Moderating Influence of Perceived Risk on Relationships between Extrinsic Cues and Behavioral Intentions

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ABSTRACT

This paper aims to explore the influence of extrinsic cues on behavioral intentions, and the moderating effects of perceived risk on extrinsic cues and behavioral intentions. An experimental design (2 x 2 x 2 between-subjects) was performed to examine the direct and interactive effects of extrinsic cues on behavioral intentions. Two stages survey (i.e. pilot test and formal survey) were used to evaluate the respondents and find out the relationship among various constructs in hypothesized research model. This research found that three extrinsic cues (i.e., country of origin image, price perceptions and advertising content) have significantly positive effects on loyalty and willingness to pay more, but have a significantly negative effect on switch. The moderating effect of perceived risk reduces the relationship between extrinsic cues and behavioral intentions (i.e., loyalty, willingness to pay more) and increases the relationship between extrinsic cues and behavioral intentions (e.g., switch). The findings can help bridge the gap to explore the influence of direct and interactive effects of extrinsic cues on behavioral intentions. Furthermore, this study shed light the relationships among perceived risk, extrinsic cues and behavioral intentions.

Keywords: Country of Origin Image, Price Perceptions, Advertising Content, Perceived Risk, Behavioral intentions

INTRODUCTION

Behavioral intention is a popular topic in marketing and an important predictor of consumer behavior (Baker, Parasuraman, Grewal, and Voss, 2002). The focus of behavioral intentions include favorable intentions (e.g., remaining loyal to a company, paying price premium) and unfavorable intentions (e.g., switching to another company; Zeithaml, Berry, and Parasuraman, 1996). In the search for global service industry market segments emphasis is placed upon relatively similar consumer traits and conditions of use, which confirms international consumer segments (Ohmae, 1989). Several marketers have attributed different consumer behavioral intentions to different social values held by consumers in a particular country (Kim, Forsythe, Gu, and Moon, 2002). Thus, consumers tend to rely on extrinsic cues in product evaluations to reduce the risks in purchasing (Lee and Lou, 1996). Saiu and Shen (2003) pointed out that consumers have many doubts in perceiving transactions, signaling an increase in perceived risks and a decline in behavioral intention. Consumers’ perceived risks (like financial, physiological, psychological, and social risks) during the purchase would influence their decisions to purchase (Goyal, 2008).

The impact of extrinsic cues on behavioral intentions have been investigated from different perspectives such as, price perceptions (Varki and Colgate, 2001), perceived value (Grewal, Monroe, & Krishnan, 1998), domestic versus imported products (Chung and Pysarchik, 2000), perceived risk (Aqueveque, 2006; Mitra, Reiss, and Capella, 1999), information search (Mitra et al., 1999), advertising (Sing and Smith, 2005), and product cues (Teas and Agarwal, 2000). However, previous studies seldom linked and examined the impact of extrinsic cues such as country of origin image, price perceptions, and advertising content on behavioral intention, as well as the moderating influence of perceived risk on extrinsic cues and behavioral intentions. Manrai and Manrai (1993) stated that consumers would have high perceived quality and overall appraisal of a country’s products if they have a good image of the country of origin. Varki and Colgate (2001) advocated that different price perceptions would lead to different purchase intentions of consumers. In addition, Zhang and Gelb (1996) pointed out that advertising content would influence the purchasing behavior of consumers. When consumers see uncertain or unforeseeable factors in making purchase decisions, their recognition will develop into risk perception, which influences their behavioral intention (Garbarino and Strahievitz, 2004). We know from these studies that examining the influence of country of origin image, price perceptions, advertising content, and
other extrinsic cues and perceived risks on behavioral intentions is quite important.

In sum, despite the huge amount of research on extrinsic cues, the investment of the impact of risk on the use of extrinsic cues to assess behavioral intentions is lacking. To bridge this gap, this paper aims to explore the influence of extrinsic cues and perceived risk on behavioral intentions. In addition, analyzing the influence of perceived risk on the effect of extrinsic cues on behavioral intentions provides new knowledge about consumer behavior in situations involving intentions. A review of literature regarding behavioral intentions, extrinsic cues, and perceived risk is carried out before the hypotheses and methods used in the study are presented. Then, the results and testing of the hypotheses are presented and analyzed. This paper ends with a discussion of the findings of the analysis and the consequent conclusions.

**LITERATURE REVIEW AND HYPOTHESES**

**Behavioral Intentions**

Behavioral intentions refer to possible actions of individuals in the future, which can be based on forecasting people behavior (Molinari, Abratt, and Dion, 2008). Dawn and Thomas (2008) defined behavioral intentions as consumers’ behavioral inclination adopted possibly in the future when purchasing products or services based on their perception. Hence, behavioral intention is an individual’s expression of whether or not this behavior will be adopted when making the decision to purchase products or services.

Based on the viewpoint of Zeithaml et al., (1996), behavioral intention can be assessed using five measures, namely, loyalty, willingness to pay more, switch, external response to problem, and internal response to problem. Loyalty and willingness to pay more belong to positive behavioral intentions; switch and external response to problem belong to negative behavioral intentions; and internal response to problem belongs to behavioral intentions of unclear attitude. With reference to the viewpoint of Zeithaml et al., (1996), and based on the feature of service sector and for the purpose of this study, the researcher has adopted three measures as bases for inference and measurement of the subsequent hypotheses. These include loyalty (strength of relationship between the customer and service provider and the customer’s willingness to purchase more), willingness to pay more (customer is still willing to purchase again even when the product price is increased), and switch (possibility that the customer reduces the transaction with the service provider and switches to purchase from competitors). External and internal responses to problems are excluded because of their emphasis on the concept that a company adopts a remedial service to respond to customers’ complaints, which does not match the study’s discussion of customers’ behavioral intentions to purchase products or services from the perspectives of extrinsic cues and perceived risks.

