Review Paper

AN OVERVIEW OF COUNTRY OF ORIGIN AND ITS IMPLICATIONS FOR MALAYSIAN CONSUMERS

Raimi Nur Hakimi
Department of Management and Marketing
Faculty of Economics and Management,
Universiti Putra Malaysia
E-mail: kimi.raimi@yahoo.com

Kenny Teoh Guan Cheng
Department of Management and Marketing
Faculty of Economics and Management,
Universiti Putra Malaysia
E-mail: kent@upm.edu.my

Abstract

Country of Origin (COO) has been used by researchers to determine the factors that may influence consumer perception towards products/services that are attributed to a country (Ahmed & D’Astous, 1996; Bilkey & Nes, 1982; Hamzaoui & Merunka, 2006; Han & Terpstra, 1988; Klein, et al., 1998). However, it has been suggested that Malaysian consumers evaluate the attribution of products or services differently based on the country of origin (Sohail, 2004a; 2004b). This study analyses the COO and its implication for Malaysian consumers.

Key Terms: Consumer Perception, Country of Origin, Malaysian Consumers, Perception

1. Introduction

Country of origin (COO) has been largely researched to understand why consumers differentiate products/services based on the country of origin (Arora, et al., 2015; Bhaskaran & Sukumaran, 2007; Brodowsky, 1998; Sohail, 2005; Verlegh & Steenkamp, 1999). The effect of COO may influence consumers to have a positive or negative perception of the products/services because of the country where they are produced (Cateora & Graham, 1999). COO may influence consumer buying decisions; thus, manufacturers have to pay careful attention to COO or suffer the consequences.

COO may be summed up as: (1) consumers evaluate products/services based on the manufacturers’ country of origin (Hong & Wyer, 1990; Johansson, et al., 1985), (2) COO may influence consumer attention and judgement of manufacturers (Erickson, et al., 1984; Han, 1989), and (3) COO may cause consumers to stereotype a particular country, thus affecting their perception toward the products/services produced by manufacturers from that country (Wright, 1975).

In Malaysia, COO is somewhat under researched, thus leaving room for opportunities to shed more light on this phenomenon in Malaysia.
2. **An Overview and Definition of Country of Origin**

COO has been described as the origin country of products and services (Peterson & Jolibert, 1995; Zhang, 1996) and/or the manufacturer that have associations with a particular country (Jimenez & Martin, 2010). Furthermore, Jimenez & Martin (2010) have also determined that COO affects image, technology, price, innovation, and reliability in the perceptions of the consumer thus influencing purchasing intention (Bilkey & Nes, 1982; Hong & Wyer, 1989; Maheswaran, 1994; Okechuku & Onyemah, 1999; Peterson & Jolibert, 1995; Roth & Romeo, 1992). COO is the result of stereotyping which can manifest in positive or negative attitudes. In recent years, much attention has been focused on COO because of globalization (Jimenez & Martin, 2010). Consequently, COO has increasingly become more important in current consumer research.

Although COO may impact consumer perception of a country's products and services, however COO is moderated by consumer emotion (Chand & Tung, 2011; Verleigh & Steenkamp, 1999). For example, in Malaysia today, a person who likes Japanese Honda motorcars might not buy a Honda because of the alleged support of Honda vis-a-vis the LGBT issue. Similarly, the moderating effect of emotion on COO has been found to have strong connection with consumer faith and conversancy (Michaelis, et al., 2008; Tam, 2008).

Presently, the concept of COO has extended beyond its original intent – that is, today, consumers are influenced by COO even if the product is manufactured in another country (Ahmed, et al., 2004; Jin, et al., 2006; Thakor & Kohli, 1996); case in point, many consumers love Nike shoes because it is a United States of America product; even though it is mainly made in China and Indonesia. The same applies to the world wide popularity of iPhones (a United States of America product) which are manufactured in China. Consequently, COO has been subclassified into three categories, which are: (1) country of design (COD – the country where the design of the products originated from) (Ahmed & D'Astous, 1996; Chao, 1993), (2) country of manufacture (COM – the country where the products are manufactured in) (Chao, 1998; Insch & McBride, 2004), and (3) country of brand (COB – the origin country of a certain brand) (Petscherin & Toncar, 2010; Hamzaoui-Essoussi, et al., 2011).

In recent years, COO has become a guideline to assess product quality especially for beginner shoppers and for people who want to try new products in the market (Maheswaran, 1994); and COO is also used to obtain information about unfamiliar products (Chisik, 2003; Han, 1989; Schaefer, 1997). For instance, COO may be evaluated using the country's image – from micro to macro components – and the outcome will be labelled as favourable, neutral, or unfavourable (Pappu, et al., 2007). So, a positive image of COO will lead to a positive consumer perception, and vice versa. Nonetheless, according to Amine & Shin (2002), consumer perception may change with time because attitudes are impermanent; and issues often crop up that can change attitudes. By way of illustration, after a particularly strong issue has arisen, consumers may develop new attitudes to replace older COO attitudes, thus having new perceptions and attitudes.

Since COO influences consumer evaluation of products/services based on the country of origin (Ahmed & D'Astous, 1996; Bilkey & Nes, 1982; Hamzaoui & Merunka, 2006; Han & Terpstra, 1988; Klein, et al., 1998), therefore, it is important to put greater emphasis on COO research in a developing country like Malaysia which is working hard to create the Malaysia brand.

