THE EFFECT OF EXTERNAL CUES ON MOBILE PHONE PURCHASES IN SRI LANKA

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ABSTRACT

Unlike any previous technologies, mobile phone is now perceived as a social necessity where irrespective of demographical differences, most people posses it. As mobile phone has reached its maturity stage, consumers hardly differentiate based on technological features alone where they refer many external factors for their purchase decision. Due to globalization and liberalization of markets, consumers are exposed to many mobile phones with different brands, from different country of origins and at different price. Consumers and market show mixed response towards these cues when these cues are favourable and unfavourable. Therefore, this study intents to identify individual and combine effect on external cues- Price, Brand, and Country of Origin- on consumer mobile phone evaluation in Sri Lanka when those cues are favourable and unfavourable. Further, this research tends to find out the cue that has greater effect on consumer product evaluation. Building on extensive literature, a model of consumer's product evaluation that includes the major external cues is proposed. A questionnaire based survey is adopted as strategy. The study revealed that brand, price and country of origin do influence consumer product evaluation where brand has the larger effect among all. Further it found that there is difference in effect when it moves from unfavourable model to favourable model. Furthermore, combine effect found to have higher effect than stand alone effect. Importantly, this study found that weak brand effect cannot be improved even it is couple with favourable cues.

Key words: external cues, mobile phones, price, brand, country of origin, Sri Lanka

1. INTRODUCTION

It is well understood that consumers have replaced most of their activities into online activities and mobility becomes an increasingly prevalent force shaping their lifestyles. Mobile phones are one of the most conspicuous innovations achieving a large penetration rate in many markets which is a powerful product that offers individuals the ability to work, communicate or entertain themselves in a location-free manner captures immediate acceptance and diffuses rapidly into consumers' lives, highly perceived as a social necessity, especially among teenagers. It is very obvious that mobile phone industry has experienced an extraordinary growth due to factors like technological change, demand driven bundle offerings and reduced pricesand other

competitive reasons. It is a valuable evident from the statistics channeled through International Telecommunication Union, ITU.org, that the subscriber/user base of mobile phones have increased by 13550% (i.e. 135X times) in 15years period, 1991to2005. Technological products are volatile in nature where technology in a model will become outdated on arrival of new model with new technology. Due to rapid changes in technology, trends, and consumers' need, the evaluation of products and services has also become complex and continuously evolving.Mobile phone consumers purchase mobile phone for their functional benefits such as convenient, features, and psychological benefits such as status of owning new version, reflecting the social group etc. The success of mobile phone choice is not only a function of technological characteristics but also depends on individuals and many social dynamics.Therefore, given this volatile nature of technological products and differentiating factors are no longer neither core product innovations nor value added features that can be easily commoditized, mere focus in technology investment is not acceptable where more attention should be paid in creative marketing which is beyond traditional advertisements and promotion. Most of the studies on mobile phones have been conducted in developed countries like USA, UK or Scandinavia and less attention paid on developing countries.Since demand for mobile phones and penetration of mobile phones are continuously increasing globally and domestically, this study focuses consumer mobile phone evaluation in Sri Lanka where most of the researches previously done are in developed countries. Mobile phone consumers use both extrinsic and intrinsic cues, extrinsic cues are more important for technological product due to higher commoditization occur with technology. When product features become more similar, consumers are often unable or unwilling to differentiate between products of different companies on rational attributes alone. Thus resulting in higher dependency in external cues, make this research to focus on effect of external cues in their purchase decisions. Preliminary study conducted among consumers and mobile phone sellers indicated price, brand, and country of Origin as three most important external cues referred by Sri Lankan Consumers. This study limits to only three external cues though there are many external cues such as Price, warranties, guarantees, brand, seller reputation, Promotion, country of origin, brand origin, advertisement, personal referral, media review, and corporate brand.

2. RESEARCH ISSUE, QUESTIONS AND OBJECTIVES OF THE STUDY

Issue of this research is to see whether influence of external cues such as Price, Brand and County of Origin effect on consumer evaluation of mobile phones in Sri Lanka. Therefore the broader question underlying this academic discourse is "Is Sri Lankan consumer's mobile phone evaluation is influenced by external cues?"

Therefore, the main objective of this study is toexamine effect of external cues, price, brand, and county of origin, in consumer's evaluation of mobile phone in Sri Lanka. In addition this study also tries to achieve following objectives;

- Investigate which external cue has the greatest degree of effect on consumer's evaluation of mobile phone in Sri Lanka

- Identify the combined effect of Price, Brand and country of Origin on Consumer Product evaluation

