Country of Origin Effect and Animosity on The Attitude and Purchase Intention of Foreign Products

Ramadania*, Sri Gunawan**, and Jamaliah***

The purpose of this study is to examine COO effect and Animosity on the attitude and purchase intention of foreign products in ethnic subculture within a country. This research is tested in Malay and Chinese ethnic subculture in West Kalimantan, Indonesia. The categories of product are foods from Malaysia. Sample in this study is 435 respondents, consists of 218 Malay respondents from Malay and 217 Chinese respondents. The collection of data was using non probability sampling method by combining accidental and snowball sampling. Data analysis uses structural equation modeling (SEM) Multi-group. The results show that, there is a positive influence of COO on attitudes of foreign products for both Malay and Chinese ethnic. This study also show that, the influence of COO on the purchase intentions of foreign products can only be proven in chinese etnic. Furthermore, the results show that animosity have a negative influence on attitude toward foreign products. In addition, attitude also have a positive influence on the intention to purchase. However, this study fails to prove the influence of animosity on the intention to purchase of foreign products. These results indicate that there are differences in consumer behavior between Malay and Chinese ethnic in the evaluation of foreign products.

Keywords: Country of origin, animosity, purchase intention, ethnic-subculture, foreign products, cross-culture marketing.


Kata kunci: Negara asal, kebencian, niat beli, subkultur etnik, produk asing, pemasaran lintas budaya.

* Departement of Management, Faculty of Economics, University of Tanjungpura, Email: dhania75@gmail.com
** Departement of Management, Faculty of Economics and Business, University of Airlangga
*** Departement of Economics, Faculty of Economics, University of Tanjungpura
**Introduction**

The political tension between Indonesia and Malaysia can lead to consumer animosity. There are some issues, such as the seizure of Ambalat strait, cross border Sambas and Serawak, Indonesia labor cases, which they are treated not humanely and a claim for Indonesian culture, can lead to animosity in Indonesian people toward Malaysia. Riefler and Diamandtopoulos (2007) stated that emotional can not be separated from the territory disputes, economic arguments, diplomatic disagreements, and or religious conflict. Thus, consumer animosity seeks to explain consumer negative attitudes toward Malaysia will affect negatively on the attitude toward the products.

Klein et al. (1998) conducted a study for the first time that provides a model of animosity towards the purchasing of foreign products from the consumers in the Republic of China toward Japanese products. This model predicts that the animosity toward a country will affect negatively to the purchasing of foreign products which ignore the considerations about product judgment. The result of the research shows that the animosity significantly influence the purchasing decisions beyond the influence of CE. This research was developed further by Klein on American consumers toward Japanese products (1999). Furthermore, Klein (2002) re-examines the concept on Japanese consumers toward Japanese products, Korean products and American products. The result showed that the animosity of American consumers toward Japan have a significant effect in the lower preference towards Japanese products in comparison with Korean products. Several studies have tried to expand the theoretical foundations of the animosity that was built by Klein et al. (1998) which was conducted in China. Some of those studies are Nijssen and Douglas (2004) in the Netherland, Russel and Russel (2006) in America and France, Nakos and Hajidimitrou (2007) in Greek, Torres and Gutierrez (2007), Bahaee and Pisani (2009a,b,c) in Iran, Jimenez and Martin (2010) in Spain, Maher et al. (2010) in America. There are a number of limitations of those studies that emphasize less on the cultural comparisons between the countries and the products where the availability of domestic products is still limited and inferior in quality of products compared to developed countries.

More recently several studies have tried to develop research of Klein toward ethnic subcultures that exist within a country such as, Cicic et al. (2005) in Bosnia and Herzegovina (Bosnia, Serbia and Croatia ethnic), Shoham et al. (2006) in Israel (Israeli Jews and Israeli Arabs) and Rose et al. (2009) in Israel (Israeli Jews and Israeli Arabs). These studies found there are differences in the level of consumer animosity existing ethnic groups.

This study expands the research of Klein et al. (1998) and other related researches by examining the animosity model by including the construct of country of origin effect. These attention is not only emphasizing on the attitude and positive evaluation on the foreign products or imported product, but also the interest in examining consumer negative attitudes on foreign products. The results of this study are expected to provide benefits: First, This study will prove the relationship the COO and animosity towards consumer attitudes and purchase intentions of foreign products. Second, This study contributes to that consumer behavior towards foreign products differ not only in the context of cross-country (cross-national) but also can differ in the scope of ethnic cultures that exist in a country.

**Literature Review**

There are several concepts developed in the study of international marketing that plays an important role in influencing consumer attitudes and buying behavior towards foreign products. First, the concept of country of origin or commonly known as COO (Liu et al. 2006). Second, COO concept, there is a concept of animosity which was developed by Klein and Etension (1998, 1999, 2002), which was relatively new (Bahaee and Pisani 2009c) and have not been studied extensively (Nakos and Hajidimitrou, 2007).

