The impact of consumer affinity on the willingness to purchase and the willingness to pay for foreign products

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Abstract

Globalization of business environment has brought major changes to consumption patterns. These changes demand new approaches to marketing and specifically international marketing. One of these important approaches is consumer affinity. So in this study, we try to investigate the influence of consumer affinity on the willingness to purchase and the willingness to pay for foreign goods. This study is a descriptive–correlational type. The statistical population of the study includes the consumers in Chabahar city, which 200 of them who have been selected using available sampling, responded to the study’s questionnaire. The reliability of the questionnaires was confirmed through Cronbach’s alpha, furthermore, the questionnaires were prepared with high content validity (according to experts). The collected data analyzed using SPSS software and were tested using hierarchical regression test. The results showed that consumer affinity impacts the willingness to purchase and the willingness to pay more for foreign goods and product knowledge is moderating the relationship between the two.

Keywords: Consumer affinity, the willingness to purchase foreign goods, the willingness to pay, and product knowledge.
Introduction
With the widespread of communication and globalization, global companies and brands face new opportunities. On one hand the acceleration of globalization and existence of tools such as satellites and the internet; consumers have more awareness and selection options. Among these, the developing countries are of particular importance and the value of these countries is well known for global brands. The high number of potential consumers and economy growth and rapid increase of people’s expectations has led made these countries a good target market, for developed countries. Because of the high population, even with the low earnings, has made them an attractive target for the developed and in general, the developing economies offer a big and high potential market for consumer goods (Meyer & Teran, 2006), thus, foreign companies and producers are trying to target these markets as today we see the entry of foreign goods into our country and this means that imported and foreign goods have narrowed the field of domestically manufactured goods. According to the Chamber Of Commerce, Industries, Mines and Agriculture Of Tehran’s website, Iran’s total imports in 2014 were amount to 52 billion and 249 million dollars and in the same period the exports were amount to 20 billion and 799 million dollars, and as can be seen the amount of exports versus imports is negligible.

Regarding the consumption of foreign goods, simplistic approach exists that imply consumers buy imported products based on their quality. But in some cases, consumers chose low quality domestic products more than high quality imported products and in the other, consumers chose low quality imported products more than high quality domestic products (Nguyen et al, 2008), therefore there should be other factors that influence consumption of foreign goods and preferring them over domestic goods.

According to Wanninayake and Chovancova (2012), local companies with the aim of increasing prejudice toward local brands, try to crate ethnocentrism attractions (Wanninayake, 2014), but in addition to ethnocentrism (Rybina et al, 2010), according to research, other various factors identified, Including: Consumer cosmopolitanism (Ahmad 2015), international consumption (Krakion and Barbov, 2011), consumer animosity (Tian, 2010, Baha’i and Pisany, 2009), consumer affinity (Bernard and Zarrouk-Karoui, 2014), consumer xenocentrism (Lawrence, 2012) and so on. All of these is in the case of consumer’s attitudes in relation to foreign goods. Joff and Neben Zohal (2006) have classified these factors as follows (Quoted by Lawrence, 2012).

<table>
<thead>
<tr>
<th>The public attitude towards foreign countries in general</th>
<th>Attitude to a particular country.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reluctance towards foreign products</td>
<td>Consumer ethnocentrism</td>
</tr>
<tr>
<td>Neutral towards foreign products</td>
<td>Consumer cosmopolitanism</td>
</tr>
<tr>
<td>The willingness towards foreign products</td>
<td>Consumer xenocentrism, international consumption</td>
</tr>
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<td></td>
<td>Consumer Affinity</td>
</tr>
</tbody>
</table>

Considering that in the domestic literature consumer affinity has been studied less, in this study, we will examine this variable. Consumer affinity means "a sense of love, sympathy or even
continuity and affiliation to a particular country and considering it their own (Oberecker et al., 2008), so we can expect when this sense is created inside a consumer towards a country, the consumers tend to buy more products or even is willing to pay more for the products of that particular country. On the basis, in this study, we attempt to investigate the influence of consumer affinity on the willingness to purchase and the willingness to pay more.

But there is another important factor that plays an important role in these complex relations and it is product knowledge. In the past few years, many studies conducted on the role of product knowledge on different stages of consumers’ behavior that shows that the strategies and decisions of the consumers with higher product knowledge is different from those with lower product knowledge (Jabari et al., 2009), so researchers claim that product knowledge influences the willingness to purchase the and pay more and could moderate the consumer affinity relationship and the willingness to purchase and the willingness to pay more.

