

Consumer Perception of Product Quality and the Country-of-Origin Effect

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Abstract

The research study brings into perspective a marketing concept that has been debated over a long time. The aspect of country of origin has been in existence since the period of World War I. Similarly, consumer behavior towards product quality has been a concern that is inevitable. As such, the study seeks to establish the relationship that exists between country of origin and product quality in the market. The research objectives focuses on consumer perspective and a critical analysis of previous literature is undertaken. To fulfill the set objectives, the research uses primary research method that uses quantitative data collected through questionnaires in the market, the participants of this research study were chosen randomly across Nigeria and used to establish the issue under study. The study is undertaken in Nigeria, which is categorized as a developing country hence great beneficiary of foreign products. The main aim of this research study is to gain understanding on the concept of country of origin and its impact on consume perception of the product quality. It is clear from the findings that most people prefer obtaining foreign products, which are expensive in nature. Such products include automobiles and electronics that are associated certain countries like the German – machines and the Japan – workmanship. It is thus worthwhile to mention that the research study established a relationship between product quality and country of origin hence the consumer perception on this issue to provide recommendation to different stakeholders.

Keywords: Consumer Perception, Product Quality and Country of Origin

1. Introduction

In a marketing perspective, consumers are the primary targets for any organization operating in the business environment. The consumers dictate the volume of a given product provided in the market as well as the profitability of the product to companies. It is against this backdrop that Gregory and Ross (1994) posit that consumer perception provides an insight on the way potential clients view products in the market hence can be a benchmark to influence them positively. It is inevitable that consumers explore numerous factors when buying a product from the market including quality, country-of-origin, pricing and convenience (Ahmed, Johansson, Yang, Chen, Han, & Boon 2004).

The aspect of globalization has rapidly transformed the corporate society and perception of consumers in the market. In particular, it has transformed consumption trend and consumer behavior in different market segments. As such, the question of product's origin was not a cause of concern among consumers before 1914. However, after World War I, the victors in the war imposed the words made in German on the exports by German companies in order to punish German industries. This was done particularly to assist consumers in Europe to avoid products from their former foes (Bilkey, Warren and Nes, 1982). The stigma against the made-in labels did not last for long as consumers became more aware about products with appealing features originating from other countries. It became evident thereafter that the made in German products became a sign of high quality in the market hence consumers preferred some products to the domestic ones. Against this backdrop, the contemporary marketplace has almost every product quality associated with the country of origin such as Swedish design, French fashion and Japanese workmanship.

It is in this light that modern consumers use country of origin as a factor in determining the quality of products hence making the final decision on buying a product. It follows that country of origin is significant in influencing consumers' perception on products in the market. Several researches have linked the aspect of country of origin to consumer perception on product quality. Of importance in this study is how the country of origin and product quality interlink to affect consumer perception in the market.

2. Literature Review

2.1 Consumer Perception

Consumer perception refers to the sensory view of customers to advertisements and marketing of various products (Chandrama & Greg, 2001). It describes the way the individuals develop various opinions regarding companies and the products that they offer in the market. The customers make the opinions in the course of making purchases and selection of products with substitutes. It is important for organizations to know the way their consumers view their brand and develop strategies of influencing them to have a positive perception. This is often done using the consumer perception theory, which is also used in the development of advertising and

marketing strategies to retain the firms' current customers. Consumer perception theory can be subdivided into three major components; self-perception, price perception, and benefit perception (Schiffman & Kanuk, 2002).

2.2 Country of Origin

The information regarding the place from which a product is manufactured is always referred to as country of origin (Essoussi & Merunka, 2007). It is described as the negative or positive influence that the country where a product is manufactured may have on the decision-making process as well as behavior of consumers. Country of origin is actually the country where the organizational headquarters of the firm marketing the brand of product is located. The actual product may have been manufactured in another country, especially with the wide spread of multinational organizations, though the assumption made is that the brand or product originates from the country where the headquarters are located. An example relates to the facts that France is always perceived as a country where fashion products are made, Japan with electronic goods, and Germany on the other hand is associated with technology of high levels (Archarya & Elliot, 2001; Cai, 2002).

The traditional approach has a problem of describing country of origin as a way of giving image to a product rather than as a process through which customers evaluate given products that originate from specific countries. The current approach of Country of Origin takes into consideration the tendencies of evaluation like preferences, beliefs, and attitudes when describing a product that is manufactured in a given country (Maha, 2013).

