

Country Of Origin And Perceived Quality: Moderation Role Of Consumer Ethnocentrism

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ABSTRACT

The aims of this study were: (1) To analyze the effect of country of origin on perceived quality, (2) To analyze the effect of country of origin on perceived quality moderated by consumer ethnocentrism. The number of samples in this study were 150 respondents with the criteria of having bought and used products from the Wardah's brand and domiciled in the city of Ternate. The test tool used is simple linear regression analysis using the Statistical Package for Social Science (SPSS) 25 as a statistical test tool. The results of this study indicate that: (1) country of origin has an effect on perceived quality, and (2) consumer ethnocentrism does not affect and does not strengthen the influence of country of origin on perceived quality. Suggestions for future researchers who will examine similar things in order to improve all the deficiencies that exist in this study are: (1) retest using other test tools such as Smart PLS, Evius and others, and (2) develop variables research that allegedly affects perceived quality.

Keywords: country of origin, perceived quality, consumer ethnocentrism

INTRODUCTION

International markets that are considered to have the potential to be entered often take into account various potential demand conditions in a domestic market. Furthermore, the number of brands spread across the market is an alarm for competition for consumers, including marketers. The survey results on Indonesia's top brands conducted by Frontier (2022) illustrate the location of Indonesian people's awareness of brands in the Indonesian market. A brand can be said to be Indonesia's top brand if it meets two criteria: the brand has obtained a minimum index from top brands, and the brand must be in the top three standings in each category.

Table 1. Top Brand Index 2022 Category: Personal Care

No	Type	Brand	Top Brand Index
1	Lipstick	Wardah	27.2%
		Maybelline	15.8%
2	Face Moisturizer	Pond's	18.6%
		Gariner	18.0%
		Wardah	15.0%
3	Compact Face Powder	Wardah	24.7%
		Pixy	11.4%
		Make Over	10.2%

Source: Top Brand Index 2022 (accessed 1 January 2023)

According to the research results in Table 1, there is competitive pressure among several brands in the personal care item segment in the Indonesian market. Local brands competed with foreign brands for the position with some well companies in Indonesia at the time. Wardah is a local brand that is commonly listed among the final third of Top Brand Index in the personal care category. Wardah products are considered superior because they can be used by people of all ages and are widely available throughout Indonesia, from west to east of Indonesia, including Ternate City in North Maluku. In addition, wardah is also the product most often used by the people of Ternate City. This can be proven by pre-research data conducted by the author in December 2022 in the people of Ternate City, where out of 50 respondents, 35 bought and used wardah products. In addition, there are reasons why they choose to use wardah products; as many as 40 respondents use wardah products because this brand has good quality, as many as 14 respondents use wardah because this brand is a local brand, and 14 other respondents choose wardah because the price is low.

Wardah is a product made in Indonesia, or in other words, it can be called the country of origin of this product is Indonesia. Country of origin is a reputation, a description often expressed by consumers on products from certain countries. According to Nagashima (1970), this picture comprises several variables such as economic background, national characteristics, history, economy, and traditions. As a necessary consequence, whether a country does indeed have a positive perception, consumers might very well perceive that its products have many advantages. A positive attitude will create greater purchase intention for products from that country.

Based on consumer preferences regarding foreign or domestic products, consumers can be classified based on their tendency to reject foreign products and accept domestic products, which is better known as consumer ethnocentrism. Consumer ethnocentrism is characterized by an affection for products made in the country over foreign products. (Shimp & Sharma, 1987).

Consumer beliefs and mentalities toward a country have a strong influence on consumer perceptions of the country of origin. According to Kotler and Keller (2016), perceptions of the country of origin can influence consumer decision-making to make choices and use related products directly and indirectly. The perception of the country of origin has a broad meaning, especially in relation to changes in the country's image.

The outcome of previous studies by Ardisa et al. (2022) found that the country of origin significantly affects perceived quality. Meanwhile, a study by Listiana, (2015) found that the country of origin had no significant effect on perceived quality. In addition, Fauziyyah & Suryaningsih (2021) also obtained significant positive results, and the moderating role of ethnocentrism can strengthen the relationship between the country of origin and the perceived quality of converse products in the city of Bandung. These results do not align with research by Esmailpour & Jobeni (2017) that the country of origin has no significant effect on perceived quality, and consumer ethnocentrism cannot act as a moderator in the relationship between these two variables, especially for automotive car users.