**Extrinsic Cues**

According to cue utilization theory, products consist of an array of cues that serve as surrogate indicators of quality to shoppers (Richardson, Dick, and Jain, 1994). Cues can be classified as extrinsic and intrinsic. Extrinsic cues are lower-level cues that can be changed without changing the product (e.g., price, brand name, country of origin), while intrinsic cues are higher-level cues directly related to product attributes such as the style of a product (Aqueveque, 2006). Compared with intrinsic cues, extrinsic cues are more general and applicable to a wider range of products, whereas intrinsic cues are specific only to a particular product (Lee and Lou, 1996). In spite of the lack of any real effect on product quality, a number of extrinsic cues have been found to significantly influence consumer perceptions of product performance and quality (Veale and Quester, 2009). Therefore, a review of the past studies suggest that consumers rely on extrinsic cues such as country of origin image (Veale and Quester, 2009), price perceptions (Varki and Colgate, 2001), advertising content (Sing and Smith, 2005), brand name (Allision and Uhl, 1962), packing (McDaniel and Baker, 1977).

According to research purpose, the research focus of this paper is three extrinsic cues, namely, country of origin image, price perceptions, and advertising content. Country of origin image is generally described as the source country for a product service provider, which may differ from the country of brand, assembly, or design (Ahmed and D’Astous, 1996). Price perception is the consumer’s perception of the quality and value of a product (Èrevelles, Roy, and Vargo,
Advertising content is a kind of communication that persuades consumers via mass communication media (Zhang and Gelb, 1996).

**Perceived Risk**

Perceived risk refers to the possibility that consumers perceive uncertainty or unfavorable consequences when deciding to purchase products or services (Dowling and Staelin, 1994). In other words, it is the degree of risk perceived by consumers in deciding to purchase commodities, and the degree of their tolerance. Even when no risk exists or the when the actual degree of risk is low, consumers’ high-risk perception will still cause a negative influence on consumers’ decision to purchase (Johnson, Sivadas, & Garbarino, 2008).

Several scholars (Aqueveque, 2006; Conchar, Zinkhan, Peters, and Olavarrieta, 2004; Goyal, 2008; Mitra et al., 1999) hold different opinions on the measures of perceived risks and classify them roughly into financial, psychological, physical, social, performance, and time risks. According to Mitra et al., (1999), financial risk refers to products that do not function normally, which leads to financial losses for consumers. Psychological risk refers consumer perception that problematic products could possibly hurt them. Physical risk refers to the possibility that poor products or services could cause physical injury to consumers, while social risk refers to the possibility that consumers will receive negative comments from their family, colleagues, or friends due to purchase of products. Performance risk refers to the possibility that the performance of purchased products cannot provide expected benefits to consumers, and time risk refers to the time wasted by purchasing products. Among the six perceived risks, financial and performance risks are easier to interpret than the other four risks (psychological, physical, social, and time). Hence, they are the subject of the most number of studies (Mitra et al., 1999). This paper adopts financial risk and performance risk as the bases for inference and measurement of subsequent hypotheses.

**Country of Origin Image and Behavioral Intentions**

Generally, countries enjoy a favorable country image if they are highly industrialized, economically strong, governed democratically, and have well-educated citizens who enjoy a high standard of living (Veale and Quester, 2009). With the United States (US), Japan, and Korea as the research targets, Han (1990) discovered that when consumers are unfamiliar with the products of a certain country, their purchase intention is more probably affected by the country image of the product. Since general consumers are unfamiliar with foreign products, they usually judge their quality based on their rigid impression of the country of origin, thus causing the so-called halo effect (Bilkey and Nes, 1982).

Han (1988) stated that when the products of a certain country are well understood by consumers, the country image becomes similar to the product image and is regarded as a summary construct. Manrai and Manrai (1993) showed that when a country has established a more appealing country image, consumers have higher perceived value and hold more positive evaluation towards products produced by that country. In the literature review of product countries written between 1965 and 1979, Bilkey and Nes (1982) found evidence of the effects of country of origin image on product evaluation. In addition, they found that advanced or developed product countries have better images, with more positive product evaluations compared with products of undeveloped countries. Moreover, Ahmed and D’Astous (1996) revealed that products manufactured in developed countries are more positively evaluated by consumers than products manufactured in developing countries. Similarly, Lee, Shuh, and Moon (2001) also indicated that consumers have better impression of developed countries than developing countries.

In summary, this study hypothesizes that the image of the country of origin of a product has significant influence on consumers’ behavioral intentions. With a better country of origin image, consumers would have a positive assessment on the quality and overall efficacy of products from this country, increase their loyalty and willingness to pay more, and reduce the possibility of switching.

H1: Country of origin image has a significant influence on behavioral intentions.
H1-1: Country of origin image has a positive influence on loyalty.
H1-2: Country of origin image has a positive influence on willingness to pay more.
H1-3: Country of origin image has a negative influence on switch.
Price Perceptions and Behavioral Intentions

Price has been one of the most studied extrinsic cues in the consumer behavior field (Aqueveque, 2006). Erickson and Johansson (1985) indicated that the price paid by consumers for products would lead to the decrease of wealth of consumers. This viewpoint implies that price is suitable as a restriction of product selection because the price of a certain product limits consumer's usable budget for other products or services. The classical economic model suggests that consumers distribute limited budgets for goods and services which maximize their effectiveness. Thus, price becomes a necessary currency sacrifice for consumers' acquisition of benefits brought by products or services (Erickson & Johansson, 1985). However, price is not always strongly linked to perceptions of product quality and other considerations (e.g., point of purchase information, retail store image). This means that the influence of price as a product cue is usually greater when little else is known about the product, and decreases when consumers have extensive information from which to base a decision (Veale and Quester, 2009).

Price perception has a stronger influence on customer value perceptions, and unfavorable price perception has a negative effect on behavioral intentions (Varki and Colgate, 2001). For example, Grewal et al. (1998) found a positive relationship between buyers' perceptions of acquisition value and their willingness to buy, and a negative relationship between buyers' perceptions of acquisition value and their intentions to search. In addition, Keaveney (1995) found that more than half of customers switched because of poor service price perceptions. Switching could be posited as an immediate physiological response to negatively valenced information such as high price (Varki and Colgate, 2001). Therefore, it is hypothesized that consumers' behavioral intentions (i.e., loyalty, willingness to pay more, switch) will be more influenced by price perceptions. Specifically, consumers would develop price perceptions and then form quality and value perceptions. Perception of gain or loss will lead to a positive assessment of the overall efficacy of products or services. Hence, consumers will increase their loyalty and willingness to pay more and reduce switch.

