

Literature Review: The Country of Origin Image Affecting Consumers' Purchase Decision

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ABSTRACT

The country of origin image is considered as one of the most important factor for consumers when they make a purchase decision. A lot of marketers and scholars have researched this factor from different perspectives. The country of origin image may ease consumers' evaluation of the product when they would like to buy unknown product from foreign country. In addition, many aspects can affect country of origin image and the latter can make an impact on consumers' perception of goods. The purpose of the paper to review existing literature for more accurate understanding of the "country of origin image" factor and to analyze its effect on consumers' purchase decision. This study explores consumers' perception about country's image from different kind of variables additionally by giving examples to make it clearer for readers. This study also shares the personal opinion about future concept of "country of origin image" as a factor consumers' purchase behavior.

Keywords— Brand evaluation, Country of Origin Image, COI, Consumer Purchase Decision, Product evaluation

I. INTRODUCTION

With the appearance of number of international products, brands and goods consumers tend to evaluate a certain products based on the country from which they "made in". It has been a while the construct "country of origin image" has been researched by international marketers and scholars. Most of them have proved that for consumers the factor "country of origin image" has played an important role while buying a global product, goods and brands. If the product or brand made in the country, which has a positive image and if this country are economically developed and has a good reputation in the global context so the consumer will take it as a reliable cue to ease their purchase decision. Many authors pointed out that there are certain stereotypes related to a particular country of origin products, which provide emotional and symbolic value and inspire confidence to consumers. For example, Australia is a developed country and has a good reputation and therefore consumers will accept the products that come from Australia positively. To be specific, a dairy product, which has a logo made in Australia, this product, will

definitely attract consumers' attention and eventually make them to buy the product. There are lot of aspects and variables affecting country of origin image and the latter influence consumers' purchase decision. Importance of this paper is to show how consumers take into account the factor "country of origin image" when they decide to buy a certain product or goods from different countries. This paper reviews the scholars' research on how "country of origin image" make consumers to buy products and goods especially when there is no information provided.

II. CONSUMER PURCHASE DECISION

Consumer buying behavior has been defined as the "process involved when individuals or group select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desires (Solomon, 2004, p.189). In a similar manner, consumer buying behavior can also be defined as the behavior that consumers display in searching for, purchasing using, evaluating and disposing of products and services that they expect will satisfy their needs" (Shiffman and Kanuk, 2010, p.3).

A consumer goes through five key stages when making a purchase decision: problem recognition, information search, alternative evaluation, purchase decision and post-purchase evaluation. The first stage, problem recognition, where the consumer realizes that they want to buy a product. At information search, the consumer is looking for to build information on the product they are intending to buy to aid the purchase decision. At this stage, the consumer may alternatively use the internet to search for product information even if they do not intend to buy online. The same goes for using high street to search for a product and the consumer may return home to gather the further information regarding that product.

At alternative evaluation, the consumer evaluated the intrinsic attributes (ingredients, taste, color) and extrinsic attributes (brand quality, country of origin, price) of available alternative products. This evaluation will depend on individual characteristics and the reason for purchase decision. For instance, consumers may be willing to pay a higher price for a product that has a positive or popular country of origin when purchasing a gift for a family member or a friend. The purchase decision will be

based on the evaluations made in the previous stage. At this stage, the attitudes of other people and the other situational factors will also influence the final purchase decision. Post – purchase evaluation- cognitive dissonance: the final stage is the post-purchase evaluation of the decision. In this stage the consumer, evaluate the purchase they have made for according to their expectations. This will allow them to see whether their uncertainty or anxiety about the outcome of a purchase decision helped them to make an informed decision. If the decision process went well, a possible repeat of purchase will be made. However, when the decision was not satisfactory, when the need for that particular product arises, the purchase decision process will start again. In the case of unsatisfactory purchase, consumers are more likely to switch to another brand.[4]

These five stages are very important for marketers when it comes to analyzing consumers buying decision. From these stages, we can definitely state those consumers' purchase decision starts long before its act of purchasing the product and the consequences emerge over a long period. Thus, marketers should consider not only stages of consumer decision – making process but also the whole process itself. Kotler and Ketler (2009) explain that in the eye of marketers a consumer is known “as man with problems”. [5] They tell us to explain when a consumer buys a product it means they are finding the answer to their problems. According to previous researchers that have done an analysis on consumers, they were able to find out what consumers buy, the place they usually go to buy and when they buy but stated that it is not easy to find the reason why they buy. The answer for this reason is locked within consumers head.