Based on the explanation above, there is an inconsistency in the research results by Fauziyyah & Suryaningsih, (2021) and Esmailpour & Jobeni, (2017) related to the moderating role of consumer ethnocentrism. For this reason, this study aims to re-examine the effect of the same model on users of different products, namely Wardah, in the personal care category.

THEORETICAL STUDIES

Perceived Quality

Kotler & Armstrong (2010) Quality is characterized by the general traits and features of goods and services that influence their capacity to fulfill stated and implied needs. Quality is an integration of a product's properties and characteristics that assesses how well these traits and features meet their needs. (Tjiptono, 2008). On the one hand, product quality is defined by Kotler (1999) as a product's capacity to carry out its functions; this ensures appropriate durability, trustworthiness, precision, simplicity of use, and product restoration, among other things. A company must keep enhancing the standard of the products or services it provides because doing so will start making consumers feel quite pleased with the goods or services they bought which will have a considerable effect on customers to begin making repeat purchases, which will boost the number of sales revenues.

Aaker (2007) said that perceived quality seems to be a consumer's impression of the general quality or excellence of an item or provider which corresponds to the purpose intended. Quality issues are critical for both consumers and businesses. There are several interrelated principles regarding quality, particularly regarding: 1) A quality level or average content, such as the number of products or services, which indicates the dominance of the the product's appeal to customers; 2) Quality is determined by the product, regarding the origins and number of components for the tangible way the item looks including service; and 3) Quality is based on the

product, concerning the nature and quantity of materials for the physical appearance of the product including service. Quality from the consumer's perspective (quality received by consumers) is the consumer's perception of a product's overall quality or superiority in comparison to its intended use and alternatives.

The factors that affect perceived quality refers to the opinion of Garvin (1987); the dimensions of perceived quality are divided into seven: serviceability, reliability, performance, conformance with specifications, durability, fit, and finish. Furthermore, Sweeney & Soutar (2001), indicators of perceived quality consist of having a consistent quality, being well made, having an acceptable standard of quality, being rare in product disabilities, and would perform consistently.

Consumer Ethnocentrism

The concept "ethnocentrism" was first introduced by Simmer (1906). According to Simmer, ethnocentric is an assumption about something in which the group is the center of everything. The other parts are measured and reviewed with reference groups. Each group developed a sense of pride and arrogance. High self-esteem praising God and looking at others from outside of this basic idea is called ethnocentrism; in other words, it is the tendency of individuals to think that their group is better, superior, or superior to other groups. So they see other groups from their point of view and reject those who are different and accept the same group.

The concept of ethnocentrism was later developed by Shimp & Sharma (1987). According to Shimp & Sharma, consumer ethnocentrism is a sense of identity, ownership, principles, and understanding consumers in a country/region hold about the morality of buying a foreign product. This concept is essential for international marketers in understanding consumer differences and adapting their products and marketing programs to this understanding/principle. They also developed a suite of instruments called the cetscale to measure consumers' ethnocentric tendencies toward domestically made-versus foreign-made products. These instruments put more emphasis on consumer tendencies or tendencies compared to attitudes or attitudes (Tjiptono et al., 2004). The indicators used in this study refer to Shimp & Sharma, (1987).

Functionally, consumer ethnocentrism implies a sense of identity, belonging, and, most importantly, an understanding of buying behavior and what is accepted and what is not accepted within a group (Shimp & Sharma, 1987). Modernly, ethnocentrism has been developed as an economic form in which researchers try to link ethnocentrism with consumer beliefs about the feasibility and morality of buying a foreign-made product.

