

## Country-of-Origin and its Influence on Consumers' Buying Intention – A Conceptual Study

by

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*Abstract.* The concept of country-of-origin has been examined from various perspectives, given the extended influence on the marketing mix. The technologies present in modern society facilitated the process of collecting information for consumers, making research about their buying behavior more important than in anterior times. This paper's purpose is to review the existing literature for a more accurate understanding of the country-of-origin concept and to analyze its effects on determining the consumers' buying intention. Furthermore, the study explores consumers' perception about a country's image as a factor of influence in the purchase decision, focusing on a cognitive, affective and normative perspective. The aim is to outline new aspects on which companies should concentrate in gaining consumer's trust, developing a durable competitive advantage. The findings suggest further directions in minimizing negative effects for some countries of origin, the attention being directed on the methods of reducing the halo effect of a country's image on consumers' perception. The conceptual approach of the subject completes the scientific literature by adding new connections between variables and by linking the explored findings with practical examples. The study also offers some recommendations for future research.

*Keywords:* brand image, buying intention, consumer behavior, country-of-origin, ethnocentrism, quality perception  
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### 1 Introduction

Recent years revealed that we can no longer discuss in terms of regions or countries, given the development of a global market, which encouraged international competition between companies. Among the factors that have led to this growth in terms of competition are the brand's name and the perception consumers have about a certain country. Discussing in these parameters, studies have shown that country-of-origin is perhaps the most important factor in evaluating consumers' buying intention. Country-of-origin was extensively studied by researchers in the 1960s, who stated that a certain COO can be viewed as an indicator of quality for a product (Rezvani et. al, 2012). Anterior research reveals that not only the purchase intention is one of the main issues treated by marketers in studying purchase behavior, but also country-of-origin has a history as an interesting subject in anterior studies, back over three decades (Ghazali, Othman et al, 2008).

A specific country-of-origin usually influences consumers' process of evaluation of a certain product. German cars, Japanese home electronics or French wines contain a general feeling of trust, perceived by consumers, much different from Russian cars or Brazilian electronics. The literature offers not only examples, but also evidence obtained in years of research in support of the argument that products benefit from particular characteristics of their home country (Liefeld, 1993; Verlegh and Steenkamp, 1999). The connection between a product's origin and consumers' perception has strategic implications for many companies, local and multinational. Therefore, research in the field of country-of-origin becomes more salient when we take into consideration the actual increasing trend concerning free trade and globalization. Based on this argument, country-of-origin has become a topic well documented and researched, having numerous theoretical and practical implications (Laroche et. al, 2005).

This paper aims to review the existing literature concerning the influence that country-of-origin

has on determining the consumers' buying intention, focusing on the main factors that sustain the process. The main purpose of the article is to highlight the positive and negative effects of country-of-origin towards consumers' perception, analyzing the characteristics involved in triggering the purchase intention.

## **2 A brief literature review of the terms country image and country-of-origin**

A first approach on the concept of country-of-origin focused on a global perception of a country, not linking country-of-origin to a product line (Nagashima, 1977; Wall and Heslop, 1986). The connection was taken into account by Roth and Romeo in 1992, who studied the influence of country image on specific product categories. From this point of view, it is necessary to explain the term country image in order to understand its role as a component of country-of-origin. "The made-in image is the picture, the reputation, the stereotype that businessmen and consumers attach to products of a specific country. This image is created by such variables as representative products, national characteristics, economic and political background, history, and traditions. It has a strong influence on consumer behavior in the international market, as it is associated with mass communication, personal experience, and views of national opinion leaders" (Nagashima, 1970). From Bilkey and Nes' (1982) perspective, a country's image is described as "consumers' general perceptions of quality for products made in a given country". Laroche et al. (2005) considered the affective component of a country's image, resulting in a direct influence on the evaluation of a product. Country image studies (Bilkey and Nes, 1982; Johansson, 1989) affirm that a negative country image reflects on the consumers' behavior, affecting the evaluation of products. Johansson et al (1985) sustain the halo effect as a possible explanation, while Hong and Wyer (1990) believe that other psychological mechanisms are involved in triggering negative reactions, the consensus being that a unfavorable country

image will have devastating effects on consumers' product evaluation across product types. However, there are different implications of this fact, products coming from countries with a bad image or reputation have been well accepted by consumers, despite their origin, in this category could be included telephones and toasters, but also high technology products (Tse & Lee, 1993).

