The Effect of Country of Origin on Consumers’ Perceptions of Hospitality Products

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Abstract. This study thoroughly elaborates on the influence of COO on consumer’s perception towards hospitality products, precisely on sanitary products. Country of origin encompass products imported from Italy and China solely. The main focus is on Jordanian consumers. It aims at studying the level of satisfaction regarding these products and the relation of the products country of origin to their standard of living and how it is conceived. Often, certain high-end products are linked with high prestigious lives and vice versa. Therefore, it has been asserted the need to conduct surveys distributed among 100 different consumers of these hospitality products in order to have a thorough finding for the reasons aforementioned. As a result, this study concludes whether consumers perceive Italian products as of a higher quality than Chinese ones due to the country of origin. Moreover, it is intriguing to fully understand the reasons for the different behaviors towards the product’s COO and its influence on the consumers’ final decision. Furthermore, it is interesting to evaluate the consumer’s final decision on whether the chosen product has been preferred due to its genuine better quality or its reputation of being of a better quality merely because of it being of a higher price.

Keywords: Country of origin; Consumer perception; Hospitality products; Jordan.

1. Introduction

Consumer’s choice is a fundamental factor when it comes to the circulation and performance of a company. The most important aspect when evaluating a company would be the customer’s satisfaction with this particular company. Therefore, having a different priced product that serves various society standards would be of vital importance as it is one of the main contributors to the company performance end of the year. Nonetheless, individuals often interrelate the price of a certain product to its quality as per the theory (higher price = better quality) (Shugan, 1984). This explains the fact that consumer’s understanding of products is what determines the decision of purchase. It can be that the price is not the main determining factor in one’s decision. Therefore, this paper will be studying these factors and how they can give added value to products. In addition, it is often known that one would not go for the cheapest option. This can be related to many psychological aspects such as choosing the higher-priced brand merely because it is less risky (Patel, 2015).

As a matter of fact, Italian products imported to Jordan are not subject to tax -VAT, which should be considered as a “cheaper” product. Nonetheless, Italian sanitary products are more expensive than those that are Chinese even though the Chinese are subject to higher tax. However, the Chinese products are now imported with an Italian stamp so they will not be subject to tax. Therefore, one could argue that business owners and individuals that work within the economic and business fields are those who can differentiate these procedures, and thus, their perception when purchasing will not be highly affected. The aforementioned will be further examined, and hence, elaborated in this paper. For many years ago, foreign products were less visible within the Jordan market. However, as time has flown by, globalization has had a great impact on the economy of many countries due to the facilitation of importing and exporting. Therefore, the market has shifted from local products to concentrating on foreign products (Kalicharan, 2014). Furthermore, as previously mentioned, we should not neglect the psychological
factors that contribute to the concept of the preference of foreign products on the local ones. Buying high-end products may be related to an individual standard of living. We could be convinced of purchasing cheaper products. However, taking a different choice due to an "image" within society. Moreover, any marketer’s behavior and the psychological ways of approaching consumers are also a determinant factor. This could be referred to as the “implicit” and “explicit” ways of approaching consumers. “implicit” is the comparison of products that occurs due to the consumers free well of comparing. On the other hand, the “explicit” comparison is when the marketer intends to compare different products due to the best benefit of the company and not the consumer (Bearden & Etzel, 1982). According to research studies, it has been proven that certain groups are often influenced by fresh perceptions and data that are dissimilar to their expectations. Having said so, it proves the strength of the psychological state of individuals prior to and through purchasing products (Gürhan-Canli & Maheswaran, 2000).

The Jordan market is perceived as a potential market for different foreign exporters and manufacturers, who started exporting their products to Jordan and becoming direct competitors with the Jordanian manufacturers. It has been considered as a threat due to the fact that foreign markets have guaranteed a firm ground within the Jordanian industry and due to the fact of not having sufficient raw materials to even initiate sanitary products industry in Jordan. Therefore, this concedes that the reliance on foreign imports is huge, and the issue only lays within individual’s choice of deciding which foreign product to purchase which takes us back to the main idea of this paper.