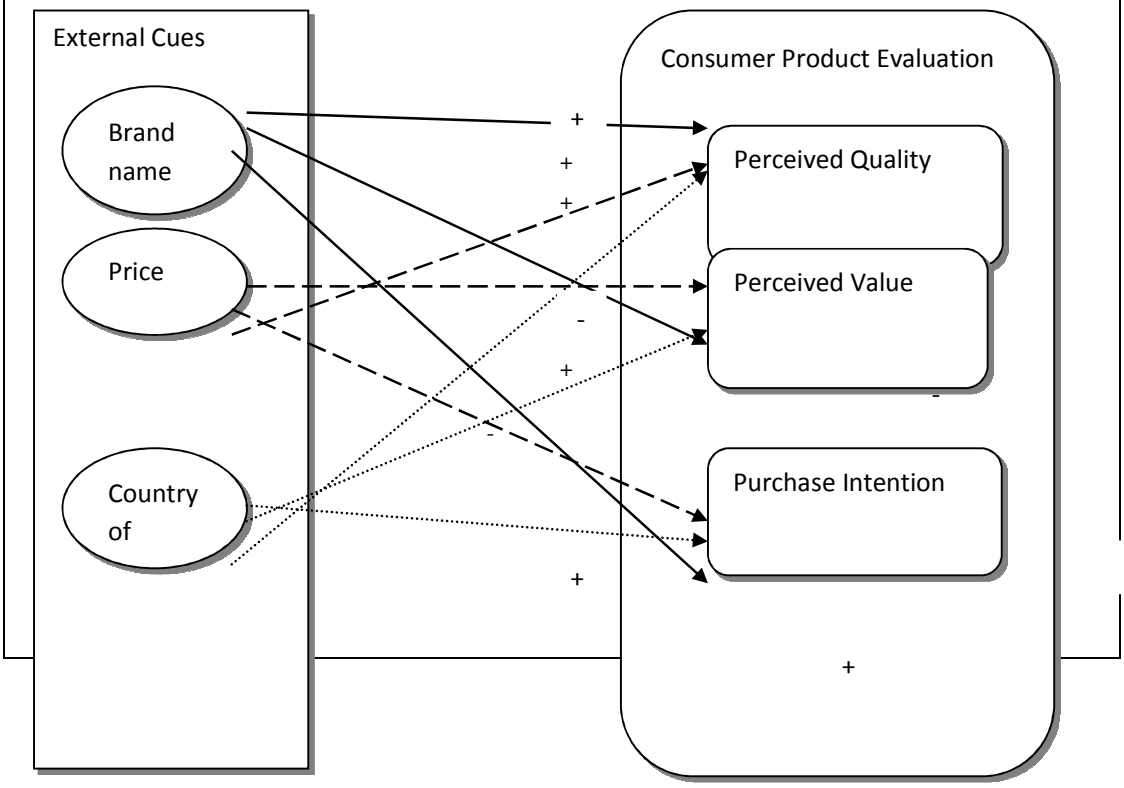
3. LITERATURE REVIEW

People use cues when they forming belief about an object, which in turn influences their behaviour with respect to those objects which will serve as basis for judgment in future evaluations (Ahmed et al., 2002; Chen et al 2005; Koubaa, 2007). As defined by Schellinck, Cue is a characteristic or dimension external to a person that can be encoded and used to categorize a stimulus (as cited by Ahmed, Johnson, Ling, Fang& Hui, 2002, p.281). Brady, Bourdeau and Heskel (2005) refer cue as a characteristic event, quality, or object that is external to the consumer that is encoded and used to categorize a stimulus object. There are two types of cues are being indentified: External cues and internal cues (Ahmed, Johnson, Ling, Fang& Hui, 2002).External cues are extrinsic to the product (i.e. price, brand) and Internal cues are intrinsically a part of product (i.e. taste, weight) (Ahmed, Johnson, Ling, Fang&Hui, 2002). According to Ahmed, Johnson, Ling, Fang and Hui (2002) and Chen, Chang and Chang (2005), Consumer uses external cues when Internal cues are missing or hard to evaluate, thus, the intangible external cues are useful to consumers in forming purchase evaluation.There are many external cues such as Price, warranties, guarantees, brand, seller reputation, promotion, country of origin, brand origin, advertisement, personal referral, media review and Corporate brand that are reported to have some effect on consumers' product evaluation. (Ahmed, Johnson, Ling, Fang &Hui, 2002; Brady, Bourdeau& Heskel,2005; Chen, Chang & Chang, 2005; Yong, 1996; Koubaa, 2008; Souiden, Kassim& Hong, 2006). However, the degree of influence of these cues is different to different culture. These cues, which directly or indirectly raise customer value or purchase choice through service quality or perceived risk, may become a significant basis upon which managers make marketing decisions (Chen, Chang & Chang, 2005). This study was designed to examine the effect of three extrinsic cues-price, brand, and Country of Origin-on consumer mobile phone evaluations in Sri Lanka. Price is unquestionably one of the most important marketplace cues which is also an extrinsic product cues (Brady, Bourdeau&Heskel, 2005; Chen, Chang &Chang, 2005; Lichtenstein, Ridgway &Netemeyer, 1993; Monroe, 1973). The pervasive influence of price is due, in part, to the fact that the price cue is present in all purchase situations and represents to all consumers the amount of economic outflow that must be sacrificed in order to engage in a given purchase transaction (Lichtenstein et al., 1993). Consumers often relate quality to price where high quality products generally cost more to produce than low quality products which are considered as not irrational by Scitovszky (Brady, Bourdeau&Heskel, 2005; as cited by Dodds, Monroe &Grewal, 1991). However, currently prices are determined not purely based on cost, but based on market forces, demand and supply. Therefore, it is said that price signals the amount of risk of purchasing the product. Moreover, consumer uses Price to rate the value of the product and service which directly influences willingness to buy (Dodds, Monroe &Grewal, 1991). Erickson and Johansson who modeled the dual role of the price cue within a single study and found that price-level perceptions had a direct negative effect on

purchase intentions and an indirect positive effect on purchase intentions via product quality perceptions (as cited by Lichtenstein et al., 1993, p. 234). However, many researchers have claimed that there is a negative relationship between price and purchase intention (Chen, Chang &Chang, 2005; Dodds et al., 1991; Lichtenstein et al., 1993).In the rapidly changing international business environment, characterized by an ever increasing globalization, soaring competition, and continuous market deregulation, branding is considered a vital and powerful strategic tool for companies in order to pursue the increased growth and sales objectives put upon them, and thus ensuring their future success by distinguishing from competitors' (Kotler, 2001; Kompella, 2006). Today, Brands are considered as an asset (Vranešević&Stančec, 2003). Branding means more than just giving a brand name to a product or products where brands are a direct consequence of the strategy of market segmentation and product differentiation (Kapferer, 2001; Knox &Bickerton, 2003).Within this field, there are a number of generally accepted definitions for brand (Knox &Bickerton, 2003). Kapferer (2001) refer brand as a symbol serving to distinguish the products and services of one company from another where Knox and Bickerton (2003), state a product or service, which a customer perceives to have distinctive benefits beyond price and functional performance. Consumers use many dimensions to form belief about an object where beliefs can broadly categorized into functional and symbolic beliefs (Chen, Chang &Chang, 2005; Koubaa, 2008). Petruzzellis (2010) expressed thatcertain brands authenticate identity and lifestyle of the consumer providing the product with a stronger value. Moreover, high profile brands reduce uncertainty over the product quality, where consumers treat a brand as a useful rule of thumb or as a proxy for quality determining attributes (Petruzzellis, 2010). High profile brands have higher demand and consumers perceived such higher demand is due to higher functional (quality) and symbolic beliefs (pride).Thus, a positive relationship is observed between strong brand and quality is not irrational. However, it is more important and helpful when the quality determining attributes are not available (Brady, Bourdeau&Heskel, 2005). Moreover, brand also effect perceived value which conceptualized as a cognitive trade- off between perceived quality and sacrifice (Dodds, Monroe &Grewal, 1991). Strong brand indicate higher quality and more probability to function well, which reduces the perceived risk, suggesting positive relationship between favourable brand and perceived value which in turn enhance purchase intention. According to Zeithaml brand are cues that affect perceived service quality, risk and value, and hence consuming intention to purchase(as cited by Chen, Chang & Chang, 2005, p.275). Moreover, Dodds, Monroe and Grewal (1991) poised that consumers are less likely to rely on price for quality of a particular product class when more familiar information cues of brand and store name are presented. Thus, as per Dodds, Monroe and Grewal (1991) brand name has a significant effect on buyers' perceptions of quality, value and willingness to buy. In contrast, study conducted among Australian customers indicated that brand name information did not have a significant effect on consumer attitudes and purchase decision (Lewandowska& Cornish-Ward, n.d).Many uses the term "made in" to define the country of origin of the product (Al-Sulati& Baker, 1998).In the modern marketplace defining the country of origin can be a very complicated task. CO has become blurred and