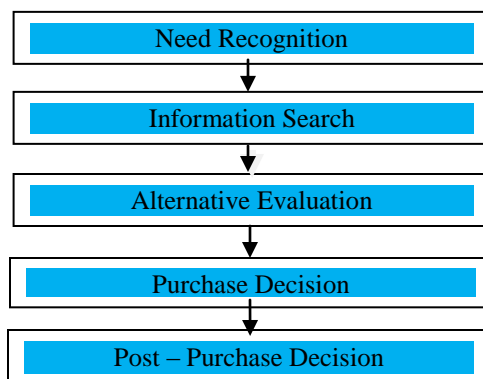


Figure: consumer purchase decision

III. COUNTRY OF ORIGIN IMAGE

Many scholars have done research on the factor that influence consumers' evaluation of products that come from different countries. This factor is well - known among marketers and entrepreneurs so called “country of origin”.

At the early stage, many scholars did a research on country of origin. One of the scholars like Saeed (1994) pointed out that country of origin means a country that a manufacturer's product or brand is associated with. Additionally, he mentioned this country should be called as a home country. Another scholar, Ahmed et al, defines country of origin as the country that conducts manufacturing or assembling. For example, Huawei smartphones are from China, Samsung are from South Korea, Apple from the US. Therefore, all these products and brands belong to a specific given country. In other words, country of origin is an information about the product that decreases the risk for potential consumers. In addition, we can say it is an extrinsic characteristic, at the same level with the price and brand that serves as an intangible attribute of the product.

“Image” means ideas, emotional background and connotation associated with a concept.[6]

Country image first was mentioned in the research written by Nagashima in 1970. He defined this term as consumer holds a particular picture, reputation, and stereotype towards products of a specific country. This image is formed by the country's representative product, political and economic background, and historic tradition variables, which means overall country image (Nagashima, 1970). Also, Han and Terpstra (1988) referring to Nagashima (1970) research mention four factors from 14 measure items. These four factors are technology, prestige, workmanship and economy.

Country of Origin Image (COI) is the oldest and at the same time most constant concern in international marketing. Country of origin image is considered as a factor that helps consumers reduce the complexity of their purchasing decisions (Papadopoulos and Heslop, 2002). Roth and Diamantopoulos (2009) defined country of origin image as consumers' attitudes towards a country. COI can be conceptualized at three different levels (e.g. Hsieh, Pan, & Setiono, 2004)—the country level (e.g. the image China), the level of all products of a country (e.g. the image of Chinese products), as well as the level of specific products of a country (e.g. the image of Chinese high-tech). Pappu et al (2007) mentioned country of origin image refers to the place – related images which consumers may link to the product or brand. On the contrary, [8] state that most studies focus on country of origin image at a general or product level, only a few focus on the image of a country. He supported (Roth & Romeo, 1992) that a country can be good on production of certain product but not good in others. Thus, the certain product cannot be generalized to the country overall. In addition, he states that country of origin image should not be limited to only tangible products. It can be incorporated among others, service, tourism, attraction of workforce and so on. Therefore, he constitutes that country image is a much broader construct.

Country of origin image also includes eight dimensions: economic development level, political and democratic level, industrialization level, living standard, technology developing level, product quality, self-confident level for owning the product and the last is product reliability [10] state when defining the country image it should clearly reflect its relation with product recognition. Therefore, they redefine the country image as consumer forms his understanding to specific country based on his recognition of advantages and disadvantages of manufactured and marketed products from a specific country in the past (Roth and Romeo, 1992). Roth & Diamantopoulos, (2009) explain the difference between country of origin and country of origin image. They state that country of origin and country of origin image are interrelated constructs. Country of origin research investigated whether or not the home country of a product would affect consumers' evaluations and preferences, country of origin image itself helps figure out which particular aspects and characteristics of the specific country would drive consumers' perception and attitudes towards products from a given country.