2.3 Significance of Country of Origin in the Environment of Today

The global rise in the manufacture of products coupled with the consistent search for markets has made it a necessity for marketers to understand the way consumers choose products with regard to the countries where they are manufactured (Essoussi & Merunka, 2007). Firms have to understand completely their current positions with regard to the consumer choice preferences related to county of origin in order to succeed in the market today.

2.4 The Effect of Country of Origin on Purchase Decision of Customers

Customers make decisions regarding purchase based on the image of the product or brand. An organized acquisition process, integration, and evaluation of information regarding a product are significant in making the image regarding the product. Cues are also important for evaluation and creation of image of products. A cue refers to a stimulus of information that can be accessed by a customer before consuming a product (Ahmed, et al., 2004). The cues can be prior information regarding internal traits of a product relating to its quality or external factors like price, warranty, or brand. The internal traits of a product can never be altered unless the physical components of the product are changed. The internal factors include shape, design, sound, taste, and fit, among others.

2.5 Perception Regarding the Level of Development of Countries

Past studies regarding country of origin have indicated that there is a positive relationship between the levels of economic development in a country and the evaluation of the country's products (Liefeld, 1993). The country of origin of products has also been found to have some significant statistical relationship with the likelihood of customers to make purchases (Wall & Liefeld, 1991). Researchers have also noted that the consumers from developed countries have the tendency of purchasing goods from their own countries as well as other developed countries. Consumers in countries that are less developed on the other hand favor the products from developed countries to those from their own countries (Okechuku & Onyemah, 1999).

2.6 Economics of Discrimination and Consumer Bias

The economics of discrimination by Becker majorly focused on the market of employment, though it can also be perfectly applied in the explanation of consumer behavior (Dagger & Raciti, 2011). The same way the discrimination of employers against people can be motivated through subjective considerations is the similar ways by which subjective attributes like country of origin may make consumers prefer one good to another. The country of origin, unlike performance, quality, service, and price, is an attribute that that is closely related to purchase behavior of consumers due to the existence of preference or discrimination (Shimp & Sharma, 2005).

2.7 Factors influencing evaluation of brands using country of origin

The perception of consumers and their product evaluation also relies on similarities that exist between countries. Countries show variations with regard to the political systems, belief, and cultural systems. Consumers compare the way these factors within their country relate to those of the country of origin of products before making decisions regarding consumptions (Essoussi & Merunka, 2007).

2.8 Possible Influences to Moderate Effect of Country of Origin

The levels of warranty offered on products, after sales service, and reimbursements are other significant measures of moderating the influence of country of origin. Additional warranty can make consumers more satisfied with products from countries that are less favorable as it reduces the levels of risks associated with purchases of the products.

The degree of reputation and prestige of brand name is another strategy for offsetting the negative impact of the country of origin among consumers (Dahl, 2010).

2.9 Pursuing Growth Strategy Focused on Country of Origin in Gaining Competitive Advantage

The need to improve in value makes it necessary for every business to have a comprehensive strategy for growth. Aspects like the country of origin should always be taken into consideration when designing business strategy and firms should always come up with the right actions that they need to take to achieve their goals. Market development approach by Ansoff is among the growth strategies that companies strive to implement as a way of gaining more customers and achieving higher sales volumes (Markgaraf, 2013).

3. Methodology

This research study adopted a quantitative research method using semi-structured questionnaire. It targeted 200 research participants, who were above 18 years, assumed to be financially stable and consumed any of the products line in the range of products intended for the study. As much, product quality as experienced by the consumers cannot be measured directly. This explains why a likert-scale of 1-5 was used as benchmark for the consumers to gauge their perception on quality of products. The study expected to establish the relationship between what the consumers would indicate as their perception on quality and the origin of country. In that line of argument, the researcher determined a range of product, suitably 5 from different niches to be used for the study. These niches include; fashion (perfumes), fashion (clothes), automobile industry, wine, electronics (phones). The number of countries is not restricted whatsoever and will depend on the conception of the consumers. The outcomes of these variables and their relations were used to draw conclusions and answer the respond to the research objectives.

