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Country-of-origin effect:
Expanding brands from Taiwan to Lithuania

by

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Abstract

Title: Country-of-origin effect: Expanding brands from Taiwan to Lithuania

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Thesis purpose: The purpose of this paper is to understand how Taiwanese brands can manage the country-of-origin effect on product evaluation in Lithuania.

Methodology: This is a quantitative research based on primary data collected in Lithuania. An online survey was conducted and analyzed by applying the Paired-samples test and the One-way Anova method.

Theoretical Perspective: Literature review on country-of-origin (COO) and brand management concepts provides a valuable basis for the study. The analysis is based on the theory of country-of-origin effect on brand equity and product evaluation, as well as previously researched moderating factors.

Empirical Data: The empirical material for the analysis was collected through an online questionnaire, answered by 330 respondents in Lithuania.

Conclusions: The findings confirm that Taiwan has a relatively negative effect on product evaluation in Lithuania, which can be improved by positive prior experience with Taiwanese brands, favorable perception of attributes, and a strong sense of brand community. Based on the study, price consciousness does not have a significant impact on the evaluation of Taiwanese products, and therefore, is not among the strongest moderators of country-of-origin effect in Lithuania.

Practical implications: Based on this study, it is recommended for Taiwanese brands to ensure a more consistent brand identity with a unique meaning across different products, as well as focus on creating a positive customer experience, which has the most significant impact on Taiwanese product evaluation. In order to stand out, brands could communicate authentic features related to Asian culture, and clearly promote COO which may improve the overall country's image.

Keywords: East Asian COO effect, Moderators of COO effect, Product evaluation, Brand equity, Asian brand challenges

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1. Introduction

In this chapter, the background and problematization of our topic will be first presented. Next, the purpose of the study and research questions will be explained. Lastly, the chapter will end by presenting the intended contribution and disposition of the thesis.

1.1 Background

With the dramatic growth of products coming from different parts of the world, country-of-origin (COO) has been used as an important indicator in product evaluation (Jain & Bariar, 2019; Saydan, 2013). The history of COO dates back to Ancient Egypt where inscriptions and seals were used to mark a place of manufacture (Wengrow, 2008). Country-of-origin labels have gradually developed into an inference of product quality, as well as status in the market as part of brand image (Pappu, Quester & Cooksey, 2007). For example, in the 19th century in the UK, the COO label was particularly stuck on German products to reduce the sales of products originated in Germany (Rayasam, 2013). Countries located in the West, where industrialization started earlier, got the priority to develop the country's image as a brand in the early days (Shahrokh & Azodi, 2013). This historical background leads to the perception today with rather Western bias (Strizhakova, Coulter & Price, 2008; Adina, Gabriela & Roxana-Denisa, 2015). As reflected in Mollerup's (1997) book on trademark history, a country image is now almost used as a free trademark by including graphic symbols such as the national flag, or something relevant to a country to guarantee the premium positioning of the products (Saydan, 2013).

In the context of globalization, many companies are outsourcing their products from countries with cheaper costs (Ghauri & Cateora, 2014). Moreover, some outsourcing countries are developing what they are good at and grow as global brands in the industry (Rigger, 2011; Roll, 2016). Taiwan is a rarely discussed Asian example with decades of experience managing the world's supply chain from the production of phones, laptops, to textile and shoes (Sim, 2012; Hsieh, 2019; Rigger, 2011). According to David and Juang (2017), Taiwan is producing at least 85% of laptops in the world. Particularly, ASUS is one of the leading manufacturers of the industry, and with the image of price worth money, it has been constantly ranked as a popular laptop for years (Mobile City News, 2019; Rear, 2020; ASUS, 2020). In addition, Taiwanese bicycle brand Giant is not only a reliable supplier for American bike brands such as Trek, but it also grows as a worldwide brand (Yu & Yan, 2014; Giant, 2020a). From 2018, it has increased 27% of sales in France, Germany, and the Netherlands with global revenue worth \$1.9 billion (Giant, 2019).

The recent opening of the Eastern Europe market served as a great opportunity for international businesses (Javorcik, 2019; Walker, 2019). Particularly, countries such as Lithuania have had a dramatic GDP growth of 557% in the period between 1990-2018 (Walker, 2019). In 2020, Lithuania was also stated as the most potential Eastern European country to invest in (Istrate, 2019). Also, the recent economic connection between Lithuania and Taiwan has been highly encouraged by governments from both parties (Taipei Mission, 2018; Everington, 2019; McCartney, 2020). Usunier & Lee (2009) proposed that COO has a better chance of being managed, especially when two countries have additional economic or political connections. Therefore, under the potential political and economical influence, how Taiwanese COO is interpreted among Lithuania consumers is worth discussing.

To manage the COO effect on Asian brands, brand management is considered as an important component to either develop COO as a bonus or decrease an unfavorable COO effect (Aaker, 1991; Keller, 1993). According to Jain & Bariar (2019), if companies can provide adequate information about the country to the local public, it will potentially increase the value of the brand. Therefore, understanding how Lithuanian consumers perceive Taiwanese COO is an important condition for Taiwanese brands to expand to the market.

1.2 Problematization

“History is who we are and why we are the way we are”

David McCullough

As mentioned in the above, the country-of-origin labeling began in ancient times, and it started serving as an indicator of local or foreign products in the 19th century (Wengrow, 2008; Rayasam, 2013). Until today, with globalization, we are able to reach many more products from different countries. Although not all history effects have a profound influence on modern times, as McCullough said, history developed who we are, and the country-of-origin effect has indeed developed from history, now serving as one of the important indicators when people conduct shopping (Kaynak & Cavusgil, 2015). Where does the product come from? This is a very often asked question by many of us when conducting shopping (Kaynak & Cavusgil, 2015). The product label shows where the product is made, and very often, it is different from the branding country (Saydan, 2013; Papu, Quester & Cooksey, 2007).

COO effect appears in our everyday consumption; however, it is much more complex than a matter of manufacturing or the branded country (Adina, Gabriela & Roxana-Denisa, 2015). According to Hofstede, Hofstede & Minkov (2010) and Frank, Enkawa & Schvaneveldt (2015), individualistic and collectivistic cultures may influence people's perceptions when evaluating the products and brands. However, even in countries characterized by individualism, perceptions might still differ (McSweeney, 2002). This might be attributed to the language, history, geography, people, and technological development that influenced

personal preference (Adina, Gabriela & Roxana-Denisa, 2015). For example, Lithuanian consumers have relatively low trust towards vitamin products coming from neighboring countries such as Poland and Ukraine due to historical background (Šmaižienė & Vaitkienė, 2013). Furthermore, Sharma (2011) and Strizhakova, Coulter & Price (2008) proposed that countries that experienced recent economic growth tend to be more materialistic, and COO, therefore, serves as an important social indicator for them. Despite materialism, perceptions are also different, for example, Lithuanian consumers preferred products from countries such as Germany, Switzerland, and Scandinavian countries (Šmaižienė & Vaitkienė, 2013). Whereas, Malaysian consumers prefer cars and electronic products from Asian countries more than Western brands (Chiu, 2015).

COO is interpreted in different kinds of ways as it is the intangible context, which is more extrinsically evaluated (Jain & Bariar, 2019). From a cognitive perspective, COO serves as a cue of product quality, and from an affective point of view, it provides emotional connections, symbolic benefits such as status and pride (Adina, Gabriela & Roxana-Denisa, 2015; Jain & Bariar, 2019). Both Aaker (1991) and Keller (1993) admitted COO as a memory network model for consumers, but they also proposed that COO only serves as a secondary indicator in brand management. Keller, Apéria & Georgson (2008) proposed that brands help a company to build up the image, and represent with a unique positioning in the target consumers' mind. Some suggested that brand loyalty is directly influenced by COO, some argued that brand associations and perceived quality are more connected to COO, moreover, others claimed that all the brand dimensions are equally influenced by COO (Panda & Misra, 2014; Pappu, Quester & Cooksey, 2007; Snyal & Datta, 2011). It was found that the different claims of the COO effect in relation to brand equity are due to the different types of products they evaluated, therefore it leads to various results (Saydan, 2013; Panda & Misra, 2014). A strong brand will bring added value which is unique and clear to understand (Melin, 2002; Kapferer, 2014). It is also important for Asian brands to note the corporate brands' issues, specifically the inconsistency between different product portfolios (Roll, 2015). According to Jain & Bariar (2019), COO is the incremental part of a brand; therefore, if there is any unfavorable COO effect, these inconsistencies might make it harder to overcome COO challenges.

As mentioned above, the COO effect is different from country to country, and brand management should be conducted based on a clear understanding of COO effect (Saydan, 2013; Panda & Misra, 2014; Šmaižienė & Vaitkienė, 2013). We found out that in most of the research there is a rather Western bias on the choice of the target market and analysis of brands. Internationalizing Western brands into emerging Asia is widely discussed, and particularly China is usually used as the main research focus in Asia (Roll, 2015; Birnik, Birnik & Sheth, 2010). This, therefore, leads to the situation of neglecting other Asian regions' branding operations (Roll, 2015). Taiwan is characterized as a manufacturer; however, due to complex political background, in terms of global brands with manufacturing roots, it seems not many researchers are discussing it (Rigger, 2011; Azmeh & Nadvi, 2014). Furthermore, the neglect of another growing market in Eastern Europe is also lacking

research. When it comes to Eastern Europe, very often, researchers are using other countries rather than Lithuania as examples (Strizhakova, Coulter & Price, 2008; Singh, 2010). As mentioned above, Lithuania as an Eastern European country has experienced rapid economic growth in the recent two decades (Walker, 2019). Compared to other Western countries that cooperated with Asia from earlier times, Lithuania's special historical and cultural background might make them have different perceptions towards Asian brands (Singh, 2010). Therefore, considering a lack of research on these two regions, this thesis will analyze the effect of Taiwanese COO on product evaluation in Lithuania. Also, we will explore how brands and other factors can improve the COO effect.

1.3 Research Purpose

Country-of-origin is a widely researched subject due to its importance in the process of product evaluation and purchase decision (Adina, Gabriela & Roxana-Denisa, 2015; Saydan, 2013). Meanwhile, brand management literature also confirmed the important role that COO plays; however, it is also indicated that COO is not the only factor, especially under the situation if the company can grow strong brand equity (Keller, 2001; Saydan, 2013). Having in mind the indicated gap in previous research, the purpose of this thesis is to understand how Taiwanese brands can manage the COO effect on product evaluation in Lithuania.

Firstly, the perception of Taiwan as COO will be analyzed in comparison to two well-researched countries, namely China and the USA. Secondly, the moderators of COO effect will be identified in order to understand how brands can use the cue of Taiwanese COO, and even make it more favorable for the business. Based on Lithuanian consumers' perception, the thesis will provide branding suggestions for Taiwanese brands for successful expansion to the market. The thesis aims to increase the understanding of COO impact on product evaluation by analyzing two less discussed markets as well as indicate the most relevant moderators of COO effect in the particular market.

1.4 Research Questions

Based on information from previous chapters, the following research questions are being proposed:

Question 1: What effect does Taiwanese COO have on product evaluation in Lithuania, compared to China and the USA?

Question 2: What factors can moderate the evaluation of Taiwanese products in Lithuania?

Question 3: How should Taiwanese brands adjust their branding strategy when expanding to Lithuania?

1.5 Intended Contribution

From the existing COO research, there is not much solid connection between the COO effect with brand management (Yang, Ramsaran & Wibowo, 2016). Most literature sources only mention the simple connection between COO and brand management by listing some dimensions from brand equity (Yang, Ramsaran & Wibowo, 2016; Rashid, 2016). It can be seen from Yang, Ramsaran & Wibowo (2016) and Magnusson & Westjohn (2011) COO model of COO impact on brand management is solely describing possible influential brand dimensions. However, these models are featured with only a few detailed explanations made on the connection between COO with brand equity dimensions. According to Aaker (1991) & Keller (1993), COO is an important memory model that serves brand management, however, it only serves as the secondary indicator during product evaluation. It is suggested that a strong brand can decrease the COO effect by having valuable brand equity (Keller, 2001; Saydan, 2013). Within current brand management literature, the COO effect is also not widely discussed (Keller, 2001; Jain & Bariar, 2019; Saydan, 2013). This thesis is expected to contribute to existing theories proposed by Yang, Ramsaran & Wibowo (2016) and Magnusson & Westjohn (2011). By reviewing different COO and brand management literature, this thesis is intended to contribute a clearer connection between COO and brand management. We will analyze 4 moderating variables of COO effect from which 2 (price consciousness and prior experience) are concluded from COO literature review, and the other two (perceived attributes and sense of community) from branding literature to further examine what factors should be carefully managed under COO effect. The analysis of moderating variables will also show, which of the previously in the literature suggested moderators are the most relevant in the particular market.

Due to the lack of research on Eastern European markets and Asian brands, this thesis is taking two representative countries from Eastern Europe and Asia to investigate further. We would like to focus on Taiwanese brands because many of them have rapidly grown as global brands (Sim, 2012; Hsieh, 2019; Rigger, 2011). Lithuania is chosen as an Eastern European representative due to its recent fast economic growth, political freedom, and geography close to most of the Western countries (Walker, 2019; Baltic Economic Association, 2020). We would like to see if there are any challenges Taiwanese brands might meet in Lithuania, in order to provide suggestions for internationalization strategy for Taiwanese brands. Furthermore, Taiwanese culture is rooted in Confucianism background, similarly, nearby countries such as Korea, China, Hong Kong, and Singapore are also greatly influenced by Confucianism culture (Viengkham, Baumann & Winzar, 2018; Zhang, Lin, Nonaka & Beom, 2006). It is therefore suggested the analysis from Taiwan can be a valuable reference for other Confucianism culture-oriented countries. Although countries in Eastern Europe are varied, due to the close and friendly historical bonds among Baltic countries (Singh, 2010; de Espona, 2018), Lithuanian examples can potentially serve as a reference when an Asian brand is considering expanding to other Baltic countries.

1.6 Outline of the Thesis

Chapter 1: In the first chapter, the background and problematization of the thesis topic, as well as research purpose and intended contribution is presented.

Chapter 2: In the second chapter, a literature review on COO effect, brand equity, and Asian brand challenges will be presented, in order for readers to get a deeper understanding of COO and brand management's context and connection.

Chapter 3: The third chapter will present the focus of our study, namely, an overview of 2 Taiwanese brands: Giant bike and ASUS laptop, along with a description of the target market Lithuania.

Chapter 4: In the fourth chapter, the methodology of how we collected and analyzed the data will be described.

Chapter 5: In the fifth chapter, the results of the survey will be presented.

Chapter 6: The sixth chapter will look into the implications of data analysis results. The discussion will be based on the literature review we made, as well as suggestions will be provided for Taiwanese brands, along with comments on the COO effect in Lithuania. The recommendations for businesses will also be proposed in the discussion.

Chapter 7: In the seventh chapter, the thesis will end with the conclusions, and the possible limitations of this research will be listed for future research.

2. Literature review

This chapter consists of four main sections. At first, the existing literature concerning country-of-origin and its effect on product evaluation, as well as perceptions of East Asian countries is reviewed. The second part of the reviews will discuss brand equity which plays an important role when it comes to the COO effect. The third section will demonstrate Asian brands' challenges, as well as strengths and weaknesses in the value creation section. Finally, a summary is provided leading to the conceptual model and hypotheses, that further research is based on.

2.1. Country-of-origin

2.1.1. What is country-of-origin?

The traces of marking a place of manufacture are found in ancient history. An inscription of a specific region was found on an object from a royal tomb in southern Egypt, that dates 3000 BC (Wengrow, 2008). At that time, various seals served as a means to inform consumers about the authenticity and quality of goods. Later, origin labeling became a common practice controlled by rules and regulations (European Union, 2018). Country-of-origin is defined as an informational cue of a product, expressed by the phrase “Made in” (Bilkey & Nes, 1982). However, with the growth of internationalization, global brands, and multinational production, country-of-origin has evolved into a more complex concept than merely a country of manufacture. Nowadays, a product is often the result of multiple countries’ efforts, and it cannot be easily tied with a single specific origin (Chao, 1993; Wegapitiya & Dissanayake, 2018). Increased information and connectivity in transport enabled a new business culture, where brands can choose a different manufacturing or assembly location considering costs and efficiency (Wegapitiya & Dissanayake, 2018). Therefore, country-of-origin (COO) can be explained by several aspects, such as country-of-manufacture (COM), country-of-brand (COB), country-of-design (COD), country-of-assembly (COA), country-of-parts (COP) (Herz, 2015; Pharr, 2005). Since it is no longer a homogeneous term, Federal Trade Commission (1998) has set certain guidelines and rules for the usage of the “Made in U.S.” label, which is supposed to mark that “all or virtually all” of the product has been made in the U.S, including assembly, significant parts, and labor (Federal Trade Commission, n.d.).

The impact of COO cues might also differ among product categories, e.g. Hamzaoui and Merunka (2006) argue that consumers tend to be more sensitive to COD for such status

products as automobiles, while COM is more important for private goods like television sets. However, cultural differences should also be taken into account. Magnusson and Westjohn (2011) provide an example that COA and COM cues are most important for consumers in Germany, while COD makes a more significant influence in Japan. According to another study, consumers are often unaware of COM and rely on brand-origin (Verlegh & Steenkamp, 1999). Having that in mind, at first, we will analyze the perceptions of COO in terms of manufacturing (“made in”) and designing (“created/designed in”), by asking consumers to evaluate products based on the COO cue. Then, we will also explore, if well-known brands, and other factors, can improve the perception of COO in general.

2.1.2. The role of country-of-origin in product evaluation

The effect of COO on product perception and evaluation is confirmed by previous research (Bilkey & Nes, 1982; Ahmed & d'Astous, 2008; Bankauskienė & Šliburytė, 2017; Magnusson & Westjohn 2011). The studies show that products from certain countries are preferred and evaluated more positively by consumers, which raises a question of what exact role the COO cue plays in product evaluation and consumer decision making. Also, how the COO information is processed by consumers, and what factors can influence the COO effect?