Jordan is one of the main industries that is seeing an obvious competition between the local potential brands and foreign brands in the industry. Furthermore, the country reputation can have a huge influence on the products being manufactured in the same country as every country has its own reputation that is reflected back on the products. That is why when a product is made in Italy is certainly thought to be better and of a higher quality. This shows how consumer decision is not influenced by the quality of the product as much as being influenced by its country reputation (Gürhan-Canli & Maheswaran, 2000).

In Jordan, it has been widely known that owners of housing apartments tend to purchase Chinese sanitary products in order to reduce the cost, whereas, owners of villas or separate houses are more likely to purchase Italian sanitary products as to avoid any failures chances in the functionality of the products and continuous repairs. Also, as mentioned previously, they are thought to be more prestigious for such luxurious housings. Therefore, through the surveys conducted within this study, we will be able to determine the factuality of this theory. Moreover, we will be examining the weight of the COO subjected to the consumer’s understanding. Hence, through that, we will be concluding whether price or quality of which of more importance to the consumer. In addition, the survey must conclude a comprehensive understanding of the flexibility of consumers when asked to purchase Italian products that are assembled in China, and how it affects their perception of items. All in all, this paper is an attempt to answer all the issues aforementioned and will be able to better acknowledge the most influential element that impacts the consumers’ perceptions when making a purchase decision to buy a certain product over another.

2. Literature review

2.1 COO

In the past four decades, the impact of a product’s (COO) on buyer’s intentions, awareness, and rating products became one of the most widely studied phenomena in the international business, marketing, and consumer behavior literature. Earlier studies investigated the influence of country of origin confirmed its impact and to understand consumer and purchase attitude (Thompson & Cooper, 1979). Therefore, it demonstrates the need to evaluate this phenomenon within Jordan on products that are of vital importance but of rare resources. Numerous variables have been studied regarding the country of origin studies, and it has been evident that the most popular variables are product quality evaluations and purchase intentions (Batra, Ramaswamy, Alden, Steenkamp, & Ramachander, 2000). These two variables-product quality and purchase intentions are cross-cutting and include all possible variables within the country of origin study. Thus, it is argued that the measures of recognized quality and purchase intentions and that conception related to the product’s quality and purchase motives are all independent of each other. Previous studies examined that COO effect tends to be the most significant factor when consumers come to evaluate products (Bilkey & Nes, 1982; Habes, 2019). Furthermore, certain studies discovered the impact of country of origin seems to be very influential in the case of luxurious products, such as French perfume or Italian fashion (Supanwanij & Amine, 2000). Regarding this, Wall, Liefeld, and Heslop
(1991) stated that luxury items and the "Country of Origin" has a stronger effect than "Price" in terms of product quality assessment. Similarly, Piron (2000) found that the country of origin has a great influence on consumers luxury product purchasing intentions. Although there are different factors that influence the consumer's decision as they do not only rely on COO, thus, rather use a multiple-cue evaluation as pointed out by Peterson and Jolibert (1995).

2.2 COO effect on consumer's perceptions

A customer must not just because of the expenses related to the buy decision live with the results of his or her decision choices. Thus, it is very sensible to anticipate that the shopper should be eager to allot additionally handling exertion in a genuine choice than in a hypothetical circumstance considered in past investigations of COO impact. Additionally, in the genuine customer basic leadership condition, COO as an enlightening sign contends no holds barred with other outward signals and inborn prompts. Subsequently, the general impact of COO on real decision conduct is probably going to be little. Hence, if customers don't utilize COO as a significant educational contribution to the real buy of items, COO is probably not going to impact estimating choices of firms (Chryssochoidis, Krystallis, & Perreas, 2007). Whether one cue or multiple cues, there are a different point of views on how COO affects consumer's product evaluations (Balabanis & Siamagka, 2017).

