



**UNIVERSITY  
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# **The country-of-origin effect in the electronics industry**

How Chinese-made products affect consumer perception

International Business,  
Department of Marketing and International Business

Bachelor's thesis

Author(s):  
Tuuli Salomäki

Supervisor(s):  
D.Sc. Henna Leino

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## **Bachelor's thesis**

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### **Abstract**

Country-of-origin (COO) is a central phenomenon in international business research, and one that affects consumer perceptions, consumer trust, as well as purchasing behavior. The globalized market complicates the COO-effect (COE), because the assigning of a COO is not as clear as before, due to globalized supply chains. Due to this, the importance of country-of-brand (COB) has risen, especially in consumers of developed countries.

The thesis looks at COE from the point of view of Chinese electronics products in the B2C market. These parameters and the reviewing of recent events affecting China's nation brand bring novelty to the subject. Factors influencing the phenomenon, such as consumer perception and consumer trust affecting China's nation brand are reviewed through relevant studies and literature. Both domestic and foreign markets are looked at through a literature review, and China's status as a developing country is highlighted as a factor in how it is seen as a manufacturer of complex electronics.

It is found that China's complex and dynamic nation brand and country image (CI) make a clear assessment of how China is seen as a COO in the sector difficult, and a shift in perceptions towards Chinese-made products is seen. Shifts in the geopolitical climate and China's development have and will continue to shape the answer to the research question "How is China seen as a COO in the field of electronics?". Generally, it is found that products of Chinese COBs are seen as less favourable, especially in developed markets. This is affected by concerns over quality, bootlegging, as well as data privacy. Chinese consumers have traditionally also had negative attitudes towards Chinese electronics, but there is a slight shift seen towards a more positive connotation.

**Keywords:** Country-of-origin (COO), Country-of-origin effect (COE), Nation brand, Country image (CI) consumer perception, consumer trust, perceived quality, electronics

## **Kandidaatintutkielma**

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## **Tiivistelmä**

Alkuperämaa (COO) on keskeinen ilmiö kansainvälisen liiketoiminnan tutkimuksessa, ja se vaikuttaa kuluttajien vaikutelmiin, luottamukseen, sekä ostokäyttäytymiseen. Globalisoituneet markkinat monimutkaistavat COO-efektiä (COE), sillä alkuperämaan määräytyminen ei ole yhtä suoraviivaista kansainvälistyneiden toimitusketjujen myötä. Samalla brändialkuperämaan (COB) tärkeys on korostunut, erityisesti kehittyneiden maiden kuluttajilla.

Tutkielma tarkkailee COE:ta kiinalaisten elektroniikkatuotteiden perspektiivistä kuluttajamarkkinoilla. Nämä rajaavat parametrit, sekä ajankohtaisten tapahtumien vaikutusten arviointi Kiinan maabrändiin tuovat uutuutta COE tutkimukseen. Ilmiöön vaikuttavien komponenttien, kuten kuluttajavaikutelman ja kuluttajaluottamuksen merkitystä Kiinan maabrändiin tutkitaan relevanttien tutkimusten ja kirjallisuuden kautta. Sekä koti- että ulkomaisia markkinoita tarkastellaan kirjallisuuskatsauksen kautta, ja Kiinan asema kehittyvänä maana korostuu vaikuttajana Kiinan maakuvaan (CI) monimutkaisten elektroniikkatuotteiden saralla.

Kiinan monimuotoinen ja dynaaminen maabrändi sekä CI vaikeuttavat selkeän arvion luomista siitä, kuinka Kiina havaitaan alkuperämaana sektorilla. Myös muutoksia kuluttajien asenteissa Kiinalaisvalmisteista elektroniikkaa kohtaan on nähtävissä. Muutokset geopolitisessä ilmapiirissä ja Kiinan kehitystasossa ovat vaikuttaneet, ja tulevat jatkossakin vaikuttamaan siihen, mikä vastaus tutkimuskysymykseen ”Kuinka Kiina nähdään alkuperämaana elektroniikkatuotteiden sektorilla?” on. Yleisesti on huomattu, että kiinalaisbrändien tuotteet nähdään negatiivisemmin, ja niihin liittyy huolia esimerkiksi tuotteiden laadun, alkuperäisyyden ja tietosuojan suhteen. Nämä huolet ovat korostuneen vahvoja kehittyneillä markkinoilla. Myös kiinalaisilla kuluttajilla on perinteisesti ollut negatiivinen asenne kiinalaista elektroniikkaa kohtaan, mutta tässä on viimeaikoina näkynyt muutosta positiivisempaa kohti.

