The Factors Influencing Foreign Brands Intention Purchase Compared to Domestic Brands (Samsung & Snowa Household Appliances in Kermanshah City, Iran)

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ABSTRACT

Today, considering the considerable impact of consumers' purchase intention on brand owners, sellers, and also on social studies, a variety of studies have been conducted in this important area. The present study aims to identify the factors influencing purchase intention. The impact of the variables including country-of-origin, country of manufacture, and country of parts evaluated through perception of quality of Samsung and Snowa consumers. Also, the difference between these two brands is studied. The present study is applied in terms of objective and it is descriptive-survey in terms of methodology. The study statistical community is composed of Samsung and Snowa household appliances customers in Kermanshah city, Iran. The statistical sample is determined by taking advantage of Cochran's formula and simple random classification method by a sample size of 123 and 109 for Snowa and Samsung brand, respectively. By using a self-administered questionnaire, data was gathered thorough customers. Data was collected by using SPSS and AMOS software and through correlation coefficient test, structural equations test and path analysis. The findings indicate that the original country of brand plays significant roles in purchase intention, and as people has a better attitude of foreign countries the manufacturing country of Snowa components significantly affects customers purchase intentions. Finally, considering the model's suitability criteria, the suitability of the model is assumed.

INTRODUCTION

Globalization has increased the opportunities for companies to distribute their goods to consumers all over the world. At the same time, consumers are able to choose from a broad range of products and services in almost any category. International product adaptation makes it difficult to differentiate between goods and consumers find it more complicated and costly to obtain additional information on the quality of foreign products and on the behavior of foreign firms. This might lead consumers to reject foreign products because they are not sufficiently familiar with the foreign products and firms or they need more information to reduce uncertainty. Country-of-origin can act as a mechanism that smoothes progress when deciding between products and firms from different countries [20]. Purchase intention is a fundamental issue in marketing research and studies and has many applications to applied studies and also overs a broad range of products and services [6]. Some studies have shown that today's globalization has become a necessity that has transferred some of its operation to other countries in order to seek more cost and specialty [2].

As behavioral intentions predict real behaviors, marketers and researchers consider it as a critical issue. Following 1960s, studies indicated that the country of origin can affect customer attitude and foreign products purchase intention. Marketing science attempts to affect customer's behavior. Such attempts influence firms, customers and society, as well. Entire society will be considered as consumers or customers at a certain time. Therefore, it is necessary to recognize and understand customer's behavior. Some researchers proposed to use “country of manufacture,” “country of design,” “brand origin” country instead of the traditional country of origin concept. Brand origin country refers to the country with which consumers associate the brand. For example,
when mentioning Coca-Cola, McDonald, and Kodak, most consumers will view them as American brands [4] Country of origin that is usually abbreviated by “COO” is refers to the country that manufactures, designs or assembles a product or brand that is associated with 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 [10]. Even regarding valid universal brands, customers’ perception of quality and their purchase decisions not only is affected by brand but also the place where product is manufactured and assembled [19]. Another recent study investigates the customers’ purchase preferences under the influence of the original country of origin brand, country of manufactureand the country of parts [3]. Brand origin country can influence consumer’s product quality perception and purchase intention. A good brand origin country image will lead to better product quality perception and stronger purchase intention [4].

The perception of manufacturing country of a certain product in conducting perception of product characteristics such as product quality is influential, and evaluations of customers are more influenced by the impact of the perception of manufacturing country’s product rather than the quality of product. In addition, the country of origin is regarded as the first and best guide for customers [11].

Research literature:
Country of origin:
Country of origin and its significance in insurance companies nowadays, the original country of product is a concept which is extensively studied in the area of marketing, international business and customer behavior analysis. Generally, the original country of brand influences product evaluation and purchase intention [23]. Proper information in a country provides customer positive attitude and consequently positive perceptions and purchase intention. In study The Bhakar considers country of origin as the best sign of product and evaluation and purchase intention. The scales of country-of-origin image are measured on eight stamens modified from Martin and Eroglu. The following indicators include: Overall Impression, Economically Development, Democratic System, and Standards of Living, Industrialization, Production of High-quality Products, Technological Research, and Literacy Rates [12].

