Country of Origin: A Study over Perspective of Intrinsic and Extrinsic Cues on Consumers` Purchase Decision
Samin Rezvani1, Ghazaleh Shenyari2, Goodarz Javadian Dehkordi3, Mehrdad Salehi4, Neda Nahid5 and Soheil Soleimani6

Abstract
The purpose of this conceptual paper is to mention different variables of country of origin which influence consumers` purchase decision, this study also highlighted the country of origin, intrinsic and extrinsic cues on customer evaluation. Conceptual framework of this study is the impact of product knowledge and country of origin image on two issues of consumer`s purchase decision which are information search intention and purchase intention, also explains the relationships between these variables. The review of the research contains risks and barriers of country of origin too. Previous studies have shown that product`s country of origin is one of the concerns of consumers` purchase decisions. Consumers` evaluation is mainly related to how they evaluate the product`s home country; Future studies could evaluate country of origin from different perspectives to reduce the risks and success barriers.

Key words: Country of Origin, Country Image, Purchase Decision, Intrinsic, Extrinsic

INTRODUCTION
It is about more than 30 years that international trade and development in global market has been grown. Companies and international marketers are also looking for more opportunities in global market and multinational firms therefore it makes international competition between companies. There are many factors that have impact on growth of international market, consumer product and services evaluation. Factors like brand name, perception of country and many parameters which country of origin is one the most important one, has also significant effect on this competitive market. Consumers with different level of product knowledge have a tendency to use of country of origin on their evaluation about products (Lee and Lee 2009).

There are many problems in international trade and economics and non tariff barriers issue, because of these kind of issues, general agreement on tariffs and trade (GATT) gives its place to World Trade Organization (WTO) in 1995. This organization allow companies to trade in global market and believes that customers can choose and have their product from all over the world. Country of origin has consequences on many areas like manufacturing industry and consumers` product evaluation. Researchers believe that country of origin is some kind of stereotypes of one particular country. In another meaning, people have some inclinations for product and services of another company and country of origin means about these kind of preference of people`s mind (Lin and Chen 2006).

Usually when consumers want to evaluate quality of product for processing decision making there will be two main parameters for this aim, which are called intrinsic and extrinsic attributes. Intrinsic attribute is about functionality and physical aspect of product. Olson and Jacoby in 1972 believe that intrinsic attributes are explicit for each product. In contrast extrinsic cue is related to product but is not physical like name or brand image. They are different from the product itself and consumers consider it in any evaluation. Researchers show that intrinsic attributes are like superior, calmly sweet flavor; characteristic delicate, pleasant odor and an appetizing appearance due to the brilliant color of the cut meat. In the other hand extrinsic characteristic are like shape and brand of some product (Fandos and Flavián 2006).

1 Multimedia University, Cyberjaya, Malaysia Email: rezvani_samin@yahoo.com
2 Multimedia University, Cyberjaya, Malaysia Email: irsa_shenyari@yahoo.com
3 Multimedia University, Cyberjaya, Malaysia Email: goodarzone@gmail.com
4 Management and Science University, Shah Alam, Malaysia Email: ems_salehi64@yahoo.com
5 Multimedia University, Cyberjaya, Malaysia Email: neda.nahid@gmail.com
6 Multimedia University, Cyberjaya, Malaysia Email: soheil_s107@yahoo.com
DEFINITIONS
Country of origin
Country of origin that is usually abbreviated by “COO” is refers to the country that manufactures, designs or assemblies a product or brand that is associated with (Essoussi and Merunka 2007). As a clear cut example IBM belongs to the USA and SONY is for Japan, and also country of origin can defined as a last location of assembling product, but some of its products are assembled in Singapore. (Ahmed, Johnson et al. 2004). “There is also another definition that said country of origin is intangible barrier to enter in new markets in the form of negative consumer bias toward imported products” (Al-Sulaiti and Baker 1998).