**Avainsanat:** Alkuperämaa (COO), Alkuperämaa-efekti (COE), maabrändi, maakuva, kuluttajavaikutelma, kuluttajaluottamus, havaittu laatu, elektroniikka

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# 1 Introduction

## 1.1 Background of the thesis

Country-of-origin (COO) research has remained an important topic in international business research for some sixty years (Aboagye & Haozhen, 2024; Bilkey & Nes, 1982; Schooler, 1965). During that time, a lot has changed and evolved in the global arena, and current events, and their impacts on COO effects are very relevant topics. China as a COO is an interesting perspective, due to its rapid economic growth over the last few decades, along with its dual status in the global economy. The dual status derives from China being a major actor in the global market, especially due to the sheer size of its exports, and still being classified as a developing country (Dadush, 2021). Another component in making China an area of interest is its participation in several causes of global economic and political tension.

In the chosen field of review, electronics products, China's role as a significant global actor is undeniable (*UN Comtrade*), yet its reputation in the sector is somewhat controversial due to a multitude of reasons. Especially in markets of developed countries, Chinese electronic brands are relatively unfamiliar and affected by heuristics of low quality and possible counterfeiting (Pang, 2008). Research on China as an electronics manufacturer has been limited, and COO research has overall been very focused on developed countries and markets. When talking about electronics products, the thesis focuses on common consumer electronics, namely computers and mobile phones. Some of the literature reviewed is simply talking about electronics as a product category, and therefore, an exact definition cannot be made.

## 1.2 Aim of the thesis

This thesis aims to deepen the understanding of COO-effects, mainly in the field of electronic products, as well as to look at China and Chinese products as an exemplifying COO. The field of electronics is an interesting one due to it having had such growth in the past decades, especially in China. Overall, it is found that the COO-effect (COE) is as prevalent in the business-to-business (B2B) sector as in the business-to-consumer (B2C) sector. (Verlegh & Steenkamp, 1999, 11). However, this thesis will focus on the COO-effect from the B2C viewpoint, since in this specific sector, most end users are consumers, and covering both would take away from the depth of the thesis.

The ongoing trade war between China and the US has and will continue to impact the field of electronics tremendously, as China is at the centre of the US' focus, and with the US being a major market globally, overall, as well as specifically in electronics. The global aspect makes it so that the conflict affects more than just the business directly between the two. Currently, China is the global leader in manufacturing and assembly of electronic goods, while the US is the largest designer and buyer in the sector (*UN Comtrade*).

This thesis aims to answer the research question "How is China seen as a COO in the field of electronics?" To aid in answering the main research question, this thesis will explore three supporting questions:

- What factors impact the country-of-origin phenomenon?
- How does consumer perception affect COE?
- How are Chinese electronics viewed in the domestic market compared to the foreign market?

In Chapter 2, this thesis will cover a background of country-of-origin research, along with nation brand literature, and how those two are interconnected. Chapter 3 goes over how the country-of-origin effect relates to consumer perception and consumer trust. Chapter 4 will cover aspects of China as a COO in electronics, its development status, and how it's viewed by domestic and foreign consumers. Current events and their effect on China's country image will be covered in section 4.4. Chapter 5 will summarize, go over possible limitations, and provide implications for future research, as well as for managers.

## 2 COO and nation brands

### 2.1 Country-of-origin

COO-effects have been studied since the concept was introduced by Schooler (1965). COO acts as an extrinsic cue that can shape and shift consumer perception, trust, and consumer behaviour.

Country-of-origin is an important element in international marketing, and it is known to influence both perceptions on quality (Verlegh & Steenkamp, 1999) as well as behavior (Pappu et al., 2006, 697), with perceived quality being the factor of the two that is most influenced by COO.

Globalization, alongside digitalization, has enabled, via e-platforms and online stores, as well as globalized supply chains, consumers to have a wider variety of products and services of diverse origins at their disposal than ever before. This makes the COE more prevalent since consumers have access to products from various countries of origin. This, however, also complicates the phenomenon, because via globalization, products are often designed, manufactured, sold from, and sold at multiple different locations, which makes the phenomenon increasingly complex (Lloyd, 2002; Pappu et al., 2006). This might affect consumers' ability to distinguish the COO. Generally speaking, consumers might not have the resources or the will to look sufficiently into a product's background, including the country of origin. That deepens the COE and whatever existing biases consumers possess.

