

THE ECONOMICS OF COUNTRY OF ORIGIN AS A HEURISTIC APPROACH FOR CONSUMPTION: A CASE OF THE LEBANESE BODYBUILDING INDUSTRY

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Abstract

The country of origin has a big influence on the consumer's perception of quality, especially, in a developing country like Lebanon; it influences consumer behavior and significantly affects his / her purchase intention. The aim of this paper is to investigate the country of origin impact on consumption in the Lebanese market, taking the sports industry (the bodybuilding sector) as a reference to test three hypotheses related to consumers' perception of protein products quality, and purchase intention in relation to the sources of the protein products, Two studies were carried out i.e., the first study was based on a group of experts- professional trainers ,and the second was based on a survey distributed to 300 body builders in three different gyms located in three different geographic areas of Lebanon. The first gym is located in Hammana (Mount Lebanon), the second one is located in Hamra (Beirut), and the third one is located in Zahle (East Lebanon). Data collected using questionnaires were analyzed using SPSS software. The findings indicated a significant relation between products' country of origin and consumers' perception of quality, especially, products with direct effects on the body and health. Moreover, consumers' purchase intention has been noticed to increase based on the increasing level of confidence in the products credibility, which is generated by the source or country of origin. Finally, the

findings asserted that consumers in general tend to use the country – of – origin as a heuristic guide that enhances consumers' purchase intention, especially, if products are produced in developed countries.

Keywords: Country of Origin, Consumer's perception, Purchase Intention, Measurement of Value, Consumer Behavior, Lebanese Bodybuilding Industry

INTRODUCTION

Although it is well known that most of the producing companies in most of the industries have their production plants in China and the Far East, however knowing that the product is designed in the U.S or Europe gives a big relief to consumers. 'Made in China' is seen everywhere in the international market. However, China still has a long way to go to gain consumers' confidence and trust (Yunus, and Rashid, 2016). In the past, suppliers and producers haven't had to worry much about foreign products and competitors, domestic markets were almost monopolized by local producers and suppliers, except for specific goods like heavy equipment, cars, oil and gas and few others, nevertheless, with the technological revolution and globalization, consumers became very exposed to many new markets and to a very wide range of products. With such wide variety of choices and exposure, consumers have become picky and selective towards the quality and self-satisfaction – which is for a great extent reflected by the origin and source of the product. On the other hand, the frequent penetration of the developing countries' markets by foreign competitors, and the availability of a great variety of choices in the market have provided the consumer with a wide margin of freedom to deal with different choices.

Lebanon being one of the developing countries that was under the French mandate, has been significantly affected by the rule of thumb of the reliability of products that come from U.S and Europe. France together with China, Italy, Germany and the United States, is one of Lebanon's main suppliers. Almost 4,500 French companies exported to Lebanon in 2015, 21% of which were micro-enterprises, 48% small and medium sized enterprises (SMEs), 24% mid-size companies, and 7% large companies. Exports from France to Lebanon totaled about \$1 billion in 2015(OEC, 2015). Research findings will enable businesses with outsourcing ambitions and plans to better forecast market demand for certain brands of products (Amine, Arnold, & Chao, 2005). Consumers' awareness and perception of country-of-origin have increased since country-of-origin labeling was legally mandated; consumers are paying attention to the origin of certain brands of products as part of their evaluation and purchasing

decision process (Bandyopadhyay and Banerjee, 2002; Bhuian, 1997; Cordell, 1991; Ettenson and Klien, 1998; Katsanis and Thakor, 1997).

Research Questions

- 1-Does country of origin has an impact on a certain product evaluation by consumer?
- 2-Does the country of origin affect the consumer intention to purchase?
- 3-Is there a relation between the country of origin and the consumer perception of quality?

LITERATURE REVIEW

Katsanis and Thakor (1997) and Biswas and Chowdhury (2011) compared products in Germany with similar products from South Korea, to find that consumers rated products manufactured in the developed and politically free countries as very high in quality. However, Chao (1993) and Cordell (1991) discussed that when country-of-origin serves as an external cue, consumer perception is not influenced for all products manufactured in that country, but only for specific products, such as shoes made in Italy or perfume made in France. If a country is perceived as having specific attributes or capabilities, then the country-of-origin becomes a factor in the quality measurement of specific products (O'Shaughnessy and O'Shaughnessy, 2002). On the other hand, Liefeld and Wall (1991) found that women were more concerned about the country-of-origin of clothing and shoe products than men.