Product evaluation is a time-consuming process requiring various decision strategies (Bettman et al., 1998). In order to choose the most suitable alternative, consumers use intrinsic and extrinsic cues of a product (Saeed et al., 2013). The former includes tangible messages of product attributes, such as flavor, functionality, texture, and design, while extrinsic cues refer to intangible attributes, e.g. price, brand name, and COO (Saeed et al., 2013; Verlegh & Steenkamp, 1999; Magnusson & Westjohn, 2011). As the intrinsic cues can be difficult to evaluate prior to purchase without trying a product, consumers initially rely on indirect experience and extrinsic indications (Yang, 2016; Magnusson & Westjohn, 2011). A study by Agrawal and Kamakura (1999) reveals that COO can serve as a reliable cue of product quality. Therefore, positive or negative stereotypes of COO, brand name, and other intrinsic cues play an important role in the cognitive processing of product-related attributes. These cues can help consumers to simplify complex decision making (Howard & Sheth, 1969; Ahmed & d'Astous, 2008).

In their overview of COO research, Magnusson and Westjohn (2011) suggest three theoretical explanations of how COO information can be transferred into product evaluations. Firstly, based on the halo perspective, COO cue influences the perception of product features that is indirectly transferred to overall product evaluation. This way, COO is used as a halo to judge unfamiliar products (Magnusson & Westjohn, 2011). Secondly, the summary perspective, holds that experiences and information about brands from a certain country are stored in consumers' memories and used in order to evaluate products from this country (Magnusson & Westjohn, 2011). So COO can also serve as a summary construct if a consumer is familiar with products from that country. Thirdly, according to the default-heuristic perspective, several product cues are processed together with COO, e.g.

price and COO, resulting in a combined effect on product evaluation (Magnusson & Westjohn, 2011). These theories support the idea that COO can actually be used as a way to cope with uncertainty when evaluating unfamiliar products. However, the last explanation also suggests that COO is not an isolated determinant in product evaluation and functions together with other cues.

The authors also discuss that in some cases COO determines consumers' purchase behavior without a significant effect on product evaluation. The phenomenon is further explained by Klein (2002), who claims that animosity and negative feelings towards a certain country can predict a purchase decision when choosing between two foreign goods. So there is a direct connection between country image and COO effect (Magnusson & Westjohn, 2011). All the described ways of how consumers use COO information reveal that the COO effect on product evaluation is moderated by many factors, such as a level of familiarity, country image, or additional product cues that a consumer is exposed to. Magnusson and Westjohn (2011) summarized and classified previously researched moderators into four categories: COO facets, product type, consumer traits, and product attributes.

COO facets refer to the country of design, assembly, manufacture, or brand. Rashid (2016) highlights the connection between cross-border mobility and the importance of brand-origin. According to the author, the culture of COB is more easily accessible for consumers nowadays and they tend to ignore the actual country of manufacture. Furthermore, sometimes it can be wise to hide unfavorable COO information and only display COB if it can evoke a positive impact on product evaluation (Koubaa, 2008). Several studies suggest, that the COM effect will be weakened if a COB is presented and it can be seen as an opportunity to label a product with a country that has more positive connotations for consumers (Rashid, 2016; Verlegh & Steenkamp, 1999). On the other hand, COB cue alone does not make an impact unless consumers actually have knowledge of the brand's origin. Samiee, Shimp and Sharma (2005) introduced the term of Brand Origin Recognition Accuracy (BORA) that involves "a form of knowledge that consumers potentially have stored in memory and can retrieve as input when forming brand-related judgments and making choices" (Samiee et al. 2005, p. 381). The authors argue, that consumers may have an incorrect perception of where the brand originates and base their decision on the wrong origin information, e.g. an English-sounding brand name might be perceived as American despite being Korean. Leifeld (2004), in his study of consumer knowledge of COB, found that 93% of more than a thousand consumers did not know the origin of purchased brands. Therefore, we believe that not just product labels but also the brand's communication can be seen as an important determinant of whether or not consumers will associate its products with the right country. Therefore, we are going to explore the knowledge of Taiwanese brands in general in our target market in order to see what percentage of consumers are able to recall Taiwanese brand names. This is important for understanding Taiwanese brands' positioning in the mind of target consumers.

The second category of moderators, *Consumer traits*, includes animosity, ethnocentrism, values, and emotional state (Magnusson & Westjohn, 2011). Animosity influences the choice

between products with foreign COO (Klein, 2002). An illustrative example of a moderating effect of animosity could be a study by Bankauskienė and Šliburytė (2017), showing that a less positive perception of Russia, compared to Switzerland, lead to a lower evaluation of Russian products in Lithuania. Therefore, whether the COO information will affect the product evaluation negatively or positively, depends on an overall country image in the eyes of consumers. However, when it comes to the choice between local and foreign products, the level of consumer ethnocentrism has more importance. More specifically, ethnocentrism evokes an unfavorable evaluation of products with a foreign origin, which are seen as harmful for the local market (Rashid, 2016; Sharma, 2011). According to Rashid (2016), regardless of country-of-origin, ethnocentric consumers would prefer local products. On the other hand, in the context of high cross-border mobility, traveling consumers become similar and pay less attention to the COO (Rashid, 2016). Therefore, the author suggests that brand symbolism becomes more and more influential and diminishes the COO effect. Brands associated with social responsibility and ethical business practices will be evaluated better by benevolent consumers compared to those who value power (Rashid, 2016). Thus, the personal values of consumers become an important moderator. In other words, brands have a symbolic meaning to consumers and, based on how well they match consumers' personal values, affect product evaluation.

The COO effect is also moderated by *product type*. Researchers agree that COO affects both consumer and industrial goods (Magnusson & Westjohn, 2011; Verlegh & Steenkamp, 1999). However, the evaluation of a specific product also depends on how well the product matches the country (Roth & Romeo, 1992). In other words, consumers favor a certain COO, if they believe that the country has required skills and strengths for manufacturing a concrete product. Verlegh and Steenkamp (1999) provide an example of German cars, that are preferred due to a positive perception of German engineers and a belief that Germany is a technologically advanced country. Another study by Dagger and Raciti (2011) supports the theory by showing that match or mismatch between country and product does affect Australian consumers' choice of various products. This kind of logical connection between the product category and country was named as a "fit" by Hamzaoui and Merunka (2006). The better a product fits the image of country-of-origin, the more positively it affects consumer evaluation.

The last category of moderators, *product attributes*, refers to product complexity, consumer involvement, and familiarity (Magnusson & Westjohn, 2011). Ekström, Ottosson, and Parment (2017) explain further that complex products are characterized by a higher level of involvement, meaning that consumers may search for more detailed information in order to make a buying decision. As a result, when information about more product-related attributes is accessible, COO cue becomes less influential (Rashid, 2016). According to Rashid (2016), price and quality are the product-relevant cues, that are most likely to weaken the COO effect. It is also argued by the author that price is more tangible and a stronger moderator than quality. However, differences between countries should not be overlooked. As an example, it is found that emerging markets are becoming more materialistic and concerned

about possessions and status, but remain price-sensitive due to the lower purchasing power, which is less common in developed markets (Sharma, 2011). Therefore, the moderating effect of price is not necessarily of the same level of importance in different countries.

Another important factor that makes users less concerned with COO is the prior experience (Lopez-Lomelí et al., 2019). Consumers with high prior experience care more for product design and performance. In contrast, the COO effect tends to be stronger when the product is unfamiliar (Magnusson and Westjohn, 2011). This is in line with the thought, that COO cue can help to make a decision, especially when consumers have not used the product before. Personal experience of a product is probably one of the most efficient ways to break stereotypes about a certain country as a manufacturer. It allows the user to experience the intrinsic aspects and quality which logically would diminish the importance of stereotypical attitude towards the origin location. This is supported by the study, confirming that personally tested quality is the most important factor in the evaluation of vitamins with various COOs for Lithuanian consumers (Šmaižienė & Vaitkienė, 2013). However, it is not fully clear, what weight the experienced quality has in the product evaluation. More precisely, can a consumer be fully objective in evaluating the product's quality and other attributes, if he or she already has certain prejudice based on the COO or brand's communication? It is a proven fact that people tend to search for confirmation of their prior beliefs (Nickerson, 1998). Thus, our evaluation is subjective, and the COO, as well as brand information, can have a more subconscious effect on our assessments than we think.

To sum up, the analyzed literature sources show that COO is an extrinsic cue, used for simplification of the complex product evaluation process. In general, the COO image is directly related to an overall country image. However, COO does not function as a single cue but is moderated by many other factors. Among the most important moderators is the price as another extrinsic cue which is relatively easy to evaluate. Also, prior experience, that allows us to form an opinion about the intrinsic features of a product, such as functionality. Branding can make a significant impact as well, depending on how well the brand's symbolism aligns with the personal values of consumers. In addition, various consumer traits as an emotional state, and ethnocentrism can influence how a particular COO is perceived. Moreover, the COO role and strategies for product evaluation vary depending on how complex the merchandise is.

2.1.3. Antecedents of country image

Since the overall country image is one of the most important factors, influencing the COO effect, elements that form the image will be described in this chapter. According to Pharr (2005), the evaluation of a country is determined by endogenous and exogenous antecedents. Endogenous sources are explained as internal consumer demographics, values, and psychographic aspects, whereas exogenous sources involve structural dimensions of a country, such as economic development, and culture (Pharr, 2005; Ahmed & d'Astous, 2008). Multiple studies confirm that less economically developed country is more likely to be

perceived as an unfavorable COO by consumers, whereas a more developed country is seen as a more preferable COO and a signal of better quality (Sharma, 2011; Šmaižienė & Vaitkienė, 2013). The research by Šmaižienė and Vaitkienė (2013) illustrates this thought by showing that Lithuanian consumers rate vitamins from Germany, Switzerland, the USA, or Japan as of a higher quality compared to India, Poland, Ukraine, and China. Sharma's (2011) study also suggests that consumers in emerging markets, namely China and India, have a positive attitude towards brands with the UK or the USA as COO. Furthermore, Malaysian consumers see Western brands as a way to confer status (Chiu & Ho, 2015). Western lifestyle and brands are also admired as prestigious goods in India (Batra et al., 2000). In addition, it has been found that materialistic consumers generally evaluate products from developed countries more positively (Sharma, 2011).

The perception of COO also depends on the cultural aspects of the target market. Hofstede's theory distinguishes six cultural dimensions: power distance, individualism, masculinity, uncertainty avoidance, long term orientation, and indulgence (Hofstede, 2011). According to research by Gürhan-Canli and Maheswaran (2000), consumers from individualistic cultures, such as the U.S., evaluate local products as more favorable only when they are superior to the competition, while collectivists, e.g. Japanese consumers, choose local products regardless of their superiority. The findings imply, that marketers can use COO as a competitive advantage for home products in collectivist countries. However, De Mooij (2019) argues, that since the 1990s, consumers in Eastern Europe have a tendency to return back from Western to local brands. The study by Pilelienė and Šontaitė-Petkevičienė (2014) confirms that Lithuanian consumers appear to support local production, despite being relatively individualistic with a score slightly above average (Hofstede Insights, 2020). Furthermore, Šmaižienė and Vaitkienė (2014) noted that Lithuanian consumers with higher household income support local production less than those with low income.

2.1.4. East Asian countries as COO

Japan, China, Taiwan, South Korea, and Singapore are acknowledged among the world's wealthiest nations, generally referred to as East Asia (Bloomenthal, 2019; Abdini, 2017). The region experienced high economic growth after World War II and is seen as far ahead of South Asia (Shrestha, 2013). The author emphasized East Asia's competitive advantage in the sector of technology manufacturing, as well as export-led growth and industrial development in the region. Powerful brands, such as Toyota (Japan) and Samsung (South Korea), illustrate the strength of the East Asian region. In addition, many worldwide known brands use East Asian resources and labor for manufacture: "people may not realize that at least 85 percent of laptops sold in the whole world are made by Taiwanese companies" (David & Juang, 2017). China is among the biggest electronic producers in the world (Investopedia, 2019). The facts lead to the assumption that East Asian markets have the capability to produce and offer merchandise of good quality. While, at the same time, they top the list of countries for relatively cheap manufacturing (Papadopoulos, 2019).

Despite the competitive advantages and growing success, the region encounters challenges related to an unfavorable country-of-origin effect. Data on global attitudes and trends collected by the Pew Research Center reveal a downward trend of China's image in many countries (Silver, Devlin & Huang, 2019). A study by Bersick (2010) showed an increasingly negative perception of China among European people due to the power of old stereotypes. Various products, such as cars, cosmetics, beverage, vitamins, from China have a lower evaluation in terms of quality, performance, and attractiveness (Holtbrügge & Zeier, 2017, Pileliene & Petkeviciene, 2014; Lazzari & Slongo, 2015; Panusbordee, 2013; Šmaizienė & Vaitkienė, 2013). Regardless of the product category, China is seen as a less favorable country-of-origin by consumers. However, according to Patterson (2011), who researched the COO effect on apparel evaluation, bias and negative predisposition against Asian products are price elastic and therefore can be weakened by a more affordable price. Other East Asian countries seem to suffer less from negative prejudice. South Korean products were rated highest for such aspects as quality, technological advancement, value for money, satisfaction, and therefore surpassed products from Russia and Hungary in the eyes of Romanian consumers (Licsandru et al, 2013). Japan was also seen as a COO indicating high quality in Lithuania (Šmaizienė & Vaitkienė, 2013). In Thailand, South Korea, Japan, and Taiwan were seen as developed countries along with the U.S., offering high-quality products, while China as COO had a more negative effect on product evaluation (Panusbordee, 2013).

Xie and Page (2013) sought to identify the main factors influencing the image of China. The authors found that a country's level of socio-economic development was the most important determinant of how that country's people perceive China, while strategic ties or the amount of Chinese direct investment in the country had no significant impact. It is concluded that people in poor countries are more likely to admire China's economic success, whereas rich countries focus more on lifestyle, values, and political liberties. Therefore, China's economic achievements may not be sufficient to overcome the unfavorable image in developed countries and "it is possible that only a movement toward Western-style democracy and human rights would lead to full-scale enthusiasm about China among the publics of advanced Western countries" (Xie & Page, p 867, 2013). More appealing values and democracy might be among the reasons why other East Asian countries are evaluated more positively compared to China.

As is clear from above, most of the studies on Asian countries are usually taking China as the main example, but there is a lack of research on how Taiwan is perceived in Europe. With the fact that many Taiwanese brands are growing globally, is it perceived differently compared to China in the eyes of consumers? Or does it still face similar challenges due to less favorable COO effect, having in mind the official name of Taiwan as the Republic of China? These questions are addressed in our thesis in order to contribute to a better understanding of East Asian countries as COO.

White (2012) claims that a successful brand can also improve the overall image of a country. Samsung (South Korea), Toyota, Sony (Japan), Huawei (China), Asus (Taiwan) are among

the world's most valuable brands and best-regarded companies, which can contribute to a more favorable reputation of East Asian countries as well as a more positive evaluation of products from the region (Murphy, 2019; Forbes, 2019). Due to the impact of a brand name on both country image and consumer behavior, an overview of brand management theory is provided in the next chapter.

2.2. Brand management

2.2.1 COO effect on brand equity

Some researchers indicated that COO is especially obvious when it is conducted by consumers with a materialistic mindset, while some also indicated that COO does not obviously affect purchasing decisions in relatively individualistic countries (Sharma, 2011; Strizhakova, Coulter, Price, 2008). However, in either way, reflected from most of the research, COO is playing an important influencing role in consumer-based brand equity (Sharma, 2011; Panda & Misra, 2014; Saydan, 2014).

According to Jain (2019), COO does not have the same effect on different dimensions of brand equity. Across different categories of products such as mobile phones, hair care products, fridge, dishwasher, etc, COO has an influence on product evaluation (Saydan, 2014; Shahrokh & Azodi, 2013). Although different dimensions of brand equity might differ across products, it is assumed that COO is something that influences the overall brand equity (Keller, 2014; Shahrokh & Azodi, 2013). Lin & Chen (2006) and Srikatanyoo & Gnoth (2002) proposed that COO has a potential influence on consumers' trust of a product and the evaluation of the brand. It is further supported by Pool, Asian, Abaresh & Mahyari (2018) that companies should be aware of the COO effect as the delivery of country information can determine whether strong brand equity can be built or not. If the local market can receive positive information about the country, this will also help brands to improve their brand equity (Jain & Bariar, 2019; Saydan, 2014).

Although with the high influence of COO on brand equity, Aaker (1991) and Keller (1993) also argued that country image is merely a secondary effect on brand equity. There are many cases of brands developing positive brand equity even with relatively unfavorable COO (Saydan, 2014; Shahrokh & Azodi, 2013). For example, when brands are expanding their product line into different countries, or gradually growing as a powerful brand, both of these can potentially eliminate the COO effect (Saydan, 2014). However, most cases are the existing brands with a potentially favorable country image such as Japan, France, or Germany (Jain, 2019; Shahrokh & Azodi, 2013). Therefore, we think it is important to focus on brand equity building, in order for brands to construct a solid base, and equip the capacity to deal with potential COO effects.

2.2.2 Brand Equity

There are different views on brand equity definition (Aaker, 1991; Keller, 1993; Yoo & Donthu 2000; Atilgan, Akinci, Aksoy & Kaynak, 2009). According to Keller (1993), brand equity is the added value created for the products under the forms of texts, actions, or thoughts, and the power of the brand is laid in the minds of consumers. Yoo and Donthu (2000) proposed that brand equity appears when there is a difference between branded and unbranded products. Atilgan, Akinci, Aksoy & Kaynak (2009) further redefined the “difference” that this utility is derived from the positive marketing outcome from the branded product.

Within marketing literature, brand equity is mainly measured based on two main perspectives: customer-based and firm-based (Aaker, 1991). Customer-based brand equity strengthens the point of customer mindset such as association, awareness, and loyalty (Keller & Lehmann, 2001). Whereas, firm-based is focusing on “financial market outcome” such as market share and premium price (Atilgan, Akinci, Aksoy & Kaynak, 2009). Due to the scope of this study which focuses on brand influence on each customer, customer-based equity will be used in this thesis.

According to Keller (1993) and Keller (2013), brand knowledge includes awareness and brand image which are two main components of customer-based equity (Figure 1). Furthermore, brand associations are extended from a brand image that comes in different forms. When a brand has positive customer-based equity, customers tend to have better perception towards marketing mix: price, product, promotion & distribution of the brand (Keller, 1993; Keller, 2013). When there is a difference in customers’ responses to explicit features, this indicates customers might misunderstand the brand associations (Rangaswamy, Burke & Oliva, 1993; Keller, 1993). Therefore, it is important to establish positive brand awareness and brand image in order to lead to a higher probability of brand choices and loyalty (Keller, 1993; Keller, 2013).

