DOES COUNTRY-OF-ORIGIN MATTER ON PRODUCT EVALUATIONS AMONG SAUDI CONSUMERS' PERCEPTIONS?

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Abstract: The purpose of this study is to investigate Saudi consumers' perceptions towards foreign products, and in particular looks at how the country of origin effect influences their behavior. The study reports on the findings of a survey conducted in which 380 responses were obtained. In general, Saudi consumers attributed higher quality to products made in developed countries. The study also showed that the average Saudi consumer does not consider the country of origin aspect to be their priority in deciding to purchase a product. Other product attributes take precedence, particularly quality, technological prowess and price.

Key words: consumer, Country of origin, Saudi Arabia, consumer

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. There are many factors that affect the decisions of consumers to purchase goods and services. Among the many factors which are believed to impact upon international competitiveness, country of origin (COO) effects have attracted growing attention. Nowadays, more companies are competing on the global market - these companies manufacture their products worldwide and the location where they manufacture the products might effect the perception of the consumer on the quality of the product. 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. With increasing availability of foreign goods in most national markets, the country of origin cue has become more important as consumers often evaluate imported goods differently than they do competing domestic products (Bilkey & Nes, 1982).

Literature Review

Peterson and Jolibert (1995) argue that since our knowledge of COO effect is still limited, there is a need to conduct more empirical research to capture COO effects under various contexts. Abbas (2010) also agrees, claiming there is a lack of research that investigates the effect of COO from a less-developed country perspective. This has also been expressed by Papadopoulos and Heslop (2000) who state that most country of origin research is conducted in developed countries. They therefore recommend that, for both theoretical and practical reasons, this type of research should be done in new cultural contexts.

While there have been numerous studies on the impact of country of origin on consumers in developed countries, there is considerably less study on such an impact on consumers in developing countries, hence it is hoped that this study will contribute further to the understanding of how Saudi consumers perceive foreign products. In addition, the outcome of this study will be of immense value to foreign multinationals when marketing their products to Saudi consumers. Thus, by conducting studies in various countries, we will be able to investigate Saudi consumers' perceptions on the country of origin aspect of a product by examining the country of origin effects on product preference and consumer behavior. The Saudi study reported aims to fill this gap.

Clearly, conducting COO research in various cultural contexts can deepen our insight into this subject. Yaprak (1988) claimed that American and Turkish respondents had different attitudes towards products made in a third country (a country other than the United States or Turkey). On the contrary, Krishnakumar (1974) found that Indian students rated British products higher than Taiwanese students. Heslop et al. (1998) agrees and states that COO studies should not only be conducted across different countries but also 'within country' differences need to be identified. In a Canadian study they found sub-cultural differences between French and English speaking Canadians towards products from industrialized and less developed regions.

Past country of origin studies have demonstrated the existence of negative biases towards products made in foreign countries (Bannister and Saunders, 1972; Kaynak and Cavusgil, 2000; Litvin, 1998). This is particularly evident in developed countries where domestic products tend to be evaluated more favorably than foreign made products (Mowen, 1995). Conversely, in the case of developing countries, national products tend to be evaluated less favorably than imported goods from developed countries (Abbas & Nik, 2010; and Hamin & Elliott, 2006). In

eastern European countries similar attitudes exist. For instance, Hungarian consumers generally evaluate foreign products more positively than nationally-made products although their perception of domestic products is not particularly unfavorable (Papadopoulos et al., 2000).

Different explanations have been proposed to explain the preference for national products observed in most developed countries. One explanation has to do with consumer patriotism. Han and Terpstra (1988) claimed that not only do patriotic consumers prefer to buy domestic products on the basis of strictly nationalistic feelings but they also consider their quality and the service that accompanies them to be better than for similar foreign-made products. Consumer patriotism, however, has different effects for different types of products, and not all foreign products are automatically perceived to be of a poorer quality than domestic products. In the case of television sets and their maintenance, for instance, the effect of consumer patriotism is almost nonexistent, whereas it influences significantly the quality perception of motor cars and their maintenance and repair (Han, 1989). Hostility towards imported products has also been found to vary by socio-demographic and psychological consumer characteristics (Wang & Lamb, 1983). Consumers with a higher level of education and a higher level of income accept foreign products more readily, and are less inclined to buy nationally-made products on the basis of strictly nationalistic feelings. Also, consumers who have traveled abroad and who are more familiar with the products of foreign countries tend to display a more positive attitude towards foreign-made products (Anderson & Cunningham, 1972).

