



## Brand and country-of-origin effect on consumers' decision to purchase luxury products<sup>☆</sup>

Bruno Godey<sup>a,\*</sup>, Daniele Pederzoli<sup>a,1</sup>, Gaetano Aiello<sup>b,2</sup>, Raffaele Donvito<sup>c,3</sup>, Priscilla Chan<sup>d,4</sup>, Hyunjooh Oh<sup>e,5</sup>, Rahul Singh<sup>f,6</sup>, Irina I. Skorobogatykh<sup>g,7</sup>, Junji Tsuchiya<sup>h,8</sup>, Bart Weitz<sup>i,9</sup>

<sup>a</sup> Rouen Business School, Boulevard André Siegfried, BP 215, 76825 Mont-Saint-Aignan Cedex, France

<sup>b</sup> Dipartimento di Scienze Aziendali, Università di Firenze, Edificio D6, Terzo piano, Stanza n.60, Via delle Pandette 9, 50127 Firenze, Italy

<sup>c</sup> Dipartimento di Scienze Aziendali, Università di Firenze, Edificio D6, Terzo piano, Stanza n. 3. 36, Via delle Pandette 9, 50127 Firenze, Italy

<sup>d</sup> Department of Clothing Design and Technology, Hollings Faculty Manchester Metropolitan University, Old Hall Lane, Manchester M14 6HR, United Kingdom

<sup>e</sup> David F. Miller Center for Retailing Education & Research, 302 Bryan Hall, Warrington College of Business Administration, University of Florida, Gainesville, FL 32611, USA

<sup>f</sup> Birla Institute of Management Technology, 5, Knowledge Park-II Greater Noida, National Capital Region, UP 201 306, India

<sup>g</sup> Plekhanov Russian University of Economics, Stremyanny per. 36, 117997, Moscow, Russia

<sup>h</sup> Waseda University, 1-104 Totsukamachi, Shinjuku-ku, Tokyo 169-8050, Japan

<sup>i</sup> David F. Miller Center for Retailing Education & Research, 200 Bryan Hall, P.O. Box 117153, University of Florida, Gainesville, FL 32611, USA

### ARTICLE INFO

#### Article history:

Received 1 March 2011

Received in revised form 1 June 2011

Accepted 1 August 2011

Available online 27 November 2011

#### Keywords:

Country of origin

Luxury

International

Cross-cultural analysis

Consumer behavior

### ABSTRACT

This research aims to update the factors influencing consumer purchase of luxury goods and, more specifically, to consider the combined effect of brand and country of origin (CoO) on the purchasing decision. This article extends an exploratory phase constructed from qualitative data previously gathered on this topic. The study includes administering a questionnaire online in seven countries (China, France, India, Italy, Japan, Russia, and the USA) to a total sample of 1102 respondents. The richness of this research relates to the possibility of an intercultural analysis of the results from seven countries. These results concern the differences in the relative importance of components of the consumer decision-making process in respect of the purchase of luxury and non-luxury goods; the relative importance of CoO for consumers making purchasing decisions relating to luxury goods; and the variation in consumers' decision-making criteria depending on the maturity of the luxury market. This research allows the authors to confirm, develop, and generalize results previously obtained in the exploratory phase of their work. They are interesting in terms of management recommendations for a company that wishes to expand internationally in a geographic area covered by the study, since the research found significant differences. The results of the research contribute also to the theoretical controversy concerning the importance of CoO in the consumer decision-making process.

© 2011 Elsevier Inc. All rights reserved.

<sup>☆</sup> The authors thank Ulrike Mayrhofer, IAE Lyon, and Ewan Ormiston, RBS, for their comments on an earlier draft, which were very helpful in revising this paper. The authors alone are responsible for all limitations and errors that may relate to the study and the paper.

\* Corresponding author. Tel.: +33 2 32 82 58 24.

E-mail addresses: bruno.godey@rouenbs.fr (B. Godey), dpd@rouenbs.fr (D. Pederzoli), gaetano.aiello@unifi.it (G. Aiello), raffaele.donvito@unifi.it (R. Donvito), p.chan@mmu.ac.uk (P. Chan), hyunjooh.oh@cba.ufl.edu (H. Oh), rahul.singh@bimtech.ac.in (R. Singh), iskorobogatykh@yahoo.com (I.I. Skorobogatykh), junji.tsuchiya@waseda.jp (J. Tsuchiya), bart.weitz@cba.ufl.edu (B. Weitz).