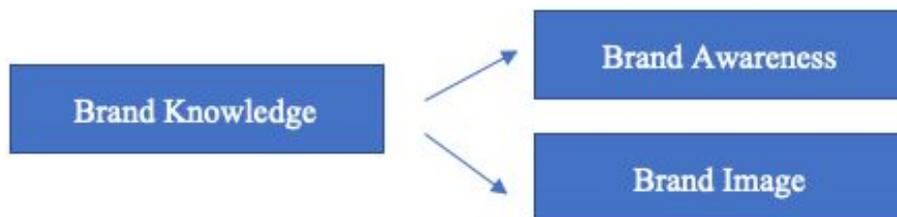


Figure 1: Brand Equity Model (Keller, 1993)

Unlike Keller’s statement, Aaker (1991) and Aaker (2016) proposed that customer-based equity is composed of a series of brand assets and liabilities, symbols, and names which add value to the product; therefore, values will be provided for companies’ customers. Although with differences, both Keller (1993) and Aaker (1991) indicated the following 4 dimensions

are important as part of customer-based equity: brand awareness, brand association, perceived quality, and brand loyalty. Therefore, an integrated brand equity model is proposed in this thesis (Figure 2).

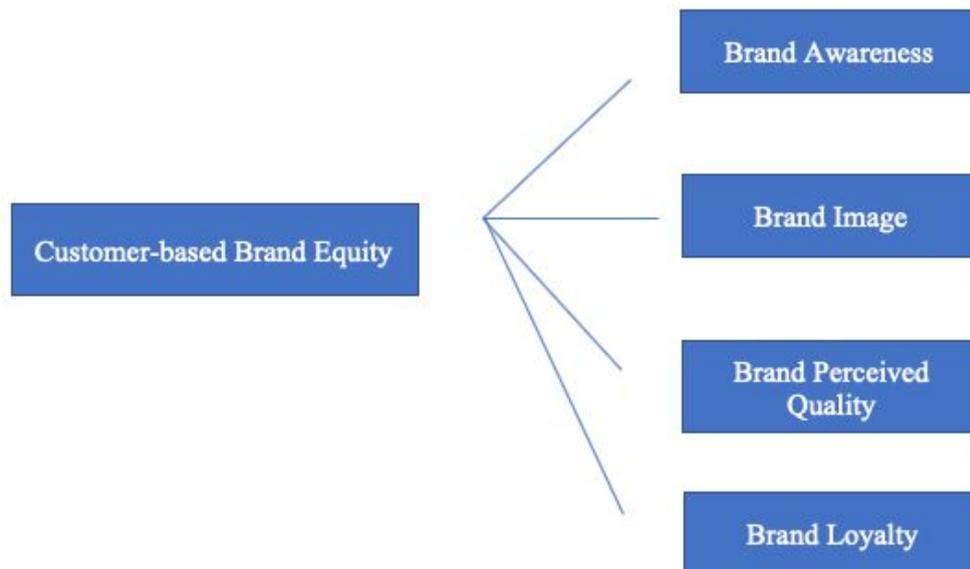


Figure 2: Proposed Customer-based Equity Model

Brand Awareness

Brand awareness plays an important role in consumers' decision-making process (Keller, 1993). It works as a track of memory for customers to reflect and identify the brands. Therefore, consumers are storing the brand in their consideration set, possibly creating positive brand equity (Baker, Hutchinson, Moore & Negungadi, 1986; Nedungadi, 1990). It is also argued that even in some conditions such as low involvement decision settings, the minimum level of brand awareness is still required, in order to proceed to the product choice (Bettman & Park, 1980). Brand recall and recognition are two crucial extensions of brand awareness (Keller, 1993; Keller, 2013). Brand recognition refers to consumers' capacity to correctly relate to the brand that has been seen or heard previously (Keller, 2013). Brand recall is related to the ability that consumers can correctly think of the brands from memory (Keller, 2013).

Researchers further indicated that recognition is a cognitive process, on the other hand, recall needs preliminarily experiences on category needs in order to generate consumption intention (Hoyer & Brown, 1990; Percy & Rossiter, 1992). Category needs refer to customers' mindset on: "do I need/want this" (Percy & Rossiter, 1992). It is important for marketers to understand whether brand awareness is driven by category needs or category needs to drive brand awareness, and therefore, contributing to effective advertising (Percy & Rossiter, 1992). Recent researches further argued that there is an increase of false recognition and

recall on brand names especially when category size is big (Sherman and Moran, 2011; Sherman, 2013, Chan, 2019). Besides, recall seems to have a higher false rate compared to recognition (Sherman, 2013). These issues pose another important reminder for marketers to manage upon the relationship between recognition and recall, in order to maintain long term brand awareness.

Brand Image

Brand image is the perception of a brand that is reflected by brand associations from consumers' memory (Keller, 1993; Aaker, 1991). Aaker (1991) indicated that brand associations are anything that is related to the memory of the brand such as brand name and attributes of price and design. Keller (2008) and Myers & Shocker (1981) further proposed that brand associations are composed of three major types of components, which are attributes, benefits, and attitudes. Attributes have two types: product-related attributes refer to physically visible features; whereas, non-product-related is connected to intangible characteristics (Keller, 2008; O'cass & Lim, 2001). Benefits refer to a personal value indicating attributes that are aligned with consumers' needs and values (Keller, 2008). Brand attitudes are formed based on customers' beliefs from the experiences or interactions with the brand (Winchester, Romaniuk & Bogomolova, 2008).

Particularly, Winchester et al (2008) further explained that positive belief is related to desired qualities; however, negative beliefs refer to undesirable qualities. Furthermore, consumer choices are usually made within 2 stages before the purchase (Winchester et al, 2008). These 2 stages are consideration and selection stage. Non-compensatory models are usually conducted at the first stage (consideration) based on negative beliefs (Winchester et al, 2008). Laroche, Kim & Matsui (2003) further propose a compensatory model, both positive and negative beliefs are being considered with negative beliefs usually related to a previous negative experience. Winchester & Romaniuk, (2008) further proposed that besides negative beliefs have more dominating effects on both models, even after using the brand, most consumers still tend to evaluate the brand based on negative beliefs.

From what mentioned above, this poses the issue for those non-users who have no experience with the brand and therefore will have "relatively less negative belief" towards the brand (Winchester & Romaniuk, 2008; Romanuik & Sharp, 2004). Reflected from Winchester & Romaniuk (2008), marketers should think of how to decrease "relatively less negative belief" and generate positive brand associations to overcome possible "negative belief dominated" situations for those non-users before they start using the brands.

Brand Perceived Quality

Perceived quality does not indicate real quality, but the perception of quality (Jain & Bariar, 2019). It represents consumers' intangible feelings on products' superiority and functionality (Keller, 2014; Saydan, 2013). It is relatively subjective when it comes to perceived quality as each individual customer has different sets of intended purposes and criteria. Therefore, a

perceived quality might be judged by, for example, waiting time, the store's atmosphere, and purchasing experience (Keller, 2014). According to Aaker (1991) and Keller (1993), perceived quality can not only provide differentiation and extension for the brand but also price advantage. Atilgan, Akinci, Aksoy & Kaynak (2009) further proposed the importance of perceived quality for global brands because it can be an important indicator showing that a company's global status is exceeding its quality.

According to Zeithaml (1988), perceived quality is influenced by both intrinsic and extrinsic cues. These 2 cues serve as the purchasing evaluation base for consumers (Zeithaml, 1988). With a large number of researches being conducted to check which cues have more influence on customers, it is found that there are mixed results. Studies done by Allison & Uhl (1964) and Jacoby et al (1971) show that intrinsic cues have a great impact on purchasing. However, Zeithaml (1988) proposed that extrinsic cues such as price, name, and quality are more frequently used to evaluate perceived quality compared to intrinsic. Yang, Ramsaran & Wibowo (2016) further supported that extrinsic values are being more valued especially prior purchasing because the functions of the products are not known. Even though with different viewpoints being found, research results are still mixed. Therefore, it is suggested that there should be more research conducted in this regard.

Brand Loyalty

Brand loyalty is defined as commitment reflected in repeat purchasing (Assael, 1995). Brand loyalty is characterized by 2 main aspects, which are behavioral loyalty and attitudinal loyalty (Aaker, 1991; Assael, 1995; Oliver, 1999). Behavioral loyalty refers to the frequency of purchasing the brand, whereas attitudinal loyalty usually appears with emotional statements such as "like" or "love" to a brand (Keller, 2003). Another kind of loyalty is the sense of belonging to the community (Atilgan, Akinci, Aksoy & Kaynak, 2009). When consumers are actively engaging in the brands, community feeling will indirectly add extra bonus for the brand (Keller, 2013; Atilgan, Akinci, Aksoy & Kaynak, 2009)

Additionally, Jones & Sasser, (1995) proposed that loyalty can also be classified as short term and long term. However, short term loyalty is usually seen as unrealistic loyalty as long term loyalty consumers will not change to other brands even though there are better brands (Jones & Sasser, 1995). Haghighi, Afrasiabi & Moetamedzadeh (2013) and Jain & Bariar (2019) further support the importance of brand loyalty as it can bring advantages such as greater commercial power and cost reduction. Although with different interpretations, it is important to note that brand loyalty plays an important role in determining the input and output of brand equity (Moisescu, 2006). Above all, unlike other dimensions mentioned above (awareness, image, perceived quality), loyalty is highly experience-based (Moisescu, 2006). Therefore, to achieve brand loyalty, components of the previous three dimensions will need to be carefully measured along the way.

Customer-Based Equity

Keller (2001) proposed a customer-based equity (CBBE) model which is composed of 4 stages to help businesses develop from different branding contexts in order to reach the resonance level (Figure 3). The first step is building up a brand identity. Businesses should ensure customers are aware that purchasing these brands can fulfill which of their needs. Considering that lots of brands are neglecting the possible usage needs, it is suggested that brand salience can be a tool to enhance consumption, and probably drive sales (Keller, 2001).

The second step is building up the brand meaning. On the other hand, it is considered to be rather brand image relevant, i.e. consumers can distinguish whether it is the functional or abstract features. Brand meaning is composed of 2 main categories which are performance and imagery (Keller, 2001).

The third step is the brand response. At the stage, the focus is on consumers' reaction towards the brand. It is usually composed of 2 components: brand judgment and feelings. Brand judgment refers to customers' evaluation of quality, credibility towards the brand. Brand feelings represent customers' emotions such as excitement, fun, security, social approval, and self-respect (Keller, 2001). The fourth step is a brand relationship. This is the highest level of 4 stages. A brand relationship is perceived as having brand resonance. Brand resonance means the extent to which customers feel they are close and can relate themselves with the brand (Keller, 2001).



Figure 3: Brand Equity Model (Keller, 2001)

2.3 Asian Brand Challenges

According to the brands' financial values index of 2014 (Interbrand, 2014), there are only 11 Asian brands out of 100 brands that stand out of the crowd. From the statement, a simple question is proposed - where are the other Asian brands?

Unlike decades ago when Western brands were leading the market, there is an increasing amount of Asian brands rapidly growing in recent years (Southworth, 2019; Woo & Jin, 2014). While being manufacturers, some Asian brands are now growing internationally, examples such as Taiwanese bike Giant, laptop ASUS, Korean mobile Samsung, and Hong Kong Giordano are worth investigating further (Van Hoesel, 1998; Woo & Jin, 2014). However, there are many other brands that are struggling to fight with patents, and somehow neglecting the importance of brand identity (Roll, 2016). It is further suggested by Van Auken (2016) & Roll (2016) that Asian companies are seeing branding as merely advertising or logo design. Besides, most of them have not yet realized the long-term benefit from branding that could affect enormously consumers' perception and the company's business structure (Keller, 2013).

There are different literature sources pointing out the reasons that lead to this situation (Roll, 2016; Van Hoesel, 1998; Van Auken, 2016; Cayla & Ecohardt, 2008). However, since Asian brands' growth has happened in recent years, this leaves out a big room for future research. According to the sources from Van Hoesel (1998), Roll (2016), Van Auken (2016) and Cayla & Ecohardt (2008), Asian brands usually encounter the following challenges:

- Wide regional difference
- Low cost orientation brand
- Lack of innovation
- Corporate brand difficulties

2.3.1 Regional difference

The emergence of Asian brands started with Japanese brands' internationalization (Roll, 2008). The model of internationalization was followed by Korean and Taiwanese brands which contributed to the growth of other East Asian brands in the 80s (Roll, 2008; Southworth, 2019). Asia is usually seen as a whole region, and the individual country name usually is not seen as an important indicator when they appear in some other international markets outside of Asia (Roll, 2016; Cayla & Eckhardt, 2008). The generalization, therefore, brings Asian brands a rather ambiguous and uncertain brand image (Dedrick, & Kraemer, 1998; Cayla & Eckhardt, 2008; Southworth, 2019). Another hidden fact is that not many people understand the differences among Asian countries, and these differences are the

critical factors equipping Asian brands with different capacities (Roll, 2016; Southworth, 2019; Dedrick, & Kraemer, 1998).

According to Hofstede's cultural dimensions, East Asian countries have high power distance, which can reflect in societies' high competition levels (Hofstede et al, 2010; Zhang et.al, 2006). Although East Asian countries are under the influence of Confucianism, it affects countries differently (Zhang et.al, 2006). This indirectly implies different Asian brands' operation (Zhang et.al, 2006; Viengkham, Baumann, Winzar, 2018). Chinese Confucianism is highly connected with the political agenda, which makes Chinese brands highly related to the country's image (Viengkham, Baumann, Winzar, 2018). Taiwan is characterized by its ancient Chinese culture preservation, along with profound Japanese influence due to previous colonization (Viengkham, Baumann, Winzar, 2018; Zhang et.al, 2006). This makes Taiwanese brands have a rather hard time positioning themselves while differentiating from Chinese brands' image or being misunderstood as Japanese brands (Huang & Hsieh, 2011; Viengkham, Baumann, Winzar, 2018). In Korea, Confucianism served as one of the keys to Korea's national development (Viengkham, Baumann, Winzar, 2018).

It is argued that Hofstede's theory is rather static, while Fang's Yin Yang perspective promotes evaluating both sides of Hofstede's perspective (McSweeney, 2002; Fang, 2012). It can be useful for researchers to investigate Asian culture from the micro perspective (Fang, 2012). From the collectivist perspective, it makes people less willing to stand out, which is perceived as one of the main challenges of illustrating a brand's personality (Hofstede et al, 2010). Individualism mindset in the organization is mainly attributed to hierarchical leadership (Roll, 2016; Chang & Lu, 2007). This makes people fear of expressing ideas towards senior levels (Chang & Lu, 2007). For example, in Taiwan, the competition level leads senior employees to be scared of losing their careers; therefore, the consideration of being an entrepreneur while working for the company is common (Chang & Lu, 2007). This is a relatively passive individualistic behavior that brings less teamwork spirit and usually leads the brands to detect the problems relatively late (Roll, 2016; Chang & Lu, 2006). Therefore, it is also concluded utilizing both researchers' perspectives can help better understand the situation (Fang, 2012).

In addition to culture, the economic difference is dispersed widely in Asia (Chibber & Guthrie, 2015). Japan, Taiwan, and Korea are classified as developed Asian countries, whereas Cambodia and Vietnam are considered as developing, along with China are seen as located in the middle of developing and developed (Roll, 2016). There is currently a great challenge posed to brands in developed Asian countries attributed to the increased labor cost (Birnik, Birnik & Sheth, 2010). This brings them to face the increase in costs which used to be their competitive advantage (Roll, 2016). Under the situation, companies such as Giant and ASUS are moving their production line to China in order to further reduce the costs (Chibber & Guthrie, 2015; de Neef, 2015). However, this poses a question of country-of-origin and the issues of quality control which plays an important role in the

functional values of the brand (Adina, Gabriela & Roxana-Denisa, 2015; Chibber & Guthrie, 2015).

2.3.2 Low cost orientation brand

Due to the relatively recent growth in economic development, Asian countries are mainly focusing on low-cost manufacturing in order to reach Western companies' outsourcing purpose (Birnik, Birnik & Sheth, 2010). This situation limits Asian brands' cost structure, which makes it harder to extend its brand values apart from the low-cost advantage (Woo & Jin, 2014; Roll, 2016). For example, regarding electronic products, contractors usually can take up to 2 times of margin from the manufacturers' selling price (Roll, 2016).

The manufacturing background makes the margins constantly under the pressure of further cost reduction (Birnik, Birnik & Sheth, 2010). This situation further leads to low cost orientation brands to face the competition from manufacturers from the countries that have further lower labor costs (Roll, 2016; Birnik, Birnik & Sheth, 2010). It is suggested that price is marked as an important factor during the product evaluation process, this, therefore, makes the cost orientation brands struggle (Howard & Sheth, 1969; Roll, 2008; Woo & Jin, 2014; Nguyen, Melewar & Schultz, 2017).

Although with the inferiority, many studies have shown the trend that some Asian brands are transforming low cost as a disadvantage to advantage (Cheng, 2016; Birnik, Birnik & Sheth, 2010). This contributes to some leading Asian MNCs establishing themselves as not only price friendly but quality products (Cheng, 2016; Luo, 2001). The example can be seen from the Taiwanese brand Giant, which started as a relatively affordable but good quality bike brand (Ratcliffe, 2016; Giant, 2020a). Until now, it is sold as a premium bike worldwide particularly in countries such as the Netherlands and the US (de Neef, 2015; Giant, 2020a; Giant, 2019). It is now usually compared with American bike brand Trek, for which ironically, Giant has been one of the main suppliers for a long time (Ratcliffe, 2016; Green & Carroll, 2000). In addition, to break through the low-cost image, it is found out that Asian brands are starting to target service as one of the main touchpoints (Nguyen, Melewar & Schultz, 2017; Birnik, Birnik & Sheth, 2010). However, according to Baxendale et. al, (2015) and Stein & Ramaseshan (2016), service touchpoints are varied, it includes store experience, atmosphere, customer service, etc. It is therefore suggested that there can be more observations on what service points people particularly prefer concerning East Asian brands. It can serve as a reference for future Asian brands to grow.

2.3.3 Innovation

Asian brands are encountering another profound challenge, which is innovation (Roll, 2016). One of the main difficulties is that they are competing with other Western brands which already had decades of branding experience and skills (Birnik, Birnik & Sheth, 2010). Also,

due to the hierarchical leadership style, Asian brands usually take a long process of trial and error testing while striving to stand out from the crowd (Roll, 2008; Chang & Lu, 2007).

