

# Influence of the Country of Origin of the Product on Purchase Decision: Burundi Consumers as Case Study

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**Abstract**—This study tries to identify the importance that Burundi consumers give to the country of origin factor when they purchase a product. In the present research, we compared the country of origin factor to the perception of 4P of marketing mix factors. Product elements such as packaging, brand, appearance have been used to measure the influence of product factor; shop familiarity and the ease of finding the product on local market have been used as factors in measuring distribution influence; promotion, advertising and after-sell services are combined to measure promotion factor. The most important finding resulting from the present research is that the country of origin factor is important for Burundian consumers than product, distribution and promotion. However, the findings show that there is no significant correlation between country of origin and price.

**Keywords:** country of origin, marketing mix, Burundian consumers, purchase decision, globalization.

## I. INTRODUCTION

Globalization has increased the opportunities for companies to distribute their goods to consumers all over the world. In fact, consumers are able to choose from a broad range of products and services in almost any category. Increased international business activity has caused the emergence of a global market, where brands from one country are available to consumers in other countries (Hsieh 2002). The country-of-origin importance question is raised in the new light.

The increase in business globalization and emerging markets has complicated the COO phenomenon. International operations of a business today may involve the design of products in one country and the manufacture and assembly process may take place in another, using raw material or parts from worldwide locations. For example, in order to decrease production cost, many companies choose to make the products in developing countries because of the low labour cost (Hamzaoui and Merunka 2006). Thus, bi-national products are a common phenomenon in today's business environment.

Country-of-origin is often used by consumers to predict quality and performance of products (Hamin and Elliott 2006) and to understand the rationality of their purchasing decision (Khachaturian and Morganosky 1990, Cai 2004). Research has shown that the variance found within a consumer's purchasing processes occur as a result of a number of factors (Wilcock, Pun et al. 2004) that the consumers evaluate before buying a product. Among them, brand, price, country of origin, etc. are often used by consumers when they evaluate products, and were subject of research of many marketers. Country-of-origin represented an important area for consumer behavior research and has attracted much attention by marketing scholars since 1965. This research will bring more insight on the country of origin subject by exploring another area of the globe (Burundi) which was not a subject region of most of the research before.

## II. LITERATURE REVIEW

From the lowering of trade barriers between nations and the consequent availability of more foreign products and services across borders resulting in economic globalization, many products and services highlight their country-of-origin as a potential competitive differentiator in their respective markets. The literature review identifies four main periods in the chronological development of country-of-origin research.

The first period covers from 1965-1982, beginning with Scholar's study of country-of-origin effects in the Central American market and ending with the widely cited Bilkey and Nes study of country-of-origin effects on product evaluations. The Bilkey and Nes article summarized country-of-origin research to that point in time, qualitatively evaluating the results of twenty-five country-of-origin studies (Bilkey and Nes 1982). Inside that period of time, Nagashima (1970; 1977)'s finding thus indicates the dynamic rather than static nature of country image, because he used a longitudinal approach from 1970 to 1977 to examine made in product image and he found that there are some changes in consumers' evaluation of the made in image of products (Nagashima 1970, Nagashima 1977). The 1965-1982 period in the country-of-origin research is characterized by a development from simple single cue studies where country-of-origin is the only product cue to be manipulated towards more complex investigations

such as that by Bilkey and Nes (1982) into the generalizability of country-of-origin effects.

The second period, 1983-1992, witnessed a further increase in the volume of country of-origin research. Johansson, et al (1985) questioned the findings of earlier studies and claimed that previously conducted research may have overstated the significance of country-of-origin effects, particularly where a multi-attribute approach was not used (Johansson, Douglas et al. 1985). Conjoint analysis used by Ettenson (1988) supported the contention of Johansson, et al (1985) that contrary to earlier contributions to the literature, other product cues such as price and quality may have a stronger effect on consumer product evaluations than country-of-origin information (Ettenson, Wagner et al. 1988). Papadopoulos et al (1987) supported Nagashima (1970; 1977), whose study of consumers' perceptions of foreign goods came to the conclusion that the "made in" stereotype can change, at least in the long term (Papadopoulos 1987).

