

Trust Forming Factors Mitigating the Negative Effects of Country-of-Origin

~Analysis of Japanese and U.S. consumers regarding products

from emerging countries~

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Abstracts

In recent years, companies from emerging countries have gained international competitiveness in developed country markets.

The purpose of this study is to discuss how companies from emerging countries can build trust to overcome the negative effects of country-of-origin, by comparing consumers in the Japan and U.S. We focus on cognitive, normative, and affective elements of the negative effects of country-of-origin, including negative COO, consumer ethnocentrism, and animosity. Our study finds that among Japanese consumers, “marketing communication” fosters trust and mitigates negative COO perceptions. Especially for U.S. consumers, not only “marketing communications”, but also “CSR activities” can build trust and reduce negative COO perceptions. This research underscores the importance of trust-building activities considering the host country's culture when emerging country companies enter developed country markets.

Keywords: country-of-origin effect, trust, high pricing, marketing communication, CSR activities, emerging country

(7,510 words)

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I. Introduction

As globalization and economic growth progresses, many products from emerging countries enter the market (Wright et al., 2005). In a globalized society, consumers judge whether the country-of-origin of a product is compatible with their values when choosing a product (Ettenson & Klein, 2005). Research has been accumulated on these issues in the form of country-of-origin image research (Park, 2017). A positive reputation for the country-of-origin increases the evaluation of the product, while a negative reputation for the country-of-origin decreases the evaluation of the product (Chisik, 2003; Diamantopoulos et al., 2011; Tan & Leong, 1999). Obermiller and Spangenberg (1989) subdivided the country-of-origin effects research accumulated through existing research into three categories: “cognitive”, “normative”, and “affective”. In existing research, “negative COO” (negative country-of-origin), “consumer ethnocentrism”, and “animosity” is exemplified as typical examples of these three negative effects of country-of-origin (Park, 2017; Sharma, 2011).

However, even with these three negative effects of country-of-origin - negative COO, consumer ethnocentrism, and animosity - products from companies in emerging countries are still accepted by consumers in developed countries and remain internationally competitive. This study is designed to provide insights into the background of this phenomenon by focusing on consumers' “trust” in these companies. “Trust” is a significant factor that influences consumer purchasing behavior (Morgan

& Hunt, 1994). Nevertheless, the relationship between trust in products from companies originating in emerging countries and the negative images associated with the country-of-origin, as well as the factors contributing to trust formation, remains unclear (Jimenez & San Martín, 2014; Sahin et al., 2011).

In this study, based on existing studies on the negative effects of country-of-origin that emerging country countries may have when their products enter developed markets, we considered the following three corporate activities to be factors in the formation of trust: high pricing, marketing communication, and social contribution activities (hereinafter referred to as CSR activities) describing details later. Based on this assumption, we set the following research question.

RQ: What corporate activities should emerging country companies undertake to foster trust and mitigate the negative effects of their country-of-origin in developed countries?

In addition, various studies have already confirmed consistently that the country-of-origin effects have an impact on product evaluation and purchase intention (eg. Klein et al., 1998; Sharma, 2011). Therefore, clarifying the mitigation mechanism of the country-of-origin effects is an important aspect that will impact the final consumer behavior, particularly in the context of emerging country companies seeking global expansion and fair assessment in the global market.

II. Literature review

1. The effects of country-of-origin on consumer behavior

Economic globalization has led to increasingly intense competition among firms. As a result, there has been much discussion from the perspective of “country-of-origin” about the processes that influence consumers' quality evaluations, attitudes, and purchasing behavior toward products manufactured abroad and foreign brands (Park, 2017). These are often defined as country-of-origin image studies (Tan & Farley, 1987). Obermiller & Spangenberg (1989) categorized the extensive body of existing country-of-origin effects studies into three types: “cognitive”, “normative”, and “affective”, providing structure to this area of research.

Regarding the cognitive effect of country-of-origin, studies have examined the relationship among external cues (price, packaging, store name, brand, etc.), consumer knowledge of quality judgments toward imported products, and the country-of-origin effect (Johansson et al., 1985; Maheswaran, 1994). In addition, developed country consumers have been found to have a strong negative country-of-origin image (negative COO), believing that the quality of emerging country products is inferior to the quality of developed country products (Sharma, 2011; Verlegh & Steenkamp, 1999).

On the other hand, in contrast to the conventional cognitive effect of country-of-origin research, research on non-cognitive aspects has also been conducted in the field of country-of-origin image research since the late 1980s. In particular, Park (2017)

examines the normative effect of country-of-origin as one of the non-cognitive aspects and discusses consumer ethnocentrism as a representative example. Consumer ethnocentrism is a concept that focuses on normative purchasing behavior, in which consumers prefer and purchase domestic products over foreign products, regardless of their quality (Park, 2017). People with a high degree of consumer ethnocentrism find purchasing foreign products undesirable because they believe it can harm the domestic economy, lead to unemployment, and be considered unpatriotic (Shimp & Sharma, 1987).

Furthermore, Obermiller & Spangenberg (1989) organized the affective effect of country-of-origin as another example of the noncognitive aspect of country-of-origin research and took animosity as a representative example. Animosity refers to people's antipathies associated with past or current military, political, or economic events (Klein et al., 1998). It has been suggested that consumers' animosity towards a particular country has a significant impact on their purchasing behavior and product evaluations (Shoham et al., 2006).

On these facts, this study examines the cognitive, normative, and affective components, which are representative concepts in the country-of-origin effects research.

