

The Role of Region of Origin in Consumer Decision-Making and Choice (De Rol van de Regio van Herkomst in de Besluitvorming en het Keuzegedrag van Consumenten)

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Summary

Globalization is considered one of the most important and challenging market characteristics of this time. The ‘disappearance’ of national borders increases the accessibility of markets, intensifying competition. Consequently, it becomes increasingly difficult for small- and medium-sized enterprises (SMEs) to be successful, locally, nationally, or in the international arena. This forces them to think out creative strategies to survive. We propose that marketing products using their *region of origin* is a viable and valuable strategy. By stressing unique local characteristics, enabling them to produce a product that has specific characteristics, SMEs may provide their products with a unique identity. These products may further address consumers’ demand for quality, distinctiveness, and products with which they can identify. A product marketed with a regional indication, a *regional product*, is defined as ‘*a product whose quality and/or fame can be attributed to its region of origin and which is marketed using the name of the region of origin*’.

Despite the increasing interest in regions and the related marketing opportunities, the amount of research on the region-of-origin cue remains relatively scarce. Gaining fundamental insights into consumers’ motives to purchase regional products and the processes underlying the purchase decision of these products, would enable marketers to develop, position and market regional products more effectively. The *objective of this research* is to gain a deeper understanding of the role of the region of origin as a product cue in decision-making processes and its role in consumers’ goal satisfaction. More specifically, we want to gain insights into the processes underlying the relationship between the region-of-origin cue and consumers’ goals and how they initiate, direct and terminate decision-making processes and behavior. To accomplish this, a comprehensive research framework is proposed. The basic structure of the research framework reflects the different stages of the purchase process as a problem-solving process. Based on this framework, the theoretical foundation is laid for the potential role that a region-of-origin cue plays in each stage of the purchase process. Using the framework, we examine the role of the region-of-origin cue during the entire decision-making process, which provides us with insights about at what stage of the decision-making process the region of origin is active and which variables of the decision-making process are influenced by the region of origin. Hypotheses are formulated, which are subjected to empirical testing in the subsequent chapters. Throughout this

research, the framework has proven its value both for newly introduced regional products, existing regional products that are introduced into new markets or market segments as well as for the analysis of established behaviors for well known regional products.

Need Recognition Stage

During the *need recognition stage*, the region-of-origin cue triggers consumer goals that initiate and/or direct the subsequent decision-making process. While in some instances the encounter of a regional product may trigger or initiate and direct a purchase decision process, the encounter may also take place at a later stage of the purchase decision process. In the latter case, it merely provides direction to consumers' motivation. During the need recognition stage, consumers compose a bundle of goals that initiate, direct and terminate a purchase process of a regional product.

During a series of focus groups, an extensive list of consumer motives for purchasing regional products was identified. To classify these motives, Sheth, Newman and Gross' (1991) taxonomy of consumption values was used. Regional products were found to have *functional value* by providing consumers with attributes that match consumer goals such as a *desire for high quality* and healthiness. Regional products provided *social value* to consumers based on the product's region of origin. The region of origin refers to a 'social group' to which consumers *want to belong* and with which consumers *identify*. In different usage situations, the perceived functional and social value vary (i.e., conditional performance). For instance, when buying a bottle of wine as a present for a patriotic friend, the social value of regional wine might be higher than when purchased for personal consumption. Based on their ability to arouse affective feelings that match consumers' *desire for pleasure and happiness*, among others, regional products were found to provide consumers with *emotional value*. Finally, modest evidence for the ability of regional products to satisfy consumers' *desire for stimulation*, providing consumers with *epistemic value*, was found.

Prepurchase Search for Information

The likelihood that a regional product enters the decision-making process largely depends on whether it is identified during the *prepurchase search for information*.

Regional product information may be retrieved from memory when confronted with a consumption problem (internal search), or the product may be considered when encountered during a purchase process in progress (external search). Accessibility of regional product information in memory is a key determinant of the likelihood that and the speed with which consumers identify the regional product during the prepurchase search for information. In this research, it was shown that the accessibility of regional product information increased with

consumers' sense of belonging to the product's region of origin and product category involvement. Consumers' interest in the region, as reflected by their sense of belonging, stimulates consumers to search for regional information as a means to stay informed about what goes on in the region. Because of their increased search for regional information, the probability and frequency of encountering regional product information increases, which in turn enhances the accessibility of that information. Additionally, consumers' interest in the region increases the motivation to process encountered regional product information, which enhances the accessibility of that information as well. The effect of sense of belonging depends, however, on the degree to which consumers perceive the regional product to be a part of the regional culture and is larger when the product is perceived to be more closely related to the regional culture.

Consumers' product category involvement increases the accessibility of regional product information too, because of consumers' increased motivation to process the information. If marketers are able to preserve the link between the product and the regional culture and provide consumers with regional product information at the right places, they can benefit from consumers' sense of belonging and product category involvement. This increases the probability of identification of the regional product during the prepurchase search for information.