One concept that is used in assessing consumer of foreign brands is the concept of country of origin (COO) where the product is made. According to Kotabe and Helsen (1998:35) and Liu et al. (2006) “COO is an important cue used
by consumers to evaluate products and foreign brands.” There are some facts indicate the COO is associated with a particular product category (Ranjbarian et al. 2010). Consumer assessment of product quality is affected by the country of origin of the product (Klein, et al. 1998). The influence of COO is also known as the concept of “made in” an expanded definition as a positive or negative influence of products from a country will probably affect consumer attitudes and purchasing decisions. (Watson and Wright, 2000; Amine 2008)

The impact of COO on perception, consumer attitudes, and purchase intentions toward foreign and domestic products is one of the most often developed study in the field area of international marketing. There is an emphasis of research on consumer evaluations of the products based on the COO (Hamin and Elliot, 2006 and Ranjbarian et al. 2010), Yagci (2001) in less developed countries. COO can be used to predict consumer attitude and purchase intention toward foreign products like the studies of Jimenez and Martin (2010), Ranjbarian et al. (2010), Moon and Jain (2002), April, (2006), Bahae and Pisani (2009); Edward et al. (2007); Russell and Russell, 2006).

H1: There is a positive influence of COO on the attitudes of foreign products for both ethnic.
H2: There is a positive influence of COO on the purchase intention of foreign products for both ethnic.

Animosity

Consumer animosity is conceptualized “as the remnants of antipathy related to previous or ongoing military, political, or economic events”(Klein et al.,1998:90). Klein et al. (1998) distinguish animosity based on war animosity and economic animosity. However, Jung et al. (2002) and Ang et al. (2004) distinguish the tipology animosity based on national animosity Vs personal animosity and stable animosity Vs situational animosity. Klein et al. (1998) stated that animosity is influence the consumer purchasing decisions regardless of the assessment of the product (product judgment).

Consumers animosity describe a negative emotional attitude or antipathy towards a country or a particular group (Klein and Ettenison, 1999). Rose et al. (2009), stated that consumer animosity may explain the negative attitude of consumers towards the products of certain countries and consumers reluctant to buy products from the countries. According to Nakos and Hadijimitrou (2007), “if someone has a strong negative view of outsiders, it is possible that these views will influence their purchasing behavior”. Emotions and negative attitudes held by consumers can influence their perceptions, attitudes and even their buying behavior towards foreign products.

Some studies show that the animosity has a negative effect on attitudes and purchase intentions on foreign products, such as Klein et al. (1998; 1999; 2002), Mincheol, (2001), Nakos and Hajidimitriou, (2007), Torres and Gutierrez, (2007); Bahae and Pisani, (2009a, c), Rose et al. (2009). Study of Huang et al. (2008) discovered the phenomenon of consumer animosity, which in turn negatively affects consumer intentions to purchase Taiwan products from mainland China and Japan. Studies of Nijssen and Douglas, (2004) found that animosity have a positive impact on reluctance to buy foreign products. Russell and Russle (2006) found the cultural resistance emerged with preference increasing for domestic films when animosity is activated.

H3: there is a negative influence of animosity on the attitude of foreign products for both ethnic.
H4: there is a negative influence of animosity on the purchase intention of foreign products for both ethnic.

Attitudes and Purchase Intentions Foreign Products.

Some experts claim the attitude as an evaluation of the object, and some of the other states that attitude as a response to feelings of affection. The important part of the concept that attitude attitude can be used to predict behavior, (Bagozi et al, 2002) Attitude is often conceptualized as an intermediary behavior. Therefore, it’s not surprising that a large number of research try to establish the relationship between
Attitudes and behavior, (Peter and Olson, 2010).

Attitudes of consumers has been studied intensively, but marketers tend to be more concerned with real consumer behavior, particularly purchasing behavior (Peter and Olson, 2010). Attitudes will not be considered an important thing for marketers if the attitude is not able to show its influence on the final step of the consumer in the purchase (Javalgy et al. 2005).

According to Mowen and Minor (2002), Model desire to behave (theory of reasoned action) developed by Fisbein et al. (1975) is to improve the model’s ability in predicting the attitude toward the object of consumer behavior. Peter and Olson, (2010) stated Fishbein realize that a person’s attitude toward an object does not have to be strong related to their specific behavior. In contrast, direct determinant of whether consumers will engage in a behavior is the “desire” them to engage in such behavior. The desire to behave is a proposition that connects to the action to come. When consumers choose different purchasing behavior, they form a desire or plan to buy, (Peter and Olson, 2010). Consumer behavior comprises all the consumer action to acquire, use and dispose of goods or services, “Mowen and Minor, 2002). Meanwhile desire to behave (behavioral intention) can be defined as the willingness of consumers to behave in a certain way in order to possess, dispense, and use the product or service. “So the model does not attempt to predict the desire to behave one’s behavior, but the desire to act, (Mowen and Minor, 2002).

