CUSTOMER PERCEPTION OF FOREIGN PRODUCTS: AN ANALYSIS OF COUNTRY OF ORIGIN EFFECT IN ALBANIAN MARKET

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Abstract

The Country-Of-Origin (COO) effect is among most important parts in international marketing field. Even though the impacts of COO on the consumer behavior have been studied for last decades, its impacts are still among scholars' interest fields. Albania is a particular instance to examine this topic in order to see current situation after the communism term.

The main objective of this research is to examine the country-of-origin effect of Albanian consumers' on product preferences, reactions, and willingness to buy or not in Albanian market. We would see the consumers' approaches to local and import products. Furthermore this research will provide with an idea about the countries whose products are the most preferred and respected in the Albanian market. On the other hand, it will also show the opinion of Albanian consumers' approach toward their own local products. We will adapt ethnocentrism scale (CETSCALE), developed in USA and applied in some western countries to conduct the survey and measure consumer attitudes.

KeyWords: *Country of Origin (COO), Customer Perception, COO effect*

Introduction

Over the past several decades, the effect of a product's country of origin on buyer perception and evaluation has been one of the most widely studied phenomena in international business, marketing and consumer behavior (Berentzen at.all, 2008, Kaynak and Kara, 2002). Since article of Schooler 'Product Bias in Central American Comman Market' in 1965 several hundred studies have been made on that field (Tigli et all, 2010, Biswas et all, 2011). Table I shows some of recent studies that have been done for consumer attitudes towards different product and country of origin perceptions.

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The Country-of-Origin of product gives lots of different ideas to customers regarding the product. Also it remands that origin country's economy, lifestyle, and products' quality perception. In today's market structure COO provides unique competition advantage to global firms. Positive COO Effect makes customers prefer global companies' products rather than domestic products.

Study	Country	Findings
Dikčius, Stankevičienė (2010)	Lithuania	Perception of country of origin among Lithuanians and emigrants from Lithuania
Jason Ryan (2008)	Finland	The Finnish country-of-origin effect: The quest to create a distinctive identity in a crowded and competitive international marketplace
Ponnam Abhilash Subhadip Roy (2009)	India	Indian Consumers' Perception of Country of Origin on Organizational Capabilities
H Kabir Kohinoor Biswas MKH Chowdhury (2011)	Bangladesh	Effects of Price and Country of Origin on Consumer Product Quality Perceptions: An Empirical Study in Bangladesh
Ken Chinen Yang Sun (2011)	U.S , China	Effects of Country-of-Origin on Buying Behavior:A Study of the Attitudes of United States Consumers to Chinese-brand Automobiles
E. M. Rodriguez, B. Lupin and M. V. Lacaze (2011)	Argentina	Consumers' Perceptions about Food Quality Attributes and Their Incidence in Argentinean Organic Choices
Erdener Kaynak Ali Kara (2002)	Turkey	Consumer perceptions on foreign products: An analysis on product-country images and ethnocentrism

Table 1: Adapted from Kaynak and Kara (2002)

Over the last 17 years, Albania has experienced remarkable political, social and economic development in the transition from a closed, centralized economy to an open-market economy. The transformation process occurred during a period of economic and political unrest and led to social and demographic changes accompanied by large flows of people within and out of the country (Doka, 2005:24). Lots of Albanian people immigrated mostly to Italy and Greece. That case is also understandable from the country's trade reports. Trade with Italy and Greece continues to represent the largest share of EU trade, with a combined 41.1% of imports and 58.3% of exports in 2011. On the other hand, Turkey, China, and Germany are among other major trading partners. In the same year Albania totally, exported close to $2 billion and imported $5.39 billion; exports averaged 15% of GDP and imports 41% of GDP (www.state.gov).

Therefore, this study is designed to examine the COO perception and evaluation of consumers and the growing of consumer market in Albania have attracted a great attention of international companies since the transformation towards free-market economy.