2. Trust and the country-of-origin effects

Trust is closely linked to the reliability, integrity, and competence of partners (Hunt et al., 2006). Particularly from the consumer's perspective, it is an essential element for building good relationships with consumers in the global marketplace (Kabadayi & Lerman, 2011).

Previous marketing and consumer behavior literature has considered issues related to trust and the country-of-origin effects (Ettenson & Klein, 2005; Sharma et al., 1995; Suh & Kwon, 2002). Regarding the impact of a product's country-of-origin effects on trust, research has noted that a firm's positive reputation regarding its country-of-origin has a favorable impact on trust, while animosity has a detrimental effect on trust (Jimenez & San Martín, 2010). Not only the influence of country-of-origin effects on trust but also how the building of trust influences the country-of-origin effects have been examined. For example, trust is seen as a mitigating factor for negative COO and animosity (Jimenez & San Martín, 2014). Based on these considerations, trust is closely related to three elements: negative COO, animosity, and consumer ethnocentrism. While many studies have explored the relationship between trust and the country-of-origin effects in international marketing, there exists a research gap in comprehending the elements that foster such trust and the processes involved in mitigating each of the negative effects of country-of-origin among consumers in developed countries.

3. Antecedent elements of trust and hypotheses

In previous research, three main aspects have been identified as elements of a trustworthy company. First, companies must possess high technological capabilities (Sahin et al., 2011). Existing research has shown that consumers perceive companies with greater technological capabilities as better able to meet consumer needs (Sahin et al., 2011). Second, companies should share their values and goals with consumers. Existing research indicates that sharing values elicits favorable reactions from customers (Doney & Cannon, 1997). Furthermore, consumers are influenced by whether their values align with the brand's purpose when making brand choices (Ipsos, 2021). Third, companies need to maintain good relationships with their stakeholders (Pivato et al., 2008). Existing research highlights that companies demonstrating social performance and maintaining relationships with stakeholders contribute to trust formation (Pivato et al., 2008).

Based on the above, three elements are necessary for a company to build trust: (1) advanced technology and capabilities, (2) shared values and objectives, and (3) maintaining good relationships with stakeholders. In this study, we will delve further into these issues by examining three areas: “high pricing”, “marketing communication”, and “CSR activities”.

(1) High Pricing

Consumers judge a product to be expensive, cheap, or fair relative to its price, which ultimately affects consumers' willingness to purchase the product (Ahmad & Vays, 2011). Therefore, it has long been stated that consumers use price as an indicator of product quality (Lichtenstein & Burton, 1989; Peterson & Wilson, 1985). In particular, it has been shown that high pricing is perceived as an indicator of high product quality, which has a positive impact on trust (Feick & Lind, 1987; Suhaily & Darmoyo, 2017). In other words, companies that handle high-priced products are likely to be perceived as trustworthy companies that have advanced technology and the ability to handle high-quality products. Therefore, setting high prices for products is expected to foster trust and alleviate the negative effects of country-of-origin. Therefore, we constructed the following hypothesis.

Hypothesis 1: When consumers perceive the price of a product to be high, they reduce (a) negative COO, (b) consumer ethnocentrism, and (c) animosity through trust.

(2) Marketing Communication

Marketing communication refers to the interaction between companies and consumers (Keller, 2009). Furthermore, Madhavaram et al. (2005) identified brand advertising, sponsorship, and social media as essential components of marketing communication, all of which play a pivotal role in a brand's strategy. It has also been

confirmed that marketing communication not only helps companies evoke favorable responses from customers but also exerts a positive influence on trust (Duncan & Moriarty, 1998; Dwivedi & McDonald, 2018). Based on this, it is assumed that marketing communication fosters trust that the company shares its vision, and corporate philosophy thereby mitigating any negative perceptions associated with the negative effects of country-of-origin. Therefore, we constructed the following hypothesis.

Hypothesis 2: When the company does more marketing communication, it reduces (a) negative COO, (b) consumer ethnocentrism, and (c) animosity through trust.

(3) CSR Activities

CSR activities are defined as actions taken by firms to protect and improve the interests of the organization and the welfare of society (Davis & Blomstrom, 1975). Specifically, CSR activities are said to include corporate employment growth, environmental protection, and information disclosure (Cho et al., 2015). Furthermore, it has been established that CSR activities have a significant impact on consumer reactions to products, attitudes towards products, and consumer behavior (Berens et al., 2005; Brown & Dacin, 1997). Therefore, when a company engages in CSR activities, it not only enhances brand value but also helps in retaining and increasing support from consumers (Kotler & Lee, 2005). In this way, CSR activities contribute to the