confusing where researchers have found that defining COO has become more complex given the rise in the practice of global production and increasing bi- national product or hybride product, products that involve a local manufacturer but carry a foreign brand or locally branded but made in a foreign country, with components from many source countries (Ahmed, Johnson, Ling, Fang&Hui, 2002; Al-Sulati& Baker, 1998; Koubaa, 2008). Therefore, nowadays 'Assemble in' label is also emerging where product assembled in another country to its brand origin denoted as 'assembled in' and if it is produced in the country where brand is originated, then denoted as "made in'. With globalization, many products are experiencing a lack of congruency between the brand origin and the country of origin (COO) labeled on the product. Brand-origin is referred by Koubaa (2008) as the place, region, or country where brand is perceived to belong by its target consumers. Previous research finding revealed that the country of manufacturer information does not produce a significant effect on the evaluation of branded products when this information is congruent with the brand origin (i.e. Sony with Japan) where Consumers may refer to brand origin in their evaluation of the brand even when no COO is mentioned (Koubaa , 2008). Review of the literature on ethnocentrism supports interaction of ethnocentrism with various COO dimensions where that ethnocentrism affects consumers' attitudes toward foreign product's quality, as well as purchase intentions (Schiffman&Kanuk, 2008). However, Wong, Polonsky and Garma (2008) found that young Chinese consumers' ethnocentrism appears to have limited influence on their assessments of product quality or purchase intentions.

Figure 3.4 Conceptual Framework: Effect of Price, Brand, and Country of Origin on Consumer Product Evaluation, Source: Researcher's original Construction



Traditionally, effect of price, brand and country of origin has been identified as a single cue where later researches combine other external cues to identify the combine effect (Ahmed, Johnson, Ling, Fang &Hui, 2002; Dodds, Monroe &Grewal, 1991; Lichtenstein, Ridgway &Netemeyer, 1993; Monroe, 1973). One might expect that, with additional extrinsic information, buyers would rely less on single cues for their judgments. Presence of additional cues s - as brand and store name is seemingly to enhance the effect of price on buyers' quality perceptions (Bearden &Shimp, 1982). However, Dodds, Monroe and Grewal (1991) found in their study that price-alone effect is larger than any other combined price cue effect which means when price was the only extrinsic cue available customers clearly perceived quality to be related positively to price. When other extrinsic information was present, the results were less persuasive. Koubaa (2008) identified that when Brand and country of origin combined, COO influences consumers' overall perception of brands where enhance the brand effect. However, Influences were different across highly reputed brands and less reputed brands (Koubaa, 2008). To further strengthen the argument, brand effect on buyers' perceptions of quality, value and willingness to buy, brand effect is greater in a multiple-cue (Brand, Price and store) than in a single -cue (Dodds, Monroe &Grewal ,1991). However, very little researches are done to identify the combine effect of Country of origin where positive brand doesn't enhance the effect of negative country of origin perception (Ahmed, Johnson, Ling, Fang &Hui, 2002). However, Lewandowska and Cornish-Ward (n.d) confirmed that there is a good interection between price and Country of Origin (Lewandowska& Cornish-Ward, n.d). Since, combine effect empirical evidences are less in country of origin, this research expected to provide clear implication.

4. HYPOTHESES DEVELOPMENT

H1: As price increases from a low priced model to a higher priced model, ceteris paribus,

(a) the relationship between price and perceived quality will be positive,

(b) the relationship between price and perceived value will be negative , and

(c) the relationship between price and purchase intention will be negative

H2: When perceptions of brand name are more favorable (vs. less favorable), ceteris paribus,

(a) buyers' perceptions of quality are higher,

(b) buyers' perceptions of value are greater, and

(c) purchase intention is greater.

H3: When perceptions of Country of Origin are more favorable (vs. less favorable), ceteris paribus,

(a) buyers' perceptions of quality are higher,

(b) buyers' perceptions of value are greater, and

(c) purchase intention is greater.

H4:When other information is included with price information (i.e., multiple cues: price-brand, price-country of origin, price-brand-country of origin), ceteris paribus, the price

effect is stronger than in a price-only condition (i.e., single cue: price) on:

(a) buyers' perceptions of quality,

(b) buyers' perceptions of value, and

(c) intention to purchase.

H5: When other information is included with brand information (i.e., multiple cues: brand-price, brand- country of origin, brand-price-country of origin), ceteris paribus, the brand effect is stronger than in a brand-only condition (i.e., single cue: brand).

(a) buyers' perceptions of quality,

(b) buyers' perceptions of value, and

(c) intention to purchase.

H6: When other information is included with country of origin information (i.e., multiple cues: country of origin-price, country of origin-brand, country of origin-price-brand), ceteris paribus, the Country of origin effect is stronger than in a country of origin -only condition (i.e., single cue: country of origin).

(a) buyers' perceptions of quality,

(b) buyers' perceptions of value, and

(c) intention to purchase.