An experiment conducted by Agarwal and Teas (2000) involving wrist watches, revealed a significant positive correlation between Country-of-Origin and perceived quality, when countries with product manufacturing expertise were used. However, negative correlation was found when countries without expertise in the manufacturing of watches were considered. The results indicated that the effect of Country-of-Origin on perceived quality might be restricted to a certain product type. Therefore, such studies assume that the perception of quality is specific to certain countries rather than the entire world (Brouthers, 2001). Consequently, for many products, marketing managers are promoting the Country-of-Origin as a means of enhancing the consumers' quality perception of their product offering, and as a strategic positioning variable for gaining competitive advantage in the marketplace (Harrychand, 2014).

Generally considered to be important purchases, and thus the subject of a lot of deliberation, the purchase of goods is seen as one where buyer power is extremely high. Hence, before proposing any given product, retailers are forced to consider the relevant sensitivities of consumers in terms of price, quality and other factors including technical specifications, product efficiency, country of origin, and salespersons' influence. This is

especially true in the case of more expensive items, that buyers consider as investments and which they expect to have longer lifespans as opposed to cheaper items (Aoun, 2017).

Brands have been known to influence customers' perceptions and attitudes in more ways than one, mainly due to the fact that they fulfil three basic functions for consumers. First, the brand heightens information efficiency, because the brand name encompasses a variety of information and thus eases the consumer's buying decision. This was explained by Purohit and Srivastava (2001), who stated that the brand name plays a dominant role in product decisions, because it is a high scope cue that has implications for a wide variety of attributes. Second, brands enhance customers' risk reduction. For a customer, choosing a branded product decreases the risk of making a wrong decision. Moreover, it is argued that one of the major purposes of a brand name is to provide information about product quality. Similarly, the impact of the brand name tends to override the effects of other information because it is heuristic or exploratory. Thirdly, the brand brings about an extra utility for the consumer as it evokes emotions and brings up favorable images in the consumer's mind. Hence, for some customers the brand name can be seen as a sufficient basis for them to make judgments about a product, and subsequently to make their purchase decision (Purohit and Srivastava, 2001).

Some researchers believed that the image and consumer knowledge of certain country including its economic development play also a major role in the consumer perception of quality (Romeo & Roth, 1992). Others found that consumers do not perceive all companies within the same industry from the same country-of-origin equally (Brouthers, 2000). In the past, suppliers and producers haven't had to worry much about foreign products and competitors, domestic markets were almost monopolized by local producers and suppliers except for some specific goods, however In the 1960s and 1970s, country-of-origin started gaining traction as a consumer product evaluation attribute and was added to the list of external cues (Chen, 2004; Pharr, 2005; Lavack and Thakor, 2003). However country of origin sometimes isn't enough for the company to attract and retain the consumers, Companies still have to aggressively compete to earn consumers' trust and confidence.

Liefeld and Wall (1991) found that information on country-of-origin was of greater importance to consumers than price or brand, when assessing and comparing the quality of products from certain developed countries. On the contrary, some developing countries are producing class - A products with the highest quality (Phau & Suntornnond, 2006). Ahmed and D'Astous (1996) claimed that as globalization continues, country-of-origin would have less influence on consumers' perception than brand and price.

A survey was conducted in South Korea on the apparel and wearable products, several consumers indicated that the quality of foreign-produced apparel and wearable products are by

far superior to similarly locally-produced products Chun (1992). Other studies that took place in South Africa and Japan in the electronics sector asserted the same result as that of South Korea (Baker & Ballington, 2002). Harrychand, (2014) showed that products with origin of mainly United States and Europe were preferred by the consumers due to the fact that consumers believed that such products were of higher quality.