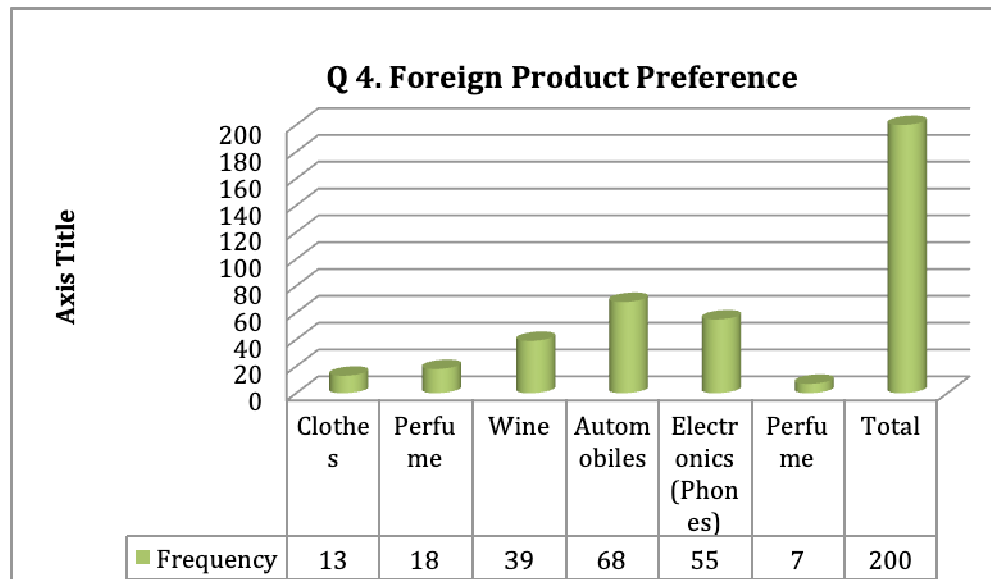
3.1 Population & Sample

To achieve the objectives of this study, the consumers of various products and services in the United Kingdom are brought under scrutiny. As such, the people under study are aged from 18 years and above who reside in Nigeria. In order to fulfil the objectives of this study, the study brought four products under scrutiny including perfumes, wine, automobiles and electronics made from countries outside Nigeria. From the sample population, the participants of this research study were chosen randomly across Nigeria and used to establish the issue under study. The research study opted for a sample of 200 respondents who were exposed to the survey to represent the views of the people of Nigeria on their perception on product quality and country of origin. The random distribution of the questionnaires was aimed at avoiding biasness and predetermined responses from the people.

4 Data Analysis & Presentation

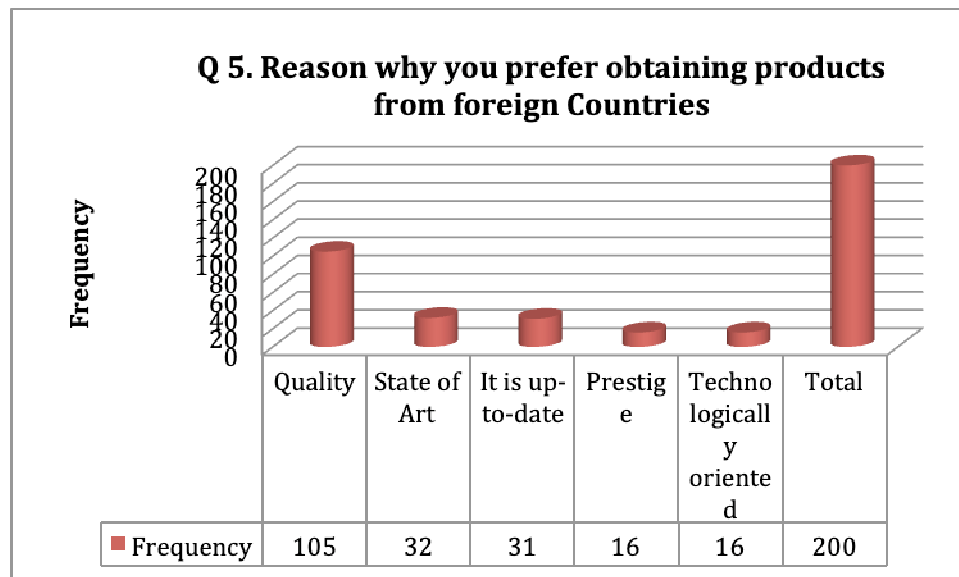
Foreign Products Preference

In establishing the COO effect on the quality of products, 6 products were brought under scrutiny. Out of the 200 respondents, 68 (34%) and 55 (27.5%) admitted to be ready to buy automobiles and electronics (phones) respectively. admitted to be ready to buy automobiles. This implies that consumers prefer to purchase expensive goods from foreign countries which respondents said quality and the state of art of these goods that influences their purchase the most.



