DOES COUNTRY OF ORIGIN OF INGREDIENT-PRODUCT MATTER? A STUDY OF HOST-PRODUCT PURCHASE INTENTION

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Abstract

Purpose of the study: This study aimed to analyze how the country of origin of ingredient products may influence host-product purchase intention.

Methodology: This study aimed to analyze how the country of origin of the ingredient product may influence host-product purchase intention. It was an experimental research with between-subject 2 (country of origin from host product; favorable, unfavorable) and within-subject of two product types (high-involvement, low involvement). The participants were undergraduate students who took Management studies. The evaluation of participants was through questionnaires.

Result: The result found that country of origin of ingredient product merely influenced the purchase intention of host products with high-involvement, while low-involvement products and the other variables such as brand probably had higher contributions.

Implications: Companies can consider the country of origin of the suppliers of ingredient products and communicate the country of origin of the ingredient products to consumers.

Novelty: This study provides new insight into product ingredient research, specifically the influence of the country of origin of the product ingredient on the purchase intention of the host product. Moreover, this research also considers product involvement in experiments.

Keywords: Country of Origin, Host Product, Ingredient-product, Product Involvement, Purchase Intention.

INTRODUCTION

Building a brand identity is very helpful for industrial products (Beverland, Napoli, & Yakimova, 2007; Kotler & Pfoertsch, 2007). The companies may apply some strategies to develop and manage their brands (Pomnam, S., & Balaji, 2015; Jayanti & Iriani, 2020; Suryaningsih, 2020). One approach through brand equity development is the ingredient-branding strategy. It refers to brand-in-brand where ingredient-brands merge in host-brand (Kotler & Pfoertsch, 2007).

Ingredient-branding is one marketing strategy that aims to develop or improve the brand equity of industrial product brands (i.e., basic ingredient or components) that merges in a final product by communicating the basic ingredient to the final consumers (Norris, 1992). On the other hand, host-brand uses ingredient branded products to attract customer attention (Desai & Keller, 2002). Using ingredient-branding may change the consumers’ trust and attitudes on host-brand as they consider to do evaluation wisely to the ingredient branded products they are interested in. Additionally, ingredient-branding may improve brand awareness and image of host-products through a positive evaluation (Kotler & Pfoertsch, 2010).

Country of origin generally relates to countries in which the products were made (Bilkey & Nes, 1982). It may influence consumers’ evaluation of products they are interested in (S. Ahmed & D’Astous, 2008). Countries that make products are fundamental information that affects product quality and brand image (Bilkey & Nes, 1982). It is a kind of brand which also influences people’s attitudes on-brand along with their purchase intentions (Barta, Feilmayr, Pröll, Grün, & Werthner, 2009).

The level of involvement defines the depth, complexity, and latitude on the cognitive and behavioral process on which the consumers make their decisions (Bian & Moutinho, 2011). Product involvement reflects a recognition that some categories of particular products may be either more or less significant for consumers’ lives to become their sense of identity, in addition to their relationship with the entire universe (Nkwocha, Johnson, & Brotsipes, 2005). Thus, product involvement is a primary framework to see consumers’ decision-making and other related communication (Bian & Moutinho, 2011; Afriani & Asandimitra, 2020).

This study, therefore, aims to analyze how the country of origin of ingredient products may influence the purchase intention of the host-product.

LITERATURE REVIEW

Ingredient-branding

Building a brand identity is very helpful for industrial products (Beverland et al., 2007; Kotler & Pfoertsch, 2007). The companies may apply some strategies to develop and manage their brands (Pomnam et al., 2015). One approach through
brand equity development is the ingredient-branding strategy. It refers to brand-in-brand where ingredient-brands merge in host-brand (Kotler & Pfoertsch, 2007).

Ingredient-branding is a marketing strategy that aims to develop or improve the brand equity of industrial product brands (i.e., basic ingredient or components) that merges in a final product by communicating the basic ingredient to the final consumers (Norris, 1992). On the other hand, host-brand uses ingredient branded products to attract customer attention (Desai & Keller, 2002). Using ingredient-branding may change the consumers’ trust and attitudes on host-brand as they consider to do evaluation wisely to the ingredient branded products they are interested in. Additionally, ingredient-branding may improve brand awareness and image of host-products through a positive evaluation (Kotler & Pfoertsch, 2010).

Strong ingredient-brand may communicate specific features and benefits that simplify the process of making decisions by customers and reveal the invisible components to the final customers. It brings good advantages for both the supplies and users of host-brand (host-brand) (Giakoumaki, Avlonitis, & Baltas, 2015).

Ingredient-branding is different from co-branding (Hillyer & Tikoo, 1995; Kalafatis, Remizova, Riley, & Singh, 2012; J. P. Levin & Levin, 2000; Shocker, 1995; Spethmann, B. and Benezra, 1994). Ingredient-branding has more definite relationship rather than co-branding (Kotler & Pfoertsch, 2007) since one of the brands is the host-brand of B2B and the other ones refer to the host product (Erevelles, Stevenson, Srinivasan, & Fukawa, 2008; Prince & Davies, 2002; Rao, Ou, & Ruekert, 1999). In this case, the supplier of basic ingredients approaches the final customers to help the host-brand reach its triumph (Kotler & Pfoertsch, 2007).