These days, customers are having higher expectations towards products because of living in a globalized society which enables us to have many more alternatives to choose from (Howard & Sheth, 1969; Fang, 2012; Ghauri & Cateora, 2014). This makes not only the service of the product important but also the experience touchpoints (Baxendale et. al, 2015; Stein & Ramaseshan, 2016). We can then imagine how brands with a long history such as BMW, Louis Vuitton, IKEA, treasure customer experience (Birnik, Birnik & Sheth, 2010). As mentioned above, touchpoints are not only limited to the in-store experience but also the sensory touchpoints such as design, color, etc. (Baxendale et. al, 2015; Howard & Sheth, 1969). According to Roll (2008) & Woo & Jin (2014), many Asian brands started paying more attention to customer service. It can be seen from ASUS operation in Europe, that realized that inefficient customer service needed to be improved as it is usually related to the feedback from their customers (Smith, 2020; Trustpilot, 2020).

As most Asian brands are sales orientated, it is usually seen as a short-term strategy (Segers & Vedder, 2016; Roll, 2008). Brands that are paying much attention to customer service, are usually classified as marketing oriented (Urde, Baumgarth & Merrilees, 2013). However, while being marketing oriented, it is important to be aware of not exposing its brand identity beyond its limit; therefore, to reach the synergy between marketing oriented and brand oriented is important (Urde, Baumgarth & Merrilees, 2013). Reflected from current Asian brands' different development (Roll, 2016, Segers & Vedder, 2016) and the research from Urde, Baumgarth & Merrilees (2013), it is hard to classify Asian brands as neither marketing oriented nor brand oriented. For example, Giant brand has developed into a market-oriented level, however, some other brands might just start transforming its manufacturing identity (Cheng, 2016; Segers & Vedder, 2016; Birnik, Birnik & Sheth, 2010). Reflected from relevant researches (Daft, Murphy, Willmott, 2010, Daft, Murphy, Willmott, 2010; Roll, 2016), although some researches have already pointed out the problems of lacking innovation, possible solutions for how to eliminate the issues are still lacking attention in the research.

2.3.4 Corporate Brand Challenges

The growth of the Asian corporate brands are usually attributed to the government's policy, for example, in Taiwan, the government's expansion policy in the 90s encouraged many companies to internationalize abroad (Schmitt, 1995; Van Hoesel, 1998). The same applies to nearby countries such as Korea (Schmitt, 1995; Van Hoesel, 1998). Due to the growth of brands that are usually initiated from the national level, lots of Asian brands face the problems of delivering the corporate brand meaning after going abroad (Roll, 2015; Schmitt, 1995). As discussed in Sim (2012), most Asian brands started the internationalization from the nearby countries which have relatively similar cultures as theirs. Therefore, corporate brand identity is usually well comprehended (Sim, 2012). However, when they start entering

into countries that have less cultural similarity, they usually face the issues of brand identity not able to deliver properly (Melewar & Alwi, 2015; Sim, 2012; Schmitt, 1995). For example, the original logo of Singapore Airlines was not understood by lots of their Western customers (Schmitt, 1995). However, after the change, the brand's meaning is being understood much better than before (Schmitt, 1995).

Another problem is that Asian corporate brands are usually conducted with a “thin strategy” (Roll, 2015; Melewar & Alwi, 2015). This “thin strategy” means the lack of linkage between different units under the brand. For example, Acer used this corporate reputation to support all different products of its portfolio; however, with each unit functioning independently, it leads to the problems of inconsistent positioning on the premium living image (Hua, 2019). Korean Samsung also faced similar issues of failing managing one identity consistently across its wide product portfolio (Aaker, 2020). This leads to the issues that some brand units are not actually catching up with Samsung’s brand goal on the premium living style that leads to further branding limitations (Roll, 2015).

According to Kapferer (2014), it is important that corporate brands can rationalize their product portfolios, in order to maintain consistent brand positioning. Examples can be seen from Michelin which started as a tire company and extended itself to premium food guides (Kapferer, 2014). The core context here is to ensure that differences in each unit are connected with brand identity, and importantly, constantly adapt brand identity with local markets (Kapferer, 2014). Certainly, when reflected from COO literature (Sharma, 2011; De Mooij, 2019), there might be arguments indicating French COO helped to manage Michelin’s corporate brand. However, what we would like to address here is, besides COO influence, a rational product portfolio is also crucial for sustaining a long term corporate brand.

2.3.5 Value Creation

Despite challenges and potential COO effects, researchers also argue that Asian brands are born with advantages (Andrew & Chew, 2017; Azmeh & Nadvi, 2014; Southworth, 2019). These advantages are particularly important, as it can accelerate long term value creation (Roll, 2015). Due to the higher demand for efficiently meeting customers’ preferences, retailers are now closely working with logistics and stock (Azmeh & Nadvi, 2014; Grewal, 2019). This situation requires lots of data sharing with producers; and therefore, it further allows Asian manufacturers’ to have another detailed information to better understand their potential customers (Grewal, 2019). Besides, as most of the Asian brands usually act as manufacturers, when they are expanding their own brands, this provides them with the priority controlling the supply chain (Sim, 2012, Gereffi, 1999). This includes the advantages of quickly adjusting for customers’ needs, reducing costs, risks, and being timely on the market (Birnik, Birnik & Sheth, 2010). Therefore, it is said that Asian brands will not only serve their buyers but also are going to serve themselves as buyers (Azmeh & Nadvi, 2014; Birnik, Birnik & Sheth, 2010).

According to Melin (2002), the value creation process is looking for the added value that evolves to brand loyalty. The added values should be clear, unique, communicable, and hard to imitate (Kepefer, 2014). It is further proposed that having a sense of community is important to motivate value creation (Huang, Fang, Huang, Chang & Fang, 2014). However, a sense of community is the base to motivate engagement, it will only last short term if companies neglect developing relationship bonds with consumers (Huang et.al, 2014; Kapferer, 2014). Having financial bonds is usually limited when it comes to value creation. However, as mentioned, most Asian brands are focusing on financial bonds, which therefore pose the difficulty of sustaining long term (Roll, 2015). Instead, it should go further to structural bonds such as service from a salesperson, and social bonds with recommendations from friends and families (Melin, 2002; Thomson, MacInnis, Park, 2005; Huang et.al, 2014). By doing so, this will be more influential in sustaining long term value creation (Kapferer, 2014, Melin, 2002).

Many Asian brands are looking to eliminate their Asian characteristics in order to be global brands (Southworth, 2019; Cayla & Eckhardt, 2008). However, it is usually suggested as not necessary because authentic Asian-ness may be the key to branding (Melewar & Alwi, 2015; Roll, 2015). It can be seen that many Asian cosmetic brands are popular in the US due to the focus on brand authenticity, which helps to bring added value (Southworth, 2019). They strengthen their Asian-ness authentic features and adjust to Western taste, to differentiate themselves (Cayla & Eckhardt, 2008; Woo & Jin, 2014). It is also supported by Small, Melewar, Cayla & Eckhardt (2007), that Asian culture's values should be embraced when expanded internationally. It is therefore suggested that Asian brands should not be afraid of its Asian-ness, instead, with the born characteristics stay authentic and adjust to the local culture which will accelerate the stand out of Asian brands (Roll 2015; Southworth, 2019; Small et. al, 2007).

2.4. Summary and Conceptual framework

Previous research shows that despite high economic growth and competitive advantages in technology development, the East Asian region still experiences challenges due to old stereotypes (Bersick, 2010; Shrestha, 2013). There is an increasingly negative trend in the perception of China among European people (Bersick, 2010). Although products from other East Asian countries, e.g. Japan, and South Korea, seem to be evaluated more positively than China by consumers (Licsandru et al, 2013; Panusbordee, 2013; Šmaižienė & Vaitkienė, 2013), they tend to prefer products from the USA or other Western Europe which are seen as prestigious and of better quality (Šmaižienė & Vaitkienė, 2013). Therefore, we assume that East Asian COO can make a relatively negative effect on consumers' product evaluation.

Most of the research is focused on the perception of China, as well as South Korea, and Japan. Therefore, in order to cover the lack of research of other countries, our thesis aims to analyze how the perception of Taiwan as country-of-origin differs from China and USA in

Lithuania:

H1: COO (Taiwan, China, USA) has an effect on product evaluation

According to previous research, the COO effect can be influenced by various other factors. Price, as a more tangible product-related cue than quality, is a strong moderator that is likely to weaken the COO effect, according to Rashid (2016). It is also one of the extrinsic cues of the product, that is easily accessible for the consumer (Saeed et al., 2013). The importance of price is further strengthened by Patterson (2011), who argued that bias and predisposition towards Asian products are price-elastic. As mentioned in the literature review, the role of price in the product evaluation might differ across countries, depending on economic development and other factors. The target market of this paper, Lithuania, is described as quite frugal and price-sensitive (Societe Generale, 2020). Despite growing purchase power, income inequality is still among the highest in the EU (Societe Generale, 2020). Price consciousness is defined as “the degree to which the consumer focuses exclusively on paying a low price” (Lichtenstein et al, 1993). Since Asian brands are mainly focusing on the advantage of low-cost manufacturing (Birnik, Birnik & Sheth, 2010), we believe that price consciousness can be an important factor that will modify the COO effect on the evaluation of Taiwanese products in Lithuania:

H2: Price consciousness has a moderating effect on the evaluation of Taiwanese products

In addition to price, prior experience is a proven moderator of the COO effect and one of the effective ways to overcome stereotypes about a country as COO (Lopez-Lomelí et al., 2019). COO can serve as a summary construct based on all the previous experiences with products originated in that country (Magnusson and Westjohn, 2011). If a consumer is satisfied with prior experience, he or she is likely to evaluate the product positively in the future regardless of country-of-origin. Studies show that the personally tested quality as the most important factor in consumer decision in Lithuania (Šmaižienė & Vaitkienė, 2013). The importance of the experience factor can also be explained by an increased number of cues that a consumer is exposed to, which diminishes the importance of COO (Rashid, 2016). Personal product experience allows a consumer to get access to the intrinsic cues, such as flavor, performance, which are difficult to evaluate from the outside before purchase. Therefore, at the time of the product evaluation, the consumer will be able to recall the experience and information of intrinsic cues. On that basis, we want to analyze prior experience as one of the moderators of Taiwanese COO effect in order to understand whether a positive experience reduces a negative COO effect on the evaluation:

H3: Prior experience has a moderating effect on the evaluation of Taiwanese products

Perceived attributes are suggested to be influenced by many different factors such as store atmosphere and staff service (Aaker, 1991; Keller, 1993). It serves as an important brand equity dimension that can accelerate price advantage (Aaker, 1991; Keller, 1993). Perceived attributes mainly refer to imagined product attributes (Saydan, 2013). It is not the real quality but consumers' overall judgment on its superiority (Zeithaml, 1988; Saydan, 2013).

Reflecting on the factors such as brand recall and recognition, this brings up different stimuli that contribute differently to perceived brand attributes (Keller, 1993). Some people might be able to recall a positive brand name, and therefore provide a rather favorable view toward their series of products that attach to the same brand (Sheth & Howard, 1969; Yoo et al, 2000). However, while people are in the process of deciding which product to buy, although influenced by the COO effect, it is argued that COO is not the direct influence on purchasing intention (Shahrokh & Azodi, 2013; Saydan, 2013). Under the situation, perceived attribute by imaging the actual quality is then the key for consumers (Jan & Bariar, 2019; Buil et al, 2013). According to Aaker (1991), positive perceived attributes lead consumers willing to pay a premium price due to corresponded quality. It is further supported by Morton (1994) & Atilgan, Akinci, Aksoy & Kaynak (2009) that marketers for global brands have now increasingly identified the importance of perceived attributes in order to improve the overall brand equity. Therefore, while affected by COO, the perceived attribute is an important factor influencing consumers on product evaluation:

H4: Perceived attribute has a moderating effect on the evaluation of Taiwanese products

Another factor that is likely to moderate the COO effect is the sense of community. As Keller (2014) suggested, when people have an emotional attachment with the brand, the COO effect is likely to decrease. A sense of community refers to belonging to a certain group in either a physical or emotional way (Ekström, Ottosson, and Parment, 2017). A sense of community can be created extrinsically from a person's emotion, experience, and living style, and so on (Gavin, 1983; Yang, 2016). From the branding perspective, it might come from certain attributes of the product or perceived image that make consumers get the belonging feelings (Atilgan, Akinci, Aksoy & Kaynak, 2009; Keller, 2013). These belonging senses can also arise extrinsically from associations derived from brand image, which includes social status, image, or group (Keller, 2008; O'cass & Lim, 2001). As mentioned in the literature review, in order to attract non-users who did not have experience of the brand before, it is particularly important for marketers to analyze what associations can be created in order to engage with them (Winchester & Romaniuk, 2008). It is also suggested by Keller (2013), and Jain & Bariar (2019) that loyalty is a solid foundation of a brand's long-lasting as when consumers' identify the belonging community, they will not easily switch to other brands. It is therefore important to note that brand loyalty and brand image are two critical factors to reach a sense of community (Shocker and Weitz, 1988). Furthermore, COO influence is varied when it comes to different kinds of products, and the attitude of Lithuanian consumers also reacts differently towards different Asian brands (Panusbordee, 2013; Saysan, 2013). Thus, the hypothesis is formulated, that the sense of community of two proposed Taiwanese brands will modify the Taiwanese COO effect on product evaluation in general:

H5: Sense of community has a moderating effect on the evaluation of Taiwanese products

Based on the literature review, COO effect on product evaluation (H1) can be moderated by such factors as price consciousness (H2), prior experience (H3), perceived attribute (H4), and sense of community (H5). Therefore, further analysis relies on the conceptual framework illustrated below (Figure 4).

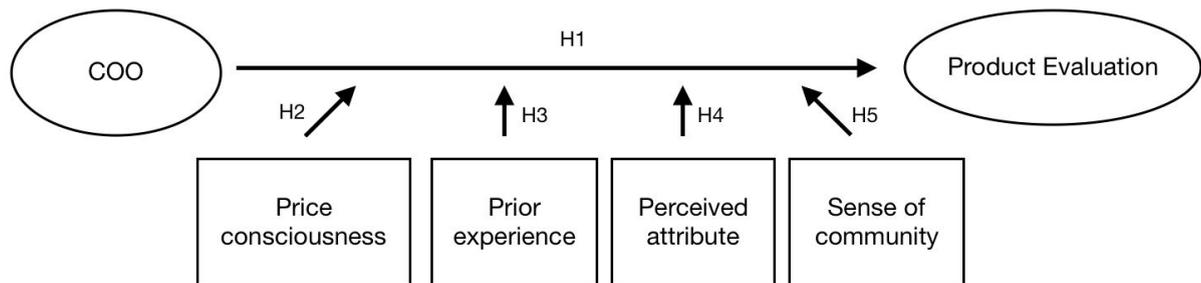


Figure 4: Conceptual framework

3. Focus of the study

In this chapter, the main characteristics of the target market Lithuania, including culture, economic situation, and consumer behavior is provided, followed by the presentation of two selected Taiwanese brands - Giant and ASUS, that our further research focuses on.

3.1. Characteristics of the target market

3.1.1. Lithuanian culture

One of the most widely used tools to understand, describe, and compare cultures around the world is Hofstede's cultural dimensions theory. According to Hofstede (2011), countries can be explored by applying a six-dimensional model, which evaluates the main traits of national culture. The scores of Lithuania for each of the cultural dimensions are illustrated in the chart (Figure 5), as well as a more detailed description is provided based on Hofstede Insights (2020).

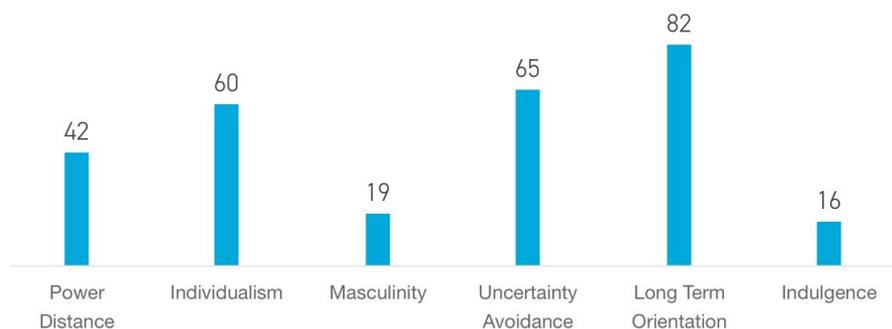


Figure 5: Values for 6 cultural dimensions (Hofstede Insights, 2020)

According to the model, Lithuania is characterized by a very strong *Long Term Orientation*, indicated by a score of 82 in this dimension. In other words, Lithuanian culture is explained as very pragmatic, and not particularly attached to the traditions (Hofstede Insights, 2020). Instead, Lithuanians are prepared to adapt to changing conditions and situations. Long term oriented people also tend to save and invest, they are frugal, and persistent in achieving results (Hofstede Insights, 2020). Based on the fact that it is a thrift culture, an assumption

could be made that Lithuanians are likely to be price-conscious, carefully evaluating the prices and alternatives before making the final purchase decision.

The *Uncertainty Avoidance* index describes how well a culture copes with ambiguity and uncertainty about the future (Hofstede, 2011). A score of 65 implies that Lithuanians avoid and worry about uncertainty. Therefore, they are reluctant to take risks and prefer to rely on rules, which provide emotional stability (Hofstede Insights, 2020). In the business world, Lithuanian employees are likely to expect precise answers from the manager, who is supposed to be a qualified leader with better knowledge. Formal titles are valued because it helps to decrease uncertainty (Hofstede Insights, 2020). It is possible that the avoidance of the unknown might also affect consumers' choices of new brands or products from unfamiliar countries.

The score of *Individualism* is also above average in Lithuania, meaning that the level of interdependence among society members is low, and individuals are expected to focus on their own life and be responsible for their actions (Hofstede Insights, 2020). According to the source, Lithuania maintained individualistic culture even during the time of the Soviet occupation in 1940-1990. Individualism became more obvious with the improvement of technology, educational system, and urban living (Hofstede Insights, 2020). It is also claimed, that Lithuanians accept and tolerate other cultures due to a long history of being mixed with various nationalities. The level of individualism can, therefore, be an important factor affecting people's attitudes towards foreign products. As mentioned in the literature review (chapter 2.1.3.) consumers from individualistic countries focus more on the superiority of the product than the fact that it is local or not. Thus, Lithuanians might be more open to foreign products than buyers in collectivistic cultures.

