

THE INFLUENCE OF COUNTRY OF ORIGIN OVER THE PURCHASING DECISION

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Abstract:

The country of origin is one of the most important phenomena which have an impact over the assessment of foreign products purchase, so represents an important competitive element for the commercialization of goods and services on foreign markets. Even though, “The Country of Origin” effect has received a significant attention in research, present knowledge is still reduced. The country of origin is not only an element for research, but it also has a significant importance for companies.

In order to increase the competitive advantage, it is essential for companies to understand the clients’ perceptions on the market. As the country of origin influences the customers’ purchasing decisions, similarly, the stereotypes specific to each country should be analyzed and used for the companies’ communication strategy.

Key words: Country of Origin, Consumer behavior, Product evaluation, International markets

JEL classification: D91

INTRODUCTION

First of all, the country-of-origin functions similar to a flag that points out the superior quality of a product and it has a direct impact upon its probability to be purchased (Koschate-Fischer and others, 2012). When prices are high, customers from a highly industrialized country show an increased desire to buy the intern product. They are less interested in a similar item fabricated in a less developed state. Other researches which examine the role of the country of origin prove that it has a maximum of influence over product assessment when this is the only available solution and that its impact is average when information such as price and quality are given. This means that when the country of origin is considered underdeveloped, high prices do not have a significant influence on the way people perceive the quality of the respective item. Likewise, when the prices are low the abundant positive information about the country of origin does not shatter the customers’ beliefs that the respective item is qualitative in terms of features and life shelf.

THE DIMENSIONS OF THE COUNTRY OF ORIGIN

There are at least five dimensions of the products’ country of origin and at least four dimensions of the services’ country of origin. The fierce competition between various brands has determined companies to employ various dimensions of the countries of origin, for example the projecting country (Hamyaoui and Merunka, 2006). Because of the complex nature of these various dimensions of the country of origin within an expanding global production system, the impact of this knowledge on clients as well as the products’ assessment might be a more complex problem than initially thought by researchers. As it can be observed, the country of origin is a complicated construction and its results are not the same everywhere and every time (Beverland and Lindgreen, 2002). Modern buyers have difficulties in identifying product’s real origin because the item might

have been designed in the USA, produced in China and assembled in Mexico. However, from a company view point, these open opportunities regarding the communication strategy between them. Certain economic entities such as the US based giant company Apple, make use the design country ("Designed by Apple in California") to minimize the possible shortcomings connected to the assembly country. It well-known that most Apple components are produced in China, a country regarded with a certain distrust by customers.

Thakor and Kohli (1996) are the ones who defined the concept of brand origin as follows "the place, region or country in which the customers perceived the brand to be located". The aspects connected to the country refer to specific customs, political situation, language and its regional dialects, history of the place, landscape and its features, economic and technological advancement, religion issues and people (Kaynak et al., 2000). Takin into consideration all these aspects, the country image is highly likely to be considered an operational concept: a changing, holistic network, an amalgamation of beliefs and constructive attitudes (Brijs et al., 2011).

Lampert and Jaffe (1998) claimed that the country image is a good when it has a positive meaning and a due when it has negative elements attached to it. Other studies point out that it is necessary to make a "match" between the country of origin and the different categories of products to avoid the spread of the possible negative effects. Therefore, it is important to take care when making the association between a product and its country of origin. For example, France has a positive image when associated with wine, fashion and perfume. However, the association with automobiles and high-end technology is not that favorable.

The country images may comprise contrasting associations, which are relevant only when the association with a certain product or category of products are activated. For example, the USA are considered a powerful brand, but it still has its negative associations. Even so, these negative aspects did not succeed to decrease the attractiveness of a certain item. (Morgan et al., 2004). Turkey has developed its reputation for products such as carpets, however, it did not manage to monetize the reputation of this product to create a powerful reputation for the brand. This is the perfect example a country which has a strong image of the items, but a weak brand image (Diamantopoulos et al., 2011). Thus, one can conclude that the effects determined by the country-of-origin influence not only the products, but also the country.

