



The Effect of Country of origin on Consumers Purchase Intention.

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1. Abstract:

Country of Origin is becoming a very important factor in Consumer behavior studies. Hence, doing the research about the factors influencing the consumer decisions are more worthy than before. The Purpose of this paper is to review the Country of Origin literature and to find the relationship between Country of Origin and Purchase intention based on past studies. This research will help marketers in identifying the relationship between COO and purchase Intention. The existing literature shows that there is a relationship between COO and Purchase intention. However, there are many factors where there is scope for further research and development.

Keywords: COO, Purchase intention, Consumer behavior.

2. Introduction

In past few years, there has been considerable development of global markets. Companies are also trying to explore more such opportunities which further results in increased competition. Various factors such as Brand name and Country's perception account for the growth of consumer products and service. Another important factor that affects global markets is Country of Origin.

There are many other factors such as Brand, Color and Design which consumers consider when they plan to buy something. But Country of Origin is on factor that can also not be ignored. Various researchers have also stated that Consumers uses COO as one factor to evaluate their purchase.

This study will focus on how Country of Origin influences consumers purchase decision.

3. Country of Origin

Schooler (1965) was the first one to study Country of origin where he labeled it as “Made-In concept”. Other researchers also defined COO as where the products have been designed, manufactured, developed and assembled (Lin and Chen, 2006; Munjal, 2014). For example, though Apple is an American brand, there are goods of the same brand which are being assembled in China. Hence, it is being labelled as “Assembled in China” whereas when the Apple products are being manufactured in America, it would be “Made- in US”. (Rezwani 2012)

Lusk et. Al (2006) stated that if the consumer is having less information about the product then he uses COO as indicator of product quality. He also said that products from developed countries like South Korea and Japan have better quality in comparison to developing countries like China and India.

Elliot and Cameron (1994) defined Country of Origin as positive or negative influence on consumer choice and behaviour towards the product.

4. Purchase Intention

In past few years, Markets have become very competitive and firms are finding new ways to attract customers. This has resulted in giving multiple options to consumer before choosing a particular brand. This further affects consumer's purchase behaviour. It is very important for companies to understand consumers purchase behaviour as it helps firm to attract and retain customers, which in return helps firm in survival and growth.

Theory of consumer behaviour encourages the fact that individuals are rational i.e they think and move through various stages while taking a purchase decision. Engel, Blackwell and Miniard (1995) presented model of consumer purchase decision-making in which they divided the consumer purchase decision process into five stages: (1) need or problem recognition, (2) search for information, (3) evaluation of alternatives, (4) purchase decision, and (5) post-purchase behaviour. This was further supported by Mowen and Minor (2001). They also said that consumer decision making is sequence of results from identifying problems, searching for solutions, evaluating alternatives, and making decisions.

Engel, et al. (1995) further added that purchase intention can be divided into fully planned buying, unplanned buying and partially planned buying. Unplanned buying means that all the decisions regarding buying a particular product is taken in a store by consumer. This can also be termed as Impulsive buying behaviour. Partially planned buying means that consumers only decide about product specification as per his need and decides the brand only in store. Fully planned buying means that consumers are clear which product and brand he wants to buy before entering store.

Fishbein & Ajzen (1975) said that consumer purchase intention can be considered as an important tool to predict consumer buying behaviour. Revzani et al. (2012) defined purchase intention as the eagerness of the consumers to buy a particular brand.

Another statement stated various factors like consumers perception, Country of origin and features of product all influence consumers purchase intention. (Wang et. al 2012). Purchase intention was also defined as decision an individual takes or behaviour an individual shows according to product. (Wang and Yang, 2008).

5. Literature Review

Liefeld and Wall (1991) found in their study that Country -of-origin is very important to consumer as it helps in comparing quality of the product. Consumer consider COO rather than price or brand while assessing the quality of product.

Cheron and Propek (1997) suggested that consumers might not consider Country of Origin while evaluating the product. But his buying decision is influenced by other factors such as price of the product, Brand image, product familiarity.

Cai Y., Cude B., and Swagler R. (2004), investigated the country of origin effect on purchase intention. They found that in case of non-durable goods, when the price of products of less developed countries fall, consumers willingness to buy the product increases. But on the other hand, in case of durable goods (like television, refrigerator) consumers prefer products from developed countries irrespective of price. They manipulated price of the product to study country of origin effect.

Usunier (2006) said that consumers don't consider Country of Origin as an important factor for product evaluation as both consumers and marketers are not aware about this effect. He further stated that while evaluating product he doesn't consider the country where product is produced.

