

Reasons for ignoring country-of-origin (COO) by consumers of durable goodsⁱ

Full Professor Marzanna K. Witek-Hajduk, PhD.

SGH Warsaw School of Economics, Collegium of World Economy, Department of International Business

Aleja Niepodległości 162

02-554 Warsaw, Poland

Phone: +48 22 564 73 33

E-mail: mwitek@sgh.waw.pl

PhD. Anna Grudecka

SGH Warsaw School of Economics, Collegium of World Economy, Department of International Business

Aleja Niepodległości 162

02-554 Warsaw, Poland

Phone: +48 22 564 73 33

E-mail: agrude@sgh.waw.pl

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Abstract

Purpose – The objective of the study is to identify reasons for ignoring the COO when choosing brands of durable goods.

Desing/methodoloy – A qualitative approach was applied: 25 in-depth semi-structured interviews with Polish consumers of durable goods purposively selected.

Findings – Among the reasons for ignoring the COO by consumers, cognitive (rational) and affective (emotional) factors have been identified.

Originality/value – This paper develops a deeper insight into consumer behavior with reference to the reasons for ignoring the COO.

Keywords Country-of-origin (COO), dimensions of COO, consumers` perception of COO, durable goods

Paper type Research paper

Introduction

There has been a rising interest in the country-of-origin (COO) and its dimensions, and the impact of COO on consumer behavior (Thøgersen *et al.*, 2017) in recent decades. Stereotypes about a country affect its image, and translate into the COO effect (COE), i.e. attitudes towards and perceptions of brands/products/companies originating from that country (Josiassen and Assaf, 2010). Thus, COO and its dimensions serve as extrinsic cues, which can be taken into account by consumers alongside intrinsic cues in the purchase decision process (Srinivasan *et al.*, 2004).

Companies increasingly manufacture abroad, often in countries with lower production costs or assembly products from parts/components made there (Gereffi and Memedovic, 2003). Many companies, both from developed and emerging countries, acquire foreign firms/brands, (Kumar, 2008). It results in the emergence of “hybrid products” with multiple COO (Nieroda *et al.*, 2018). Also a growing role of companies from emerging markets is observed (Boso *et al.*, 2018) which are not only suppliers of low-cost products, but create strong global brands (Pillania, 2009). These phenomena make it increasingly difficult for consumers to clearly identify the COO. Research confirm that COO is not taken into account when making purchasing decisions by some consumers, and even that consumers ignore COO (Tjandra *et al.*, 2013). However, there is little papers based on the qualitative studies exploring the COO and its dimensions’ effect from the consumers’ perspective (e.g. Touzani, 2015) and considering the reasons why consumers ignore the COO, especially while choosing between foreign brands vs brands of domestic origin (e.g. Tjandra *et al.*, 2013).

Given the above, the study aims to answer the research question: What are the reasons for ignoring the COO and its dimensions, by Polish consumers buying household durables brands, in particular choosing foreign brands (including those from emerging markets) over domestic (Polish) brands? As research method, a qualitative research was conducted applying semi-structured in-depth interviews with 25 Polish consumers purposively selected from the participants of a quantitative study conducted earlier by the authors using the CAWI method.

Literature review

COO was initially considered as a one-dimensional construct, identified with the country-of-manufacturing (COM) and „made-in” label. Due to numerous changes in the global economy, it was called for a conceptualisation of the COO as a multidimensional construct including e.g. following dimensions: COM (Nagashima, 1970), country-of-assembly (Insch and McBride, 2004); country-of-design (Chen and Su, 2012); country-of parts (Fan, 2008), country-of-brand-origin (Thakor and Kohli, 1996); country-of-technology-origin (Witek-Hajduk and Grudecka, 2019).

The COO effect is considered, among others, from the perspective of means-end-theory describing the cognitive-motivational structures of consumers that influence decision-making (Olson and Reynolds, 2001). According to this theory, consumer's attitudes towards products/brands are structured on three interrelated levels (Dibley and Baker, 2001): (1) attributes (features and characteristics of a product), (2) consequences of use (effects of using the product/brand), and (3) personal values. Therefore, the COO effect is shaped based on three mechanisms (Sharma, 2011): (1) cognitive (rational) – based on the consumer's knowledge of a country's experience in producing certain product/brand categories, which may influence the assessment of the quality of products/brands originating from that country; (2) affective – based on the symbolic and emotional value of information about the COO as it may have a symbolic and emotional meaning for consumers (e.g. status, authenticity, exoticism or a sense of national identity and pride) (Verlegh and Steenkamp, 1999); (3) normative – based on social and personal norms, e.g. consumer ethnocentrism (the preference for purchasing products from the domestic market), support for policies, practices and actions of a specific country (Leonidou *et al.*, 2007), opinions about the morality of buying foreign products (Shimp and Sharma, 1987), consumer animosity (a dislike for another country due to past military, political or economic conflicts) (Amine, 2008), consumer affinity (feelings of liking and attachment to foreign countries resulting from personal experience or normative exposure), or consumer racism (antipathy towards products/services of a given ethnic group, a symbolic way of discriminating against that group) (Ouellet, 2007, pp. 114-115) and home-country bias (Verlegh, 2007).

Some research suggest also that globalisation and global outsourcing make COO information less important (Hines and Bruce, 2007). A qualitative study by Tjandra *et al.* (2013) on a sample of Generation Y consumers from 21 countries shows that most of them ignore COO in the case of fashion products. The main reasons for that are: brand's ensuring of product quality, price as more important factor than COO and credibility of emerging markets.