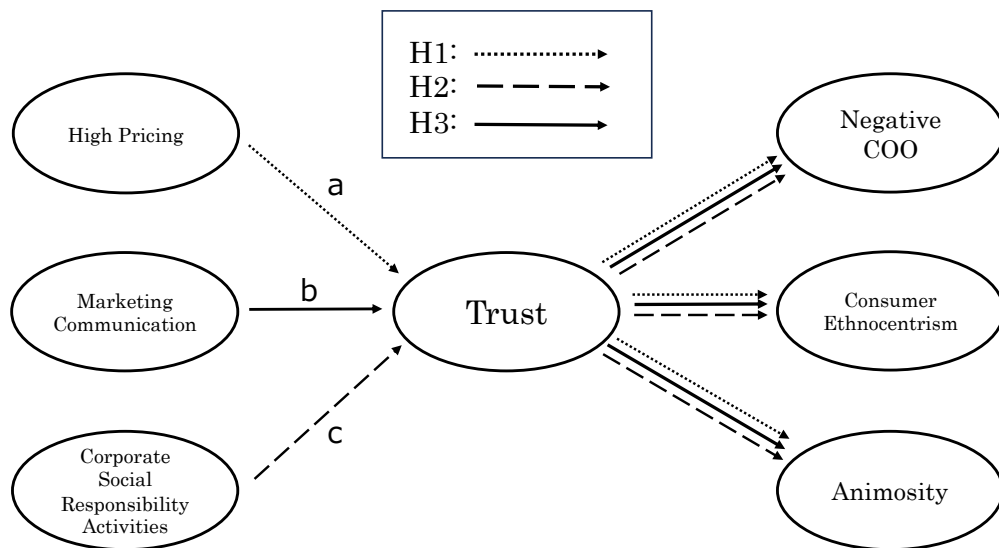
maintenance of positive relationships with stakeholders, as they meet the expectations of consumers who seek responsible behavior from companies across various aspects.

This is expected to foster trust and alleviate the negative effects of country-of-origin.

Therefore, we constructed the following hypothesis.

Hypothesis 3: When the company engages more in CSR activities, these activities reduce (a) negative COO, (b) consumer ethnocentrism, and (c) animosity through trust.

Figure 1: Conceptual model



Source: Authors.

III. Methodology

1. Scale

In this study, verification was conducted using scales with established

reliability and validity from previous research. To measure marketing communication, Veloutsou's (2007) brand relationship scale was employed. This scale, which emphasizes two-way communication, closely aligns with the definition of marketing communication used in this study. For measuring high pricing, Lichtenstein et al.'s (1993) price-quality schema scale was employed. To measure CSR activities, Folse et al.'s (2010) attitude toward the company (social responsibility) scale was chosen. Trust and animosity were gauged using Jimenez & San Martín's (2014) scale. To measure consumer ethnocentrism, Klein et al.'s (2006) CETSCALE was employed. For measuring the country-of-origin image, Mellahi et al.'s (2010) country image scale was applied. All questionnaire items were rated on a 7-point Likert scale, with responses ranging from 1 (strongly disagree) to 7 (strongly agree).

English and Japanese versions of the measurement items were prepared for this study. Since all the measurement scales were originally created in English, they were translated into Japanese following established scientific procedures. We employed the back-translation method (Usunier, 1998). Two bilingual individuals, one proficient in English were tasked with translating the text into Japanese. Then, the other person translated the text from Japanese into English again. The original scale from existing studies and the back-translated version were then compared by the two translators and authors, and minor corrections were made to minimize translation errors.

2. Country and product selection

In this study, we conducted a comparative study between the two countries with the assumption that the negative image of China in Japan and the U.S. would be alleviated. The reasons for targeting Japanese and U.S. consumers and Chinese companies in this study are motivated by two main factors.

First, Japan and the U.S. have animosity toward China, and extant studies on the country-of-origin effects have been conducted in Japan and the U.S. as developed countries belonging to the G7 and China as one of the emerging countries comprising the BRICS (e.g., Gao & Shi, 2021; Lee, 2014; The Japan Times, 2013; Wang & Yang, 2008). This approach would enable the conduct of a study that aligns with existing research, facilitating comparisons with previous studies, and thereby contributing to the advancement of research in this field.

Second, it has been reported that national cultures significantly differ between Japan and the U.S. Hofstede et al. (2010) quantifies national cultures in 76 countries worldwide and identifies two major differences in national cultures between Japan and the U.S.: uncertainty avoidance and individualism-collectivism. “Uncertainty avoidance” here refers to the degree to which members of a culture feel threatened by ambiguous or unknown situations (Hofstede et al., 2010). On the other hand, “collectivism-individualism” refers to the strength of people's social bonds and their orientation towards group or individual values (Hofstede et al., 2010). Hofstede

et al. (2010) also highlight a connection between trust formation and the national culture. The comparison of these two countries with such distinct national cultures is expected to yield more generalizable implications, unaffected by differences in the acceptance level of emerging country products or factors dependent on national culture.

For the analysis, we utilized “Chinese general electrical appliances company or brand” without specifying a particular product or brand. By avoiding the assignment of a specific brand, we could effectively measure the relationship between the constructs, leading to more generalizable analysis results (Elliot et al., 2011). Given these backgrounds, this study aimed to achieve more generalized outcomes by focusing on electrical appliances, which appeal to a broader demographic across different generations.

3. Sampling

The survey was conducted using an online panel owned by a research firm on July 7-8, 2022, in Japan, and July 6, 2022, in the U.S. Consumers were asked to indicate their perceptions of Chinese products based on their purchasing experiences. The total number of valid responses was 500, with 250 coming from Japan and 250 from the U.S. The sample was evenly distributed between Japan and the U.S., with no variations in terms of age or gender by using the same allocation method: male/female, below 18/25-34/35-44/45-54/over 55 years old. The sample description is in Table 1.