Country image
Usually consumers have exact picture and perception about a product of a particular country. This image is from political, historical and economical background. In addition Country image is consumer’s understanding about special country which based on benefits and disadvantages of country in past. In other words country image is consumer’s ethics for product quality from particular country (Lin and Chen 2006)

Concept of Product knowledge
Product knowledge has been studied in different type of social science researches. Product knowledge is describe as general knowledge that customer has information about functional characteristics of products and brand. It also is known as product familiarity, expertise and experience (Lee and Lee 2009). Consumer consciousness about products has an important effect on product knowledge (Lin and Zhen 2005). Product knowledge divided in two parts, objective knowledge and subjective knowledge. Objective knowledge is the characteristics information and subjective is how much consumer think they know about the product (Lee and Lee 2009).

Consumer purchase decision
Researches show that there are many models which present consumer behavior. The EKB model was the first that presented by three Researchers, Engel, Kollat and Blackwell in 1968. This model believe that decision processing is a successive process which aim is solving problems and the characteristic of it shows that decision processing is the main thing for significant outside and inside components, and also Koltler in 1999 notes that “when a consumer have a decision processing is stimulating primary response” (Lin and Chen 2006).

SOURCES FOR COUNTRY-OF-ORIGIN EFFECTS
Economic level and stability
Economic development level and stability in economy are two important factors which influence on customers when they want to evaluate specific brand. Totally, consumers which are from developed countries tend to evaluate their home country products more than other countries; however, there are always exceptions that may prefer other country products. It has also been proved that in developing countries consumer’s willingness and intention to purchase developed countries is increasing (Amine 2008). Reviewing researches in different fields has shown that especially in food products and car manufacturing companies, products of highly developed countries such as US are more favorable in the customers’ mind. Especially it is obvious when the people have higher level of education and income. (Sánchez, Beriain et al. 2011)

Researchers like Pappu and others in 2007 have mentioned the effect of country image as two important aspects, such as ‘macro’ and ‘micro’ Image. Macro country image has three dimensions which are politic, technology and economy. From his study which results from mall-intercept surveys it is perceived that the degree of product preference by consumers is related to economic health of a brands home country. He studies different dimensions of home country image on a product or brand to find out the sensitive areas.

Totally from this part of our literature review we can say product rating is dependent on the level of economic growth of the product’s home country (Pappu, Quester et al. 2007).
Situational war animosity
Aim of this study is to understand the effect of country of origin and its negative effects on consumer’s mind in the target market. To realize this part more adequately it is necessary to know the historical animosity of different countries. Animosity and war between countries and people’s attitude about countries will affect consumer’s judgment in their decision making. After America’s declaration of war on Iraq, anti-Americanism has come up as a new barrier (Amine 2008). Anti-Americanism is people’s animosity and opposition toward American’s government, culture or people. This issue can cause consumer’s resistance to rank US products and their purchasing decisions (Amine 2008). This study indicates that the interactive effect of country of origin and animosity in consumer’s response and their product evaluation. From the marketing point of view, it can be concluded that war and animosity will negatively affect consumer’s attitude about products.

Hostility and country of origin
Research has shown some contradictory result in case of analyzing country of origin. Some research noted that some consumers have hostility with a country while their perception about the product from that specific country is that the quality is quit fine and they cannot deny the quality of that product. In this case power of notion which they have about the country of origin of a product or brand (hostility) can impact on their purchase behavior while they have good conception about the quality of that brand or goods (Amine 2008). Same as country of origin hostility is a multi-dimensional construct that engages diverse concentration and that called country specific. In analyzing country of origin issue both cognitive and affective process are engage in interaction between above issue and hostility. The perception of hostility in minds of consumers and also how they feel when they have a conception about the country can be a subject that influence in their purchasing behavior in global market (Amine 2008).