Method and general characteristics of consumers surveyed

To answer the research question we applied a qualitative approach using 25 in-depth, semi-structured interviews with Poles aged 18-65, i.e. 12 females and 13 males, from both rural areas and cities of all sizes, and with different education and income. The consumers surveyed were purposively selected from the group of participants in a previously conducted quantitative study using the CAWI method to represent a different profile in terms of gender, size of residence, age, income and education. Interviews were conducted using the CATI technique based on authors' scenario. Each interview lasted about 30-40 minutes and was recorded, thereafter transcriptions were prepared. The use of in-depth interviews enables gathering detailed information from consumers, identification of reasons behind their decisions/actions, and inclusion of perspectives that cannot be achieved via quantitative methods (Tjandra *et al.*, 2013).

The data collected was then subjected to thematic content analysis (Hakala *et al.*, 2014) to identify, analyze and report patterns (Neuendorf, 2018, pp. 211-223). To identify the reasons for ignoring the COO, authors refer to three categories of mechanisms indicated in the literature that are responsible for the COO effect (Sharma, 2011): (1) cognitive (rational; knowledge of a country's capabilities and experience in producing certain product categories), (2) affective (symbolic/emotional value of COO information), and (3) normative (social/personal norms).++

Findings

The reasons for ignoring different dimensions of the COO in Poles` purchase decisions of durable goods are presented in Table 1.

Table 1. Reasons for ignoring the COO

Reasons for ignoring the COO
COGNITIVE (RATIONAL) FACTORS
The main determinants of a consumer`s purchase decision are: price, quality, including functionality of the product, rather than COO (C-2; C-3; C-5; C-15; C-19) Low product value for the consumer (C-22) Lack of consumer interest in the country a brand or company comes from (C-1; C-2) Products of a certain category rarely break down (C-18) Unification of components/parts or production technology internationally, with manufacturers often using components/parts from the same suppliers (C-11; C-17; C-18) The conviction that lower quality of products made in China is a stereotype (C-8; C-11) Knowledge that companies from developed countries are locating production/sourcing of final products or parts to other countries, e.g. China, Thailand due to lower cost s(C-2; C-8; C-10; C-17; C-18; C-22; C-23; C-25) Some emerging economies are world leaders in specific branches (C-8) Owners of well-known brands define quality requirements and control the quality of their products regardless of where they are produced (C-10; C-11; C-17; C-19; C-24; C-25) Absence/difficult availability of information identifying the COO(e.g. made-in) (C-5; C-6)
AFFECTIVE FACTORS
Reputation, trust in brand and not the COO guarantee product quality (C-2; C-7; C-8; C-12; C-15; C-17; C-19) The consumer is guided solely by the brand when making a decision to buy socially visible products (C-8)
NORMATIVE FACTORS
Not identified

Source: own elaboration.

Among the reasons for ignoring the COO consumers indicate mainly rational reasons, especially locating production/sourcing in low-cost countries (8 respondents). Moreover, 6 interviewees point that brand owners define quality requirements and supervise the production quality abroad. Slightly fewer, i.e. 5 consumers, indicated that they are guided mostly by price and quality rather than COO. Factors such as: international unification of components/parts or production technology, absence/difficult availability of information regarding the COO, lack of interest in COO, low product value and that products of certain product categories rarely break down were only indicated by individual interviewees. Some consumers also believe that the perception that products made in emerging or developing should be considered a stereotype.

Consumers also ignore the COO because of affective factors – because trust in brand and its reputation guarantee product quality and that they are guided solely by the brand when making a decision to buy socially visible product. In contrast, none of the consumers surveyed indicated reasons for ignoring the COO in the normative purchase decision process.

Conclusions, study limitations and recommendations for the further research

According to this study, a number of cognitive and affective factors have been identified among the reasons Polish consumers ignore the COO. Among cognitive ones, of particular importance is that many consumers are increasingly aware that brand owners, also those from developed countries, locate their production and sources of supply in low-cost countries, which is a global trend and is also reflected e.g. in the phenomenon of hybrid products. This

awareness is further reflected in the fact that some of them also refer to the international unification of components/ parts or production technology, accompanied by that manufacturers often use components/parts from the same supplier. Moreover, consumers often point to another rational factor, namely issues related to the product quality, as what matters to them more than the COO is their knowledge about the quality of the products. The product's price, as an important criterion for consumers' purchase decisions, should also be an important factor for ignoring COO.

The study shows that to a lesser extent the COO is ignored for affective reasons. Among them, only two reasons were identified, with trust in brand and its reputation being by far the most crucial factors. It was also pointed out that one may be guided by the fact that if a given product is publicly consumed, brand is solely the most important factor, not the COO.

In summary, within the study numerous cognitive and few affective factors were identified, whilst no those of normative nature, similarly to other qualitative study on reasons for ignoring COO (Tjandra *et al.*, 2013). Overwhelming dominance of cognitive factors may suggest that Poles tend to be rational consumers. The validity of this assumption may also be evidenced by the fact that they did not indicate any normative reasons for ignoring the COO, which include also consumer ethnocentrism, often identified with stereotypes that are not confirmed in reality.

A limitation of the study is that it was limited to Polish consumers only. Conducting a qualitative study on consumers from other countries, both developed, emerging and developing markets, could make it possible to identify a broader scope of reasons for ignoring the COO. Furthermore, the survey focused on the example of household appliances/RTV products, so future studies could also consider other product categories.

Regarding the recommendations for managers, this study confirms the conclusions e.g. of the quantitative research of Witek-Hajduk and Grudecka (2019) on a representative sample of Poles that although the COO and brand are not the key criteria of purchase decisions for Polish consumers, the COO and its dimensions are sometimes considered as one of the secondary criteria. So it is worth creating associations with the COBO – genuine or perceived, as consumers mainly associate the COO, including COBO, with the quality of products/brands originating from a given country. Managers should take into account the growing consumer awareness about the global supply chains' structure and location of production of many well-known brands in low-cost countries.

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