THE STRATEGY OF THE COUNTY OF ORIGIN

The county of origin has the power to influence quality, brand, loyalty, brand selection and preference among customers (Moradi and Zarei,). However, companies can benefit from the country of origin only if the customers know its name. Therefore, the entities try to establish good communication with the county of origin to increase the clients' awareness.

THE EFFECTS OF THE COUNTY OF ORIGIN ON BRAND POSITIONING

The country of origin is an important factor in influencing assessment, perception, acquisitions and customer behavior. This gives brands an important advantage in terms of competition. Lots of studies highlighted the positive outcomes which the country-of-origin imprints on items. These comprise the perceived quality and how familiar the customers are with the product (Thakir and Lavack, 2003). It might also refer to the convey of perceptions and values specific to the country in the form of the halo effect (Piron, 2000). The origin of a brand has the possibility convey a very strong advantage, necessary to shape a favorable image for the brand. A country with a good image has a positive advantage in positioning a product, reducing the risks related with the product acquisition.

Even so, the concept of country of origin has often led to certain image and product associations and image associations between countries because of the incongruent positions retained by consumers in their minds. According to certain researches the multidimensional nature of the country of origin (Chryssochoidis et al., 2007), can be explained by taking into consideration the

differences in the economic, political, social, cultural, and technological aspects. Most buyers have a positive opinion about the items produced in developed countries and a negative one about the ones produced in underdeveloped states.

Nonetheless, perceptions may shift in time because of technological advancement, lifestyle changes or other, more complex marketing strategies (Chuin & Mohamad, 2012). Product positioning is done using the marketing mix strategy. However, there are lots of other factors which have the power to influence the positioning process. The hereby study analyses the influence of moderating factors belonging to the country of origin on the consumers' perception of products, focusing on their important influence on brand positioning. The article aims to explore the cognitive, emotional and normative level of the effects induced by the country of origin of the products' assessment.

THE RELATION BETWEEN THE COUNTRY OF ORIGIN, BRAND IMAGE AND THE CUSTOMERS' INTENTION TO PURCHASE

The effects that the country of origin has on the buyers' perceptions and their intention to purchase represent a source high interest for marketing researchers. The concept of "country of origin" has become a very complex notion, as global production systems have increased in diversity and new market opportunities emerged in all countries, regardless their economic status. At first, the concept of "country of origin" was considered as being a synonym of "made in".

Within the present business environment which is becoming more and more competitive, lots of multinational businesses are willing to search for production opportunism in less developed areas. Numerous research papers have recognized the importance of the effects of the country of origin on the products' assessment and on the consumers' purchasing decisions.

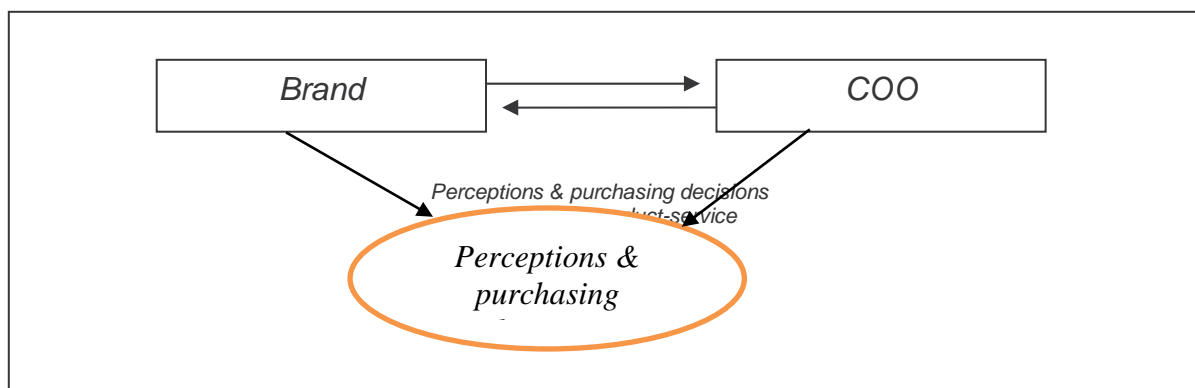


Figure 1. The relation between brand, country of origin and the effect concerning intention, perception and acquisitions

Source: Aiello, Donvito, Godey, Wiedmann 2010.