<sup>1</sup> Tel.: +33 2 32825785.

<sup>2</sup> Tel.: +39 055 4374726.

<sup>3</sup> Tel.: +39 055 4374679.

<sup>4</sup> Tel.: +44 161 2472778.

<sup>5</sup> Tel.: +1 352 2733291.

<sup>6</sup> Tel.: +91 120 2323001/10.

<sup>7</sup> Tel.: +7 499 2379496.

<sup>8</sup> Tel.: +81 3 5286 3552.

<sup>9</sup> Tel.: +1 352 3927166.

### 1. Introduction and objectives

The effect of country of origin (CoO) on consumers' perceptions and purchasing intentions is a common theme in marketing research (Bloemer, Brijs, & Kasper, 2009; Usunier, 2006). This research aims to update the factors influencing consumer purchase of luxury goods. The study focuses on this sector as the internationalization of business is inseparable from its economic development in recent years. In this context, brands (especially Italian and French) conventionally use the argument of CoO in their international communication strategies.

Research in consumer behavior takes two theoretical directions to explain the consumption of luxury goods. Such research initially drew on the work of social psychology to focus almost exclusively on socially oriented motivations (Dittmar, 1994; Eagly & Chaiken, 1993). Theoretical explanations based on a personally oriented vision complement this trend (Vigneron & Johnson, 1999, 2004; Wong & Ahuvia, 1998). Regardless of the perspective used, prior research in the field of luxury shows the particular importance that brands play as vectors of strategies that

consumers use in their decision-making processes (Dubois, Czellar, & Laurent, 2005; Kapferer, 1997, 1998; Vigneron & Johnson, 1999, 2004).

Following the difficulties experienced in 2008–2009 and despite forecasts in return-to-growth in 2010–2011 (for example, Bain et al., 2011), businesses need to make smart strategic choices in international marketing. This research is part of the managerial perspective of improving understanding of the cultural differences in perception and purchasing behavior relating to luxury brands.

The study focuses specifically on the configural effects of brand and CoO on the purchasing decisions of consumers. However, the study includes additional elements, such as design, price, and guarantee, which can influence the purchasing decisions of consumers. The choice of these variables depends on the definition of what a luxury brand is. Researchers generally agree about the lack of substantial definitions of luxury, that is to say, definitions based on general intrinsic characteristics of products and techniques employed, or on techno-economic characteristics of the industry (Bomsel, 1995). However, a certain consensus is emerging about the major characteristics that the consumer of luxury brands desires. The common denominators are beauty, rarity, quality, and price, and also an inspirational brand endorsing the product. In this context, brands compete on the basis of their ability to evoke exclusivity, brand identity, brand awareness, and perceived quality for the consumer (Phau & Prendergast, 2000).

This article complements an exploratory phase, conducted from qualitative data gathered previously on this subject (Aiello et al., 2009). The wealth of results relates to the intercultural nature of the analysis, based on a questionnaire administered in seven countries (China, France, India, Italy, Japan, Russia, and the USA), with a total sample of 1102 respondents.

After describing the conceptual framework and methodology for the study, this paper presents the results. The study firstly characterizes the specificities of the luxury market in terms of decision making, and secondly identifies important elements in this decision. At each stage, the methods chosen allow comparison of the results obtained in the different countries represented in the sample.

## 2. Literature review

The motivation to acquire luxury brands traditionally derives from the notion of conspicuous purchase. This idea tends still to be more or less the strategic foundation for the management of luxury brands (Corneo & Jeanne, 1997; Dittmar, 1994; O'Cass & Frost, 2002; Vigneron & Johnson, 1999, 2004). From this perspective, which has its origins in sociology and social psychology via the theory of impression management, consumers strongly orient their behavior towards the creation of a favorable social image that they can build through their purchases (Eagly & Chaiken, 1993). They then use brands as vectors to implement two distinct consumption strategies. On one hand, brands are the visible symbols of consumer tastes (i.e., social salience); on the other hand, brands are icons representing certain social groups and thus helping consumers to strengthen their membership of these groups (i.e., social identification).

