Country-Of-Origin Can Modify Actual Product Performance

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Results from three experiments indicate that the efficacy of products carrying reputable country-of-origin labels were better than the efficacy of the same products when carrying less reputable country-of-origin labels; titanium frames were lighter, sunglasses helped see better when facing glaring light and ear-muffs enabled better hearing despite strong background noise.

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EXTENDED ABSTRACT

Country-of-origin research has received much attention in the consumer behavior literature. Hong and Wyer claimed that different countries generate different quality expectations for different kind of products. For example, the quality image of Germany in the automotive market is high, while Mexico and South Korea have a poor image in the same market. Country of origin may impact the quality and reliability perceptions of the product (e.g., Peterson and Alain, 1995; Lim, Darley and summers, 1994). Country of origin serves as a signal for product quality (e.g., Erickson, Johansson and Chao, 1984) and may influence product evaluation (Han, 1989; Hong and Wyer 1989, Johansson, 1989.) Erickson et al. (1984) found that country image affects beliefs about tangible product attributes, which in turn impacts overall evaluation. Research has shown that country of origin serves as a signal for performance (e.g., Erickson, Johanson and Chao, 1984) and generates expectations regarding product performance (Han, 1989; Hong and Wyer 1989, Johansson, 1989). For example, Hong and Wyer (1989) found that when consumers have access to information about a product’s country of origin, their expectations and beliefs concerning the product performance are modified. Okechuku and Oyemah (1999) even showed that under certain conditions country of origin was significantly more important than price and other product attributes such as reliability and safety, to establishing product perception.

Hence country-of-origin influences the expectations and subjective assessments of product’s efficacy. However, these various studies as well as common sense do not suggest that objective product efficacy should also be affected by country-of-origin. The efficacy of a product should be a function of how the product is designed and produced. However, in this research we show that the country-of-origin of products can also influence rather than merely reflect objective efficacy.

For this purpose we used a method applied successfully in our previous work on placebo effects of brand names (Amar, Ariely, Bar-Hillel, Carmon and Ofir, 2010), but with a different type of marketing action (marketing information concerning the product’s country-of-origin.) In particular, across three experiments, each conducted in carefully controlled conditions, we show that information concerning the product’s country-of-origin can boost the performance of those who use the product.

In the first experiment, participants repeatedly held the same titanium framed eyeglasses indicating either a high reputable country-of-origin or no reputable country-of-origin in one hand, then held one of several paperweights, each weighing slightly less or slightly more than the glasses with no cue to its weight in the other hand, and then judged which was heavier—the eyeglasses or the paperweight. Several features of the experimental design made it difficult to lie, thus reducing the likelihood of demand effects. As predicted, the results showed that participants underestimated the true weight of the highly reputable country-of-origin frame more frequently and overestimated its weight less frequently, suggesting that the glasses seemed lighter when they had the highly reputable country-of-origin label.

In the second experiment, all participants faced a glaring light and were asked to read printed words as accurately and as quickly as they could, and received compensation proportional to their performance. As predicted, those wearing sunglasses with a highly reputable country-of-origin label were able to read more quickly and with fewer errors than those wearing sunglasses with a less reputable country-of-origin which in fact were otherwise identical. Note that there are two ways that a participant who believes he or she is wearing quality sunglasses might perform better, to fulfill the expectation caused by the reputable country-of-origin. One is to try harder. This could account for the smaller number of errors, but not for the faster rate. Since both were recorded, willful effort could be ruled out. The other is to contract the pupil more, thus cutting out more glare. However the experimenters were instructed to make sure that participants did not do this. More importantly, inasmuch as the pupil is under voluntary control, putting one’s faith in one’s sunglasses should lead to the opposite behavior; namely the expectation that the pupil does not need to be contracted so much when wearing effective sunglasses.

In the last experiment, all participants wore the same pair of earmuffs said to reduce noise while assisting in hearing conversations, bearing either a highly reputable country-of-origin or a much less reputable country-of-origin label. They then were exposed to a recording of an announcer reading a list of 62 unrelated words, read against the background of a very loud and noisy construction site and were asked to identify the words as they heard them. As predicted, participants whose earmuffs bore the more reputable country-of-origin label identified more words correctly and fewer words incorrectly than those whose earmuffs carried the no reputable country-of-origin. Note that in this task it is not clear what motivated participants could do in order to improve performance over a less motivated participant.

Overall we show that in addition to altering expectations and subjective assessments of product efficacy, country-of-origin labeling can also influence objective efficacy in a manner that is difficult to attribute to self-motivation. These results have significant managerial and public policy implications. Firms need to know that production in developing countries indeed cuts costs but may also damage product efficacy via the low country-of-origin reputation effect. Analogously, our findings suggest that the healing power of medication produced in developing countries may be weaker than the healing power of the same drug produced in Western countries. In light of the rapid development of over-the-counter drug (OTC) sales managerial and public policy makers should consider seriously the effect of country-of-origin.

REFERENCE


