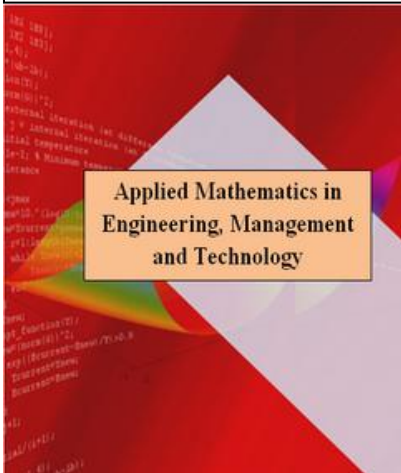


Investigating the effect of nationalism on customer purchase intention with an emphasis on the main producing country (Case study of Mazda car owners)

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Abstract

One of the factors affecting the process of buying, is the producing country and the origin of goods. Many people generalize the mentality of a country to all goods made by that country. The present study is based on descriptive-survey methods. The population consisted of Mazda owners in Tehran province. The simple random sampling method will be used using database of the bank customers. To determine the sample size according to Morgan table we will have 384 subjects, and will be used according to the results of the pretest. To analyze the data, SPSS and SmartPLS software were used. The results indicated that the manufacturing country's image and nationalism will have a direct effect on customer purchase intention.

KEYWORDS: Country of Origin, nationalism, customer purchase intent, structural equation

modeling

Introduction

Globalization has led to increased competition in the markets and the risk of the introduction of new products. Without doubt, the prerequisite for success in the international arena, is the acceptance of products by customers in the destination markets. Rapid globalization of markets has brought about the unprecedented growth of global trade in recent decades. Simultaneous with this great growth, the marketing experts have also increased their research in this field.

However, in new markets, defining the country of origin is more complex because by the growth of multinational companies and releasing joint market products each part of which are made in different countries, accuracy and validity of label determining the manufacturing country has faded.

Continuous experimental studies have investigated the effect of the country of origin from different aspects. The results of all cases, indicate the effect of the country of origin on customers' evaluation of the product and purchase intentions.

Among the numerous factors influencing the decision to purchase and use of a product, the effect of the country of origin is remarkable. Because the mental image of the manufacturing country reflects the customer's overall perception about the quality of the product and its nation. Researchers have confirmed that when the the image of the manufacturing country is clear for this image will generally affect his image from a product, a class of product and a specific brand. To improve the image of a company in the production of a specific product, the perceived image of the original country of the product is important as well as the value of the marketing mix variables such as price, brand and the product appearance. Several companies consider the positive image as a competitive advantage in marketing their goods.

Regarding the importance of this issue, this paper is about the effect of nationalism on customer purchase intent with an emphasis on the main manufacturing country of Mazda cars assembled in Bahman Motor Company.

Nationalism:

Nationalism is a kind of collective consciousness that is awareness of belonging to the nation that is called as "national consciousness". National consciousness, is often the cause of the sense of loyalty, passion, and individuals' attachment to the constituent elements of the nation (race, language, traditions and customs, social values, morality, and culture in general), and sometimes cause exaggerated commemoration of them and the belief in the superiority of these trappings then the trappings of other nations. Ethnocentrism refers to the common desire of people to consider their group as the center of the world, the interpretation of other social units from this perspective and the rejection of those who are culturally dissimilar (Moon and Minor, 2005)

Country of origin:

The customer confronts many decisions about the product, the method of purchasing and its use while buying. Behavioral scientists have attempted a lot to better understand the formation of these decisions. The effect the COO variable is the most remarkable factor among the numerous factors influencing the decision to purchase and use of a product. Because the mental image of the product manufacturer country reflects the overall customer perception about the quality of the product and the people of that country (Haubl, 1996)

The most significant limitation of this research on the country of origin manufacturer has been the issue that most researches or studies have considered only a single scale or factor.

Review of the literature

Mortazavi, Kaffashpoor, Arjmaninejad (2010) examined the mediating role of patriotism and understanding of the product quality on purchasing intent of imported good and the results indicated that the effect of the COO is ineffective on the variable of patriotism and also the effect of the COO on purchase intent increases through the increasing positive mentality of the country of origin, and the willingness to buy its imported products. (Journal of Scientific Executive Management Research, Tenth Year, No. 2, Consecutive 40, Second half of 2010).