Despite individualism, teamwork is appreciated in Lithuania, while control and formal supervision is unwelcomed, especially among younger people (Hofstede Insights, 2020). A score below average in the dimension of *Power Distance* implies that Lithuanians strive for equality in decision-making (Hofstede Insights, 2020). However, the older generation has a stronger sense of loyalty and respect for authority or status due to the historical background (Hofstede Insights, 2020). A seek for authority could also be recognizable among consumers who chase status goods and prestigious brands. Although there is a trend towards equality in Lithuania, there seem to still be differences between generations regarding the importance of status.

With a very low score of 19 for *Masculinity*, Lithuania is a very *Feminine* country with values of modesty, cooperation, and care for others (Hofstede Insights, 2020). Based on the source, strong femininity also suggests a tendency among Lithuanians to underestimate themselves. This could also mean that they might perceive foreign goods more favorably than locally made products. The lowest score in the chart shows that Lithuania is a culture characterized by strong control of desires, and belief that self-indulgence is restrained by the

social norms (Hofstede Insights, 2020). Based on this score, Lithuanians are also likely to be pessimistic and cynical (Hofstede Insights, 2020).

In short, according to Hofstede Insights (2020), Lithuania is a pragmatic, thrift, individualistic, and quite restrained culture, that prefers stability, modesty, and equality. However, differences between generations should be taken into account. The cultural overview also suggests that Lithuania is an open-minded culture, that does not have a strong preference for locally made goods and is likely to focus on the product's superiority more.

3.1.2. Economic situation

Lithuania has been a free country since the restoration of independence in 1990 (Encyclopædia Britannica, 2020). The country's economy has grown ever since and was acknowledged as the most competitive country in Eastern Europe in 2019 (Istrate, 2019; Trading Economics, 2020b). Also, Lithuania is mentioned among the fastest growing innovators in the EU (Kentish, 2020; Strata, 2020). According to the official economic review, in 2018 Lithuania experienced the highest increase of more than 9% since the economic recovery (Lietuvos Bankas, 2019). Such factors as decreasing unemployment and rising wages boosted household income and increased the purchasing power of consumers (Lietuvos Bankas, 2019). Lithuania has become an attractive location for foreign direct investment and tops the list in the fintech sector (China CEE Institute, 2019). According to Workman (2020), the country is quite dependent on imports. Russia, Germany, Poland, Latvia, Sweden are listed among the main import origins (Euromonitor International, 2019). The second highest percentage of Lithuania's import purchases is for machinery, including computers (Workman, 2020). The described data emphasizes Lithuania's potential, and attractiveness for foreign companies, especially in the technological sector.

Although the average salary has significantly increased up to 1358.60 EUR/Month in 2020, the level of income, as well as quality of life, is not equal in the whole country (Trading Economics, 2020a). Depending on the municipality the wages can vary by 1.6 times (Jankaityte, 2019). While larger cities make higher earnings, the average income in smaller towns is lower. Therefore, the differences in purchasing power should be considered by brands when entering Lithuania.

3.1.3. Consumption of computers and bicycles

According to Statista (2020c) portal for market data, 70% of Lithuanians used either a laptop or desktop computer in 2017, while 96% had a mobile phone. Also, 75% of households have access to the internet, which shows that electronic products are relevant to Lithuanian consumers (Schmid, 2018). In addition, information technology was among the top four university subjects to study last year (Lama BPO, n.d.). Thus, since Lithuania is also known for fintech startups as mentioned above, an assumption can be made, that there is a high interest in computers among consumers. The American technology brand "Apple" was one of

the most popular brands in Lithuania in 2015 (Kuodyte, 2015). However, it fell out of the top-10 list last year and was surpassed by South Korean electronics producer “Samsung” (BZN Start, 2019). Consumer attitudes show that East Asian brands have the potential to be accepted as well or even better than American ones in Lithuania.

The habits of moving around the city have changed significantly during the last years in the capital city Vilnius (Dauskurdienė, 2019; Irytas.lt, 2019). Electric scooters and bicycles become more and more popular for traveling to work or the city center. New cycling paths, as well as traffic jams when commuting by car, are among the reasons for the change (15min, 2019). The growing concerns about the environment and air pollution could also affect the habits of Lithuanians. According to a survey requested by the European Commission (2014), 93% of Lithuanian respondents agreed that protecting the environment is important to them personally. Moreover, 64% marked air pollution as one of the most important issues they worry about. Due to these reasons, we believe that the interest in regular and e-bikes will continue growing in Lithuania as an alternative means of transport, which also contributes to better health and reduction of air pollution.

3.2. Taiwanese brands

3.2.1. ASUS

ASUS was established in 1989 in Taipei, Taiwan, and listed in the top 10 Asian IT companies by BusinessWeek (ASUS, 2020c). The ASUS brand name is taken from Greek mythology Pegasus, and in order to make the name clear in the alphabetical listing, ASUS is proposed (ASUS, 2020a). In the beginning, Taiwan did not manufacture computer hardware and the source usually took a long time to order from American technology company Intel (ASUS, 2020c). Therefore, ASUS started producing its own processor, during the time, Intel’s motherboard happened to face a big issue, and the new processor invention of ASUS was one of the biggest help of the time (ASUS, 2020b). Afterward, ASUS established its reputation and also became the key supplier for Microsoft (ASUS, 2020c). ASUS provides a wide category of products, with PC and laptop as the main focus (ASUS, 2020c). Started in 2007, North America is one of ASUS biggest foreign markets, and Europe is listed as 5th important trading partner (Statista, 2020b). Currently, ASUS has its manufacturing facility in Taiwan, Mexico, China, and the Czech Republic (ASUS, 2020c). In 2018, ASUS decided to intervene with the re-selling price in Europe, and the measures started from Germany and France (European Commission, 2018).

ASUS brand was chosen as an example of Taiwanese brands due to its important role in the laptop industry (Rear, 2020). According to Lithuania’s online shop Pigu.lt, ASUS laptop is one of the popular brands and constantly listed as a top search laptop brand (Pigu.lt, 2020). Furthermore, ASUS brand is listed as the second most popular purchased brand in Lithuania in 2018 (Technologijos, 2018). The Launch of ASUS gaming laptop also listed one of the top

searches for Lithuanian consumers (Mobile City News, 2019). Considered the popularity of the brand in the country, ASUS is chosen to analyze in this thesis.

3.2.2. Giant

Giant was founded in 1972 in Taichung, Taiwan, and started as a bike manufacturer with a private label (Giant, 2020b). Giant manufactured different kinds of bikes ranging from mountain bikes, city bikes, and recently developed female bikes (Giant, 2020a; Bicycling, 2020). In the early times, Giant was presented as a private label mainly served for domestic needs, afterward, it started supplying for well-known global brands such as Schwinn and Trek (Giant, 2020c; Bicycling, 2020). During the early time, the entering of new markets is not easy for Giant due to "Made in Taiwan" is usually associated with laptops and other technological products (Ratcliffe, 2020). After the pause of cooperation with Schwinn, Giant started as "Giant Europe" as another brand name and positioned itself as a relatively premium bike brand with prices ranging at 200 USD (Giant, 2020a; Ratcliffe, 2020). It cooperated with Koga-Miyata Dutch bike manufacturer in 1992, and afterward, Giant became the sole owner of "Giant Europe" (Giant, 2020a). Due to the cost concern, Giant moved some of its production lines into China, however, they still keep most of the important components to be made in Taiwan (Liu, 2016; Giant, 2020c; Everington, 2019). Currently, Giant has 3 production lines located respectively in Taiwan, the Netherlands, and China (Giant, 2020a). Until today, the bike brand has received different designing awards and by 2018, it has operated in more than 50 countries (Giant, 2019).

Lithuanians cycle in both leisure time and going to work, this is particularly common for people living in cities such as Vilnius due to the fact that going to work by bike is faster than taking public transport (Jegelevicius, 2012). Furthermore, the infrastructured bike lane in the country is expected to increase the biking rate (Ruck, 2014; Stratton, 2018). Particularly, the average bike price that Lithuanian can afford is increasing every year, and have reached \$ 298 dollars in 2016 (Statista, 2020a). Among other brands such as Trek, and Scot, Giant bikes' price range is located around EUR 550-650 and above, and is one of the popular choices especially for outdoor enthusiasts in Lithuania (Wang, 2019; Business News, 2013). Attributed to the target market characteristic and Giant positioning in Lithuania, the Giant brand is chosen to be analyzed.

4. Methodology

This chapter explains how the study was conducted, including a detailed description of the research method, data collection, analysis, and ethical considerations.

4.1. Research method

Research can be conducted according to the principles of two major philosophical beliefs about the world: positivism or constructivism (Burns & Burns, 2008). Proponents of positivism see the world as an external reality that can be measured through objective methods (Easterby-Smith, Thorpe, Jackson & Jaspersen, 2015). Therefore, the researcher is supposed to be an independent observer, whereas concepts are measurable in a quantitative way (Easterby-Smith et al, 2015). Constructivists, on the other hand, claim that reality is a social construct that can only be meaningful when interacting with others (Easterby-Smith et al, 2015). In this case, the researcher is supposed to be a part of what is observed and focus on the interpretation of different experiences that people communicate to each other (Easterby-Smith et al, 2015). The philosophy of constructivism is the basis for the qualitative research method, while quantitative studies rely on positivist ideas (Easterby-Smith et al, 2015; Bryman & Bell, 2012).

The methods have both advantages and limitations. The philosophy of positivism and the quantitative research method can be truly accurate in the research of natural science. However, the application of this method is more limited in social or human behavioral science, because humans are complex, able to think, reflect on their behavior, and reactions which differ greatly according to past experiences or other factors, such as mood (Burns & Burns, 2008). Due to the complexity of the human environment, and a huge number of circumstances that influence human behavior, it is hardly possible to determine one truth that is applicable to each human being (Burns & Burns, 2008). According to Burns and Burns (2008), we might develop an understanding of human behavior trends in general, but an individual can still act differently than predicted. For these reasons, Easterby-Smith, Thorpe, and Jackson (2015) claim that quantitative methods are inflexible, and, being focused on what is already known, are not suitable for theory generation.

The qualitative research method, however, has a much lower degree of control and is very time-consuming (Burns & Burns, 2008; Easterby-Smith et al, 2015). Since it is more subjective as well as highly dependent on the context, it cannot be replicated nor can the results be generalized. Although it is a valuable tool for a better understanding of human

experience, and theory development, it does not allow generalizations to a wider context (Burns & Burns, 2008). The quantitative method, in contrast, is based on assumptions of generalizability, reliability, and objectivity (Burns & Burns, 2008). Since our study aims to identify how Taiwanese country-of-origin effect on product evaluation can be moderated by specific factors in Lithuania, the generalization of results to the country as a whole is necessary in order to reach the goal. Also, the topic of this study, namely country-of-origin effect, is a well-developed in research, which creates a solid basis for quantitative testing of existing theory and constructs. In addition, quantitative analysis is described as more efficient and less time consuming, while allowing to interview a large sample (Easterby-Smith et al, 2015). Therefore, a quantitative research method, reflecting the ideas of positivism, was applied for this study.

The quantitative research method relies on the deductive process (Burns & Burns, 2008). It is a top-down strategy, starting with descriptions, and re-analysis of existing theory, followed by the formulation of hypotheses, that are observed and either confirmed or rejected based on analysis of collected data (Burns & Burns, 2008). Following this strategy, at first, we conducted a literature search, gathered secondary data, and performed a critical review of what already has been done on our research topic. Based on the literature review, we provided a conceptual framework and formulated testable hypotheses. In order to test the hypotheses and analyze perceptions of Lithuanian consumers, primary data had to be collected. The way data was gathered and analyzed, is explained in the following chapter concerning research design.

4.2 Research design

4.2.1. Population and sample

Before collecting data for the research, population, sample size, as well as sampling method has to be defined (Burns & Burns, 2008). Easterby-Smith, Thorpe, and Jackson (2015) explain population as “the whole set of entities that decisions relate to”, while sample refers to “a subset of those entities from which evidence is gathered” (Easterby-Smith et al, 2015, p. 77). In other words, collected data from a sample enables the researcher to make conclusions about a larger group. It is, therefore, essential to have a representative and randomized sample.

Our target population is Lithuanian citizens between the age of 18-65. The reasons for choosing this age range of adults is due to the ability to support themselves, work, and make independent purchase decisions. These conditions are important in order to achieve an understanding of Lithuanian buyers’ perceptions of selected brands and Taiwan as COO. Due to the limited time, convenience sampling was applied, selecting participants that are conveniently available. We contacted people we know, friends, and neighbors, who in turn spread the survey in their social circles. The aim, however, was to reach enough respondents of different categories, especially in terms of age, income, education, this way ensuring that

the thesis contains variety and each group is represented. According to Sekaran and Bougie (2013), the sample size can be calculated based on the number of variables involved in the study. The recommended number of respondents for each variable is 20. Since our hypothesis model consists of 6 variables, the sample size should be at least 120 respondents. However, we see this number as the smallest acceptable sample size which should be increased as much as possible due to the large population.

4.2.2 Data collection

Since quantitative research emerges from existing theory, the collection of trustworthy secondary data, that was gathered by other researchers, was essential for the quality of our study. Easterby-Smith, Thorpe, and Jackson (2015) distinguish two types of literature reviews: traditional and systematic. A traditional literature review was conducted, allowing the authors to choose sources that they consider more relevant or interesting. We aimed to provide a review starting from a broad description concerning the country-of-origin effect, and brand management, as well as specific literature related to our target countries - Taiwan, and Lithuania. We mainly used sources from journal articles, that give access to the most up-to-date published research, and textbooks, providing an overview of a subject (Burns & Burns, 2008).

Primary data collection for the study was based on a cross-sectional design, meaning that data was gathered from a random sample once, at a particular time. In order to reach more Lithuanian respondents in a short period of time, an online survey was selected as a way to collect primary data, which is one of the most popular techniques for quantitative studies (Burns & Burns, 2008). Internet-based self-completion surveys have such advantages as low costs, fast response, confidentiality, standardization, and data accuracy (Burns & Burns, 2008). Also, this method allowed us to reach a large number of subjects from more diverse locations than face-to-face interviews (Burns & Burns, 2008). The questionnaire was developed on the SoSci platform for social science surveys. It was chosen due to such features as video integration, customizable layouts, and free access.

One of the challenges of online surveys is turning potential respondents into actual participants who complete the whole questionnaire (Burns & Burns, 2008). Target respondents might refuse to participate, discontinue a survey, or leave unanswered questions. Therefore, personalized emails and messages were used in order to encourage completion and reach a higher response rate. In total, we managed to attract 570 potential respondents who clicked on the link to the questionnaire. 400 of them decided to start the survey and 330 (82,5%) completed it till the end. The further analysis was based on the answers of these 330 actual participants.

4.2.3. Survey design

The purpose of the survey was to understand what effect Taiwanese COO has on product evaluation in Lithuania and whether price consciousness, prior experience, perceived

attribute, or sense of community could moderate that effect. According to Burns and Burns (2008), a well-planned survey can encourage completion and increase the response rate. The authors recommend structuring the questionnaire in a way that is attractive to the eye, clear, and easy to complete. We designed our survey according to the model that includes four parts: introduction, demographic questions, the body of study, expression of thanks (Burns & Burns, 2008). The questions were mainly closed, measured by nominal or ordinal scales so that the answers would be more suitable for quantitative analysis. We used a five-point Likert scale, where 1 stands for “completely disagree”, 2 - “disagree”, 3 - “neither agree nor disagree”, 4 - “agree”, and 5 - “completely agree”. In addition, one open-ended question was asked at the end of the survey in order to get information on what other Taiwanese brands, except selected Giant and ASUS, are recalled by Lithuanian consumers, which could have had an impact on the overall evaluation of Taiwanese products.

The first page that appeared to respondents was the selection of a language. The survey was available both in English and Lithuanian in order to prevent potential response losses due to the language barrier. The survey began with a thank you for agreeing to participate, and short information about how much time it will take. We also ensured confidentiality, and anonymity of respondents, as this is one of the factors affecting the response rate (Burns & Burns, 2008). In order to make participants familiar with the purpose of the study, a brief introduction to the topic was provided, followed by the presentation of us as the authors. Finally, the main conditions of Lithuanian citizenship and age range for participation were mentioned before the invitation to start the survey.

In the second part of the survey, the respondents were asked to fill in the following demographic characteristics: gender, age group, income range, education level, type of employment, and location. Since some of these questions may be sensitive to the respondents, we listed wider ranges where possible instead of asking for concrete numbers, which could have been perceived as too direct. Although none of these variables were a focus of our study, it was important to know the characteristics of the sample.

The remaining parts of the survey were designed to measure the variables in our conceptual model and test the hypotheses. According to Burns and Burns (2008), it is important to make sure that the measures used in the survey are valid, i.e. that the questions actually measure what they ought to measure. In order to ensure the quality and validity, we based our questions mainly on measures found in previous research. In order to understand what effect Taiwan as COO has on product evaluation, we asked respondents' opinions about products originated in Taiwan, China, and the USA. Although our study is focused on Taiwan, the other two countries were added in order to see if there is a difference in evaluations based on the COO cue. China was selected due to a more negative perception in Lithuania, whereas the USA is more likely to evoke more positive associations as is known from previous research (Šmaižienė & Vaitkienė, 2013). Roth and Romeo (1992) presented the following four dimensions for measurement of country-of-origin effect on product evaluation:

1. Innovativeness, that refers to the use of new and advanced technology;
2. Design, including appearance, style, colors, and variety;
3. Prestige, meaning exclusivity, status, and brand name reputation;
4. Workmanship, explained by reliability, durability, craftsmanship, manufacturing quality.

Magier-Lakomy and Boguszewicz-Kreft (2015) adapted the model for research of not only material products but also service. The authors suggested the aspect of *Diversity*, meaning variety, and attractiveness of an offer, instead of *Design*. Also, *Workmanship* was replaced by *Quality*, explained as efficiency, durability, professionalism. Based on these sources, the respondents were asked to evaluate products originated in three different countries according to their innovativeness, design, prestige, and quality.

Two additional questions were included in order to measure general attitudes towards COO, which would allow a better interpretation of the results. One of them intended to evaluate the importance of COO in the eyes of Lithuanian consumers; the second one was added in order to see if there is a distinction between Taiwanese and other Asian brands since the literature suggests the problem of generalization of Asia as a whole (Roll, 2016; Cayla & Eckhardt, 2008). For the measurement of price consciousness three questions were selected based on studies by Gomez and Rubio (2010), and Lichtenstein et al (1993).