Hybrid products' (design and manufacturing in multiple places) effect on the COO-phenomenon has been further researched, with Verlegh and Steenkamp (1999) rejecting the hypothesis that hybrid manufacturing has a significant effect on COE. Along these lines, in a more recent study, Tamas (2016) found that COO does affect hybrid products. The globalization of supply chains has made the terms country-of-brand (COB), country-of-assembly (COA), and country-of-design (COD), among others, emerge. In Tamas's study (2016) 84% of the focus group assigned importance to the COO in hybrid products. The study also found that 35,7% of consumers consider country COB to be the COO, with the second largest (34,9%) being the "made in..." country. COB will be further discussed in section 4.3.

Thus, COO does affect hybrid products, but what sub-component of COO consumers assign as the COO differs. The varying terms have made it more difficult to assess these hybrid products' COO, and different research stresses the aspects differently, with Pappu et al. (2006) making the assumption that the stress of sub-components is product category-bound. This is something that can and has been taken advantage of by firms that intentionally put weight on a certain country that fits

their image, whether it be the COB, the “made in...” country, COB, COM, or COA. For a plethora of products, consumers are biased to think of the COB as the COO, especially when the COB is highlighted, often as a selling point, in brands such as Apple, with their “designed by Apple in California” slogan in the consumer electronics sector.

## 2.2 Nation brand

A nation brand is a comprehensive image of a nation as a whole (Fernández, 2020), and therefore single sectors, companies, or other actors don't have as much influence over it as they do on their own brand and reputation. A nation brand consists of factors such as culture, politics, and economics. Depending on the goals of nation branding, it can be directed towards tourists, investors, industrial buyers, or consumers of a specific sector. To try to define a nation brand for China as a whole is a difficult (Loo & Davies, 2006), if not an impossible task due to the country's mere size, both geographically and culturally.

Nation branding can be seen as a way to close or to narrow the gap between a nation's identity and reputation (what someone likes to be seen as versus what outsiders see them as). Nation brands are also available for practically anyone to use, contrary to the way companies have control of their brands, depending on the match between the nation brand itself and the goals of corporate branding. Shaping a nation brand can happen either slowly (Loo & Davies, 2006, 206) or quickly, if a major event (such as the Olympics or a national disaster) takes place. In both good and bad, products can shape the brand of a country and vice versa (Pappu et al., 2006, 398; Phau & Suntornnond, 2006, 36-38), while creating and strengthening heuristics.

When a nation's good image also reflects well on the image of a brand, it's called the halo-effect (Nicolau et al., 2020). Consumers are also biased to inductive reasoning, where a single perception creates an image (schema) for a larger context as well, such as in cases where a product of exceptionally good or poor quality makes a consumer think that that is a representation of all the products from a certain country. Personal experiences shape schemas, and limited experience can correlate with assigning specific prejudices to complex entities. Schemas are closely linked with the view of Country image (CI) seen as a summary construct (Han, 1989, 223). Country image is touched on in subsection 4.4.3, with respect to the Covid-19 pandemic's effect on the Chinese CI and nation brand. Some countries are known for certain product categories, such as automobiles or pizza, with a bi-directional effect on COO. COO affects perceived quality (Pappu et al., 2006, 398-

399; Verlegh & Steenkamp, 1999), which then affects brand equity, which is interlinked with product-category association to a given COO (Pappu et al., 2006, 701).

Psychology's effect on nation brands is notable. Neisser (1976) introduced the perception cycle, which has had a major influence on (cognitive) psychology as a whole. The perception cycle is a model that explains how we explore available information. We have an existing schema of how something works, which then directs our exploration. Further, our exploration directs the type of sampling we do, and therefore what kind of information we gather, which again modifies our existing schemas. Overall, the model presumes that humans' perceptions about phenomena are slow and difficult to change, since we naturally tend to look for evidence that backs up what we already know or presume to know. To shift perceptions, experiences that contradict our existing schemas are needed, for example, buying a product that turns out to be better/worse quality than one would have thought.

Consumers also assess the country of origin based on nation brands, specifically on whether they see that the attributes needed to produce a certain type of product match those of the COO. It's also seen that in product categories that require a complex set of technical skills, the saliency of this attribution is highlighted (Ahmed et al., 2002). Nation brands are therefore highly affected by biases and prejudices. Nation branding can also be seen as harmful, an act to commercialize nations, with it only benefiting PR companies (Fernández, 2020, 13–14). It is seen that nation branding often aims at creating a more positive and consumer-friendly image, while possible injustices in working conditions, along with other ethical issues, might continue to exist, with Fernández (2020) highlighting the multifacetedness of the phenomenon.