COO is a cue that makes suggestions about products and their attributes which affects the product evaluation. However, many perceptions indicate that a country's image and reputation may reflect positively or negatively on other products attribute information (Andéhn, Nordin, & Nilsson, 2016). According to a study by Liu and Murphy (2015), when customers are not familiar with the product's intrinsic qualities, they use the country-of-origin cue to evaluate the foreign product. It is important to take into consideration that individuals use their limited knowledge or experience to shape their judgments on foreign products, and thus, leading to stereotyping. It is crucial to acknowledge that these individuals lack knowledge of sanitary products, hence, making the “Country of Origin” their only option for a final purchasing decision. A study by Sameiee, Leonidou, Aykol, Stöttinger, and Christodoulides (2016) has concentrated on consumer product evaluations that occur during the decision-making process when comparing two alternatives or substitutes, where getting any information about the product's characteristics is assumed. As previously mentioned, COO has different measures related to it and one of the measures is being a stereotype for other product characteristics for certain consumers with limited knowledge about it. However, COO can act as an outline to help to reduce the amount of information being processed for consumers who are unfamiliar with the product in making their decision.

2.3 Ethnocentrism

Initially, in 1906 Sumner first introduced the term ethnocentrism in his publications about “folkways”. Authentically, it was a concept that differentiated between “in-groups” and “out-groups”. Thus, further investigates their characteristics and influences on consumer behavior. The term "in-groups" refers to the groupings with which an individual identifies whereas "out-groups" are regarded as antithetical to the "in-group" (Farah & Mehdí, 2017). The emergence of globalization and many political conflicts has led individuals to be biased towards their local economy. Certainly, an individual would mostly be in favor of his/her own domestic economy. However, if certain products (sanitary products in our case) are not manufactured locally, then the individual would ultimately choose the product that is closer to their culture (De Nisco, Napolitano, Mason, & Viglia, 2018). Most consumers tend to have loyalty to their domestic products. As a result, it often leads to neglect other factors such as quality and price when purchasing. Therefore, ethnocentrism makes the purchasing process fully culturally oriented (Riviezzo, de Nisco, & Rosaria Napolitano, 2009) to many foreign products are found and consumed in our daily lives. Therefore, measuring ethnocentrism is possible by Consumer Ethnocentrism Tendency Scale. This instrument is for measuring the ethnocentric influence on the consumers purchase decision. Results will illustrate whether consumers prefer domestic or foreign products. It is a successful predictor of consumer's beliefs, attitudes, purchase intentions, and decisions. "Consumer ethnocentrism" must be considered as an influential factor that is used in understanding consumer purchase behavior (de Moura Engracia Giraldí & Ikeda, 2009). However, in the case of Jordan, considered as a developing country with a relatively small economy, citizens are open to imported hospitality products (sanitary) since these products are not manufactured in Jordan. Thus, ethnocentrism might not be influential on the consumer's purchase decision. However, other products manufactured in other industries that are imported into Jordan and that are considered of better quality than local ones might be more influenced by consumers'
ethnocentrism.

2.4 The relationship between Country of origin and Ethnocentrism

The COO and ethnocentrism affect consumer preferences when purchasing a product, but each one has a different effect whether directly or indirectly. When you look at the elements together of COO and CE (Consumer Ethnocentric), a number of possibilities arise. One can lead the other on influencing consumers to buy products that are related more to their beliefs. However, consumers attitudes might change if COO has a positive relationship with their perception of a country and if they consider the product of better quality (Jiménez & San Martín, 2009). Every consumer has a different perception; some are knowledgeable who process information in a standardized manner which is more resistant to the effects and influence of COO. However, this indicates that knowledgeable consumers can be high ethnocentric in terms of buying products. COO and ethnocentrism can either have a direct influence on consumers’ attitude or an indirect influence with other related factors such as quality, price, although quality and price can automatically modify consumers’ perception towards a product. When consumers process information during product evaluation and purchase intention, they process in two different ways, including automatic and controlled. Automatic processing is effortless and fast and does not include cognitive processing. In contrast, controlled processing is slow with limited capacity that requires conscious attention (Lee & Lee, 2009). The decision-making process is a significant factor for consumers taking the final decision to purchase a product. Gürhan-Canli and Maheswaran (2000) discovered that the COO has many complex interactions with other product features and customer categories such as the same country of origin for many brand type may have different impact on customer buying rules with different socio-economic status may perceive the country of origin differently (Qu, Kim, & Im, 2011). However, if sanitary products are manufactured in Jordan, this aspect would have been taken place in Jordanians minds, but it does not apply for now.

