

The country of origin effect of “Made in Thailand” for Chili paste product and its leverage on local and foreigner consumers upon their purchase intention.



An Independent Study Submitted in Partial Fulfillment of the Requirements
for the Degree of Master of Arts in Business and Managerial Economics

Field of Study of Business and Managerial Economics

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การศึกษาและวิเคราะห์อิทธิพลภาพลักษณ์ของประเทศไทยสำหรับผลิตภัณฑ์พริกแกงว่ามีอิทธิพล
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จุดประสงค์ของการทำวิจัยครั้งนี้เพื่อหาว่าอิทธิพลภาพลักษณ์ของประเทศไทยส่งผลต่อการวิจัยครั้งนี้เลือกแหล่งกำเนิดที่ประเทศไทยโดยจะวิจัยว่ามีผลต่อคนไทยและคนต่างชาติอย่างไรสำหรับเครื่องพริกแกง โดยการทำวิจัยครั้งนี้เป็นในรูปแบบของการสำรวจตลาดผ่านทางออนไลน์ซึ่งมีผู้เข้าร่วมทั้งหมด 160 คน ผลที่ได้รับคือผู้เข้าร่วมกว่า 72 เปอร์เซนต์เลือกผลิตภัณฑ์ที่มีเครื่องหมายสัญลักษณ์ชัดเจนว่าผลิตจากประเทศไทย



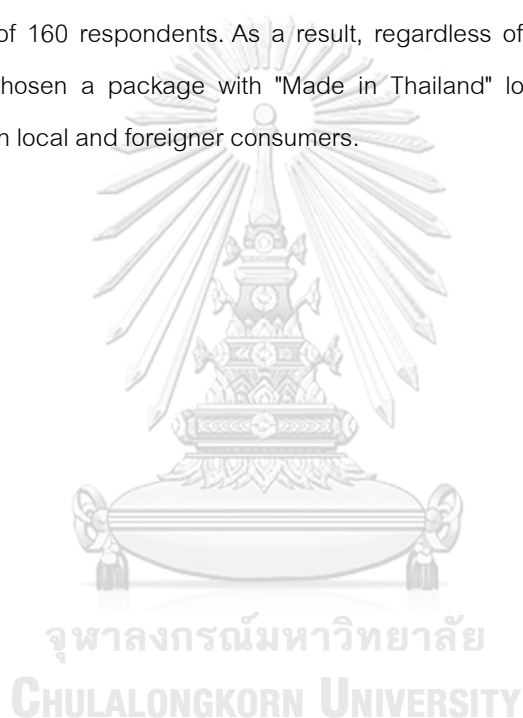
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The main objective of this research is finding out whether the country of origin effect, the branding of “Made in Thailand” for Chili paste product has any leverage on local and foreigner customers upon their purchase intention. The methodology of this research is an online google survey with a total of 160 respondents. As a result, regardless of nationality, 72 percent of all respondents have chosen a package with "Made in Thailand" logo. So the country of origin effect applied to both local and foreigner consumers.



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Advisor's Signature

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Introduction

Nowadays, globalization is not something that only influences multi-national companies, but it is also playing a big role in small businesses. It is all about being connected to the world. While consumers are also being connected to many businesses across the world. Branding becomes one of the most important things to grab consumers attention. There are many ways to build the brand, one of them is country of origin effect, especially when it comes to international marketing. The purpose of this study is to provide an understanding of the leverage of “Made in Thailand” effect among local and foreigner consumer, whether it can increase sale. The results of this paper will be an international marketing strategy and recommendation for SMEs to improve their branding and expand their products oversea.

The main objective for this research is to find out whether the “Made in Thailand” has any leverage on local and international sale. There are many factors that relates to nation branding which are in image and reputation of the country includes tourism, political condition, cultural influence, and symbolic value of product. Whereas economy and financial health can also be one of the influences that can affect nation branding such as investment capital, exports, and imports.

Others can also influence nation branding, including government policies of the federation of Thai Industries and Bureau of international trade promotion policy and other external global factors that can affect nation branding. The purpose of this study is to see another the perspective that revolve around the country of origin effect and to answer the question, whether it can leverage international sale, meaning increase sale outside of their country of origin. With all the positive influences upon the country image, the hypothesis of this study is to find out whether that the positive nation branding of “Made in Thailand” can influence purchase intention of local and foreigner consumers.

The main suggestion and recommendation for this research will go to support Paben Food Co., Ltd on its marketing strategy and product strategy for Thai and foreigners’ consumers. As the company is now starting to do more export and expand their business in both offline and online channels. In 1975, Paben Food., Ltd started as a small family business and in 2013, the company has its company registered under “Paben Food., Ltd”. Growing the business from chili paste sale at fresh market in Chiang Rai under the brand “Mae noi Chili Paste Chiang Rai”. From then until now, the popularity of Mae noi brand has skyrocket, and not so long everybody in Chiang rai knows the brand.

Currently, Mae noi produces chili paste, curry paste, sauces, spices, and pickles. There are four main target customer groups which are regular customer, hotel, restaurant, and food production factory.

Research Objective

The main objective of this research is finding out whether the country of origin effect, the branding of "Made in Thailand" for Chili paste product has any leverage on local and foreigner customers upon their purchase intention. To find out whether there is a relationship between the price and the chosen package that has "Made in Thailand" on the package. To analysis and get a conclusion on whether age, gender and nationalities has any influences on price and purchase decision.