RESEARCH METHODOLOGY

OUR MAIN OBJECTIVES WERE TO ESTABLISH:

How Country-of- Origin influence the consumer behavior towards automobile?

What effect Country- of-Origin has on the purchase intention for cars buyers?

In order to answer our questions, we unfold a research based on a questionnaire, having 238 respondents. The method of analyzing the data obtained was done by entering the data in SPSS program. The program provided a number of frequencies and correlations from the data introduces, these being represented by graphs, tables and figures.

It has been observed that there is a negative correlation, of low intensity, statistically significative ($\rho=0, -255$ and $p=0,010<0,05$) between those with higher education and who do not agree with the statement which claims that when we buy expensive products such a car, we want first to know where the product was made. People with higher studies are always interested in the

product's country of origin before purchasing it because this might be the only method to find out details about the product's quality.

Out of the gathered data, it has been observed that 48% of the people who filled in the questionnaire were passionate about automobiles, 20% were neuter, 17% were highly passionate about automobiles, 12% were lowly passionate about them, while 3% were very lowly passionate about automobiles.

It has been observed that there is a positive correlation, of medium intensity, statistically significant ($\rho=0,419$ and $p=0,001<0,05$) between those passionate about automobiles and those who give importance to the country of origin. Thus, the more passionate ones are about automobiles, the more important is for them the country of origin.

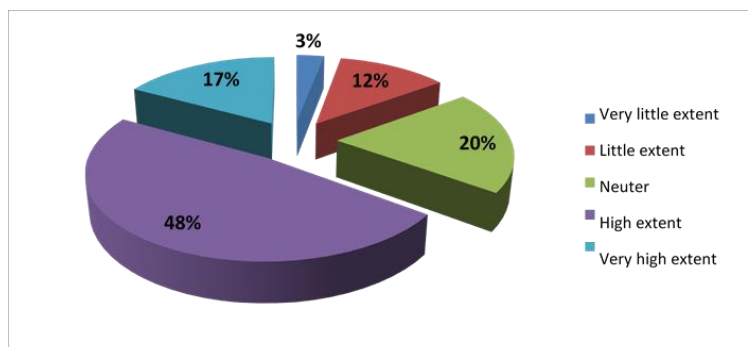


Figure No. 1 Answers to question "To what extent you are passionate about automobiles in general?"

Source: analysis of results in SPSS

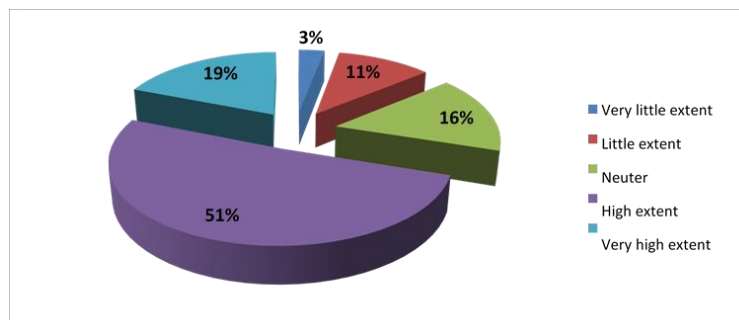


Figure No. 2 Answers to question "To what extent the country of origin of an automobile is an important element for you?"

Source: analysis of results in SPSS

By analyzing the results, we have observed that 51% of those who filled-in the questionnaire, have said that the country of origin is a very important factor for them, 19% said it was a very important factor, 16% were neuter, 11% are little interested in the country of origin, while 3% are very little interested in the country of origin.

It has been observed that there was a positive correlation, of low intensity, statistically significant ($\rho=0,250$ and $p=0,012<0,05$) between those who are interested in the country of origin of an automobile and those who would want to recommend foreign automobiles to other, meaning those who were interested in the country of origin were more predisposed to recommend foreign automobiles to other people.