In order to measure the variables of perceived attributes and sense of community two well-known Taiwanese brands, Giant and ASUS, were presented with the help of short advertisement videos (Giant bicycles, 2017; ASUS, 2020). The consumers were also reminded that these brands originated in Taiwan. The main criteria for the videos was that they not only presented the brands but also product features. Also, the length of the videos was reduced, so that each would be around one minute long.

Measurement of perceived attributes was based on relevant brand perceived attributes from the rotated component matrix (Jain & Bariar, 2019). The perceived attribute was measured by evaluating brand recall/ recognition, intrinsic attributes, brand image, and brand loyalty. Specifically, it is suggested when consumers would like to own a brand, this is also the expression of brand loyalty (Jain & Bariar, 2019). Since not many researchers are discussing the relation between perceived attribute and loyalty, this variable is also used to measure loyalty construct. Later on, based on brand relationship quality (BRQ) theory, a sense of community is seen as an important indicator determining the relationship between brand and consumers. Particularly, it is used to measure emotional relations and brand loyalty. Specifically, when consumers have the intention of only preferring the brand than any others, this is when brand loyalty is constructed (Huang et.al, 2014; Jones & Sasser, 1995; Atilgan, Akinci, Aksoy & Kaynak, 2009). The reason that brand loyalty is measured in both brand related measurements is due to the important and complex role it plays in brand equity. The thesis is intended to contribute to different dimensions of brand loyalty to readers.

Finally, the respondents were asked whether or not they have personally used the products of Giant, ASUS, or other Taiwanese brands. For respondents, who had prior experience, further

questions were displayed. According to Klaus and Maklan (2013), customer experience can be described by customer satisfaction and word-of-mouth behavior. The survey statements were adapted based on the Customer experience quality (EXQ) scale presented by the authors. The measurement of each construct (variable) is illustrated by the scheme below (Figure 6). In order to make the survey easier to follow, the questions related to each brand were listed in separate pages. At the end of the survey, the respondents were thanked for the participation in the study.

Pretest of the survey is essential to avoid confusion and misunderstanding of questions (Burns & Burns, 2008). There is a risk that respondents can interpret questions differently than intended by the authors. Therefore, a pilot study was conducted before releasing the final version. Five Lithuanian consumers, who were not included in the sample, but corresponded to the conditions of the target population, were asked to provide feedback. As a result, two questions were paraphrased in a less complicated way, as well as an additional option was added to the list of employment types.

Construct	Reference	Measurement	Questions
General attitudes towards COO	N/A	COO role in product evaluation	I always check where a product is made before I choose one
	Roll (2016); Cayla & Eckhard (2008)	Distinction between Asian COOs	I don't see any difference between Taiwanese and other Asian products
Product evaluation	Roth and Romeo (1992); Magier-Lakomy & Boguszewicz-Kreft (2015)	Innovativeness	I think that products made in this country are innovative: China Taiwan USA
		Prestige	I think that products from this country are prestigious: USA China Taiwan
		Quality	I see products made in this country as of good quality: Taiwan USA China
		Design	I think products created in this country have an attractive design: China Taiwan USA
Price consciousness	Gomez & Rubio (2010); Lichtenstein, Ridgway & Netemeyer (1993)	Price consciousness	When I go shopping I always look for the cheapest brands I always compare prices of at least two brands before I choose one The money saved by finding low prices is always worth the time and effort
Prior experience	Klaus & Maklan (2013)	Satisfaction	Overall, I am satisfied with ASUS products Overall, I am satisfied with GIANT products Overall, I am satisfied with Taiwanese products
		Word-of-mouth	I would recommend ASUS products to others I would recommend GIANT products to others I would recommend Taiwanese products to others
Perceived attributes	Jain & Bariar (2019)	Intrinsic attributes	I feel Giant bike meets all my expectations of what a well equipped bike should be I feel Giant bike is better equipped than bicycles of other brands I think Giant brand has a unique design I think ASUS laptops have a good value for their price I think ASUS laptops have technologically innovative features I feel ASUS laptop meets all my expectations of what a well equipped laptop should be
		Brand recall & recognition	I recognise Giant name because I heard it often in my life circle Giant brand name reminds me of another good bike brand I had in the past I recognise ASUS name because I heard it often in my life circle
		Brand loyalty	I would like to own a Giant bike I would like to own an ASUS laptop
		Brand Image	I have a good impression of ASUS laptops I have a good impression of Giant bike
Sense of community	Huang, Fang, Huang, Chang & Fang (2014)	Emotional attachment	I think I would feel more engaged in the cyclists' community if I had a Giant bike I consider other people who use this brand as part of my group I feel the functionality of ASUS laptop brings me and my friends closer together (for example, specific video game features, etc) I consider other people who use this brand as part of my group
		Brand loyalty	I would not buy other brands if Giant was not available at the store I think I would prefer ASUS over other computer brands

Figure 6: Measurement of constructs

4.2.4 Data analysis

The collected data were imported and analyzed with the help of SPSS (Statistical Package for the Social Sciences) software. As mentioned above, one of the main assumptions of the quantitative method is reliability. Burns and Burns (2008) define the term as the consistency of findings, that can be replicated. Reliability reflects on whether the obtained value is a stable indication of what is being measured. Therefore, reliable results are achieved through accurate measures. According to the internal consistency method for the determination of scale's reliability, each set of items measuring a certain construct was evaluated in terms of

commonness and correlation (Burns & Burns, 2008). A higher correlation implies that the items measure the same characteristic, i.e. that the internal reliability is high. The measure of internal reliability is Cronbach's Alpha, which needs to be over the lowest acceptable value 0.7 (Burns & Burns, 2008).

One of the methods used to test the hypotheses was descriptive statistics, including calculations of mean values and frequencies. The COO effect on product evaluation (H1) was tested by calculating the mean value of Taiwanese, Chinese, and American product evaluations for four aspects. Then, the means were compared using the Paired-Samples T test on SPSS in order to understand, whether there are differences, and what effect Taiwanese COO has on product evaluation in Lithuania. Then, the frequency was calculated in order to see what is the proportion of respondents, who check COO before making a decision. Also, another result of frequency revealed, how many participants think, that there is no difference between Taiwanese and other Asian products.

In further analysis, we focused on the evaluation of Taiwanese products as the dependent variable and did not examine the perceptions of Chinese or American products. One-Way Anova method was applied for testing the effect of moderating variables (H2; H3; H4; H5). Anova is "a hypothesis testing procedure used to determine if mean differences exist for two or more samples or treatments" (Burns & Burns, 2008, p. 297). By dividing respondents into groups according to their answers, we could explore whether these groups evaluate Taiwanese products differently, and determine how each factor influenced their evaluation. Each moderator was analyzed separately, therefore, one-way Anova analysis with a single independent variable was a suitable choice (Burns & Burns, 2008).

There are three assumptions that had to be confirmed, before applying the Anova method: normality, homogeneity of variance, and independence of errors (Burns & Burns, 2008). Normality refers to a distribution of results that follows a normal, symmetrical curve, "so the most frequently found scores are located in the middle of the range with extreme scores becoming progressively rarer towards the tails of the graph" (Burns & Burns, 2008, p. 170). If the most frequent scores are pushed more to the right or left side, the distribution is described respectively as negatively or positively skewed. The normality of each variable was measured by creating a histogram with SPSS, which shows how well the results align with a normal curve. The second assumption, homogeneity of variance, means that the variance in each group has to be similar, which was tested with help of Levene's test on the SPSS (Burns & Burns, 2008). The last assumption of independence of errors requires that each observation and score is independent from each other (Burns & Burns, 2008). In order to ensure independent answers, we tried to spread the survey among different, unrelated respondents as much as possible. Violation of these three conditions can be solved by non-parametric tests, which do not depend on assumptions. In order to obtain more reliable results, we analyzed the collected data both with parametric and non-parametric Anova tests.

After testing the assumptions, each moderating variable, presented in our theoretical framework, was split into groups in order to identify the differences between these groups on the dependent variable (Evaluation of Taiwanese products). One-Way Anova method is based on the comparison of two sources of variance: between group and within group (Burns & Burns, 2008). The latter refers to individual differences within each sample group, while between groups variance also includes the treatment effect. The relationship between these two values, called F ratio, informs us whether or not there is a significant difference between group means (Burns & Burns, 2008). The null hypothesis, that the means of the different treatment groups are equivalent, is accepted if the associated probability (Sig.) of F statistic is above the significance level. The level of significance is chosen by the authors and represents the odds they are prepared to accept, that the results are a matter of chance. In our analysis, 0.05 (5%) significance level was used, as this is a usual practice in business research (Burns & Burns, 2008).

After the comparison of means between groups, the effect size of an independent variable, termed Eta^2 , was calculated. Eta^2 statistic measures the proportion of total variance in the dependent variable, which can be explained by differences between groups defined by an independent variable (Burns & Burns, 2008; Richardson, 2011). Effect size allows researchers to see a bigger picture of how important the effect of treatment was, instead of relying on a single measure of significance level, which sometimes can be misleading (Burns & Burns, 2008).

4.3. Ethical considerations

Ethical considerations and protection of participants' rights is the responsibility of researchers. Burns and Burns (2008) list four important issues concerning participants' rights: the right to voluntary participation, the right of safety and freedom from harm, the right to be informed, the right to privacy and confidentiality.

Voluntary participation means that respondents have to be provided with sufficient information about the study in order to make an informed decision, termed informed consent (Burns & Burns, 2008). The information should cover the purpose of the research, confidentiality, anonymity, possible discomforts, or benefits to participants, contacts for questions, option to discontinue the survey (Burns & Burns, 2008). The researchers also must ensure the right to be safe and not harmed. In other words, the research process should not cause stress, or be harmful to respondents' health, and mental state. It is also important to take cultural, religious, or other differences among participants into consideration. The right of anonymity means that the identity of participants will not be revealed throughout the process, or in the resulting research documents, while confidentiality is protected by access restriction to the data. Also, concerning participants' privacy, certain sensitive information, such as political opinions, health, sexual life, requires strict confidentiality. Finally, the

participants have the right to be informed about the results of the study, which also might motivate the completion of the survey.

Participants' rights and ethical considerations described were taken into account in the process of our data collection. The presentation of authors and the study topic, as well as information regarding confidentiality, anonymity was provided in the introduction, before the start of the survey. There were also contacts available in case questions arose. Particularly sensitive personal data was not included in the questionnaire. However, for more sensitive questions regarding age, and income, answer options were listed in wider ranges in order to not be perceived as too direct or offensive.

5. Results

The purpose of this chapter is to present the results of data analysis, conducted with the help of the SPSS program based on the methods presented above. A summary of results concerning each of the hypotheses is provided at the end of the chapter.

5.1. Demographic information

In total, 330 responses to the survey were gathered from Lithuanian citizens, from which females accounted for 62,4% and the remaining 37,6% were male. There were at least 40 respondents or more in each age group from 18 to 65 years. However, most people who answered the survey were between 26-35 or 46-55 years old, accounting for 27,6% and 28,5% of the sample size respectively. More than half of respondents had a monthly income level lower than 1500 EUR (61,2%) and were employed for wages (59,7%). Also, the vast majority, nearly 80%, had either bachelor's or master's level of education. The highest percentage of participants referred to Vilnius (68,8%) or other biggest cities (12,7%) as a place of residence, while people located in smaller towns accounted for less than 20% of the sample size.

		Frequency	Percentage
Gender	Male	124	37.6%
	Female	206	62.4%
Age	18-25	52	15.8%
	26-35	91	27.6%
	36-45	53	16.1%
	46-55	94	28.5%
	56-65	40	12.1%
Income	Less than 1000 EUR	87	26.4%
	1000-1500 EUR	115	34.8%
	1500-2000 EUR	56	17.0%
	More than 2000 EUR	54	16.4%
	No income	18	5.5%
Education	Secondary education	41	12.4%
	Bachelor's degree	118	35.8%
	Master's degree	145	43.9%
	Ph.D or higher	12	3.6%
	Other	14	4.2%
Employment	Employed for wages	197	59.7%
	Self-employed	54	16.4%
	Student	18	5.5%
	Retired	2	0.6%
	Unemployed	19	5.8%
	Company owner/manager	40	12.1%

Figure 7: Demographic information

5.2. Reliability

Before the overview of results, the reliability analysis was done in order to see if the survey is consistent and well-grounded. According to Burns and Burns (2008), Cronbach's Alpha above 0.7 proves the homogeneity of questionnaire items. With the help of SPSS Statistics, the internal reliability of each construct (variable) was tested. The variables were measured by 3, 6, 12, or 13 item scales, based on examples from previous research. As can be seen in the table below, the indicators of Cronbach's Alpha are acceptable in all cases, except Price consciousness, where it is equal to 0.399 and way below the recommended value of 0.7 (Figure 8).

Construct	Cronbach's Alpha	Number of Items
Product evaluation (based on COO)	0.781	12
Prior experience	0.701	6
Price consciousness	0.399	3
Perceived attributes	0.826	13
Sense of community	0.816	6

Figure 8: Cronbach's Alpha

In other words, the three items used to measure the level of price consciousness of respondents were not correlated and coherent enough. Therefore, since all three items together could not be used as reliable indicators of price consciousness, further steps were taken in order to determine which items were the most relevant for further analysis. As can be seen in Figure 9, even if the first item “When I go shopping I always look for the cheapest brands” would be excluded, the value of Cronbach's Alpha would not increase significantly, only up to 0.412. Therefore, it was decided to rely on one of the statements in the analysis, which has the highest correlation rate with the remaining two questions, namely, that “The money saved by finding low prices is usually worth the time and effort” (Figure 10).

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
When I go shopping I always look for the cheapest brands	7.13	2.132	.174	.050	.412
I always compare prices of at least two brands before I choose one	5.39	2.031	.206	.070	.359
The money saved by finding low prices is usually worth the time and effort	6.00	1.419	.338	.115	.073

Figure 9: Item-Total Statistics

	Looking_for_the cheapest_brands	Comparing_prices	Money_is worth_effort
When I go shopping I always look for the cheapest brands	1.000	.038	.223
I always compare prices of at least two brands before I choose one	.038	1.000	.263
The money saved by finding low prices is usually worth the time and effort	.223	.263	1.000

Figure 10: Inter-Item Correlation Matrix

5.3. Testing hypotheses

H1: COO (Taiwan, China, USA) has an effect on product evaluation

The survey results show, that products are evaluated differently depending on the country-of-origin. The respondents were asked to evaluate products from the USA, China, and Taiwan in a scale from 1 to 5 based on four criteria: innovativeness, prestige, quality, and design. The analysis of the mean value in all four categories reveals that Lithuanian respondents evaluate Taiwanese products in a slightly more positive way (mean=3.14), compared to Chinese (mean=2.9), but much more negatively in comparison with American products (mean=3.81). Paired-samples T test was conducted on SPSS, which confirmed that the evaluation of Taiwanese products is significantly different compared to Chinese and American products. As is clear from the SPSS output (Figure 11), the associated probability (Sig.) is lower than the significance level 0.05, indicating that means between each pair elements are not equal.

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Evaluation of Taiwanese products – Evaluation of Chinese products	.24091	.66267	.03648	.16915	.31267	6.604	329	.000
Pair 2	Evaluation of Taiwanese products – Evaluation of American products	-.66970	.69244	.03812	-.74468	-.59471	-17.569	329	.000

Figure 11: Statistical comparison of means (Product evaluation)

The chart below (Figure 12) represents the evaluation of products based on COO cue according to each of four aspects. The results are consistent in each dimension, except for innovativeness, in which the evaluation of Taiwanese products is slightly lower (3.30) than Chinese (3.36). In all the remaining categories, products originated in Taiwan have a little higher score than China with the highest difference in quality evaluation. However, the differences between these two countries of origin were relatively small. This is supported by 42,7% of respondents, who agreed or strongly agreed that they do not see any difference between Taiwanese and other Asian products, while only 28,7% expressed disagreement, and the rest remained neutral. American COO was the most favorable in all categories with the most significant difference in terms of prestige. In other words, Lithuanians see products with American COO as more prestigious or conferring status, innovative, and having a more attractive design, as well as of better quality, compared to Chinese and Taiwanese products.

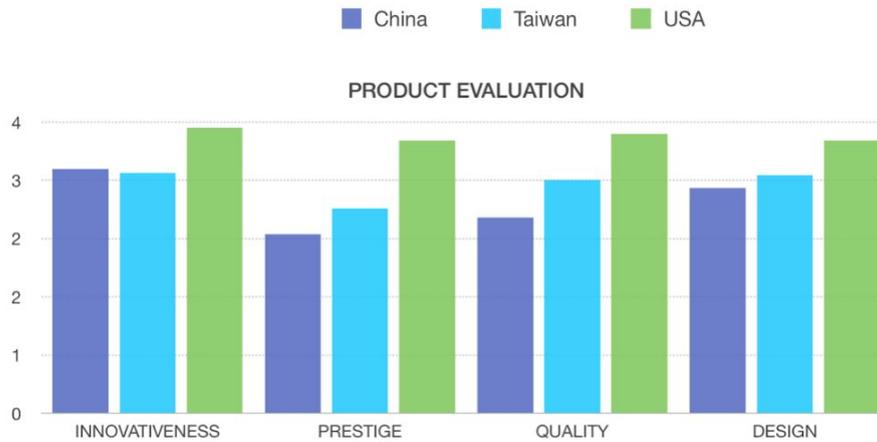


Figure 12: Product evaluation based on COO cue

In addition, the importance of COO cue when evaluating products is supported by 247 respondents, accounting for 74,2% of the total number of participants, who agreed or strongly agreed to the statement that they check where a product is made before choosing one. The summary of responses to this question is displayed in Figure 13.

I check where a product is made before I choose one

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	10	3.0	3.0	3.0
	disagree	24	7.3	7.3	10.3
	neither agree or disagree	51	15.5	15.5	25.8
	agree	138	41.8	41.8	67.6
	strongly agree	107	32.4	32.4	100.0
Total		330	100.0	100.0	

Figure 13: COO importance in the evaluation of products

H2: Price consciousness has a moderating effect on the evaluation of Taiwanese products

Before analyzing the moderating effect by applying One-Way Anova, we tested the normality and homogeneity of variance. While the results confirmed the homogeneity of variances, the distribution was slightly negatively skewed. Since the assumptions of Anova were not fully met, a non-parametric Anova test was also added to the analysis for confirmation of results.

