



## A STUDY OF FOREIGN NEW PRODUCT ON CONSUMERS' PURCHASE INTENTION

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### Abstract

Due to globalization, companies have many channels to distribute their products around the world, and consumers also have the opportunity to choose products from different countries. In foreign markets, the country of origin image of the product will influence the international market's strategy for imported products and consumers' cognition. Besides, it is believed that when consumers evaluate a product, they often determine the product value with subjective consciousness. Therefore, the impression of consumers on the country of origin image is an important clue when consumers evaluate the product value, which will affect consumers' evaluation of the product or brand in that country. It can be seen that the country of origin image plays a significant role in the consumer's purchase process. Based on the literature review, this study postulated that the country of origin image of products, consumer curiosity, social media involvement, and product price have a positive impact on consumers' purchase intention for foreign new products.

Keywords: Country of Origin Image of New Products, Consumer Curiosity, Social Media Involvement, Product Price, Consumer Purchase Intention

### Introduction

Economic development and income of the people improved, self-demand have enhanced. With the gradual opening of the global market, consumers will face more products to choose from, therefore consumers are choosing products that are significantly different from the past. Major domestic brands have

been unable to meet their needs, at the same time, foreign new products are quite good choices, especially products from countries with economic and technological development are usually very popular with consumers. The problem we are concerned about here is what will happen to consumers in the face of unknown new products that ultimately affect their willingness to buy. To achieve

the main purpose, the following sub-objectives can be described as follow: First of all is to evaluate the impact of country of origin of new products, consumer curiosity, social media involvement, and product price on consumer purchase intention. The second is to evaluate whether moderators affects the relationship between consumer willingness to buy and other variables. The last one is to provide effective information for businesses to prepare their business strategies well before investing in the foreign market.

#### Literature Review and Development of Proposition

##### *New product*

Sampson (1970) is based on the consumer perspective, which is defined as follows: (1) can meet new needs and desires; (2) can meet needs more significantly than other products; (3) includes an innovative combination of products and communication. From the perspective of the producer, Souder (1988) believes that new products can be defined as products that have never been owned before, this is a new product from the perspective of enterprises, regardless of whether it exists in the market. Booz et al. (1982) classified new products into six categories: (1) innovative products, (2) New product line, (3) Products added outside the existing product line (4) Update of existing products, (5) Reorientation, (6) Cost reduction.

Peter and Donnelly (1989) pointed that there are nine forms of new products: (1) develop new products with new functions; (2) improve products with existing functions; (3) propose new application methods for existing products;

(4) provide additional functions for products; (5) promote existing products to different new markets; (6) launch low-cost products; (7) sell existing products with another existing product portfolio; (8) sell low-level simple version this product (9) New style product.

##### *Country of Origin Image*

Nagashima (1970) pointed out that country of origin image refers to the image, reputation, and stereotype of producers and consumers towards the products of a certain country. Narayana (1981) believes that the image of the country of origin is a reflection of consumers' thoughts, feelings, and attitudes towards certain related products or the overall impression of products in any specific country. Bilkey and Nes (1982) believed that when consumers evaluate a product, they often determine the product value with subjective consciousness rather than objective knowledge and information. Erickson et al. (1984) put forward that the image of a country of origin influences the process of consumers' evaluation of products, and has a direct impact on consumers' beliefs, which in turn indirectly affects consumers' attitudes. Wall and Heslop (1986) show that the image of the country of origin is the existing prejudice and impression reflected by the people or products of a certain country.

##### *Consumer Curiosity*

Prior research has defined curiosity an intention to understand, to see, to feel, or to experience that triggers exploratory behavior directed toward new information acquisition (Kashdan & Silvia, 2009; Litman, 2005). Curiosity is a core psychological trait that motivates people to explore new information and make sense

of their environment (Kashdan & Steger, 2007). Curiosity has further been categorized in to five dimension including exploration, deprivation sensitivity, stress tolerance, social curiosity, and thrill-seeking (Kashdan & Silvia, 2009).

### *Social Media*

Weber (2009) believes that social media is a networking group formed by groups that have common interests or concerns, to meet similar interests, express themselves and communicate. Fouts (2009) also put forward a similar view that social media is that people are around the same theme and will participate in thousands of ways to create long-term or short-term relationships with others online. According to Hogan and Quan-Haase (2010), they believe that social media integrates many other computer-based communication functions. On social media, users can also establish personal data, search information, write blogs, watch friends' news, and maintain friends' dimension Keep in touch, in other words, there is no established standard for social media. Different social media have different functions and characteristics (Taylor et al., 2011). Social media is simply a media platform where the public can freely express their opinions or comment. Social media is a switch that opens a conversation, it has no control over the content of the conversation but can affect its content, it can also allow people to connect with anyone (Safko & Brake, 2009; Sterne, 2009).