Literature Reviews

There is a research and study that show how country of origin does effect consumer purchase decision and their decision-making process. It was all started in India, the popular ladies wearing is the colorful silk saris. So, the silk saris have been produced in many parts of India. There are many varieties and many kinds of silk and some of them have acquired a social preference and social status over the year. So, the quality of the products represents the nobility in the mind of consumers, and it get accepted and becomes the first preference for wedding shopping in India. So, when the product of silk traced back for centuries ago, the place of where it was made attached to the product itself which convey how consumer make decision upon purchasing these silk saris. This preference was created through continue of creation of saris and its quality, status which has attributed through generations of satisfied customers. (Abraham 2014)

So, in this case, the place of manufacture, got into fame the product itself as some places were known for high quality and vice versa low-quality products. So, this phenomenon is becoming quite common in everyday life. While consider product produced domestically, 'place of origin' is a smaller scale for region and geographical like a town or village. However, this happens when the place transforms into country of origin, which is the wide accepted terminology. When it comes to consumer decision making, the process itself is has its unique complexity. The important of consumers and marketers, since consumers are faced with many tasks of decision making every day in their lives. They must comprehend many forms of information in form of advertisements, brochures, technical specification, celebrity endorsements, sales talks, reference group opinion, price, value, packaging and many more. (Abraham 2014)

Country of origin are being formed through the mind of consumers about how they perceived that individual country. Information of that country can be obtained through direct contact such as TV, Books, Newspaper, Magazine, Movies, and other opinions. Once the consumer developed the country of origin image it will then lead to stereotyping which then the country products will be evaluated. So, as the world has shrunk itself and network itself through globalization and technology which is the main part as it brought with its considerable products and manufacturing standardization, the quality and international standards. Overall, the country of origin effect does have its advantage and has its value on marketing relevancy as it gives differential advantage to that country that produced the product. (Abraham 2014)

There is a study that show how country of origin can affect purchase decision. There's a study about the consumer's product purchasing in Germany, the food tasting experiment shows that the country of origin does made a different and that it affects consumer purchase decision. (Camgoz 2008) There is also a study that specifically mentioned that country of origin effect does have leverage on consumer purchase decision due to level of education and gender. The study on imported wine in the UK said that 40percent of men spend more on wine and the top three countries preferences are Australia, Chile, and New Zealand. And those with higher level of education prefer USA and Australian wine over France. (Felzensztein 2006)

Apart from food industry, the research done on the product quality regarding their country of origin also stated that the country of where the product was made, clearly have a great perception on consumers. Computer – made in the US are rated the highest quality, Australian, Singapore made. Cars- the quality of Japanese car were the highest, followed by British and Australian made. Tires – Australian made, Dishwasher- Germany, Shoes – Italian. (Elliott 1994) And yet, there is also look at the other perspective of country of origin effect. A study shown that there is other country that does not value their nation branding. British brand is not highly valued among British businesspeople. Around 72percent of 200 companies, regarded national image as important their purchasing decision and only 36percent said they would be positively by British brands. (Baker 2002)

Therefore, country of origin effect does play a big role upon customer purchase decision. More ever, Nation that are in attributed higher competence and lower warmth are suited for utilitarian products and low-contact service. Nations with low warmth and low competence should reconsider their image. Lastly, nations with both high competence and warmth should maintain their position. (Chattalas 2008)

And finally, there is a study in India that shows that environmentally friendly products can be sold at higher price. From the research survey method of 225 household, 62percent said that they agree to pay higher price for environmentally friendly products. (Varadarajan 1990)This study is helpful because in terms of environmentally friendly product as it can be implemented in many ways such as in the process of making the product itself or with the packaging design, logistics and distribution channels.

Case study of brands that applied country of origin effect

For case study, it is important to study from successful brands to learn and study their road to success. The study will be about three successful brands which positioning their products by promoting Thailand, using the country of origin effect as part of their product design, logos and the most importantly their packaging. As shown in figure 1.



Figure 1 Logo of successful brands that applied country of origin effect¹

Exotic Food: Thailand on a plate

The company began with the two siblings with passionate to promote Thai cuisine around the world. Founded in 1999, Exotic food began with selling only few product cores. Today, the brand has over 200 Thai cuisine and beverage products available at stores worldwide in more than 62 countries. All the products are made from only the best quality ingredients from local producers, presented in a modern packaging design. Research and development team of Exotic focus on exploring the innovation to enhance and maintain the highest safety and standard quality of all products.

Currently, Exotic food hose brands are Exotic Food, Thai Pride and Coco-Loto. The signature products are sweet chili sauce, Sriracha hot chili sauce (USA style) Pet bottle, Thai Curry Paste, Wok Sauce, Satay Sauce and Coconut juice with pulp as shown in figure 2. The brand

¹ Logo of successful brands that applied country of origin effect from <http://www.exoticfoodthailand.com/>, <http://www.blueelephant.com/>, <http://www.maepranom.com>

received many high standard recognition and certification from GMP, HACCP, ISO 9001:2000, ISO 22000:2005, BRC Certified, IFS Certified, and Halal certification. Exotic food targets most of their products for export to foreign countries. As they have variety of products and certified quality control from many institutions. So Exotic Food focuses on marketing activities and trade shows in many countries around the world.



Figure 2 Exotic Food Products²

Blue elephant: Authentic Thai Premium Products

The Blue Elephant Group started the business for 36 years, it has been promoting royal Thai cuisine through its popular restaurant in Brussels since 1980. The owner and founder of Blue elephant group, Khun Nooror Somnany-Steppe is being recognized as the leading Thai Cuisine Ambassador. Started in Europe, the group expanded to their home country in Bangkok to supply fresh ingredients to their restaurants. Currently they have 6 restaurants in Bangkok, Phuket, Malta, Paris, Brussels, and Copenhagen. The company then expand their specialty to cooking schools and Royal Thai Cuisine products line. The resources and raw materials are mainly from The Royal project foundation.

The group also owns 2 separate production units which are chilled and frozen meals/inflight service by The Fine food catering and Thai premium grocery line and food solutions certified by GMP, HACCP and BRB by Blue Spice in Bangkok. Both units work together to export Blue Elephant products to more than 30 countries worldwide. For their grocery's products, Blue elephant has

² Exotic Food Products from <http://www.exoticfoodthailand.com/>

variety of product lines as shown in figure 8. Since the brand emphasis on the highest quality and premium the price for the products are very high. For a package of 70g of curry paste is about 60 THB (USD \$2)



Figure 3 Blue Elephant Products³

Maepranom: Original Authentic Thai Taste

Started in 1959, MAEPRANOM was established by Mr. Sirichai and Mrs. Pranom Daengsupha, they began the brand with only one single product, Thai Chili Paste under trademark MAEPRANOM. Today, the business has grown into one of the biggest chilies paste manufacturer in Thailand. Currently have many categories under the trademark such as chili pastes, sauces, curry pastes, instant seasoning, ready-to-cook meal set, and many other various products as shown in figure 4. The vision of the management team is to develop its product with highest quality and standard for customer benefits. By this, the company implemented modern production technology and product development to ensure international standards. The company has been accredited with many international certifications; GRP, HACCP, ISO 9001, BRC, Halal and Green industry. The main unique selling points are the products do not contain artificial colors, MSG, or preservative ingredients to ensure highest standard of customer safety upon product consumption. Nutritional herbs are used in production to promote health and nutrients for customers.

