



Business, Management and Economics Research

ISSN(e): 2412-1770, ISSN(p): 2413-855X

Vol. 2, No. 1, pp: 10-14, 2016

URL: <http://arpgweb.com/?ic=journal&journal=8&info=aims>

Country-Of-Origin Effects on New Products Launch: Romanian Consumers' Perception on National Products

Stoenescu Roxana-Denisa*

PhD Candidate Faculty of Marketing Bucharest University of Economic Studies, Romana Square No.6 Bucharest, Romania

Căpăfînă Gabriela

PhD Candidate Faculty of Marketing Bucharest University of Economic Studies, Romana Square No.6 Bucharest, Romania

Abstract: In this era of globalization, the companies follow to achieve performance based on the relationship between national culture and new product launch – as an essential field for academic research and managerial practice. Through the literature review, we attempt to provide a clarification of this relationship considering the consumers' perception on national product originated from Romania. The research conducted in this paper focused on Romanian consumers' perception of their national products. Through a qualitative study, we explore the importance of country-of-origin on consumers' decision to buy a new product, as well as their motives to prefer a Romanian product or a foreign one. The findings suggest that a favorable country image is essential in triggering the buying intention and that Romania still has a long path to go in order to establish a positive image in the minds of its targeted segment of consumers.

Keywords: Country-of-Origin; New Products; Consumers' Perception; National Products; Romanian Consumers.

1. Introduction

In Romania, the market dynamic of national products intensifies from year to year. Thus, the offer of so-called national products has increased and the client remains vulnerable, especially if they are not informed about what means a national product and knows nothing about the manufacturer. Not long ago, Romanian consumers have purchase more image that utility. Now they had to reach saturation – still not complete – and begin to ask themselves what and why they buy, to become selective and gradually critics.

The objective of this paper is the analysis of new product launch for Romanian consumers. We indented to identify the way Romanian products are being perceived and to evaluate the intentions of Romanian consumers regarding national products.

The structure of this paper consists in a theoretical background part – regarding the consumers' perception on new products and the country of origin effects on consumers' perception –, and a research part which involve the actual study of Romanians' perception on their national products.

2. Theoretical Background

2.1. Consumers' Perception on New Products Launch

The success of new products launch is influenced by the consumers' response to them. Thus, the factors which determine a consumer to adopt a new product should be analyzed and understood. Understanding how consumers adopt a new product is essential for the companies involved in product launch process. A lot of research has attempted to study how consumers respond to the new products introduction (Gatignon and Robertson, 1985; Robertson and Gatignon, 1991; Rogers, 2003). Through these studies it was indented to obtain such an understanding based on market research related to consumers' attitudes toward the new product and their purchase intention (Arts *et al.*, 2011).

Consumers' innovativeness is one of the most relevant concepts in the behavioural sciences (Hirschman, 1980), and there is a large part of research about the features that present how fast or early consumers accept a new product regarding the measurement of innovativeness – determine the consumers that are most probably to adopt the new product, in this way the companies can share the marketing efforts and improve forecast (Hauser *et al.*, 2006) –, the relationship with other concepts (Robertson and Gatignon, 1991; Rogers, 2003), and the diversity across countries. Nowadays, there is a little attempt to analyze the impact of consumers' innovativeness from different countries on how they adopt the new products launch (Steenkamp *et al.*, 1999). It was found that the consumers' predilection to

adopt a new product is different across countries. [Peres et al. \(2010\)](#) have taken into account the trend of concerning on global product adoption and have attempted to describe and explain the differences between/among countries.

2.2. Country of Origin Effects on Consumers' Perception

Generally, a new product originated from developed countries is more appreciated than a product from emerging countries. The product reputation among consumers is determined by a lot of factors such as: the economic, political, culture, and historical factors ([Johansson et al., 1994](#)). In marketing field, the product reputation originated from different countries was synthesized in the country of origin effects. Country of Origin effect is an extrinsic cue that presents to the customers the country where the product was made and creates to customers a perception about the product price and quality. A positive country image or reputation could determine the customers' perception in their decisions to buy a new product particularly when customers are less familiar with the product ([Han and Terpstra, 1988](#)). [Lampert and Jaffe \(1998\)](#) define the country of origin as the impact of the generalizations and perceptions about a country on the way a person evaluates products and brands.