There is a positive relationship between attitudes towards importing foreign goods and intention to purchase foreign goods based on the findings of studies COO (Al-Sulaiti and Baker, 1998; Javalgi et al. 2005). Javalgy et al. (2005) stated the relationship between attitudes and buying behavior has been helpful in explaining the purchase of products with high involvement in CE studies (eg studies Herche, 1994; Kayna and Kara, 2002; Moon, 2002; Sharma et al., 1995; Watson and Wright, 2000). Thus, a positive attitude toward the product imported from one country can be expected to influence the purchasing decisions of foreign products. 

**H5:** There is a positive influence of attitude on the purchase intention of foreign Products.

**Methodology**

This study was using survey method. This study was conducted in West-Kalimantan, Indonesia. Samples in this study are 435 respondents, consists of 218 respondents from Malay and 217 respondents from Chinese ethnic. The collecting of data was using non probability sampling method by combining accidental and snowball sampling. The Product categories consist of food products such as snacks, frozen foods, soft drinks, and milk. The variables in this study is divided into two classification: exogenous variables which consists of COO and Animosity; endogenous variable that is Attitude and purchase intention of foreign products from Malaysia. This study employ structural equation modeling Multi Group (SEM Multi-Group).

Measurement scales of variables in this study used a Likert scale of 1-5. Furthermore,
the measures used in this study were based on previous research. Multi-item measures used to measure all constructs. Variable Country of Origin (X1) is defined as the image of the country of origin of certain products in particular categories of food products from Malaysia and America. This study measures the COO construct by modification measurements from Liu et al. (2006), included five indicators: the high durability of the product, has a price equal to the quality, have high reliability, have high functionality, have good quality.

Consumer animosity measures the hostility toward nation with four subscales by Jung et al. (2002) and Ang et al. (2004): national stable animosity (three items), personal stable animosity (three items), national situational animosity (three items) and personal situational animosity (five items). Attitude of foreign product measures in this study was used the measurement from Zolait and Mattila (2009): I have a positive attitude about the products of the XXX. Another item of attitude from Liu et al. (2006): I am interested in products from the XXX. Intention construct is the intention to purchase of foreign products from Malaysia and especially in the categories of food products as measured by two items: desire to buy and recommendation to others.

Result and Discussion

The differences of mean of constructs for both ethnic shown in Table 1.

According to Anderson and Gerbing (1988), SEM has two-step analytic procedure, that are measurement and structural model. Measurement model contains the evaluation of the fit indicators of the constructs.

Validity and Reliability Testing

Examining single-construct model of all the indicators that measure the construct has value CR (critical ratio) above 1.96 or a probability level of significance below 0.05. Value standardized loading estimate on all of constructs were above 0.4. CFA results indicated that the constructs in this studies show that COO, animosity, attitudes and purchase intention has good convergent validity.

The reliability testing tested on two subgroups of Malay and Chinese ethnic samples showed that almost all constructs had a Cron-
bach alpha values above 0.7. Reliability can also be seen from the composite reliability testing using a test construct reliability. Value construct reliability (CR) on almost all constructs were above 0.7.

The test results of full model in the two ethnic groups (Malay and Chinese) is shown in Table 2.

Full testing of the structural model using SEM multi-group on two groups of samples are Malays and Chinese ethnic on the categories of food products from Malaysia COO shown in Figure 2 and Figure 3. Fit indexes of model can be seen in Table 2. Testing a conceptual model of Malaysian food categories (X2 = 156.704, prob = 0.010) do not meet the criteria model fit. The expected value is a small X2 with probability > 0.05. Therefore necessary to look at the size of the other fit goodness. GFI values is 0.946. AGFI value for Malaysian food models is 0.916 has met the criteria of model fit. Absolute value of the other measures used in this study is Cmin / DF < 2.0, already meet the requirements. Other than that seen the value of RMSEA (Root mean square error of approximation) is a measure of the tendency of trying to improve the chi square statistic reject the model with a large number of samples. RMSEA values on Malaysian food product category (RMSEA = 0.028) and have met the criteria of model fit.

Other measures in the structural model is an incremental fit index measures using TLI. TLI values in the categories of food products from Malaysia COO (0.976), has been model fit. In addition to measures of absolute fit and incremental fit measures used the size of parsimonious fit measures. This measure linking goodness of fit model with a coefficient estimate is needed to achieve the level of fitness. In this study the parsimonious fit index measures using CFI, IFI, and PNFI PGFI. CFI values in the model of Malaysia (0.982) and IFI (0.982) are also above 0.90. PGFI value for Malaysia (0.613) and PNFI value for Malaysia (0.705) also are within the required limits were above 0.50. Thus most of the suitability index models

Figure 2. Structural Model on Malaysian Foods in Malay Ethnic
can already be met, so that the model said to be good and can be used for hypothesis testing (Table 3).