Literature review

Consumer affinity

Literature on the consumer affinity subject is quite low and at its infancy. The concept of consumer affinity is mostly based on the social identity theory of Ashforth and Mael (1989). This theory implies that people classify themselves to different classes. The classification can be based on age, gender, race, country of origin and so on by being in this categories, the see other people as in-groups and out-groups. In-groups are those that considered a part of their group and out-groups are those that considered not a part of their group (Lawrence, 2011). Oberecker et al. (2008) have stated that in-groups are preferred over out-groups. So, people who have a sense of affinity towards a particular country, since they identify themselves with that particular country, assume it is their own country. And consider it attractive (Bertin Nes et al., 2014).

Joff and Neben Zohal (2006), defined consumer affinity but their model was not tested experimentally. Oberecker et al. (2008) have developed the concept in a qualitative research. They stated that components of affinity can be divided to four drivers including one macro and three micro drivers (Bertin Nes et al., 2014), and the model we used here is a study by Bertin Nes et al. (2014). In their study, they have concluded that consumer affinity components are as follows:

**Culture:** as Oberecker et al. (2008) have noted, values and traditions can strengthen the sense of affinity and "sense of cultural proximity" can affect beliefs about other countries (Bertin Nes et al., 2014).

**Art and history:** numerous cases related to art, architecture and history of a country can affect affinity (Bertin Nes et al., 2014).

**People:** on Oberecker et al. (2014), a sense of affinity with the people of a country can. Make sense of affinity towards your country (Bertin Nes et al., 2014).

**Weather condition:** according Verlegh (2001), climatic and atmospheric conditions may have a positive effect on attitudes on a particular country (Bertin Nes et al., 2014).

**Food:** food is one of the visible aspects of each country. Interesting memories about food and drink of a particular country can create a sense of affinity.
Politics: political reasons for affinity may be historical relationship between the two countries to support each other in times of war and the countries policies.

Family and friends: United States of America is a country of immigrants. Many Americans argue that the have a special feeling to the country of origin (Bertin Nes et al., 2014). Talk on your family and friends, given that the samples consisted of consumers of Chabahar and possible Pakistani origin or have family ties across the border, is valid.

Travel: travel is related to the personal experience in a particular country that may be long-term or short term experience. The experience can be stimulating affinity feelings towards a particular country.

Travel and family and friends can be considered an emotional aspects and other dimensions can be considered large dimensions that are relevant to the countries (Bertin Nes et al., 2014).

The willingness to pay more
One of the effective ways of pricing strategy for products and services, is measuring the amount paid by the customer for the product or service (Breidert, 2006). In fact, customer’s the willingness to pay is one of those concepts that used in studying the customer’s reaction to price (Gall-Ely, 2009).

In any market customers has a maximum amount that are willing to pay for a service or product that is called WTP (Breidert, 2006). Research on WTP, estimate the potential demand for products or services by asking "do you want to buy this product at this price?" (Forit and Forit, 2004).

Measuring the maximum WTP is a common method to measure awareness of customer demand and generally, the efficient implementation of pricing policies (Lost, 2007).

Studies show that the brand equity has a significant impact on customers' higher the willingness to pay (Lassar et al, 1995 and Netemeyer et al, 2004 quoted By Raisisifar, et al., 2013). In fact, the equity makes customers less sensitive to price increases (Hoeffler and Keller, 2003, Keller and Lehmann, 2003 quoted By Raisisifar, et al., 2013).

There are three techniques for estimating WTP:

1- Observing the prices that people pay for goods or services in different markets.
2- Observing the money, time and effort spent by individuals to obtain the product with or service.
3- Asking customers for goods or services they prefer directly.

The first two approaches are based on observing behavior and called revealed preferences. The third technique is based on survey and is called stated preferences (Wedgwood and Sonsam, 2003).

The willingness to purchase foreign goods
Much research has been done regarding the willingness to purchase foreign goods. For example, Ghafari Ashtiani et al (2010), in a literature review, investigated the factors affecting purchasing foreign goods as follows: uniqueness, functional value of foreign goods, emotional value of foreign products, the social value of foreign goods, the customer’s lost value.