How country of origin effects does have an effect on the customers mind? An essential factor of country of origin effects is the product category. From the previous studies it is presented that a product with increased complexity or a luxury product – such as jewellery, automobiles, and computers – is probably more influenced by country of origin ([Ahmed and d'Astous, 2001](#); [Okechuku and Onyemah, 1999](#)). Consumers organize information related to product categories conceived and/or manufactured in a given country, along with their associated characteristics. Product categories are not allotted in a random way; for example, Germany is associated with electric household appliances and cars, the USA with sport-related articles and computers, and Japan with cameras and televisions. The Country of origin effects thus may provide a category label that consumers use to evaluate products from a country, possibly by activating their stereotypic beliefs attached to the country.

Consumer perception of a country's image and product price are among the key variables that determine brand-image. A more positive country of manufacture image generally results in a more positive brand-image. The high-origin country-image will enable the firm to maintain its high-quality brand-image until the brand reaches the stationary value point.

Consumers' perception on imported product is different compared to their perception regarding national products ([Herche, 1992](#)). A lot of studies have brought as result that consumers from developed countries prefer national products mainly when there are not enough information about products ([Elliott and Cameron, 1994](#); [Papadopoulos and Heslop, 1993](#)) and in less developed countries consumers might prefer the imported products ([Agbonifoh and Elimimian, 1999](#); [Li et al., 1997](#); [Marcoux et al., 1997](#)).

3. Romanian Brands – An Overview

For the most important Romanian brands, the story began to be written a half century ago, during the communist period. There are few cases where the story goes back almost 300 years and gain in present annual sales of dozens, even hundreds millions Euros. Regarding the new brands that were imposed on the market in the past 20 years, most of them attacked fields as IT&C or market niche yet maximum unexplored ([Racu, 2014](#)).

Table-1. The 10 most powerful Romanian brands in 2014

Rank	Name of the brand
1.	Borsec
2.	Dero
3.	Gerovital
4.	Dorna
5.	Arctic
6.	Dacia
7.	Elmiplant
8.	Aqua Carpatica
9.	Farmec
10.	Petrom

Source: [Sandulescu \(2014\)](#) [Accessed 28 August 2015].

The links to the past have been explored by several brands in promotion campaigns, the most lucrative one are the bridge to the communist origins exploited by the chocolate manufacturer Rom – a brand founded in 1964. For other brands, attracting consumers from the new generation was not a problem because it came under the umbrella of important brands in Europe – which already guaranteed the product quality and reliability such as Dacia – taken over by the Frenchmen of Renault – or Arctic home appliances – taken by Arcelik Turkish group. Due to French strategy, Dacia increased year by year, reaching at the end of 2014 to be the fastest growing of a car brand from Europe – with an advance of almost 30% over the previous year. Arctic – a Romanian brand founded in 1968 – has been transformed in the last decade into a giant in the electro-IT market, with turnover of 321 million Euros in 2013 and 2400 employees.

In contrast, the newest Romanian brands focused around the field with the most dynamic development in the last 20 years – the IT&C area. Appeared in 2001, Bitdefender – one of the most appreciated services of computer security globally – directly and indirectly used by almost 500 million users worldwide, is the best example of exploitation skills of Romanian programmers and engineers, appreciated by the most companies.

4. Research Methodology

The topic selected for this paper demanded a phenomenological approach to data gathering. Therefore, we choosed a qualitative approach in order to directly interact with the subjects and to offer them the possibility to express their opinions in their personal manner. We selected the ten respondents using a sampling process. Potential interviewees were initially asked to name minimum three Romanian brands and then to associate five other brands with their home countries. The selected respondents were people aged 18 to 50, from major Romanian cities. The personal interviews had a given structure, but the respondents were encouraged to express other opinions, too. The interviewee dominated the dialogue, the interviewer's contribution resumed to ask helping questions or to clarify some aspects or terms. In the final phase of each discussion, which lasted about an hour, the interviewees were asked to freely add other ideas, if they felt it was necessary.