H2: Price perceptions have a significant influence on behavioral intentions.
H2-1: Price perceptions have a positive influence on loyalty.
H2-2: Price perceptions have a positive influence on willingness to pay more.
H2-3: Price perceptions have a negative influence on switch.

Advertising Content and Behavioral Intentions

Alba, Marmorstein, and Chattopadhyay (1992) argued that advertising content that could be easily memorized and product feature frequency may better influence consumers’ attitude persistence. Macinnis, Moorman, and Jaworski (1991) also mentioned that consumers’ abundant knowledge of the product, more complete knowledge structure, and rich product experience lead them to ignore usual product information in advertisement. Therefore, the achievement of greater product knowledge to decrease purchasing risk can possibly arouse greater motive for knowledge acquisition.

Different cues of advertising content in a specific market have determined consumers’ motives and ability to handle advertising information (Agree and Martin, 2001). For example, informational advertisement can provide consumers with sufficient information to formulate purchase decisions, like offering an immediate product purchase method to consumers (Pae, Samiee, and Tai, 2002). Usually restricted by content, advertisement cannot provide consumers with sufficient product information (Agarwal, 1995). Hence, the more complete the advertising content, the greater it will reduce consumers’ uncertainty of purchase behavior (Grewal et al., 1998). Sing and Smith (2005) found that behavioral intentions are positively influenced by direct-to-consumer advertising and that consumers’ willingness to take a purchase action is dependent on the value of information in the advertisement. In sum, this study concludes that abundant advertising content will make consumers recall, understand, and be convinced by the advertising content; enhance consumers’ value perception; increase loyalty and willingness to pay more and reduce switch. Therefore, it is hypothesized that consumers’ behavioral intentions (i.e., loyalty, willingness to pay more, switch) will be more influenced by advertising content.

H3: Advertising content has significant influence on behavioral intentions.
H3-1: Advertising content has a positive influence on loyalty.
H3-2: Advertising content has a positive influence on willingness to pay more.
H3-3: Advertising content has a negative influence on switch.
The Interactive Effect of Extrinsic Cues on Behavioral Intentions

Based on the hypotheses about the influence of country of origin image, price perceptions, and advertising content on behavioral intentions (i.e., H1, H2, H3), this study further hypothesizes that the interaction of country of origin image, price perceptions, and advertising content have a significant influence on behavioral intentions and builds Hypothesis 4 and its sub-hypotheses.

First, according to the International Trade Administration (1995), the imported-apparel market has increased 30 percent annually over the past two to three years, and this trend is expected to continue and accelerate consumers’ purchasing decision in the future (Chung & Pysarchik, 2000). Furthermore, Chung and Pysarchik (2000) argued that face saving will be a significant predictor of attitudes and behavioral intention to choose domestic products, but it will not be a significant predictor to choose imported products. Hence, just as the price-quality research has shown that price perceptions interacts with other cues, the well reputation of product can enhance consumers’ purchasing evaluation of new products is likely to be realized in conjunction with other product cues (William & Terence, 1982). Therefore, it is hypothesized that the interaction of the country of origin image and price perceptions has significant influence on behavioral intentions.

Second, more research has shown that attitude towards an ad or a brand may not always be indicative of consumers’ final choice indecision making; in fact, in some case consumers’ intentions and final choice may not necessarily be related. Consumers may develop a preference for a particular brand or product even when they do not have very favorable attitudes towards the advertisements for these products particularly in situations where consumers perceive greater risk level (Biehal, Stephens, & Curlo, 1992). Therefore, it is hypothesized that the interaction of country of origin image and advertising content has significant influence on behavioral intentions.

Third, Grewal et al., (1998) argued that buyers’ internal reference prices adapt to the stimuli prices presented in the advertisement. That is buyers either adjust their internal reference price or accept the advertised content to make judgments about the value of the product and the deal. In addition, because of variations in price in the marketplace buyers generally are uncertain what the lowest available price is. To reduce this uncertainty, buyers must seek advertising information from sellers (Stigler, 1961). Therefore, it is hypothesized that the interaction of price perceptions and advertising content has significant influence on behavioral intentions.

H4: The interaction of the country of origin image, price perceptions, and advertising content has significant influence on behavioral intentions.

H4-1: The interaction of the country of origin image and price perceptions has significant influence on behavioral intentions.

H4-2: The interaction of country of origin image and advertising content has significant influence on behavioral intentions.

H4-3: The interaction of price perceptions and advertising content has significant influence on behavioral intentions.

The Moderating Effects of Perceived Risk on Extrinsic Cues and Behavioral Intentions

Lin and Chen (2008) found that extrinsic cues influence behavioral intentions in that more developed countries of origin have significantly positive influence on consumers’ purchase decisions. William and Terence (1982) stated that consumer purchases a well-known brand with a quality reputation is a risk-reduction strategy and has been supported by previous research. Varki and Colgate (2001) argued that unfavorable price perceptions have a negative effect on behavioral intentions. Alba et al., (1992) found that abundant advertising content increases consumers’ extent of memory and have a positive effect on consumers’ purchase decision. Hence, this study concludes that products or services from countries with high reputation, with favorable price perception, and with abundant advertising content, increases consumers’ loyalty and willingness to pay more and reduces switch.