### **3 COE and consumer perception**

#### **3.1 Consumer perception**

Verlegh & Steenkamp (1999, 536) found that the country-of-origin effect has the most impact on consumer behaviour when it comes to perceived quality. The type of product determines how the COO is examined. This depends on consumers' perception of whether the production of said product is a highly technical process, and therefore how much skill we think the production would require, and whether we perceive that a certain country has the required strengths and skills (Bilkey & Nes, 1982; Aboagye & Haozhen, 2024, 5–6) and highly affects consumers' quality perception.

The field of electronics is one with a need for high technical knowledge and skill, and therefore, we can presume that COO affects the field significantly, in product categories such as mobile phones (Ahmed et al., 2002, 394). The image of whether consumers find a country able to produce highly complex products is related to its developmental level, which will be covered in section 4.1. The developmental level is also a factor in perceived quality and value, which are key components in consumer perception.

Consumer perception is the process by which consumers evaluate products, with cues such as COO affecting it (Ulgado et al., 2011, 4-5). It is moulded based on the background of the consumer in question, with their own nationality, and smaller-scale things such as social or personal (negative or positive) experiences, norms, and values affecting the way they think about products of a certain origin (Jiménez & San Martín, 2014, 151). These aspects therefore affect consumer behavior and purchasing intentions. Highly negative consumer perception can sometimes lead to consumer animosity (Jiménez & San Martín, 2014, 162) towards a certain COO. Consumer perception therefore acts as a halo effect on COO.

#### **3.2 Consumer trust**

Consumer perception is highly interlinked with the concept of consumer trust (Jiménez & San Martín, 2014). Consumer trust derives from consumers' ability to believe that a product will perform as promised, with integrity and reliability. A meta-analysis of literature on consumer trust found that the phenomenon is founded in integrity-based trust antecedents and reliability-based trust antecedents. Of which, the former has been found to be more effective in creating trust.

Furthermore, consumer trust affects both primarily attitudinal consequences as well as primarily behavioral consequences. (Khamitov et al., 2024, 2.)

Phau and Suntornnond (2006) found in their study of the Australian market, that lower levels of brand recognition often lead to COO being a less significant factor in purchase decisions. This is explained by consumers avoiding products for which they have insufficient information and dismissing unfamiliar brands as an option entirely, making consumer knowledge an important factor in COO. It was also found, against their hypothesis, that personal experience also did not correlate with COE. It is unclear whether the study, which was done in the drink product category, applies universally across product categories.

Jiménez and San Martín (2014), found in their research on trust and COO between a developing (Mexico) and a developed country (Spain), confirming that, for Mexico, positive or negative reputations of brands from the COO correlate with the overall trust in brands from that COO. It was further found that for both countries, consumer trust correlated with purchase intention. It was further found by Jiménez and San Martín that trust acts as a mediator between purchase intentions and COE (2014, 361–362), making it a significant factor in COE overall. Consumer trust and confidence in a brand can, via personal experience, mediate stereotypes and biases associated with a COO, in both good and bad, confirming that building a reputable brand is key in internationalizing, and consumer trust can mitigate consumer animosity.

## 4 Consumer perception in China as a COO

### 4.1 China's development status

Multiple sources cite that the degree of development and industrialization of a country of origin is a particularly important factor in how the product is perceived (Ahmed et al., 2002; Drozdenko & Jensen, 2009, 373; Kim et al., 2017, 255; Tian & Yao, 2019, 158), as well as, that products of higher value are more affected by COO and the developmental aspect (Drozdenko & Jensen, 2009). Despite the size of its economy, China is classified as a developing country, and it is further classified as an upper-middle-income nation (Dadush, 2021, 2).

China has evolved, since opening up in 1979, from first becoming a hub for mass assembly of electronics for low cost, to manufacturing more complicated components, while the Chinese standard of living has risen and the domestic market has grown in correlation. In other words, the Chinese electronics industry has become higher value and increasingly innovative, and consumer perceptions of Chinese products being of low quality are perhaps starting to shift. Also, among Chinese brands, a lot of electronics from foreign brands (e.g. Apple) are, at least partly, manufactured and or assembled in China as well, and consumers are increasingly aware of this. The role of country-of-brand (COB) and country-of-manufacturing (COM) will be discussed in section 4.3. China's reputation as a COO is shifting to a more positive light, much similarly as those of Germany and Japan, which have, in the past, been seen as having poorer quality (Polfuß & Sönmez, 2020, 116).