Kambiz, Heidarzadeh, Khosrozad (2011) have examined the mental impact of the country of origin, product awareness and mental conflict of the product on consumers purchase intent and the results of this research indicated that the mental image of the country of origin has a direct effect on consumer purchase intent (Journal of Marketing Management, Issue 11, Summer 2011)

Najafi, Mehrabi, Karjalian (1391) examined the relationship between the country of origin and their brand equity and the results indicated that the image of the COO has a positive impact on brand equity dimensions (Journal of Marketing Management (17), Winter 2012)

Liu, Mi Tru Wiss (2010) examined the impact of COO on consumer behavior and the results of this study indicate that the nationality of the product as a feature affects consumer behavior (Journal of evolution in economy. Volume 9, No. 1)

Bamber, Fadker (2012) investigated the product knowledge, nationalism, purchase intent with an emphasis on the country of origin and the results indicate that nationalism and knowledge of the product and the country of origin have a significant effect on customer purchase intent (Journal of Management Criticism. Volume 12)

Chia, Nao (2012) investigated the combination of the effects of COO, the results of which indicate that COO and nationalism affect customer judgment for purchasing (Socioscientific Journal of Asia, Issues 12).

Research questions

1. To what extent does the customer's nationalism affect their purchase intent of Mazda cars assembled by Mahman Motors Company?

2. To what extent does the customer's attitude toward the country of origin affect their purchase intent of Mazda cars assembled by Mahman Motors Company?

Methodology

This study was conducted through a descriptive-survey method. And the descriptive and inferential statistical methods will be used. Its dominant methodology is the covariance-based structural equation modeling based on maximum likelihood (ML).

Data analysis tools:

First, the variables of the model are examined using confirmatory factor analysis and then the fitting of the model is conducted through structural equation model (SEM) and using SPSS and SmartPLS software.

Confirmatory factor analysis

KMO index and Bartlett's test are used to determine the adequacy of sampling and to determine that whether the correlation matrix is appropriate to recognize the structure or not. The study has been conducted to determine and measure the impact of various elements of nationalism on customer purchase intent, with an emphasis on the main manufacturer country. The respondents have been 354 individuals and the options were in five-item Likert scale (1 = very little, 2 = little, 3 = average, 4 = high, very high = 5) and the nominal qualitative variables (gender, age, marital status, employment status, education and experience of using the brand) and quantitative variables of nationalism, country of origin and purchase intent. The SPSS analysis result for the confirmatory factor analysis includes six outputs. The first output 1-4 indicate the value of KMO index, the Bartlett test statistic (which is an approximation of the chi-square) degree of freedom and sig of the test.

Table 1. Bartlett test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.798
	Approx. Chi-Square	4511.163
Bartlett's Test of Sphericity	df	210
	Sig.	.000

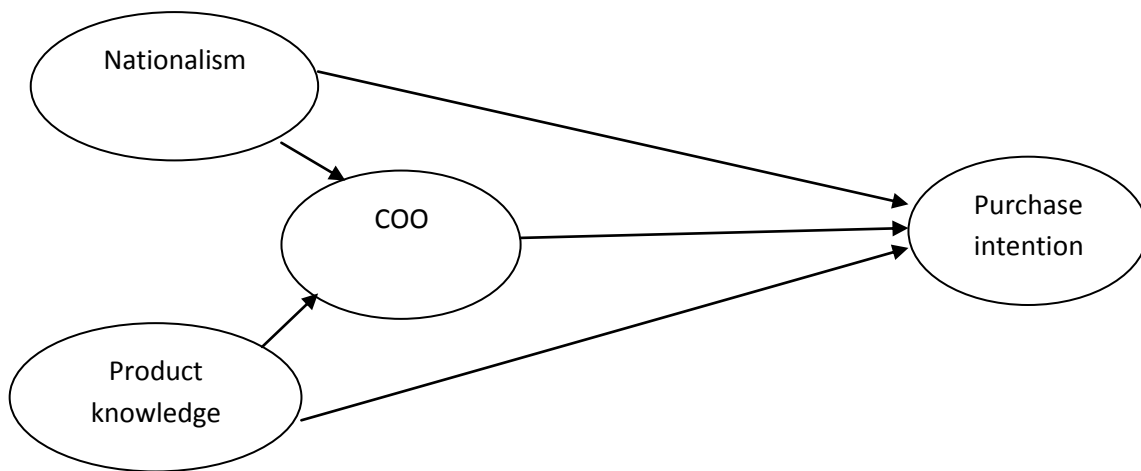
Since KMO index value is close to one, number of samples is sufficient for analysis. Second output respectively shows the initial subscription and extraction subscription. Subscription of a variable is equal to square of multiple correlations (R^2) for the corresponding variables using factors (as predictors).