Today, MAEPRANOM Brand" have been well-known among local and foreigner consumers worldwide. The company has a strong commitment towards maintaining its product standard, as a result the brand is being trusted by consumers. The persistency in research and development of new

³ Blue Elephant Products from <http://www.blueelephant.com/>

products to meet customer satisfaction. The success and pride of the company is that it is one of the most recognized products in Thai cuisine worldwide. The price for a package of ready-to-cook curry of 88g is 42 THB (\$USD 1.5)



Figure 4 MAEPRANOM products⁴

Approach

This research uses mixed method approach. In this case, the approaches are qualitative approach and quantitative approach. This research uses these two approaches to answer to research objective. For the qualitative approach, the research will comprehend the in-depth interview data of Mr. Chalermkiat, the owner of Paben Foods. As well as the case studies of successful brands in chili paste and sauce industry in Thailand. For the quantitative approach, the research will initiate survey which will target to both Thai and Foreigners, the survey results will be interpreted in descriptive data analysis and statistical analysis.

Methodology

The main objective of this research is finding out whether the country of origin effect, the branding of “Made in Thailand” for Chili paste product has any leverage on local and foreigner customers upon their purchase intention. And to find out whether upon the price they are willing pay for the package that has “Made in Thailand” on the package. To analysis and get a conclusion on whether age, gender and nationalities has any influences on their purchase decision. After the finding, the research will conclude and suggest recommendation of the marketing strategy for Paben Food for further adjustment and improvement.

The approach for data collection in this research is quantitative method, which is survey for measuring and identify patterns of the research. This is an experiment study which aim to

⁴ MAEPRANOM products from <http://www.maepranom.com>

generalized knowledge about country of origin effect and consumer behavior. The survey aims to study about both Thai and Foreigner so the survey distribution, the distribution of this survey was mainly done via online platform for both Thai and Foreigner respondents. The target audience of this survey is aimed to target at both male and female, live in Thailand or any part of the world. The respondent must have some knowledge about Thai Cuisine and know about Thai dish. It was stated clearly on the survey that the respondent must know about Thai dish because the test is about Tom Yum Paste. The reason behind the choice of Tom Yum Paste is because Tom Yum Kung (Hot and sour Thai soup with shrimp) is the most popular dish and the most well-known Thai dish in the world. According to the latest CNN travel world's best foods compiled by 35,000 votes via facebook reader polls. There are 7 Thai dishes, Tom Yum Kung on the 4th Place, Pad Thai on the 5th Place, Som Tum Papaya Salad on the 6th Place, Massaman Curry on the 10th Place, Chicken Fried rice on the 24th place and Spicy grilled pork (Moo nam tok) on the 36th place. (Luxury Society Asia, 2020) ⁵

The survey will give us more understanding on the customer purchase intention when it comes to products relating to its country of origin has influence on the purchase intention. This survey will use the capacity to comply with country of origin affect. The name of the package and how there will be a package with label of "Made in Thailand" and the other package without the label "Made in Thailand". This study will show whether age, gender, nationalities have any role in purchase decision in purchase the product with the country of origin effect. The study will also show the acceptable price by age, gender, nationalities, for the package that they have chosen. The survey question will asked the respondents to imagine if they were at the supermarket, and if they were to see one of these package on the shelves at the supermarket which one would they choose and which price are they willing to pay. From this we can clearly see how country of origin effect for both local and foreigners purchase intentions.

The figure 5 and figure 6, are the options for respondents to choose in the survey participation. All the contents that generated on the packaging, including the message, the product, the brand, and the picture was only for the research purpose only.

⁵ *Luxury Society Asia*. (2020). Retrieved from *Luxury Society Asia*: <https://www.luxurysocietyasia.com/7-thai-dishes-listed-among-worlds-50-best-foods/>



Figure 5 Package 1



Figure 6 Package 2

For figure 5, the packaging clearly stated its brand “Thai Thai” and emphasis on the product being authentic by mentioned on the package “The Authentic of Thai Cuisine” , to add more on the country of origin effect, it’s clearly stated with a stamp of “Made in Thailand” For figure 6, the packaging also has all the resemble with figure 5, however the packaging does not have the stamp of “Made in Thailand” on the package to distinguish itself from figure 5.

For data collection, the survey was done in online platform by google forms. The survey was created on the 1st April 2020 and ended on the 9th April 2020. The approach for the design of this survey is the multiple-choice survey. The sampling method in selecting the sample sizes is the voluntary response sampling method. The main survey distribution is the online community website.

- 1) Reddit; an American social community website. In this place there are many communities and forums to join. The main group for survey distribution were R/Sample Size and R/Assistance (Reddit: The Front Page of the Internet , 2020)⁶
- 2) Survey Swap; a survey platform for finding survey participation. The platform is used by professionals’ academics and students includes Yale University, University of Cambridge, University of Oxford and many more. (Surveyswap.io, 2020)⁷

Survey Design

The survey consists total of 5 questions on a multiple-choice selection. The survey was given 2-3 minutes for participants to fill in the survey anonymously. The first part of the survey of will be general questions about their gender, age, and most importantly their nationalities. In the second part, the survey will flash up 2 packages for respondents to select. Option 1(Figure 5); a package of

⁶ Reddit: The Front Page of the Internet . (2020, April 4). Retrieved from Reddit : <https://www.reddit.com/>

⁷ Surveywap.io. (2020, April). Retrieved from Surveywap: Surveywap.io

Tom yum paste with a made in Thailand stamp on the package. Option 2(Figure 6); a package of Tom yum paste without a made in Thailand stamp on the package. The measurement is based on multiple choices where respondents required to pick only one answer. The last part is about the price refer to the package that each of the respondent chosen earlier, they are to decide whether at which price each individuals are willing to pay for a package of Tom Yum Paste 80g in the prior question. For the sample size population, the aim to complete 160 respondents was from the level of confident around 95% and standard deviation +/- 50% for this survey.