In order to understand how price consciousness can change the COO effect on product evaluation, we categorized the respondents into two groups using SPSS program. Those who agreed or strongly agreed with the statement that “the money saved by finding low prices is usually worth the time and effort” have been assigned to the group of higher price consciousness. The remaining respondents, who did not agree or expressed a neutral opinion about the statement, were classified as less price-conscious.

Then, the evaluation of Taiwanese products was compared between these two groups by applying the One-way Anova method on SPSS (Figure 14).

Evaluation of Taiwanese products

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Lower price consciousness	182	3.1250	.49147	.03643	3.0531	3.1969	1.25	4.25
Higher price consciousness	148	3.1689	.62828	.05164	3.0669	3.2710	1.00	4.75
Total	330	3.1447	.55654	.03064	3.0844	3.2050	1.00	4.75

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.157	1	.157	.508	.477
Within Groups	101.746	328	.310		
Total	101.903	329			

Figure 14: One-way Anova results: 2 groups of price consciousness

Evaluation of Taiwanese products	
Kruskal-Wallis H	.795
df	1
Asymp. Sig.	.372

a. Kruskal Wallis Test

b. Grouping Variable: pcgroup

Figure 15: Non-parametric analysis results (price consciousness)

As is clear from the results, the mean value of Taiwanese product evaluation is almost the same in both groups (approx. 3.1). This is confirmed by the associated probability (Sig.) way higher than the significance level 0.05 in both parametric (Figure 14) and non-parametric (Figure 15) versions, indicating equal means between the groups. Therefore, there is no significant difference in the evaluation of Taiwanese products between more and less price-conscious respondents.

However, since the mean values for both groups were not completely equal, we repeated the same analysis with a categorization of respondents into three groups (Figure 16): strongly price-conscious (=5), moderately price-conscious (=4 or 3), less price-conscious (=2 or 1).

Evaluation of Taiwanese products

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Strongly price conscious	32	3.2891	.73537	.13000	3.0239	3.5542	1.00	4.75
Moderately price conscious	210	3.1440	.54556	.03765	3.0698	3.2183	1.50	4.75
Less price conscious	88	3.0938	.50331	.05365	2.9871	3.2004	1.25	4.25
Total	330	3.1447	.55654	.03064	3.0844	3.2050	1.00	4.75

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.895	2	.448	1.449	.236
Within Groups	101.008	327	.309		
Total	101.903	329			

Figure 16: One-way Anova results: 3 groups of price consciousness

Although there is no statistically significant moderating effect of price consciousness, a certain trend can be seen comparing three groups of respondents. Strongly price-conscious consumers evaluate Taiwanese products more positively (mean=3.29), compared to the least price-conscious group of respondents (mean=3.09). On the other hand, even those, characterized by strong price consciousness, might evaluate Taiwanese products very negatively (=1), as is shown in the column of minimum value. Also, there is an overlap in intervals for mean. Therefore, it is clear from the results, that although there is a trend of improving product evaluation when price consciousness increases, the mean differences between the groups are not significant enough.

H3: Prior experience has a moderating effect on the evaluation of Taiwanese products

Out of the total number of respondents, 199 have personally tried ASUS products, while Giant brand was less popular, used only by 69 people who confirmed the prior experience with its products. Experiences with both brands were evaluated quite positively. However, despite the fact that there were more consumers with prior ASUS experience, Giant was rated slightly more favorably in terms of satisfaction and recommendation. While the mean evaluation of experience with ASUS is equal to 3.67 in the scale from 1 to 5, Giant experience reached a score of 3.81 (Figure 17).

	N	Minimum	Maximum	Mean
ASUS experience	199	1.00	5.00	3.6709
Giant experience	69	1.50	5.00	3.8116

Figure 17: Evaluation of prior experience with ASUS and Giant products

Also, 142 survey participants said they had tried at least one other Taiwanese brand besides Giant or ASUS. The most popular mentions were HTC (23), Acer (20), D-Link (10), MSI (5), Adata (5), and Benq (4). However, most of the respondents (92) with prior experience could not identify or recall exact Taiwanese brand names.

Before analyzing prior experience as a moderator of COO effect, we tested whether the assumptions of normality and homogeneity were met. Although the homogeneity of variances was confirmed, the distribution of answers did not fulfill the condition of normality. Therefore, both parametric and non-parametric versions of Anova were applied in order to obtain reliable results.

In order to test whether or not prior experience can influence the COO effect on product evaluation, the respondents, who confirmed having personally tried one of the brands' products, were grouped into two categories: 1) those, who describe their previous product experience as positive (mean>4 or mean=4); 2) those who define the experience as more negative or neutral (mean<4). Then a comparison was made of how these groups of respondents evaluate Taiwanese products (Figure 18).

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Negative or Neutral prior experience	118	3.0106	.58324	.05369	2.9043	3.1169	1.00	4.50
Positive prior experience	131	3.3225	.55426	.04843	3.2267	3.4183	1.75	4.75
Total	249	3.1747	.58811	.03727	3.1013	3.2481	1.00	4.75

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.040	1	6.040	18.711	.000
Within Groups	79.735	247	.323		
Total	85.776	248			

Figure 18: One-way Anova results for the factor of prior experience

Kruskal-Wallis H	16.770
df	1
Asymp. Sig.	.000

a. Kruskal Wallis Test
b. Grouping Variable: ExpPosGroup

Figure 19: Non-parametric analysis results (prior experience)

The results reveal that the respondents with a positive prior experience evaluated products originated in Taiwan slightly more favorably (mean=3.32) than those with a more negative product experience (mean=3.01). The associated probability (Sig.) is lower than the level of significance (0.05) in both parametric (Figure 18) and non-parametric (Figure 19) analysis results, which suggests that the difference between means of these groups is statistically significant. However, the effect size is small, namely 0.07 (6.040 / 85.776). In other words, only 7% of the variance in the evaluation of Taiwanese products can be explained by prior experience.

H4: Perceived attribute has a moderating effect on the evaluation of Taiwanese products

The respondents were asked to evaluate product and brand attributes based on promotional videos of Giant and ASUS brands. In this case, all of the respondents, with or without personal prior experience with the brands' products, evaluated the attributes based on their

perception. The statistics (Figure 20) show that ASUS attributes were perceived more positively (mean=3.73) compared to Giant (mean=3.28), which contradicts the results of prior experience evaluations, where Giant products were rated more favorably.

	N	Minimum	Maximum	Mean
Perceived attributes (Giant)	330	1.00	5.00	3.2853
Perceived attributes (ASUS)	330	1.50	5.00	3.7308

Figure 20: Perceived attributes of ASUS and Giant

The analysis of perceived attributes as a moderator was conducted using the One-Way Anova method. The level of variance for this variable was homogeneous, and the set of received responses showed a normal distribution. Both parametric and non-parametric Anova method was applied for more accurate results.

Firstly, in order to test the fourth hypothesis, the mean value of all attribute-related questions was calculated. Secondly, the respondents were divided into groups according to how favorably they perceived the given attributes in the scale from 1 to 5. Two groups were formed with the help of SPSS: 1) respondents with positive perception (mean>4 or mean=4) 2) those with negative/neutral perception (mean<4). Thirdly, the evaluation of Taiwanese products was compared in both groups (Figure 21).

Evaluation of Taiwanese products

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Negatively/Neutrally perceived attributes	274	3.0949	.53762	.03248	3.0309	3.1588	1.00	4.50
Positively perceived attributes	56	3.3884	.58760	.07852	3.2310	3.5458	1.75	4.75
Total	330	3.1447	.55654	.03064	3.0844	3.2050	1.00	4.75

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.005	1	4.005	13.420	.000
Within Groups	97.898	328	.298		
Total	101.903	329			

Figure 21: One-way Anova results for the factor of perceived attributes

Evaluation of Taiwanese products

Kruskal-Wallis H	11.895
df	1
Asymp. Sig.	.001

- a. Kruskal Wallis Test
b. Grouping Variable:
perattribgroup3

Figure 22: Non-parametric analysis results (perceived attributes)

According to the results, respondents, characterized by a more positive perception of attributes, evaluated products with Taiwanese COO more favorably (mean=3.388), compared to the other group of participants (mean=3.094). The statistical null hypothesis of equal means is rejected based on associated probability (Sig.) value lower than the significance level 0.05 in both parametric (Figure 21) and non-parametric (Figure 22) analysis. Therefore, the difference between means is statistically significant. On the other hand, the effect size of 0.039 (=4.005/101.903) is small and indicates that hardly 4% of the variance in the evaluation of Taiwanese products is affected by perceived attributes.

H5: Sense of community has a moderating effect on the evaluation of Taiwanese products

All of the respondents, with or without prior experience with Taiwanese products, were asked to rate emotional attachment and loyalty to Giant and ASUS brands based on selected promotional videos. Based on the answers, a mean value was calculated in order to understand how strong the sense of community is for both brands in Lithuania. The results (Figure 23) show that both brands were rated below average, which indicated a quite low sense of community. However, ASUS had a slightly higher score of 2.5 on the scale from 1 to 5, compared to 2.41 for Giant.

	N	Minimum	Maximum	Mean
Sense of community (ASUS)	330	1.00	5.00	2.5030
Sense of community (Giant)	330	1.00	5.00	2.4121

Figure 23: Level of sense of community for ASUS and Giant

The one-way Anova method was applied in order to understand the impact of sense of community as a moderator in the relationship between COO and product evaluation. At first, the three assumptions of Anova had to be tested. The test revealed, that the variance for the variable was homogeneous, but the distribution of data-set was not fully normal. Therefore, both parametric and non-parametric analysis was conducted.

The mean value of all 6 items measuring the sense of community was computed in order to get two groups of respondents. Since there were only five people indicating a sense of community equal to 4 or above, we defined the respondents with the mean value above 3 as those who have a strong sense of community, while the rest (mean=3 or mean<3) were assigned to the group of a weak and neutral sense of community.

Evaluation of Taiwanese products

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Weak/Neutral sense of community	287	3.1002	.54374	.03210	3.0370	3.1633	1.00	4.50
Strong sense of community	43	3.4419	.55591	.08478	3.2708	3.6129	2.00	4.75
Total	330	3.1447	.55654	.03064	3.0844	3.2050	1.00	4.75

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.366	1	4.366	14.682	.000
Within Groups	97.537	328	.297		
Total	101.903	329			

Figure 24: One-way Anova results for the factor of sense of community

Evaluation of Taiwanese products	
Kruskal-Wallis H	12.795
df	1
Asymp. Sig.	.000

a. Kruskal Wallis Test
b. Grouping Variable: sencomgroup4

Figure 25: Non-parametric analysis results (sense of community)

SPSS analysis output (Figure 24; Figure 25) shows that sense of community is a significant moderator and can impact the COO effect on product evaluation. The statistical null hypothesis of equal means between groups is rejected due to associated probability (Sig.) value below significance level 0.05 in both parametric and non-parametric analysis results. Therefore, there is a significant difference in the evaluation of Taiwanese products between respondents with a stronger and weaker sense of Giant or ASUS community. The higher the sense of community, the better product evaluation (mean=3.1, compared to mean=3.44). However, the effect size of 0.042 ($=4.366/101.903$) means that only 4.28% of the variance in the evaluation of Taiwanese products can be explained by the sense of community as a moderator.

To sum up, four of five hypotheses were accepted (H1; H3; H4; H5), while price consciousness (H2) appeared to not have a significant impact on the relationship between COO and product evaluation. The summary of results is provided in the table below (Figure 26).

Hypothesis	Result	Summary
H1: COO (Taiwan, China, USA) has an effect on product evaluation	Accepted	<ul style="list-style-type: none"> • Products originated in Taiwan, China, and USA are evaluated differently; • Taiwanese COO has a relatively negative effect on product evaluation, compared to USA; • However, Taiwan is slightly more favorable COO compared to China.
H2: Price consciousness has a moderating effect on evaluation of Taiwanese products	Rejected	<ul style="list-style-type: none"> • There is no significant difference in evaluation of Taiwanese products between more and less price conscious respondents; • However, there is a trend of improving product evaluation when the level of price consciousness increases.
H3: Prior experience has a moderating effect on the evaluation of Taiwanese products	Accepted	<ul style="list-style-type: none"> • Positive prior experience leads to a more positive evaluation of Taiwanese products in general; • 7% of the variance in the evaluation of Taiwanese products can be explained by prior experience.
H4: Perceived attribute has a moderating effect on the evaluation of Taiwanese products	Accepted	<ul style="list-style-type: none"> • Positive perception of attributes leads to a more favorable evaluation of Taiwanese products in general; • 3.9% of variance in evaluation of Taiwanese products is affected by perceived attributes.
H5: Sense of community has a moderating effect on the evaluation of Taiwanese products	Accepted	<ul style="list-style-type: none"> • The stronger the sense of community with a Taiwanese brand, the better the evaluation of Taiwanese products in general; • 4.28% of the variance in evaluation of Taiwanese products can be explained by the sense of community

Figure 26: Summary of results

6. Discussion

This chapter contains a more detailed analysis of survey results, in relation to previous research. It will firstly interpret the COO perception of Lithuanian consumers. Secondly, it will analyze what brand dimension can be improved under the COO effect. Finally, a brief suggestion for Taiwanese brands will be presented.

The purpose of the survey was to understand how product evaluation of Lithuanian consumers is affected by Taiwanese COO, compared to China and the USA. In addition, we explored whether such factors as price consciousness, prior experience, perceived attribute, and sense of community could moderate the evaluation of Taiwanese products in Lithuania.

According to the results, Lithuanians care about the COO and evaluate products that originated in Taiwan, China, and the USA differently. While Taiwan was a less favorable COO compared to the USA, it scored slightly higher than China. The results confirm previous studies, showing more positive attitudes towards the USA than China (Šmaizienė & Vaitkienė, 2013), as well as an increasingly negative perception of China among European people (Bersick, 2010). As Xie and Page (2013) suggested, the perception of China depends on the socio-economic development of the target country. Based on the source, consumers are less likely to admire China's economic success, because of the recent fast economic growth in Lithuania, which lead the country to be titled as one of the most competitive in the region (Istrate, 2019; Trading Economics, 2020). Being wealthier, they may focus more on lifestyle, values, and political situation. Therefore, democratic Taiwan and liberal values may be more appealing to Lithuanian consumers, which could explain a more positive evaluation of Taiwan as a COO. Moreover, support to Taiwan from Lithuanian parliamentarians and economic connection between both countries increases the acceptance among citizens as well (Taipei Mission, 2018; Everington, 2019; McCartney, 2020).

On the other hand, as proposed by Sharma (2011), countries that experienced rapid economic growth, tend to be more materialistic, meaning that goods from well-developed markets, such as the USA, are preferable in order to gain status in the society. Based on cultural characteristics by Hofstede Insights (2020), Lithuanians strive for equality, however, authority and status are still given a high prominence, especially by the older generation. In addition, the level of average monthly income varies across the country which leads to financial inequality (Trading Economics, 2020). Materialism, financial segregation between urban and rural areas, and possible competitiveness can be seen as some of the reasons why products originated in the USA are evaluated as the most favorable COO, compared to Taiwan and China. The USA is one of the early industrialized countries, which allowed to develop the country's image in the early days, and, therefore, could be seen as a more stable choice, conferring a certain status. It is reflected in the results of our study, where the

difference in the evaluation of American and East Asian products is the highest in terms of prestige. As suggested by White (2012), who claimed that strong brands can positively contribute to the overall perception of a country, such global American brands as Apple, Google, Microsoft definitely reinforce the image of the USA in the eyes of consumers, and experience with any of these brands may function as a summary construct for overall American production in their memories (Magnusson & Westjohn, 2011). Having in mind that Lithuania has a rather high uncertainty avoidance (Hofstede Insights, 2020), the consumers may lean more towards the products from Western countries due to the stable image and longer history of economic success. However, the East Asian region is experienced in manufacturing good quality products, therefore, our study further focused on analyzing factors, that could possibly improve the image of Taiwan as COO.

Price consciousness, as the extent to which consumers focus on paying a low price, appeared to not have a significant impact on the evaluation of Taiwanese products. Since the prejudice towards Asian products is price-elastic according to Patterson (2011), price-conscious consumers were expected to evaluate Taiwanese products more positively due to the fact that Asian brands have a low-cost advantage (Woo & Jin, 2014; Roll, 2016; Cheng, 2016). However, despite Lithuanians being quite frugal and price-sensitive, the effect of COO on product evaluation was stronger and was not significantly influenced by the degree of price consciousness. One of the reasons could be that price consciousness may have a stronger correlation with the actual purchase behavior, instead of product evaluation. As suggested by the definition, price consciousness is related to the efforts for reducing the payment (Lichtenstein et al, 1993). Thus, it seems possible that a consumer, who evaluates a certain product positively, could still not buy it due to a high price. To some extent, the finding contradicts to Rashid's (2016) claim, that price is a strong moderator, weakening the COO effect. On the other hand, it could not be strictly stated, that price consciousness had no impact on the evaluation of Taiwanese products. A certain trend, that more price-conscious consumers evaluated Taiwanese products slightly more positively, was noticeable. Also, due to the issue of reliability of survey questions measuring this variable, the analysis was based on only one of them, thus, the results could have been more significant if more questions were incorporated.

Based on the results, the prior experience had a significant influence on the evaluation of Taiwanese products, which is consistent with previous findings, suggesting that personally tested quality is one of the most important factors, making users less concerned with COO (Lopez-Lomelí et al., 2019; Šmaižienė & Vaitkienė, 2013). The statistics showed that there were more people (131) who described their experience with ASUS, Giant, or other Taiwanese brands' products positively, which indicates a good quality of Taiwanese products. However, there were also many (118) who thought the experience was more negative which shows room for improvement of the production itself. Another issue seems to be Taiwanese brand awareness in Lithuania. Although nearly half of respondents said they tried other Taiwanese brands except Giant and ASUS, most of them could not indicate the brand names, commenting that they did not know or could not recall the exact brand. This

result suggests that Taiwanese brands should raise awareness and recognition among Lithuanian consumers. In addition, it means that some consumers may have tried Taiwanese brands' products, without knowing the origin. Therefore, good experiences with certain Taiwanese brands may have not been stored in consumers' memories and related to Taiwan as COO. As mentioned in the literature review, strong brands contribute to building a country's image, which is why it is important to create positive experiences for consumers while at the same time communicating the origin and improving the overall image of Taiwan in the minds of Lithuanian consumers.