Literature Review

COO is defined as the "country where the corporate headquarters of the company marketing the product or brand is located" (Johansson et al.1985). COO is a multi-dimensional construct that causes a wide range of well-known responses (Lim and Darley, 1997). These cognitive responses can be separated into two discrete components (Han and Terpstra, 1988): The first one is informational: COO provides cues to consumers regarding the quality, dependability, and value for money of the product, when more specific information is not readily available. The other component tells about that COO effect relates directly to one's group affiliations, national loyalty, and reinforces one's sense of national identity. Consumers' perceptions of the ongoing risk with the perception of quality and value for money are too much important because they affect the consumers' choice of product. Country image is also efficient factor on consumer decisions. Nagashima (1970) first defined the term country image as "the picture, the reputation, and the stereotype that businessmen and consumers attach to products of a specific country."

According to Hong and Wyer (1989), when consumers are presented with the COO cue and other cues such as price and brand, the effects of COO can be observed in two ways: the halo effect and the summary construct. If consumers are not familiar with the products of a country, the country image acts as a "halo" that directly affects consumers' beliefs about these products. In contrast, when consumers are familiar with a country's products, a summary construct model operates in which consumers infer a country's image from its product information. Moreover, Papadopoulos and Heslop (1993) point out that, country's image influences a consumer's purchase decision. Especially, when the country of manufacturing

image appears negative, a consumer might have a negative image of that country's product. Therefore, the country-of-origin image plays a very important role when a consumer makes a purchase decision.

According to Cordell (1993), has considered COO as a risk property; consumers may experience more risk in purchasing products from countries with a poor image or they may choose just to purchase product in a country with a better image. The stream of research on COO has largely originated from the work of Schooler (1965). There are three types of studies on COO: (1) studies dealing with consumers' perceptions about various countries; (2) studies examining the impact of country image on consumers' product evaluations and purchases; and, (3) studies investigating partitioned COO on consumers' product evaluations (Chowdhury and Ahmed, 2009). In this study we tried to find out the effect of type 1 in Albanian market and view of Albanian people's their own country's products. We used ethnocentrism scale to measure Albanian people's approach to their country's domestic products.

Coo Effect on Purchase Intention and Consumer Ethnocentrism

In a real purchasing situation, consumers are likely to have additional information and access to other cues such as the actual physical product, brand name, price, warranty, etc. in such a situation, the impact of any one single cue such as COO may diminish significantly. Verlegh and Steenkamp (1999) also report a significant decrease in the effect of COO in multiple cue studies compared to single cue studies. Thus, the quantitative reviews of the empirical results of previous studies clearly show that COO's effect reduces significantly in the presence of other cues. COO plays an important role in product evaluation, the effect tends to become weaker as one moves from perception of product quality to attitude formation and to behavioral intention.

Sumner (1906) defined ethnocentrism as "the technical name for this view of things in which one's own group is the center of everything, and all others are scaled and rated with reference to it" (Neuliep and McCroskey, 1997). According to Kaynak and Kara (2002) "consumer ethnocentrism proposes that nationalistic emotions affect attitudes about products and purchase intentions and ultimate purchases. In particular, consumer ethnocentrism implies that purchasing imported products is wrong, not only because it is unpatriotic, but also because it is harmful to the economy and results in loss of jobs in industries threatened by imports. Contrast to that idea Wang and Chen (2004) mention that consumers from a developed country tend to appreciate more favorably domestic products over imported ones, whereas the reverse has been observed in developing countries, where consumers perceive foreign products as superior compared to their domestic counterparts.

Consumer ethnocentrism is expected to co-vary with age, gender, educational level, and income and these demographic characteristics are not conceptually independent

of the socio-psychological constructs (Sharma et al, 1995). Moreover, the impact of consumer ethnocentrism depends on the level of development of the consumers' home country. According to Balabanis and Diamantopoulos (2004) consumer ethnocentrism is sometimes negatively related to preferences for foreign products, yet it is mostly unrelated, leading to the conclusion that, overall, consumer ethnocentrism is a more consistent predictor of preferences for domestic products rather than for foreign products. Consumer-ethnocentric tendency is an important individual-level construct and holds valuable implications for a better understanding of COO dynamics.

Methodology

In this study we tried to find out Albanian consumers' perceptions about various countries and the view of them to their country's domestic products. Face-to-face survey method was used for data collection. All data collected in Tirana that is capital and biggest city of Albania. 177 participants' questionnaires were accepted for analyzing, 6 participants' questionnaires were eliminated. There were no restrictions of responders' educational, income and age levels.

