

Revisiting country of origin effects on consumers' willingness to pay: are gains different than losses?

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Abstract

Drawing on signaling and prospect theories, we examine the effect of changes in country of origin (brand origin and/or country of manufacture) on consumers' willingness to pay (WTP). Using an experimental design and applying Van Westendorp's Price Sensitivity Meter, we find that changes in country of origin favorability (either in terms of brand origin or country of manufacture) do not always translate into variations in consumers' WTP. More importantly, and against the predictions of prospect theory, a gain or loss in terms of country of origin favorability has the same absolute effect on WTP. Implications for research and practice are considered and suggestions for future research made.

Keywords: *Willingness to pay; Gains; Losses*

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