



## Country of origin in the research literature

The widespread availability of foreign goods over the last several decades has spurred a large research literature into the effects of product origins. This research has shown that knowing a product's country of origin (COO) can significantly impact product evaluations, purchase intention etc. These effects are typically thought to occur when consumers use their existing knowledge of a country (i.e. social, economic and political characteristics) to evaluate a product from that country, or when they apply some stereotype of the country to the product.

### But it's complicated

While this country knowledge or stereotype is sometimes applied fairly uniformly, there are numerous factors which might influence that process:

- Consumers may not be aware of the COO
- Consumers may not care about the COO, or may not see it as important relative to other factors
- Product-country match – the stereotype of a country may match the key features of a product (e.g. hedonic v. utilitarian) or not

- Familiarity – consumers may rely more on COO for unfamiliar products
- Involvement – consumers may care less about COO for high involvement products because other factors are more important
- Age – some evidence that younger consumers are less concerned about COO
- Home country characteristics – products from developed countries often seen as higher quality by those in emerging markets
- Product type – certain products e.g. food may be less susceptible to COO influence because they have strong cultural significance.

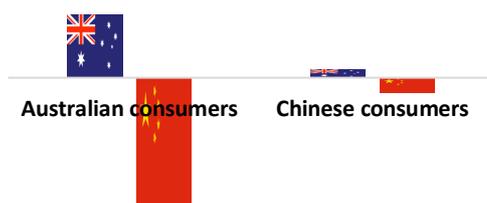
### Australian products in China

Little research has so far been conducted on perceptions of Australian products in China (or other emerging markets). However, what evidence there is suggests that while Australia is viewed positively, it is not well differentiated from other countries. There is also some evidence that early entry into the Chinese market has been a predictor of positive COO effects.

### What do the data say?

A recent study of over 14000 consumers from Australia and China assessing their preferences across a range of product categories can shed some light on the issue of COO effects (this data has been compiled in a *Concept Database*). As Figure 1 shows, across all products, there was a preference for Australian goods and a preference against Chinese goods; however, this preference had far more weight among Australian consumers. As the Figures 2a-d below suggest, this general pattern was replicated across different product categories, however, the relative importance of COO varied somewhat between categories.

Figure 1. COO preference across all products.

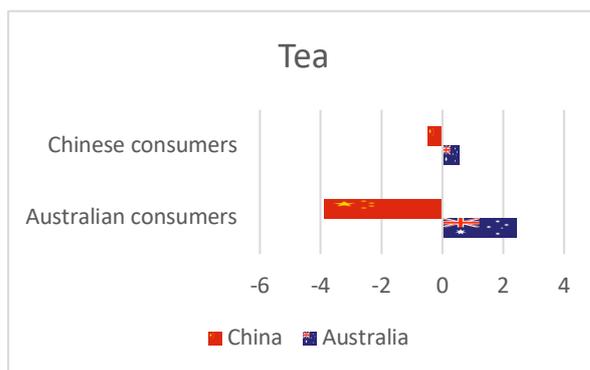


**Figure 2a. COO preference for wine**

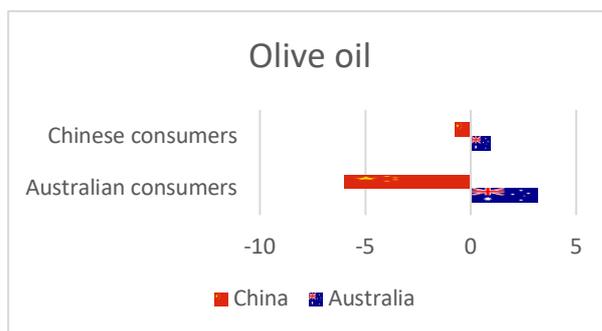


For wine, tea and olive oil, Australian consumers had a clear preference for Australian produce and a clear preference against produce from China. For the Chinese consumers, however, the relative weight of COO information was much weaker.