Josiassen and Harzing (2008) argued with Usunier (2006) who earlier stated that Consumers don't consider country of origin while evaluating product. He pointed that importance of country of origin changes with change in product category. He found that while taking a decision like purchase of an expensive product (car) consumers consider Country of Origin. Country of origin is not of much relevance while taking a decision like purchase of Habitual products.

Tamas (2015) in his study stated that Country of Origin effect is very complex in nature. He found that effect of country of origin on consumer buying behaviour is not stable and it changes over period of time. He said that if same research is conducted with same samples and methods but there is time gap between two studies, the results would differ. He further added that the country of origin effect changes with the construct you are studying e.g. if you are studying product quality COE will be different and if you are studying willingness to buy it will be different.

Researcher have been studying the influence of COO on product evaluation and purchase intention since long time. Many researchers such as Klein (2002) , Lee, Yun and Lee (2005), Cordell (1992) said that COO plays a significant role in influencing international markets. They also stated that because of past beliefs consumers evaluate products from developing countries unfairly. This was further supported by J.K Lee and Lee (2009) who said that consumers use Country as an Indicator of quality. He further added that consumers think that product made in developed countries like Japan are better in quality in comparison to products made in developing countries like China.

Ahmed et al. in 2002 stated that COO has a direct impact on consumer perception of product attributes which further affects their product evaluation. He also added that consumers come across so much product information like packaging, advertising and branding. But still they use COO as an indicator for product evaluation in some product category. This was further supported by Paswan and Sharma (2004) and Gao and Knight (2007) who also found that COO is as influential element in product evaluation and purchase intention as Brand Image.

In an era of globalisation, it's easy for companies to participate in global markets. Due to which the accessibility to foreign products has increased. Because of this competition has increased in market and the role of country of origin has become more significant. Before globalisation only domestic products were available hence it has not important to study country of origin. But now, consumers evaluate the product quality from the country product is manufactured in.

Lou and Johnson (2005) stated that COO can also be forecaster for customer opinions and preference style. Researches also show that country of origin as an extrinsic cue helps people in judging as consumer feels that evaluation of extrinsic cue is more convenient than intrinsic cue.

Lim and Darley (1997) concluded that product from countries with weak picture have less probability that consumer will make purchase. Later in 2006 Lin and Chang also concluded that COO has direct relation with purchase intention

6. Impact of Country of origin on Purchase intention.

Since past 40 years researchers have been studying the impact of Country of Origin on Purchase intention. Many researchers such as Klein (2002), Lee and Lee(2005) and Cordell (1992) stated that country of origin is an important factor that influences International Marketing. They also stated due to the past beliefs of people, consumers evaluate the products made in developing countries unfairly. Lee and Lee (2009) stated in his study that people use country of origin as one parameter to evaluate Product quality. They consider products made in developed country are superior to those made in developing countries.

Since 1980's there is substantial literature available on this issue, which clearly states that Country of Origin influences consumers purchase intention.

Lou and Johnson (2005) concluded that Country of Origin can be used as predictor to study customer preferences and thoughts. They further added that it is easy to study extrinsic cues rather than intrinsic factors.

In current scenario, role of Country of origin is very important in comparison to old times when only domestic products were available. Due to globalisation, companies can now participate in global markets, because of which the access to foreign products has increased. In today's time, place of manufacture is also one factor which consumers consider while evaluating the product. Country of manufacture has both positive and negative effect on the consumer intention as they evaluate suppliers and then take a final decision regarding purchase of product. (Yasin et.al)

Over a period, lot of research has been conducted in the area of Consumer behaviour. It was found that there are various factors that affect consumer behaviour and COO is one such attribute. When sometimes buyers have to choose from wide range of products they use “halo effect” according to COO for product evaluation.

(Ghazali, et al., 2008) and (X. Wang & Yang, 2008) also stated that COO has direct impact on Purchase intention.

Lim and Darley (1997), added that countries with a weak picture have a fairly less chances, that consumer buy their product.

7. Conclusion:

By reviewing various literature, it can be concluded that there are number of factors that impact consumers purchase intention. Different researches have shown that, extrinsic cues have more impact on purchase intention rather than intrinsic. COO is also one of the extrinsic cues that influences consumers purchase intention considerably. Also, it was found that COO is also used as an indicator for product quality. Products made in developed countries are perceived better in quality in comparison to those in developing countries.

8. References

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