For a better understanding of Romanian consumers' perception towards their national products, we conducted a qualitative research, which purpose was to explore the motives that determine Romanians to buy traditional products. The research was set to establish whether the country-of-origin of the products is important to consumers' in their decision making process. The literature (Keller, 2013; Kotler and Armstrong, 2010) suggested some of the aspects used in the interviews, such as the importance of the product category, the openness to innovation, the significance of the products' origin from consumers' perspective. We used these concepts as a foundation for the research and added new elements that deepen the subjects discussed in this paper, all these presented below. Therefore, the interviews conducted among Romanian consumers contained the following themes and questions:

i. Romanian Consumers' Motives in Buying New Products

- Q1. What would be the elements that could trigger a new acquisition, such as a new product or a new brand?
- Q2. In the past, you manifested a reticent behavior towards a new product, and that reluctance prevented you from buying that product?
- Q3. You consider yourself an open minded person? Or more a conservative one?

ii. New Products Categories

- Q4. When buying a new product, you rely most on the product category? There are products or new brands launched on Romanian market that you bought shortly after they hit the market? Could you give some examples?
- Q5. From your perspective, marketing communication can trigger the purchase intent for a product?

iii. Romanian Products

- Q6. Can you name some Romanian traditional brands?
- Q7. In their product category, you prefer Romanian products or foreign ones? Could you give arguments?
- Q8. How much time do you spend in front of the shelf before you decide to buy a particular product? You decide instantly or you prefer to buy a well known product?

iv. New Products' Country-Of-Origin

- Q9. Do you usually search on the products' label for its country-of-origin?
- Q10. Does country-of-origin have an influence on your buying decision?
- Q11. What strengths and weaknesses can you name for Romania, as country-of-origin for its national products?
- Q12. How are Romanian products affected by their country-of-origin?

The research questions were created in order to help the interviewed subjects to better express their opinions. We consider the semistructured interview to fit with the topic, drawing the line of the discussion, but also letting the respondents to express themselves freely.

5. Results

The reseach consisted in ten interviews of approximately one hour in length. There were six females and four males interviewed. The results will be divided in four themes, already specified in the anterior section, and presented below.

i. Romanian Consumers' Motives In Buying New Products

The respondents stated that their major motives for choosing to buy a new product are either curiosity for a change or, as eight interviewees claimed, based on recommendations from friends. Advertising also plays a major role in triggering the buying intention, ss one interviewee put it: *"The commercials we are exposed to everyday influence me to be curious and to try that product, especially when I don't have information about its quality."* Two respondents declared that in the past they have been reluctant to buy a new brand mostly because they didn't want to experience, they preferred to wait and see if the brand finds its place on the market, if there are problems with it or

not. One subject said: *“When I wanted to buy a car, I was looking for one that is friendly with the environment, but given the fact that those cars have recently entered the market, I didn’t find them reliable, so I preferred a classic engine car. Now I regret the choice because many of my friends have such cars and I was proved wrong.”* Among the interviewees were persons who had a more conservative behavior, but the majority of them declared themselves open-minded persons, ready to try new products. Six of eight of them were young people, aged 20 to 35.

ii. New Products Categories

The second theme was mostly debated among subjects, the product’s category being the key element that differentiates the characteristics.

Nine subjects out of ten stated that the product’s category is essential when buying a new product. Factors such as technical characteristics, design or price differ with the category. For clothing and cars, respondents mentioned that comfort and design are both important. Style is another element essential that influence consumers, especially when it comes to premium products. One respondent declared that *“I bought the new Logan when it first hit the market because it reminded me of the old Dacia I used so many years. I also liked the design and the fact that it was spacious. I consider myself to be traditional, so I prefer Romanian brands.”* There were other Romanian brands mentioned by the respondents, such as Eugenia (biscuits) Gerovital (cosmetics), Arctic (home appliances), Dero and Borsec (mineral water). One respondent said that *“Bitdifender is a Romanian brand that had so much success because is a top product, I would choose it without a doubt. I was among the first Bitdifender consumers and I am not an IT specialist, but I relied on recommendations.”*