According to Aaker (1991) & Keller (1993), perceived attributes are related to different dimensions of brand equity. The perceived attribute construct is mainly used to evaluate the influence of direct influence such as extrinsic attributes and indirect influence of recall/recognition, brand loyalty, and brand image (Gavin, 1983). The data result reflects the important influence of perceived attributes on product evaluation. This indicates that the company should strengthen its brand image in order to attract more attention from people, develop brand awareness and extrinsic attributes in order to reach the level that consumers have the intention of owning the product, namely approaching brand loyalty.

The perceived attribute is confirmed to be a moderating variable on product evaluation, however, most people (274 out of 330 people) claimed to have a more negative perception of attributes after watching the commercial video. This can serve as evidence that Taiwanese brands should further develop brand awareness in the Lithuanian market. As presented in the literature review, Winchester & Romaniuk (2008) proposed that people tend to have more negative beliefs either during brand consideration or evaluation stage, but when it comes to non-users, negative beliefs are usually based on assumptions. It is therefore suggested that Taiwanese brands should further develop brand awareness, in order for those who have known the brands to better recognize, and ensure the benefit of the product is aligned with their needs. Same also applies to non-users, marketers should be aware of what brand associations are related to their desired needs, in order to provoke more positive beliefs and further decrease the possible negative belief. Specifically, as mentioned in chapter 2, non-users who never used the brand before tend to have less negative beliefs (Winchester & Romaniuk, 2008). Therefore, it is important for Taiwanese brands to provide clear brand meanings that allow non-users to generate more positive brand associations. Brand associations are very often connected with COO, especially when locals are not familiar with the COO of the brand. Reflected from Keller (2008) & O'cass & Lim (2001), it is suggested that Taiwanese brands should provide adequate information of origin country, and possibly, the conduct of local marketing campaigns can also be used to generate positive understanding towards the origin country.

Furthermore, the statistics show that the mean for perceived attributes of ASUS (3.73) is higher than Giant (3.28). As the brand image dimension is used as part of this hypothesis measurement, we would conclude that ASUS might have developed a better brand image than Giant, however, it might also be attributed to more respondents having prior experience

with ASUS. According to Keller (2008) and O'cass & Lim (2001), brand associations do not only have influence from COO but are also closely connected to personal needs and the engagement the brand has with customers. It is suggested that both ASUS and Giant can pay more attention to develop a brand image, specifically, the engagement in the shop with customers and ensure consumer needs are well advertised locally. To be closer to locals' values, it is suggested that the product information might be proposed relevant to the local lifestyle, which is believed to easier generate attention. It is further suggested that when the information is closer to our life, the more positive recall will be generated, and therefore improve not only a brand image but also brand awareness (Roll 2015; Southworth, 2019; Small et. al, 2007).

When consumers have a positive reaction towards the brand, the brand will be included as part of their category needs. When the product is listed in category needs, consumers tend to share it more often with their social connections and are more likely to purchase it (Hoyer & Brown, 1990; Percy & Rossiter, 1992). However, considering that a certain number of respondents do not have prior experience but only conduct the survey based on the marketing video, we may assume that marketing material drives the category needs (do I want it ?/ do I need it) on pursuing intention (Percy & Rossiter, 1992). Also, based on people who have a positive perception of attributes, the results revealed that positively perceived attributes significantly decrease the COO effect (Saydan, 2013; Jain & Bariar, 2019). We may use this observation to conclude Keller's (2001) statement that extrinsic attributes play an important role when people do not know the country, or the product well. When the functional part of the product is approved by consumers, this will further increase the importance of brand awareness and brand image (Zeithmal, 1988; Keller, 2001).

Regarding the sense of community, the acceptance of the hypothesis confirms the importance of sense of community as a moderator in the relationship between COO and product evaluation. This part of the survey was mainly used to evaluate emotional attachment and loyalty to Giant and ASUS brands. From the data, it is found that most of the respondents have a weak sense of community. If looking at prior experience data, we might predict this might be because many people have not used the brands before. After further analysis of people who characterized with a higher sense of community for Taiwanese brands, among them, we confirm the influence of community belonging can be a useful factor moderating the COO effect. It can be further interpreted that one of the reasons for this result could be that the Giant brand is rather a niche because the function is mainly for outdoor and sporty usage. Also, the recent gaming ASUS laptop is specifically made for online gamers. It is therefore assumed that belonging to a community might be an especially important moderating factor when it comes to brands that have a niche market.

In addition, emotional attachment is seen as the foundation to build up loyalty (Keller, 2013; Atilgan, Akinci, Aksoy & Kaynak, 2009). When consumers have developed a certain level of emotional attachment, it has the potential of transforming into long term loyal consumers (Keller, 2013; Atilgan, Akinci, Aksoy & Kaynak, 2009). When consumers are characterized

by a long term loyalty to a brand, they will not easily switch to another brand (Atilgan, Akinci, Aksoy & Kaynak, 2009). As discussed in the literature review, Melin (2002) proposed that emotional attachment can be an important added value for brands. We, therefore, suggest that Taiwanese brands can pay extra attention to make sure their values and meaning are delivered properly. As discussed in the second chapter, Asian brands might neglect to deliver the brand meaning when they expand abroad. Although both Giant bikes and ASUS laptops have developed certain market share in the Western part of Europe, when it comes to Eastern European markets, it is important to understand the difference and ensure the unique brand meanings are clear and understandable for the local market.

As suggested by Huang, Fang, Huang, Chang & Fang (2014), if the sense of community can only last short term, it will be harder to maintain brand loyalty. Hence, it is important to have constant engagement with consumers (Huang, Fang, Huang, Chang & Fang, 2014; Keperer, 2014). Based on the brand equity model (Keller, 2001), the long term sense community is focused on brand response and resonance by not only considering consumers but also looking after the relationship between consumers and brand itself.

Suggestions for Taiwanese brands

Our collected data confirms the issue of generalization, discussed as one of the Asian brands' challenges. Namely, it shows that Lithuanian consumers feel there is no major difference between Asian brands. According to Saydan (2013), when the local market does not know much about the origin of the brand, the development of brand equity becomes especially important. It is suggested if the brand can grow as a strong brand, it can be an efficient tool to eliminate unfavorable COO effects (Saydan, 2013; Jain & Bariar, 2019). Furthermore, reflected from Melin (2002), Southworth (2019) and Cayla & Eckhardt (2008), if brands can grow by strengthening the Asian-ness features, or impression of some iconic Asian cities such as Tokyo, Singapore, Taipei, Seoul as modernness characteristics, it is believed they can possibly construct the unique brand meaning on brand value creation.

Another issue is that ASUS brand has a very typical Asian thin corporate brand style with a series of products under one brand name. Although ASUS has a series of different products, it is suggested that the brand can place a consistent image across its product portfolio. Despite ASUS slogan on "in search of incredible" (ASUS, 2020c), very often ASUS is seen as a laptop brand by paying the most attention to its laptop products, in which other product portfolios are usually neglected. This might create inconsistency issues that other products do not properly reflect ASUS brand values. Based on Kapferer (2014), ASUS might need to carefully re-formulate its product portfolio as it contains too many products, however with not many of them consistently reaching the brand positioning.

Overall, 4 out of 5 variables show the influence on the relationship between COO effect and product evaluation. Taiwanese COO tends to have a relatively negative effect on Lithuanian consumers when purchasing Taiwanese brands. As mentioned in chapter 2, we would like to propose possible suggestions for this COO situation. Firstly, the hierarchical leadership style

might be one of the reasons that lead high management to neglect the difference among different European markets. It is important that the communication between management and the local market is more connected, for example, Taiwanese companies are mostly hiring the management staff in their foreign market, this might be the reason that leads to the misunderstanding of the market. Secondly, considered Asian brands are recently paying more attention to the service construct of their brands, brand awareness and recall might be something that both ASUS and Giant can work on. Recall is closely connected with service points, therefore it is important that they can conduct the detailed research knowing what kind of atmosphere is preferred, and the further training of local salesperson, in order to provide high-quality customer service for consumers (Stein & Ramaseshan, 2016; Keller, 2014).

7. Conclusions

This chapter concludes the main ideas derived from the discussion and survey results. Both theoretical and practical implications will be presented along with the limitations of the thesis and recommendations for future research.

The purpose of this thesis was to contribute to the existing knowledge on COO effect by investigating how Taiwanese COO effect on product evaluation can be managed by brands, expanding to Lithuania. In order to fulfill the purpose, we examined the perceptions of Taiwan as COO in Lithuania, and analyzed the relevance of four moderating factors, concluded from both COO and brand management literature. Via quantitative analysis, the significance of these moderating variables (prior experience, price consciousness, perceived attributes, and sense of community) in the relationship of COO and product evaluation was further tested.

This study did not only aim to discuss theories, suggested in previous research, but also to provide practical suggestions for East Asian brands on how to adjust their internationalization strategy with a better understanding of the potential Eastern European market.

7.1. Theoretical Implications

Country-of-origin effect is a well-developed area in research. However, the way a certain country is perceived depends on various factors, such as cultural, economic characteristics, consumer values, and psychographic aspects. Due to these differences, it is important to take a deeper look into each country, in order to see if the same theoretical assumptions are applicable. Most of the studies on the East Asian region, especially acknowledged for technology manufacturing, are focused on China, also Japan, and South Korea. Our study extended the existing knowledge of the East Asian COO effect by analyzing the perception of Taiwan in Lithuania, one of the most competitive Eastern European countries. The results of the study are consistent with previous research, suggesting that COO is an important cue for consumers (Bilkey & Nes, 1982; Ahmed & d'Astous, 2018; Bankauskienė & Šliburytė, 2017; Magnusson & Westjohn 2011) and that East Asian COO face a challenge of a relatively negative effect on product evaluation, compared to early developed Western countries (Holtbrügge & Zeier, 2017, Pileliene & Petkeviciene, 2014; Lazzari & Slongo, 2015; Panusbordee, 2013; Šmaižienė & Vaitkienė, 2013; Silver, Devlin & Huang, 2019). More specifically, our study revealed that the largest gap between Taiwan and the USA appeared to be the prestige of products. This reflects the idea of Sharma (2011) and Strizhakova, Coulter & Price (2008) that countries that experienced a rapid economic growth tend to be more materialistic and, therefore, appreciate goods from developed markets, conferring status. In

addition, nearly half of the respondents confirmed not seeing a difference between Taiwanese and other Asian products, which is also in line with in literature discussed challenge of generalization of Asia as one origin (Roll, 2016; Cayla & Eckhardt, 2008).

The relevance of three out of four in theory suggested moderators of COO effect was confirmed in the Lithuanian market. Prior experience made the biggest effect on the evaluation of Taiwanese products, followed by a sense of community, and perceived attributes. This confirms the conclusions proposed by Lopez-Lomeli et al (2019) and Šmaižienė & Vaitkienė (2013) that personally tested quality is the most important factor in product evaluation. Price consciousness, however, appeared to not have an impact on the evaluation of Taiwanese products, which to some extent contradicts the view of Rashid (2016) that price is one of the strongest moderators, weakening the COO effect. Our findings propose that even though there is a certain tendency that more price-conscious consumers evaluate Taiwanese products more positively, the COO effect is not significantly affected by the propensity to focus on price. In other words, consumers who tend to put more effort in searching for cheaper products, do not evaluate Taiwan as COO more positively, despite the competitive advantage of low costs in the region, as discussed in the literature (Azmeah & Nadvi, 2014; Roll, 2015).

As mentioned above, a sense of community was indicated as the second biggest influence on COO perception. As community and belonging feelings are one of the main foundations to create brand loyalty, it is further suggested by Atilgan, Akinci, Aksoy & Kaynak (2009) that when customers can relate themselves with other social groups, it is an affective way of building up brand loyalty. When brand loyalty is set up, this potentially means the brand has retained certain trust from their consumers, and therefore, this usually also means that the market share in the target market has been established. However, from the data, we can see most of the respondents are rated low based on a sense of community perspective, which indirectly confirms the situation that most people do not have strong belonging feelings as part of the brand. Also, with still a certain amount of people having no prior experience of Giant and ASUS brands, it also further confirms the point that when there is a lack of a brand community, it is more likely that the brand lacks market share. Reflected from our findings, it is also suggested that sense of community is not only essential in order to establish the brand in the market, but it also helps to improve the overall image of a country as COO.

The results confirm previous findings that COO can influence brand equity (Rashid, 2016; Yang, Ramsaran & Wibowo, 2016; Magnusson and Westjohn, 2011), and specifically, brand management can serve as a tool to decrease the unfavorable COO effect. By incorporating detailed factors extended from brand equity dimensions, sense of community, and perceived attributes are confirmed as 2 of important factors that can moderate the COO effect. These findings also further support Rashid's (2016) proposal of brand symbolism as a moderator. Furthermore, by analyzing results related to perceived attributes, we further notice that this is related to brand awareness in the market. This might possibly be due to the lack of brand symbolism and clear identity of Taiwanese brands in Lithuania. By testing both a sense

of community and perceived attributes in terms of emotional attachment, brand loyalty, brand image, brand awareness, and perceived quality, we also confirm the model proposed by Yang, Ramsaran & Wibowo (2016) on the importance of mediating effect of brand equity dimensions. Specifically, as sense of community is ranked as a relatively highly important moderating variable from the survey result, we also further confirmed that the focus on emotional added values is another key to influence COO effect on brand loyalty.

By examining the proposed COO model with relevant moderating variables, we had also come up with some further suggestions for ASUS and Giant, which will be presented in the following section.

7.2. Practical Implications

As mentioned, many Asian brands not only act as marketers but also as manufacturers, this usually poses the issue of the positioning they have, particularly to the products they are selling (Roll, 2015; Riger, 2011; Kapferer, 2014). One of the main issues of Asian brands such as ASUS is having a corporate brand name to promote a wide range of different products (Pigu, 2020; ASUS, 2020a). Unfortunately, inconsistency among different units in reaching brand identity usually happens. It is suggested that Asian brands should decide whether they would like to be a more product brand, or use the corporate brand's reputation in supporting their product series. Considering the relatively low market share Taiwanese brands hold in Lithuania, it is suggested that the company name might not be sufficient enough to endorse the product. However, they can still ensure their units have consistent positioning to conduct as classic umbrella brands with consistent functionality, quality, and positioning among different products. Or, if there are any particular innovative products, such as ASUS gaming laptop or Giant's awarded sporty bike, they might possibly be promoted as product brands. Reflected from Kapferer (2014), if the product is seen to have the potential to benefit from its innovations, the product brand strategy might be something worth considering for the company. Since prior experience is the most important moderator of the COO effect based on our results, in addition to consistent brand identity, it is important to focus on creating a positive customer experience.

Due to the obvious COO effect on Lithuanian consumers' product evaluation, it further embraces the importance of brand management. With globalization, more and more Asian brands are standing out, and particularly, they are delivering the Asian features while taking advantage of Asian brands' manufacturing strength (Southworth, 2019; Woo & Jin, 2014). For example, clothing from Uniqlo and Giordano takes advantage of relatively cheaper labor in some parts of Asia such as China, India or Vietnam, and specifically, Uniqlo starts the branding with iconic Asian cities such as Tokyo, Seoul, Taipei, and Singapore to marketing further of its Asian fast fashion style (Southworth, 2019; Woo & Jin, 2014; Cayla & Eckhardt, 2008). Reflected from what is mentioned above, it is also suggested that ASUS and Giant could add some Asian features to their brands. Is it also important to note that Lithuanian consumers might not have the same understanding of Asian brands as Americans

because ethnicity and culture in the US is relatively more diverse. Therefore, Asian brands should be aware of attaching the Asian features that Lithuanian people are familiar with, in order to trigger brand associations.

In regards to brand management, Asian brands should also take advantage of their cultural characteristics as this is one of the features that distinguish them from brands originated in other regions such as Western brands (Roll, 2015; Southworth, 2019). Specifically, the brand should also provide adequate country information to consumers, in order for them to be able to evaluate based on accurate COO information. According to Saydan (2013), if the brand can contribute more to the society by promoting the name of COO, this will potentially help the acceptance and the growth of the brand in the market. Also, reflected from Melin (2002), brands should clearly deliver their unique brand meaning, and clearly communicate to locals. Very often, the gap in branding is due to the cultural understanding barrier, for example, the logo meaning is not well understood by the locals. Therefore, a potential recommendation for ASUS and Giant would be to confirm whether their logos and brand values are understood clearly in Lithuania.

7.3. Limitations and Recommendations for further research

Since our study was conducted according to the philosophy of positivism, applying the quantitative research method, certain individual differences and reasons behind their answers may have been overlooked due to many circumstances that influence human behavior (Burns & Burns, 2008). Our study contributed to a general understanding of Lithuanian consumers' perceptions in terms of COO, but it does not ensure that each individual will act as predicted. Therefore, a more in-depth qualitative study could help to further investigate the reasons for prejudice towards Taiwanese COO in Lithuania, as well as possible solutions for improvement of the country's image. Since in this paper tested moderators appeared to have a relatively small effect size, a qualitative study may help to identify other potential moderators of the COO effect in Lithuania. In addition, the moderator of price consciousness could be re-examined collecting more extended related information, since our study only relied on one question due to the issue of reliability, which could have affected the significance of the result. Moreover, due to the convenience sampling method, applied in this study, the most price-conscious group of Lithuanian consumers could have been excluded, which could be further improved by future researchers, applying more randomized probability sampling.

As mentioned in the literature review, the COO effect depends also on product type (Magnusson & Westjohn, 2011). While our study focused on laptops, for which Taiwan is acknowledged as a competent manufacturer, and bicycles, the moderating effects of other products' brands could be further examined in order to test if the perception of Lithuanian consumers will remain the same. This would help to understand whether all Taiwanese brands face similar issues and make a significant impact on how the country as COO is perceived in general. However, it would be also interesting to know more about perceptions

of often mentioned Acer and HTC brands, which compete with ASUS in the sector of technology.

This paper examined Lithuania as a representative of Eastern Europe, while Taiwan was chosen as a reflection of the East Asian region. Other countries in the regions are characterized by similar culture, as well as historical background, which influences the perceptions of consumers and forms the tradition of managing a business. Therefore, the tendencies may be similar in nearby countries. However, since the sample in this study consisted of Lithuanians, the findings could not be generalized to the level of the whole region of Eastern Europe. Certain differences are likely to occur which provides the space for further research in both regions. Due to the above limitation, it is also suggested that future research can take several individualistic countries and collectivistic countries as examples to test further how the moderating variables influence COO effect. This might improve marketers' understanding of the cultural differences to better deliver brand value.

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