EFFECT OF INTRINSIC AND EXTRINSIC CUES ON CONSUMER EVALUATION
Consumers evaluate products after and before experiencing it through intrinsic and extrinsic cues (Veale and Quester 2009). Intrinsic cue is any product characteristics which are related to the nature of good and extrinsic cues are those which can change and are not related to the inherent of the product such as: price and country of origin (Veale and Quester 2009). This study shows that consumers cannot evaluate all characteristics of a product before they purchase and they have to judge some times in their pre-purchase evaluation. Extrinsic cues that consumers believe in can be used for their judgment about products quality. This issue is important especially when consumers have limit knowledge about the product or there is no source of intrinsic cue for their product evaluation. Therefore, the most important cues for product values would be brand name, price, retail outlet and Country of origin (Kardes, Cronley et al. 2004). This research suggests that always companies should be aware of the effect of country of origin and other extrinsic cues on consumer’s product evaluation. Last researches are emphasizing on two corresponding direction of country of origin. One direction was about the product image and on the other side they were working on how the customers and consumers use that issue in evaluating the quality of the product. Luxury goods are also a subject that needs the customer’s perception and their look to this kind. One of the most famous and popular aspects related to use of country of origin is cognitive aspect. This aspect views the product as cluster cues. The division of some attributes of a product like design, taste, and materials to other aspect which is product-extrinsic like price, brand name reputation and warranty and also country of origin (Godey, Pederzoli et al. 2011). Research has been shown that in the first step consumers more focus on intrinsic aspect when they make their buying process although in some certain occasions they tend to extrinsic aspects. Usage of extrinsic factors mostly refers to situational factors and also the effect of product’s self-image in purchase manners (Godey, Pederzoli et al. 2011).The image that consumers depict in their mind about the product is the attributes that has effect on consumers mind about The country of origin and this is the subject that determine their purchasing behavior, in this process dimensions like technology, innovation, prestige and also quality of that country’s manufacturer are also take part (Godey, Pederzoli et al. 2011).Therefore it can make the product more or less attractive in the mind of the customer. As companies go global more
and more these days they have to know how to face with these problems in the global marketplace. Countries need to trade their products and services globally. Therefore only a few products will be immune of this effect and can be successful in the international marketplace (Veale and Quester 2009).

**IMPACT OF PRODUCT KNOWLEDGE ON COUNTRY OF ORIGIN EFFECT**

The other parameter that has impact on purchase decision is product knowledge. Product knowledge has been studied in different type of social science researches. Product knowledge is describe as general knowledge that customer has information about functional characteristics of products and brand. It also is known as product familiarity, expertise and experience (Lee and Lee 2009). Consumer awareness about products has an important effect on product knowledge (Lin and Zhen 2005). Product knowledge divided in two parts, objective knowledge and subjective knowledge. Objective knowledge is the characteristics information and subjective is how much consumers think they know about the product (Lee and Lee 2009).

In addition, researchers concluded that consumer attitude would be more persistent and less affected by country of origin cues over time as long as they have high product knowledge and motivation to process product-related to make a decision. Consumers who have low product knowledge are more likely to use country of origin cues as indicators of product quality. This is due to their inability to analyze intrinsic cues, such as physical product attributes. It was also found that country of origin has a significant impact on product evaluation, particularly when consumers are less motivated to process available information when they have low product knowledge. Temporarily, consumers with high product knowledge are able to perform product-related tasks successfully and have extensive prior knowledge about product types, usage, and purchase information. Additionally, those experts are more likely to rely on attribute-based information rather than stereotypical information in their evaluation and decision making (Chao, Wührer et al. 2005).

**ROLE OF COUNTRY IMAGE ON PURCHASE DECISION**

There are two aspects when a consumer heard about the product’s brand or price about the consumer detection progression about product: halo effect and summery construct effect. When the country of product is not memorable for customer and her or his knowledge is low, then it is halo effect which has indirect impact on consumer purchase decision, and when it is vice versa, it means that when the information of consumers is high about the country and customers are familiar with that, it is construct effect which has also indirect effect on it (Lin and Chen 2006).

