

The Effect of Country of Origin on Algerian Consumers' Attitudes towards Products

The case study of household electrical appliances

أثر دولة المنشأ على اتجاهات المستهلك الجزائري نحو المنتجات

دراسة حالة الأجهزة الكهرومنزلية

Fatima Zohra Bensiroud ¹, Nourelhouda Bensroud ²

¹ Constantine2 university (Algeria), fatima.bensiroud@univ-constantine2.dz

² Khenchela university (Algeria), bensiroud.nourelhouda@gmail.com

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Abstract:

The image of a country that consumers perceive is one of the factors that consumers consider in making their purchase decision. The main objective of this study is to determine the impact of the country of origin on Algerian consumers' attitudes towards household products and to achieve the objectives of the study, a sample of 75 respondents, has been taken based on a random sample. The study concludes that Algerian brand products generally have positive country of origin effect in Algeria consumers' minds and the people in Algeria have positive attitudes toward Algerian products.

Keyword: Consumers' evaluations ; Country of Origin ; Household electrical appliances

JEL Classification Codes: D1, R2.

ملخص:

إن الصورة الذهنية للدولة التي يدركها المستهلكين تعتبر من العوامل التي تؤخذ بعين الاعتبار عند اتخاذ القرار، من ذلك تهدف الدراسة إلى تحديد أثر دولة المنشأ على اتجاهات المستهلك نحو الأجهزة الكهرومنزلية، ولتحقيق أهداف الدراسة تم اختيار عينة عشوائية مكونة من 75 فرداً. توصلت الدراسة إلى أن لدولة المنشأ أثر إيجابي في أذهان المستهلكين الجزائريين وكذلك اتجاهات الأفراد في الجزائر ايجابية نحو المنتجات المحلية.

الكلمات المفتاحية: تقييم المستهلك، دولة المنشأ، أجهزة كهرومنزلية.

تصنيفات JEL : D1 ، R2.

: Bensiroud Fatima Zohra, e-mail: fatima.bensiroud@univ-constantine2.dz.

1. INTRODUCTION

Country of Origin (COO) effects have been thoroughly investigated through a number of studies since the mid of 1960s. During the initial period of investigation, past studies focused on COO as the only single product cue to influence consumers' product evaluation. More recently, some studies have included other extrinsic and intrinsic product cues such as brand, product type, price and taste as multiple product cues for investigation. The results of these later studies appear to show that COO effects play a lesser role in influencing consumers' evaluation of products.

In fact the 1990s decade and beyond have been characterized by major structural changes in the evolution of Algerian market ,including those of increased competition , product availability in terms of both quality and quantity ,as well as easily available . Would Algerian consumers react differently to a foreign product eg television made in Algeria than a television made in other countries.

The main objective of the research would be investigating the Algerian consumers' perception on the country of origin effect on consumer behavior.

The second objectif of the study would relate to the consumer perception about the country of origin and the products' quality .The consumer will rate four countries based on their perception about the quality of televisions being manufactured in these countries.

The third objectif is to fully understand the consumer ethnocentrism impact on the country of origin effect and products (electronic products) evaluation, and to define the consumer behavior responding to their national products vs. imported products.

2. LITERATURE REVIEW OF THE COUNTRY OF ORIGIN EFFECT

Consumers make decisions about the quality of products based on a systematic process of acquisition, evaluation and integration of product information or cues .A cue can be intrinsic (inherent in the physical composition of the product) such as taste and design or extrinsic (otherwise related to the product) such as brand ,price and country of origin

2.1. History of country of origin:

It was first Shooler in 1965 who conducted a study in Guatemala regarding country of origin effects in an experiment by presenting four groups of 200 respondents of a part-time students with a juice product and a swatch of fabric. Each group was presented with a label from different South American country. Students less preferred products made in El Salvador and Costa Rica than to domestic and Mexican products and their evaluations were biased for against some countries. So, he concluded that the country of origin of a product could have an effect on a consumer's attitude toward product (Bilkey & Nes, 1982, p91).