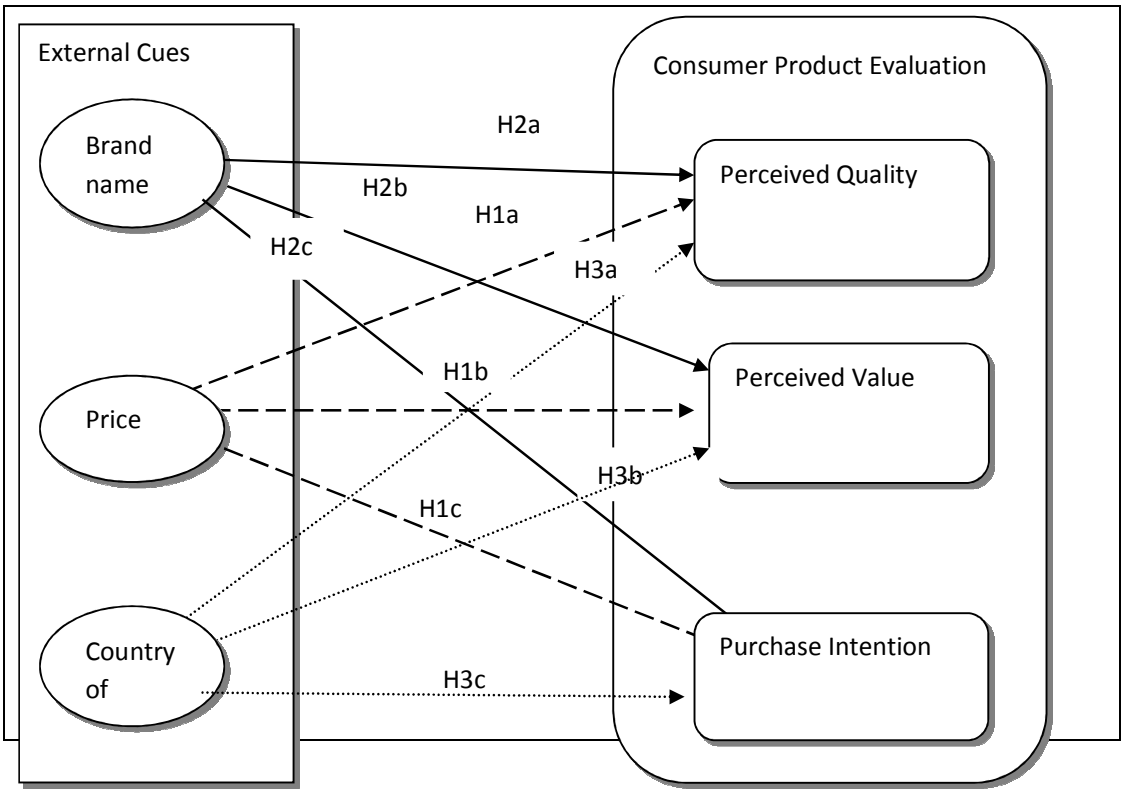


Figure 3.5 Hypotheses, Source: Researchers' original Construction

5. RESEARCH METHODOLOGY

Questionnaire survey method was conducted which is predominately a quantitative study because its findings of the study can be reliably applied by the marketers when developing and positioning new products. This method is adopted as it was used in previous researches (Ahmed, Johnson, Ling, Fang&Hui, 2002; Chen,

Chang &Chang, 2005; Petruzzellis, 2008;Souiden, Kassim& Hong, 2006), as it would allow collecting large amount of data from sizable population and gives more control over the research process. However, qualitative technique such as in-depth interview with mobile phone retailers and buyers, and observation also adopted for preliminary survey.Questionnaire was in three parts (Appendix A). First part comprised of 3 x 3 x 3 factorial design with three price levels (low, high, and absent) (Rs.7000 and Rs.40, 000), three brand levels (weak,strong and absent) (Etel -China brand, and Nokia - a known global brand), and three country of origin levels (weak, strong, and absent) (Finland -favourable country image and positive country/product image; China - poor country image and poor country/product Image). Absent situation is used as a control. Respondents were shown a picture of generic phone without any information. As usedby Dodds, Monroe and Grewal (1991) quality rating, value rating, and purchase intention rating were given to respondents to express their opinion about product. Further, respondent where shown with 27 scenarios, in which brand, CO, and price were manipulated. However, same generic picture is used to make sure customer doesn't perceive any products related cue attractive. The second part of the analyses addresses that all the variables relating to purchase behaviour, motivation to buy a mobile phone, prices preferred to pay for different option, which could be useful to explain certain behaviour or cultural aspects as suggested by Petruzzellis (2008).Third part deals with the respondent demographics and lifestyle such as gender, age, education and income level to identify the understanding of customers.The questionnaires were distributed face to face and by mail and were returned immediately or by mails. The questionnaire was four-page long, double-sided document which was standardized and undisguised for all the respondents. Structured questionnaire was used by previous researches (Ahmed, Johnson, Ling, Fang&Hui, 2002; Chen, Chang &Chang, 2005; Petruzzellis, 2008;Souiden, Kassim& Hong, 2006). In addition to Primary data (Questionnaire) secondary data were also used. Telecommunication Communication Commission Survey (TRC Reports) and other reports were the secondary data source referred. But the proportion of data obtained as primary data and secondary data is not equal where the research findings are highly based on Primary Data. The unit of analysis was the mobile consumer who actively engages in product evaluation and or purchase. There are consumers do both purchase evaluation and purchase where there are consumers who actively evaluate and influence the product but, do not purchase (i.e teenager who actively involves in mobile phone purchase evaluation who are not the purchaser but, influence the purchaser's decision). Systematic random sampling technique was used where random sampling, stratified sampling and cluster sampling are used by others. One Way ANOVA is carried out to identify whether there is significant difference between at least two difference cases where significant level 0.000 indicating there is difference between cases. Tukey HSD test was carried out for multiple comparisons so that to identify the case by case situation (Ahmed, Johnson, Ling, Fang&Hui, 2002; Lewandowska& Cornish-Ward, n.d). Further, to test the hypotheses, this study has used One Sample T- test to measure all the variables in relation to test value that will be insignificant in terms of the average value of respondents. Based on these results, can identify

the test value of each categorical variable to accept or reject hypotheses.

Results and Analysis - Data was primarily collected through self administrated questionnaire which was distributed to 100 respondents where 80 responses were received. 20 questionnaires were rejected due to the incompleteness of the data. Prior going in depth, it is worthy to analyze the samples of the study. The table 3 highlights the characteristics of the sample. 52.5% respondents are female and 47.5% are male. Most of the respondents are within the age group of 24 – 29 (41.3%), followed by 18 – 23 age group (37.5%). 33.9% of the respondents represented the income category of less than Rs. 20,000. Under graduates, Professional Education, and post graduates stand for 88.9% of the sample as 51.3%, 21.3% and 16.3% respectively, indicating reasonably a good education level among the respondents.