Before the analysis and data was prepare for the further study. The dataset has been checked for the missing data and was removed out of the data set by the Microsoft Excel. For the nationality, in the survey there was a multiple choice for Thai participant to tick, and for foreigner it was the multiple choice of others and also a blank space for fill in, so for the data preparation in Microsoft Excel, the data for all nationalities will be treated as foreigner. The survey will be analyzed by two methods which are the descriptive analysis, the data of the descriptive analysis will be displayed by chart and graphs. The program for implement charts and graph is Microsoft Excel. And the statistical analysis for the data is multiple regression analysis will be analyzed in Microsoft Excel.

Data Preparation

For data preparation of descriptive analysis, the data will need to be arrange in single-cell format to create a pivot table. The tool that is used in the process is Pivot Table to compare data and give output of charts and graph. For data preparation for statistical analysis of multiple regression, the data will need to be arrange into dummy groups. A dummy variable simply a numerical variable for used in regression analysis, it is useful because it enables the use of a single regression equation to represent multiple groups. For this survey, there are 5 questions. Which were the gender, age, nationality, price, and package. In this case, the dependent variable is the price(Y). For the independent variable are the gender, age, nationality, and package. The reason to create dummy is because the data is a quality data, it needs to be translated into numerical to apply for multiple regression.

For dummy preparation process, set up the dummy category name for each of the dummy group. In this case for gender it will be D_gender_1 which will include male and female, in this case there is 2 level of the data so the dummy will only have 1 number, so for male=0 and female=1, for more information on the dummy table can be found in annex 1. For Age group, there are 6 groups which are participants under 20-year-old, 21-30-year-old, 31-40-year-old, 41-50-year-old, 51-60-year-old and above 60. There are total of 6 level of multiple -choice data, in this case so set under20-year-

old as the reference group. In Microsoft Excel, there will be total of 5 columns which will have each of the dummy group in column that represent each of dummy group. For each column will lay each of the 6 level of dummy group which are D_age_1, D_age_2, D_age_3, D_age_4, D_age_5 and for the row put the age group data which are under 20-year-old, 21-30 year-old, 31-40-year-old, 41-50-year-old, 51-60-year-old and above 60-year-old.

And for the dummy value, since the under 20-year-old is the reference so put 0 in all the row. For 21-30-year-old put 1 in D_age_1 column and put 0 in another column. For 31-40-year-old put 1 in D_age_2 column and put 0 in another column. For 41-50-year-old put 1 in D_age_3 column and put 0 in another column. For 51-60-year-old put 1 in D_age_4 column and put 0 in another column. For above 60-year-old put 1 in D_age_5 column and put 0 in another column. For dummy table of D_age_1 to 5 can be found in annex 2. For dummy of nationality, the dummy category is D_nation_1, in this case the data has only 2 level which are Thai=0, foreigner = 1. For dummy table can be found in annex 3. For dummy of package option, the dummy category is D_package_1, in this case the data has only 2 level which are Thai=0, foreigner = 1. The dummy table can be found in annex4. So, in this dummy preparation there are total of 8 sets of dummies, meaning that there are total of 8 independent variable which will be put into our multiple regression model. After dummy preparation, then multiple regression model can be built in Microsoft Excel.

For this method, it is suitable for the research objective to experiment whether the country of origin effect does have leverage to local and foreigner consumers. In the survey, there are options for survey participants to choose the relevant and prefer package which were labelled clearly with the stamp of "Made in Thailand" also the time for the participant to complete for the survey was approximately 2 minutes, so the purchase decision has to be made within the time frame so this show how the country of origin effect on perception of the participant. This experiment is useful because the participants are Thai and foreigner participants, it is insightful for marketers or producer in Thailand to learn that there is an advantage of having the "Made in Thailand" logo on the package because it has advantage in consumers perception.

Result and Analysis

There are 59 percent of female respondents and 41 percent of male respondents as shown in figure 7. The overall age ranges from under 20 to above 60. The age group categories are under 20-year-old, 21-30-year-old, 31-40-year-old, 41-50-year-old, 51-60-year-old and above 60-year-old. The majority age group of the respondents are in between 21-40-year old. Such that 48 percent of

the majority of respondents is in the age group of 21-30-year-old and 38 percent for 31-40 year-old and 8percent for respondents in the age group of 41-50 year-old and 3 percent for respondent in the age group of below 20-year old, and 2 percent for respondent in the age ago of 51-60-year-old, and 1 percent for the age group of above 60 year-old as shown in figure 8.