The third period, 1993-2004, is characterized by a proliferation of different streams of research many of which seek to re-conceptualize country-of-origin in terms of brand origin (Thakor 1996), product-country image (Papadopoulos and Heslop 2000), and contextualized product-place image (Askegaard and Ger 1998). This period has also seen a growing recognition that country-of-origin effects should be examined in relation to services and not exclusively in relation to tangible products (Al-Sulaiti and Baker 1998, Javalgi, Cutler et al. 2001). In post-industrial economies, the service sector is facing unprecedented change and globalization is one of the main drivers of this (Laing, Lewis et al. 2002); it may therefore be conjectured that country-of-origin will assume increasing relevance in the service sector.

The fourth period, 2005-present day. During this period, many results highlight the impact of the level of development of the country of origin for the selected products. So, many consumers believe that a "made in" label means a product is "superior" or "inferior" depending on their perception of the country (Mohd Yasin, Nasser Noor et al. 2007). That perception includes country's economic, political and social conditions and people (Jaffe and Nebenzahl 2006), culture and traditions (Dinnie 2004), tourism (Dinnie 2008), representative products, the degree of technological virtuosity and industrialization, historical events and relationships, as well as emotions and feelings about the country (Roth and Diamantopoulos 2009). Other researchers, such as (Hinner 2010) see the country of origin effect as a product related stereotype. Findings show that consumers utilize country-of-origin stereotypes to appraise products for example, "Japanese electronics are reliable", "German cars are excellent", "Italian pizza are superb" (Vinodha 2017). But, there is another side of coin too; country-of-origin may be the reason to avoid the product for example, following the publication of a series of controversial cartoons picturing the Prophet Mohammed, Danish products were yanked off the shelves of many stores in the Middle East, finally costing

Denmark's companies millions and raising fears of irreparable damage to trade ties (Fattah 2006).

#### A. Hypothesis

Marketers often spend a lot of time designing marketing strategies in order to attract customers. Marketing mix is one of instrument most used in strategic marketing. According to Philip Kotler, "a marketing mix is a set of controllable variables of a company that can be used to influence a buyer's response" (Kotler 2001). This mixture is kept in order to take into account the needs of the target customer, which varies from organization to organization depending on its available resources and marketing objectives. The mixture's results are seen on consumers' reaction. Apart marketing mix, country of origin is also an important factor in foreigner market, and it must be considered when marketers decide to bring products to other countries. When consumers are aware of a product's country of origin, they may react positively or negatively. Reaction arise because consumers hold particular images or conceptions about specific countries. This study was conducted in Burundi in order to see if consumers take into account the country of origin factor as well as the marketing mix factors when they are buying foreigner product.

When talking about the country of origin in the context of consumer behavior, the concept involves the perception or image of products and brands from a certain country (Eder 2012). In certain countries, without consider the quality of the product or its content, brand or appearance, consumers already have in their mind how the product from an X country must be. The country associated with the product is thought to influence consumers' quality judgments (Karoui and Khemakhem 2019). For this, the following hypothesis is proposed:

*H1: In the purchase decision, the country of origin is significantly more important than the product quality.*

Price is the amount of money that intended customers willing to pay to get a product or a kind of service (Khalid Sudian Al Badi 2015 ). It covers the actual amount the end user is expected to pay for a product. How a product is priced will directly affect how it sells. From the consumer's point of view, a price that seems too high for perceived value will seem out of line. And a price that is too low for perceived value will suggest poor quality. However, for some consumers, the country of origin is assimilated to certain products according to whether they consider that these countries are specialized in the manufacture of these products. Such as high quality as being exemplified by Germany and Japan, attractive design as being exemplified by Italy or special appeal as being exemplified by France and Switzerland (Johansson, McHugh et al. 1993). Therefore, following hypothesis is proposed:

*H2: In the purchase decision, the country of origin is significantly more important than the price of the product.*

Place or placement has to do with how the product will be provided to the customer. Place is usually translated into

'distribution' in a commercial marketing mix(Padhy 2008).How a product is accessed by the end user needs to compliment the rest of the product strategy. For products from foreigner countries, sometimes it is not too easy to sell directly to consumer, it is preferable to use a local or marketers could create their own channel of distribution. The choosing of a channel of distribution or to create own channel is a strategic decision, marketing manager have to make sure that channel is the most suited to a product because all these choice have some advantages or disadvantages, the first one is that consumers already have the image of this distributors, or whether positive whether negative; the second one is that consumers take time to know the new distributor. However, some customer loyalty can make the strength of the relationship between an individual's relative attitude and repatronage(Khadka and Maharjan 2017). Some consumers have in their mind that the country of origin as the brand of quality and even the channel of distribution is not active, try to find the product online or in other places. Therefore, the following hypotheses is proposed:

*H3: In the purchase decision, the country of origin is significantly more important than the accessibility to the product.*

Promotion helps to increase consumer awareness in terms of their products, leads to higher sales and helps to build brand loyalty. Promotion in its any form is a tool that helps disseminate information, encourage the purchase and has an impact on the decision to buy (Išoraitė 2016). Previous findings show that creative advertising methods that would be attractive to customers may influence their preferences and purchase decisions. At the other hand, the name of positive country image can be used to build positive brand image and obtain favorable customer responses(Hanaysha and Hilman 2015). It means that when the information of consumers is high about the country of origin and customers are familiar with the products from that country, this can influence them in their purchase decision and create barriers to competitive threats. Based on the discussion made above, the following hypotheses is proposed:

*H4: In the purchase decision, the country of origin is significantly more important than promotion.*

### III. METHODOLOGY

This part of this paper introduces the empirical part of the study. The purpose of this study is to explore the attitudes of consumers in Burundi to the import products, so as to put forward the behavior patterns of Burundi consumers in the decision-making process of imported products, and to better understand the decision-making mode of Burundi consumers from the comparison between marketing mix components and country of origin of product factor. The questionnaire was used to collect data. The target population was the population with high school degree and above, so as to ensure that the respondents can understand the content of the questionnaire and the concept of the country of origin.

In this study, the questionnaire used a Likert scale ranging from the very low influence (1) to the very high one (5) to indicate the degree of influence of each item. The data were collected in two ways. One way is to collect interviewees in one place at a time at BICOR company, where 50 questionnaires were distributed and all of them are returned. The second way is to submit questionnaires to the respondents. This questionnaire was issued at alumni meeting during the preparation of the "silver Jubilee" of our school. We discussed the survey in detail with the conference leaders and asked them to allow the collection of necessary data and subjects; we explained the nature and purpose of the study to the respondents. At that time, 160 questionnaires were distributed and 152 were returned. The reason for taking this opportunity is that the sample is made up of people of different ages who live in different parts of the country and perform different functions. In any case, this is an example of a self-administered questionnaire in which respondents need to complete the questionnaire without the help or interruption of the researchers who are conducting the survey.

#### A. Analysis

Table 1 presents the respondents profile of this study. In terms of age, the majority of respondent is in the ages of 21 to 30(42.1%). In term of gender, female 95 (47%), and male 107(53%). Regarding education, majority of the respondent 113 (55.9%) have bachelor degree, 72(35.6%) have secondary school degree, 14(6.9%) have master degree, while 3(1.5%) have PhD degree. About profession, Of the 202 respondents, 65 (32.2%) are students, 59(29.2%) have occupation, 44 (21.8%) are businessmen, 34(16.8%) are unemployed.

TABLE I. TABLE1: SAMPLE CHARACTERISTICS

Demographics	Categories	Frequency	Percentage
<b>Age</b>	Under 20	35	17.3
	21-30	85	42.1
	31-40	55	27.2
	41-50	21	10.4
	50 above	6	3
<b>Sex</b>	Female	95	47
	Male	107	53
<b>Education level</b>	Secondary school	72	35.6
	Bachelor	113	55.9
	Master	14	6.9
	Doctor	3	1.5
<b>Occupation</b>	Student	65	32.2
	Businessman/woman	44	21.8
	Employed	59	29.2
	Unemployed	34	16.8
<b>N=202</b>			

Reliability and Validity Analysis: To assess the reliability of questionnaire, Cronbach's  $\alpha$  value was applied. Cronbach's alpha measures the internal consistency of a group of items by measuring the homogeneity of the group of items. It is an indication of how well the different items complement each other in their measurement of different aspects of the same variable or quality (Litwin and Fink 2003). The acceptable values of alpha, ranging from 0.70 to 0.95 (Bland and Altman 1997, DeVellis 2016). In our study, Cronbach's  $\alpha$  value is 0.702 and is recognized reliable.

TABLE II. TABLE 2. RELIABILITY STATISTICS

Cronbach's Alpha	N of Items
0.756	10

As the questionnaire was a likert questions, where the mode is higher (5) means that many respondents believe that this item have a high impact in their purchase decision. It was the case for 1, 3, 4, and 10 items. on the other hand, when the mode has the value(1), it means that for many respondents, that item has low impact in their purchase decision (item 2, 6, 7, 8).