The results show that, there is a positive influence of COO on the attitudes of foreign products for both Malay (H1a) and Chinese ethnic (H1b), so H1 is accepted. This study also show that the influence of COO on the purchase intentions of foreign products of Malaysian foods can only be proven in Chinese ethnic, and can’t be proven on Malay ethnic. Thus, H2a is rejected but H2b is accepted. Furthermore, the results show that animosity have a negative influence on attitude toward foreign products,
thus H3a and H3b are accepted. However, this study fails to prove the influence of animosity on the intention to purchase of foreign products for both ethnic, so H4a and H4b are rejected. In addition, attitude also have a positive influence on the intention to purchase of foreign products, thus H5a and H5b are accepted.

The results of this study indicate that people from Chinese ethnic have a better perception in assessing the quality of products from foreign countries that are more advanced. This is reflected in the valuation of COO is higher in Chinese than Malay ethnic group. Especially, in the evaluation of food products from Malaysia. The results of this study also show that Malay people have a higher level of animosity towards Malaysia compared with the Chinese people. These results indicate that there are differences in consumer behavior between Malay and Chinese ethnic in the evaluation of foreign products.

The research proves that the rational aspects of COO influence consumer attitudes towards foreign products. The results correspond with findings of Jimenez and Martin (2010), Ranjbbarian et al. (2010), Moon and Jain (2002), Edwards et al. (2007) and Russell and Russell (2006). Furthermore, this study proves that emotional aspects of animosity also affect attitude. This study is supported by the finding of Klein et al. (1998; 1999; 2002), Mincheol (2001), Nakos and Hajidimitriou (2007), Bahae and Pisani (2009a, b, c) and Rose et al. (2009).

The results of this study also support the findings of Nisjenn and Douglas (2004), Torres and Gutierces (2007) and Jimenez and Martin (2010). This study indicates that both the PCI (rational aspects) and animosity (emotional aspects) have a direct impact on attitudes to foreign products for both in the context of the similar or different culture from other countries. However, this study fails to prove the influence of animosity toward intention. This study found that attitude have significant influence towards intention. Thus, the influence of animosity towards intention is through attitude as mediator. Furthermore, this study also fails to prove that CE as a mediator variable between PCI and animosity towards the attitude. Therefore, foreign companies have to make some important decisions when deciding to enter the market within a country. This study proved that in developing country such as Indonesia, CE doesn’t influence attitude. That’s because products from developed country have a better quality. Thus, foreign companies not only has to examine the image of the COO of products, but also has to examine the influence animosity on consumer buying behavior within a country.

**Conclusion**

The results of this study have implications for theories and empirical in international marketing. Consumer behavior towards foreign products are not only influenced by aspects of cognition and rationality of consumers but also influenced by aspects of negative emotions and attitudes of consumers such as animosity. This study has shown animosity as a strong predictor of the attitude. In addition, this study emphasizes the importance of the role of ethnic subcultures that exist in a country as a moderator variable. The results of this study have implications for studies of international marketing and cross-marketing to consider sub-culture as a moderation of animosity in consumer attitudes and behavior towards foreign products.

The evidence of this study is expected to provide practical implications for foreign or domestic companies. The description of the level of COO and consumer animosity of Indonesian is varies by product category and COO. It can be used as consideration in designing marketing strategies for foreign companies especially from Malaysia to reach the target market in Indonesia. Consumer behavior towards foreign products differ not only in the context of cross national but also in the scope of ethnic cultures that exist in a country. Therefore subcultures and ethnic identification is an important consideration for marketers in creating effective marketing campaigns. The testing of COO and animosity at the subculture as a first step to address managerial issues. Necessary caution for marketers to use standardized marketing program from foreign products. In addition, this research may also have implications for domestic companies associated with the level of COO, and animosity of Indonesian people that is useful for designing marketing strategies of domestic products to compete with foreign
This research has several limitations. First, this study did not differentiate the level of COO and Animosity based on demographic factors such as gender, age, education and income. Thus, provide opportunities for future research to examine possible differences in the level of COO, and Animosity based on demographic factors. Second, this study examined differences in COO, and Animosity on attitudes and purchase intentions in the two majority ethnic group in West Kalimantan on food products that are low involvement. Future research could test this model in other ethnic groups and product categories (high involvement). Third, this study did not examine the relationship animosity and CE in this research. Therefore, future researchers may examine the relationship between animosity and CE in influencing the attitudes and behavior of foreign product purchase.

References