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 [13].

Country of manufacture:
Country of origin brand, the country that the brand is originally from and usually where the headquarters is located, although manufacturing the country mainly includes country of parts, country of assembly and country of design [22]. The Jian & Guoquin [4] considers manufacturing country and country of origin as the best sign of product quality evaluation and purchase intention. On the other hand country of manufacture reflects a country’s economic or technological development level, and it may signal a country’s manufacturing expertise and abilities and it plays significant roles in evaluation of product quality. While evaluating a product, consumers pay special attention to manufacturing brand [4]. Considering the complexity of the global supply chain and the influx of hybrid or multinational products, the single-country COO display may not be ideal to represent true COO and, thus, consumers may have insufficient COO information when making purchase decisions for domestically produced or made products [1]. To help this problem, researchers in the marketing literature have claimed that businesses must clarify country of design (COD), country of parts (COP), and country of manufacturing (COM) [1]. Saeed indicates that country of manufacture (COM) represents the last location. Country of manufacturing or assembling one product [15].

Country of parts:
This phenomenon helps manufacturing and providing components from other countries. For example, General Motors automobiles are designed in Italy, motor and its components are manufactured in Japan and assembled in Mexico [5]. Such multinational productions could be seen not only in automobile sector but also in many electrical appliances such as television and computer [9].

COP affect consumers’ quality evaluations for sound system equipment. Most of the previous studies focused on household products, such as televisions, automobile, and sound systems, that typically require an extensive information search and consumer involvement in purchasing [3]. The [3] considers country of
manufacturing, country of origin and country of parts as the best sign of product quality evaluation and purchase intention.

Perceived quality:
Quality is the ability of a product to satisfy a consumer's needs and requirements. Perceived quality can be defined as the perception of a consumer about the overall excellence and superiority of a brand, which is directly related to his satisfaction. Quality is the best indicator of the product's durability, reliability, precision, and other valued attributes. The high quality perception often depends on consumers' distinct liking and beliefs toward the brand. Thus, a brand may contain quality attributes but it may not satisfy consumers' preference if it does not fit with their perceptions and beliefs of high quality. Typically, consumers recognize the quality levels of different brands through categorical information as well as experience with the brand and they form positive or negative perceptions about the quality of a specific brand. When consumers are convinced with quality of a brand, they evaluate a brand positively. For a brand, different consumers hold different perception vis-à-vis brand quality. A brand might be coded as "high quality" by some consumers, and "medium quality" or "low quality" by others [14].

Purchase intention:
Marketing researchers' interest in purchase intention results from relationship with purchase behavior. Purchase intentions data help predicting products and services, marketing decisions on product demand, market segmentation and advertising strategies [21].

The purchase intention is measured on two items as “I would like to purchase this product” and “I would recommend others to purchase this product” [7]. Social psychology suggests that intentions should be the best predictor of individual behavior, because purchase intentions reflect the consumer's own expression of purchase probability, independently of other relevant factors that could affect consumer behavior and decisions. Researchers have largely employed this variable as an antecedent of behavior because it simplifies the measurement of behavior, especially if we bear in mind the difficulties of observing the real purchasing process of each person [20].

The study conceptual framework:
In the present study, the impact of the variables including country of origin, country of manufacture, and country of parts evaluated are evaluated through perceived quality on customers' purchase intention for purchasing Samsung and Snowa in Kermanshah city, Iran. Therefore, based on the above, the present study mainly attempts to investigate the relationship between variables, conceptual model analysis and hypotheses testing.