Study Objectives

The main objectives of this study are to investigate Saudi consumers' perceptions on the country of origin aspect of a product, by examining the country of origin effects on product preference and consumer behavior of the Saudi consumer. Specifically, there are two aspects of this study. Firstly, it is to determine to what degree the country of origin aspect of a product impacts upon the average Saudi consumer compared to other aspects like price, technological prowess and quality. Secondly, this study will attempt to answer how the average Saudi consumer relates the quality of a product with its country of origin, by asking the respondents in this study to rank ten different countries in terms of their perception of the products manufactured in these countries.

Methodology

The instrument used in the study was adapted from Han and Terpstra (1988) for the product dimensions, while the set of questionnaires employed by Darling and Wood (1990) is utilized. The questionnaire is divided into two sections: section A is divided into two parts, with the first part attempting to generate the respondents' perceptions of countries with the highest quality products by asking the Saudi consumers to rank ten listed countries in a descending order. The second part attempts to generate the respondents' perceptions on various dimensions of a product in general by ranking twelve product dimensions. Section B is deal with country of origin statements in general. Furthermore, the function of the questionnaire was to elicit particular information on personal or demographic material, such as age, gender, occupation, race and income.

To establish legitimacy and inform the subject about the purpose of the questionnaire, a covering letter was attached to the questionnaire. This indicated the title and purpose of the study, explained that the study was an academic research project, and informed the subject that the results would be published in academic journals. However, subjects were also assured that confidentiality of their responses would be maintained. As this survey was executed in Saudi Arabia, it was therefore necessary to translate the questionnaire from English to Arabic, and to ascertain that the translation used equivalent language. The questionnaire was translated into the Arabic language by two bilingual Jordanian (Arabic/English) lecturers at the ASU language center. The double-translation method was employed to ensure the proper translation of this survey to avoid confusion or misinterpretation and also to ensure that the Arabic questionnaire adequately represented the English version on which it was based (Hair et al., 2006). Han and Tersptra (1988) developed five dimensions with regard to country image: technical advancements, prestige, workmanship, economy and serviceability. The questionnaire was distributed randomly to nearly 518 participants in the capital Riyadh, which is currently the largest market for international brands in Saudi Arabia with higher consumer purchasing power and confidence. Residents are also expected to be more familiar with foreign consumer products. The data collection started after the questionnaire was pre-tested, validated, and piloted for this study population and it ensured that subjects could understand the questionnaire. The data collection period was from the 15th of August 2011 to the 24th of December 2011.

Researchers had to confront several challenges in Saudi Arabia especially in terms of designing sampling procedures as legally and socially females cannot be approached by male strangers. Because of these difficulties, a convenience sample was utilized. The questionnaires distributed were self-administered, which means that there is no interviewer asking or guiding the respondents throughout the questions, instead the respondents will themselves read and answer the questionnaire. The drop off method was used where the questionnaires are dropped off at

specific points (e.g. popular malls and shopping centers in Riyadh) to be picked up later. This allows the respondents' time to think over the questions at their convenience. After editing and codification, the data were analyzed using SPSS 15.00.

Study Analysis

The overall response rate was 77.60% (n=402). Eighteen entries (3.47%) were dropped from the analysis as the participants did not complete all sections of the questionnaire. At the end of the study, a total of 384 questionnaires were analyzed. On further screening of data, four participants were classified as outliers. Therefore, the final useable response rate was 73.36% (n=380). This total was considered to be acceptable according to the power calculation with a margin of error (accuracy) set at ±5% and a 95% confidence interval (Sekaran, 2011).

Of the 380 responses, 281 were from males and the remaining 99 were from female respondents. The lower number of female respondents is explained by the fact that reaching female respondents is difficult as explained earlier. In terms of age grouping, 45 percent were between the age of 40 and 50 years with around half of all respondents having university qualifications. Table 1 shows the results obtained after the recorded demographic variables were analyzed using descriptive statistics. The frequency and percentage for each variable is listed according to the survey categories in this table.