### *Product Price*

According to the theory of general economics, price plays a dual role in "allocation" and "information" in the decision-making process of consumer

(Olshavsky et al., 1995). The former refers to how the price plays the role of resource allocation and application in order to maximize the welfare of the whole society; the latter refers to that the higher price indicates that the input production factors are more expensive and the cost is higher, so the product quality is also better, so consumers can use the price as the information indicator of product quality (Scitovsky, 1944). Price is one of the decision-making factors of consumer purchase, and the price is the index of the ratio of a commodity to currency exchange or the currency performance of value. Dodds et al. (1991) defined price as an objective external feature of a product and an indicator of the sacrifices consumers have to make to purchase a product. Anderson and Vincze (2003) indicate that price is the monetary total that the buyer is willing to pay for a product or service. From the consumer's view, price is what the buyer must be given up or sacrificed to obtain the product (Zeithaml, 1988).

### *Consumer Purchase Intention*

Fishbein and Ajzen (1975) proposed that the purchase intention is defined as the attitudes and beliefs of consumers from certain behaviors, which then affect the willingness to buy. Zeithaml (1988) described that consumers' purchase intention is related to the perception of the generation of benefits and value, and then further expresses purchase intention, the content includes possible purchase, wanted purchase and consideration purchase as question variables, which are used to measure the degree of willingness to buy. Besides, Chang and Dong (2016) stated that purchase intentions have strong relationships with consumers' behavior, trust, and orientation toward a certain brand.

The willingness to buy is also a promise related to the possibility of purchasing certain companies' services or products created by customers in the future (Kim & Ko, 2010; Younus et al., 2015; Gautam & Sharma, 2017).

#### *Country of Origin Image of New Products and Consumer Curiosity*

Prior research has stated that the forthcoming new products will generate consumers' interest (Dell'era & Verganti, 2009; Xie & Jia, 2016). Pezzo and Beckstead (2006) also believed that a state of curiosity is likely to be activated by new products. On the other hand, prior research indicated the significant role country of origin can play to meet consumer expectations on the quality and performance of product. (Johansson et al., 1994; Haubl, 1996). Moreover, Panda and Misra (2014) discovered that the country of origin information has a direct effect on product quality evaluation of consumers and through product quality evaluation and perceived value indirectly influence their expectations for certain products. Therefore,

Proposition 1: Country of Origin Image of New Products positive effect on Consumer Curiosity

#### *Consumer Curiosity and Consumer Purchase Intention*

Prior research has shown that consumer purchase intentions are likely to be influenced by consumers' curiosity (Hill et al., 2016; van de Ven et al., 2005). Shim et al. (2001) also pointed out that consumers seeking more information about products has generally been considered to have a positive purchase intention, and the more understanding consumers have obtained, the

more positive attitudes in relation to their beliefs toward the product. In addition, Thomas & Vinuales (2017) proposed that curiosity is likely to lead more positive attitudes on the desire to own the product, and in this sense, it can be postulated that curiosity may have a positive influence on consumer's intention to buy a new product. Therefore,

Proposition 2: Consumer Curiosity positive effect Consumer Purchase Intention

#### *Social Media Involvement and Consumer Purchase Intention*

Kim and Ko (2010) found that when communicating informally with other users and companies, consumers seem to establish their willingness to buy. Consistent with this, Chang and Dong (2016) also revealed when companies or organizations have a deep interaction with consumers on social networking sites, it causes them to perhaps spend more time interacting with friends. Therefore, they can get more information about the company's products or services to further inspire their purchase intention. The study of Gunawan and Huarng (2015) indicated that social media has increased purchase intentions. Social media marketing has better ways to convey information and has a better impact on consumer willingness to buy. According to Gautam and Sharma (2017), there is a positive significant influence of social media marketing on consumers' purchase intention. Therefore,

Proposition 3: Social Media Involvement has a positive effect on the relationship between Consumer Curiosity and Consumer Purchase Intention

#### *Product Price and Consumer Purchase*

### Intention

Dodds et al. (1991) pointed out that when the product price is closer to the acceptable price area in the mind of consumers, the purchase intention of products will be higher. Grewal et al. (1998) point out that when the product is undergoing price promotions, it will make the consumer feel happy and have an influence on the purchase intention. Besides, It can be seen from the trading utility model of Thaler (1985) that price will affect the purchase intention of consumers. Huber et al. (2015) also pointed out that consumers are more likely to purchase the products if they perceive the products have relatively low prices. Therefore,

Proposition 4: Product Price positive effect on the relationship between Consumer Curiosity and Consumer Purchase Intention

### Conclusion

This study described and examined how country of origin image, consumer curiosity, social media involvement, product price effect on foreign new product purchase intention. Thus, providing information for managers and marketers in providing effective information for foreign businesses to prepare their business strategies well before investing in the foreign market. This study proposes four propositions: the first two propositions examined the relationship between country of origin image, consumer curiosity, purchase intention. The next two propositions evaluate whether moderators affect the relationship between consumer willingness to buy and other variables. This study hopes that the results of data analysis will support the above hypothesis.

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