Normality Test (Validity Test) - The researcher utilized the Standard Score method to detect the outliers. In this study, when the standardized variables are sorted, the observations could be seen between -3 to +3 that is the accepted level of the normal distribution (Gujarati, 2003). Therefore, there was no any outlier in the sample. Further, the study has tested the normality in relation to Jarque-Bera test statistics.

Dependent Variables

Table 5

Correlations between Dependent Variables

		Quality	Value	Purchase
Quality	Pearson Correlation	1.000	.741(**)	.624(**)
	Sig. (2-tailed)		0.000	0.000
Value	Pearson Correlation	.741(**)	1.000	.545(**)
	Sig. (2-tailed)	0.000		0.000
Purchase	Pearson Correlation	.624(**)	.545(**)	1.000
	Sig. (2-tailed)	0.000	0.000	

** Correlation is significant at the 0.01 level (2-tailed).

Source: Researcher's Original Construction

Table 5 shows the correlation between the sets of dependent variables. These were all found to be significantly lesser than one ($p < .01$). Perceived quality, perceived value and purchase intention are positively correlated. This is in line with findings ofDodds, Monroe and Grewal (1991) andLewandowska and Cornish-Ward's (n.d). Quality and value are highly positively correlated (0.741) where quality and purchase intention are also positively correlated (0.624). But, quality and value are highly correlated than quality and purchase intention. Though value and purchase intention are positively correlated (0.545) they are lesser than quality and purchase intention

correlation, which indicate quality influence purchase intention than value perception This is against conclusion of Szybillow and Jacoby who indicated that consumer purchase intention is influenced by perceived value than the perceived quality (as cited by Dodds, Monroe &Grewal, 199, p.308).

Difference in Perception for Cues - One Way ANOVA is carried out to identify whether there is significant difference between at least two difference cases where significant level 0.000 indicating there is difference between cases. Tukey HSD test was carried out for multiple comparisons so that to identify the case by case situation.A consumer perceived no significant difference between Good Country of Origin, Table 6

Favourable price and Good Brand in terms of Perceive quality, perceived value and purchase intention (Table 6). As shown in table 4.6, 4.8, and 4.10, consumers' ratings where towards higher end (test value between 4 to 6). Similarly Consumer perceives no significant difference among poor Country of Origin, unfavourable price and weak Brand in terms of Perceive quality, perceived value and purchase intention (Table 4.4). This also support by Table 4.5, 4.7, and 4.9 where consumer rating were towards lower end (Test value between 2 to 3).However, there is difference in perception of favourable cues and unfavourable cues from consumer for all three cues such as brand, price, and country of origin (Table 6).

Tukey HSD Test

Cues	Quality(sig)	Value(sig)	Purchase Intention(sig)
Good Brand Vs Poor Brand	0.000	0.000	0.000
Good CO Vs Poor CO	0.000	0.000	0.000
Favourable price VsUnfavourable price	0.000	0.000	0.000
Good CO VsFavourable Price	1.000	0.998	0.621
Good CO Vs Good brand	0.169	0.569	0.183
Favourable Price Vs Good Brand	0.055	0.054	0.080
Poor CO VsUnfavourable Price	1.000	0.820	0.811
Poor CO Vs Poor Brand	1.000	1.000	1.000
Poor Brand VsUnfavourable Price	1.000	0.704	0.663

Source: Researchers' Original Construction

Single Effect - Price Effect (H1) - Table 7 presents the quality, value for money and purchase intention of the mobile phones which are in low prices (Rs.7000) and high prices (Rs.40000). According to the table 7, when price is at Rs.7000 quality, value for money and purchase intention are insignificant at the test value three (3).when Price is at Rs.40,000, the first and second variables are insignificant at test value 4.5 and the third one is at test value 4. This indicates that, there is a positive sentiment for the prices by the customers in all three aspects,

quality, and value for money and purchase intention. H1a is accepted where this is in line with the findings of Brady, Bourdeau and Heskel (2005) and Dodds, Monroe andGrewal (1991). However, H1b and H1c were rejected. This finding rejects previous findings of Chen, Chang and Chang (2005), Dodds et al. (1991) and Lichtenstein, Ridgway and Netemeyer, 1993. However, favourable price effect is high in quality than value for money perception and purchase intention.

Brand Effect (H2) - Table 7 presents the quality, value for money and purchase intention of the mobile phones which are in less favorable brand (Etel) and more favorable brand (Nokia). According to the table 7, when Brand is Etel, quality, value for money and purchase intention is insignificant at the test value 2.5. When Brand is Nokia, variables are insignificant at test value 5.2. This indicates that, Nokia brand is more favorable than the Etel brand in the three aspects, quality, and value for money and purchase intention where H2a, b and c are accepted. This finding is in line with Brady, Bourdeau and Heskel (2005), Chen, Chang and Chang (2005), and Dodds, Monroe and Grewal (1991) who also found that there is positive perception towards favaourable brand. Further, the test statistics of the variables in relation to Nokia brand is positive even in a higher test value, this shows that the perception of the respondents regarding to the Nokia brand name is positive. Therefore, the second hypothesis (H2) is accepted.

Country of Origin Effect (H3) - According to the table 7 when Country is China, quality is insignificant at the test value 2.6, value for money and purchase intention is insignificant at the test value 2.7.When country is Finland, and variables are insignificant at test value 4.4. This indicates that, the phones produced by Finland are more favorable than those of China production. Further, the test statistics of the variables in relation to Finland is positive even in a higher test value, this shows that the perception of the respondents regarding to the Finland origin phones is positive. Therefore, the third hypothesis (H3a, b, and c) are accepted. This confirms the findings of Ahmed, Johnson, Ling, Fang and Hui (2002), Han and Terpstra (1988) and Hong andWyer (1989) who also found that favourable Country of Origin has positive effect on Quality value and purchase intention. When all the cues are favourable, brand has the highest effect in Quality rating (Test value 5.2) followed by price (Test Value 4.5) and Country of Origin (Test Value 4.4).Again brand has the highest effect in value for money rating (Test value 5.2) followed by price (Test Value 4.5) and Country of Origin (Test Value 4.4). Finally, purchase intention rating, again brand has the highest effect (Test value 5.2) followed by Country of Origin (Test Value 4.4) and price (Test Value 4). In contrast, when all the cues are unfavourable, Brand has the significant effect in Quality rating (Test value 2.5) followed by Country of Origin (Test Value 2.6) and Price (Test Value 3). Similarly, Brand has the significant effect in perceived value (Test value 2.5) followed by Country of Origin (Test Value 2.7) and Price (Test Value 3).Finally, purchase intention rating, again Brand has the significant effect (Test value 2.5) followed by Country of Origin (Test Value 2.7) and Price (Test Value 3).In conclusion, brand has the significant effect on quality, value perception and purchase intention. Lewandowska and Cornish-Ward (n.d) found that CO has significant influence on consumer quality perception where Sri Lankan consumers use Brand to infer quality more than other cues.

