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STEREOTYPES IN CONSUMERS' PRODUCT EVALUATION BASED ON THE COUNTRY-OF-ORIGIN

Theoretical
Article

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Abstract

This paper focuses on the concept of country-of-origin and its effects on consumers' product evaluation process. Given the increasingly competition in the context of a global market, nowadays it has become a difficult task to create and maintain a sustainable competitive advantage. Consumers rely on many elements in evaluating a certain product, but country-of-origin remains a powerful variable in terms of product image and perception. The purpose of this study is to examine both the advantages and risks involved in consumers' evaluation process, linking the concept of country-of-origin with certain stereotypes created around it. The study is based on exploratory research, through the investigation of secondary data as a collection method. As results, research showed that a positive country image can compensate in terms of perception for a weak brand, suggesting that a predetermined opinion can substitute a quality searched for in buying a product. The article concludes with a discussion of directions and limits, as an impulsion for future investigation.

INTRODUCTION

Country-of-origin effect is probably the “most researched international aspect of consumer behavior”, according to Tan and Farley (1987). Creating and sustaining a strong global brand represents the main goal for many companies because it provides a series of important benefits, such as the opportunity to gain customers’ trust, an easier entry on most new markets, creating a shield of advantages that usually keep competitors at a certain distance and the possibility of creating brand extensions on the desired market.

A certain country-of-origin can influence consumers’ evaluation process for a specific product. For example, it is generally known that German cars, Japanese home electronics or French wines are considered to match a high quality standard, as perceived by consumers, giving them a different position from Russian cars or Brazilian electronics. The scientific literature offers not only examples, but also evidence obtained in years of research in order to support the idea that products certainly have a benefit from the characteristics of their home countries (Verlegh & Steenkamp, 1999).

This paper focuses on the perspective that shows how strongly connected global brand beginnings are to its origins. Usually, the phrase that indicates the country-of-origin is “made in”, followed by the name of the country. But the first clue that suggests the origins of a brand is surely its name, seen as a valuable asset that adds not only meaning, but a standard of quality and image to the brand. Consumers also rely on the brand’s name in their search for credibility and a sense of familiarity to the product (Lim & O’Cass, 2001).

Country-of-origin can influence the image consumers create for a certain product based on the knowledge they acquire in time. The country image of a familiar product can have a major role in evaluating new products which share the same country-of-origin. In this case, the influence of country-of-origin can be explained by transferable characteristics to new and unfamiliar products, made by consumers because of prior experience (Agarwal & Sikri, 1996). Based on that experience, consumers also develop stereotypes that suggest certain expectations and features that are assumed to be incorporated by the product (Kramer et al, 2008). Nowadays it is common to hear how great French perfumes, German cars and Swiss watches are, based on the same stereotypes that placed these products on top of consumers’ preferences regarding quality and trust. From that point of view, consumers transfer the attributes taken from several brands to others, part of the same industry, generalizing these qualities based on the product’s origin. Although the tendency of going from particular to general can be explained as a natural human characteristic, consumer behavior

investigation can provide interesting information. This article examines stereotypes regarding country-of-origin from consumers’ perspective, the aim being to understand which are the most important factors that consumers’ rely on in evaluating foreign products and what are the stereotypes attached to some products that create the illusion of familiarity to unknown or new market entrants.

1. Country-of-origin and consumers’ perception of quality

The era of globalization encouraged the implementation of products created in developed countries in developing countries. A good example that illustrates this idea is the case of Nike, a brand created in USA, now manufactured in China or Brazil. The incongruity between the made-in country and the home country reflects a phenomenon often encountered nowadays, for many products, making even harder for researchers to study how consumers evaluate “hybrid” products, also affecting their perception of quality (Jian & Guoqun, 2007).