When comparing more developed countries (MDCs) with less developed countries (LDCs), we see that the difference in COE is more noticeable than when comparing two MDCs or two LDCs (Verlegh & Steenkamp, 1999, 12). Ahmed et al. (2002, 397) also found that brand recognition of less developed and newly industrialized countries (NICs) is weaker, and might partly explain LDCs and NICs being seen less favourably than MDCs.

In technology-intensive fields, such as the field of electronic goods, the development stage of a country acts as a major factor in creating consumer trust (Ahmed et al., 2002, 394-397). As China is a developing country, there is a bias towards poorer quality. This also means that a significant price drop is expected for a developing COO (Aboagye & Haozhen, 2024, 8-9). China is somewhat known for its low prices. Having a price reduction as an expectation can take part in postponing the development of a country, since lower prices in goods often correlate with lower wages, which, in turn, correlate with a lower standard of living.

Despite being a developing country by many metrics, such as the GINI index and income per capita adjusted for purchasing power parity (PCI PPP) (Dadush, 2021). China's economy has been majorly impacted by the opening up policy of 1979, and has since been able to advantage from globalization, the technological advances of other countries, and being able to benefit from the advantage of backwardness (Lin, 2017, 110-111).

Another interesting factor in assessing China as a COO is its reputation as a “bootlegging capital” producing counterfeit goods. Piracy can be seen as somewhat of a gray area, since everything that we create is based on other existing creations, and to claim something as your intellectual property is difficult, especially globally, considering that many of the “originals” of the counterfeit goods come from elsewhere. (Pang, 2008.)

## **4.2 The domestic market**

Ethnocentrism is seen as a key factor in consumers' assessment of products (Drozdenco & Jensen, 2009, 374–375). Loo and Davies (2006, 201) also mention that in European studies, Germany was seen as a quality leader while Asian consumers chose Japan, and American consumers chose the US. Therefore, it can be presumed that, especially if no domestic products are available, consumers tend to favor those whose COO is geographically and perhaps culturally similar. In their study on the automobile industry, Katsumata and Song (2016, 101) found that Chinese consumers do not have a tendency to favor domestic products, nor do they care whether products are of domestic origin, contrasting to Japan and South Korea, which both were found to have higher ethnocentric tendencies. The low level of ethnocentrism in China is further supported by Tsai et al. (2013, 107) who found that of Chinese respondents under a fifth (<20%) ranked Chinese COO consistently as best in four product categories.

Shan Ding (2017, 555–558) found in a consumer poll that Chinese consumers ranked domestic products third in the laptop category, which has a medium level of domestic alternatives, with the US being first and Japan second. In the luxury goods category, China ranked fourth out of six. Questionnaires in other product categories further solidified that ethnocentrism is relatively low in China, with findings such as that Chinese consumers prefer global brands in sportswear (Lu & Xu, 2015). Shan Ding (2017, 555–558) also found that in the grocery category, 53,1% of the Chinese respondents preferred Chinese produce, reinforcing the presumption that the price level of a product or product category affects how much value is placed on COO.

Jin et al. (2018, 59–62), in a study of young Chinese consumers living and working in Australia, discovered that the respondents value Chinese products over others, naming “value for money” as the most important reason, followed by no language barrier. They also found that the respondents were proud of Chinese products being used generally. The respondents, having moved away from China, might be affected by their feelings, through inter alia missing their home country and placing symbolic values on said country. The study contradicts some of the other research on the topic, and it is unclear how big a role the respondents’ background plays in the gap, with Jin et al. (2018, 57–58) pointing out that their research is in conflict with the normative view of low valuation of Chinese products in the domestic market. Katsumata and Song (2016, 94), among other sources (Drozdenko & Jensen, 2009, 373–374) highlight that age, education, and knowledge levels can have significant implications for COO.

### 4.3 Foreign markets

This section will focus on how the Chinese COO is seen in foreign markets by reviewing relevant literature. The studies that are focused on were conducted based on questionnaires, focusing on consumers of specific nationalities, specifically Australia and the US. A review of the ratings on Amazon, the e-commerce platform, will be examined, where the nationality of consumers varies.

Pappu et al. (2006) did a questionnaire on Australian consumers, asking them to name 6 countries they associate with televisions. China came in sixth place in frequency, with Japan, USA, Australia, UK, and Germany being the top five. This affects the COE, if we presume that association is in correlation with perceived quality, brand equity, and COO as discussed in section 2.2. The respondents answered questions aimed at determining their brand awareness, associations, loyalty, and perceived quality in Japanese, Chinese, and Malaysian televisions as well as cars, finding that in all aspects, COO was an important factor. Australian consumers rated Japanese cars and televisions higher in contrast to China and Malaysia, in which the difference wasn’t as significant as when comparing either of the two to Japan.