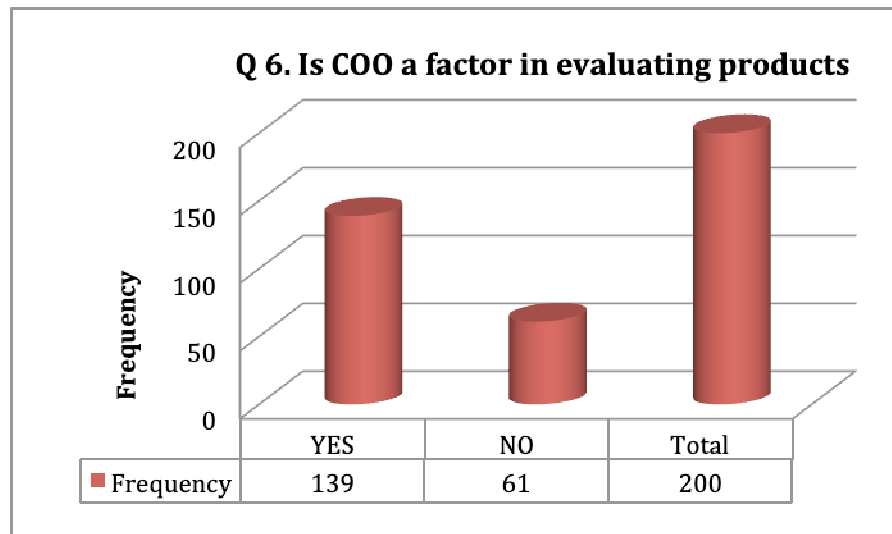
Reason why you prefer obtaining products from foreign Countries

The research sought to know the reasons why the respondents preferred obtaining products from foreign countries to the domestic ones. It is evident in the figure below that 105 people representing 52.5% of the population cited product quality as the reason behind choosing to buy foreign products. 32 people who represent 16% of the population prefer foreign products because of state of art designs; 15.5% said because they are up to date. The results shows that consumers purchasing patterns are more related to the quality of the product than any other factors or variables used to measure their purchasing decisions of foreign products. Most consumers’ perceive goods from foreign countries are of better quality than locally produced ones, which is majorly influenced by product country-of-origin.



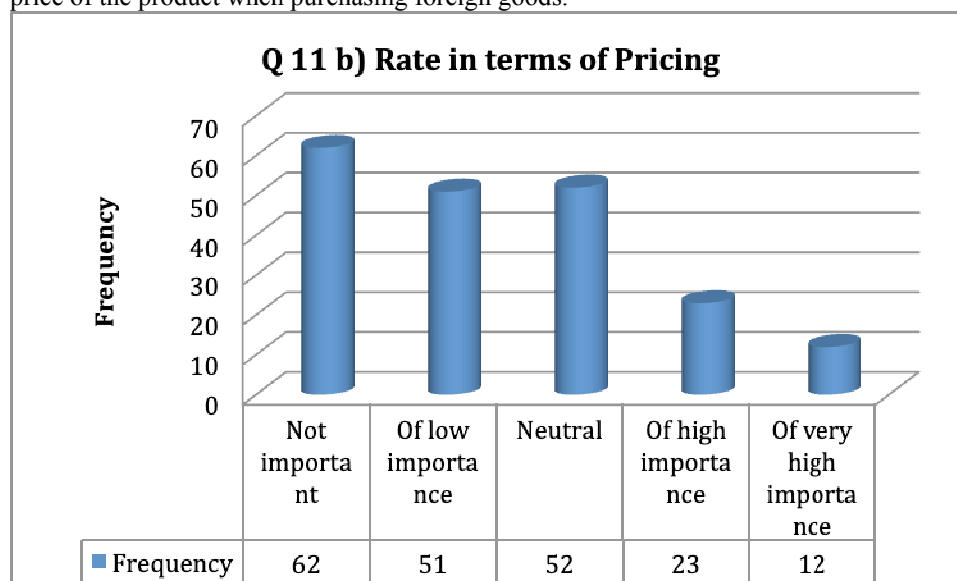
Is Country of Origin a factor used in evaluating products?

It is undisputable that the question on COO has emerged as a factor used in making decision regarding the products to buy from the market. Judging from the figure below, it is clear that 139 respondents (69.5%) admitted that they use COO as a factor in evaluating products while 61 people (30.5%) said it was not a factor. The brand of a country immensely affects the consumers’ purchasing decisions; it could either have a negative or positive effect. The country of origin is the most influencing variable amongst other variables when evaluating a product. Also the result shows that country of origin for the consumers’ determine the quality of the product.



