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The Effect of Country of Origin on Egyptian Consumer Purchase Intention

“An Applied Study on the Egyptian Automobiles Market”

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
قَالُوا سُبْحَانَكَ لَا عِلْمَ لَنَا إِلَّا مَا عَلَّمْتَنَا
إِنَّكَ أَنْتَ الْعَلِيمُ الْحَكِيمُ

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Abstract

Various companies competing in the global market are manufacturing their products in different places of the world. The country of origin cue has become more important as consumers tend to evaluate products based on the countries where they have been produced. Previous studies showed that the way consumers perceive the country of origin plays a key role in affecting a consumer's choice of a product. This study aims to examine the effect of country of origin on consumer purchase intention in the context of the automobiles market in Egypt. The research findings indicate that country of origin related factors does have a significant relationship with consumers' intentions to buy products. Specifically, the technological advancement dimension proved to have the highest effect on purchase intention. This indicates that people exhibit more preferences for products made in countries that have a positive image and are known to have high technological research level. Based on the results, recommendations are provided to help companies manage the country of origin issue carefully to achieve success and increase their sales. There were also some limitations associated with conducting the research. Those limitations could serve as a future line for scholars aiming to conduct researches in the same field.

Keywords: Country of origin, Country image, Purchase intention, Economic development, Technological advancement, Country of origin effect, Consumer behavior.

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Chapter One
Research Framework

1.1 Introduction:

A few decades ago, the country of origin concept began to arise as an issue of interest to many researchers. The large number of studies have provided a strong evidence of the existence of country of origin (COO) effects on product evaluations (Ahmed and d'Astous, 2008; Pharr, 2006). The growth of international trade and the development of the global market have increased the competition among international firms, which all seek to gain more opportunities globally. With globalization, several products made in different countries have now become available to consumers. Therefore, consumers have a wider range of domestic and foreign products to choose from (Rezvani et al., 2012).

International companies that are operating in a competitive domestic and foreign market need to be aware of how consumers' evaluate products made in foreign countries (Ahmed and d'Astous, 2008).

According to Rezvani et al. (2012), "Country of origin is one of the most important factors that most concern marketers in respect to its impact on consumer purchase intention". There is a role for country of origin in shaping the perceptions of consumers, their choices of products, and their willingness to pay a premium. For instance, in a country like Egypt, country of origin of a product is perceived by consumers as an indication of the product's overall quality. It sometimes also symbolizes status and enhances consumers' self-esteem (Mostafa, 2015).

The country of origin concept is a complex one as there are several aspects communicated to consumers once they read the “Made in” label on a product. According to Lin and Chen (2006), Hong and Wyer (1989) discovered that in the process of consumer evaluation of a foreign product, he/she will most likely consider country-of-origin image to reflect their perception easily.

In addition, the country of origin effect and its ability to trigger consumers’ interest in buying certain products is influenced by many factors such as the level of ethnocentrism or patriotism of consumers. “Supporting domestic products for the good of the domestic economy may therefore be regarded as a form of ethnocentric behavior” (Dinnie, 2003).

The present research aims to examine the effect of the dimensions of country of origin image construct on consumers’ purchase intentions in Egypt. The introduction is followed by the research problem, and objectives. Next, the research hypotheses, framework, and methodology are illustrated. Finally, the research importance and limitations are outlined.

1.2 Research Problem:

Country of origin is one of the extrinsic cues, which consumers use in their process of evaluating a product. Based on the review of literature on country of origin, country of origin image, and purchase intention, it is clear that the study of the effect of country of origin on consumers’ buying behaviors has received attention from many researchers in the marketing field. Some previous researches have argued that country of

origin is an important cue that consumers use in their evaluation of products, while other researches argued that the effect is weak.

Through this research study, there is an interest to examine if we can consider country of origin image as a factor affecting the willingness of consumers to buy a product. In specific, is there a relationship between country of origin's dimensions (economic development, technological advancement, human aspects) and consumer purchase intention? Moreover, we need to understand if purchase intention, as a variable, reflects consumers' perceptions of products?

Therefore, country of origin and purchasing intention is a field that needs further research and investigation to understand how consumers react based on their knowledge of the made in information. This is an important step of improving marketing strategies for companies, specifically in Egypt.

1.3 Research Objectives:

The main objective of this research is to find the effect of country of origin on Egyptian consumer purchase intention. This is going to be based on investigating the influence of each of the country of origin image dimensions on purchase intention. Therefore, the objectives could be summarized as follows:

- Examine the relationship between country of origin's economic development and consumer purchase intention.

- Determine the relationship between country of origin's technological advancement and consumer purchase intention.
- Investigate the relationship between country of origin's human aspects and consumer purchase intention.

1.4 Research Hypotheses:

Based on the above, there research hypotheses consist of a main hypothesis that is divided into three research hypotheses. These are as follows:

There is a relationship between country of origin and consumer purchase intention.

H1: There is a significant positive relationship between country of origin's economic development and consumer purchase intention.

H2: There is a significant positive relationship between country of origin's technological advancement and consumer purchase intention.

H3: There is a significant positive relationship between country of origin's human aspects and consumer purchase intention.

1.5 Conceptual Framework of the Research:

The current research is divided into three independent variables and one dependent variable. The independent variables are represented by the country of origin economic development, technological advancement, and human aspects.