But in this study, too, the researchers claim that consumer affinity impacts the willingness to purchase the product from a particular country. As we know, feelings toward a particular subject, affect the way they communicate with that particular subject. According to Verlegh (2007),

http://www.ijhcs.com/index.php/ijhcs/index
consumers voluntarily purchase goods from certain countries to show their close relationship with that country. Also Oberecker and Diamantopoulos (2011) has showed that affinity has a positive impact on the willingness to purchase certain country's products (Bernard and Zarrour-Karoui, 2014).

**Product knowledge**
Product Knowledge is an important factor in processing information and decision making. Product knowledge is a complex multi-dimensional concept that is described with the structure and content regarding a product stored in memory (Yasery et al., 2009).

According to Ashkan Nejad (2007), brand knowledge, attribute knowledge and the experience knowledge are considered distinct dimensions of product knowledge and each of these dimensions, impacts consumers behavior differently on (Yasery et al., 2009).

**Hypotheses of the study**
Based on what is said, hypothesis will be as follows:

1. Consumer affinity impacts consumer the willingness to purchase.
2. Consumer affinity impacts consumer the willingness to pay more.
3. Consumer knowledge of the product moderates the relationship between affinity and the willingness to purchase.
4. Consumer knowledge of the product moderates the relationship between affinity and the willingness to pay more.

**Research Methodology**
In terms of its objective, this study is an applied type, in terms of method of data collection it is descriptive and non-experimental and in terms of the relationship between variables it is a correlational study. The research conducted via survey.

The statistical population consists of consumers in the Chabahar city that use Pakistani products. Accordingly, 300 questionnaires were distributed using available sampling method among the statistical population, of which 250 cases retrieved and after verification and removing defected ones, 200 questionnaires were used in the statistical analysis. The gender composition of the respondents in the survey consisted of 110 men (55%) and 90 women (45 percent).

In order to examine the study’s hypothesis, the required data gathered through a questionnaire in several sectors. The first part of the questionnaire was consumer affinity questionnaire that measures consumer affinity in eight dimensions (culture, art and history, people, weather, food, family and friends, travel and politics), the questionnaire contains 36 questions. It is worth mentioning this questionnaire has been used by Bertin Nes et al (2014), in their study. The second questionnaire is a questionnaire to measure the willingness to pay more, the questionnaire included 6 questions. It is worth mentioning that the questionnaire used by Enova (2012), in this research. The third questionnaire is a questionnaire to measure the willingness to purchase that includes five questions. It is worth mentioning that this questionnaire was used by Heidarzadeh et al (2009), in their research. The last questionnaire is used to measure consumer knowledge of foreign products. The questionnaire consisted of three questions and it’s used by Bamber, et al (2012).

In all three cases the questions use Likert’s five points rating.
Given that all of the four questionnaires has been previously used by other researchers, we can say that they have a good reliability and validity. However, the researchers opted to perform validity and reliability tests. Accordingly, we used content validity, to check the validity. Thus, the questionnaires presented to experts in the field for review and comment, afterward, the validity was approved.

To test the reliability, the Cronbach’s alpha was used, the Cronbach’s alpha obtained were 0.865, 0.794, 0.731, 0.898 for consumer affinity, the willingness to pay, the willingness to purchase, product knowledge, respectively which were higher than the 7.0 that is a considered appropriate.

In the first stage, study the demographic characteristics of sample SPSS software was used to examine the data, and to test research hypotheses, the SPSS software, and hierarchical regression test were used.

Data analysis

The aim of this study is to examine "the consumer affinity effect on the willingness to pay and the willingness to purchase" which in this context, four hypotheses were proposed. The hierarchical regression analysis was used to test the hypothesis. The results are as follows:

**Table 1: regression output for consumer affinity impact on consumer willingness considering the moderating role of product knowledge**

<table>
<thead>
<tr>
<th>Predictor variables</th>
<th>F</th>
<th>ρ</th>
<th>R</th>
<th>R²</th>
<th>β stage1</th>
<th>β stage 2</th>
<th>t</th>
<th>ρ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affinity</td>
<td>75.039</td>
<td>0.0000</td>
<td>0.605</td>
<td>0.266</td>
<td>0.605</td>
<td>----</td>
<td>8.662</td>
<td>0.000</td>
</tr>
<tr>
<td>Affinity</td>
<td>40.185</td>
<td>0.0000</td>
<td>0.620</td>
<td>0.384</td>
<td>0.476</td>
<td>4.976</td>
<td>0.0000</td>
<td></td>
</tr>
<tr>
<td>Product knowledge</td>
<td></td>
<td>0.186</td>
<td>1.935</td>
<td>0.050</td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>

As shown in table 1, results of the hierarchical regression analyses show that in the first stage the affinity has entered the regression equation and the multiple correlation coefficient is 0.605 and the consumer affinity explains 36 percent of consumers the willingness to purchase variance, so the first hypothesis confirmed and the consumer affinity has a significantly positive effect on the consumers’ the willingness to purchase.