Table 7

Single Effect of Price, Brand, and Country of origin when it is favourable and unfavourable

Variables	Price Effect						Brand Effect						Country Of Origin Effect					
	Price7000			Price 40,000			Etel			Nokia			China			Finland		
	Test value	t	Sig	Test value	t	Sig	Test value	t	Sig	Test value	t	Sig	Test value	t	Sig	Test value	t	Sig
Quality	3	-1.98	0.051	4.5	0.079	0.937	2.5	0.266	0.791	5.2	1.74	0.086	2.6	-1.685	0.096	4.4	1.9	0.061
Value for Money	3	0.903	0.369	4.5	-1.576	0.119	2.5	0.612	0.543	5.2	0.083	0.934	2.7	-0.521	0.604	4.4	1.21	0.23
Purchase intention	3	0.351	0.727	4	-0.841	0.403	2.5	-0.406	0.686	5.2	0.317	0.752	2.7	-1.449	0.151	4.4	0.35	0.728

Source: Researcher's Original Construction

Combine Effect

Combine Price Effect (H4)

Table 8

Price with other information (Brand and Country of Origin)

Variables	Test value	T	Sig
Quality	5.2	0.945	0.348
Value for Money	5.2	0.185	0.854
Purchase intention	4.6	0.067	0.947

Source: Researcher's Original Construction

Table 8 present the quality, value for money and purchase intention of the mobile phones in relation to the price (Rs.40,000) with other information; brand (Nokia) and Country of Origin (Finland). Quality and value for money are insignificant at the test value 5.2; purchase intention is insignificant at the test value 4.6. Further the test statistics are positive in relation to all the three variables. The same price has been tested in the first hypothesis in the table 7. The insignificant test values when the price is provided are lower than the test values when the price is provided with other information. This indicates that, if the price is provided with other information, there is a greater impact on quality, value for money and purchase intention. Therefore, the fourth hypothesis (H4) is accepted. Acceptance of H4a supports Bearden and Shimp's (1982) conclusion and it contradict with Dodds, Monroe and Grewal (1991) who found in their study that price-alone effect in quality is larger than any other combined price cue effect. But, H4b and c are similar to Dodds, et al. findings.According to One Way ANOVA in Table 10 when Favourable price couple with poor brand and unfavourable country of origin, there is significant difference in all quality (0.000), value (0.000) and purchase intention (0.000). When weak Price couples with strong brand and favourable CO, there is a difference in

perception of quality (0.000), value for money (0.000) and purchase intention (0.000). Surprisingly, there is no difference between single unfavourable price effect and combine effect of all poor cues situation in quality perception (0.644). This indicates, poor price perception of quality cannot be worsening more even when other cues are weak. There is difference in perception of value (0.014) and purchase intention (0.003)

Combine Effect of Brand and Country of Origin (H5 and H6)

Table 9

Brand with other information

Variables	Test value	T	Sig
Quality	5.4	1.260	0.237
Value for Money	5.4	0.780	0.138
Purchase intention	5.4	0.235	0.815

Source: Researcher's Original Construction

Table 9 presents the quality, value for money and purchase intention of the mobile phones in relation to the brand (Nokia) with other information; Price (Rs.40000) and Country of origin (Finland). Qualities, value for money and purchase intention are insignificant at the test value 5.4. Further the test statistics are positive in relation to all the three variables. The same brand has been tested in the second hypothesis in the table 7. The insignificant test values when the brand is provided are lower than the test values when the brand is provided with other information. This indicates that, if the brand is provided with other information, there is a greater impact on quality, value for money and purchase intention. Therefore, the fifth hypothesis (H5) is accepted. This supports Dodds, Monroe and Grewal's (1991) argument.

In relation to the third hypothesis in the table 7, the insignificant test values are at 4.4. In the table, the researcher has examined the same country (Finland) with other information. Test value 5.4 indicates that if the country is provided with other information, there is a greater impact on quality, value for money and purchase intention. Therefore, the sixth hypothesis (H6) is accepted. This is supports Lewandowska and Cornish-Ward (n.d) and contradicts with Ahmed, Johnson, Ling, Fang and Hui (2002). According to One Way ANOVA in Table 10, when favourable CO couple with poor brand and unfavourable price, there is siginificant difference in all quality (0.000), value (0.000) and purchase intention (0.005) perception. When weak CO combines with strong brand and favourable price, there is difference in perception of quality (0.008), not value for money (0.080) or purchase intention (0.962). Surprisingly, there is no difference between single unfavourable CO effect and combine effect of all poor cues situation in quality (1.000), value (0.949) and

purchase intention (0.996). This indicates, poor CO perception cannot be worsen more even when other cues are weak. When Strong brand couple with poor brand and unfavourable price, there is siginificant difference in all quality (0.000), value (0.000) and purchase intention (0.000) perception. When poor brand model combine couple with strong CO and favourable Price, there is no difference in perception of quality (0.807), value for money (0.907) and purchase intention (0.999), indicating other favourable cue won't improve the perception. Surprisingly, there is no difference between single unfavourable Brand effect and combine effect of all poor cues situation in perception of quality (1.000), value for money (1.000), and purchase intention (1.000). This indicates poor brand perception of quality and purchase intention cannot be worsening more even when other cues are weak.