Table 1: Sample description

		N (Japan)	% (Japan)	N (U.S.)	% (U.S.)
Gender	Male	128	51.2%	128	51.2%
	Female	122	48.8%	122	48.8%
Age	<18	9	3.6%	10	4.0%
	18-24	41	16.4%	40	16.0%
	25-34	50	20.0%	50	20.0%
	35-44	50	20.0%	50	20.0%
	45-54	50	20.0%	50	20.0%
	55<	50	20.0%	50	20.0%
	Income level	low : 0	117	46.8%	107
	mid : 1	93	37.2%	67	26.8%
	high : 2	40	16.0%	76	30.4%
Children	None	187	74.8%	96	38.4%
	More than one	63	25.2%	154	61.6%

The definitions of the household income level in each country are as follows: Japan: 0 = less than JPY 2,999,999; 1 = JPY 3,000,000-7,999,999; 2 = JPY 8,000,000 or more. U.S.: 0 = less than USD 49,999; 1 = USD 50,000-99,999; 2 = USD 100,000 or more.

Source: Authors.

IV. Results

1. Assessing measurement reliability and validity

In this study, we employed the two-step approach for estimating the data trend recommended by Anderson & Gerbing (1988), which involved employing exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). During the EFA phase (Promax rotation and the maximum likelihood estimation method), it was observed that two items related to negative COO and one item concerning marketing

communication exhibited unstable factor loadings. Consequently, these items were excluded from subsequent analyses, according to Hair et al. (2014).

CFA by maximum likelihood estimation method was then conducted to assess model fit, convergent validity, internal consistency (reliability) of variables, and discriminant validity. The model fit was good: $\chi^2 = 2881.57$, $df = 791$, $p < .001$, $\chi^2/df = 3.64$, CFI = .92, and RMSEA = .07 (Hair et al., 2014). Factor loadings and average variance extracted (AVE) are presented in Table 2, and all values were found to meet Hair et al. (2014) criterion. Given these results, convergent validity was confirmed. Furthermore, Cronbach's alpha and composite reliability (CR) values were calculated to evaluate the internal consistency (reliability) of the variables, and both values showed good as suggested by Hair et al. (2014) (refer to Table 2).

Table 2: Convergent validity

Construct	Items	Mean	SD	Factor loading	Cronbach's alpha (α)	Omega value (ω)	Composite Reliability (CR)	Average Variance Extracted (AVE)
High pricing	HP1	4.53	1.46	0.70	0.81	0.86	0.84	0.57
	HP2	4.80	1.44	0.80				
	HP3	4.47	1.38	0.78				
	HP4	4.57	1.49	0.74				
Marketing communication	COM1	4.58	1.49	0.85	0.95	0.95	0.95	0.68
	COM2	4.28	1.41	0.84				
	COM3	4.52	1.44	0.84				
	COM4	4.28	1.51	delete				
	COM5	4.50	1.43	0.83				
	COM6	4.56	1.55	0.81				

	COM7	4.42	1.44	0.83				
	COM8	4.41	1.34	0.81				
	COM9	4.14	1.57	0.79				
	COM10	4.42	1.44	0.85				
	COM11	4.48	1.42	0.76				
	CSR1	4.52	1.48	0.86				
	CSR2	4.41	1.37	0.74				
CSR activities	CSR3	4.55	1.41	0.82	0.91	0.91	0.92	0.70
	CSR4	4.35	1.49	0.85				
	CSR5	4.44	1.41	0.89				
	TRU1	4.17	1.46	0.87				
	TRU2	4.20	1.50	0.86				
Trust	TRU3	4.08	1.43	0.82	0.93	0.95	0.93	0.70
	TRU4	4.17	1.40	0.84				
	TRU5	4.23	1.39	0.81				
	TRU6	4.09	1.47	0.85				
	COO1	4.24	1.59	0.80				
	COO2	3.75	1.59	delete				
Negative COO	COO3	4.11	1.71	0.88	0.87	0.88	0.89	0.73
	COO4	3.90	1.60	delete				
	COO5	4.12	1.65	0.87				
	CET1	4.62	1.65	0.76				
	CET2	3.70	1.67	0.73				
Consumer ethnocentrism	CET3	3.61	1.59	0.71	0.85	0.88	0.88	0.54
	CET4	4.08	1.57	0.72				
	CET5	3.88	1.69	0.79				
	CET6	4.84	1.53	0.71				
	ANM1	3.85	1.74	0.74				
	ANM2	3.40	1.71	0.84				
Animosity	ANM3	3.22	1.86	0.93	0.91	0.93	0.93	0.72
	ANM4	3.27	1.92	0.91				
	ANM5	2.82	1.64	0.80				

ANM : Animosity, CET : Consumer Ethnocentrism, COO : Negative COO, CSR : CSR activities, HP : High pricing, COM : Marketing communication, TRU : Trust

Source: Authors.

To assess discriminant validity, we employed the Heterotrait-Monotrait ratio of correlations (HTMT), following the method recommended by Henseler et al. (2015). This method supports discriminant validity when the HTMT values between variables are less than 0.85 (Henseler et al., 2015). In our study, discriminant validity was established as the HTMT between each factor ranged from 0.05 to 0.73.

Table 3 : HTMT (Heterotrait-monotrait ratio) correlation

	1	2	3	4	5	6	7
1. High pricing	1						
2. Marketing Communication	0.70	1					
3. CSR activities	0.64	0.72	1				
4. Trust	0.60	0.73	0.72	1			
5. Negative COO	0.10	0.06	0.12	0.23	1		
6. Consumer Ethnocentrism	0.32	0.29	0.16	0.15	0.69	1	
7. Animosity	0.11	0.07	0.05	0.05	0.66	0.59	1

Source: Authors.