A great number of researches involving country-of-origin have been conducted since the mid-1960s, analyzing aspects such as country image and stereotypes in evaluating the influence of these factors on consumers’ buying behavior (Schooler, 1965; Nagashima, 1970; Bilkey & Nes, 1982). Schooler (1965) was the first to explore the country-of-origin issue, providing empirical evidence to the effects country-of-origin has on consumers’ evaluation of products. Since the early 1980s, studies focused on examining country-of-origin from a multi-attribute perspective, taking into account many elements that can be related to the subject. Perhaps the most associated factor with a product’s country-of-origin is the perception of quality that consumers tend to extract from its place of provenance. Han (1990) asserted that the perceived quality of a product is a cognitive factor, used by consumers to evaluate a product based on elements such as prestige, technological development, economy, workmanship and service. Following that idea, it is more probable that a product perceived as having a higher quality standard has already gained a positive response from its possible consumers.

Authors Bloemer et al (2009), Veale and Quester (2009) conducted their research in showing that consumers use country-of-origin as an evaluation of product quality. Furthermore, the cognitive approach of country-of-origin concept separates the product-intrinsic cues (design, taste, performance) from the product-extrinsic cues, which according to Bilkey and Nes (1982) are the brand’s name, price, the store’s reputation, warranty and country-of-origin. In case that the intrinsic cues are not available, the extrinsic ones are used and their

importance is greater because of the Internet's presence in online commerce.

It is important to examine the facets of country-of-origin in order to analyze its implication in quality perception of the products. Country of design represents the place where the concept of the product was created and also engineered. Country of assembly is the country where the product's parts were put together and the final assembly took place, but it should not be mistaken by the country of parts, in which the materials needed for the product or the components were created.

The perceived quality of a product received multiples definitions, perhaps the most recognizable is the one that refers to "consumers' judgment about the product's overall excellence or superiority" (Zeithaml, 1988). Authors Inch and McBride (2004) stated that perceived product quality is a function that includes two elements: perceived design quality and perceived manufacturing quality. The first one refers to the superiority of the product's concept and engineering, completed by consumer's judgment about the quality of the materials involved in creating the product, as perceived manufacturing. There can be direct effects between country-of-origin and overall product quality that are not related to the perceived quality of product design and manufacturing (Sauer et al, 1991). In case a consumer has had a bad experience with a certain country, its individuals or its other products, he may develop a negative attitude for all products coming from that country, without even being interested in design or manufacturing qualities.

Perception about quality can also vary in time. For example, Japanese products' image better in Europe and USA, going from a cheap imitation of products made in developed countries to high quality products. In present times, "made in Japan" is a label that stands for advanced quality and innovation.

Country-of-origin cue provides information about product quality that triggers consumers' expected benefits. It is believed that a positive perception about country-of-origin creates a halo effect for all products created in that country. A factor that has a major influence on consumers' perception of quality is familiarity. Therefore, studies have shown that the brand is an element that can reduce consumer risk for consumers who rely on the brand's name in terms of quality (Montgomery & Wernerfelt, 1992). In addition to familiarity, there is also the psychographic variable ethnocentrism, defined by authors Shimp and Sharma (1987) as "the beliefs held by consumers about appropriateness, indeed morality of purchasing foreign-made products". Research also indicates that there are two elements that can affect consumers' ethnocentrism and explain the preference for foreign products: economic

competitiveness and cultural similarity. The first one includes standards in technology, marketing, product uniqueness, managerial skills and, most important, human resources as an indicator of the level of quality for a country business environment. Cultural similarity facilitates the process of identifying with the product, based on common characteristics. On the other hand, consumers' tend to manifest different attitudes towards the category of products coming from the same country. In the case of France, if wine is appreciated, the cameras are well disliked, generating a totally opposite reaction (Balabanis & Diamantopoulos, 2004).

