THE INFLUENCE OF COUNTRY OF ORIGIN ON THE CONSUMER AND THE PLACEBO EFFECT IN MARKETING

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Abstract

In medicine, we say that someone is under the placebo effect when their health improves after they were administrated a simulated treatment, without any curing powers. The placebo effect was extended to marketing and in the past several years many research studies have been made about this topic. There are many marketing factors that have a placebo effect on the consumer.

In this article we review the existing literature about the influence that country of origin has on the consumer and the influence of other marketing factors, such as price and brand, on the consumer from the placebo perspective.

Keywords: country of origin, consumer, placebo effect, brand, price

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1. Introduction

There are many factors that are able to influence the consumer's perception on product value. Factors such as the design of the product, the packaging, the brand name, the advertising made for the product and the channels used for advertising, price, country of origin and many others.

In this paper we review the literature on two subjects that have never been studied together before: the influence that country of origin has on the consumer perception and, the placebo effect in marketing.

Also, as a next step we propose a research study in order to determine the influence of country -of-origin on the consumer, from the placebo perspective but also to verify the influence of country of origin on the consumer in relationship with other influence factors, such as price and brand.

2. The influence of country of origin on the consumer behavior

Country of origin is one of the main factors that determine what the consumer knows about a product. This topic (country of origin) associated with the consumer behavior has been in the spotlight of marketing researchers for many years. We can define the ‘country of origin’ effect as the positive or negative impact that the country of origin of a product has on the way consumers evaluate the quality of a product. [1]

Consumers often use the information about the country of origin to evaluate the quality of the product. In the study conducted by Schooler (1965) it was discovered that there were significant differences in the evaluations made for identical products, from all points of view, except the country stated on the ‘made in’ label. This was the first study that was conducted in order to determine the effect that country of origin has on the evaluation of a product. [2]

People make associations such as product - country of origin, associations that lead to the perception of a certain level of quality of a product. This may differ from product to product, that is why the relationship between the associations is more clearly underlined at a product category level. Many studies conducted on this subject, show that the country-product association is used as information in regards to the quality of the product. [3][4]

People that check and search for the country of origin on a product are actually trying to confirm the quality of a product by associations with stereotypes such as: French wines and perfumes, Swiss watches, Japanese appliances or...
German cars, convinced that products that are made in a certain country will present a higher quality. [5] Papadopoulos, Heslop and Bamossy, notice in one of their studies that one of the factors that consumers take into account when they plan to make a purchase is country of origin. Their study validates this for products that are specific for some countries. [6]

Another study made by Wang and Lamb, presents the country of origin effect from the perspective of the economic development of the countries. The authors don't make any important observation on the attitude of consumers in regards to the country of origin but rather on the attitude that consumers show for products that are made in developed countries and products that are made in developing countries. [7] Papadopoulos and Heslop obtain a similar result. Even though the study was conducted in 1990 they notice that in many countries in Europe (such as the Netherlands, France, Germany, Greece and Hungary) there is a positive attitude towards products that are made in Japan (country that, at that time, was considered as a developing country). [8] There are more positive attitudes towards products that are made in developed countries and this was confirmed when they compared same brand cars produced in different countries like Germany, the Philippines and Mexico. Their study shows that people were expecting a lower price for the cars that were produced in the Philippines and they were ready to pay a higher price for the cars that were produced in Germany. [9]

Wyer and his collaborators show in their study that the impact of country of origin on the consumer behavior can't be fully explained as a process of quality determination. Besides its role of quality assurance, country of origin also has a symbolic significance, it presents an emotional attachment for the consumer. [10] Fournier, observed in her study that country of origin, links a product of national identity and this can lead to a very strong emotional attachment for some products and/or brands. She describes the case of the second generation of Italian - American women that are very strongly attached to Italian products, especially food products. For these consumers, made in Italy is not just a label, it has a symbolic and emotional connotation. [11] Botshen and Hemetsberger demonstrate, in one of their studies, that consumers link the country of origin not just with the quality of a product but also with sentiments of patriotism, national pride and memories from vacations. [12]

3. The placebo effect in marketing

The term placebo comes from Latin and it means pleasure. This term is very well known and it is frequently used in medicine trials. Even if there are a lot of disputes regarding the definition of the term most researchers agree that placebo is an inactive substance that presents the same characteristics as an active substance but without and physiological effect.