Following this validation process, the sample data collected in this study were deemed reliable and valid. Consequently, we tested our model with high pricing, communications, and CSR activities, marketing as independent variables, negative COO, consumer ethnocentrism, animosity as dependent variables, and trust acting as mediating variable. Structural equation modeling (SEM) and mediation analysis were

conducted (see Figure 1) using Amos (version 28.0.0.0). As per Hayes (2018) recommendation, we used 2,000 bootstrapping to estimate indirect effects.

2. Results of a structural equation modeling

The model fit index is good: $\chi^2 = 2780.899$, $df = 1520$, $p < 0.001$, CFI = 0.917, TLI = 0.902, SRMR = 0.052 and RMSEA = 0.041. The smallest R^2 was 0.081 and the highest R^2 was 0.725.

In Table 4, the results of SEM are shown. We controlled for gender, age, and income category in our model. Age was found to have an impact on negative COO and animosity in Japan (Negative COO: $\beta = .199$, $p < .001$, Animosity: $\beta = .253$, $p < .001$) as well as on negative COO and consumer ethnocentrism in the U.S. (Negative COO: $\beta = .132$, $p < .05$, Consumer ethnocentrism: $\beta = .311$, $p < .001$). These effects tended to increase with the respondents' age.

First, we confirm that trust effectively mitigates all three negative effects of country-of-origin in Japan (Negative COO: $\beta = -.540$, $p < .001$, Consumer ethnocentrism: $\beta = -.363$, $p < .01$, Animosity: $\beta = -.345$, $p < .001$) while in the U.S., trust was observed to have negative impact on negative COO (Negative COO: $\beta = -.286$, $p < .01$, Consumer ethnocentrism: $\beta = -.105$, $p = n.s.$, Animosity: $\beta = .062$, $p = n.s.$). Second, it was determined that high pricing did not significantly impact trust in either Japan or the U.S. (Japan: $\beta = .095$, $p < .10$, US: $\beta = .088$, $p = n.s.$). Third, results show that marketing communication

has an effect on trust in both Japan and the U.S. (Japan: $\beta=.653$, $p<.001$, U.S.: $\beta=.217$, $p<.01$). Lastly, CSR activities had an impact on trust in Japan and the U.S. (Japan: $\beta=.175$, $p<.01$, U.S.: $\beta=.504$, $p<.001$).

Table 4: SEM results

			Standard β	Standard Error	R ²	t-Value	p -Value	
Japan	HP	→	TRU	0.095	0.063		2.125	*
	COM	→	TRU	0.653	0.069	0.725	9.533	***
	CSR	→	TRU	0.175	0.073		3.005	**
	TRU	→	Negative COO	-0.540	0.147		-4.718	***
	Gender	→	Negative COO	0.058	0.138	0.268	-0.204	<i>n.s.</i>
	Age	→	Negative COO	0.199	0.047		2.810	***
	Income	→	Negative COO	-0.064	0.094		-1.085	<i>n.s.</i>
	TRU	→	CET	-0.363	0.111		-2.742	**
	Gender	→	CET	-0.030	0.102	0.261	1.364	<i>n.s.</i>
	Age	→	CET	0.102	0.035		2.142	<i>n.s.</i>
	Income	→	CET	0.028	0.069		0.461	<i>n.s.</i>
	TRU	→	ANM	-0.345	0.151		-3.415	***
	Gender	→	ANM	-0.068	0.142	0.156	1.652	<i>n.s.</i>
	Age	→	ANM	0.253	0.049		0.053	***
	Income	→	ANM	0.038	0.097		0.619	<i>n.s.</i>
U.S.	HP	→	TRU	0.088	0.075		1.558	<i>n.s.</i>
	COM	→	TRU	0.217	0.105	0.514	2.340	**
	CSR	→	TRU	0.504	0.077		6.111	***
	TRU	→	Negative COO	-0.286	0.117		-2.897	**
	Gender	→	Negative COO	-0.002	0.188		-0.204	<i>n.s.</i>
	Age	→	Negative COO	0.132	0.064	0.155	-0.204	*
	Income	→	Negative COO	0.045	0.072		0.697	<i>n.s.</i>
	TRU	→	CET	-0.105	0.110		-0.960	<i>n.s.</i>
	Gender	→	CET	-0.001	0.178	0.224	1.364	<i>n.s.</i>
	Age	→	CET	0.311	0.061		1.364	***
	Income	→	CET	-0.047	0.068		-0.	<i>n.s.</i>
	TRU	→	ANM	0.062	0.074	0.081	0.450	<i>n.s.</i>

Gender	→	ANM	0.006	0.121	1.652	<i>n.s.</i>
Age	→	ANM	-0.003	0.041	1.652	<i>n.s.</i>
Income	→	ANM	-0.007	0.046	-0.102	<i>n.s.</i>

ANM : Animosity, CET : Consumer Ethnocentrism, COO : Negative COO, CSR : CSR activities, HP : High pricing, COM : Marketing communication, TRU : Trust

Note : *** $p < .001$, ** $p < .01$, * $p < .05$, + $p < .10$

Source: Authors.