Table 10

One Way ANOVA for Combine Effect

	Quality	Value	Purchase Intention
Fav CO vsFav CO*Poor Brand*Poor price	0.000	0.000	0.005
WeakCOvs Weak CO*Fav Brand*Fav price	0.008	0.080	0.962
WeakCOvs Weak CO*Poor Brand*Poor price	1.000	0.949	0.996
Fav Brand VsFav Brand*Poor CO* Poor Price	0.000	0.000	0.000
Weak Brand Vs Weak Brand*fav CO* Fav Price	0.809	0.907	0.999
Weak Brand Vs Weak Brand*Poor CO* Poor Price	0.985	1.000	1.000
Fav Price Vs. Fav Price*Poor CO* Poor Brand	0.000	0.000	0.000
Weak Price Vs. Weak Price*Fav CO* Fav Brand	0.000	0.000	0.000
Weak Price Vs. Weak Price*Poor CO* Poor Brand	0.644	0.140	0.030

Source: Researchers' Original Construction

6. DISCUSSION

Main objective of this study is to examine effect of external cues such as price, brand and county of origin, in consumer's evaluation of mobile phone in Sri Lanka. Thus this study tested relationships between three extrinsic product cues (price, brand name, and country of Origin) and three evaluative variables (perceived quality and perceived product value as well as purchase Intention). Brady, Bourdeau and Heskel (2005) and Dodds, Monroe andGrewal (1991) concluded that when price move from lower price model to higher price model, consumer perceive higher quality where they think it is costly to produce quality product and price is high due to greater demand which backed by higher quality. This study also found that when mobile phone prices are higher consumer perceives higher quality than that of lower price phone. The possible reason would be consumer perception of cost of quality input and higher demand backed by greater quality and innovation. The research hypothesized that there is a negative movement in consumer perception

of value and purchase intention when price increases. Where consumers perceive higher risk in terms of future costthen product does not function as expected. However, a positive relationship between Price and perceived value as well as purchase intention was observed in this study (Table 7). This is against the previous findings of Chen, Chang and Chang (2005), Dodds, Monroe andGrewal (1991) and Lichtenstein, Ridgway and Netemeyer, (1993). These trends prevailing among Sri Lankan consumers may be due to consumer perceive strong perception of quality where they think there will be less risk in terms of future loss of failure of the product. A strong positive correlation is found between quality perception and purchase intention (table 5). Moreover, higher priced mobile phones are preferred may be due to the perception of the consumer that the higher priced mobile phones as luxury product which enhance the status among social group. This reason further support by sample characteristics (Table 3) where 33.9% of the sample earn less than Rs.20,000 per month. But finding shows positive attitude to purchase when price increase. This means irrespective of income level majority prefer to buy high price phone for social need. Consumer have favourable attitude towards strong brands than of weak brands in terms of quality (Brady, Bourdeau&Heskel, 2005, Chen, Chang & Chang, 2005, and Dodds, Monroe &Grewal, 1991). The same trend is found in this study as well. The reason for consumers' perception for higher demand for high profile brand (Nokia) may be due to higher quality (user friendly and durability). Moreover, this study hypothesized that there is positive attitude towards favourable brand in relation to perceived value and purchase intention. This was accepted in this study supporting findings of Brady, Bourdeau and Heskel (2005), Chen, Chang and Chang (2005), and Dodds, Monroe and Grewal (1991). Strong brand (Nokia) indicates higher quality and more probability to function well, which reduces the perceived risk, suggesting the current finding of positive relationship between favourable brand and perceived value. Higher quality perception and lower risk as well as symbolic benefit (pride of owing of Nokia), could have enhanced purchase intention as shown in findings of current study.Ahmed, Johnson, Ling, Fang and Hui (2002), Hong and Wyer (1989), and Lewandowska and Cornish-Ward (n.d) found that there is positive quality perception towards strong Country of Origin which is supported in this study. This may be due to consumers' positive image regarding Finland against China in terms of specialized nature of country, product-country match, economic condition and favourable country image. Further, a positive trend is hypothesized between favourable country of origin and perceived value, which is again accepted. Consumers perceive higher risk in buying from low image country (China), where there China is newly industrializing country and there were many product failures in the past. Finland is a high image country which has positioned well for quality and durable mobile phones which will reduce the perceived risk and eventually higher perceived value. Ultimately, finding indicates that positive Country of Image positively influence purchase intention due to both higher quality perception and lower risk.Current study found that brand has the greatest degree of effect on Quality, Perceived value and purchase intention which is different to Lewandowska and Cornish-Ward's (n.d) findings among Australian consumers who depend highly on Country of Origin for Quality

rating. Further, current study conducted among Sri Lankan consumers contradict with Australian customers' behaviour where Australian consumers did not refer brand name for consumer attitudes and purchase decision (Lewandowska& Cornish-Ward, n.d). The tested and confirmed consumer mobile phone evaluation model is illustrated in Figure 6.

