

INFLUENCE OF COUNTRY-OF-ORIGIN ON PERCEIVED QUALITY

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Abstract

This article reviewed influence of Country of Origin on Perceived quality. In this competitive world, it is important to know the factors consumer use while evaluating quality and making purchase decision. As shown in this study, one such factor that consumer considers while evaluating product quality is Country-of-Origin. It was found that consumers use Country-of-Origin as an external cue while they are evaluating quality of the product. There are other factors like Brand, Price which consumer consider while evaluating quality of the product.

Keywords

Country-of-Origin, Perceived quality, Quality, Brand

Introduction

The concept of Country of Origin (COO) is gaining popularity among players in Indian market. Researchers are interested in studying the concept and organizations are investing in having people research on this concept to have informed decision making within the organization. To clearly understand the Indians market attitude and perception toward local and foreign product it is necessary to critique and study the COO effect on the purchase intention and perceived quality. After analysing the factor that hold key before purchasing a product, The consumer assesses either if the product meets his minimal perception of quality or value for his money before purchasing. A consumer will consider several factors such as the product specification, his need requirement if the product will serve those needs, perceived quality, price of the product and comparison between the competitors and decide to either purchase the product or not.

Country of Origin

Country of origin (COO) has been described as the country where manufacturing or production of a product or an item occurs. Country of origin has also been portrayed as the “made-in image” and “place-based” branding. Researchers have also looked at it as the country of consignment, that is, from where goods are sold or where the original growth and extraction occurred. According to Adina et al (2015), the ‘country of origin’ concept was considered as the place, nation, or region where a specific brand is considered to emanate from or belong by its main consumers. The country-associated aspects include political climate, cultural identity, landscape, language, history, technological advancements, people, religion, and economic landscape. Based on these characteristics, country image can be perceived to be an operating concept: a holistic network, a variable, an intricate mix of dogmas, a concept, an attitude, and a triple component attitude

framework. COO can be defined also as the impact that emanates from the country of design and manufacture leading consumers to develop either positive or negative perception of specific products (Degoma, 2014).

Country of origin concept can either be an asset or a liability. When it presents positive connotation, it is an asset. For instance, country of origin can lead to better brand perception, evaluation, and influence on purchasing behaviour. In other terms, country of origin is an asset when it offers brands a substantial competitive advantage. It bears the capacity to generate perceived familiarity, quality, values such as the halo effect, and ability to transfer the perceptions and values of a certain country to products that emanate from its firms. On the flip side, though, the COO concept can cause unsuccessful associations of country and product images, because of incongruent positions retained in the minds of consumers. Some researchers highlight the multimodal characteristics of the impacts of country of origin, elucidated by variations in country related socio-cultural, economic, technological, and political factors. Consumers tend to display positive preference for products that come from industrialized nations while they holding negative views towards those that come from underdeveloped nations (Lo et al., 2017). However, these views may vary over time owing to advancements in technology, lifestyle changes, and the use of more superior marketing techniques. Against this backdrop, it is vivid why country of origin stands as one of the most important factors that determines what the consumer knows about a product. It determines product positioning. Country of origin is further related with the consumer behaviour i.e., the behaviour which consumer shows from the time he thinks of making the purchase of the product to the time he disposes of the product. Consumers mostly employ the information about the origin of a product to assess the product's quality and on the basis of this evaluation they make positive and negative image about the product (Hamzaoui-Essoussi & Merunka, 2007). In an experiment on watches, it was discovered that the information among consumers regarding the expertise of a certain country influenced how it is able to sell its products across the globe (Wu & Fu, 2007). For instance, consumers will desire to purchase watches from countries that have expertise in producing that product. The research also found negative relationships when nations without expertise are in play. These results that the effects of the concept of country of origin may be tied to a specific type of product. Consequently, marketing managers from the various firms where specific products are manufactured are promoting the concept of country of origin as a way of enhancing the quality perception among consumers and thus gaining strategic advantage.

Perceived Quality

Perceived quality serves as cue to consumers through offering them with a reason to purchase and through differentiating one brand from among many that are competing. Perceived quality is referred to by consumers as an evaluation of the overall brand of excellence by consumers on the basis of performance and durability (intrinsic) and brand name (extrinsic) (Nargis & Chowdhury, 2006). Therefore, quality is considered as judgment of excellence or superiority in entirety as quality can be considered as the information or cues that a consumer receives regarding the features of a product while purchasing or consuming it. It also implies that the perception of quality differs depending on a variety of factors such as the moment at which the buyers buy or use a product, and the location where the product is purchased or enjoyed. The implied perception of

the consumer of quality from the brand surpasses its price when purchase decisions are being made. It is expected that certain variables, such as quality for durables and perceived purity of the consumables, will show significant power as the predictor of bias for a product. Perceived value is considered as the overall evaluation of the net advantage of a service or product by the consumer as per the consumer's appraisal (Asgarpour et al., 2015). Companies can improve the purchase intentions of consumers through product quality and value. Perceived value is a determinant variable in impacting consumer trust.