3. Results of a mediation analysis

To test the hypothesis and examine the process of mitigating the negative effects of country-of-origin through trust by corporate activities, a mediation analysis was conducted after SEM. Results are shown in Table 5. The results show that high pricing mediated trust in both Japan and the U.S., but it did not have a significant effect on alleviating negative COO (Japan: $\beta = -.104$, $p < .10$; U.S.: $\beta = -.038$, $p = n.s.$), consumer ethnocentrism (Japan: $\beta = -.044$, $p < .10$, U.S.: $\beta = -.013$, $p = n.s.$), or animosity (Japan: $\beta = -.080$, $p < .10$; U.S.: $\beta = .004$, $p = n.s.$). These results unsupported H1 in both countries. On the other hand, marketing communication origin trust mitigates negative COO in Japan and the U.S (Japan: $\beta = -.452$, $p < .001$; U.S.: $\beta = -.079$, $p < .05$), consumer ethnocentrism (Japan: $\beta = -.191$, $p < .001$; U.S.: $\beta = -.028$, $p = n.s.$) and animosity ($\beta = -.347$ $p < .001$ 01 ; U.S.: $\beta = .009$, $p = n.s.$) in Japan. The results supported H2a in Japan and the U.S., supported H2b and H2c only in Japan. We also found that the effect of CSR activities on mediated trust had no significant impact on mitigating

negative COO in Japan ($\beta = -.130, p < .10$), but it had a significant effect in the U.S. ($\beta = -.160, p < .05$). The results partially supported H3a. The results regarding the mitigation of consumer ethnocentrism (Japan: $\beta = -.055, p < .10$; U.S.: $\beta = -.056, p = n.s.$) and animosity (Japan: $\beta = -.100, p < .10$; U.S.: $\beta = .017, p = n.s.$) were not significant in both Japan and the U.S., and H3b and H3c were not supported in our data.

Table 5: Mediation analysis

				Standard β	95%CI (Lower)	95%CI (Upper)	<i>p</i> -value
Japan	HP	→	TRU → COO	-0.104	-0.331	0.011	*
	HP	→	TRU → CET	-0.044	-0.170	0.004	*
	HP	→	TRU → ANM	-0.080	-0.275	0.008	*
	COM	→	TRU → COO	-0.452	-0.810	-0.219	***
	COM	→	TRU → CET	-0.191	-0.445	-0.044	***
	COM	→	TRU → ANM	-0.347	-0.683	-0.132	***
	CSR	→	TRU → COO	-0.130	-0.404	0.023	*
	CSR	→	TRU → CET	-0.055	-0.180	0.007	*
	CSR	→	TRU → ANM	-0.100	-0.334	0.014	*
U.S.	HP	→	TRU → COO	-0.038	-0.149	-4.718	<i>n.s.</i>
	HP	→	TRU → CET	-0.013	-0.107	-2.742	<i>n.s.</i>
	HP	→	TRU → ANM	0.004	-0.010	-3.415	<i>n.s.</i>
	COM	→	TRU → COO	-0.079	-0.254	-0.204	*
	COM	→	TRU → CET	-0.028	-0.151	-0.204	<i>n.s.</i>
	COM	→	TRU → ANM	0.009	-0.030	2.810	<i>n.s.</i>
	CSR	→	TRU → COO	-0.160	-0.331	3.005	*
	CSR	→	TRU → CET	-0.056	-0.205	9.533	<i>n.s.</i>
	CSR	→	TRU → ANM	0.017	-0.060	2.125	<i>n.s.</i>

ANM : Animosity, CET : Consumer Ethnocentrism, COO : Negative COO, CSR : CSR activities, HP : High pricing, COM : Marketing communication, TRU : Trust

Note : *** $p < .001$, ** $p < .01$, * $p < .05$, + $p < .10$

Source: Authors.

V. Discussion

We examined the trust-forming factors mitigating the negative effects of country-of-origin. This section discusses the results. First, H1 was not supported in either country. These results indicate that high pricing does not significantly impact trust in either Japan or the U.S. in order to alleviate negative COO, consumer ethnocentrism, or animosity. The possible reason for this could be that consumers perceived the offered price as “not worth the value”. Existing research suggests that high prices increase consumers' willingness to purchase as an indicator of high quality. However, there is a 'cognitive trade-off' relationship here. On one hand, high prices suggest better quality and can motivate consumers to buy. On the other hand, these elevated prices can also make consumers feel like they are making a significant sacrifice when making a purchase. This perceived sacrifice tends to decrease their willingness to buy. (Dodds et al., 1991). Furthermore, based on this relationship, consumers may question the quality of a product if they perceive the price of the product as either too high or too low when considering a purchase (Cooper, 1996; Monroe, 1979). In other words, when products from emerging countries, often perceived as low-quality due to the negative effects of country-of-origin, are sold at a high price, consumers are likely to make judgments based on cognitive trade-offs. This may lead to a sense of inappropriateness regarding the price, ultimately resulting in a lack of trust.

Second, H2(a) was supported in Japan and the U.S. regarding marketing communication alleviating negative COO through trust in both countries. There was a significant difference in the effect size of marketing communication between Japan and the U.S., with Japan showing a higher value. Also, the reduction of consumer ethnocentrism and animosity was significantly negative only in Japan, and no significant results were confirmed in the U.S. Based on the above, H2(b) and H2(c) were supported only in Japan. This result is thought to be attributed to the high levels of uncertainty avoidance and collectivism among Japanese people. Japanese culture is characterized by a tendency to avoid uncertainty and a propensity for anxiety. Therefore, it is thought that sharing information through marketing communication helped relieve anxiety and fostered trust. Additionally, since the Japanese have a national culture of collectivism, they value connections with others. When companies in emerging countries communicate information through marketing communication, consumers in developed countries establish a connection with the company and develop trust in it. On the other hand, in the U.S., H2a was supported, and H2b and H2c were not supported. The specific interpretation will be performed in conjunction with H3b and H3c.