Later studies tend to investigate the country of origin effect differences among people from different countries. Nagashima was the first researcher who chose the sample from two countries and from the commercial buyers, although the product were not industrial products.

2.2. Country of Origin definition:

According to (Nagashima, 1970, p68), COO is defined as "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."

More than 20 years after Nagashima Roth and Romeo redefined country of origin as the overall perception consumers form about products from a particular country, based on their prior perceptions of the country's production and marketing strengths and weaknesses. (Roth & Romeo, 1992, p480).

Countries of origin effect have been broadly defined as "any influence positive or negative that the country of manufacture might have on the consumer's choice processes or subsequent behavior" (Samiee, 1994, p587).

The country-of-origin effect on a product is, practically, the perception of an individual on a good, which is influenced by the brand nationality, perception that is reflected on any attribute of the product. This effect is influenced by the brand of the country of origin as well. As any company may become a brand, a country may become a brand too. These impressions

or stereotypes of a country of origin become a part of the brand image and contribute to labelling the brand (Andreea Apetrei, 2017).

The country of origin effect are detectable, although their magnitude and mechanism of their influence remain largely under solved ,a Parameswaran and Pisharodi conclude country of origin is a potentially powerful image variable that can be used to gain competitive advantage international marketing,however, deficiencies in the definition and measurement of its facets have contribute to the ineffective and infrequent use of country of origin as a competitive tool(Parameswaran & Pisharodi,1994,p43)

A number of authors, therefore, suggest that the construct of country image is comprised of:

- a *cognitive* component, which includes consumers' beliefs about the country's industrial, technological as well as political background;
- an *affective* component that describes the country's symbolic and emotional value to the consumer, and
- a *conative* component, capturing consumers' desired interaction with the sourcing country.

2.3.The Special case of 'Hybrid' Products

A hybrid product is defined as one that is branded or designed by one country but manufactured in another. This has been made necessary by the need to look beyond one region to be able to compete in the global marketplace.

For such brands, image is a combination of a multiple country sources. For example, automobiles may source raw material from one country, assemble it in a different country, with the headquarters of the parent company being in another country.

Generally there are four components of such industries (Chao, 1993, P294):

- **Country of association**, that is, the country associated with the brand. For example, Honda is associated with Japan.
- **Country of design / engineering**

- **Country of assembly**
- **Country of components / parts**

There are conflicting opinions on the relevance of the above four points. For example, on this topic, Philip Kotler says: "While brands must be supported by product quality, their identity is independent of the sources of production or ownership. GAP produces many of its apparel lines in Central America. But its contemporary style for young Americans has no association with Costa Rica or Guatemala. Hugo Boss produces its shirts in China for American career oriented urbanites. These shirts carry no Chinese association. Brand equity is built upon the emotional meanings of brand design and brand promotion. It is not dependent upon its sources of production or the source of its company ownership."

Though there are mixed results from a number of studies, exporters should not overlook the possible negative impact of sourcing countries, which potentially affects consumer's product evaluation.

Several studies of country-of-origin have shown that a certain country image has a set of associations, some of which are favorable, unfavorable, or neutral. Products from developing countries generally tend to have unfavorable or negative association, and hence to be evaluated unfavorably compared with those from industrialized countries. It was also shown, however, that products from a certain developing country were evaluated more highly when presented to consumers with information about its country-of-origin than without country-of-origin data, suggesting that the effect of country-of-origin on consumer attitude is specific to a certain attribute.

Among the countries currently benefiting most from a positive country of origin image are Germany, the USA, Japan and Switzerland, due to their tradition, excellent quality and state-of-the-art technology or engineering. "Made in Germany", for example, has been regarded for decades as a quality feature that communicates prestige and reputation in a great measure. The advantage: the country of origin image cannot really be imitated by competitors and is therefore a sustainable differentiation factor.