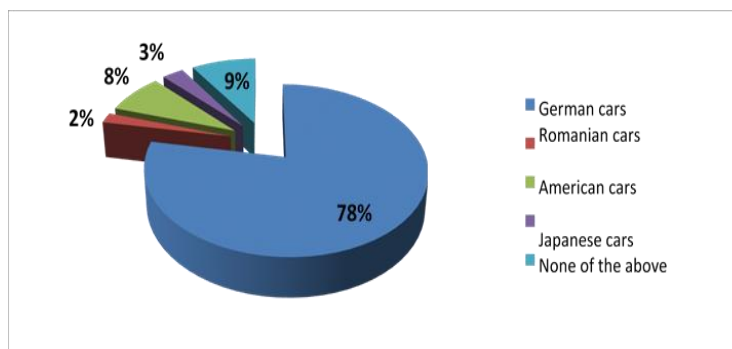


Figure No. 3 Answers to question “*To what extent the country of origin of an automobile is an important element for you*”

Source: analysis of results in SPSS

The data analysis revealed that 78% preferred German cars, 9% prefer other car brands, 8% prefer American cars, 3% prefer Japanese cars and only 2% prefer Romanian cars.

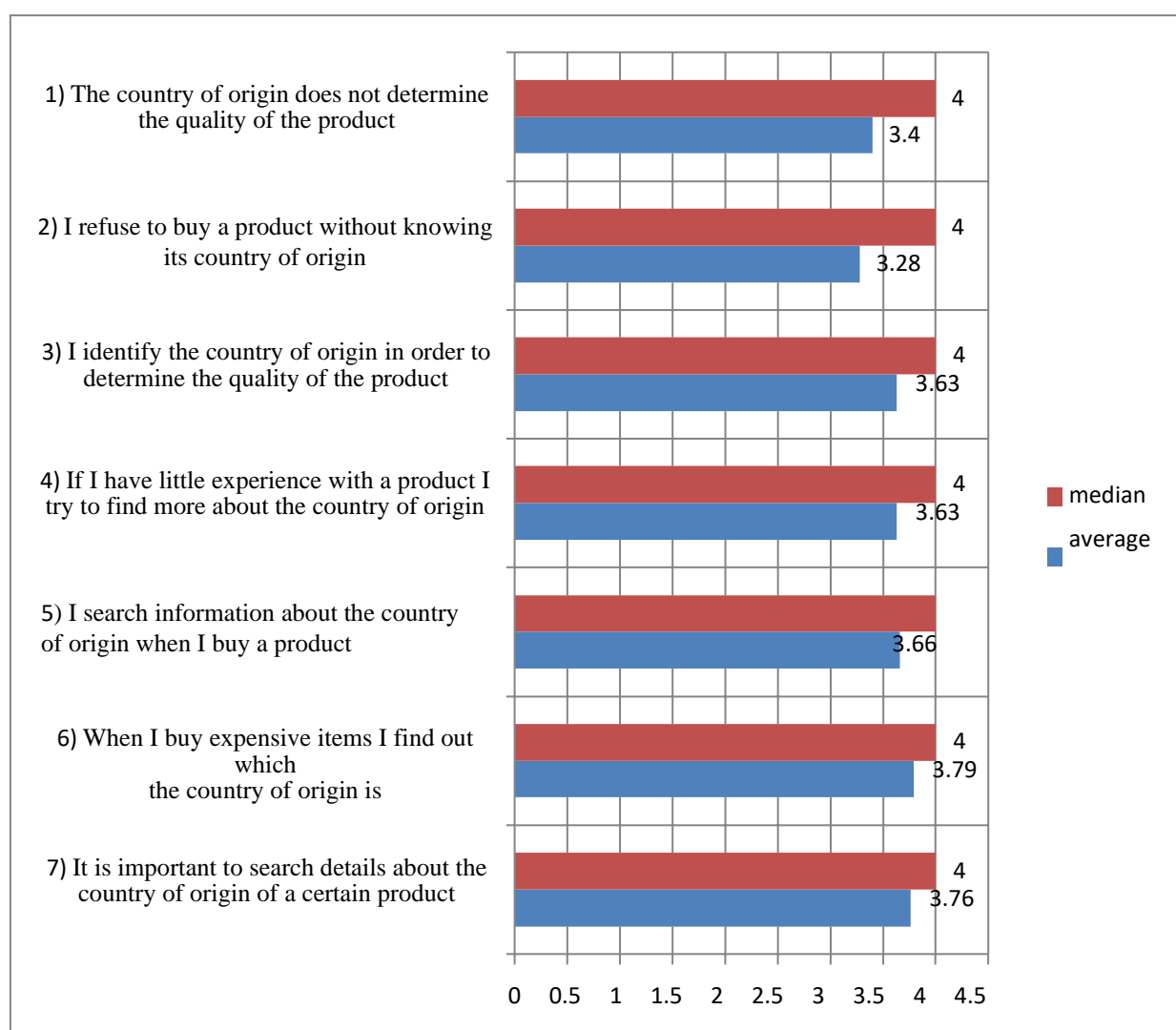


Figure No. 4 Answers to question *To what extent do you agree with the above statements?*

Source: analysis of results in SPSS

According to the analysis, it can be observed that the majority of the respondents agree with the statements connected to country of origin, products and their quality. Most people agreed with the statement that when they bought expensive products they first search for their country of origin (4 average, 3,79 median).

It has been observed that there is a positive correlation, of low intensity, statistically significant ($\rho=0,246$ and $p=0,014<0,05$) between those who search for information about the country of origin when they purchase a product and those who were interested in the quality of the product, meaning that those people who search for information on the products country of origin do this search in order to purchase higher quality products.