2. Interactions between country-of-origin effects and product evaluation

The last decade has provided a number of researches about country-of-origin evaluations (Verlegh & Steenkamp, 1999; LaRoche et al, 2003; Inch & McBride, 2004), leading to the conclusion that country-of-origin influence is an operative one, based on both endogenous and exogenous variables. Author Liefeld (1993) investigated country's image influence on consumers' evaluation of product quality, likelihood of buying, risks involved and other variables. He discovered that the dependency created between these variables relies on product category, demographics, consumer prior knowledge and the experience with the product category. After studying the relationship between country and product beliefs, familiarity, purchase willingness and product evaluation, Papadopoulos et al (2002) structured three levels of consumers' perception about country-of-origin:

- The cognitive level, composed by consumers' beliefs about technological and industrial development of a certain country. The cognitive aspect refers to the product quality perceived by consumers, often based on mental representations of that particular country, from people to culture and national symbols.
- The conative level, including consumers' own desires regarding the interaction with the product's home country.
- The affective level that establishes a connection between the product and symbolic beliefs, adding emotional value to consumers by experience, education, art, forming an emotional bond with the country.

The process of product evaluation from consumers' perspective can differ based on the stage of development of the origin country. From this point of view, consumers' preferences tend to be product specific in case of countries well developed, but the effect is diminished by the brand's image and its

performance risk. The industrial development of the country has also a role in defining quality perception for the products coming from that country, although country-of-origin effect can be relatively uniform in terms of cultural influences that shape the image of the product (Janda & Rao, 1997).

Using the models of Papadopoulos et al (1990) and Han (1990), authors LaRoche et al (2005) proposed a model which describes the dependency of product evaluation to country beliefs, people affect and desired interaction, as part of country image, presented as a multi-dimensional concept. The model, shown below, explains product beliefs from consumers' point of view about the product's intrinsic attributes (quality and reliability). On the other hand, product evaluation consists of consumers' attitude towards the product, attitude that is revealed in elements such as liking, ownership, buying intention. The model presents consumers' evaluation process as a simultaneous one, regardless of the level of familiarity involved. Moreover, the country's image is expected to influence directly product evaluation, opposite to the indirect influence received by product beliefs. – Figure 1.

Research based on the model stated that country image and product beliefs have a significant influence on product evaluations, simultaneously, regardless of the level of familiarity with the country's products. The findings also mentioned the fact that country image can directly and indirectly cause an effect through product beliefs, showing that, in case the affective component is higher, the influence on product evaluation is stronger than on product beliefs. Otherwise, when the cognitive component has a great impact, the influence is also direct, but less significant than the product's beliefs influence.

3. Country image stereotypes and their influence on consumers' evaluation process

Consumers tend to place products into categories based on prior knowledge, applying certain schemas formed from their past interactions with other products. However, these schemas or stereotypes not always have an objective basis, but are developed on context dependent attributes (Taylor, 1981). The formation of stereotypes has been debated in marketing literature, most authors sharing the same point of view, which is stereotypes are often not based on reliable facts and tend to be used by consumers when there is little information about the product involved.

Stereotypes are incorporated in society's social heritage, making them easier to be internalized by people. From that point of view, authors Janda and Rao (1997) stated the fact that there are stereotypes attached to some countries, usually formed and learned due to socialization, from primary

influences as the family of the individual, to secondary influences, as education and media. So stereotypes are very much linked to the informational component of an individual's beliefs, which is not entirely true because a person can develop beliefs that not conclude with cultural stereotypes shared by society. Following this idea, author Devine (1989) concluded that personal beliefs and stereotypes are "conceptually distinct cognitive structures".

The recent literature characterized the country-of-origin cue as a stereotype (Lotz & Hu, 2001), fact that serves consumers to lessen their task of research in finding information about the product they are interested in. Some particular stereotypes highlight a variety of images about products' features, quality and price, all that being established by anterior experience. Author Papadopoulos (2002) has named these stereotypes "product country-images" and Samiee (1994) refers to the process as "country stereotyping effect" (CSE).