TABLE III. TABLE 4. MODE, AND PERCENT

	Items	Mode	percentage
1	Shop familiarity influence	5	45.0
2	Promotion influence	1	42.6
3	Country of origin influence	5	67.8
4	Price of product influence	5	37.1
5	Packaging of product influence	3	34.7
6	Brand of the product influence	1	27.7
7	After-sell services influence	1	39.6
8	Product appearance influence	1	57.4
9	Advertising influence	2	45.5
10	Product accessibility influence	5	52.5

A Spearman's correlation was run to determine the relationship between variables and compare items for testing hypothesis. For H1, and H4, there was a negative monotonic correlation between all tested variables. Which means that in the purchase decision, when the country of origin is important, the quality of the product and marketing communication tend to be taken with less importance and vice versa respectively. In table 2, we can see that for country of origin item the mode is the highest (5) with 67.5 % of respondents who agree that the country of origin have a high impact in their purchase decision. Therefore, H1 and H2 are supported

TABLE IV. TABLE 5. RESULTS OF INTER-ITEM CORRELATIONS

Hypothesis	Compared items	Spearman coefficient (rho)	Significance (2-tailed)
1	3 5	-.415**	Significant
	3 6	-.409**	Significant
	3 8	-.400**	Significant
2	3 4	.060	Non-Significant
3	3 1	.471**	Significant
	3 10	.602**	Significant
4	3 2	-.510**	Significant
	3 7	-.464**	Significant
	3 9	-.438**	Significant

\*\* p < .01.

For H2, the findings show that there is no correlation or association between the price influence and the country of origin influence (rho=.060), which means that it is H0 which is supported. For H3, Table 4 shows that there was a positive monotonic correlation between all tested variables. In other words, for Burundian consumers, the distribution mode or accessibility of the product and the country of origin of the product are important. From the table 3 that shows the mode and its percentage (for item 1, mode=5 with 45% of respondents, for item 10, mode=5 with 52.5% of respondents, for item 3, mode=5, with 67.8% of respondents), we can see that many respondents consider the country of origin factor than the distribution mode or accessibility of the product. Therefore, H3 is supported.

#### IV. DISCUSSION

The goal of every company is to get a lot of customers and maintain a long-term relationship with customers. To reach this goal, marketing managers often use the marketing mix which refers to the set of actions, or tactics, that a company uses to promote its brand or product in the market.

The objective of this study was to compare the country of origin with the 4P of marketing mix, which comprise: product, price, place and promotion. Through findings, marketers of foreigner product or who want to bring a new product to burundi consumers, have to give value to the country of origin factor as they give to the 4P of mix marketing. Previous reseaches also confirm the importance of country of origin factor in marketing: The country-of-origin effect is a generally accepted concept that is of great relevance in marketing practice (Eder 2012). Country of Origin Effects

may be the fifth element of the traditional marketing mix (Felzensztein, Hibbert et al. 2004).

In this study, we also discover that the price factor can not be compared with the country of origin factor. The acceptance of the null hypotheses does indicate that a lower level of importance may be attached to the country of origin effect than has previously been suggested. This could be explained by the fact that the price involves the economic aspects of consumer in the income or purchasing behaviour (Shenge 2010). By economic theory, consumers act to maximize the satisfaction that they purchase with available monetary resources (Kotler 1972). In fact, through Burundians' economic situation, the rate of monetary poverty is 64.6% of total population of Burundi in 2014 (Nations and Africa 2016). The lack of money may have high influence on any purchase decision. This comes to emphasize other researchers' findings, like Li where he suggests that price was major consideration in subjects' product evaluations (Li, Monroe et al. 1994). In other words, when other important product cues such as price present in the choices, an unfavorable country-of-origin factor may be offset by a competitive pricing strategy.

#### IMPLICATION, CONCLUSION

The findings of this research can be helpful to global managers and decision makers in further understanding consumer behavior in international markets and offers support for quality management through consumer behavioral analysis. The marketers cannot only focus on the marketing strategy theory especially on marketing mix, they need also to know how the consumers perceive these strategies in order to know which point to focus on.

The marketing mix which was developed by Jerome McCarthy into "four Ps", which has become the most enduring framework of the marketing mix. Before him, Neil H. Borden closed it into 12 components (which grouped by Jerome McCarthy into price, product, promotion and placement) Borden known that his list wasn't definitive, and suggested that others may have different perspectives (Szwejkowska, Puczynski et al. 2007). In international marketing, country of origin can be added as an element of marketing mix according to its importance for consumers.

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