IV. COUNTRY OF ORIGIN IMAGE AFFECTING CONSUMERS' PURCHASE DECISION

The country's general image often used with country of origin was also found to influence consumer purchase decision. Among five stages of consumer purchase decision, the second stage as we all know is information search and starting from this stage country of origin image comes into effect. In the research conducted by [21], showed that the country of origin image has an effect on information search. They explain that country of origin image affects the consumers' quality perception of products that comes from the country. It is mostly related to information about feature and source of product from specific country. Consumers mostly tend to evaluate the country's image from the aspect of country's advantages and weakness in the past. Is it economically developed or at the same time industrialized or emerging country, in addition they also perceive political and cultural characteristics. When consumers positively evaluate country's image where the product originate from as positive that will positively affect the consumers' purchase decision – making process. These are crucial, if some of these aspects and characteristics of the country perceived negatively by consumers, they would definitely affect the overall consumer purchase decision. For instance, despite having the positive country of origin image, French products were boycotted by Australians because France's nuclear bomb test in the South Pacific. All the products

interact with a public that needs a positive image. In other words, country needs a positive reputation in the viewpoint of the global community.

At alternative evaluation, as it was mentioned above consumers tend to lean on cues in order to assess the products. Cues can be extrinsic and intrinsic. Many scholars put forward their ideas related to cues. There are cues that are intrinsic and directly associated with products (physical aspects: color, smell, taste, size), others are extrinsic, which are considered as intangible (warrant terms, brand, price or type of distribution channels, country of origin image. (Manrai et al., 1998). There are scholars who explain that extrinsic cues gain more importance when a consumer finds it difficult to objectively assess a product. (Dawar & Parker, 1994; Srinivasan, Jain, & Sikand, 2004; Steenkamp, 1990). Recent scholars, state that extrinsic are related to the physical part of the product and include cues: country of origin, brand name, price, packaging, product information) Carmina Fandos Herrera, Carlos Flavian (2007). [21] constitute that consumers who are not familiar with a product of a country when it comes to evaluation, the extrinsic cue - the country of origin image will directly affect consumer confidence in the product or the contrary when the consumers are familiar with the product from specific country, consumers make a conclusion the country's image of the product related information. [19] In the early research, Hong and Wyer (1989) also explained when country of origin cue together with other cues, such as price and brand, the effects of country of origin in their cognitive process could be observed in two ways: halo effect and the summary construct. Another scholar explained it simply, referring to the similar role played by prices by helping a consumer to evaluate the quality of a product when other information is lacking (Jacoby et al., 1971). Therefore, when consumers do not know anything about country's product, country image acts as a halo that directly affects consumers' beliefs about these products. To put it in other words, a consumer knows nothing about the product, which they are buying but once he knows that product from developed country in addition to this, country has a positive image he will definitely buy it. For example, electric rice cooker is from South Korea. They do not know anything about rice cooker and a brand itself but the only factor they know is this rice cooker is from South Korea and they know South Korea is famous for high quality home electronic appliances and people who live there usually eat rice and eventually they evaluate it positively. But, when a consumer know a country's product, a summary construct model works when in which consumers conclude a country's image from its product information. Simply to say, when a consumer evaluate positively a product of specific country and as of high quality, that country will be viewed positively in the mind of consumer and the image of that country will be positive.

However, in recent years scholars have argued about country of origin image construct, stating that when consumers evaluate products, product categories from specific country images, they combine the products and countries to make associations between these. Therefore, the construct that should be used for the measurement for this association should represent both products and countries and this construct should be called as a “product of country”. Shortly, this construct will represent “X” product of “Y” country. The same goes for brand evaluation from specific country. Therefore, this construct should be called as “country of brand”. [12]

According to the study of scholars country of origin effects are brand – centric. Consumers not only associate a country’s image with specific capabilities relating to an industry or product category but also with the more comprehensive capabilities of producing good brands.[1] The country of origin image also has a positive and negative impact on the brand attitude. When consumer purchase the products, they do not only pay attention to the quality or price of the goods but pay attention to the products’ (brand) country of origin. [15]

According to irradiation perspective, a consumer’s image of a particular country shapes his perceptions of the image of a brand from the country (Lebrenz, 1996). For example, a consumer’s image of China would directly affect consumers’ image of Lenovo laptops and the latter would affect consumer purchase decision. On the contrary, a consumers’ positive or negative perception of a brand may influence consumers’ perceptions of the country associated with a brand. For example, when consumers buy a new brand of silk clothes, the long history and the image of China for high quality production of silk will promote this brand’s image to consumers, accordingly enhance the purchase decision, due to positive brand image country.