A number of researchers enrich the traditional vision of luxury consumption (Tsai, 2005; Vigneron & Johnson, 1999, 2004; Wiedmann, Hennigs, & Siebels, 2009; Wong & Ahuvia, 1998). In this revised paradigm, two types of luxury consumption orientation (social and personal) exist in the management of luxury brands. Wong and Ahuvia (1998) were the first to show that personal orientation towards luxury brands was more important for some consumers than others. When these consumers choose a luxury brand, utilitarian, emotional, and symbolic dimensions usually underlie their personal orientation.

This research fits within this theoretical perspective, taking into account the particular role played by the brand in the consumer's decision-making process. However, if research traditionally recognizes the brand as a central driver of the consumer's decision, this study observes that companies also link brand to CoO to develop their international marketing strategies. This topic has not, as far as

the authors are aware, been the subject of specific research in the luxury sector.

Since Dichter's (1962) reference to the significance of the "made-in" dimension, research on CoO effects has become one of the major domains within the scientific literature on international marketing and consumer behavior (Bloemer et al., 2009; Usunier, 2006). In fact, large numbers of studies exist on consumers' beliefs and buying behavior with respect to the CoO of a product or service. However, CoO is also one of the most controversial research fields, and many studies reach opposite conclusions (Bhaskaran & Sukumaran, 2007; Pereira et al., 2005; Verlegh & Steenkamp, 1999). Some (e.g., Agrawal & Kamakura, 1999; Ahmed & d'Astous, 2008; d'Astous & Ahmed, 1999; Laroche et al., 2002) conclude that CoO has a significant influence on the choice of a product or service, while others (e.g., Ettenson et al., 1988; Liefeld, 1993, 2004; Lim and Darley, 1997; Lim et al., 1994) conclude that the influence of CoO is very weak.

Despite the efforts of researchers to validate and relate the numerous approaches to CoO, recent reviews still deplore the lack of conceptual, methodological, and theoretical transparency (Bloemer et al., 2009; Laroche et al., 2005; Papadopoulos and Heslop, 2003; Usunier, 2006; Verlegh and Steenkamp, 1999).

### 2.1. Country-of-origin effect on consumer perceptions and purchasing behaviors

Previous researchers working on the effects of CoO take two complementary directions. On one hand, they consider the composition of product-country images (Agrawal and Kamakura, 1999; Roth and Diamantopoulos, 2009; Roth and Romeo, 1992; Usunier and Cestre, 2007). On the other hand, they have an interest in how consumers use CoO as an evaluation of product quality (Bloemer et al., 2009; Veale and Quester, 2009; Verlegh et al., 2005). This article is part of this second perspective, and examines the influence of CoO on perceptions and purchasing intentions of consumers in the field of luxury goods.

According to Bilkey and Nes (1982), one of the most popular approaches towards the use of CoO-cues is the cognitive approach, which sees a product as a cluster of cues. This approach usually distinguishes between product-intrinsic cues (such as taste, design, material, and performance) and product-extrinsic cues (such as price, brand name, store reputation, warranty, and CoO).

Research has shown that consumers generally rely more on intrinsic attributes when forming their opinions. However, in certain circumstances, consumers prefer extrinsic attributes, finding them more credible and reliable than their own assessment (Srinivasan et al., 2004). The use of extrinsic attributes can also relate to situational factors, especially when status or self-image affects the purchase of a product (Piron, 2000; Quester and Smart, 1998).

The CoO impacts consumer perceptions and behaviors through the image of the product's CoO. The image is the representation, reputation, or stereotype of a specific country, which consumers associate with the products (Nagashima, 1970, 1977). According to Roth and Romeo (1992), a country's image arises from a series of dimensions that qualify a nation in terms of its production profile. Such dimensions include innovative approach (superior, cutting-edge technology); design (style, elegance, balance); prestige (exclusiveness, status of the national brands); and workmanship (reliability, durability, quality of national manufacturers). Usunier (1993, 2006) provides a more comprehensive definition of the country image as a multidimensional construct influenced by cognitive components, affective components, and stereotypes. The strong associations between the country image and product quality in relation to product/brand evaluations (Kotler and Gertner, 2002) necessitate the identification of how global consumers perceive the redefined concept of CoO. They perceive the CoO as the country of design (CoD), and as the country of manufacture/assembly (CoM/A). The use of different products in different countries causes contradictory findings in

Download English Version:

<https://daneshyari.com/en/article/1018102>

Download Persian Version:

<https://daneshyari.com/article/1018102>

[Daneshyari.com](https://daneshyari.com)