Table 2: The initial subscription and extractive subscription
Communalities

	Initial	Extraction
COO1	.397	.270
COO2	.608	.538
COO3	.615	.629
COO4	.588	.601
COO5	.604	.617
COO6	.594	.579
COO7	.532	.508
KOP1	.717	.751

KOP2	.738	.785
KOP3	.742	.814
Ethno1	.718	.644
Ethno2	.710	.739
Ethno3	.712	.752
Ethno4	.676	.686
Ethno5	.555	.506
Ethno6	.344	.597
PI1	.441	.537
PI2	.466	.545
PI3	.683	.599
PI4	.735	.794
PI5	.717	.786

Extraction Method: Maximum



Model 1 Conceptual

Table 3: correlation between variables

The following table shows the correlation matrix model. As it can be seen there is a positive correlation between all variables.

	Purchase intention	Nationalism	COO
Purchase intention	1.00	0.703	0.500
Nationalism	0.703	1.00	0.981
COO	0.500	0.981	1.00

Convergent validity

Convergent validity means that the reagent set explains the main structure. Fornell and Larcker suggest using the average variance extracted (AVE) as a measure of convergent validity. Minimum AVE equivalent to 0.5 indicates adequate convergent validity, which means that a latent variable can explain more than half of its representatives' dispersion on average.

In PLS output we have:

TABLE 4: AVE

	AVE
Purchase intention	0.507
Nationalism	0.516
COO	0.583

3-5-4 composite reliability (ρ Dillon - Goldstein)

While Cronbach's alpha has the assumption that all indicators are equally valid, in PLS reliability of each index is evaluated individually. Therefore a more reliable composite can be achieved. Since Cronbach's alpha offers a stricter estimation than internal consistency reliability of latent variables, in models of PLS path another measure with the name of composite reliability is used. The criterion of composite reliability considers different loadings indexes and it can be interpreted in with the same Cronbach's alpha.

Of course it does not matter which coefficient is used. Alpha value less than 0.6 shows a lack of reliability (Azar and Qanavati, 2012: 141).

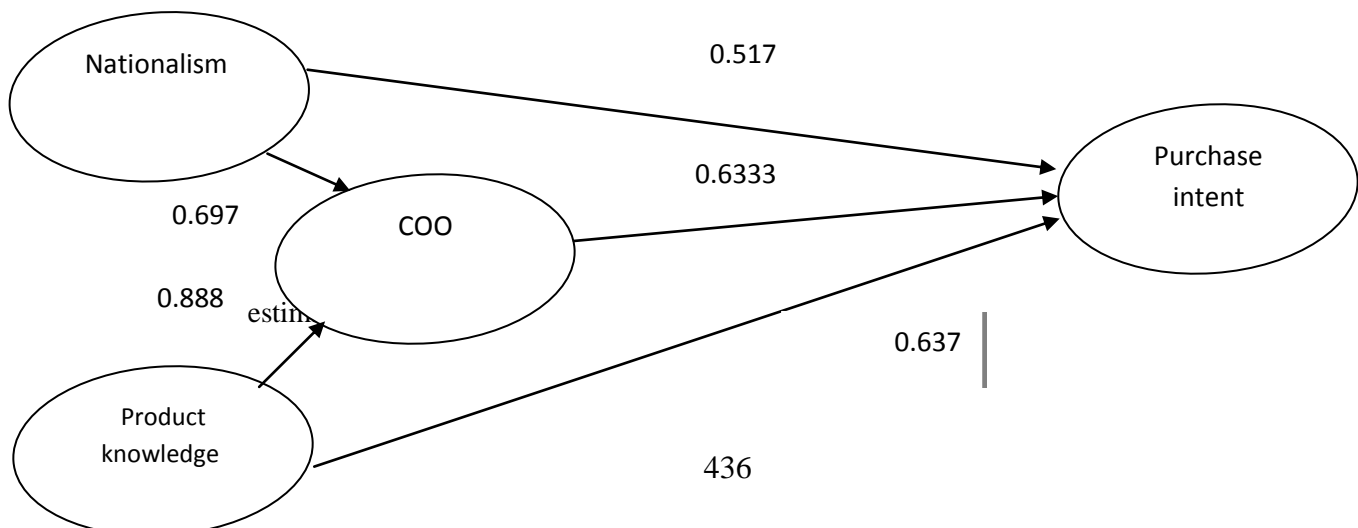
In this study, for composite reliability, we have:

Table 5: Composite reliability

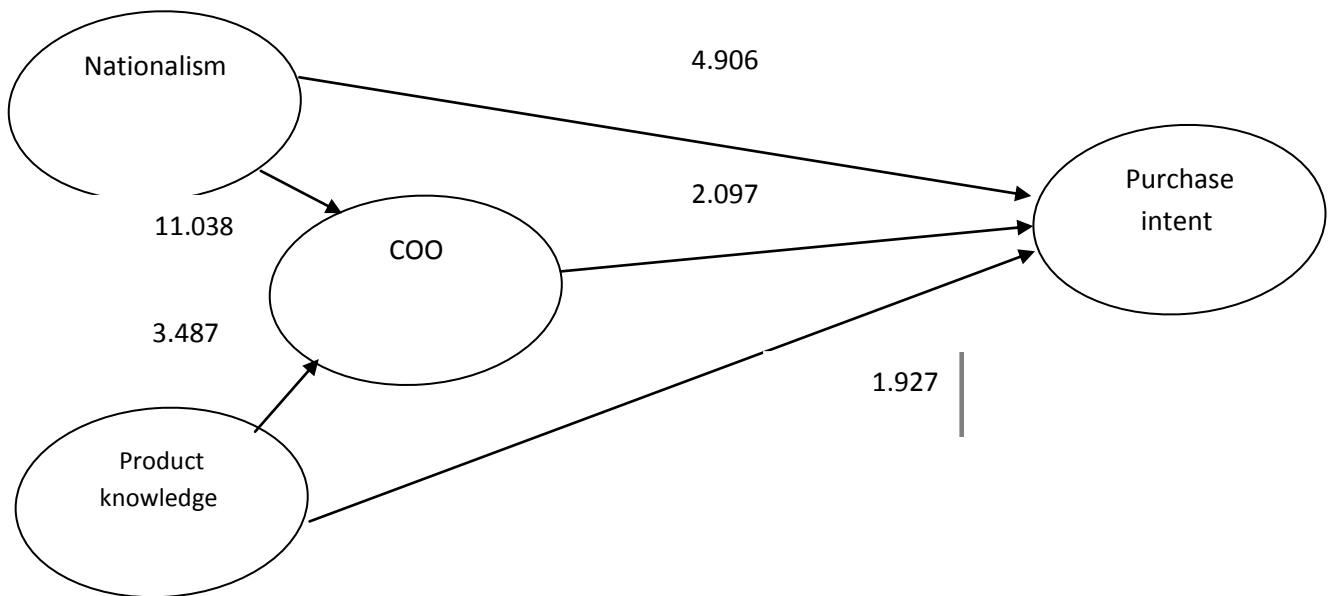
Purchase intent	0.831
Nationalism	0.825
COO	0.594

Evaluating model

After drawing diagram and implementing structural equation algorithm, numbers that appear on the graph are as follows:



The numbers in the circle also represents R^2 coefficient of determination of the original structure and its value always varies between zero and one. The larger the coefficient of determination, it shows that the regression line was better able to relate the dependent variable changes to independent variable. This coefficient also shows the model's ability to describe or explain the model in the research structure. Significance of factor loadings using BT procedures is in the software and statistical t values appear on the available paths in the model which are as the following:



Model 3 in BT mode

To confirm a hypothesis at 95% level, minimum t value is equivalent to 1.96. The numbers that are displayed on paths between latent variables are estimations that are obtained using the least partial square algorithm. These coefficients actually respond to research questions.

