which improves the image of COOR and decreases the psychic distance to COOR.

5.2. Limitations and Future Research

Although the present research provides meaningful contributions to both academia and business, a few limitations still persist in its design. Making up for them can provide fresh and meaningful directions for future research.

First, this research uses the COOR as the only source of information about the purchasing situation. Participants should make evaluations about risk and purchase motivation based on greater information related to the product attributes. This single cue study may induce the demand bias (Srinivasan et al. 2004). Accordingly, future research needs to present other information, such as price and brand, simultaneously with the COOR cue.

Second, the present research measures psychic distance in terms of the commercial, political, cultural, and social relations between the home country and the COOR. In addition to these dimensions, the differences in language, religion, education, level of development, law and business practices can also heavily affect the perception of psychic distance (Chetty and Campbell-Hunt, 2004). Accordingly, future research needs to take into consideration these dimensions of psychic distance and replicate our study.

Third, a stimulus brand is constrained to a clothing brand. Perceived risk can vary as a function of the types of products. It indicates that the types of products can influence the COOR effect. In case of a commodity product (e.g., toilet paper), for example, the COOR effect might be weaker than luxury products because of low perceived risk. Accordingly, future research needs to compare the strength of COOR effects between different types of products.

Fourth, present research reveals that the effect of the dimensions of the COOR on purchase motivation is further mediated by risk perception. Given the fact that two dimensions of the COOR are related to the evaluation of online distributors, channel equity may serve as a potential mediator within the relationship between the COOR dimensions and purchase motivation. According to the Kumar, Bohling, and Ladda's (2003) argument, Internet intermediaries, such as Amazon and e-Bay, have high channel equity and help consumers to have a positive response to the products in their websites. Therefore, future research needs to

include the effects of how channel equity serves as a mediator when investigating the effects of the COOR.

Finally, the limitations of the methodology need to be further contemplated and addressed. If participants were instructed to buy actual brands in real Internet shopping malls instead of in virtual ones, the external validity of the results would be much higher. In the presence of global online retailers such as Amazon, the effect of the country may be mitigated by the effect of the retail brand. The interaction of the effect of the country and that of the brand would be an interesting relationship to investigate. Moreover, as participants in this research only consisted of Korean undergraduate students, extending the full generalization of the conclusion within the context of all foreign Internet shopping contexts is not advised.

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