Perceived risks developed by consumers through recognition of the purchase process would negatively influence behavioral intention (Aqueveque, 2006). Goyal (2008) pointed out that consumers will volunteer to search for more information to reduce their purchase risks when they purchase sophisticated products with higher value and perceived risk. Dowling and Staelin (1994) also pointed out that when consumers perceive high risks when making the decision to purchase, they would either collect relevant information or give up the purchase to reduce purchase risk. Hence, this
study conjectures that when consumers perceive a higher image for the country of origin, price perceptions, and advertising content, but do not think that the product value matches the cost and that the product or service purchased does not function normally or cannot be used, consumers will perceive higher financial risks and performance risks. This would lead to uncertainty or unfavorable consequences in making the purchase decision and cause personal loss. Hence, customers will reduce loyalty, be unwilling to buy more, and increase the inclination to switch. To sum up relevant studies and the inference from this study, this study presents Hypothesis 5 and other relevant sub-hypotheses.  
H5: Perceived risks have significant moderating influence on extrinsic cues and behavioral intention.  
H5-1: The relationship between extrinsic cues and loyalty is weakened by the financial risk.  
H5-2: The relationship between extrinsic cues and willingness to pay more is weakened by the financial risk.  
H5-3: The relationship between extrinsic cues and switch is strengthened by the financial risk.  
H5-4: The relationship between extrinsic cues and loyalty is weakened by the performance risk.  
H5-5: The relationship between extrinsic cues and willingness to pay more is weakened by the performance risk.  
H5-6: The relationship between extrinsic cues and switch is strengthened by the performance risk.  

METHODS

Sampling and Procedure

Selection of Product. In the selection of suitable target product, apart from considering whether the participants were familiar with the product and whether they had purchased or often used it. This research selected some consumer goods that the general consumers were familiar with as the major target products; and finally ten products were selected, including credit card, computer, cell phone, watch, motorcycle, portable e-dictionary, television, toothpaste, shampoo and sports shirt. The researcher gave each of these ten products a number from 1 to 10. A questionnaire was designed for the conduction of survey at a crowded department store and a large supermarket by the way of convenient sampling. The consumers between the age of 20 and 50 were chosen as the participants, who filled out the questionnaires by grading the ten products according to their familiarity with each of the products and their frequency of use and purchase (1 is of the highest grade, and 10 is of the lowest grade). After 216 completed questionnaires were accumulated, the questionnaire data were collated and analyzed. It was clearly shown from the data analysis that computer was placed as the No.1 product. Therefore, we determined to use computer as the target product of this research.  

Experimental Design. An experiment was performed to examine the effect country of origin image, price perceptions, and advertising content on behavioral intentions. As Cook and Shadish (1994) argue that social experiments are usually designed to test an intervention or treatment that is usually better characterized as a global package of many components than as a presumptively unidimensional theory-derived casual construct. In this research, an experimental design is used for two reasons. First, the causal nature of behavioral intentions has been well demonstrated in social science research. Second, this research has also demonstrated the relative ease with the manipulation of country of origin image, price perceptions and advertising content by the use of advertisement photographs to increase internal or external validity. In sum, a 2 x 2 x 2 between-subjects design was used which involved high-low levels of country of origin image, price perceptions, and advertising content.  

Selection of Country of Origin Image. The target of product selected by this research is computer. According to the RESCUECOM Inc (2010) announces top five of 2009s third quarter computer reliability report, the top five competitors and their computer reliability scores for the (3Q) 2009 are as follows: Apple (374), IBM/Lenovo (320), Asus (166), Toshiba (165), and HP/Compaq (134). Hence, this study selects above five computer brands product to investigate consumer perceived regarding the country of origin image. In addition, intending to make more comparative study between the brands of Taiwan and other countries, we add in the sixth brand, Taiwan’s Acer brand. Although each of the above six computer brands has many family products of different models and different functions at different country of origin image (e.g. American, Japan, Taiwan), the focal exploration of this research only covers the high level (i.e. consumer does understand the superiorities of products produced and marketed by a certain country) and low level (i.e. consumer does understand the inferiorities of products produced and marketed by a certain country) in consumer perceived country of origin image.
Selection of Price Perceptions. Although each of the above six computer brands has many family products of different models and different functions at different prices, the focal exploration of this research only covers the high or low price level in consumer perceived pricing. The researcher downloaded the demonstrations of the six brands of computers of and printed them out from internet. Finally, the price of US$1500 (high level) and US$600 (low level) were regarded as the manipulated basis for high-price standard and low-price standard of this research respectively.

Selection of Advertising Content. To manipulate high and low level effects of the manipulated advertising content, the researcher downloaded the demonstrations of the six brands of computers of different country origins and printed them out from internet. The manipulated criterion of advertising content is that the participants had to read the two different colorful demonstrations first, one with high level (i.e. the higher degree of abundant, attractiveness, value, and further involvement for clearer understanding) advertising content and the other with low level one, and then fill out the questionnaires when different conditions were achieved.

Pilot test. The main purpose of pilot test is to find out the relationship among various constructs in hypothesized research model. Besides, it mainly tests the differentiation of high-low levels effects of the three manipulated independent constructs to carry out a formal survey. In the process of pilot test, the researchers went to ten famous computer stores for conduction of convenient sampling. Totally there were 192 questionnaires (i.e. Apple, IBM/Lenovo, Asus, Toshiba, HP/Compaq, and Acer six brands x eight experimental groups x four random subjects = 192 questionnaires) accumulated, and the participants were between the age of 20 and 50, with the experience of using computer for more than one year. Having analyzed the collected 192 questionnaires in Likert five-point scale, some procedures were done. A series of exploratory factor analyses are carried out with maximum likelihood method and varimax rotation conducted on independent scale items. This research deletes some scale items of low factor loading (below 0.6). All eigenvalues of common factor are found to be above 1 and all factor loadings are above 0.6. The accumulative explanatory variance among country of origin image, price perceptions and advertising content is 64.28%; and the accumulative explanatory variance of behavioral intentions is 75.72%. Besides, all the Cronbach’s as are above 0.7, reaching the acceptable standard of reliability (Nunnally 1978).