Country of Origin

The definition of country of origin was early defined forward by Nagashima (1970). According to Chandra & Tjiptono (2012), The country of origin effect refers to each and every one of the factors that influence from either the country of origin on consumers' either favorable or adverse perceptions of specific items and companies. Cateora & Graham (2007) defines country of origin as the influence that countries that produce, assemble, or design have on positive or negative consumer perceptions of products. Consumers usually generally perceive products that are considered good from a country, for example, perfume from France, watches from

Switzerland, leather from Italy, cars from Germany, silk from China, electronic devices from Japan, rum from Jamaica, and so on.

The concept of country of origin, also recognized as "made in," has already been widely interpreted to mean the beneficial or negligible involvement that a country that produces a good or service has on an individual consumer's decisions or behavioural intention. (Elliot & Cameron, 1994). However, neither country has a monopoly on a positive reputation for a specific product, nor is there a universally inferior reputation. The perception of each individual in each country is different regarding the impact of the country of origin on the purchasing decisions they make. The implication is that a country's reputation can vary in each country and change over time (Chandra & Tjiptono, 2012). Thus, the "made in" label is still an important attribute in international marketing activities. Companies should also conduct appropriate marketing strategy by bringing awareness to consumers' perceptions of the image of the device's country of origin, and additionally having taken their various attitudes into account in the entire product assessment process.

The country of origin indicator refers to research by Laroche et al. (2005) by underlining consumer confidence in a country is measured based on a three-factor model consisting of country beliefs, people's effect, and desired interaction.

Hypothesis Development

Country of origin on perceived quality

In different levels of brand familiarity, consumers' perceptions of cross-country made a conscious decision are influenced differently by the country of origin. The research results by Wibowo et al., (2021) showed that the country of origin positively and significantly affects perceived quality. Dinata et al., (2015) also obtained similar results that country of origin significantly impacts perceived quality for consumers interested in buying Ipads in Indonesia. This proves that people's perceptions of a product's country of origin impacts perceived quality. Based on the findings from these research, the following hypothesis is proposed throughout this research project:

H1: Country of origin significantly affects perceived quality

Country of origin on perceived quality with consumer ethnocentrism as a moderator

Ethnocentrism can be used to reduce the negative effects of the country of origin on consumers' perceptions of quality. Consumer ethnocentrism can also play a role in strengthening the influence of the country of origin on perceived quality among shoe consumers in Bandung (Fauziyyah & Suryaningsih, 2021). In their research, Tong & Su (2021) showed that the country of origin influences perceived quality through consumer ethnocentrism towards celebrity endorsements in China. On the other hand, Esmailpour & Jobeni (2017) showed that consumer ethnocentrism could not provide an intervening effect between the country of origin on perceived quality in the car industry in Iran. Based on the results of these studies, the hypothesis proposed in this study is:

H2: Ethnocentrism moderates the impact of country of origin on perceived quality

Conceptual Framework

The rationale in this framework can be explained that the independent variable used is country of origin (X), the dependent variable is perceived quality (Y) and the moderating variable is consumer ethnocentrism (Z).