It has been observed that there is a negative correlation, of low intensity, statistically significant ($\rho=-0,205$ and $p=0,041<0,05$) between those who have a good opinion about the position of German cars and those who have graduated high school, meaning that people who do not have higher education studies prefer German brands more than those who have higher education studies and prefer other brands.

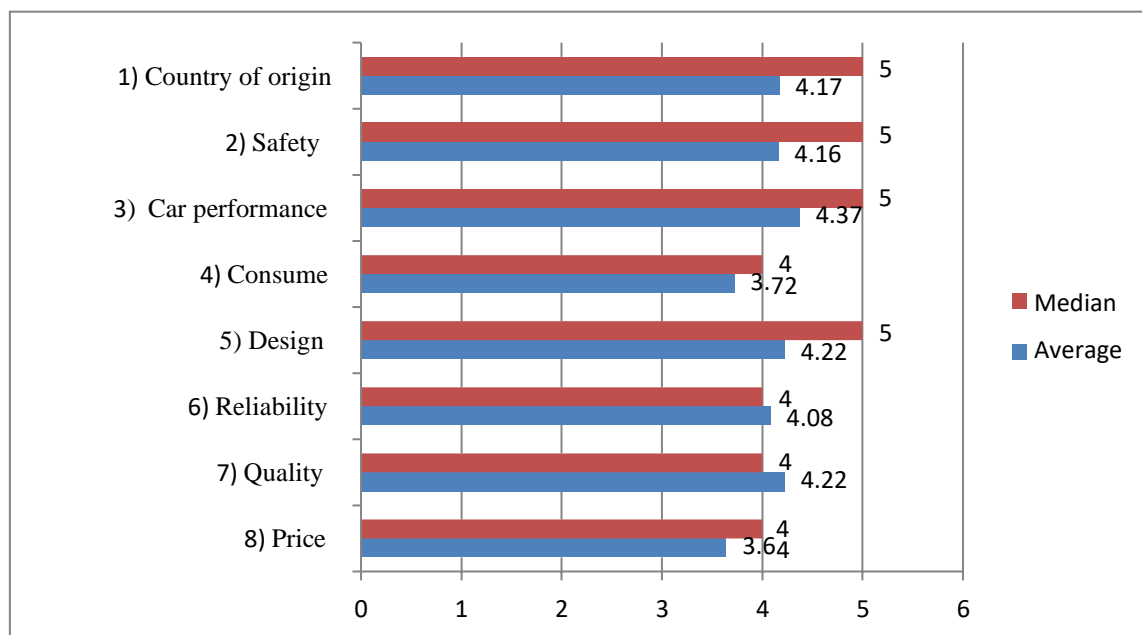


Figure No. 5 Answers to question “To what extent do you agree with the above statements? On a scale from 1 to 5, point out the impact of the following factors on the decision to buy car (1 – the lowest impact; 5 – the highest impact)

Source: analysis of results in SPSS

According to the obtained data, it has been observed that the respondents put emphasis on a very important element when they purchase an automobile, this factor being the performance of the care (4,37 average, 5 median). Safety (4,16 average, 5 median) or design (4,22 average, 5 median) are also very important factors for those who want to purchase a car. It has been observed that there is a positive correlation of low intensity and statistically significant ($\rho=0,251$ and $p=0,012<0,05$) between those who put an emphasis on technical performance elements and those who agree with the statement that foreign automobiles are of higher quality than those locally produced, meaning that people recognize the technical performance of an automobile because this comes from a developed country and its quality is superior to that of automobiles produced in lesser developed countries.