In a study done based on the ratings of electronic products on the platform Amazon, Tian and Yao (2019) found that products of developed COOs did not receive better ratings. The nationalities of the consumers who are behind the ratings aren’t known. Their other hypothesis that familiar brands received better ratings was, however, confirmed, along with the hypothesis that the ratings of developing countries had risen over the years of analysis. Among China, the studied COOs were the

United States, Japan, Germany, Korea, and the Netherlands. It was further found that the brand had a bigger impact on the ratings than the COO did. It is unclear whether this is generalizable to brick-and-mortar stores as well.

Ulgado et al. (2011) studied Chinese (as a COM and COB) products in the US market. The research found that US consumers perceived Chinese products and brands as having low quality and having an overall negative view of China as a COO. Furthermore, it was found that when comparing products made in and outside of China, both with Chinese brands, the latter were preferred. However, it was also found that the difference in the likelihood of purchasing products with differing COBs was more substantial. When comparing products that had been assembled in China, with the difference that the COB was China or the USA, the US was favored more in quality perception, as well as willingness-to-purchase, with the gap between the two being larger than that when comparing two Chinese brands with different COMs. (Ulgado et al., 2011, 11–13.)

Drozdenko and Jensen (2009, 372–373) found that US consumers are willing to pay a higher price for US-made rather than Chinese products. The authors also point out that Chinese brands of higher recognition were ranked higher in perceptive quality and willingness to purchase. The rise of more recognizable Chinese brands, therefore, can have a halo effect on Chinese products as a whole.

#### **4.4 Recent events affecting China's country image**

##### **4.4.1 Supply chain dependence**

Foreign markets might be wary of overreliance on China in any particular sector, as China is seen to have a tendency to use exports as chips in politics, like in 2010, with Japan over a territorial dispute. Dependence on electronics, more specifically on any COO is controversial, especially since warfare and other sectors are growingly technological and electronic (e.g. drones). Also, as recent international conflicts have highlighted, relying on a country, especially one of a controversial nature and image, can end up being costly in the long run. Supply chain dependence can be easily weaponised “if the product in question is (1) predominantly produced in one country, (2) difficult to produce elsewhere quickly, and (3) costly to do without” (Miller, 2025, 2).

The Covid-19 pandemic further accelerated the conversation around overdependence on China. The authors discuss how the pandemic put importing from China to Australia and New Zealand to a halt, making rearrangements in global supply chains a critical topic for companies relying on imports, which were experiencing sudden delays. (Gao & Ren 2020, 308.)

#### 4.4.2 Authoritarian politics

Along with historical evidence of imbalance, it can be presumed that countries with an authoritarian regime and a power held by a single political entity can be more unstable and volatile compared to those where democracy and bureaucracy are key factors in any decisions. The Chinese government is led by the Chinese Communist Party (CCP). Finkelstein et al. (2025) discuss the possibility of TikTok, a Chinese-owned social media platform, being used for propaganda, driving pro-CCP agendas, and hiding content that is anti-CCP. This form of propaganda would be undetectable, considering users mainly see suggested content. Comparing the platform to ones with non-Chinese ownership, namely YouTube and Instagram, TikTok showed more pro-CCP content. Some countries, such as the US, might also be wary of the fact that China is led by a communist party, especially since the US is a capitalist market economy. Right-wing populism is on the rise in member states of the European Union (Davydov, 2021) and the US (Nagan & Manausa, 2018).

Davydov (2021, 25) concludes that the shift in the European political climate is inconclusive on whether it affects attitudes towards China, with the exclusion of a few specific parties that have more distinct views. The results do propose that shifts in attitude towards Russia and the US are clearer among respondents who have adopted radical right attitudes. These studies were concluded pre-Covid-19, and during the Obama administration in the US. The title “authoritarian challenger” (Davydov, 2021, 6) is used of China, and it is suggested that a dichotomy similar to the times of the Cold War could polarize China and the US. Such polarization could influence holders of hostile perceptions towards China or the US to adopt more favourable views of the other. Another possible result of polarization between the two countries is that anti-cosmopolitan or anti-globalization attitudes will result in negative views of both (Davydov, 2021, 6–7).