The Research hypothesizes:
Therefore, the following hypotheses are considered for the present study:
1) There is a significant relationship between country of origin and purchase intention of foreign product
2) There is a significant relationship between country of manufacture and purchase intention of foreign product
3) There is a significant relationship between country of parts and purchase intention of foreign product
4) There is a significant relationship between country of parts and perceived quality of foreign product
5) There is a significant relationship between perceived quality and purchase intention of foreign product
6) There is a significant relationship between country of origin and purchase intention of domestic product

Fig. 1: Research conceptual model.
7) There is a significant relationship between country of manufacture and purchase intention of domestic product
8) There is a significant relationship between country of parts and purchase intention of domestic product
9) There is a significant relationship between country of parts and perceived quality of domestic product
10) There is a significant relationship between perceived quality and purchase intention of domestic product

MATERIALS AND METHODS

The study is applied in terms of objective and it is descriptive-survey in terms of data collection. To test the study hypotheses, correlation coefficient, regression and path analysis using AMOS software are used. To test the suitability of the model, the amounts of indices such as (NFI), (CFI), (RFI), (IFI) and RMSEA are used. In this study, the main instrument to gather data is questionnaire, which one is related to Samsung household appliances customers and another is related to Snowa household appliances customers.

The measurement scale of Likert questionnaire is composed of five items. To study the reliability of the questionnaires, a sample of 30 the questionnaires was tested and then Cronbakh's alpha coefficient for each questionnaire was calculated, which for Samsung customer was 0.818 and for Snowa brand was 0.851, indicating the reliability of the samples. The study statistical community is composed of all Samsung consumers and all Snowa consumers in Kermanshah city, Iran. Based on Cochran formula and by using a simple sampling method, the sample size of Samsung customers is 123 and that of Snowa customers is 109.

Data analysis:

To analyze data, correlation coefficient is used. If significance level is less than 0.05, it could be said that there is a positive and significant relationship between variables. The results of the hypothesis 1 in the Table indicate that the correlation coefficient between two variables namely the original country of Samsung brand and its purchase intention at the significance level of 0.00 is 0.225. This indicates that there is a positive and significant relationship between two variables. But the correlation coefficient between the original country of Snowa brand and its purchase intention at the significance level 0.82 is 0.483 indicating that there is no significant relationship between two variables, i.e. the reason for purchasing Snowa products is something other than the original country of brand. There is significant and positive relationship between purchase intention and manufacturing country of components and also the manufacturing country of both brands, taking into account their positive and significant correlation coefficient. Therefore, the results are shown in Table 1.

Results:

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Research hypotheses text</th>
<th>Sig</th>
<th>Correlation coefficient</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis 1</td>
<td>There is a significant relation between country of origin and purchase intention</td>
<td>0.000</td>
<td>0.225</td>
<td>Not Rejected</td>
</tr>
<tr>
<td>Hypothesis 2</td>
<td>There is a significant relationship between made-in country and purchase intention</td>
<td>0.007</td>
<td>0.242</td>
<td>Not Rejected</td>
</tr>
<tr>
<td>Hypothesis 3</td>
<td>There is a significant relationship between country of parts and purchase intention</td>
<td>0.000</td>
<td>0.35</td>
<td>Not Rejected</td>
</tr>
<tr>
<td>Hypothesis 4</td>
<td>There is a significant relationship between country of parts and perceived quality</td>
<td>0.000</td>
<td>0.408</td>
<td>Not Rejected</td>
</tr>
<tr>
<td>Hypothesis 5</td>
<td>There is a significant relationship between perceived quality and purchase intention</td>
<td>0.000</td>
<td>0.616</td>
<td>Not Rejected</td>
</tr>
<tr>
<td>Hypothesis 6</td>
<td>There is a significant relation between country of origin and purchase intention</td>
<td>0.820</td>
<td>0.483</td>
<td>Rejected</td>
</tr>
<tr>
<td>Hypothesis 7</td>
<td>There is a significant relationship between made-in country and purchase intention</td>
<td>0.000</td>
<td>0.948</td>
<td>Not Rejected</td>
</tr>
<tr>
<td>Hypothesis 8</td>
<td>There is a significant relationship between country of parts and purchase intention</td>
<td>0.000</td>
<td>0.632</td>
<td>Not Rejected</td>
</tr>
<tr>
<td>Hypothesis 9</td>
<td>There is a significant relationship between country of parts and perceived quality</td>
<td>0.000</td>
<td>0.209</td>
<td>Not Rejected</td>
</tr>
<tr>
<td>Hypothesis 10</td>
<td>There is a significant relationship between perceived quality and purchase intention</td>
<td>0.024</td>
<td>0.216</td>
<td>Not Rejected</td>
</tr>
</tbody>
</table>