Firstly, we had asked ethnocentrism scale questions to participants, the scale is used for lots of different studies (Kaynak and Kara, 2002, Balabanis and Diamantopoulos, 2004, Sharma et al, 1995, Herche, 1990). Secondly, we tried to measure Albanian consumers' perceptions about various countries. For this part we adapted Kaynak and Kara's (2002) study's questions. Totally we asked to participants 38 questions. 17 of them were about ethnocentrism questions, 16 of them were about Albanian consumers' perception about various countries image and 5 were about demographic questions. To analyze the data we used SPSS 18.0 statistic program.

Data Analyses and Discussions

The results of data sample characteristics are shown in table 2.

Table 2. Sample Characteristics

Sample Characteristics %	%	
Gender: Male; 79	44.6	**Marital Status:**
Female; 98 44.6	55.4	Single; 79
		Married; 43
24.3		
Age: 18 or younger; 24 13.6 10.7		Married 1 child; 19

19-30; 86	48.6	Married 2 children; 15	8.5
31-40; 34	19.2	Married 3 children or more; 21	11.9
41-50; 14	7.9		
51 and older; 19	10.7		
Education:		**Mounty Income**	
Less than high school; 38	21.5	50.000 Leke or less; 116	65.5
High school&College; 65	36.7	50.001-100.000 Leke; 44	24.9
Bachelor; 56	31.6	100.001-200.000 Leke; 12	6.8
Post Graduated; 18	10.2	200.001 Leke or more; 5	2.8

Reliability analyzes of the whole data conducted by Cronbach α method obtained a 0.943 result. Table 3 shows reliability and means of the CETSCALE items.

Table 3. The CETSCALE Reliability and Mean Results

Number	QUESTIONS	Reliability *	Mean **
1	Albanian people should always buy Albanian product instead of	0.938	2.73
2	Only those product that are unavailable in Albania should be	0.940	3.28
3	Buy Albanian product. Keep Albania working.	0.940	3.43
4	Albanian product first, last and foremost.	0.938	3.10
5	Purchasing foreign-made product is un-Albanian	0.939	2.97
6	It is not right to purchase foreign products, because it puts Albanian	0.940	2.98
7	A real Albanian should always buy Albanian products.	0.940	2.86
8	We should purchase products manufactured in Albania instead of	0.941	3.25
9	It is always best to purchase Albanian products.	0.938	2.97
10	There should be very little trading or purchasing of goods from other	0.938	3.08
11	Albania should not buy foreign products, because this hurts	0.938	2.71
12	Curbs should be put on all imports.	0.940	2.55
13	It may cost me in the long run but I prefer to support Albanian	0.943	3.40
14	Foreigners should not be allowed to put their products in our market.	0.940	2.60
15	Foreign products should be taxed heavily to reduce their entry into	0.938	2.46
16	We should buy more foreign countries only those products that we	0.940	3.31
17	Albanian consumers who purchase products made in other countries are responsible for putting their fellow Albanian out of the work	0.938	2.49

*Cronbach Alpha results (Alpha if item deleted)
**Mean values of items, respond format is five-point Likert type scale.

Also we examined meaningful relations between first question of CETSCALE, that is 'Albanian people should always buy Albanian product instead of import', and demographic characteristic thorough one way ANOVA method. We found out a meaningful relationship between 'preferring local products' and demographic variables. We can write the hypotheses on 'preferring local products' and related variables, as follows;

H1: There is a significant relationship between 'preferring local products' and education level
H2: There is a significant relationship between 'preferring local products' and age
H3: There is a significant relationship between 'preferring local products' and income level
H4: There is a significant relationship between 'preferring local products' and marital status
H5: There is a significant relationship between 'preferring local products' and gender

Table 4. Hypotheses Significance & Decision

Variables (Hypothesis)	Significance	Decisions
H1: Preferring local products and education level	0.018	**Accepted**
H2: Preferring local products and age	0.041	**Accepted**
H3: Preferring local products and income level	0.813	**Rejected**
H4: Preferring local products and marital status	0.005	**Accepted**
H5: Preferring local products and gender	0.951	**Rejected**