#### 4.4.3 Covid-19

The Covid-19 pandemic, a globally notable crisis, which infamously started spreading from China, specifically originating from Wuhan, at the end of 2019. A sentiment to the pandemic’s effect is the adaptation of terms such as “pre-Covid”, used, for example, by Davydov (2021), making it a time marker. Chen et al. (2021) researched the pandemic’s impact on China’s CI via analysis of Twitter (now known as X) discussions. Another researched component was the US congress members’ attitudes, represented by both the Democratic as well as the Republican parties, from January 22<sup>nd</sup> to May 21<sup>st</sup>, 2020.

Racist commentary on Twitter is seen increasing in the first half of March 2020, at least partly attributed to President Trump's commentary of the pandemic as the "Chinese Virus" (Chen et al., 2021, 85). Thought patterns, such as the halo-effect, schemas, and biases, as discussed in section 2.2, have an influence on a country and its image as a whole. Another category that rose in negative commentary on the platform at that time was foreign affairs, directly affecting US consumers and those outside the US, following the Twitter discussion, on their views in doing business with China.

Conversations being held by leading politicians are a major factor in shaping opinions. Analysing the two major parties' representatives' Twitter posts, it's seen that during the researched time period, Chinese politics and international affairs were the top two most talked about agendas in both parties (Chen et al., 2021, 86). The data shows that the Republicans' commentary is in total more negative-toned, compared to the Democrats', whose posts at that time were mostly non-negative. Polarization such as this is quite common in two-party political systems, where parties want to separate from the other.

In following Tweets of leading news institutions from the UK and US (ABC, New York Times, Washington Post, WSJ, BBC Breaking, BBC World, Guardian, and Sky News), it can be identified that the coverage on the topic is mainly negative (Chen et al., 2021, 87–89). These news outlets are followed by English speakers globally, widening the reach of these sources in the pandemic news coverage. Social media and digitalization have enabled that, while the traditional view is that the media shapes the public's views, the relationship is increasingly bidirectional. The negative commentary affected the Chinese nation brand and CI, and consumers became wary of Chinese products as a whole, which is seen in a significant drop in Chinese exports during 2019-2020 (Zhao et al., 2021), therefore affecting the electronics goods market as well.

#### 4.4.4 Privacy concerns

In the modern age, a lot of consumers with mobile devices store a vast amount of, often sensitive, data on their electronic devices. Consumers of different target markets might differ in their inclination to trust that their data is safe and not being distributed to third parties. Products bought physically in China don't necessarily follow the consumers' local legislation, such as the GDPR. A conference proceeding by Liu et al. (2023) found that Chinese mobile phones used by local consumers have preinstalled systems and access for third parties in data such as GPS and call history. These are being collected without consent, and the data collection continues when travelling outside of China. Even though these security concerns are not as prevalent in mobile

devices bought outside of China, consumers' image of the COO and COB makes these aspects interchangeable.

Among physical electronic devices, data and privacy concerns have been raised regarding certain platforms, especially the Chinese social media platform TikTok, which is also touched upon in subsection 4.4.2. Some governments have banned TikTok, mainly due to user data protection issues, specifically in relation to the Chinese government's possible access to said data (Gray, 2021, 9-11). TikTok has shifted the global market of social media platforms, which has previously been dominated by US companies. The negativity from the US government's side might be seen as a way to try to protect their own market share and economy, and TikTok's CEO has hinted at the fact that the US's animosity is due to these reasons (Gray, 2021, 10).

Even though this specific controversy is around the app specifically, consumers are biased to link the allegations to China's country image as a whole, and negative perceptions of China's trustworthiness affect consumers' schemas as a whole. The US government is especially worried about US citizens' and companies' information being accessed by the Chinese government, and there have been accusations that the app is gathering data from other sources on users' devices. (Gray, 2021). In 2020, the year that Chinese national security laws started to require companies to cooperate with local intelligence agencies, TikTok withdrew its operations in the country and has otherwise tried to increase transparency.

#### **4.5 Summary of consumer perception factors influencing China as a COO**

One of the central phenomena seen as affecting the image of China as a COO is its developmental status, which is seen as something that can, and most likely will, change in the coming decades. Moving towards a developed nation is most likely to lead to more positive views of China as a COO in foreign, especially developed countries' markets, although there was a study done on Amazon.com, where a significant correlation between lower ratings and lower development status was not found (Tian & Yao, 2019). As discussed in section 4.1, it is still seen that the developmental status does have saliency in COE; however, the effect that developmental status has on consumers of LDCs is less clear, due to not being studied as much.

Ethnocentrism is another central phenomenon affecting COE in the Chinese domestic market. Ethnocentrism is relatively low in China, but it has been seen that there is an upward trend, especially among young Chinese consumers. In foreign markets, main concerns over China as a COO stem from quality and originality concerns, which are seen to be related to the developmental

level and seen as factors that can be mediated by consumer trust, via, for example, brand equity and brand recognition. China's nation brand is being constantly shaped by global, economic, and political events, which were discussed in section 4.4.