In the second stage, by adding product knowledge to the regression equation, the correlation coefficient becomes 0.620. The exclusive Variance added by product knowledge is 1.5%. On this basis, at the confidence level of 99 percent, the third hypothesis is confirmed and product knowledge acts as the moderator of the relationship between consumer affinity and the willingness to purchase foreign products.

**Table 2: regression output for the impact of consumer affinity’s impact on the willingness to pay considering the moderating role of product knowledge**

<table>
<thead>
<tr>
<th>Predictor variables</th>
<th>F</th>
<th>ρ</th>
<th>R</th>
<th>R²</th>
<th>β stage1</th>
<th>β stage 2</th>
<th>t</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affinity</td>
<td>47.7119</td>
<td>0.0000</td>
<td>0.510</td>
<td>0.260</td>
<td>0.510</td>
<td>----</td>
<td>6.762</td>
<td>0.0000</td>
</tr>
<tr>
<td>Affinity</td>
<td>33.674</td>
<td>0.0000</td>
<td>0.586</td>
<td>0.343</td>
<td>0.340</td>
<td>3.887</td>
<td>0.0000</td>
<td></td>
</tr>
</tbody>
</table>
The willingness to pay

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</thead>
<tbody>
<tr>
<td></td>
<td>0.328</td>
<td>4.033</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

As shown in table 2, results of the hierarchical regression analyses show that in the first stage the affinity has entered the regression equation and the multiple correlation coefficient is 0.510 and the consumer affinity explains 26 percent of consumers’ the willingness to purchase variance, so the second hypothesis confirmed and the consumer affinity has a significantly positive effect on the consumers’ the willingness to pay.
In the second stage, by adding product knowledge to the regression equation, the correlation coefficient becomes 0.586. The exclusive Variance added by product knowledge is 7.6%. On this basis, at the confidence level of 99 percent, the third hypothesis is confirmed and product knowledge acts as the moderator of the relationship between consumer affinity and the willingness to pay more for foreign products.

Conclusion
The main objective of this study was to determine whether consumer affinity impacts the willingness to purchase or the willingness to more for foreign products or not? To achieve the objectives of the research, the hierarchical regression test was used to check that we explain each one in the following.
The first objective of the research is to explain the role of consumer affinity on the willingness to purchase foreign products that the results showed that consumer affinity has a significant and positive impact on the consumer's the willingness to purchase foreign products. This result is consistent with the Bernard and Zarrouk-Karoui (2014), Oberecker and Diamantopoulos (2011) and Verlagh’s (2007) results.
The second objective of the research is to explain the role of consumer affinity on the willingness to pay for foreign products that the results showed that consumer affinity has a significant and positive impact on the consumer's the willingness to pay for foreign products. This result is consistent with the Bernard and Zarrouk-Karoui’s (2014) results.
The third objective of the research was to explain the role of consumer affinity on the willingness to purchase foreign goods considering the moderating role of product knowledge, the results showed that consumer affinity has a significant and positive impact on the willingness to purchase foreign products considering the moderating role of product knowledge.
The fourth objective of the research was to explain the role of consumer affinity on the willingness to pay for foreign goods considering the moderating role of product knowledge, the results showed that consumer affinity has a significant and positive impact on the willingness to pay for foreign products considering the moderating role of product knowledge.
So we can conclude that if consumers have a sense of affinity towards a country, that means they see it an in-group country, we can expect that they are more willing to buy and pay for goods from that particular country and if consumers have high products knowledge of that country’s products this impact will be even bigger.
References


16. Lawrence, Steven J (2012). Consumer Xenocentrism and Consumer Cosmopolitanism: The Development and Validation of Scales of Constructs Influencing Attitudes towards Foreign Product Consumption. Dissertation Submitted to the Graduate School of Wayne State University, Detroit, Michigan in partial fulfillment of the requirements for the degree of DOCTOR OF PHILOSOPHY.