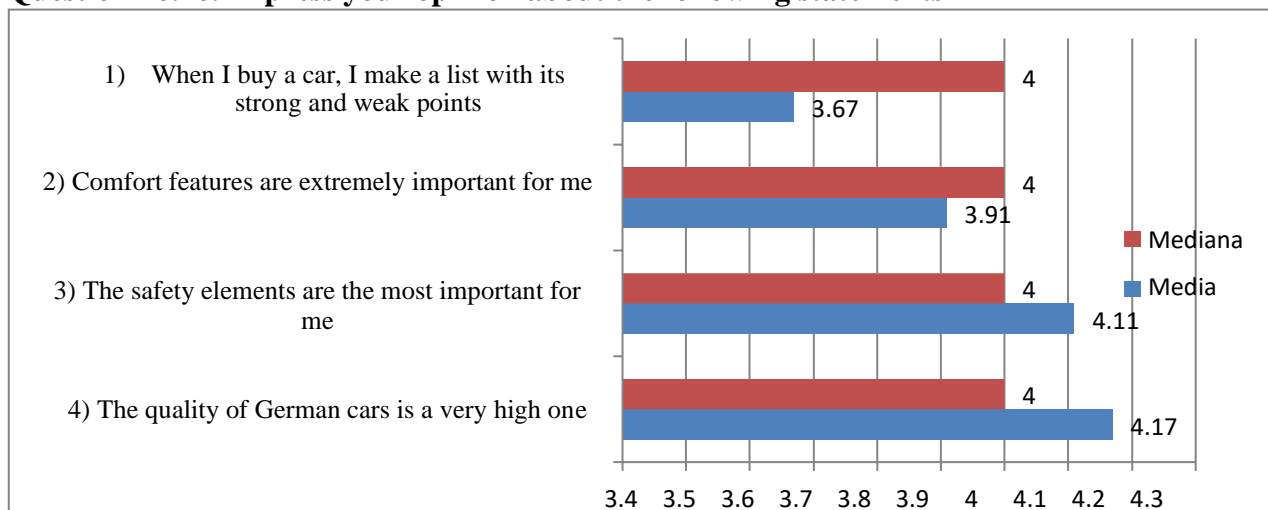
Question no.16. Express your opinion about the following statements

Figure No. 6 Answers to question “To what extent do you agree with the above statements? On a scale from 1 to 5, point out the impact of the following factors on the decision to buy car (1 – the lowest impact; 5 – the highest impact)

Source: analysis of results in SPSS

The gathered data point out that the respondents fully agree with the statement that claims that German automobiles have a higher quality (4,17 average, 4 median). The respondents also agree with the statement that claims that safety elements are the most important ones (4,11 average, 4 median). It has been observed that there is a positive correlation of low intensity, statistically significant ($\rho=0,209$ and $p=0,036<0,05$) between those who claim that German automobiles have a higher quality and those who are highly passionate about automobiles, meaning that people who are passionate about German automobiles know very well their quality.