Only one subject declared that he is not influenced by the product’s category in buying a new one because prefers to buy well known brands which are premium brands. The conservative consumers tend to achieve qualitative products that are already tested and confirmed in time.

iii. Romanian Products

The interviewees selected were well documented, they mentioned many Romanian brands: Dacia, Bitdifender, Dero, Borsec, eMag, Petrom, Dedeman, Taron, Topoloveni, CEC and Dobrogea were the most mentioned. Four respondents stated that for their category, they definitely prefer Romanian brands, as following: mineral water – Borsec, Dorna, Tusnad; marmalade – Topoloveni; electronics distributor – Altex, Domo; chocolate – Poiana, Kandia. The other six interviewees declared that they buy foreign products, as well as Romanian ones and that in the same category they buy many brands, especially when it comes to consumer products. For example, in the cosmetics category, some female subjects mentioned that for hair buy one brand, for makeup prefer other brands, regardless of the product origin.

For the question regarding the time spent in front of the shelf, four respondents said that they already know the products they need, so the time spent in the store is considerably reduced. The others six interviewees stated that they like to discover, so they look carefully when they decide to try a new product. As they have put it: *“If you don’t take the time to find out new things, you lose the chance to try something that may be good for you.”*

iv. New Products’ Country-Of-Origin

The topic of country-of-origin has been well discussed among interviewees. All ten stated that they don’t look on the product’s label for the country-of-origin, but when it comes to famous brands, they already know its origin, so we can say consumers rely on the product’s origin as a guarantee for quality. The ten interviewees said themselves that they trust German cars and french cosmetics because of their high qualitative standard. Three subjects declared that country-of-origin has a reduced influence on low cost products: *“If you pay a low price, you can’t expect to have a very good product, so it’s natural not to pay attention to its country-of-origin. On the other hand, a premium product which has a higher price offers you social status.”* Other respondent stated that *“I trust Germany when it comes to cars. If I had the money to buy a BMW, its origin is essential and the high price surely adds social value.”*

The ten interviewees were asked to name strengths and weaknesses for Romania, as country-of-origin for its products. They mentioned for strengths: natural resources, workforce and creativity, and for weaknesses: poor image, weak involvement of authorities, carelessness from its own people. From this point of view, Romanian products are not promoted and there is a reluctance to buy them even from Romanians. The country’s competitive advantage is linked with its resources, so Romania should create strategies based on that, in order to attract investments. The subjects interviewed named sectors like energy, IT, agriculture and tourism to have a great potential on the international market. From our point of view, we consider to be mandatory to carefully select the high performance areas that hold the best chances to be competitive on a global scale.

6. Conclusions

The study conducted in this paper focused on new products and the perception Romanian consumers have on buying their own national ones. The research revealed that Romanians rely on various motives when they decide to buy a new product, but it is highly important for them to have a recommendation or to trust the company that launches that product. Moreover, the product category determines differences between products in terms of quality expectations, design or style. For consumer products, the resistance to try a new brand is lower than it is for long term products, such as cars or electronics. The persons interviewed knew many Romanian brands and they declared

they prefer those brands for everyday products (e.g. chocolate, water etc), but when it comes to sophisticated products (e.g. perfumes) they rely on foreign brands that they know and trust. The country-of-origin matters for more expensive products and in most cases the interviewees stated that they can correlate correctly the brand with its country-of-origin. They associate a respected country with a high quality standard, so the chances to buy a new product coming from such a country are higher than it is for countries that have a poor image. The subjects also identified strengths and weaknesses for Romania, but stated that with an effort to select the best industries and with the right promotion, Romanian products could penetrate the global market and find a place in the targeted consumers' minds. The research should be continued with a quantitative one, in order to deepen the topic and for a better understanding of the perceptions that consumer form on specific products.