2.5 Country of origin vs. Price

There are many different variables that have been discussed previously in terms of extrinsic cue influencing the consumers purchase decision. One of these cues is price, which has been found to be an interpreter of quality to consumers who have limited knowledge of the product. In addition, consumers usually form a certain scale for organizing products according to price; supposing products that are expensive have better quality and products that are cheaper have lower quality. Perceived price consumers tend to formulate in their mind about a certain product they want to purchase. Hence, actual or real price is unknown consumers might use other product characteristics like brand name, country of origin to come up with their own opinion about the product quality and its price (Ha-Brookshire & Yoon, 2012). This leads consumers to create perceived quality, price, and value which consequently impacts their purchase intention. However, customers who are close to the product or brand and who have past experience with the product are better in evaluating the product quality and value.

"Price-quality" perception is a personal or subjective expectation" (Chang & Walter, 2015). Every consumer that is going to purchase a product perceives quality differently as well as price. As price and quality can be considered to be variables that influence the consumer’s decision when making a purchase. Bornemann and Homburg (2011) confirmed that price important in two sides Price-Quality and Price-Sacrifice Price Quality; it is when it has a favorable action leading the customers to purchase the high-priced brand for the price sacrifice which is the negative influence leading the consumer to buy cheaper brands. This price-quality relationship differs from one consumer to another. To overcome this issue when purchasing a product, consumers take a look at the competitive advantage and tend to take their final decision (Agrawal & Kamakura, 1999). In Jordan, many of the consumers who purchase sanitary products might not have sufficient knowledge about the product or the brand but once they recognize the COO, their final decision might change, in addition to the two factors; price and quality. Meanwhile, sanitary products are considered to be high involvement products, this indicates high cognitive thoughts into taking the final decision, and thus, prices differ from Italian to Chinese. Some consumers are price sensitive which also integrates with the decision-making process. However, regarding our research studying the COO influence on consumer's conception, our assumptions are whether COO has a positive or negative influence on Jordanian consumers. We explain more fully later when we report our results.
3. Hypotheses

Based on the literature review, Nagashima (1970) stated that the COO influence on the consumer can be any alignment that this specific individual do-over as a result of the manufacturing country. Wong, Garma, and Polonsky (2007) also stated that COO has been considered to be an important element that effect on customer decision (Alghizzawi, Ghani, et al., 2018). In addition, it influences the consumer’s perception about the product quality. To test this relationship in the Jordanian market, we hypothesis:

**HO:** COO does not have an important influence on Jordanian customers.

The measures of recognized quality and purchase intentions and the conceptions related to the product’s quality and purchase motives are all independent of each other. Various inferences on products are made by consumers regarding the worth of output data indications as a quality finger (Elliott & Cameron, 1994). Thus, researching about product quality and COO and their influence on consumers when making a purchase decision to be tested in the Jordan market (Alghizzawi, Salloum, & Habes, 2018) we hypothesize:

**HO2:** Product quality is not as important as the COO to the Jordanian consumers.

Price found out to be an interpreter of quality to consumers who have limited knowledge of the product. Studies found that customers care about the price as a predictor of goodness (Ha-Brookshire & Yoon, 2012). Sometimes consumers perceive that products with great price mean great goodness and vice versa. Many researches stated that price is one of the variables that indicate quality. To test this in the Jordan market, we hypothesize:

**HO3:** Price is a stronger influencer on Jordanian consumers than the country of origin.

3 Methodology

3.1 Target Population and Unit of Analysis (UOA)

This section will clear up the planning that was used for all data. In this research paper, a quantitative method has been used for data collection. This method is very popular in various studies conducted in the past (Alshurideh, Salloum, Al Kurdi, & Al-Emran, 2019; Salloum & Al-Emran, 2018; Salloum, Al-Emran, Khalaf, Habes, & Shaalan, 2019; Salloum, Maqableh, Mhamdi, Al Kurdi, & Shaalan, 2018; Salloum, Mhamdi, Al Kurdi, & Shaalan, 2018; Salloum & Shaalan, 2018). Questionnaires were distributed to different individuals with a set of questions which includes seven multiple-choice questions that cover a set of topics needed to conclude the results and findings. Questionnaires provide more reliable results (Al-Emran, Mezhuyev, & Kamaludin, 2018). In order to get valid results, through this quantitative research, the results have included direct and short answers from individuals (Habes, Alghizzawi, Salloum, & Ahmad, 2018; Salloum et al., 2019). Nevertheless, any other qualitative research method has been utilized such as focus groups or interviews would have been difficult in this research. The sample has been selected from the Jordan market, and the targeted was Jordanian males and females’ groups aged 25 and above who potentially owns a house. The data were analyzed using the analysis tool provided by Survey Monkey. A total of 100 surveys were filled up by the targeted population.

3.2 Instrument

For this exploration study, optional information was gathered through a literature survey for the material found on the web, in scholastic books and diaries. The used questionnaire was built on a literature review (Alghizzawi, 2019; Salloum & Shaalan, 2018). The poll had two fundamental areas. The main segment was intended to gather socioeconomic; the subsequent segment was intended to gather information about the client’s observation dependent on a nation of a starting point, cost, and quality. The poll was intended to fit in one page as an endeavor to make it less tedious for the individual filling the survey. In the meantime, it covers the planned fields.

This section provides the demographic data of respondents. The results appear as follows in Figures 1, 2, and 3. It can be seen that 41.4% of the total sample was males and (58.59%) were females and (40.4%) of the respondents’ age between 18 to 29 years old. (78.79%) owns a house or an apartment.
Figure 1. The gender of the respondents.

Figure 2. Age groups.

Figure 3. Own a house or housing apartment.
4. Results and Discussion

4.1 Results

4.1.1 Country of origin effect

The majority of the sample considers the country of origin when making their purchase decision of sanitary products, where 42.2% of the sample answered "Yes" to the question and 20.2% of the sample answered "No". The result also shows that some participants were not fully aware of the COO impact in their resolutions.

![Figure 4. Country of origin effect.](image)

4.1.2 Price and quality

The result shows that price and quality are important factors for consumers when making their decision regarding purchasing sanitary products. Participants of (24.24%) think that quality is the only important factor that influences their decision when purchasing sanitary products. On the other hand, participants of (12.12%) think that price is an important factor that influences their decision when purchasing sanitary products. However, participants of (63.64%), which are the majority of the sample, think that both factors (price and quality) are important when making their decision pertaining to purchasing sanitary products.
4.1.3 Quality of the Italian vs. Chinese product

The majority of the sample (81.63%) thinks that the Italian sanitary products are of better quality than the Chinese sanitary products. On the other hand, (18.37%) of the sample thinks that the Chinese sample is of better quality than the Italian sanitary products.
4.1.4 The effect of COO vs. country of assembly

The majority of the sample (67.35%) thinks that the country of assembly does not influence their resolutions regarding purchasing a product.

![Graph](image)

**Figure 7.** The effect of country of origin vs. country of assembly.

4.1.5 Country of origin and price

The majority of the sample thinks that COO has powerful effects on their purchase decision of sanitary products than price.