Literature Review

Consumers consider COO, rather than brand or price, at the time of their assessment of the product's quality. Over the years, several researchers have assumed different ways of addressing and understanding the country-of-origin concept. Some scholars have managed to divide the years of research in country-of-origin concept into three main periods: the first period that is from 1965 – 1982, starting with Schooler's study and culminating with Bilkey and Nes in 1982. The Bilkey and Nest article provides a summary of the COO studies to that period, quantitatively assessing the findings from different studies. This period features developments from simple single cue researchers where the COO is only product cue to be promoted serves as the focus to more intricate studies where Bilkey and Nest considered generalizing the findings of the COO studies. The second period was between 1983 to 1992 and it witnessed an increase in studies done on country of origin. During this period, Johansson et al (1985) questioned results from earlier researchers that claimed that past studies may have overstating the importance of Country-of-Origin impacts, especially as far as multi-attribute approach was concerned. Chao and Rajendran (1993) took a different approach in their examination of the effect of the impact of country of origin. They studied relationship of COO with perceptions of quality among the consumers. During the same time, researchers Liefied and Wall showed that country of origin assists consumers to select superior quality from the various products that they have.

The third period was between 1993 to 2004 and featured a proliferation of various streams of studies most of which sought to re-conceptualize the COO concept with regards to brand origin, image of the product based on the country, and product place image. From 1993 to date, the COO has grown in recognition prompting the need to research its impact in relation to services and not solely in relation to tangible products. Elliot and Cameron (1994) conducted a study in Australia and examined the importance of Country-of Origin in relation to other Product Features. They found that COO information is of less importance in relation to other factors such as Quality and Price. They also stated that consumers have predetermined mindset of products made in some countries.

Marteinz (1995) found in his study that if Mexican consumers purchases product from Japan and United States, they consider themselves "proud to own" the product. Mexico, just like other countries in Latin America, is going through a transformation from the rigid economic and political system and moving towards a less corrupt and more democratic and freer market – a process that has been abetted by the North American Free Trade Agreement. This has made country of origin concept to influence the consumer behaviours in Mexico.

Later, Hui and Zhou (2008) stated that Country-of-Origin information has a direct effect on product evaluation and Indirect effect on Perceived Product value, which in turn determines Purchase intention. Purchase intention is not only affected by COO but also by brand name and price factors. They also found that COO and brand name have a same effect on product evaluation. From the various finding they concluded that it may be early to claim less role of COO in influencing purchase intention.

Aali et. al (2015) concluded that due to globalization and technological advancements consumers have become more aware and are having more access to information. They use this information in evaluation of brands. They found that variables like price and quality influences purchase decision more in comparison to Brand Loyalty.

Vijaranakorn (2017) Conducted a survey on 407 Thai respondents, who were luxury product consumers to find out country image effect on luxury value perception. The results showed that countries are like brands and the perceived image of each country influences purchase intention and perceived quality differently. It was found that country image has both symbolic and emotional impact on consumers. It was also noted that country's image plays an especially important role on country positioning in world market.

Studies on country of origin in past have shown a positive association between the evaluation of the product and the economic development of a country. In addition to the country of origin of products, studies have shown consumers from developed countries tend to have preference for products while those who are from underdeveloped countries tend to perceive products from the local markets less favourably but consider those from developed countries to be of superior quality. These countries are not able to change the minds of their consumers or the circumstances in the local markets. Researchers have also shown that the effect of the COO concept has a bias with regards to price concessions. However, the penetration and pricing strategy aside, some countries, such as Japan, have shown to be able to have a way around this through methods such as enhancing the origin images of their local products. Researchers have found that this has made consumers to have a bias for products that emanate from Japan. As a result, for many decades, made in Japan has been able to make consumers perceive products as having a superior quality.

Conclusion

In this competitive world, it is important to know the factors consumer use while evaluating quality and making purchase decision. As shown in this study, one such factor that consumer considers while evaluating product quality is Country-of-Origin. It was found that consumers use Country-of-Origin as an external cue while they are evaluating quality of the product. While evaluating the product quality consumer check whether the product is from developed country or developing country. If the product is from developed country, they consider it to be a superior quality product and vice-versa.

Also, there are other factors like Brand, Price which consumer consider while evaluating quality of the product.

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