After the studies conducted by Shiv et al. (2005) we notice that the placebo effect can be seen in marketing actions as well. For instance the price can affect the real efficiency of the product. This phenomenon got the attention of many other researchers.

Starting from the presumption that the consumers expectations are built on day to day experience, beliefs and expectations, these can sometimes be distorted and can influence the reality. Shiv discovered that price can influence the expectations in regards to the quality of the product on a nonconscious level, which will affect the performance of a product.

In their experiment they have demonstrated that the more a person pays for an energy drink that promises a better focus ability, the more intense the performance is after drinking it. When the attention of the subjects was directed to the price, the results have registered only a slight decrease in performance, fact that demonstrates that the placebo effect can be present even after awareness. [13]

In the traditional economic theory, high prices have a negative impact on the consumer’s budget and as a result price is treated as a factor with negative impact in the decision-making. But from the behavior perspective, price can be perceived as an indicator of quality.

After Shiv study, Carmon and Ariely, Irmak, Block and Fitzsimons (2005) have conducted a study introducing another factor - motivation. They made a test with energy drinks, placebo drinks and water. They mentioned that the effect of the energy drink will be: pulse increase, more intense reflexes and more focus. They noticed that all the effects have been registered at the participants that were motivated to feel the effects even if they were under the placebo effect and the participants that didn't want to feel the effects didn't feel them even if they consumed energy drinks. The authors concluded that in order for a product to work the consumers have to want the product to work. [14]

Brands are more than simple names and symbols. Brands represent the perceptions and feelings of a consumer in regards to a product and its performance, everything that the product or service mean to a consumer. As Kotler suggests, the brands are in the consumers minds. So the true value of a brand will be its capacity to capture the attention and preference of its consumers.

Another research study conducted by Fitzsimons and Charhand (2008) demonstrates that you can obtain the placebo effect just by using the name of a brand of a product. So just by exposing the consumer to the brand that meets the consumers desires you can obtain automated effect in the consumers behaviour. In order to demonstrate this, they conducted a study where participants that expressed they want to be more creative have been exposed, without their knowledge, to the brand Apple. Apple is a brand that developed its image using creativity, innovation and
nonconformism. The study showed that all the participants that had been exposed to the brand Apple had better results than the ones exposed, also without their knowledge, to the brand IBM.[15]

The power of the brand as a placebo is also confirmed in the study conducted by Amar, Ariely, Bar-Hillel, Cameron and Ofir. They conducted a laboratory test using sunglasses. In the study they have used identical sunglasses (from all points of view) the only difference was that they added a different brand name on the sunglasses’ frame. The brands used in the trial were the prestigious and luxurious brand Giorgio Armani and a brand that is less luxurious Mango. The participants were asked to put the sunglasses on and read a series of random words while wearing the sunglasses. The results showed that the participants that were wearing the brand Giorgio Armani made fewer mistakes. The researchers conclude that the brand is even able to change, not only to confirm the efficiency of a product.[16]

4. Future research steps

In the literature review that we have made so far we haven’t found a lot of information on the influence that country of origin has on the consumer behavior from the placebo effect perspective. Based on the research made on country of origin as an influence factor on the consumer decision, we would like to verify the influence of this factor from the placebo perspective.

The following hypotheses have been raised and will be tested in a future experiment:

- **Hypothesis 1:** Out of two identical products, consumers will choose the one made in an Western country.
- **Hypothesis 2:** Out of two identical products, consumers will report a better quality for the product made in a Western country.
- **Hypothesis 3:** Out of two identical products with different countries on the made in label, consumers will be willing to pay more for the product made in a Western country.
- **Hypothesis 4:** The relationship between country of origin and the preference for a product is influenced by the brand name.
- **Hypothesis 5:** The attitude towards country of origin is influenced by age.
- **Hypothesis 6:** The preference for a product made in a Western country is influenced by income.
- **Hypothesis 7:** The relationship between country of origin and the quality perception of a product is influenced by education level.

References:


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