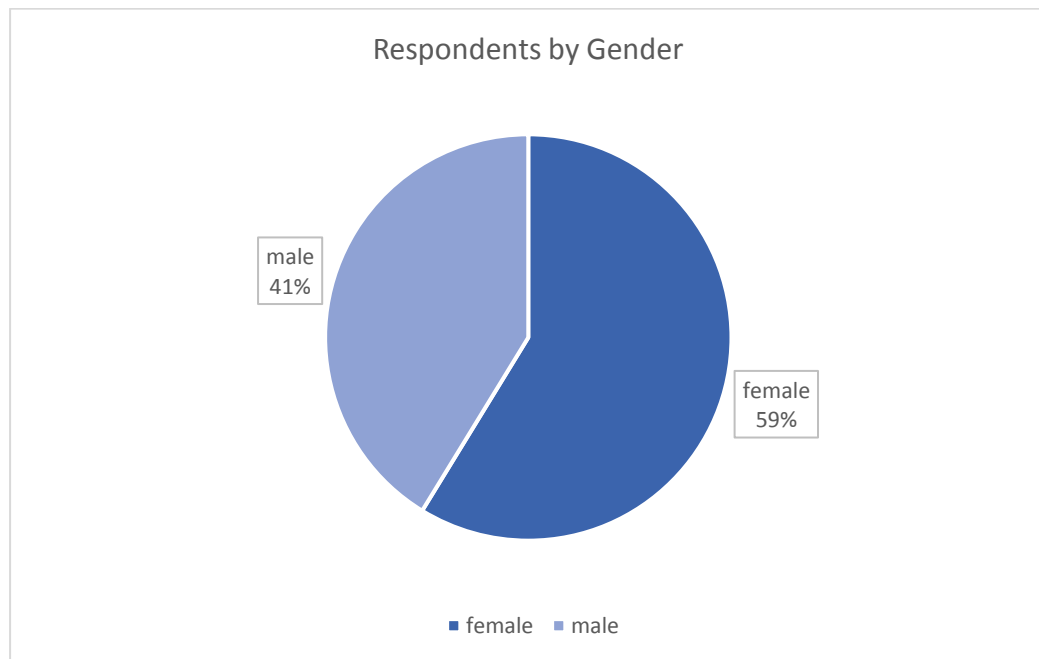


Figure 7 Overall respondents by gender

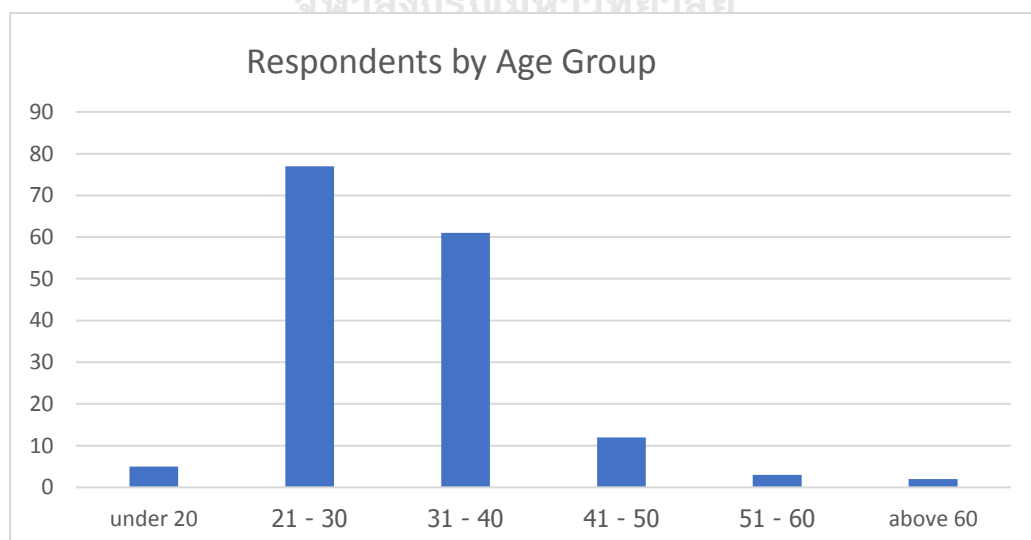


Figure 8 Overall respondents by age group

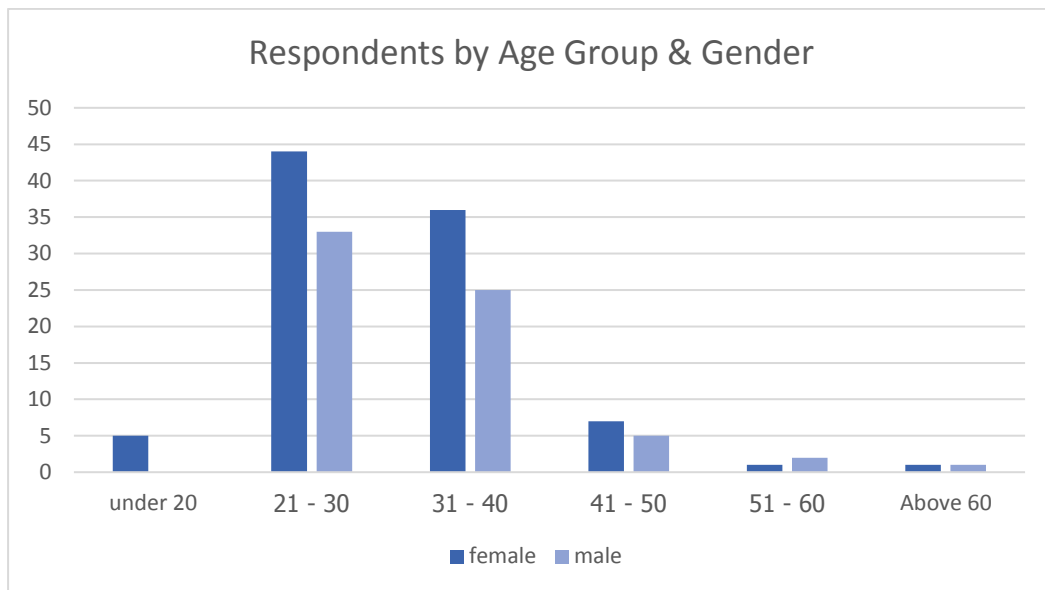


Figure 9 Overall Respondents by age group & gender

As shown in figure 9, For all the age group in between 21-50-year-old, female has more respondents within its group more than male respondents. However, for 51-60-year-old, the male is more than female respondent. But for this case, it is insignificant because we welcomed all respondents who know about Thai cuisine regardless of ages group, genders, and nationalities. However, the age groups and gender need to be reported to see the pattern of purchase intentions.