H3 and H5 hypotheses' significance level are $p \leq 0.05$. Due to their p value these hypotheses are rejected. But H1, H2 and H4 hypotheses are accepted. After examining the results we find out significant relation between preferring local product and education level. For instance, the participants whose education level is less than high school education level support that idea 'Albanian people should always buy Albanian product instead of import' with 3.08 mean values. Moreover, high school level educated category's mean values are 2.97 and bachelor category's mean values are 2.30. On the other hand, even though post graduated level educated participants' mean values (2.44) are more than bachelor category and less than high school category. Accordingly to ANOVA results, after 31 years old, preferring local product perception is increasing significantly. The mean values are as follows; 18 years old and younger; 2.63, 19-30; 2.49, 31-40; 2.76, 41-50; 3.36 and 51 and more; 3.42. There is another considerable relationship between preferring local products

and marital status like age. In common with the age, preferring local product perception is increasing on married with children category. The mean values are like that; single; 2.48, married; 2.44, married 1 child; 3.05, married 2 child; 3.40, married 3 child or more; 3.48.

Table 5: Country Preference Mean Values

Perception Strongly Disagree 1…2….3….4….5 Strongly Agree						
COUNTRIES	**Turkey**	**China**	**Italy**	**Greece**	**Germany**	**France**
18. Are expensive	**2.54**	2.02	**3.47**	3.00	**3.89**	3.62
19. Are reasonable priced considered quality	**3.23**	3.45	**3.51**	3.03	**3.79**	3.41
20. This country supplies more luxury items than necessities	**2.32**	2.16	**3.08**	2.95	**3.39**	3.49
21. Their products are more tailor-made rather than mass produced	**2.79**	2.49	**3.27**	3.29	**3.94**	3.66
22. Are reliable	**3.05**	2.48	**3.54**	3.27	**4.01**	3.84
23. Are technically advanced	**3.02**	3.33	**3.31**	2.88	**3.89**	3.66
24. Are cheap imitation of better brand	**3.45**	3.51	**2.89**	2.60	**2.50**	2.37
25. Are very durable and made of good material	**2.95**	2.47	**3.65**	3.37	**3.82**	3.87
26. Give a bad performance	**3.24**	3.50	**2.70**	3.08	**2.23**	2.23
27. Are supported by a good maintenance service	**2.88**	2.95	**3.56**	2.84	**3.85**	3.66
28. These goods have low prestige, so I do not tell others that I buy them	**3.42**	3.57	**2.85**	2.96	**2.16**	2.29
29. Are much advertised	**3.12**	3.73	**3.44**	2.92	**3.33**	3.18
30. Have a well-recognized brand name	**2.81**	2.93	**3.60**	3.03	**3.93**	3.77
31. Provide a wide choice of size and model	**3.21**	3.70	**3.50**	2.94	**3.68**	3.19
32. Have a good style and appearance	**3.12**	2.80	**3.60**	3.20	**3.85**	3.87

Aside from above questions, we asked to participants that question 'If you will choose to buy foreign product, which country's product you would like to buy mostly'. The participants put in ordered their country preferences. You can see the results in table 6.

Table 6: Country Preference Put in Order List

Preference	Turkey		Greece		China		Italy		Germany		France	
Frequencies		%	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
1	17	9.6	18	10.2	33	18.6	31	17.5	63	35.6	15	8.5
2	35	19.8	47	26.6	21	11.9	47	26.6	14	7.9	12	6.8
3	25	14.1	25	14.1	28	15.8	31	17.5	35	19.8	34	19.2
4	20	11.3	19	10.7	21	11.9	4	2.3	30	16.9	83	46.9
5	58	32.8	33	18.6	27	15.3	31	17.5	16	9.0	11	6.2
6	22	12.4	35	19.8	47	26.6	33	18.6	19	10.7	22	12.4
Total	177	100	177	100	177	100	177	100	177	100	177	100

Conclusion

According to results, ethnocentrism approach is not strong in Albania market. But there is a potential. Associated with the economic growth in Albanian market, ethnocentric approaches can be stronger than today. Especially, middle age and older people believe importance of consuming local products. In term of international trade, Turkey, Italy, Greece, China and Germany have important role as mentioned in theoretical part. After investigating mean values, that shows

country image perception in Albanian people, we can say that Germany has most reputable country image, Italy and France tag along behind. Greece and Turkey have medium level country image in Albania. Even though Chinese made products have important potential in the market, country image is lower, other countries as well.

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