For global marketers, this clearly means that the better the COO image, the more clearly the origin should be communicated (Florian Haller, 2018).

2.4. Factors affecting influence of COO effects on product evaluations

According to Samiee, three main factors influence country of origin stereotyping; customer factors, environmental factor and market factors (Samiee, 1994):

- Customer factors: consist of product familiarity and experience, level of involvement in purchasing decisions and ethnocentrism and patriotic tendencies;

- Market factors : consist of product type, characteristics and attributes, brand image, the reputation of channel intermediaries and market demand ;

- Environmental factors: consist of presence and influence in global market, level of economical development and political and cultural standing.

There are several guidelines in considering the country of origin (Niss, 1996):

- First, consumers in developed countries have a general preference for domestic products.

- Second, consumers do not use the country of origin as an isolated evaluation criterion.

- Third, the influence of country of origin tends to be stronger when the consumer is not familiar with the product or manufacturing company.

Different level technologies of the produced countries illustrate the different products quality, design, and value from consumer judgment. Consumers tend to show their attitude across the wide rang of the home country made products and they demonstrate their preferences on the products, which exists high quality, design, and value. This phenomenon may be also according to attitudes towards the people of the country and familiarity with the country. Schooler (1971) and Wall and Heslop (1986) revealed that the consumers' background including their demographic

characteristics as well as cultural characteristics also played an important role in this phenomenon. From the perspective of developing nation, consumers demonstrate their attitude towards products from developed countries—technology more advanced (TMA)—to their homemade products, technology less advanced (TLA), which is reverse from consumer ethnocentrism concept .Owing to the concept of consumer ethnocentrism, highly ethnocentric consumers might refuse buying foreign made products because they think that this may hurt domestic products that results unemployment of their own people, while the domestic economy might also drop down. By the way, non ethnocentric consumers may have different opinions from consumer ethnocentrism. They may buy foreign made products without consideration on the above problems as consumer ethnocentrism do. Furthermore, they may give high value to the imported products (Shimp& Sharma, 1987, p287).

3.STUDY METHODOLOGY :

The paper aims to investigate the effect of country of origin on consumers' behavior.Based on the country of origin literature two hypotheses are examined as follows:

- **H1 :** Country of Origin has significant effects on perceived product quality rating;
- **H2:** A consumer would demonstrate high intention to purchase a product, which he/she considers the product as high quality.

The framework embraces information on four dimensions. All measured by using a five –point Likert type scale .A self –administered question naive is used to collect data from prospective consumers who referred to Constantine .The questions are based on a review of the literature and specific product contexts, and the questionnaire was pre-tested and revised .The questionnaire were distributed based on a convenience sampling method and collected at Constantine. One hundred questionnaire were distributed and 75 useable samples were obtained after excluding the incomplete ones, yielding a 75 % response rate from those who agree to participate

4. STUDY RESULTS :

4.1. Profile of the participants:

Table 1 demonstrates the demographic profile of the sample. Gender, age, education level and how much the respondents spend in a month generate the sample's characteristics.

The research included 33 men (%=44) and 42 women (%=56). The minimum age was 29. Most of the sample was 29 and younger age range (n=39, %=52). Most of the participants had university degree (n=55, %=73.3). And also, most of them spent more than 30000 DA in a month (n=30, %=40).

4.2.Importance level of attributes considered in purchasing televisions :

Table 2– demonstrates the Importance level attached to the various attributes considered when buying televisions

In terms of the evaluation of the product dimensions the most important attributes for the respondents turned out to be quality (85.3 %), only 17.3 % of respondents base decision on the country of origin of the television.

4.3. Attitude toward products based on the country of origin:

Respondents were asked to indicate their level of agreement on 5 points Likert scale (1 strongly agree to 5 strongly disagree) with a series of question about Algerian –made televisions.(Table 3).