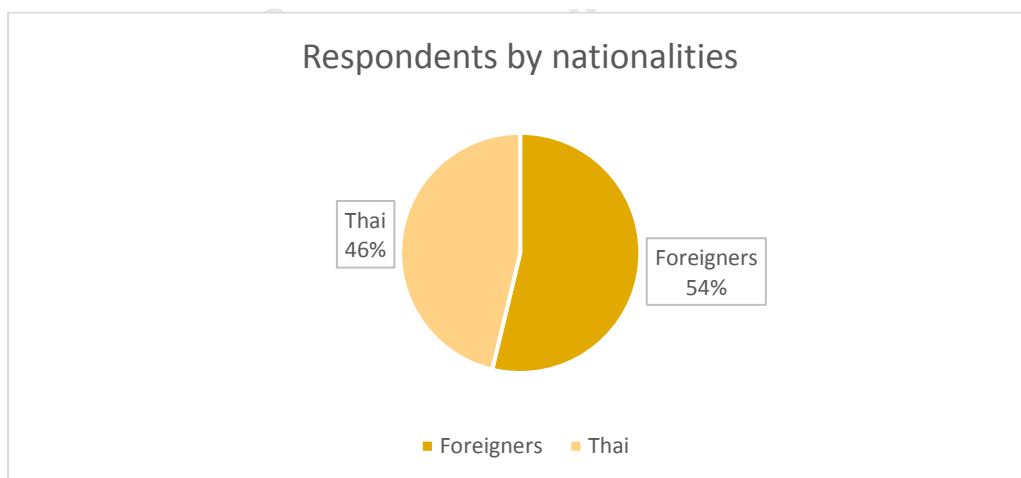


Figure 10 : Respondents by nationalities

There are 46 percent of Thai respondents and 54 percent foreigners' respondents in this survey as shown in figure 10. The majority respondents are American as its 13 percent out of all the foreigner's respondents, the second group is the German at 9 percent and the third group is Chinese at 8 percent out of all the foreigner's respondents. And other nationalities were Australian, Canadian, Indonesian, Korean, Latina, Mexican, Pakistan, Japanese, Lao, Swedish, Malaysians, Canadian, Italian, Belgian and Singaporean at 1-2 percent each for their nationality group.

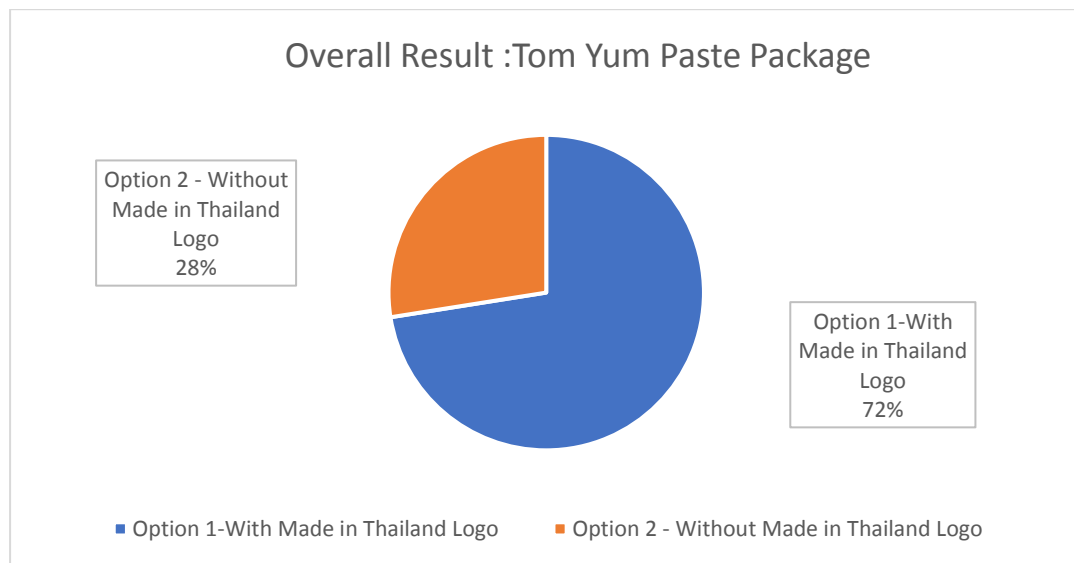


Figure 11: Tom Yum Paste Package Overall Result

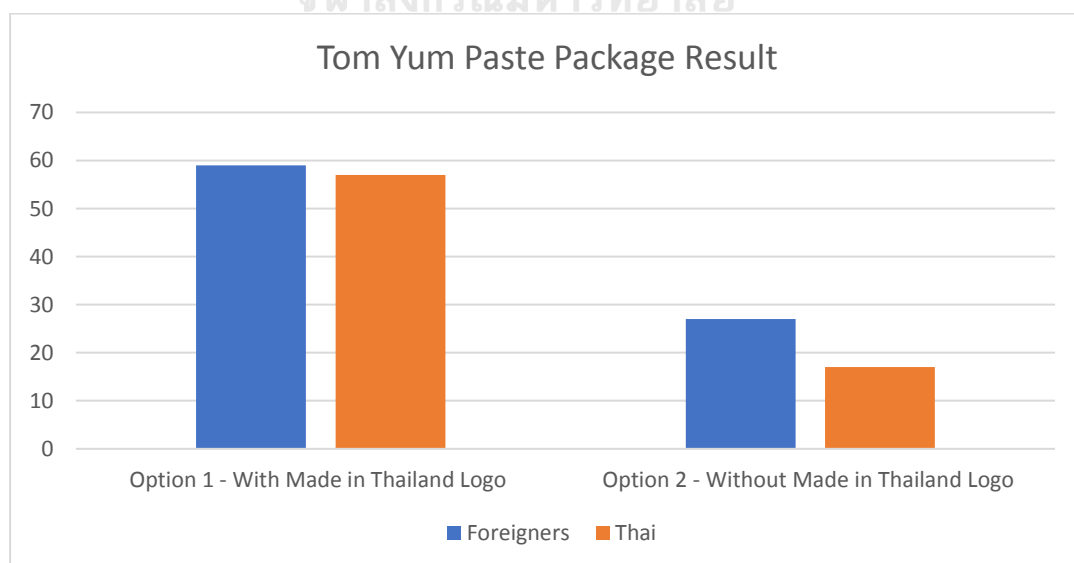


Figure 12:Tom Yum Paste Package Result by Thai VS Foreigners

Overall, as shown in figure 11, the 72 percent of all the respondents chosen option 1, which is the package with Made in Thailand Logo and only 28 percent of respondents chosen option 2. This is the country of origin effect. The respondents or we can call them customers in this case view Thailand as the country that has well-known name for its chili cuisine especially when it is about Tom Yum, as mentioned earlier that it was the Thai dish that ranked 4th in CNN travel on Facebook so when customers see the package of Tom Yum that has “Made in Thailand” on it, it represents the credibility and quality as well as the taste because it is made from its authentic sources.