**Figure 2b. COO preference for tea**



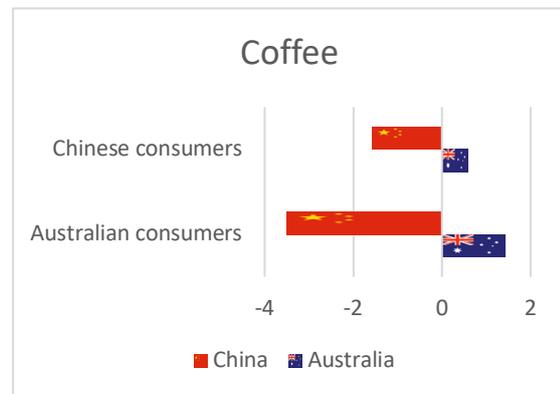
**Figure 2c. COO preference for olive oil**



<sup>1</sup> The dataset also contained the following products: coffee, yoghurt, milk drinks, baby formula, capsicum, pumpkin, tomato, banana, melon, grains, olive-oil, pork. If you would like to find out more about the Concept Database, please contact Hollis Ashman ([hollis.ashman@unimelb.edu.au](mailto:hollis.ashman@unimelb.edu.au)), Evan Bittner ([ebittner@student.unimelb.edu.au](mailto:ebittner@student.unimelb.edu.au)), Colette Day

For coffee, the preferences of the Chinese consumers more closely matched those of Australian consumers.

**Figure 2d. COO preference for coffee**



This kind of pattern was repeated across many of the products in this study.<sup>1</sup>

### Factors which affect the COO effect: the case of age

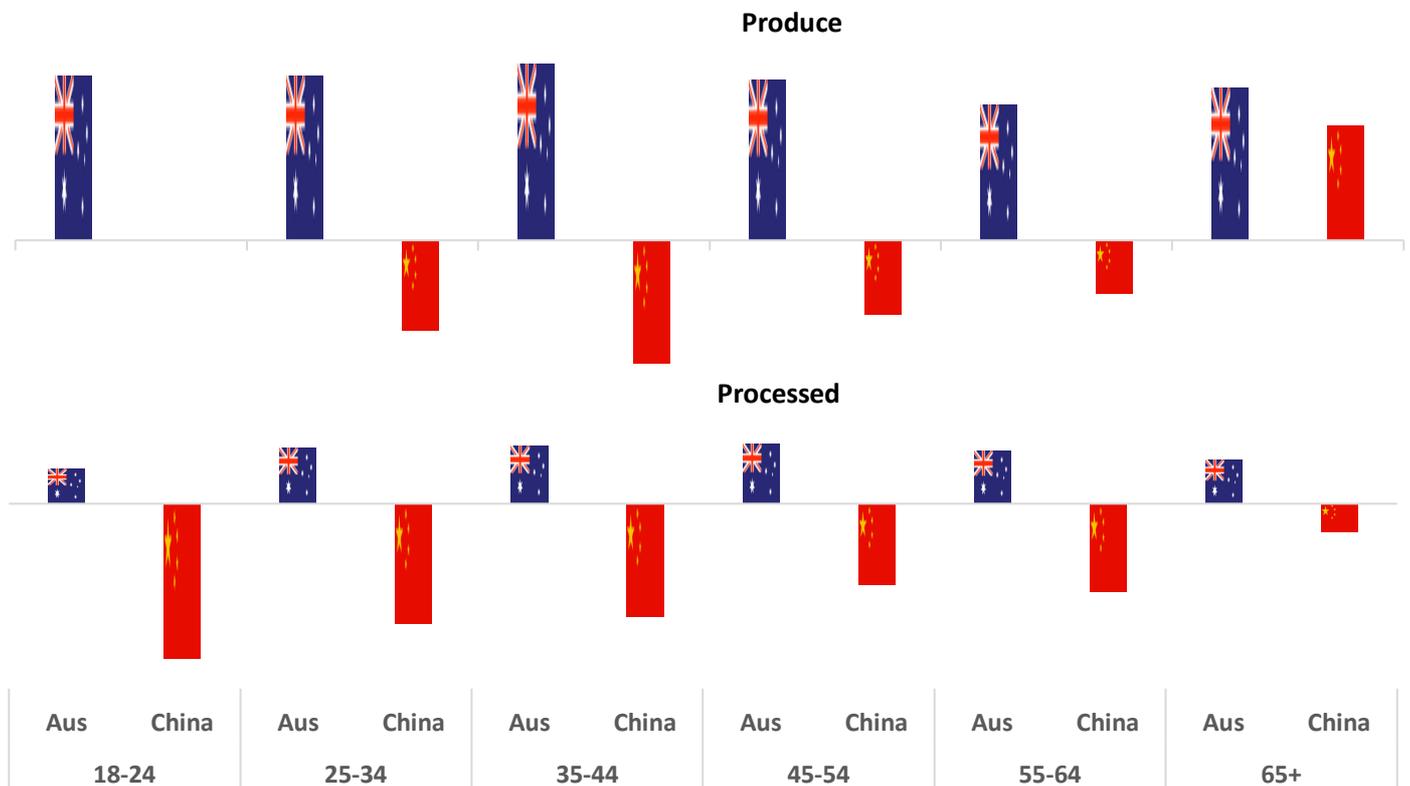
Consumer age is a factor which might affect whether the COO effect occurs across product types. As Figure 3 below shows, the importance of COO in product evaluation appears to differ among Chinese consumers for processed goods (wine, coffee, chocolate and olive oil) and fresh produce (capsicum, pumpkin, tomato, banana, melon, tea, grains). For produce, the attitude against local (Chinese) goods seems to be strongest among those in their 30s and 40s, but weak among younger and older consumers (indeed, is positive among the oldest consumers). For processed goods, this same attitude seems strongest among the 18-24s and declines with age. Thus, the effect of COO cannot be assumed to be the same for all consumers or across all product types.