![Graph](image)

**Figure 8.** COO and price.
4.2 Discussion

This paper studies three hypotheses H01, H02, H03. Starting with Hypothesis 1, it was related to the COO effect as a significant variable influencing consumers’ decision-making process as it makes suggestions about product attributes which affects product evaluation along with alternatives. Hypothesis 1, country of origin is not an influencing factor on Jordanian consumers as the results pointed out that COO has a significant influence on Jordanian consumers when purchasing sanitary products as it was not a surprising result since it is mentioned in the literature review. According to the majority answers, they do take into consideration the country of origin before purchasing a product. Although some of the participants were not sure if they are influenced by the country of origin as it depends on the real-life situation when purchasing sanitary products. Whether one indication or multiple indications, there is a different point of views on how COO affects consumer’s product evaluations (Johansson, 1989). Pointing out that Jordanian consumers are aware of the aspect of the country of origin and they are aware that it differs from one product to another in terms of quality and price. Even though, they would prefer to support local sanitary products but unfortunately, Jordan does not have the raw material to manufacture sanitary products. Therefore, Ethnocentrism in the Jordan market when purchasing sanitary products is not an option to consider although Jordanians are willing to support local products to improve the domestic economy and local businesses.

Looking at hypothesis 2, stating that product quality is not as important as country of origin. According to the Jordanian consumers, the results found out that there is a relationship between country of origin and product quality. The majority of the participants answered that Italian products have better quality in terms of name, experience, durability, and reliability than the Chinese ones. Assuming that consumers firstly place the country of origin and then predicts whether sanitary products have high or low quality accordingly. Sanitary products are difficult to keep repairing from time to time because the good quality ones are expensive (Italian). That is why participants preferred the Italian products over the Chinese because of its high quality and its durability that lasts for a long period of time. Also, this was related to the fact that customers judge the product quality based on different information (Ahmed, Johnson, Pei Ling, Wai Fang, & Kah Hui, 2002). As Jordanians have a decision-making process concerning many factors other than the country of origin like any other consumer such as family, cultural pride, price. This leads the consumers to rethink about purchasing a new product that which they have limited information about. Many Jordanian consumers might go and purchase a new brand of sanitary products that they are not familiar with. These consumers will not be affected by country of origin as much as consumers who have knowledge and familiarity with the product. As it was stated by Lee and Lee (2009) in the literature review that “clients with rise product information are less likely to be influenced by COO cues than those with lower product information”. The test results have also shown that participants answered according to the country of origin that interprets them to provide responses in relation to what they perceive about its quality.

Moving on to hypothesis 3, which is about price is a stronger influencer on Jordanian consumers than the country of origin. The results are shown according to participants who answered the survey that they consider the opposite of the hypothesis as the price to them is not a significant factor when it comes head to head with the country of origin. No matter how expensive or cheap the product is, they will stick with the product that has better quality and known for its reputation and reliability. Several previous studies have confirmed that price plays a key role in commodity quality assessment (Ha-Brookshire & Yoon, 2012). As Italian is known for its high prices, they will still buy Italian sanitary products as it has been the case in the market for a long time now. Thus, price according to the perceived responses is not important as long as the product meets their needs, then they are satisfied. Adding on, the responses showed that they are not price sensitive when purchasing sanitary products. In fact, they are willing to pay for an expensive product to get the exact product they are looking for. In relation to literature review (Ha-Brookshire & Yoon, 2012), it is mentioned that consumers perceive price in their own mind about a certain product that they are willing to purchase based on certain characteristics such as brand name and COO. According to the survey, participants perceived the Italian product unconsciously to be of better quality even if it is expensive without actually going through evaluating the product.
5. Conclusion

In conclusion, and based on the findings of this study, COO does have an influence and affects Jordanian consumers’ decision when making a purchase pertaining to sanitary products. These results make it important to take the following into consideration. This field of the industry (the sanitary products) is still to be considered as an unexplored field and more research is important and recommended in order to understand it more. On the other hand, retailers who sell sanitary products in the Jordan market should focus more on the COO factor more than the country of assembly factor because there is a possibility for retailers to buy the cheaper assembled products and resell them with a higher profit margin.

There are also some limitations faced while conducting this research. The survey targeted only 100 participants based in Amman; the capital of Jordan and could not reach out for other provinces of Jordan. Thus, in the future, other population in the governorates can be included in such a study.

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