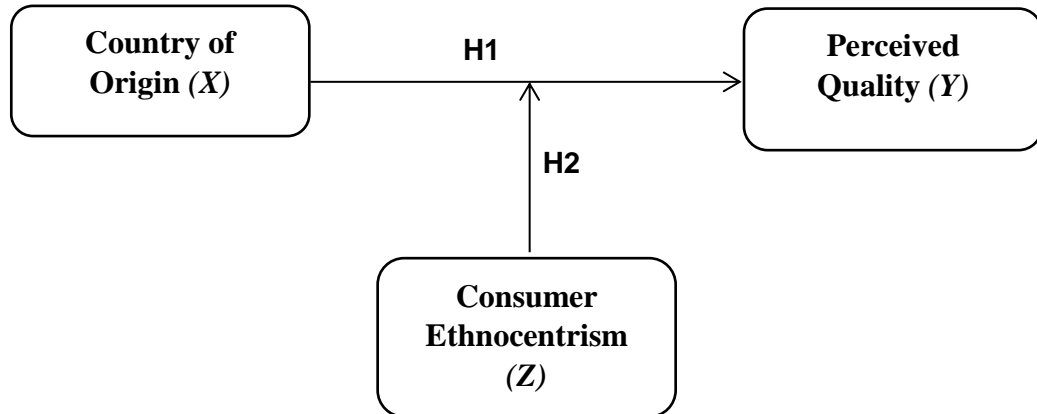


Figure 1. Conceptual Framework

RESEARCH METHOD

This research was located in Ternate City. The time of this research was conducted from December 2022 to February 2023. The population in this study were consumers who had bought and used wardah products in Ternate City. The sampling technique used here is non-probability sampling with a purposive sampling approach as well as the eligibility requirements of experiencing been using wardah products, as well as snowball sampling, where the sample is determined with specific considerations. The number of samples in this study were 150 respondents. This number is considered appropriate and as suggested by Roscoe et al. (1975). This study uses primary data sourced from questionnaires in the form of several question items to the research sample. In addition, this study also uses secondary data sourced from books, related articles and the Top Brand Index. This study collects information by means of surveys by offering an inventory of closed ended questions to survey participants as well as through interview sessions by directing discussion and response sessions with survey participants to guarantee that those participating meet the authors of the study requirements and standards.

Testing the hypothesis in this study using simple linear regression analysis and hierarchy. Furthermore, to test the validity of this study using the Pearson correlation coefficient with a significance level of 0.05 This appears to mean that an item is considered valid when there is a correlation with the total score, and the reliability test is performed by taking the value of r in table 0.7 into account. Questions with a score of 0.70 are considered authoritative, and vice versa. (Ghozali, 2018).

RESULT AND DISCUSSION

Based on Table 2, the number of questionnaires distributed was 160 and restated as many as 156 questionnaires. Furthermore, 6 questionnaires were

declared ineligible (damaged), so the total number of questionnaires processed was 150, resulting in a 93.75% response rate in the study.

Table 2. Results of Questionnaire Distribution

No	Information	Total
1	Questionnaire distributed	160
2	Returned questionnaire	156
3	Damaged questionnaire	6
4	Processed questionnaires	150
5	Respon rate	93,75%

Source: Primary Data Processed, 2023

Based on the data shown in Table 3, in the questionnaire distributed there were questions about wardah product variants that are often used by the people of Ternate City, these variants include; lipstick 62 people, facial moisturizer 72 people, pressed face powder 44 people, foundation 42 people, eyeliner 16 people, sunscreen 12 people, facial wash 11 people, lip balm, 2 people, toner and serum 3 people, shampoo, acne cream, mascara, ointment each 1 person. Based on the variants that are often used above, it can be seen that the variants that are often used are facial moisturizers, lipsticks and pressed face powders.

Respondent Characteristics

Table 3. Respondent Characteristics

Information		Total	(%)
Occupation	Student	119	79.3%
	Civil Servant	13	8.6%
	Self-Employed	14	9.3%
	Private Sector Employee	3	2%
	Honorary	1	0.6%
Income	<Rp. 1.000.000	116	77.3%
	Rp. 1.000.000-Rp. 5.000.000	20	13.3%
	>Rp. 5.000.000	14	9.3%
Gender	Male	69	46%
	Female	81	54%
Age	<20 Years Old	67	44.6%
	20-30 Years Old	76	50.6%
	>30 Years Old	4	2.6%
Education	<High School	6	4%
	High School	109	72.6%
	Bachelor	33	22%
	>Bachelor	2	1.2%
Long Time Using Wardah Products	<1 Years	99	66%
	1-5 Years	43	28.6%
	>5 Years	8	5.2%

Source: Primary Data Processed, 2023

The results of the analysis of the validity and reliability tests in Table 4 show that the question items that measure the research variables (country of origin, perceived quality and consumer ethnocentrism) have met the minimum Pearson correlation value of 0.05 and the Cronbach Alpha value is greater than 0.7 so that it can be said that the question items have valid and reliable.