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When we examine the correlations between COO preference and status seeking attitudes in a small set of products, Australian consumers high on status seeking were *more* likely to prefer wine and tea from China. This can possibly be attributed to a certain segment of consumers who are interesting in deriving status from consuming unique or unusual products (although we should note that this is relative to an overall strongly negative attitude toward Chinese products). The correlations with status seeking were weaker for Chinese consumers, however a relationship did emerge with tea and olive oil of Australian origin.

**Some important questions to ask when thinking about COO:**

- What is the stereotype of my country?
- Is that stereotype likely to be consistent with desirable features of my product?
- Is my product typically high or low involvement? Are there other features of my product that people may care about more than COO?
- Is COO likely to be equally relevant to all consumers of my product or is there some demographic factor which might affect this (e.g. age)?



**Figure 3. COO preference for produce (top) and processed good (bottom) by consumer age**

**Table 1. Correlations with status-seeking<sup>2</sup>**

		Wine	Coffee	Tea	Olive oil
Australian consumers					
	Australian COO	-.14**	-.13*	-.03	-.08
	Chinese COO	.27**	.28**	.17**	.15**
Chinese consumers					
	Australian COO	.06	.02	.18**	.11*
	Chinese COO	-.04	.04	-.04	-.16**

### Potential export opportunities

#### Segmentation strategy

- As the analysis of consumer age and COO suggests, local options may be especially undesirable to certain segments of consumers. Since Australian products are generally positively regarded, they could be seen as particularly desirable alternatives among these segments.

#### Product development

- Although the broad pattern of COO effects is similar across products, the preference for Australian products and against Chinese products was especially strong for some products (e.g. coffee). This could present opportunities to develop products emphasising Australian origin. This strategy may be less successful for other products where COO had less weight in consumer decision-making.

<sup>2</sup> Asterisks indicate correlations which were statistically significant (i.e. significantly different

from zero, where zero = no relationship between status seeking and COO preference).