(Roll, 2008)⁸The article mentioned that country of origin effect has many factors that influences customer perceptions about the brand and the quality. As the customers make their purchase decision by thinking about all these factors from all the information that they have they will think about quality, credibility, and the value of where it was made. Research in many international countries have proven that country of origin effects does lead to customer bias in purchase intention based on the image of that country on customer’s mind.

Regardless of nationalities, option 1 was the majority votes. However, if this is to be group into Thai customer in comparison with foreigners’ customers. There are 69 percent of all foreigners’ respondents for option 1 and 31 percent of all foreigners’ respondents chosen option 2. Clearly, for foreigners, the country of origin effect is really playing the part, making it easier for foreigners to make their purchase decision. As shown in figure 12, There are 77 percent of Thai respondents that chosen option 1 and only 23percent of Thai respondents chosen option 2. This is clear that even the Thai respondent, as in the local people, tend to choose the product that was made in their own country rather than not knowing where it was made. Simply put but putting a “Made in Thailand” logo on the package made it easier for both Thai and Foreigners made their purchase decision for a package of Tom Yum Paste when they see the products at the supermarket.

For the price, as shown in figure 13, the overall result of price per 80g package is at 30 Thai baht. Among all the respondents, this price got the highest vote of 38 percent. The second majority vote of 29 percent is the highest price in the survey which is 40 Thai baht. Following with the price of 20 Thai baht per pack which has the vote of 24 percent and lastly the price of 15 Thai baht per pack which resulted to only 9 percent. This is interesting because for Paben Food, normally their product of a chili or curry paste package of 80g would market for about 15 Thai baht per 80g package. This

⁸ Roll, M. (2008, March). *brandingstrategyinsider*. Retrieved from Branding: The Country Of Origin Effect:

<https://www.brandingstrategyinsider.com/branding-the-co/#.Xondblj7TIU>

shows that there is the gap for the price incremental for the product because customers give more value for a Thai cuisine product especially when it mentioned that it was made of the country of its origin, Thailand.