Table 4. Validity and Reliability Test Results

Variable	Indicator	R Value	Conclusion	Cronbach's Alpha
country of origin	X.1	0.645	Valid	0,770
	X.2	0.752	Valid	
	X.3	0.709	Valid	
	X.4	0.531	Valid	
	X.5	0.617	Valid	
	X.6	0.645	Valid	
perceived quality	Y.1	0.744	Valid	0.802
	Y.1	0.786	Valid	
	Y.3	0.781	Valid	
	Y.4	0.715	Valid	
	Y.5	0.751	Valid	
consumer ethnocentrism	Z.1	0.780	Valid	0.854
	Z.2	0.728	Valid	
	Z.3	0.587	Valid	
	Z.4	0.645	Valid	
	Z.5	0.634	Valid	
	Z.6	0.657	Valid	
	Z.7	0.600	Valid	
	Z.8	0.630	Valid	
	Z.9	0.537	Valid	
	Z.10	0.763	Valid	

Source: Primary Data Processed, 2023

According to Table 5, the coefficient of determination of country of origin variable is 0.508, indicating a positive effect with a t-statistic value of 7.360 and a significant value of $0.000 < 0.05$. This demonstrates that the country of origin has a substantial effect on perceived quality. As a result, we can safely assume that H1 is acceptable.

Hypothesis Testing

Hypothesis Test 1

Table 5. Results of Hypothesis Testing 1

Model	Coefficient	t-statistics	Sig
Constant	8.701	5.026	0.000
country of origin	0.508	7.360	0.000
R	0.518		
adjusted R Square	0.263		
F-statistic	54.172		0.000

Source: Primary Data Processed, 2023

The results of this research are in line with the research of Wibowo et al., (2021) The country of origin really does have a significant positive impact on perceived quality. Dinata et al. (2015) Similarly, country of origin seems to have a substantial impact on perceived quality for consumers interested in purchasing Ipad in South east asia.

Hypothesis Test 2

Table 6. Results of Hypothesis Testing 2

Model	Coefficient	t-statistics	Sig
Constant	-2.704	-0.236	0.814
country of origin	0.826	1.829	0.069
consumer ethnocentrism	0.339	1.123	0.263
Moderated	-0.010	-0.833	0.406
R	0.559		
adjusted R Square	0.299		
F-Statistic	22.168		0.000

Source: Primary Data Processed, 2023

According to the counter top previous section, the coefficient of determination of the consumer ethnocentrism parameter is 0.339, indicating a positive implication with a t-statistic value of 1.123 and an actual values of 0.263 > 0.05, indicating that it is not significant. Furthermore, the moderating correlation value is -0.010, indicating that sustainable consumption has a detrimental impact with a t-count value of -0.833 and a significant value of 0.406 > 0.05, implying that consumer ethnocentrism doesn't really mitigate the impact of country of origin on perceived quality.

There is no significant influence allegedly because most respondents are still students/students with a total income of less than Rp. 1,000,000, so this type of respondent will not use this product for a long time due to financial constraints. In addition, if you calculate the level of need for personal care for wardah products as a whole in 1 month, it is almost close to IDR 1,000,000, and of course, respondents will choose to fulfil their primary needs first and have the potential to switch to using products that tend to be more affordable according to income. Therefore, it can be concluded that H2 is rejected. The results of this study are not in line with the results of the research of Fauziyyah & Suryaningsih (2021) but in line with the research of Esmailpour & Jobeni, (2017), which shows the results that consumer ethnocentrism cannot provide intervention between the influence of country of origin on perceived quality in the car industry in Iran.

CONCLUSION

Taking into account the previously described findings, this research concluded that the country of origin variable influences perceived quality with wardah local brand as even the instrument in Ternate City. Additionally, consumer ethnocentrism does not affect the connection between country of origin and perceived quality at Ternate City's wardah local brand. Furthermore, the results from this research indicate that the level of consumer ethnocentrism in Ternate

Local citizens is still comparatively low in terms of purchasing the products that are produced in the home nation.

SUGGESTION

For future researchers who wish to develop research on other variables that are thought to affect perceived quality, study with the same problem to improve all the deficiencies contained in this research and can add different variables such as brand image, price and consumer perception. In addition, future research can also add minimum income criteria at the UMR point so that the data obtained is expected to be better. Apart from income, future research should also pay attention to the distribution of respondents. This aims to make the data tend to be more heterogeneous, so that the generalization of research results is more representative for job categories.

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