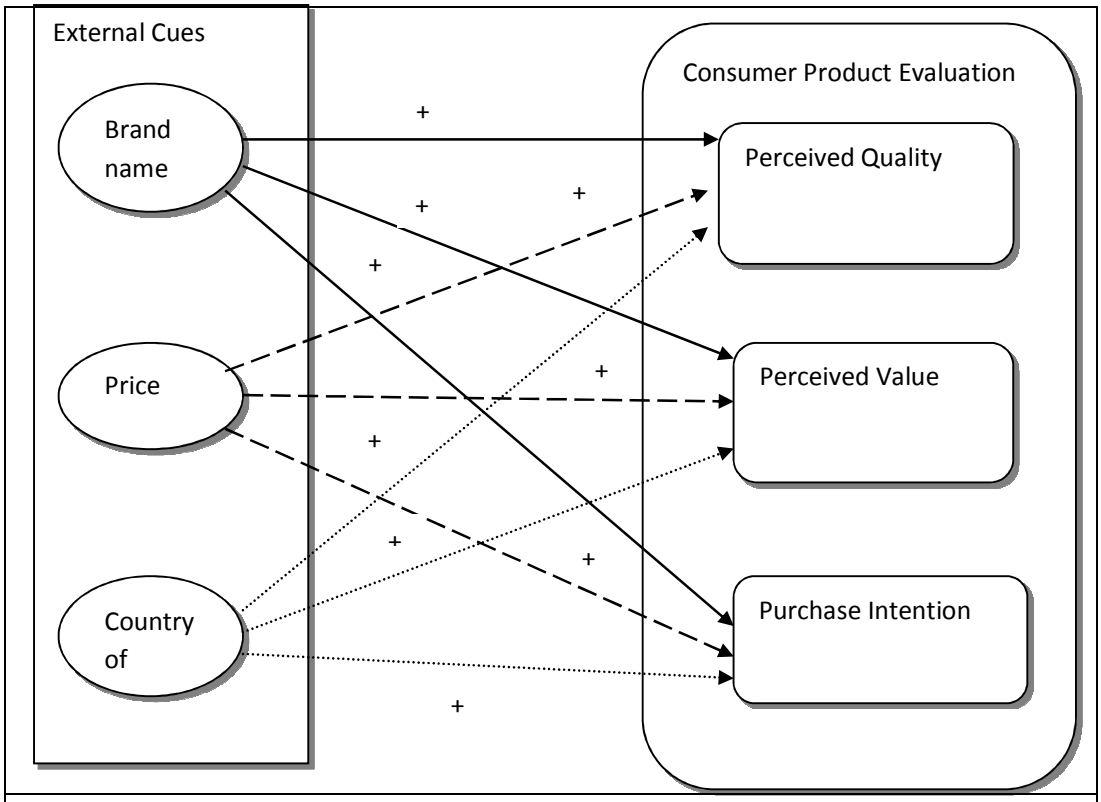


*Figure 5.1*Tested Conceptual Framework, Source: Researcher's Original Constructs

Single-Cue vs. Multiple-Cue Effect -

Bearden and Shimp (1982) indicated that price combine with another cue will have a greater effect on perceived quality where Dodds, Monroe and Grewal (1991) found in their study that price-alone effect in quality is larger than any other combined price cue effect. This study hypothesized that combine effect is higher in quality perception which is accepted (Table 4.6 vs. 4.11). This may be due to higher consumer confidence in evaluating product quality when familiar brand and country of origin is iven. However, higher combine effect found in this study in relation to perceived value and purchase intention supports conclusion of Dodds, et al. (1991).Bearden and Shimp (1982) indicated that price combined with another cue will have a greater effect on perceived quality where Dodds, Monroe and Grewal (1991) found in their study that price-alone effect is larger in quality perception. This study hypothesized that combine effect is higher in quality perception which is accepted (Table 7 vs. 8). This may be due to higher consumer confidence in evaluating

product quality when familiar brand and country of origin are given with price information. However, higher combine effect found in this study in relation to perceived value and purchase intention supports conclusion of Dodds, et al. (1991). This may be due to lower in risk with combining familiar brand and country of origin. When favourable price coupled with poor brand and unfavourable country of origin, there is a significant difference in perceivedquality, value and purchase intention (Table 10). This difference can be an enhancement of perception or worsen of perception. Further research can be done to come to a firm conclusion. When weak Price couples with strong brand and favourable CO, there is difference in perception of quality, value for money and purchase intention. This difference can be an enhancement of perception or worsen of perception. According to Dodds, Monroe and Grewal (1991), negative price effect can be reduced by positive brand where further research can be done to come to a firm conclusion.Surprisingly, there is no significant difference between single unfavourable price effect and combine effect of all poor cues situation in quality perception. This indicates, poor price perception of quality cannot be worsen more even when other cues are weak. However, there is difference in perception of value and purchase intention.Dodds, Monroe and Grewal (1991) found in their study that combined brand effect in quality, perceived value and purchase intention is larger than brand-alone effect. This study hypothesized that combine effect is higher in all dependent variable which is accepted in the hypotheses test (Table 7 vs. 9). As discussed earlier, seeking higher information to come to a conclusion by consumers has lead to higher effect in combine situation than that of brand alone situation.. When Strong brand coupled with poor country of originand unfavourable price, there isa significant difference in perception of quality, value and purchase intention. Dodds, Monroe and Grewal (1991) found that poor price will be compensated by strong brand. Therefore, this effect can be a enhancement or reduction of perception. When poor brand model coupled with strong CO and favourable Price, there is no significant difference in perception of quality, value for money and purchase intention, indicating other favourable cues won't improve the perception when brand is weak. This finding contradict with Ahmed, Johnson, Ling, Fang and Hui's(2002)findingwho said that favourable Country of origin compensate for weak brand. Surprisingly, there is no significant difference between single unfavourable Brand effect and combine effect of all poor cues situation in perception of quality, value for money, and purchase intention. This indicates poor brand perception of quality and purchase intention cannot be worsening more even when other cues arefavourable or unfavourable.Similar to Price and Brand, country of origin also shows a larger combine effect than singe cue effect (Table 7 Vs 9). This supports Lewandowska and Cornish-Ward (n.d) argument of larger combine effect observed. When favourable CO couples with poor brand and unfavourable price, there is significant difference in quality, value and purchase intention perception (Table 10). This can be enhancement of perception or worsen of perception. A further research has to be carried out to find the direction.When weak CO combines with strong brand and favourableprice, there is difference in perception of quality, not value for money or purchase intention. According to According to Ahmed, Johnson, Ling, Fang and Hui (2002), a weak CO cannot be

compensated by strong brand. Therefore, a further research has to be carried out to identify whether effect is enhanced or reduced.Surprisingly, there is no difference between single unfavourable CO effect and combine effect of all poor cues situation in quality, value and purchase intention (Table 10). This indicates, poor CO perception cannot be worsen more even when other cues are weak.

7. CONCLUSION

The purpose of this study is identify individual and combine effect on external cues- Price, Brand, and Country of Origin- on consumer mobile phone evaluation in Sri Lanka. Main objective of this study is to toexamine effect of external cues, price, brand, and county of origin, in consumer's evaluation of mobile phone when it is favourable and unfavourable. This objective was tested via hypothese (H1 to H3) where this study found that there is positive trend in perception of quality, value, and purchase intention when price, brand and country of origin moves from unfavourable condition to favourable condition.This finding addresses the first objective that is expected to achieve from this research. It is found that when price increases, there is a positive perception of quality, value and purchase intention. Similarly popular brand and favouable country of origin showed a better perception.Second objective of this study is identify the cue that has greater effect where findings indicated that brand has the greater effect among three cues considered under this study. Final objective was to identify the combine effect of these three cues which were tested in hypotheses (H4 to H6). This study found that, there was a larger effect on quality, perceived value and purchase intention when cues are combined. However, there is significant difference in consumer perception of combining weak or unfavourable cues with favourable cues. Further, this study found that weaker brand is not compensated by any other favouable cue suggesting another important implication. Since, mobile phone growth are rocketing in Sri Lanka, findings of this study would facilitate mobile phone industry stakeholders.

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