Formal Survey. Using the revised formal questionnaires in the pilot test, the researcher carried out a formal survey on the 338 undergraduates and 102 postgraduates students (in-service MBA students) of a university of Taiwan. Although the high homogeneity of the undergraduates might limit the external validity of the research results, yet to this research, homogenous sample is more suitable than heterogeneous sample for checking the theoretical model (Calder, Philips, and Tybout, 1981). To avoid single source bias, that is caused among the constructs of the hypothesized research framework of the study due to common method variance (Avolio, Yammarino, and Bass, 1991). Hence, this research collected the questionnaire data from the part-time MBA students concurrently working in different companies. First of all, the participants were between the age of 22 and 50, with the experience of using computer in the past for more than one year. Besides, potential participants from the whole student community were approached by us and invited to be the participants in a marketing research. By the way of convenient sampling, this research accumulated 378 questionnaires filled out by 378 undergraduates out of the total 4,682 undergraduates of a university. These 378 undergraduates included 94 freshmen, 94 sophomores, 95 juniors and 95 seniors, aging 20 in average. Besides, the total 121 postgraduates (in-service MBA students) of the university, 102 questionnaires were collected from 54 first-year master program students and 48 second-year master program students, aging 28 in average.

In order to let all these 480 participants (i.e. Apple, IBM/Lenovo, Asus, Toshiba, HP/Compaq, and Acer six brands x eight experimental groups x ten random subjects = 480 participants) involve in seeing the computers. The colorful demonstrations pictures of the high price and low price products of each of the brands in the high-low levels advertising content were selected and printed. These manipulated colorful pictures were appropriately distributed to the participants of different eight experimental groups, who were also requested to fill out the actual time and environment of the situation in questionnaires. Besides, to avoid the creation of selective bias, the researcher gave the 480 participants a 30-minute talk explaining the survey, and distributed averagely all the participants to the eight experimental groups, such as refer to gender, age, and undergraduate or graduate, and study year to see the manipulated introduction to the country of origin image of the computer products, as well as their price perceptions and advertising content.
Measures

The hypothesized confirmatory model of this research mainly includes three manipulated independent variables, such as country of origin image, price perceptions, and advertising content. In addition, there is one dependent variable (i.e., behavioral intentions) and one moderator variable (i.e., perceived risk). This research measures each of these variables using a five-point Likert scale. The respondents could choose from “1” (implying Very Disagree) to “5” (implying Very Agree) according to actual situations. The measurements are listed as follows.

**Country of Origin Image.** The consumer does or does not understand the superiorities and inferiorities of products produced and marketed by a certain country. Four items obtained from Roth and Romeo (1992) and Teas and Agarwal (2000) were used to measure degree of reputation and quality of product produced by the product country; the consumer provides the degree of evaluation.

**Price Perceptions.** It means that product price creates a feeling of expensiveness or cheapness in the mind of consumer. Four items obtained from Erevells et al., (1999) were used to measure degree of price expensiveness or cheapness when comparing with product of the same level; the price of this product is more expensive than the product of the same level.

**Advertising Content.** Consumers are convinced in abundant or usual communications through mass media. Four items obtained from Petty, Cacioppo and Schumann (1983) were used to measure the degree of abundant, attractiveness, value, and further involvement for clearer understanding.

**Perceived Risk.** Perceived risk involves two measures and relevant items and was revised with reference to Aqueveque’s Scale (2006). Financial Risk refers to each product or service that cannot function or be used normally, or that do not match cost, which leads to financial loss incurred by the customer. The three-item scale measures the customer’s recognition of financial risk. Performance risk refers to operations or options of each product or service that does not meet customers’ expected benefits. The three-time scale measures customers’ recognition of performance risk.

**Behavioral Intentions.** Behavioral intention measures three measures and relevant items and was revised with reference to the scale of Zeithaml et al., (1996). Loyalty refers to the strength of the relationship between customers and service providers or the possibility that customers are willing to buy again. The three-item scale measures customers’ opinions on loyalty. Willingness to pay more is the possibility that customers are still willing to buy again although product price is increased. The three-item scale measures the customers’ recognition of the willingness to pay more. Switch refers to the possibility that customers will purchase fewer commodities in future and switch to competitors. The three-item scale measures customers’ extent of switch to purchase from competitors.

RESULTS

**Manipulation Check**

Through the manipulation of independent constructs and the comparison of average values among the measured items, this study acquires some results. In the aspect of country of origin image, X high = 4.43, X low = 3.56; in the aspect of price perceptions, X high = 4.40, X low = 3.71; and in the aspect of advertising content, X high = 4.37, X low = 3.48. From the above results, it is known that the P value of each of the three constructs in the between-subject T-test under different levels is less than .01. As this result implies a significant difference, the manipulation of the experiment of the research is quite successful.

**Common Method Variance**

Since items of all variables in the study were answered by respondents from the same source, this study used Harman’s single-factor test of Podsakoff, MacKenzie, Lee, and Podsaliff, (2003) to test the existence of common method variance among questionnaire data. The result of verification indicates that about two-thirds of the items of independent variables (i.e., country of origin image, price perceptions, advertising content), moderator variable (i.e., perceived risk) and dependent variable (i.e., behavioral intentions) are not from the same latent variable. Moreover, this model does not have good fitness, representing that this study does not have the issue of common method variance.
Reliability and Validity Analysis

Coefficient alpha for measures of perceived risk (α=.843), loyalty (α=.834), willingness to pay more (α=.840), switch (α=.855), and manipulation checks for country of origin image (α=.816), price perceptions (α=.785), advertising content (α=.857) were all above the recommended 0.70 proposed by Wortzel (1979), providing evidence of reliability.

As for detection of validity, this study detects the fitness of the overall theoretical model through confirmatory factor analysis on five latent variables (i.e., country of origin image, price perceptions, advertising content, perceived risk, and behavioral intentions). The result indicates that chi-square ($\chi^2$)=1720.634, degree of freedom (df)=935, $\chi^2$/df =1.841, and the goodness of fitness index (GFI)=0.914. After adjustment, the fitness index (AGFI)=0.912 and RMSR=0.044. The factor loading of each observed variable is larger than 0.6 and reaches the level of significance of 0.06. Thus, the official scale has convergent validity and conforms to the advocacy of Bagozzi, Yi, and Phillips (1991).