According to some research, the country of origin image has a significant impact on consumer purchase decision regarding to products, which there is a high level of involvement or low level of involvement. High involvement purchases tend to be expensive and include those involving personal risk.

High involvement purchases include buying a house, a car or major electronic appliances or making financial investments. Low involvement purchase tends to be inexpensive or represents habitual buying. Therefore, the decision - making process differs from that in high – involvement purchase. Low – involvement include most of the things you put in your shopping basket, such as over-the-counter medicine, shampoo and toothpaste, breakfast cereal and chocolate. They include the things we buy without much thought and involve very simple evaluation processes and invokes a gratification we get from these products which does not last a long time. (Principles of Marketing). Some scholars state when consumers purchase

high involvement products they tend to consider country of origin image as high involvement products make consumers to spend a decent amount of money but when they purchase low involvement consumers do not pay attention on country of origin image. It has been proven that consumers tend to evaluate high – involvement products according to which country of origin image but low involvement products should not neglected either. For example, even Chinese dairy industry has progressed in terms of proper certification by various government safety programs and marketing channels, Chinese dairy products are not as reliable as they appeared to be. (Zhang et al., 2010). This is all about the negative image of Chinese dairy products. The image of Chinese dairy products was shattered because of one incident that happened back in 2008, after melamine had been detected in various domestic dairy products as a result six infant death were involved. Therefore, the image of the country for particular products are important for consumers no matter what kind of involvement product whether it is high or low.

V. CONCLUSION

This study aimed to contribute to better understanding of how country of origin image as a factor can influence consumers to buy a specific product or brand according to the image of the country. Even country of origin and country of origin image has been researched for over 50 years and it is considered as an old factor but it is still has been considered by international marketers and scholars as one of main factor when consumers purchase goods. There are two assumptions regarding the construct “country of origin image”.

First, in near future consumers would only evaluate the certain products according to the quality and other features of the products and country of origin image take a second place. Recent years we noticed these changes in consumers mind but the changes have not eliminated the factor as “country of origin image” yet. Changes are mostly associated with Generation Z and partly Y. Many scholars have done research on Generations’ Y and Z purchase behavior. Generation Y are referred to those born between 1977 and 1994. This generation is characterized as the most polished and sophisticated with respect to technology. However, it is immune to traditional marketing and sales methods. This is the generation that has been exposed to the internet, cable TV, satellite radio etc. Generation Y is less brand loyal and is much more flexible than Generation X (born 1966-1976). Those born between 1995 and 2011 are referred to as Generation Z. This generation has been exposed to high advances in technology and has made use of most of the modern gadgets. The kids of this generation have grown in sophisticated media and computer world and are more net savvy than kids of earlier

generation. Generation Z is also referred to as Generation I (Internet) or as generation @ as it remains connected and has got the nickname of digital natives. (Internet source). These generations when purchasing and evaluating a new product mostly pay attention to quality and price no matter which country that product originate from. As market are developing fast and consumers' minds are tend to change and passing from one generation to another there is a possibility that country of origin image would be affected by this shift. Nowadays, we are experiencing this change in consumers' behavior. Until now, when buying products consumers mostly want them from developed and industrialized country, as they believe that products from such countries are high in quality, trusted and secure to consume them. From analysis, it can be stated that mostly countries, which less developed and less recognizable no matter how good their product quality is are underestimated against developed countries, well recognizable countries. However, more and more young people nowadays buy a product by analyzing the quality, features of the product and do not pay attention whether it is from developed and emerging country. Probably, such young consumers would give an equal opportunity for marketers, entrepreneurs from different countries no matter that country is developed or not, to modify their strategy and make high quality goods, so many countries products would be equally estimated according to the characteristics of the product not image.

Second, again it depends on the type of the product itself. In this case, country of origin image would not be affected by any consumer purchase behavior changes. To speak more clearly, there are countries which are good at certain type of products not all of them can produce the products, goods are of high quality. Each country has its own image, positive reputation for producing the specific product. According to that evaluation, information search consumers will possibly take into account the "country of origin image" when buying a product. For example, if a specific country is weak in production of dairy products, it can make its consumers to switch into other country's dairy product, which produce good dairy products and make them evaluate and purchase the product according to the image of the country. For now, it can be stated that the construct "country of origin image" (COI) along with other factors like quality, price, and service will still be one of the main factor as long as consumers evaluate the product according to the image of the country.

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