Table 1.1: Results of the analysis of demographic characteristics of respondents (n=380)

Variables	Valid	Frequency	Percentage (%)
Gender	Male	281	74.0
	Female	99	26.0
Age (yr.)	18-28	90	23.6
	29-39	118	31.4
	40-50	172	45.3
	51-65	0.0	0.0
Income	SAR 5000 & less	9	2.6
	SAR 5001-10000	38	9.9
	SAR 10001-20000	266	69.9
	SAR 20001 & above	67	17.6
Education	Elementary	54	14.3
	High school	67	17.6
	Diploma	93	24.5
	University degree	166	43.6
	Other	0	0
Occupation	Government sector	178	47.0
	Private sector	63	16.5
	Self-employed (businessman)	96	25.0
	Students	43	11.5
TOTAL		**380**	**100**

As shown in Table 2 below, the subjects ranked the countries in a decreasing order of product quality, by choosing the country they consider to be synonymous with the highest quality first and assigning the number one to it, while at the other end, the country considered to be synonymous with the lowest quality is assigned the rank of ten. The researchers have arranged the sum of the mean of each country with the lowest mean to be the highest rank and the highest mean to be of the lowest rank.

Table 2: Inversed ranking of countries in order of having highest product quality (n=381)

RANK	COUNTRY	MEAN
1	JAPAN	2.10
2	GERMANY	2.30
3	USA	2.30
4	FRANCE	3.92
5	ITALY	5.55
6	UNITED KINGDOM	6.01
7	SOUH KOREA	7.02
8	MALAYSIA	7.33
9	SAUDI ARABIA	7.90
10	CHINA	8.34

Based on the findings of this study, we can conclude that the respondents have listed Japan, with a mean of 2.10, as having the highest product quality. The respondents have ranked both Germany and USA to be number two by both having the same mean of 2.30. Respondents have ranked France fourth and Italy fifth in their ranking followed by the UK at number six. South Korea is listed as seventh followed by Malaysia with a mean of 7.33. In

this ranking exercise, Saudi Arabia only managed to be number nine in the list with a mean score of 7.90, and finally China ranked last with the highest mean score of 8.34.

From these findings, all the four developed countries listed, namely Japan, Germany, the United States of America and France are deemed by Saudi consumers to be countries which produce high quality products. Interestingly Japan is ranked highest despite it not being a Western country like the other top countries in the list. Among the developing countries, a Malaysian product is deemed by the Saudi consumer to be of the highest quality. Saudi products are still regarded with skepticism by the local consumer, though they are believed to be of a higher quality than those produced by China.

In section B of the questionnaire, there are fourteen statements concerning the general opinion of the respondents regarding the country of origin information and they are asked to indicate how strongly they agree or disagree with each of the statements. In this analysis, the researchers seek to understand the general opinion of Saudi consumers on country of origin information.

As shown in Table 2, all the COO instrument statements have a mean score above 3.00 which indicates that generally most of the respondents do agree with each of the statements. 3.82 was the highest mean score, which represented statement number one, where consumers will always find out what country the product is made in when they are buying expensive items. As for statement number ten, giving the second highest mean score of 3.77, it indicates when buying a product that is less expensive, it is less important to for Saudi consumer to look for country of origin. These two high mean scores of statement as seen in statements ten and one give a clear result for direct or positive relationship between the price of an item and its country of origin information.

The more expensive a product is the more significance or importance the consumer attaches to its country of origin. The lowest mean statement score of 3.01 is statement number seven which states that when purchasing a new product, its country of origin is the first information that a respondent will consider. The score indicates that the mean is closer to the range of the respondents who neither agree nor disagree with the statement. Statement number five, with a mean score of 3.16, states that a respondent refuses to purchase a product without knowing its country of origin. Generally, as the mean score for this statement is quite near to the midpoint of the Likert scale, it shows us how respondents are more impartial to this statement as compared to other statements in the below list.

Table 2: The effect of COO on Saudi consumer product evaluations

Statement	N	Mean
1. When buying expensive items such as a car, TV or refrigerator, I always seek to find out what country the product was made in.	380	3.82
2. I feel that it is important to look for country of origin information when deciding which product to buy.	380	3.70
3. To make sure that I buy the highest quality product or brand, I look to see what country the product was made in.	380	3.59
4. If I have little experience with a product, I search for country of origin information about the product to help me make a more informed decision.	380	3.43
5. I refuse to purchase a product without knowing its country of origin.	380	3.16
6. When purchasing a product, I believe country of origin will determine the technological sophistication of the product.	380	3.69
7. When I am buying a new product, the country of origin is the first piece of information that I consider.	380	3.01
8. A product's country of origin does not determine the quality of the products	380	3.21
9. When buying a product that has a high risk of malfunction, for example a digital camera, a person should always look for the country of origin.	380	3.51
10. It is less important to look for country of origin when buying a product that is less expensive such as a shirt.	380	3.77
11. Seeking country of origin information is less important for inexpensive goods than for expensive goods.	380	3.57
12. I find out a product's country of origin to determine the quality of a product.	380	3.31
13. To purchase a product that is acceptable to my family and my friends, I look for the product's country of origin.	380	3.28
14. I look for country of origin information to choose the best product available in a product class.	380	3.37
OVERALL MEAN SCORE	**3.458**	

As shown from table above, the Saudi consumer moderately believes that it is important for them to consider the country of origin information in purchasing a product.