References

- Agbonifoh, B. A. and Elimimian, J. U. (1999). Attitudes of Developing Countries Towards "Country-of-Origin" Products in an Era of Multiple Brands. *Journal of International Consumer Marketing*, 11(4): 97-116.
- Ahmed, S. A. and d'Astous, A. (2001). Canadian consumers' perception of products made in newly industrializing East Asian countries. *International Journal of Commerce and Management*, 11(1): 54-81.
- Arts, J. W., Frambach, R. T. and Bijmolt, T. H. (2011). Generalizations on consumer innovation adoption: A meta-analysis on drivers of intention and behaviour. *International Journal of Research in Marketing*, 28(2): 134-44.
- Elliott, G. R. and Cameron, R. C. (1994). Consumer perception of product quality and the country-of-origin effect. *Journal of International Marketing*, 2(2): 49-62.
- Gatignon, H. and Robertson, T. S. (1985). A propositional inventory for new diffusion research. *Journal of Consumer Research*, 11(4): 849-67.
- Han, C. M. and Terpstra, V. (1988). Country-of-origin effects for uni-national and bi-national products. *Journal of International Business Studies*, 19(2): 235-55.
- Hauser, J., Tellis, G. J. and Griffin, A. (2006). Research on innovation: A review and agenda for marketing science. *Marketing Science*, 25(6): 687-717.
- Herche, J. (1992). A note on the predictive validity of the CETSCALE. *Journal of the Academy of Marketing Science*, 20(3): 261-64.
- Hirschman, E. C. (1980). Innovativeness, novelty seeking, and consumer creativity. *Journal of Consumer Research*, 7(3): 283-95.
- Johansson, J. K., Ronkainen, I. A. and Czinkota, M. R. (1994). Negative country-of-origin effects: The case of the new Russia. *Journal of International Business Studies*, 25(1): 157-76.
- Keller, K. L. (2013). *Strategic brand management - Building, measuring and managing brand equity*. 3rd edn: Prentice Hall: New Jersey.
- Kotler, P. and Armstrong, G. (2010). *Principles of marketing*. 13th edn: Pearson Prentice Hall: NJ.
- Lampert, S. I. and Jaffe, E. D. (1998). A dynamic approach to country-of-origin effect. *European Journal of Marketing*, 32(1/2): 61-78.
- Li, M., Osaki, M., Rao, I. M. and Tadano, T. (1997). Secretion of phytase from the roots of several plant species under phosphorus-deficient conditions. *Plant and Soil*, 195(1): 161-69.
- Marcoux, J. S., Filiatrault, P. and Cheron, E. (1997). The attitudes underlying preferences of young urban educated Polish consumers towards products made in western countries. *Journal of International Consumer Marketing*, 9(4): 5-29.
- Okechuku, C. and Onyemah, V. (1999). Nigerian consumer attitudes toward foreign and domestic products. *Journal of International Business Studies*, 30(3): 611-22.
- Papadopoulos, N. and Heslop, L. (1993). *Temporal shifts of developed country images: a 20-year view*. International Business Press: New York. 357-78.
- Peres, R., Muller, E. and Mahajan, V. (2010). Innovation diffusion and new product growth models: A critical review and research directions. *International Journal of Research in Marketing*, 27(2): 91-106.
- Racu, R. (2014). The oldest Romanian brands have made history. Newest attacked new segments, dynamic or still unexplored. <http://www.zf.ro/suplimente/cele-mai-vechi-branduri-romanesti-au-scris-istorie-cele-mai-noi-au-atacat-segmente-noi-dinamice-sau-inca-neexplorate-13683900>
- Robertson, T. S. and Gatignon, H. (1991). How innovators thwart new entrants into their market. *Planning Review*, 19(5): 4-11.
- Rogers, E. M. (2003). *Diffusion of innovations*. 5th edn: The Free Press: New York.
- Sandulescu, L. (2014). Romanian brands. <http://www.revistabiz.ro/brandurile-romanesti-la-puterea-100/>
- Steenkamp, J. B. E., Hofstede, F. T. and Wedel, M. (1999). A cross-national investigation into the individual and national cultural antecedents of consumer innovativeness. *The Journal of Marketing*, 63(2): 55-69.