Moreover, the detection by discriminant validity is to set the correlation coefficient between two measures of five latent variables to 1 and the degree of freedom will be increased by 1. When the chi-square of the defined and undefined models is larger than 3.84, it indicates that two measures cannot be regarded as the same measure, which means that the two measures have the discriminant validity. The result indicates that the chi-square of defined and undefined models is larger than 3.84 and $p<0.01$ (the level of significance), which shows that latent variables of the formal scale in this study have discriminant validity and conform to the advocacy of Jap and Ganesan (2000).

Correlation Analysis

Table 1 gives the correlations among all the variables. Correlations are generally low to moderate, and variance inflation factors for all variables are almost less than 0.4, thus multicollinearity was not a problem for this estimation.

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</tr>
<tr>
<td>4. Financial risk</td>
<td>-.25*</td>
<td>-.24*</td>
<td>-.19*</td>
<td>—</td>
<td></td>
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<tr>
<td>5. Performance risk</td>
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<td>-.02</td>
<td>-.05</td>
<td>.35**</td>
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<tr>
<td>6. Loyalty</td>
<td>.37**</td>
<td>.33**</td>
<td>.34**</td>
<td>-.36**</td>
<td>-.37**</td>
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<tr>
<td>7. Willingness to pay more</td>
<td>.24**</td>
<td>.36**</td>
<td>.25*</td>
<td>-.33**</td>
<td>-.34**</td>
<td>.30**</td>
<td>—</td>
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</tr>
<tr>
<td>8. Switch</td>
<td>-.35**</td>
<td>-.36**</td>
<td>-.32**</td>
<td>.28**</td>
<td>.26*</td>
<td>-.36**</td>
<td>-.19*</td>
<td>—</td>
</tr>
</tbody>
</table>

n=480, * $p < .05$, ** $p < .01$

Hypotheses Tests

Models 1-9 in Table 2 indicate high interpretability ($R^2$ in the range of 36.8~51.7%). The variation of $\Delta R^2$ is in the range of 0.360~0.508 and F reaches the level of acceptance, indicating that the regression model can interpret the variance. Following is the description of verification results of each hypothesis.

Extrinsic Cues and Behavioral Intentions

The result of Models 1, 2, and 3 indicate that variables of extrinsic cues, including country of origin image (COI), price perceptions (PP), and advertising content (AC), have significantly positive influence on loyalty and willingness to pay more and significantly negative influence on switch among behavioral intentions. For example, COI has a significantly positive influence on loyalty and willingness to pay more ($\beta=0.383$, $p<0.01$; $\beta=0.235$, $p<0.01$) and a significantly negative influence on switch ($\beta=-0.355$, $p<0.01$). The result of the verification proves that H1-1~H1-3, H2-1~H2-3, H3-1~H3-3 are supported, hence, H1, H2, and H3 are likewise established.
The Interactive Effects of Extrinsic Cues on Behavioral Intentions

The results of Models 1, 2 and 3 indicate that the interaction between COI and PP both have a significantly positive influence on loyalty and willingness to pay more (β=0.394, p<0.01; β=0.268, p<0.05) but a significantly negative influence on switch (β=-0.368, p<0.01). Hence, H4-1 is supported. The results imply that the interaction between COI and PP has the greatest influence on switch, followed by the willingness to pay more and loyalty.

Second, the interaction between COI and AC has a significantly positive influence on loyalty and willingness to pay more (β=0.412, p<0.01; β=0.260, p<0.05) but a significantly negative influence on switch (β=-0.359, p<0.01). Hence, H4-2 is supported. The results imply that the interaction between COI and AC has the greatest influence on loyalty, followed by switch and willingness to pay more.

Third, the interaction between PP and AC has a significantly positive influence on loyalty and willingness to pay more (β=0.371, p<0.01; β=0.260, p<0.05) but has a significantly negative influence on switch (β=-0.359, p<0.01). Hence, H4-3 is supported. The results imply that the interaction between PP and AC has the greatest influence on willingness to pay more, followed by loyalty and switch.

Fourth, the interaction between COI, PP, and AC has a significantly positive influence on loyalty and willingness to pay more (β=0.375, p<0.01; β=0.387, p<0.01) but has a significantly negative influence on switch (β=-0.369, p<0.01). Hence, H4 is supported. The results imply that the interaction between COI, PP, and AC has the greatest influence on willingness to pay more, followed by loyalty and switch.

In addition, we adopted ANOVA analysis to test the interactive effects of extrinsic cues on behavioral intentions in order to examine again H4 is supported or not. According to the results of Table 3, the overall model of each variable (i.e., country of origin image, price perceptions and advertising content) of behavioral intentions reaches the level of acceptance, indicating that the anova model can interpret the variance. First, the results of Table 3 indicate that the interaction between COI and PP, COI and AC, PP and AC both have a significantly positive influence on loyalty and willingness to pay more but a significantly negative influence on switch. For example, the interaction between PP and AC has a significantly positive influence on loyalty and willingness to pay more (F=7.255, p<0.01; F=8.205, p<0.01) but has a significantly negative influence on switch (F=-7.732, p<0.01). Second, the interaction between COI, PP, and AC has a significantly positive influence on loyalty and willingness to pay more (F=8.035, p<0.01; F=8.507, p<0.01) but has a significantly negative influence on switch (F=-7.904, p<0.01). Hence, H4 is supported. The results also imply that the interaction between COI, PP, and AC has the greatest influence on willingness to pay more, followed by loyalty and switch.

The Moderating Effects of Perceived Risk on Extrinsic Cues and Behavioral Intentions

The result of Models 4, 5, and 6 indicates that variables (i.e., COI, PP, and AC) have a significantly positive influence on loyalty and willingness to pay more and a significantly negative influence on switch among behavioral intentions. We know from Models 4 and 5 that the addition of interaction between COI, PP, and AC has a significantly positive influence on loyalty and willingness to pay more but β is reduced. For example in Model 4, after the interaction between influence of COI with on loyalty and financial risk (FR), β is reduced from 0.392 to 0.175. We know from Model 6 that the interaction of COI, PP, and AC and FR has a significantly negative influence on switch and that β increases. For example in Model 6, after the interaction between AC’s influence on switch and FR, β increases from -0.385 to -0.4441. Hence, we know that the relationship between variables in extrinsic cues and loyalty and willingness to pay more will be weakened by FR, and the relationship between variables in extrinsic cues and switch will be strengthened by FR. Hence, H5-1, 5-2, and 5-3 are supported.