**EFFECT OF COUNTRY OF ORIGIN ON PURCHASE DECISION**

Understanding the effect of country of origin on consumer’s purchasing habits is very important issue in the global marketplace. There are four reasons that consumers and marketers use country of origin as a source of evaluating goods. First, because of rapid growth of globalization, consumers tend to evaluate products based on their country of origin. The second reason is, due to the increasing amount of information about products and their complexity; consumers have to rely on the home country of a product in their purchasing decisions. Third reason could be because it provides different opportunities for companies and marketers to improve their global marketing strategies and last but not the least, because consumers get to know other country’s products and they will experience different products from different countries (Ozretic-Dosen, Skare et al. 2007).

In making decision to buy a product the effect of country of origin comes from the strength and weaknesses that consumers perceive from a specific country. Result of Pappu et al. (2007) studies in country of origin effects has proven that products such as cars are more sensitive in this field than other products like television or other electronic products in the international markets. According to (Ozretic-Dosen, Skare et al. 2007), European consumers prefer to choose foreign products than domestic ones. European tends to rank foreign goods as higher quality than domestic products and that will affect their product preference. Regardless of whether the country of origin will bring positive or negative effect on the consumer’s perception and it comes from which area of the world, it is clear that it has a significant effect on consumer’s perception and purchase decision.
EFFECT OF COUNTRY OF ORIGIN ON PRODUCT CLASS AND COUNTRY IMAGE

Conceptual challenges has been posed by the research of country image, some complicated factors are involve in this issue, factors such as multiplicity of variables do the interaction among them has so many changes due to the time passing (Amine 2008). Research from 1980 till 90th decade has all shown and concluded that, just the country image is not the supreme and the most important factor in all the classes of goods and product, These researches totally stay on the other side and completely against of idea which says that country of image is the only aspect that in consumers’ mind determines the product evaluation and has only effect in buying process or in categorizing a product which it is bad or good product.(Amine 2008). In other word country image can be very important in consumers’ mind in one product and also can be not that much important in other product in aspect of evaluating product in their mind, “micro” and “macro” dimensions are two new dimension of country image has been identified lately. Aspect of macro in country of image is talking about 3 subsidiaries which are political, Technological and economical on the other hand micro dimension explain about other attributes of the product such as design, prestige and creation and innovation also workmanship.(Amine 2008).

CONSUMER TRUST

Many researchers have shown that consumer trust plays a vital role in making relationship with customers and that relationship will bring more benefit for the businesses. So it is any businesses duty to reduce the customer’s uncertainty and make a good relationship based on trust which it created to its customers (Kim, Ferrin et al. 2003). Country of origin is one of the important factors in evaluating a foreign product and also one of the factors that affect consumer’s behavior such as trust (Tam 2008). There is also a relationship between satisfaction and trust; trust will be increases by the positive perception of country of origin (Jiménez and San Martín 2010). Origin of a product will influence the initial perception of consumers about a specific countries product or brand, since it may bring trust about new products and brand evaluation (Vida and Reardon 2008).Companies which try to be accepted by the consumer and attempt to enhance trust are those which have high-quality goods. They are trying to make an effort and additional expenditures for consumers globally to make them aware of their good quality. These firms always try to make a good international reputation especially in the customer’s mind. The consumers searching products to distinguish high and low quality producers from each other all over the world, can use the country of origin to find and effectively choose the high-quality producers, and globalized firms can make use of it to maximize their profits (Jiménez and San Martin 2010). Totally it can be concluded that there is a reciprocal relationship between trust and country of origin perception. As customer satisfaction and positive felling about a country’s product increase, it will increase the trust. Also higher level of initial trust, leads to positive country of origin effect (Jiménez and San Martín 2010).