Third, H3a was partly supported only in the U.S. CSR activities did not have a significant impact on mitigating negative COO through trust in Japan. However, in the U.S., they had a significant effect. No inhibitory effects were observed in the

mitigation of consumer ethnocentrism and animosity in both Japan and the U.S., and as a result, H3(b) and H3(c) were not supported. The fact that H3(a) was supported only in the U.S. may be related to the fact that people in the U.S. have a low level of uncertainty avoidance. The U.S. culture embraces uncertainty, meaning that while accepting that the world is uncertain, they are likely to have expectations for the kind of value companies will create in an uncertain future. For this reason, it is believed that they have high expectations for companies that engage in CSR activities that bring long-term benefits to society and have cultivated trust in such companies.

A possible reason why H2b, H2c, H3b, and H3c were not supported in the U.S. is that the strength of animosity and consumer ethnocentrism among U.S. consumers changes over time. Although existing research has suggested that trust is effective in alleviating animosity, the results of this study show that trust is not effective in alleviating consumer ethnocentrism and animosity in the U.S. Compared to the period when the existing studies were conducted, the period during which this study may have witnessed an increase in U.S. animosity toward China and consumer ethnocentrism due to political, economic, and other factors.

The quantitative survey in this study revealed differences between Japan and the U.S. in the mechanism by which trust alleviates negative COO. To further explore these findings, we conducted a qualitative study involving semi-structured interviews with companies. Based on the Forbes 2000 ranking (Forbes, 2023), we selected the

companies based on the following conditions: (1) be from an emerging country (BRICS), (2) have experience in expanding into Japan and the U.S., (3) operate in the field of electrical appliances, and (4) be either a B-to-B or B-to-C company. Subsequently, we conducted a screening pooled sample into 28 companies and sent survey requests to all of them. We conducted interviews with those who responded. Table 6 summarizes the information about the selected company.

This time, we are utilizing only one company, commonly referred to as a single case. In recent years, numerous studies across various industries have employed single case methods to address issues that need to be researched within their respective fields (Maggin et al., 2017; Riley-Tillman et al., 2020). Previous studies have indicated that single case research is typically for answering 'how' and 'why' research questions (Hunziker & Blankenagel, 2021). The purpose of this qualitative study was to delve deeper into the reasons behind the results obtained in the quantitative study. It is believed that conducting a single case study can produce valid results.

Table 6: Outline of the survey

Company Name	A
Business Details	Software Development
Headquarters	India
Countries of Expansion	50+ (including Japan and the U.S.)
Survey Date	20. October. 2023
Research Method	ZOOM
Position	Digital Experience & Commerce

Source: Authors.

Table 7: Details of the survey's findings

Findings	Details
Marketing Communication and CSR activities are important for generating trust	According to Company A, to generate trust, marketing communication is important as it helps build good relationships between the company and its customers. CSR activities are also important as they allow us to give back to society and build strong ties with the community. Marketing communication is especially important when expanding to Japan. This is because Japanese people are very cautious in business negotiations. Sharing more information through a variety of communication methods is important for Japanese people.

Source: Authors.

The qualitative study results are summarized in Table 7. During our discussion with Company A, we focused on the importance of trust in their operational

practices. Company A stressed that trust is a crucial element in the business world. As such, we explored topics such as marketing communication and CSR activities, both of which are vital in building and maintaining trust.

First, when inquiring about their involvement in marketing communications, Company A highlighted, 'We engage in consumers through our Formula 1 sponsorship activities'. We followed up by asking whether their marketing communications primarily focus on building trust or raising awareness. Respondents clarified that it serves dual roles - fostering brand building and showcasing their dedication to the country.

Second, concerning the importance of participating in CSR activities, Company A expressed, 'We are associated with non-profit organizations. When questioned about the purpose behind their involvement in non-profit ventures, Company A elucidated, 'Our aim is to contribute to the community, address climate concerns, and support various social causes'. Concerning the process by which marketing communications and CSR activities build trust, it is assumed that the execution of these activities needs to be recognized by consumers, and trust is formed after a positive evaluation. Marketing communication, by its nature, serves the function of transmitting information and is targeted exclusively at consumers. However, consumers are not the sole target through which companies communicate information via CSR activities. Among the stakeholders to whom information is

communicated from companies, consumers are said to be less sensitive to CSR activities. This is why information asymmetry occurs between companies and consumers (Shimizu, 2006). This suggests that companies need to engage in CSR activities and raise consumer awareness of them through marketing communications.

VI. Conclusion

In this study, we focused on the relationship between the negative effects of country-of-origin and trust. Based on previous studies, we examined three corporate activities forming trust which mitigate the negative effects of country-of-origin, namely high pricing, marketing communication, and CSR activities. We revealed that marketing communication generates trust and the trust mitigates the impact of the three negative effects of country-of-origin especially in Japan. Furthermore, we demonstrated that marketing communication and CSR activities generate trust, and they effectively mitigate the impact of the negative COO in the U.S. However, the effect size of trust generated by marketing communication in mitigating the negative COO among U.S. consumers was relatively weak. These findings suggest that national cultural differences between Japan and the U.S. play roles in shaping trust and its contributing factors.

Additionally, this study corroborated the results suggested by the quantitative survey by conducting semi-structured interviews with companies that met specific

criteria, thus obtaining data that support the effectiveness of the results in actual corporate activities.