There are, of course, other similar phenomena that affect how consumers view China as a COO or the Chinese nation brand than the ones covered in section 4.4. The recent events and phenomena discussed in the thesis were chosen to be further examined as they are mentioned and discussed in the other relevant literature. The novelty of these makes their effect slightly uncertain. The bias to see China as a controversial and somewhat unreliable country comes up in section 4.4, since a lot of the events and their effect discussed were mainly, if not fully, negative towards China and its nation brand. In the reviewed literature, where these phenomena were discussed, there were no major events that were seen to have relevance that came up consistently that had a more positive connotation. The nationality of the consumer also deeply affects how these global events are seen, by varying biases, and differences in how events are covered in the media. What also came up in section 4.4 was that many of these phenomena are interlinked, with connections made between the pandemic and supply chain dependence, as well as data privacy concerns and the Chinese political system.

## 5 Summary and conclusions

This thesis reviews relevant literature on how China is seen as a COO in the field of electronics by consumers. This is done by exploring subcomponents (COB, COA, COM) and phenomena, such as consumer perception and consumer trust, that affect China's nation brand and country image.

China's status as a COO is complex due to a plethora of factors. This thesis contributes to the existing literature on COO while covering related concepts.

Generally, COE has a bigger impact on product categories of higher value, which require a complicated manufacturing process. Its developmental level is one of the big factors affecting consumer perception, although in some cases, such as on e-platforms, a similar correlation isn't as prevalent. Despite being a major global player and a big manufacturer of electronics, heuristics, stereotypes, and generalizations continue to exist regarding quality issues, as well as concerns about counterfeiting. China's image as an electronics manufacturer might lag somewhat behind when thinking of its development from a low-cost mass manufacturer to moving into more value-added production, as well as the rise in innovativeness.

As discussed in section 4.1, in the past few decades, China's economic position has shifted significantly, and it is yet to be seen how it affects the COO effect if China continues its rapid development, which is both economic and technological. Although attitudes and biases can take longer to shift in correlation to the development of a country, it should be further researched if and how e-platforms mediate the COO effect. When discussing current phenomena, the novelty of the subject as well as the scarcity of reliable sources might lead to a one-sided analysis, and further research on how these phenomena have affected the electronics sector more specifically is suggested. The trade war between China and the US is one factor, among others, that will influence Chinese imports overall.

There is more COO research available on 1) developed economies as COOs and 2) COO in developed markets. This thesis also focuses more on target markets (e.g., the US, Germany, Japan) that are highly developed. Further research could be done on how LDCs view different COOs, especially in this sector, and whether the effect of a COO's development is as salient in LDCs as it is in MDCs. Coverage of the Twitter and media discussion on Covid-19 also focused on English media, stressing the UK and the US.

In the electronics industry, among other highly technological product categories, COB is seen as the most salient sub-component of COO, and therefore, the importance of building strong, reputable

brands in the sector is a priority, especially regarding markets and consumers that are not fully familiar with Chinese electronics brands or products. Having brand familiarity and equity might also have a halo effect on the Chinese industry altogether. Brand familiarity can be achieved through association with reputable brands, such as Lenovo acquiring IBM, a globally recognized brand.

Among brand, other extrinsic cues, such as price and warranty, can help mitigate COO effects when consumers evaluate the product as a whole. A way to cover the originality issues more specifically is to increase transparency. For foreign brands that do or consider FDI in China (e.g. moving manufacturing or assembly there), it needs to be weighed whether the expected pros, such as lower costs and access to a market of such population, outweigh possible cons, like concerns over brand image. A strong brand is likely to mitigate the possible negative effects that moving part of a supply chain to China might cause.

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## **Appendices**

### **Appendix 1 – Explanation of the use of AI**

I have used Grammarly (v1.2.215.1793), which uses generative AI to detect grammar mistakes in the thesis. I uploaded the program on the 19<sup>th</sup> of November, and have checked my text for spelling errors, in order to clarify my text and avoid errors. The program was used because it is more effective than the built-in spelling check in Microsoft Word. Among words that in themselves are written incorrectly, Grammarly can suggest corrections that take into account the whole sentence. An example of this is if the use of a plural is needed. The free version that was used only offers small corrections, such as for misspelled words or misplaced commas, and doesn't correct larger entities, such as full sentences. The tool doesn't require prompts, so none were used.