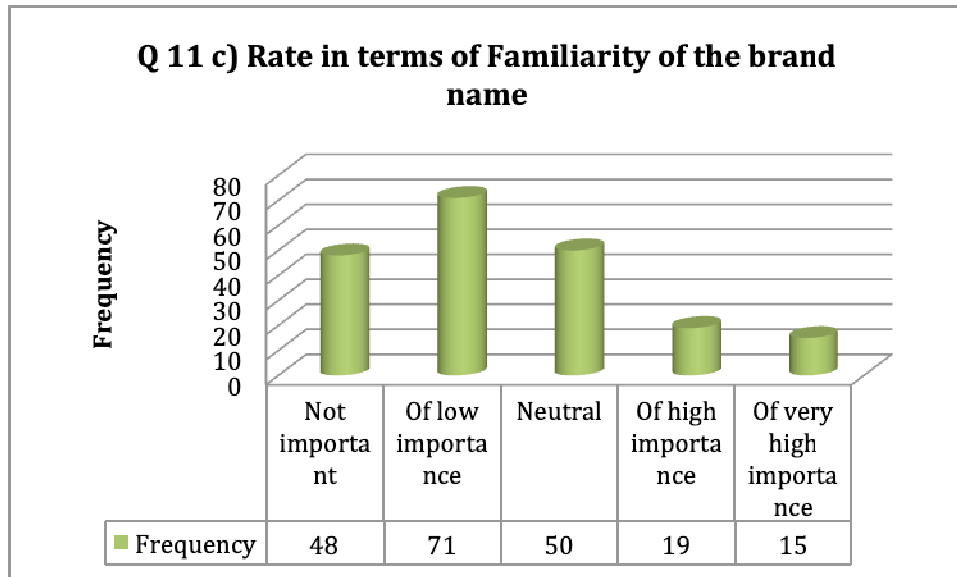
Rating in terms of pricing

The pricing of a product is a vital factor in ensuring that people obtain products/ services of a certain brand in the market. It is however clear that 31% of the respondents (62) indicated that price is not an important factor; 25.5% said that price is of low importance; 26% said that they were neutral on this issue; 11.5% said that price is of high importance while 6% admitted that price is of very high importance in making decision on buying a product. Respondents say they are more concerned about the products country of origin and quality than the price of the product when purchasing foreign goods.



Rate in term of familiarity of the brand name

While most people prefer products that are well known in the market, it is clear that most people do not use brand as a factor in evaluating products. From the figure below, it is clear that 48 people (24%) said that familiarity of the brand name was not important during product evaluation, 71 people (35.5%) said it was of low importance, 25% said that they were neutral on this issue; 9.5% admitted that familiarity is of high importance while 7.5% said it was of very high importance. The result shows that most respondents (consumers) are not influenced by the brand recognition when purchasing foreign products.



4.1 Results and Discussion

The question of product quality and country of origin is emerging as a major concern among marketers. Even of greater concern is the consumer perception on these issues, which the research seeks to unearth. The main aim of this research study is to gain understanding on the concept of country of origin and its impact on consumer perception of the product quality. It is clear from the study that most people prefer obtaining foreign products, which are expensive in nature. Such products include automobiles and electronics that are associated with certain countries like the German – machines and the Japan – workmanship. It follows that consumers would prefer to purchase products from other countries hence placing the question of COO as a major factor during evaluation. The research found out that most people associate the COO majorly to quality, state-of-art and being up to date. Clearly, most consumers perceive the question of COO as an aspect in evaluating products to obtain from the market. It is however worthwhile to note that most consumers do not use COO in evaluating products which are less expensive in the market. Judging from the results and findings of this study, it is indispensable to mention that there are several factors that consumers look at when deciding to purchase a product originating from other countries. These features include uniqueness of the brand, price, luxury & prestige status, technology status and fashion. However, most consumers purchasing decisions of a foreign product is influenced by brand familiarity as shown in the results, which is consistent with previous studies (Dahl, 2010). A part from all these, most consumers perceive that products made in certain countries bear high quality as compared to others hence use quality as the main feature in choosing products from other countries.

5. Conclusion and Recommendations

The aspect of country of origin is emerging as an important factor in marketing products in the market. Judging from the findings and conclusion in this research study, it is worthwhile to mention that several consumers associate products from foreign countries with high quality hence acts as a basis for product evaluation. In this light, retailing and whole selling firms within Nigeria should consider evaluating the products they deal in and identify the countries that specialize in that particular product. In this way, firms should be able to increase their market base while satisfying the needs of their client at the same time.

On the other hand, consumers should not place much emphasis on the country of origin while evaluating products in the market. This is because some products could be dumped from other countries hence foreign countries could be a destination for disposition. Against this backdrop, it is critical to mention that Nigeria is a developing country hence can be a destination for disposing rejected products from the developed countries. Consequently, consumers should evaluate products using other basis beside the aspect of country of origin in order to land quality products in the market.

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