RISK AND BARRIERS

Diffusion and spreading of price for homogenous product among countries push all the researches and also those who have portion in market to look for subject that the spreading goods around the world has effect on pricing in each product and market beside by considering above influence that would happen because of the country of origin, price has impact due to country of origin point of view. By above explanation the most major problem that we firms and businesses need to manage and control is market risk. Purchasing goods from foreigner retailers obviously will increase the risk but on the other hand getting help from online global auctions liked eBay and their feedback score can make the risk much less and make it under control (Hu and Wang 2010).Measuring the reputation of a brand and also score of feedback score in eBay can help businesses in awareness of reputation of specific brand, specific country and also the respond and react of buyers to that product which can determine the effect of country of origin in purchasing behavior of customers. Beside factors and variables such as shipping cost also should be noted and consider in beside (Hu and Wang 2010). On the other hand from the consumers’ point of view, it is very hard and difficult to obtain some extra information and data about the quality of import goods and products and also the performance of foreign company and suppliers. This means when a product enter to the another country’s market, consumers
entrust and want to foreign company to sell and establish goods with promised quality and degree of quality would not be their concern. On the other side sellers in compare to purchasers have more information and this issue has made some problems for the buyers to estimate and evaluate the product quality degree and precision in terms of quality. In addition when a product from foreign country enter to another countries’ market because of the lack of knowledge and information about that product and also dishonesty of the sellers and supplier, consumers cannot differentiate good and high quality product from the low quality and bad goods so in this case consumers may have a unknown feeling about foreign product and this is also can be a problem (Jiménez and San Martín 2010). Most of the time foreign firms by knowing and being aware of above issues try to inform their costumers about the quality and characteristic of their product. Using informative massage which has been provide by the firms for consumers may work and decrease the risk and allow them to control and manage the market avoid the product from the high risk situation. If a company or firm which has been entered to another county does not work on commitment and trust of their consumers, soon it will lose it reputation and this may occur very drastic situation for the firm. Mostly firms try to work more on their reputation and status to avoid such these problems .Consumers’ monitoring can help a lot to distinct between high and low goods in terms of quality and can enhance the performance of country of origin in new country (Jiménez and San Martín 2010).

CONCEPTUAL STRUCTURE
To explain about the relationships between variables which are country of origin image and product knowledge, studies show that the country-of-origin image has a positive effect on the consumer purchase decision, and also the country-of-origin state a considerably positive impact on the consumer information search intention. In addition country-of-origin asserts a significantly positive effect on the consumer purchase intention. On the other hand another variable which is Consumer product knowledge also has a positive impact on consumer purchase decision, consumer information search intention and consumer purchase intention. Product knowledge is an important parameter that has effect on decision making of customers. Product knowledge is describe as general knowledge that customer has information about functional characteristics of products and brand. Different level of product knowledge has impact on consumer purchase decision (Lee and Lee 2009)

Product involvement as a moderator factor has significantly positive effect on consumer purchase decision, information search intonation and consumer purchase intention too (Lin and Chen 2006). When customer has a positive image about the country of origin of a product, it is obvious that this factor raise her or him purchase intention to that product. Country image is playing important role for classification of product too (Roth and Romeo 1992), and also when country image is positive, the tendency of customer about searching information for product gets high (Chin 2002). When involvement level increased, consumers tend to have more information about the product and it has effect on his or her purchase intention. As an illustration, Advertisement plays an important role on product involvement (Lin and Chen 2006). Researchers believe that consumer’s purchase intention is the probability of consumer’s ability to buy a product or services, and information search intention. Information search intention is the information that customers try to search about the product and services (Lin and Chen 2006).

CONCLUSION
By reviewing different literatures we can conclude that there are many factors that have impact in consumer purchase decision. Researches and methodologies have shown that even when consumers can evaluate all the intrinsic product characteristics by experiencing the product, the effect of extrinsic cues has more influence in consumer’s product evaluation. Country of origin is one of the extrinsic cues; In addition country of origin with no doubt has influence in purchase decision process. Subjects like trust of consumers have been on the concern for the foreign firms and company which entered to the global trade, since it can build consumer trust in order to achieve consumers’ tendency to purchase. This matter increase return for the firm in global market to overcome strong competition in global market place.
REFERENCES


**Fig. 1: (Al-Sulaiti and Baker 1998)**

![Diagram 1: Sony Assembled in Japan](image1)

**Fig. 2: (Lin and Chen 2006)**

![Diagram 2: Product Involvement](image2)