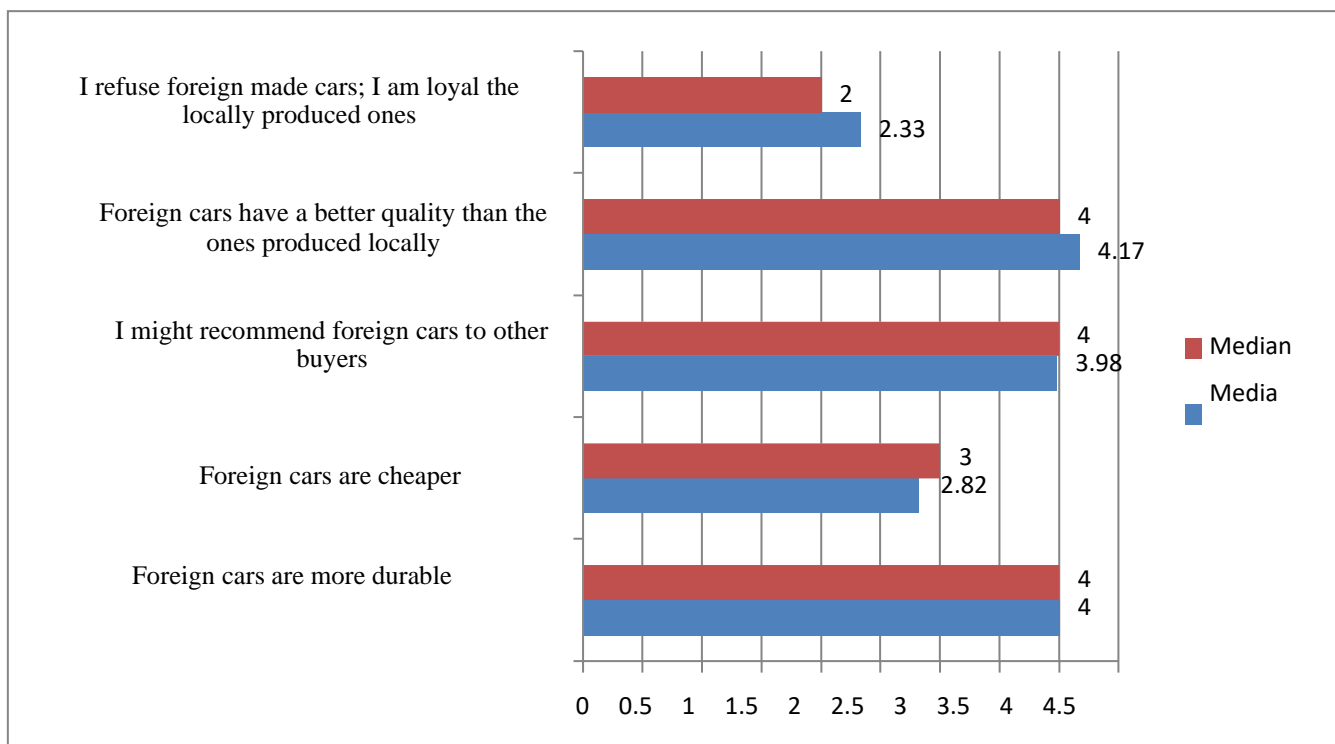


Figure No. 7 Answers to question “To what extent do you agree with the above statements? On a scale from 1 to 5, point out the impact of the following factors on the decision to buy car (1 – the lowest impact; 5 – the highest impact)

Source: analysis of results in SPSS

The gathered data point out that the respondents agree with the statement that foreign automobiles have a higher quality than the ones produced locally (4,17 average, 4 median). It has been observed a positive correlation of medium intensity, statistically significant ($\rho=0,414$ and $p=0,001<0,05$) between those who claim that foreign automobiles have a higher quality than the locally produced one and those who claim that it is more important to search for details about the country of origin when you want to purchase a product, meaning that people who claim that foreign automobiles have a higher quality base their opinion on the fact that the country of origin of the respective product give it a higher quality.