The results of Models 7, 8, and 9 indicate that variables in extrinsic cues (i.e., COL, PP, and AC) have a significantly positive influence on loyalty and willingness to pay more and a significantly negative influence on switch among behavioral intentions. We know from Models 7 and 8 that the interaction between COI, PP, AC, and performance risk (PR) has a significantly positive influence on loyalty and willingness to pay more, but β is reduced apparently. For example in Model 8, after the interaction between the influence of PR on willingness to pay more and PR, β is reduced from 0.387 to 0.158. Moreover, we find from Model 9 that the interaction between COI, PP, AC, and PR has a significantly negative influence on switch and that β increases. For example, in Model 9, after the interaction
between COI’s influence on switch and PR, β increases from -0.379 to -0.436. Hence, we know that the relationship between variables in extrinsic cues and loyalty and willingness to pay more will be weakened by PR. In addition, the relationship between variables in extrinsic cues and switch will be strengthened by PR. Hence, H5-4, 5-5, and 5-6 are supported. Based on the result of verification, H5 is supported.

DISCUSSION

To bridge research gap, the focus of the present research was on the use and impact of three specific extrinsic cues (i.e., country of origin image, price perceptions and advertising content) on behavioral intentions, and the moderator effect of perceived risk on extrinsic cues and behavioral intentions highlighted the relationships among perceived risk, extrinsic cues and behavioral intentions. The results of this study offer several contributions to the existing literature. The findings and implications are described in the following section.

The Direct and Interactive Effects of Extrinsic Cues

This study has found that variables of extrinsic cues (i.e., country of origin image, price perceptions, and advertising content) have a significantly positive influence on loyalty and willingness to pay more and a significantly negative influence on switch among behavioral intentions.

Based on the influence of country of origin image on behavioral intentions, the study results implies that the service provider should focus on strengthening the product’s country of origin image since a good country of origin image has a positive effect on consumers’ assessment of the product’s overall efficacy when purchasing products from this country. It also increase the possible willingness of the consumer to buy products from this country, improves the loyalty and willingness to purchase, and reduces the inclination of switch. The verification result extends to the viewpoint of Manrai and Manrai (1993) and Han (1990). As claimed by Manrai and Manrai (1993), when a country impress consumers with a better country image, consumers would have a high q

<table>
<thead>
<tr>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
<th>Model 5</th>
<th>Model 6</th>
<th>Model 7</th>
<th>Model 8</th>
<th>Model 9</th>
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</thead>
<tbody>
<tr>
<td>Behavioral Intentions</td>
<td>Loyalty</td>
<td>Willingness to pay more</td>
<td>Switch</td>
<td>Loyalty</td>
<td>Willingness to pay more</td>
<td>Switch</td>
<td>Loyalty</td>
<td>Willingness to pay more</td>
</tr>
<tr>
<td>Intercept</td>
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<td>1.581</td>
<td>1.380</td>
<td>0.762</td>
<td>0.393</td>
<td>0.584</td>
<td>1.322</td>
<td>1.640</td>
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<td>Extrinsic cues (Independent variables)</td>
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<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COI</td>
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<td>0.235*</td>
<td>-0.355**</td>
<td>0.392**</td>
<td>0.263**</td>
<td>-0.382**</td>
<td>0.381**</td>
<td>0.228**</td>
</tr>
<tr>
<td>PP</td>
<td>0.345**</td>
<td>0.373**</td>
<td>-0.389**</td>
<td>0.364**</td>
<td>0.390**</td>
<td>-0.410**</td>
<td>0.365**</td>
<td>0.387**</td>
</tr>
<tr>
<td>AC</td>
<td>0.348**</td>
<td>0.251*</td>
<td>-0.332**</td>
<td>0.366**</td>
<td>0.273*</td>
<td>-0.385**</td>
<td>0.369**</td>
<td>0.384*</td>
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<td>0.268*</td>
<td>-0.368**</td>
<td>0.364**</td>
<td>-0.341**</td>
<td>0.255**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COI x AC</td>
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<td>0.260*</td>
<td>-0.411**</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PP x AC</td>
<td>0.371**</td>
<td>0.284**</td>
<td>-0.359**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COI x PP x AC</td>
<td>0.375**</td>
<td>0.387**</td>
<td>-0.369**</td>
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<tr>
<td>Interactive effects</td>
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<td></td>
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<tr>
<td>COI x FR</td>
<td>0.175*</td>
<td>0.193*</td>
<td>-0.435**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PP x FR</td>
<td>0.126*</td>
<td>0.153*</td>
<td>-0.410**</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AC x FR</td>
<td>0.163*</td>
<td>0.140*</td>
<td>-0.441**</td>
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<td></td>
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<tr>
<td>COI x PR</td>
<td>0.138*</td>
<td>0.176*</td>
<td>-0.436**</td>
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</table>

The results of this study offer several contributions to the existing literature. The focus of the present research was on the use and impact of three specific extrinsic cues (i.e., country of origin image, price perceptions and advertising content) on behavioral intentions, and the moderator effect of perceived risk on extrinsic cues and behavioral intentions highlighted the relationships among perceived risk, extrinsic cues and behavioral intentions. The results of this study offer several contributions to the existing literature. The findings and implications are described in the following section.

The findings and implications are described in the following section.
Before help them make the decision to understand, and be convinced by advertising content, which leads to a positive result likewise implies that the service provider should focus on how to build behavioral to improve the consumer behavior. Therefore, the study of two or three of the interactive factors of the country of origin image, price perceptions, and advertising content in order to improve the consumer’s behavioral intentions. This is because the coordinated effect will have a greater influence on behavioral intention than single independent variables.

To sum up, this study proposes the product strategy of building a good country of origin image, the price strategy of favorable price perception, and the marketing strategy of locking the target group of consumers and building high level advertising content to improve consumer behavioral intentions.