## **3 Consumers' perceived quality and ethnocentrism**

Globalization encouraged the manufacturing process of many brands originated from developed countries to be implemented in developing countries. There are many examples which sustain this idea, beginning with Nike, a brand created in the United States, now manufactured in Brazil or China. The incongruity between the made-in country and the brand origin country is a phenomenon encountered in many categories of products, making even harder to study how consumers evaluate the "hybrid" products present nowadays on the market and if this contradiction in terms of origin could affect *consumers' perception of quality* (Jian & Guoqun, 2007). Bilkey and Nes (1982) approach established two categories of characteristics, product-intrinsic cues (design, taste, performance) and product-extrinsic cues, including price, brand name, reputation and country-of-origin. Although it is considered that consumers usually tend to evaluate a product based on the intrinsic cues, research has shown that the perceived quality is influenced by situational factors, mostly in case that self-image and reputation can be affected (Godey et. al, 2012). In order to understand the characteristics with a major influence on consumers' perceived quality of a product, it is important to explain the concept itself. According to Zeithaml, 1988, product quality contains the consumer's understanding about a product's overall excellence or superiority. There can be a direct effect between country-of-origin and the perceived product quality, a bad

experience with a product originated from a certain country can lead to a negative attitude towards all that country's products (Insch & McBride, 2004). In the cases in which the national identity is important to a brand's image, companies associate a particular origin characteristic to their product, considering it a powerful source of brand appeal. For example, Porsche reinforce its German origin by showing in its ads a German test track, Christian Dior prefers to use in their advertising campaigns the French term "Parfum" to accentuate its French origin (Thakor & Lavack, 2003).

Familiarity with a particular brand can also have a major influence on consumers' perceptions regarding quality. Given the fact that in most cases consumers rely on the brand's name in terms of quality, some studies revealed that the branded products can reduce consumer risk (Montgomery & Wernerfelt, 1992).

A factor as important as the perceived quality in influencing consumers' buying intention is the psychographic variable *ethnocentrism*. Consumer ethnocentrism can be defined as a "trait-like property of an individual personality", containing "the beliefs held by consumers about appropriateness, indeed morality of purchasing foreign-made products" (Shimp & Sharma, 1987). There are two characteristics that can affect consumers' ethnocentrism to explain the preference for foreign products: economic competitiveness and cultural similarity. Competitiveness includes not only standards in technology, marketing, product uniqueness or managerial skills, but also the quality of a country's business environment, given especially by human resources. Consumers also tend to have different attitudes towards products coming from the same country. In case of France as country-of-origin, they may like the wine, but dislike French cameras. Thus, a country's image can lead to different reactions, varying by the product's category (Balabanis & Diamantopoulos, 2004). Acharya and Elliott (2003) stated that consumers who tend to be highly ethnocentric usually come from developed countries and have a strong

preference for their national products. On the other hand, consumers from underdeveloped countries can be very interested in products coming from developed countries. Moreover, there is a category of highly ethnocentric consumers from both developed and underdeveloped countries, who tend to favor their domestic products, mostly because of a sense of patriotism (Zolfagharian & Sun, 2010).

#### **4 Cognitive, affective and normative aspects of country-of-origin**

Authors Obermiller and Spangenberg (1989) discussed the country-of-origin concept on a cognitive, affective and normative level. The cognitive aspect refers to the product quality perceived by consumers, often based on mental representations of that particular country, from people to culture and national symbols. Resuming the example presented above, French products such as perfume and wine have a positive effect on consumers, unlike French cars or computers, explained by the fact that, in this case, country-of-origin is a durable factor in signaling overall product quality. The affective effect consists in adding emotional value to consumers, establishing a connection between the product and symbolic benefits, usually national pride. Consumers develop through experience, whether it comes from holidays, encounters with foreigners, art or education, emotional bonds with certain countries, leading to the appearance of strong connotations regarding that specific country. Some consumers cultivate autobiographical memories, amplifying feelings of status or pride for products originated from a country. The normative effect tells us that consumers have their own norms regarding a country-of-origin, some choosing to buy domestic products due to the tendency to support national economy. These three effects are in reality interacting, affecting one another. An affective belief can stimulate or negative engage in portraying a cognitive response, while normative judgments are influenced by both cognitive and affective responses (Verlegh & Steenkamp, 1999).

## 5 Conclusions

This study aimed to contribute to a better understanding of a product's country-of-origin effect in terms of triggering the buying intention. In the situation that two countries have a positive image in the eyes of consumers, the difference has to be made in order to gain the impact desired. Based on this perspective, marketing managers should focus on the aspect that consumers' buying intention could achieve a higher level in the case that they have no or very little information about a product's country-of-origin. For developing countries, this is a fact worthy to be used because the lack of an impression is better than a negative one.

Many consumers associate some well-known brands with their country-of-origin, not taking into account that in some cases the home country differs from the place where the product was assembled. For example, Mercedes Benz is linked with Germany regardless of the hybrid products, fact that reveals us the fact that the importance of a certain product's country-of-origin may be indirect in some cases.

The image portrayed by a particular country-of-origin is influenced by cognitive, affective and normative effects, their interaction gives consumers a complex mechanism in the decision making process. The product's country-of-origin image influences a product's perceived quality and thus the willingness to buy. In order to better control the using of country-of-origin as a competitive advantage, marketers should look on what dimension(s) to provide for consumers for each brand produced in a specific country.

Future research can be directed to investigate if the type of the product (less or more complex) has an influence on the willingness to buy. Researchers could also focus on the cultural and personal aspects regarding consumers' need of individualism or affect.

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