Ingredient-brand is helpful for the host-brand for its capability to attract customer attention, improve the differentiation, give clues of product quality, improve brand awareness and the image of host-product that refers to positive evaluation (Desai & Keller, 2002; Ghosh & John, 2009; Kotler & Pfoertsch, 2010; A. J. Levin, Davis, & Levin, 1996; Rao & Ruekert, 1994; Vaidyanathan, Aggarwal, & Brown, 1999). Besides, branded-ingredient may influence the customers’ purchase intention and make them willing to pay with the premium price (Rodrique & Biswas, 2004). Branded-product influences more on unloyal customers rather than the loyal ones (Swaminathan, Reddy, & Dommer, 2012). The attitude and trust in the ingredient brand may integrate with the attitude on host-brand to gain the proposition of better value (Tiwari & Singh, 2012).

Country of Origin

The country of origin is generally related to countries in which the products are made (Bilkey & Nes, 1982). The country of origin represents the level of technology and economic development of a country (Wu & Fu, 2007). It may influence the customers’ evaluation of the products they want to buy (S. Ahmed & D’Astous, 2008; Rahardjo, Akbar, Iskandar, & Shalehah, 2020). The origin-country of the products is important to impress the perception of product quality and brand image (Bilkey & Nes, 1982). The origin-country of a brand also works on the customers’ attitude and purchase intention on particular brands (Barta et al., 2009). It touches them by being product attributes (Hong & Wyer, 1989).

The country of origin stimulates customers on its relative benefits and industrial status, as well as its social and culture that may bring more value to its products. The more favorable countries have a more positive perception of better quality products rather than unfavorable ones, and thus, it also works on their purchase intention (Wu & Fu, 2007).

Product Involvement

The term involvement derives from the psychological area. It refers to the condition of human beings on which having an ego-centric stimulus that, either consciously or not, relates to ego (Sherif & Cantril, 1947). Toward the consumers’ attitude, involvement commonly refers to relevance an individual perceives based on his needs, value, and interest that cannot be separated from one another (Nkwocha et al., 2005).

Consumer’s product involvement is an important variable that works on consumers’ responses to the given information, and thus, it may bring over the implementation of brand personality. Product involvement reflects an internal condition of stimulus based on the relevance the consumers perceive product classes and toward their needs, interest, and value. The condition can be either situational or permanent (Malär, Nyffenegger, Krohmer, & Hoyer, 2012).

The level of involvement defines the depth, complexity, and vastness of cognitive and behavioral processes in consumers’ decision-making (Bian & Moutinho, 2011). Product involvement reflects the recognition that the category of particular products is either more or less crucial for consumers’ live, to become the sense of their identity, and toward their relationship with the universe (Nkwocha et al., 2005). Therefore, product involvement is a primary framework to see the attitude of making a decision and related communication (Bian & Moutinho, 2011).

Involvement improves consumers’ motivation to actively seek information. The information is then processed more intensively by focusing on more detailed arguments. Involvement improves their capability to see relevant aspects in more detail through accurate categorization. As a result, consumers with high involvement must have more capability to accurately categorize the identity of brands and see the intended message (Malär et al., 2012).
Indecision to purchase, consumers with high involvement product sense will seek for more information about the product they buy (e.g., information about the detail attributes of the products) and make comparisons with the other ones to ensure the product quality and value (Nkwocha et al., 2005). Hence, the process of making the decision will be longer given a series of consecutive stages. Otherwise, consumers with low involvement product sense will rely on visible signal only (e.g., price and brand) to conclude the product.

They take less effort in seeking product information (Bian & Moutinho, 2011). It is consistent with the Elaboration Likelihood Model (ELM) that explains information processing of the “central route” or “peripheral route.” High-involvement products tend to show “central route” to persuasion where the consumers take their cognitive effort to evaluate any relevant premises they have found. In this case, they tend to focus on signals with higher diagnosis such as information about the attributes and performance for product evaluation. They may ignore the simpler ones such as price and brand. Besides, low involvement products cause “peripheral route” to persuasion in which the product evaluation by consumers is based on superficial analyses of salient signals in the available stimulus (Nkwocha et al., 2005).

For high-involvement products, consumers use a central route of processing and describe their experiences and insight for product evaluation. Therefore, the arguments of products may have positive responses. When customer involvement on a product is low, however, it turns into peripheral information processing. With this route, the customers will be dependent on external and peripheral signals (not the intrinsic ones) to make their conclusion (Ponnam et al., 2015). They will rely on intrinsic attributes (e.g., product quality) to evaluate high-involvement products and extrinsic signals (e.g., country of origin) for low-involvement products (Ferguson, Dadzie, & Johnston, 2008). Additionally, customer-involvement on products also brings over perceptions of the quality and attitude of the brand (Boisvert & Ashill, 2011).