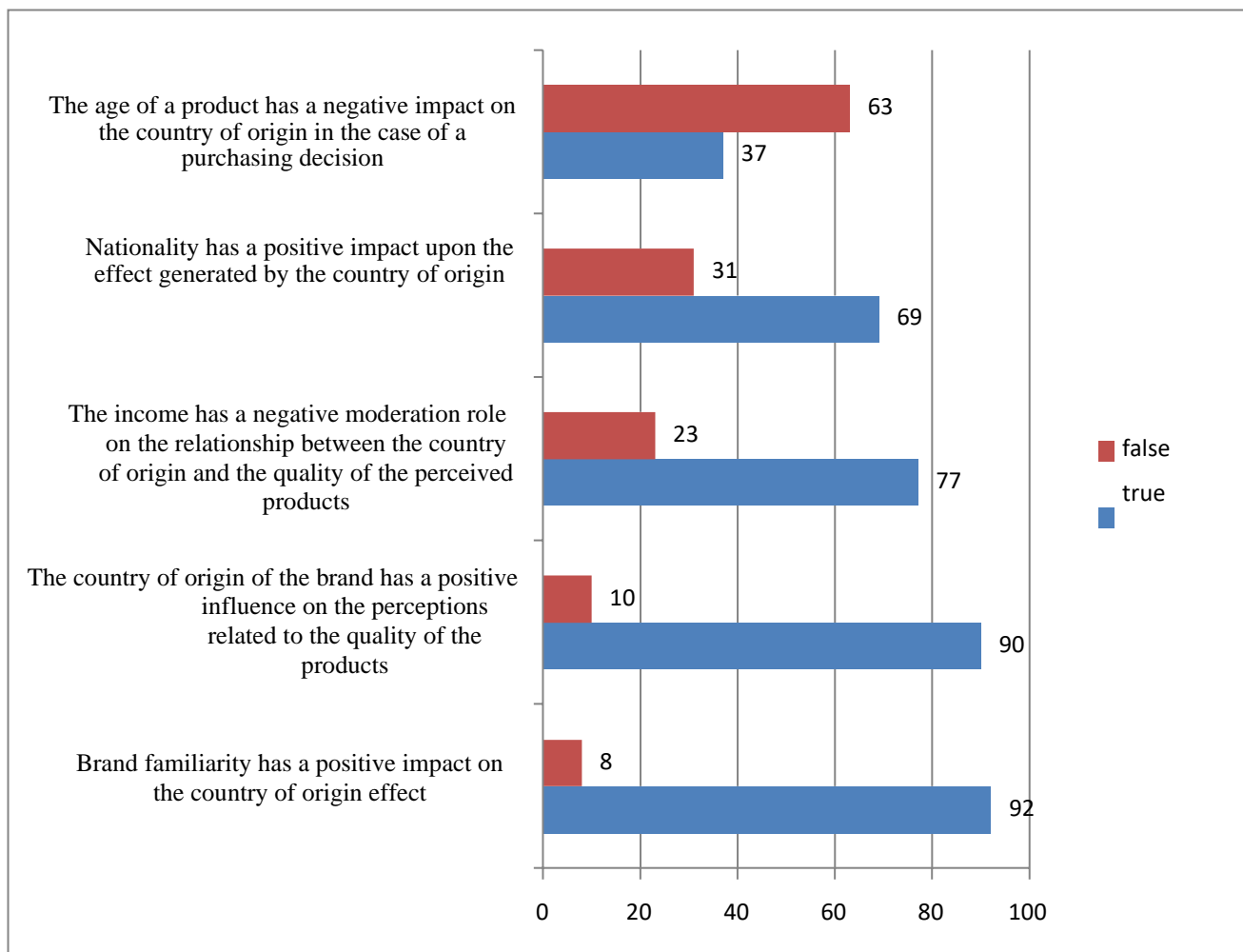


Figure No. 8 Answers to question “To what extent do you agree with the above statements? On a scale from 1 to 5, point out the impact of the following factors on the decision to buy car (1 – the lowest impact; 5 – the highest impact)

Source: analysis of results in SPSS

Out of the total number of respondents 90 % labeled as true and 10 % labeled as false the statement claiming that the county of origin of the brand has a positive impact on the quality perceptions. Similarly, 92 % of the respondents labeled as true and 8 % labeled as false the statement claiming that the brand familiarity has a positive impact on “the country of origin” effect.

CONCLUSIONS

After conducting the case study, we can easily see that the country of origin influences a person whether to acquire a product or not. The questions asked to the 100 respondents pointed out that for most of them (90%) the country of origin is an essential element when deciding which

product to purchase. The majority of the subjects involved in the present study search details about the country of origin of an item to find out about its qualities before buying it. The respondents agreed with the fact that foreign products have a higher quality and that they prefer goods produced in another country to those produced locally, even if the former are more expensive. The quality of a products is very important for all people and for this reason they place such a huge emphasis of the country of origin of the product they want to purchase.

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