Consumers in South Africa believed that Americans and Europeans were very concerned with beauty and image, and therefore apparel and other wearable goods would be manufactured to the standards required by these consumers (De Wet, De Wet, and Pothas, 2001). The belief that developed countries manufacture better quality products was based on the country's image in the minds of consumers. Products from Industrialized nations were favored based on the belief that these countries have a long history in manufacturing, and that they have to constantly improve their quality to be competitive (Garma, Polonsky, and Wong, 2008; Hsieh, 2004).

Consumer purchase intention refers to the “possibility of consumers’ willingness of purchasing some specific products” (Dodds, Monroe and Grewal, 1991). Many consumer models are used to define the consumer purchase intentions and one of the well-known theories is the theory of planned behavior (TPB). The Theory of Planned Behavior (Ajzen, 1991) deals with the antecedents of attitudes, subjective norms, perceived behavioral control and the intention itself. These elements are used in an attempt to understand people's intention to involve directly or indirectly in a number of activities such as willingness to vote, giving and buying decision (Hrubes, Ajzen and Daigle, 2001). In the perspective of this study, the influence of country of origin on product evaluation and purchase intention has become the main highlighted issue.

Hsieh (2004) believed that the customer attitude of the product's origin has a relationship to purchase intention. This belief is also supported by Zeugner and Diamantopoulos (2010). The history of the literature on country of origin goes back 40 years. It explores whether or not the country-of-origin of a product has an effect or influence on consumer purchase intention (Yunus, and Rashid, 2016).

The consumer's perceptions towards products and brands from any given country have a great impact on quality evaluation and purchase intention (Hanzaee and Khosrozadeh, 2011). Studies show that people care about which country products came from and where they were made (Parkvithee and Miranda 2012). Pappu, Quester, and Cooksey (2006) indicated that the quality of a brand from Finland is likely to be higher than the perceived quality level of a brand from Mexico or Hungary. In addition, Aaker (1991) had pointed out that the perceived quality is actually an overall indication of the superiority of the product with respect to its

intended purpose such as buying purpose. Other than the perceived quality of a product, higher country's brand familiarity has also been found to influence consumer attitudes, preferences and choice.

Lin (2012) in his study found that there is a direct linkage between brand familiarity and the overall product purchase evaluation. Therefore, the country-of-origin is obviously the extent to which the manufacturing place affects the consumer evaluation of the product (Elliot and Cameron, 1994). Thus, the country of origin is among the most important factors that might influence the consumer purchase intention (Yunus and Rashid, 2016).

RESEARCH HYPOTHESES

Three main hypotheses on the correlation between country of origin and product quality evaluation will be tested as follows:

[For ease of explication, the Country – Of – Origin is referred to as “COO”, the consumer perception of quality is referred to as “CPQ”, the purchase intention is referred to as ‘PI’, the measurement of value is referred to as “MOV”, and the consumer behavior is referred to as “CB”].

H1: Protein products with U.S origin are more effective than Protein products originating from Russia. (MOV).

H2: U.S origin Protein products (with a fair price to quality ratio) are most likely to be purchased by professional users in the three different gyms. (PI).

H3: Professional body builders consider the protein products of U.S Origin better in quality than those originating from Arab countries and china. (CPQ).

RESEARCH METHODOLOGY

The methodology of this paper is based on two studies to test the relation between country of origin and quality evaluation:

First study

The first study was based on a focus group session of 10 professional trainers run by a moderator to test H1; the aim was to conclude the experts' opinions on how effective they consider a protein product by taking into consideration its country of origin as a main factor. The trainers were asked to answer all the questions based on their observations throughout the years with their trainees in the professional bodybuilding programs.