Perception and Evaluation

To establish whether regional products provide the benefits needed to satisfy consumers' goals, consumers use stimuli or cues available. The name of a regional product (e.g., Parma ham) provides consumers with two stimuli, a region-of-origin cue and a product-category cue. During the encoding stage, consumers interpret and provide meaning to both cues. This (encoded) meaning largely is a function of previously acquired meanings contained in the activated knowledge structures, which are stored in consumers' memory. The product-category cue 'simply' states what product category the regional product belongs to, while the region-of-origin cue signals the region of origin of the product.

When triggered, the region-of-origin cue activates consumers' *product-specific regional beliefs*, among others. The product-specific regional beliefs reflect consumers' beliefs about the suitability of the region for making the product. In this research, we have shown that the product-specific regional image is a multidimensional phenomenon (consisting of human, natural environment and a climatic dimension) that has substantial effect on consumers' attitude towards the regional product. It exerts its effect primarily through product attribute perception. Based on the product-specific regional beliefs, consumers infer the "true" state of the attributes of the regional product. The match between the inferred product attributes and consumers' desires form the substrate for consumers' evaluative judgements about the regional product. Further, it was shown that the effect of the product-specific regional image on consumers' attitude towards the

regional product depends on the added value of the regional product. The relative effect of the human, versus the natural environment factor, on consumers' attitude towards the regional product is larger for higher added-value products compared to lower added-value products.

Also, the match between consumers' general regional beliefs and related desires, such as desire for belonging, was found to influence consumers' attitude towards the regional product.

Choice

Consumers' intention to purchase a regional product is influenced by consumers' attitude towards the regional product, relative to competing alternatives, which in turn is based on consumers' beliefs and expectations about the functional, social and emotional performance of the regional product. These beliefs and expectations largely originate from consumers' product-specific and general image of the region and their associations with the product category the regional product belongs to. By encoding and elaborating on the associations triggered by the region-of-origin cue and the product-category cue, consumers try to establish whether the regional product provides those benefits needed to satisfy their desires. The match between consumers' regional product beliefs and related consumer goals influences consumers' attitude towards the regional product, and hence their intention to purchase the regional product.

In this research, it was shown that during first-trial purchases, consumers' intention to purchase regional products is influenced by more than just the perceived regional product quality. Consumers' intention to purchase the regional product is positively influenced by their sense of belonging to the product's region of origin. It increases with consumer regioncentrism, if the product originates from the own region of residence. Further, if the regional product is perceived to be a more significant part of the regional culture and inheritance, the effect of both consumers' sense of belonging and regioncentrism is larger. Additionally, it appeared that the emotions elicited by the region-of-origin cue had a strong influence on the intention to purchase regional products. Finally, only limited effects were found for the effect of the perceived novelty and the incongruity between the region and the product on consumers' intention to purchase.

Regional Product Loyalty

When the regional product performs in line with consumers' inferred expectations, satisfaction occurs. The perceived satisfaction and the (updated) expectations determine consumers' postpurchase attitude towards the regional product. If the regional product continues to satisfy consumers, in time, consumers may develop a strong and favorable attitude towards the regional product. This attitude affects future purchase decisions and consumer behavior. Consumers may become loyal to the regional product. We define consumer loyalty towards a

regional product as the *consistent repurchase of the regional product prompted by a strong and favorable attitude*.

For loyalty to develop, it is important that the regional product consistently performs against expectations. Copycat or imitation products can easily destroy loyalty. By protecting the regional product, the probability of inconsistent and unfavorable experiences is reduced. In 1992, the European Commission introduced legislation that enables companies to protect their regional product legally against counterfeiting. Protected regional products can be marketed with a certificate of origin, a PDO/PGI protection label.

In this research, it was shown that the consumption share of a PDO-protected regional product increases (cf., repeat purchases) if consumers' attitude towards the PDO-protected regional product is more favorable. Further, a positive consumer attitude towards a PDO-protected regional product increases the price premium consumers are willing to pay for the PDO-protected regional product, relative to competing alternatives. Finally, consumers' negative response to relative price increases of a PDO-protected regional product decreases with the favorability of consumers' attitude towards the PDO-protected regional product. Since these behavioral intentions capture important aspects of consumer loyalty, the consistent results found suggest that consumer loyalty towards PDO-protected regional products was actually ascertained in this research.

Also, it was found that the perceived quality of PDO-protected regional products is an important determinant of consumer loyalty towards PDO-protected regional products. Further, consumers' relative attitude towards a PDO-protected regional product was shown to be influenced by consumers' attitude towards the region of origin and their image of PDO protection labels. As such, they enhance consumers' loyalty towards the regional product.

Based on the results of our research conclusions were drawn, marketing implications discussed and limitations addressed. Overall, it is concluded that if consumers are aware of the region, and have favorable and relevant, accessible associations with the region, the marketing of products based on their region of origin is especially beneficial for SMEs that want to market a product produced under particular natural conditions and by unique handicraft. It is recommended that marketers of regional products target quality-conscious consumers in particular, who appreciate naturalness and craftsmanship and have a strong sense of belonging to the region. This basically implies a competitive marketing policy of focus and differentiation and not of low cost. Finally, it is suggested that future research examine if and how the marketing use of the region of origin can be extended beyond food products into industrial products (e.g., computers from Silicon Valley).