3. **Factors Influencing Country of Origin**
According to Papadopoulos, et al. (1998), COO are mainly affected by three main attitude components, they are: (1) cognition (the knowledge of the products/services), (2) affection (favourable/unfavourable attitude toward the COO); and conation (actual purchasing behaviour). On top of that, Obermiller & Spangenberg (1989) and Verlegh & Steenkamp (1999) have suggested that COO may affect consumers through three mechanisms, which are: (1) cognitive mechanism where COO is the indicator of the quality of products and services (e.g., products/services from developed countries are perceived to have higher quality than those from less developed countries), (2) affective mechanism where COO manifests consumers emotional values (e.g., patriotism), and (3) normative mechanism which represents COO as the standard of the consumers' social and personal beliefs (e.g., restraining themselves from purchasing products that are produced by manufacturers associated with countries for which they feel some degree of animus).

In addition, Dunn & Schweitzer (2005) have also identified two types of emotions which are the positive valence emotions (e.g., delighted and peaceful) and negative valence emotions (e.g., frustration and grief) that could increase or decrease trust, respectively. There are also studies that are associated with consumer emotion. These studies have discovered that consumer attitudes, emotions, and belief systems are associated with COO perception and purchasing behaviour (Hong & Kang, 2006; Kinra, 2006; Laroche & Mourali, 2005). Negative attitude, emotions, beliefs, and a COO reputation can, and do, influence consumers to have negative perspectives of the manufacturers that are associated with the country (Jimenez & Martin, 2010); and vice versa. However, there are some studies that argue that a poor COO does not always translate to negative associations (Russell & Russell, 2006; Wang, 2005). This means that there are factors that mitigate COO, both positively and negatively. In terms of negative COO, consumer animosity is perceived to play a substantial role as the emotive and normative causal factor (Amine, 2008; Klein, et al., 1998; Riefler & Diamantopoulos, 2007; Verlegh & Steenkamp, 1999). Clearly, consumer purchasing decisions are affected when consumer animosity impacts COO image.

In contrast, positive actions by a manufacturers can lead to positive COO impressions, thus creating trust between consumers, the manufacturer and the country (Michaelis, et al., 2008). The above discussions demonstrate that it is really important for the consumers to develop trust and positive perceptions of a country (Bilkey & Nes, 1982; Haubl, 1996; Michaelis, et al., 2008; Vida & Reardon, 2008).

4. Country of Origin Implications for Malaysian Consumers

Like consumers in other parts of the world, Malaysian consumers also associate a country’s COO with the quality of its products/services (Ghazali, et al., 2008). For example, Malaysian consumers have a better impression of products/services from first world countries such as the United States of America, Britain, Japan, and Korea. Conversely, Malaysian consumers have negative perception of products/services that are from, or associated with, emerging or less developed, third world countries (Ghazali, et al., 2008). This implies that, for Malaysian consumers, a country's economic development is the focal point of that country's COO.

Similarly, Malaysian consumers tend to compare the quality of Malaysian products/services with other countries too. Malaysian consumers tend to have the perception that products/services from a more developed country have higher quality; conversely, products/services that are produced or have association with a less developed country are perceived to have lower quality (Lew & Sulaiman, 2014). Furthermore, Lew & Sulaiman (2014) have also found that Malaysian consumers have a tendency to evaluate COO from advertisements. Years of being exposed to advertisements from branded manufacturers have influenced Malaysian consumers to perceive these manufacturers as possessing higher quality and to be originating from a trustworthy country—in effect, creating good COO for these countries.
In addition, Malaysian consumers associate higher pricing with higher COO (Ghazali, et al., 2008). Furthermore, Ghazali, et al. have found that Malaysian consumers are keen to search for information – online, word of mouth etc. – about the COO of the manufacturer before making purchases.

The above discussion goes to show that Malaysian consumers, in general, tend to have a low COO perception of Malaysia and other less developed countries (Sohail, 2004a; 2004b); consequently, Malaysian consumers generally prefer the products of first world countries.

5. Managerial Implication

Some researchers have suggested that the main antecedent factor of COO is consumer trust. COO influences and enhances a manufacturer’s reputation and it is a crucial value for new manufacturers to gain trust in the marketplace (Anderson & Weitz, 1992; Doney & Cannon, 1997; Steenkamp & Geyskens, 2006). Trust can be defined as the consumers’ willingness to subject their purchasing behavior to the external environment; so, it is important for manufacturers to gain trust by acting competently, reliably, responsibly and ethically (Jimenez & Martin, 2010; Moorman, et al., 2004; Morgan & Hunt, 1994). For that matter, consumers invariably assess products/services based on the manufacturer trustworthiness and COO (Jimenez & Martin, 2010) – the lesson for Malaysian manufacturers is that, in the face of weak COO which is the case of Malaysia, they should focus on achieving manufacturer trustworthiness. In the long term, manufacturer trustworthiness will build Malaysia’s COO.

6. Conclusion

There are many factors influencing the consumer perception of COO and the effect of these perception toward consumer attitude and the manufacturers associated with the particular country. Manufacturers may be badly affected by consumer action when the COO are negatively evaluated. Negative perception of COO may produce a powerful but negative impact on manufacturers that are associated with the country. In Malaysia, some consumers use advertisements to evaluate the COO (Lew & Sulaiman, 2014); manufacturers with powerful advertisements are perceived as having higher quality products and services, vice versa. Thus, Amine (2008) in her findings has suggested for manufacturers to prepare contingency plans to help them gain consumer trust; or else, they will face difficulties in spreading their business abroad.

Reference