**H1:** Toward high-involvement products, favorable country of origin of ingredient product works more on the purchase intention of host products rather than the unfavorable ones.

**H2:** Toward low-involvement products, neither favorable nor unfavorable country of origin of ingredient product works on the purchase intention of the host product.

**METHODOLOGY**

This study began with instrument development of variables ingredient product, ingredient brand, host product, host-brand, country of origin, and product involvement. After reviewing the latest literature, some hypotheses were set. Some pre-tests that aimed to define the category of high- and low-involvement products, ingredient products, country of origin, and host product were all conducted through a survey. The respondent of pre-tests was the sample with similar criteria to those in experimental research. They were 30 undergraduate students of management course in the Faculty of Economy in UNESA.

The result of pre-tests was used to develop the stimulus of the experiment. It was the information that corresponded to the matrix of the experiment as presented in table 1.

| Country of Origin of Ingredient Product | Favorable | Unfavorable |
|----------------------------------------|-----------|-------------|
| Host-Product involvement                | High involvement | μ1          | μ2          |
|                                        | Low involvement    | μ4          | μ5          |

In the main test, recording the evaluation of participants was further conducted through questionnaires. According to the procedures of the experiment, the questionnaires involved some manipulation-check questions, in addition to consumer evaluation questions about product and country of origin, to ensure the stimulus fruitfulness. Four groups consisting of 30 students for each participated in this research. They represented the cells of the experiment. Their responses were tabulated and tested using ANOVA (difference test) in SPSS.

**RESULTS/FINDINGS**

**Initial Analysis**

The initial analysis aimed to see whether the participants were qualified as the research object. It consisted of an awareness check and another one to make sure that they saw the treatment. Among 120 collected questionnaires, 108 of them passed the initial analysis. They knew that the experimented ingredient product was the basic ingredient of the host product, besides, to correctly responding to the question about the stimulus of the experiment. The detailed participant distribution into the cells of the experiment was presented in the following table (i.e., table 2).
Analysis of Manipulation Test

The manipulation test aimed to make sure that the manipulation given in the research was successful. The result found that all manipulations conducted in this research were successful. The manipulated mean-variance of each factor said so. Additionally, the significance value of independent sample t-test for both involvement types and country of origin was < 0.05.

ANOVA Test

Two variables including product involvement and country of origin significantly worked on customers’ purchase intention. Toward the interaction effect, the ANOVA test showed an insignificant correlation between those two variables in manipulating the customers’ purchase intention.

Test of Hypotheses

Hypothesis 1 and 2 were tested using independent sample t-test. The result showed a significant difference of purchase intention on host product between the favorable and unfavorable country of origin, particularly for the high-involvement product. Hence, Hypothesis 1 was supported. However, no significant difference was found in the low-involvement product. Thus, Hypothesis 2 was also supported. The significance value was presented in the following table.

| Hypothesis | Levene’s Test for Equality of Variances | Sig. |
|------------|----------------------------------------|------|
| Hypothesis 1 | .002                                   |      |
| Hypothesis 2 | .409                                   |      |

DISCUSSION

Toward a high-involvement product, favorable country of origin of the ingredient product works more on the purchase intention of host products rather than the unfavorable ones. Hypothesis 1, therefore, was supported. However, the country of origin did not work on the purchase intention of the low-involvement host product. It supported Hypothesis 2. These two verified hypotheses supported the previous studies.

Country of origin is one of the brand equity forming aspects in industrial products (Chen, Su, & Lin, 2011). In this case, it refers to the ingredient product. In international business literature, country of origin is a signal of consumers’ attitude in selecting products (Schooler, 1965) bar. When the country of origin is unfavorable, the image and perception of the product will be unfavorable as well. As a result, it may affect the customers’ purchase intention on host products, particularly to high-involvement products, not the low-involvement ones (Ahmed et al., 2004). Besides, they may consider another signal such as a brand to evaluate the low-involvement products (Li & Wyer, 1994).

CONCLUSION

Toward high-involvement products, favorable country of origin of ingredient products works more on customers’ purchase intention of host products rather than the unfavorable ones. Toward low-involvement products, country of origin (either favorable or unfavorable ones) does not work on customers’ purchase intention of host products. So, companies need to choose the country of origin of their product ingredients, especially for high involvement products. Besides, companies need to communicate the origin of their ingredient products to consumers by displaying them in advertisements.

LIMITATION AND STUDY FORWARD

This study failed to prove the influence of country of origin ingredient products on the purchase interest of hosted products on low involvement products. This is possible because respondents do not pay too much attention to the product ingredient of low involvement products. However, further research is needed to find out whether the country of origin of the ingredient product influences the behavior of consumers to host the product. Additionally, future researches may involve information containing multiple exposures of ingredient brand ads.
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AUTHORS CONTRIBUTION

Rosa Prafitri Juniarti created a research framework, do data analysis, and edit the manuscript. Anik Lestari Andjarwati created the conceptual framework and coordinated the data collection, and compiled the manuscript.

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