Analysis of original model course and general fitness of research model:

The present model mainly attempts to investigate simultaneously the relationship between independent and dependent variables. The variables of brand original country, manufacturing country and components' manufacturing are regarded as independent ones. The perceived quality variable has the same role as dependent and independent variable, i.e. it is dependent upon independent variables, and it is independent with regard to
the purchase intention as a dependent variable. Therefore, the used regression model and desired model is as follows:

Based on the model of sumung, it could be concluded that the original country of origin of sumung products with regression coefficient 0.2 influences the purchase intention. Perceived quality with regression coefficient 0.69 influences the purchase intention.

To investigate properly the model, model suitability criteria are used, as they are seen in Table 2. In this table, whatever the variables NFI, RFI, IFI and CFI are closer to one, better results will be achieved RMSEA = 0.056 indicates the suitability of the fitness model.

Table 2: Measure of final model fitness.

<table>
<thead>
<tr>
<th>NFI</th>
<th>RFI</th>
<th>IFI</th>
<th>CFI</th>
<th>RMSEA</th>
<th>$\chi^2$/df</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.918</td>
<td>0.854</td>
<td>0.924</td>
<td>0.87</td>
<td>0.056</td>
<td>2.57</td>
</tr>
</tbody>
</table>

Based on the model snowa, it could be concluded that the country of origin of snowa products with negative coefficient 0.02 influences the purchase intention. Country of parts with regression coefficient 0.20 influences the purchase intention and with regression coefficient 0.23 influences the purchase intention.

To investigate properly the model, model suitability criteria are used, as they are seen in Table 3. In this table, whatever the variables NFI, RFI, IFI and CFI are closer to one, better results will be achieved RMSEA = 0.052 indicates the suitability of the fitness model.
Table 3: Measure of final model fitness.

<table>
<thead>
<tr>
<th>NFI</th>
<th>RFI</th>
<th>IFI</th>
<th>CFI</th>
<th>RMSEA</th>
<th>( \chi^2/df )</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.960</td>
<td>0.899</td>
<td>0.92</td>
<td>0.84</td>
<td>0.052</td>
<td>2.7</td>
</tr>
</tbody>
</table>

**Conclusion:**

Considering the results obtained from the hypotheses, it could be said that there is a positive and significant relationship between the original country of Samsung brand (Korea) and purchase intention, people think positively of the Korean products as a foreign country. However, as there is no significant relationship the products of Snowa brand and purchase intention, the main reason for purchasing Snowa products is something other than the original country of the brand (Iran). The main country of brand can play significant roles because it can motivate customers to purchase. As there is a positive and direct relationship between manufacturing country of components of Snowa products and purchase intention quality perceptions, it could be said that Korean components of Snowa products (which the original country of its brand is Iran) play significant roles in purchase intention and perception of the quality of such products. The perceptions of quality for both brands are a main reason for purchase intention of both brands. Sinrungtam [16] study on the impacts of the country of origin on the evaluation of product quality and purchase intention achieved similar results. Ha-Brookshire [3] in their study on the significance of the country of components and country of origin achieved similar results. The significance of the impact of manufacturing country of parts on the performance of purchase is supported in Ha-Brookshire [3] study and The Wong et al. [24] considers manufacturing country of parts as the best sign of product quality evaluation and purchase intention. In a study by Ulgado et al. [22] and Jian & Guoqun [4] on the impact country of manufacture on quality perceptions and purchase intention, similar results have been obtained. The study results could provide marketers, brand owners and factories, household appliances manufacturers, sellers, etc. with good and applicable suggestions. International marketers can utilize the conceptual model of this study to study the purchase motivations of customers in other countries with the same economic level and in the same area of industry. When officials in authority provide customer with a positive image, the customer has an ideal view of the quality and function of commodity produced at than country and is more willing to purchase. As there is no significant relationship between the original country of Snowa Brand and purchase intention, the purchase of such brand is certainly associated with other reasons. The manufacturing country of Snowa components plays the significant role in the purchase of its products.

**REFERENCES**