Investigating the relationship between variables and hypothesis testing

In this section, the proposed hypotheses are investigated and tested using path analysis model. After describing the model and data collection, estimating model with a set of known relationships between measured variables begins. Results on the diagram are shown in the form of table and output of SmartPLS software as seen in Table 6:

Table 6 Path analysis (standardized coefficients)

	Intention	Nationalism	COO
Purchase intention			
Nationalism	0.517		3.697
COO	0.633		

Table7: Path analysis (significant coefficients)

Research hypotheses	coefficient	coefficient	Sig.
Nationalism →intention	0.517	4.906	0.000
COO→intention	0.633	2.97	0.036
Nationalism→ COO	0.697	11.038	0.000

As it can be seen from all paths have not been approved.

Interpretation of the coefficient of determination R^2 (R Square)

The coefficient of determination examines what percentage of changes in dependent variable is covered and explained by independent variables, or in other words to what extent independent variables have the ability to predict the dependent variable. For the dependent variables we have:

 Table 8: The coefficient of determination of R^2

Purchase intent	0.286
Country of origin	1.931

Findings of the research

Research hypotheses

First statistical hypothesis: According to the obtained results from the structural equation coefficients and t-statistics, t value for this parameter is $t = 4.906$, which is larger than 1.96. Therefore it can be concluded that the hypothesis is confirmed and fulfilled by 95% reliability, and due to the positive path coefficient (0.517) it can be concluded that customers' nationalism has a significant effect on customer purchase intent, and increasing nationalism can lead to increased customer purchase intent. This assumption is confirmed in basic research.

Second statistical hypothesis: According to the obtained results from the structural equation coefficients and t-statistics, t value for this parameter is $t = 2.097$, which is larger than 1.96. Therefore it can be concluded that the hypothesis is confirmed and fulfilled by 95% reliability, and due to the positive path coefficient (0.633) it can be concluded that customers' attitude toward COO has a significant effect on customer purchase intent, and increasing customers' positive attitude can lead to increased customer purchase intent. This assumption is confirmed in basic research.

Discussion and conclusion

In this research the effect of country of origin, brand, nationalism of the customer on customer purchase intent was examined. The results showed that all the hypotheses of the study have been confirmed. The result of these hypotheses is different with the results obtained from the study of David Bambr et al (2012).

Table 9: reviewing research and basic research

Research hypothesis	Path coefficient	Significance coefficient	Sig.	Confirmation/rejection of the research	Confirmation/rejection of the basic research
nationalism→ customer purchase intent	0.517	4.906	0.000	Confirmed	Confirmed

Country of origin→customer purchase intent	0.633	2.097	0.036	Confirmed	Confirmed
nationalism→ Country of origin	3.697	11.038	0.000	Confirmed	Rejected

Research suggestions

In the following table brief recommendations for each hypothesis is mentioned:

Hypothesis	suggestions
nationalism→ customer purchase intent	According to the submission of this hypothesis and significance of nationalism of customer and customer purchase intent, it seems that by on localization of product and by emphasis on its' localization and at the same time being under the license of the country of origin, it should be emphasized that resistance toward the use of foreign goods be lower and ultimately lead to increased purchasing.
Country of origin→customer purchase intent	According to the submission of this hypothesis and significance of the country of origin on customer purchase intent, it seems that by using a variety of advertising and media instruments make clients' attitude and mind positive toward the country of origin and using the same positive attitude increase customer purchase intent.

Limitations of the study

The present research like any other research has some limitations, including:

Since the population of the present study includes the car owners living in Tehran province, so the results cannot be generalized to other buyers in other provinces. Due to time constraints, studying moderating variables such as brand, price and the like was not possible.

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