1 . Academic Implications

This study has validated the theoretical framework concerning the negative effects of country-of-origin and trust. It has made significant contributions in two key areas within this research domain. First, it unveiled the elements that form trust capable of mitigating negative COO. While previous research has discussed the role of trust in alleviating negative COO and factors contributing to trust in companies, the elements forming trust capable of alleviating negative COO had not been clearly identified. Furthermore, in the examination of the relationship between negative COO and trust, the cases of focusing on emerging country companies entering developed countries were not addressed in previous studies (Jimenez & San Martín, 2014). Therefore, this study successfully identified the corporate activities that foster trust when emerging country companies enter developed countries and revealed which activities are effective in mitigating each of the three negative effects of country-of-origin.

Second, this study highlighted the differences in the elements and degrees of trust formation capable of alleviating negative country-of-origin depending on the national cultures of the host country. While previous studies have examined the

relationship between the negative effects of country-of-origin and the national culture, there has been no comparative research between two countries with different national cultures (Khouaja, 2021). This study demonstrated that the differences in two aspects of national cultures, “uncertainty avoidance” and “individualism-collectivism”, result in variations in the elements forming trust and their effectiveness in mitigating the negative effects of country-of-origin.

2. Practical Implications

The study also holds practical significance for actual corporate activities. In exploring the elements forming trust capable of mitigating the negative effects of country-of-origin, this study focused on two aspects of national culture, “uncertainty avoidance” and “individualism-collectivism”. By conducting a comparative study between Japan and the U.S., which have significantly different national cultures, this study obtained different results for these two countries. Therefore, the effective corporate activities obtained from this study are considered effective for consumers in countries with similar national cultures to Japan and the U.S. in terms of “uncertainty avoidance” and “individualism-collectivism.” Consequently, this study provides new practical insights for emerging country companies from the perspective of national culture, suggesting the approaches they should adopt when entering developed

countries. This research can be used as a basis for companies to select foreign countries for expansion.

3. Future Challenges

We discuss the limitations of this study and prospects for the future. First, it is necessary to expand the survey to include more target countries. In this study, we considered China as an emerging country and Japan and the U.S. as developed countries, following the existing research on the negative effects of country-of-origin. However, since the negative effects of country-of-origin vary by country, the elements forming trust capable of mitigating the negative effects of country-of-origin and their effectiveness may yield different results in other emerging countries. Therefore, it is essential to expand the survey to include more target countries in the future and examine additional emerging countries.

Second, it is crucial to expand the range of industries covered in the survey. In this study, we concentrated on high-value products, which are frequently discussed in the research on the negative effects of country-of-origin, and examined electric appliances, a product that many consumers purchase. However, since the effect size of the country-of-origin varies significantly depending on the product or industry, it is necessary to consider other industries as well.

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Appendix

Scale items

Construct	Items	Source
CSR activities	CSR1	This is a socially responsible company.
	CSR2	This promotion benefits research more than it benefits this company.
	CSR3	Helping others appears important to this company.
	CSR4	I think this company has a legitimate interest in this cause.
	CSR5	This company is a good corporate citizen.
Marketing communication	COM1	I want to be informed about my preferred brand.
	COM2	My preferred brand of and I complement each other
	COM3	I care about the developments relevant to my preferred brand.
	COM5	(Although I do not currently receive information) I will be willing to be informed about my preferred brand of in the future
	COM6	I am willing to give feedback to the manufacturer of my preferred brand.
	COM7	(When a company conducts communication activities) I listen with interest to info about my favorite brand.
	COM8	Both my preferred brand and I benefit from our link
	COM9	My preferred brand is like a person with whom I am close to.
	COM10	Over time my preferred brand of becomes more important to me
	COM11	I am more willing to learn news about my preferred brand than for other brands.
	High pricing	HP1
HP2		The old saying "you get what you pay for" is generally true.
HP3		The price of a product is a good indicator of its quality.
HP4		You always have to pay a bit more for the best.
Trust	TRU1	Belief that firms make honest transactions.transactions.
	TRU2	Confidence that firms will act in the best interests of the consumer.
	TRU3	Opinion that firms are concerned about consumer satisfaction
	TRU4	Fulfillment of promises by firms
	TRU5	Trust in the technical capacity of country's firms
	TRU6	Conviction that country's firms give detailed and truthful information

	COO1	Chinese products are of a lower quality than similar products available in similar countries.	
Negative COO	COO3	In general, I think Chinese products are very unreliable and less durable.	Mellahi et al., (2010)
	COO5	Generally Chinese products are not manufactured with care and are poorly finished.	
	CET1	The U.S./Japan's products, first, last, and foremost.	
	CET2	U.S people/Japanese should not buy foreign products, because this hurts U.S. business and causes unemployment.	
Consumer ethnocentrism	CET3	U.S. consumers who purchase products made in other countries are responsible for putting their fellow U.S people out of work.	Klein et al., (2006)
	CET4	Only those products that are unavailable in the U.S./Japan should be imported.	
	CET5	It may cost me in the long run, but I prefer to support U.S. products.	
	CET6	It may cost me in the long run, but I prefer to support U.S. /Japanese products.	
	ANM1	To feel antipathy towards country	
Animosity	ANM2	Aversion to anything linked to China	Jimenez, N. & San Martin, S. (2014)
	ANM3	To avoid people from China whenever possible	
	ANM4	To dislike people from China	
	ANM5	To feel obligation not to like people from China	

Some items showed unstable and extremely low factor loadings, so they were removed from our analysis.

Source: Authors.