The culture of the country from which consumers' come influences their ability to evaluate products (Klein et al, 1998). For example, Japanese consumers tend to evaluate in a more favorable manner their country's products than foreign products, not taking into account quality or superiority of any kind, a fact investigated by Gurhan-Canli and Maheswaran (2000). In this particular case, the culture replaces country-of-origin in terms of brand perception. Similar to the process of creating myths for human groups, country stereotypes have both the positive and the negative side. A good example for negative stereotypes is the case of anti-Americanism or Francophobia, considered as an expression of hostility towards all elements coming from these countries (culture, history, people, etc). Known as animosity or "remnants of antipathy related to previous or ongoing military, political, or economic events" (Klein et al, 1998), this is a phenomenon that reflects on products' image and influences consumers behavior on a higher degree than other factors.

Information about a certain country can be obtained either in a direct manner, using magazines, books, radio, TV, art, school or films as a medium, or indirect, from a perceiver country source, in this case resulting stereotypes about the country's image. Research regarding social stereotypes revealed the following statements (Hilton & von Hippel, 1996):

- Stereotypes are mental representations of the reality to which the individual is exposed
- Stereotypes can also be the result of "illusionary association", which means there is no relation or connection with reality.

Author Han (1990) stated that stereotypes can be seen as both the representations of reality and fictional association. He suggested that country-of-origin has the power to summarize essential information about the country, but can also trigger attributes that in time are associated with the country. Hilton and von Hippel (1996) asserted that direct contact with the country is recommended in order to reduce stereotypes and to achieve a more objective evaluation. This perspective can help consumers eliminate some of the myths surrounding the country and have a more real perception about it.

Two alternative viewpoints have been discovered regarding country-of-origin effects on consumers' evaluation process. The first stated that consumers base their judgment on cognitive factors, such as product knowledge, as a result of a rational behavior (Moon & Jain, 2002). The other viewpoint refers to consumers' choices, asserting that these choices are linked to affective elements, the most important being their sense of patriotism (Zajonc & Markus, 1982). From the cognitive perspective, country-of-origin interferes in product quality stereotypes, opposite to the affective perspective, linking country-of-origin with positive or negative emotional associations with particular elements present in a certain country (Chattalas, 2008).

CONCLUSIONS

Country-of-origin and its influence in product evaluation have been examined in anterior studies in an extensive manner. This article attempted to review the formation and evolution of stereotypes concerning country-of-origin elements. In terms of accessibility, stereotypes precede personal beliefs (Janda & Rao, 1997), which explains the easiness to use them as heuristic tools in the process of product evaluation. The findings of the study highlight the major influence of a positive country image on consumers' evaluation for weak brands. The results suggest that our theoretical understanding of the relation between country-of-origin and product evaluation is still incomplete, so future investigation is welcomed. The present article represents an initial effort in researching the country-of-origin stereotype, contributing in providing empirical evidence for further analysis. The recommendations for advanced research could be focused on examining whether product category play a role in consumers' evaluation process or if stereotypes are formed based on specific cultural variables.

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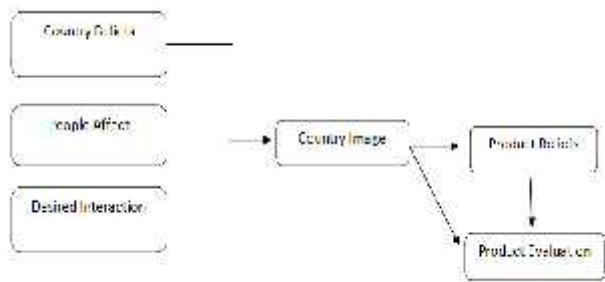
„Performance and excellence in doctoral and postdoctoral research in Romanian economics science domain”.

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Figure 1



Source: Laroche, M. et al (2005). The influence of country image structure on consumer evaluations of foreign products. *International Marketing Review*, Vol. 22, No. 1, p. 96-115.