### The Moderating Effects of Perceived Risk

The study found that financial risk and performance risk can weaken the relationship between extrinsic cues and behavioral intentions (i.e., loyalty, willingness to pay more) or strengthen the relationship between extrinsic cues and

<table>
<thead>
<tr>
<th>Interactive Effects</th>
<th>Degree of freedom</th>
<th>Loyalty</th>
<th>Willingness to pay more</th>
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<tbody>
<tr>
<td>Country of origin image (COI)</td>
<td>1</td>
<td>7.634**</td>
<td>8.036**</td>
<td>-6.045**</td>
</tr>
<tr>
<td>Price perceptions (PP)</td>
<td>1</td>
<td>6.338**</td>
<td>9.347**</td>
<td>-8.016**</td>
</tr>
<tr>
<td>Advertising content (AC)</td>
<td>1</td>
<td>8.235**</td>
<td>3.285*</td>
<td>-5.253**</td>
</tr>
<tr>
<td>COI x PP</td>
<td>1</td>
<td>8.852**</td>
<td>9.025**</td>
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</tr>
<tr>
<td>COI x AC</td>
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</tr>
<tr>
<td>Overall model</td>
<td>7</td>
<td>7.832**</td>
<td>7.663**</td>
<td>-7.041**</td>
</tr>
</tbody>
</table>

Note: 1. Except for F, R², ΔR², and ΔF, all numbers indicate the magnitude of regression coefficient. 2. **p<0.01, *p<0.05.

With regard to the influence of price perceptions on behavioral intentions, the study results imply that the service provider should focus on achieving reasonable price as well as good product quality and value. This is because consumers develop better quality and value perception and give generally positive efficacy assessments on the product or service purchased based on the perception of gain and loss when they have good price perception. Hence they would improve the loyalty and willingness to pay more and reduce switch. These verification results extend to the viewpoint of Erevelles et al., (1999) and Teas and Agarwal (2000). As claimed by Teas and Agarwal (2000), product price has a positive correlation with quality and, therefore, a positive influence on consumers’ value perception. Erevelles et al., (1999) believed that high price in the consumer’s concept of price perception will lead to higher quality perception and then higher purchase intentions.

The study result likewise implies that the service provider should focus on how to build high level advertising content in relation to the influence of advertising content on behavioral intentions. The acceptability of advertising content will lead consumers to recall, understand, and be convinced by advertising content, which leads to a positive influence on consumers’ loss perception and purchase intentions when buying products or services and reduces the switch to purchase from competitors. The verification result extends to the viewpoint of Alba et al., (1992) and Sing and Smith (2005). As claimed by Alba et al., (1992), the acceptability of advertising content will influence the persistence of respondents, improve the consumers’ involvement in the scenario, and therefore help them make the decision to purchase. Sing and Smith (2005) found that consumers feel empowered by the information provided in direct-to-consumer advertising, and they are concerned about governmental attempts to regulate advertising.

This study has further found that two or three factors in country of origin image, price perceptions, and advertising content interact with each other and have a significantly positive influence on loyalty and willingness to pay more and a significantly negative influence on switch. The study results imply that the service provider should focus on combing two or three of the interactive factors of the country of origin image, price perceptions, and advertising content in order to improve the consumer’s behavioral intentions. This is because the coordinated effect will have a greater influence on behavioral intention than single independent variables.

Table 3: Results of Anova Analysis

<table>
<thead>
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<td>-7.041**</td>
</tr>
</tbody>
</table>

Note: *p<0.01, **p<0.05
behavioral intentions (e.g., switch). The findings extend the advocacy of Mitra et al., (1999) and Wood and Scheer (1996) that financial and performance risks are spiritual costs that consumers must shoulder when purchasing commodity, which will influence directly the purchase intention and indirectly the perceived values (Mitra et al., 1999). This is especially true when consumers purchase complicated products of higher values or higher perceived risks because they will actively search for more information to reduce the risk of purchase (Wood and Scheer, 1996).

As to financial risks, this study recommends that the service provider should emphasize avoiding products or services sold that cannot function normally or be used. For example, consumers cannot purchase or inquire on data normally, and the operation of purchase and payment cannot proceed smoothly, which causes customers to think that the value for the purchase of the product or service does not match the cost and they would incur financial loss. Then, they will reduce the loyalty and willingness to pay more, and increase the inclination of switching to purchase from competitors. As to performance risks, service providers should emphasize avoiding how the operation of product or service cannot meet customers’ expected benefits. For example, if customers are not confident with the ticketing service or transfer payment offered by the company or the menu of products to purchase, it will not meet customers’ expected benefits. Hence, customers will reduce the loyalty and willingness to pay more and increase the inclination of switch.

Limitations and Directions for Further Research

Further research should explore this study’s limitations. First, extend the study architecture. This study has explored the influence of extrinsic cues on behavioral intentions and the moderating effect of perceived risk. We recommend that future studies further explore the influence of extrinsic cues on perceived risks, perceived risk on behavioral intentions, and investigate the mediators between extrinsic cues and behavioral intentions. As pointed out by Cronin, Bray and Hult (2000), the relationship between service quality and behavioral intention is influenced by customer satisfaction, service value, and other mediators.

Second, expand the scope of survey. The samples of this research are confined to the 378 undergraduates and 102 postgraduate’s students of South Taiwan only. Although this study’s mixed factorial experimental design is suitable for manipulation of independent variables to increase internal or external validity. In addition, this study does not have the issue of common method variance. However, further studies should include more comprehensive findings with a broader subject group. For example, the researchers can extant to investigate other area’s universities or service industrial stores for conduction of convenient sampling to get a broader subject group.

Third, expand the measure of time. This study analyzes the influence of extrinsic cues and perceived risk on behavioral intentions through a cross section and the disturbing influence of perceived risk on the relationship between extrinsic cues and behavioral intentions, but without a longitudinal analysis or interpretation within a specific period. Hence, future studies should analyze the time sequence, and analyze and compare whether same or different results would appear under different points of time over a period (like half a year or one year) to improve the correct interpretation of study result.

REFERENCES