Conclusions

Two important conclusions can be drawn based on the results of the data analyzed in this study. Firstly, the Saudi consumers match the country of origin concept to the quality of a product that they purchasing. In general, they are relying to attribute quality to a product that is made in developed countries, and Japan in particular receives a high score for the impression of producing high quality products. Furthermore, a country such as Malaysia is making inroads in impressing the Saudi consumer with the quality of its products, while locally made products, that is Saudi products, do not rank as high in the mind of the average local consumer. Still, they believe that the local

made Saudi product is of a higher quality than other countries which lag behind such as China. As a result, the competitive strength of a product can be affected by consumers' perception of its country of origin. For example, Johansson et al. (1994) found that the perception of a product made in a developing country is usually low. In an attempt to explain these findings, the country of origin (COO) is playing the role of a "summary" variable. According to this view, consumers use the COO construct to summarize information about product quality. COO affects applies to a greater or lesser degree to all products produced in foreign countries (Han & Terpstra, 1988). Several studies indicate that people in one country tend to have common beliefs about people in other countries, beliefs that carry over into perceptions of the products from those countries (Lawrence et al., 1992; Kaynak & Cavusgil, 1983; & Reierson, 1966).

In fact, Saudi Arabia is still as developing country, such as Malaysia. This clearly indicates that there is no particular bias on the part of a consumer for a local or foreign product, rather, as this study has shown, as a country becomes more developed economically, the products that it produces will be perceived to be of a higher and better quality. This explains clearly why Saudi Arabia has earned a nine place ranking, which places it behind more developed countries like Japan, Germany and the USA.

Consumer evaluations of product quality according to their national origin have been experimentally assessed by a large number of empirical studies since the 1960s. Most studies indicate that national origin is an important attribute in both consumer and industrial product evaluations.

An exception here is China, which is ranked below Saudi Arabia. This could be related to the fact that China suffers from an image problem since its products are considered to be of a lesser, inferior quality, even if its economy is at a more advanced stage compared to Saudi Arabia. This conclusion confirms findings by earlier researchers in this field, as pointed out in Sohail (2004) where a survey of 922 responses showed that Saudi consumers evaluate products from Japan and the European Union more favorably as compared to products from the United States of America, China and India.

Ghazali, Othman, Zahiruddin, Yahya, and Ibrahim (2008); Yim, Garrma and Polonsky (2008); Balestrini and Gamble (2007); and Jin and Chansarkar (2006) have also researched this phenomenon. Consumers from countries ranked as less developed show a more positive attitude towards products from "Technologically More Advanced" (TMA) countries as compared to domestic products produced in their own countries classified as "Technologically Less Advanced" (TLA). In their study, Ghazali et al. (2008) examined Malaysian consumer attitudes and perceptions towards foreign products, which involved studying the consumer from a Less Developed Country (LDC) perspective towards products made in Moderately Developed Countries (MDCs). Liu, Murphy and Li (2005) investigated Chinese attitudes towards shop signs that used foreign and local brand names. The study indicated that shop signs which used both "local and foreign name" attracted more favorable attitudes compared to shops that only used a local name. In addition, the imported brand's COO increased the consumer preferences for the shop sign.

COO effect is evident in countries undergoing an economic transition with vast differences in income levels across their population such as Saudi Arabia. Therefore, consumption of certain types of brands alludes to social stature and class distinctions. The concept of status symbols in developing societies such as Jordan explains why foreign brands are perceived to have a higher status than their local counterparts. This is hardly surprising as previous studies have shown that consumers perceive foreign brand names as more prestigious than the local alternatives, which implies a bias towards the former (Kinra, 2006).

Recommendations

In general, it is important for marketers to emphasize more on product dimensions such as the product quality, its technological prowess and its price in marketing their products in the local Saudi market than its country of origin factor. However, marketers should put more emphasis on the country of origin factor if the product is made in developed countries such as Japan, Germany or the USA. On the other hand, if a product is made in developing countries, or lesser known under developing economies, the marketer should emphasize more on the product quality, its technological prowess and its price rather than the country of origin aspect since accentuating the country of origin dimension may be detrimental to the marketing efforts for such a product.

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