A belief that Algerian –made product are high picture /sound quality, reliable and well designed, but only 30.7 % agreed overall, the quality of Algerian televisions is equal to, if not better than, imported products.

A tendency to prefer and purchase the Algerian –made television (61.3 %).

This study investigates the country of origin effect of televisions, viewing the results of the study, the findings suggest two things .First, the influence of the perception of a country by consumer can be significantly affect their perception of a product associates with that country and resulting consumer behavior. Second, Algerian respondents perceive Japanese electronic products as the most favorable and high quality with high attitudes

and intention to purchase. French, Korean, and Algerian electronic products are perceived in a second, third, and fourth, respectively. Algerian televisions are perceived as reasonable price.

5. CONCLUSION :

Several limitations should be mentioned here. First, in this study, 52% of the sample was consisted of consumers aged 29 and younger; this may create bias to the result. In future research, a larger sample size with more equalized number of subjects from different age groups should be employed.

Another limitation is that the present study examined people's product evaluation and purchase intention for one product –television. The extent to which the results here generalize to other electronic products or other product categories is not known. Similarly, only select brand names and countries of origin were investigated here. Future research may consider examine the different combinations of multiple product categories, multiple brand names and multiple countries of origin to get more robust results.

A third caveat is that when hybrid products have become more and more popular, future research should address this trend by examining the separate effects of a product's country of design, country of assembly, and source country of a product's key components on people's product evaluation.

The results of this study could benefit from replications with other product categories for example, research might compare durable with non durable products. Finally, this research relies on data collected in one country (Algeria) some characteristics of that country may influence the strength relationships between country of origin and product quality .Therefore, replications of this research in other settings would be useful.

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7.APPENDICES

Table 1: Demographic Profile of the Respondents

Demographics		N	%
Gender	Men	33	44
	Women	42	56
Age	29 and younger	39	52
	30-59	34	45.3

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	60 and over	2	2.7
Education	Primary education	3	4
	Fundamental	7	9.3
	Secondary	10	13.3
	University	55	73.3
How much they spend in a month	Less than 15000DA	28	37.3
	15000-30000DA	17	22.7
	More than 30000DA	30	40

Source: SPSS outputs

Table 2: Importance level of attributes considered in purchasing televisions

Attributes	N	%
Quality	64	85.3
Design	25	33.3
Country of origin	13	17.3
Price	25	33.3
Warranty	18	24

Source: SPSS outputs

Table 3: Attitudes towards Algerian televisions

Level of agreement*		(1)	(2)	(3)	(4)	(5)
Perceived products quality						
Televisions made in Algeria are very good design.	N	5	37	17	13	3
	%	6.7	49.3	22.7	17.3	4
Televisions made in Algeria are innovative.	N	4	10	16	26	19
	%	5.3	13.3	21.3	34.7	25.3
	N	11	42	10	10	2

Televisions made in Algeria are high picture /sound quality	%	14.7	56	13.3	13.3	2.7
Televisions made in Algeria are reliable.	N	13	34	22	4	2
	%	17.3	45.3	29.3	5.3	2.7
The prices of televisions made in Algeria are reasonable	N	25	37	10	3	0
	%	33.3	49.3	13.3	4	0
The prices of televisions made in Algeria are durable	N	15	28	21	8	3
	%	20	37.3	28	10.7	4
Attitudes towards Algerian –made televisions						
Overall, the quality of Algerian televisions is equal to, if not better than,	N	6	17	11	22	19
	%	8	22.7	14.7	29.3	25.3
Purchasing intention						
I'll be glad to recommend others to purchase televisions made in Algeria	N	9	30	24	9	3
	%	12	40	32	12	4
I will purchase televisions made in Algeria	N	16	30	10	14	5
	%	21.3	40	13.3	18.7	6.7

*(1): Strongly agree, (2): Agree, (3): Neutral, (4): Disagree, (5): Strongly disagree

Source: SPSS outputs