Table 1. Reliability, Price/Quality, Effectiveness, and Brand preferences

	Reliability	Price / Quality	Effectiveness	Brand Preference
Expert 1	P1	Fair	P1	P1
Expert 2	P1	Fair	P1	P1
Expert 3	P1	Fair	P1	P1
Expert 4	P2	Expensive	P2	P2
Expert 5	Both	Fair	Both	Both are good
Expert 6	P1	Fair	P1	P1
Expert 7	P1	Fair	P1	P1
Expert 8	P1	Fair	P1	P1
Expert 9	P1	Fair	P1	P1
Expert 10	Both	Expensive	P2	P2

Discussion

Four main points were discussed as follows:

- 1- Reliability of the product: 7 out of 10 professional trainers reported that P1 is more reliable, 1 out of 10 considered P2 more reliable, and 2 out of 10 considered both products are of same reliability.
- 2- Price compared to quality: although P1 is more expensive than P2, 8 out of 10 respondents considered the price to be fair compared to the quality and its effect on the bodybuilders, 2 respondents considered the price to be expensive.
- 3- Product Effectiveness: 7 out of 10 considered P1 to be more effective, 1 out of 10 considered that both products are at of the same level of effectiveness, and 2 out of 10 considered P2 to be more effective.
- 4- Brand preference: to summarize the effect of the previous points, a question of “what brand do you prefer and recommend to use” was posed, the answers were as follow: 7 out of 10 respondents asserted that they prefer P1 (70% of the respondents), 2 out of 10 indicated that they prefer P2 (20%), and 1 out of 10 insisted that both are good (10%). These percentages lead the researchers to conclude that professional trainers who prefer P1 (US origin) are the majority considering it more effective than P2, hence, H1 is not rejected.

Second Study

The second study was based on a survey distributed to 300 body builders in three different gyms (100 questionnaires each); the questionnaires were analyzed using SPSS. The aim of this survey was to test H2 and H3.

To test H2, a one way ANOVA was run considering the convenient price of a US origin of a protein product as the dependent variable, and then the means in the three different gyms were calculated. The following result was obtained: At $\alpha = 5\%$, the calculated [F] of the corrected model is 3.39 with a $P = 0.147$ greater than 0.05 (no significance). The F-test indicated that the null hypothesis is true and that all the means are statistically equal to each other, therefore H2 is not rejected.

To test H3, a T-test was run to compare the means of the bodybuilders' quality perception of products with US origin, and the bodybuilders' quality perception of proteins originating from the Arab countries and China.

The results were as follow:

The mean difference between bodybuilders' quality perception of products with US origin, and the bodybuilders' quality perception of proteins originating from the Arab countries and China is -12.825 with a 95% confidence interval that ranges between -5.58 and -3.27. The calculated [T] is -18.01 with a P of 0.02 indicating that this difference is significantly high at an $\alpha = 5\%$, thus this contradicts the earlier finding in the first study above where H1 was not rejected, since the null hypothesis (H_0) is rejected here, hence, H3 is rejected.

CONCLUSION

This paper examines the effect of country of origin on the Lebanese consumers in the bodybuilding industry, and the changes in consumer mind when he / she recognizes that the origin of the product is the U.S. in comparison with Russia and the Arab Countries.

Three different measures were put under analysis, PI, CPQ, and MOV. The main objectives were to see the effects of the mentioned dimensions on the consumers towards protein products originating from the U.S and those originating from Russia and the Arab Countries. The results indicated a strong effect of country of origin in the case of MOV, where the consumers seemed to have a heuristic cue after they recognized that the origin is the U.S. The results also showed that the consumers tend to have a heuristic approach towards CPQ by automatically considering proteins of U.S. origin of higher quality. Moreover, the results showed that consumers almost agreed that for an acceptable price range and based on an acceptable price to quality ratio they are willing to pay more for U.S origin protein products, therefore a

significant PI related to the country of origin. The main reason behind those findings might be the rule of thumb that consumers have products produced in the U.S and / or Europe in general are the result of a very strict production process, and the result of adherence to very firm rules and regulations, especially, when the production of health-related products are considered. Future researches are needed to further investigate the extent with which Lebanese consumers consider products from Russia and Arab countries of lower quality.

RECOMMENDATIONS

Based on the findings of this paper the following recommendations are set to improve the marketing of protein products in the Lebanese market:

- 1- Regional and non-US business firms specializing in protein production should work to improve consumer trust and confidence in their products.
- 2- Quality control and improved quality attributes should be the focus of the regional and the non-US business firms specialized in protein products.
- 3- Regional and non US business firms should launch a strong promotional program highlighting the superb quality aspects of their protein products to gain a competitive edge in the Lebanese market.

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