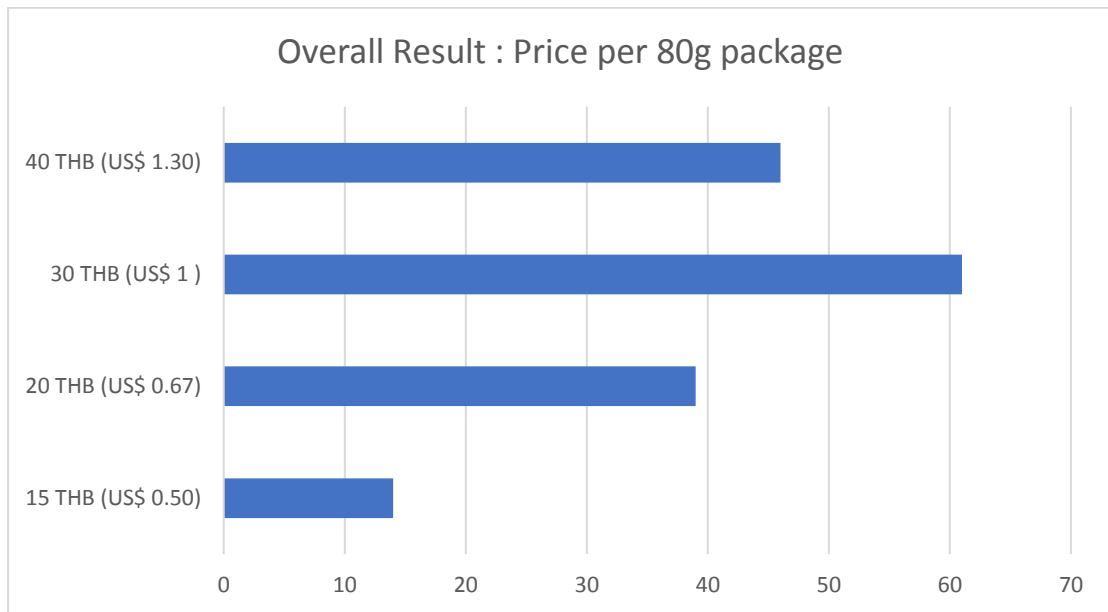


Figure 13 Overall result : Price per 80g package

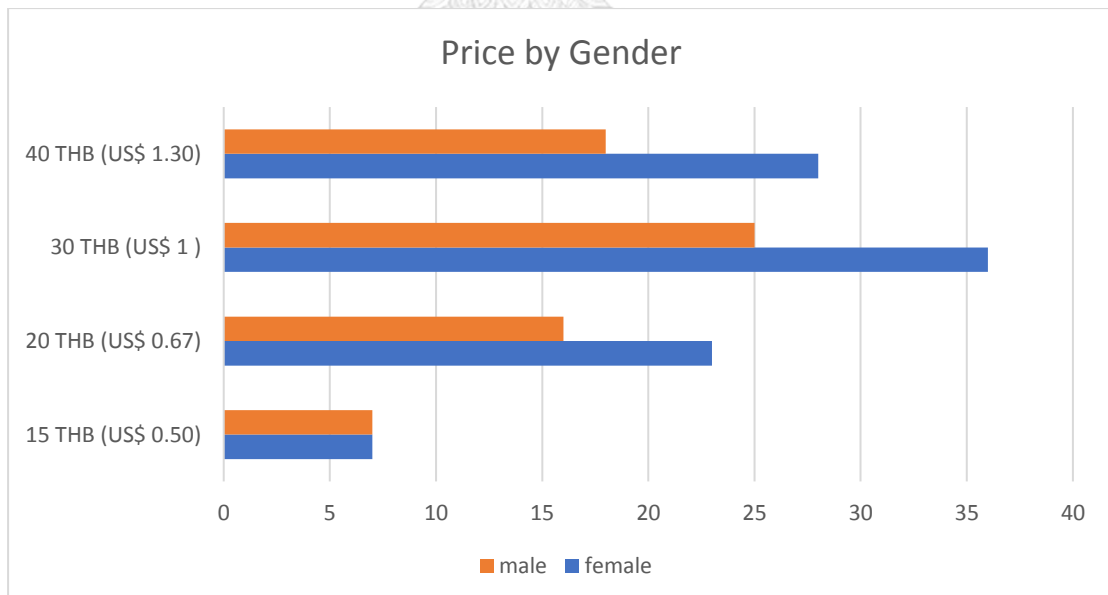


Figure 14 Price by Gender

From this result as shown in figure 14, for 38 percent of all female respondents are willing to pay at 30 Thai baht per package, while 30 percent of female respondents will pay at 40 Thai baht per package, and 20 percent of female respondent will pay for 20 Thai baht and only 7 percent would pay for 15 Thai baht per package. For male respondent, the highest vote that they are willing to pay is at 38 percent for 30 Thai baht per package, 27 percent for 40 Thai baht per package, 24 percent for 20 Thai baht per package and lastly, 11 percent for 15 Thai baht per package. From this, both genders ranked the price quite high for this package of chili paste since for both groups, the highest price is at 30 Thai baht per package and the second choice is at 40 Thai baht per package. So, both male and female are willing to spend approximately the same amount for the purchase of this chili paste package.

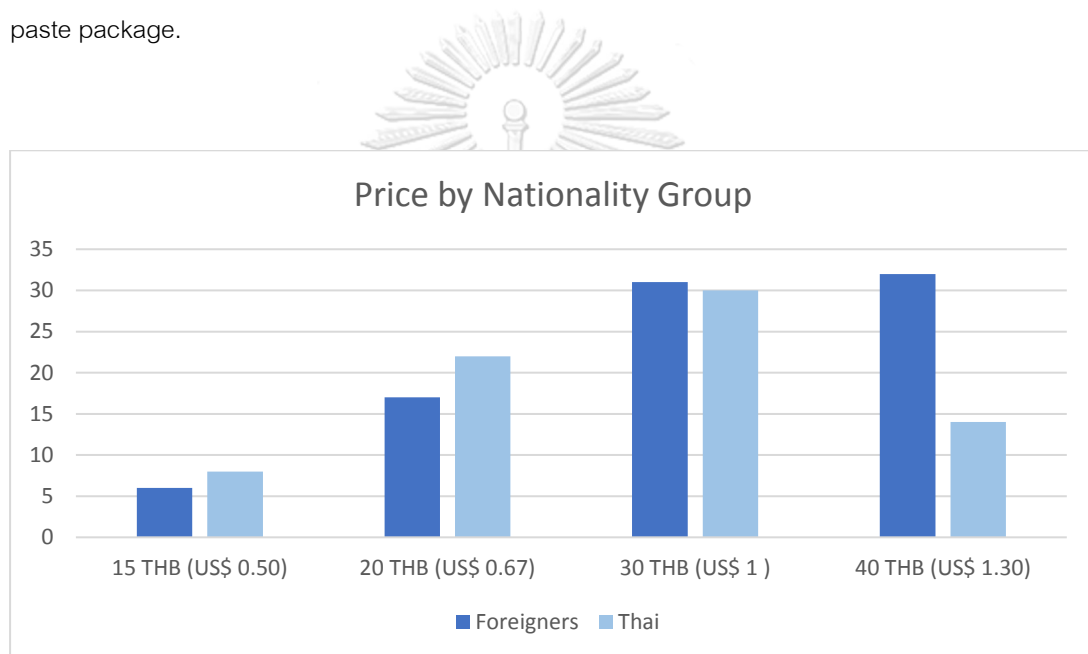


Figure 15 Price by Nationality Group

The result in figure 15, shows that for Foreigner customers are willing to pay at higher price compare with Thai customers. For Foreigners respondents are willing to pay the highest price for their favorite Thai dish, 37 percent of foreigner respondents would pay for 40 Thai baht or around US\$1.30 for a chili paste 80g pack and 36 percent would pay for 30 Thai baht per package, 20 percent would pay for 20 Thai baht per package and only 7 percent would pay for 15 Thai baht per package. When compare with Thai respondents whereas 41 percent out of all Thai respondents would pay for 30 Thai baht per package and 30 percent would pay for 20 Thai baht per package, 19 percent would pay a premium price for 40 Thai baht per package and only 11 percent would pay for 15 Thai baht per package.

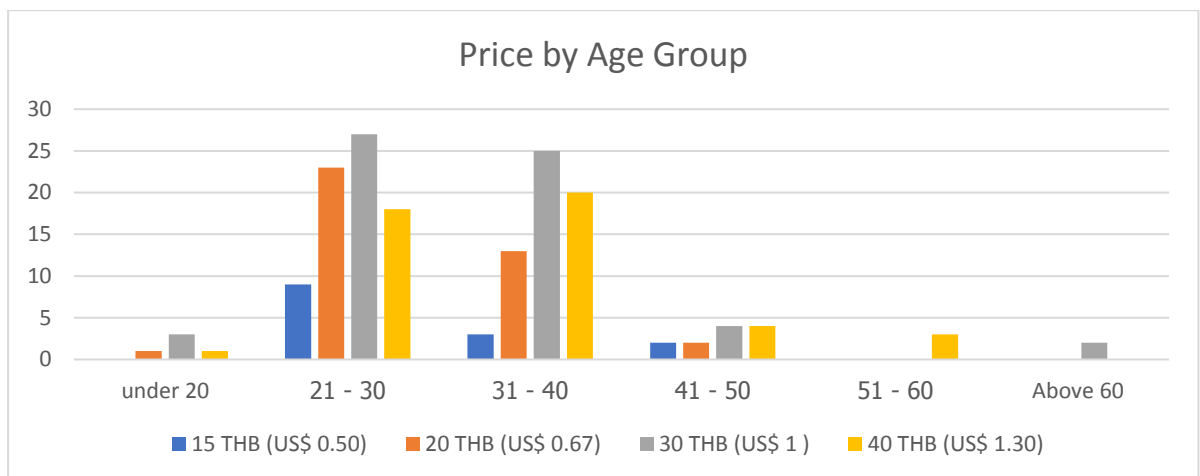


Figure 16 Price by Age Group

The result in figure 16, shows that the price for age group under 20, for 60 percent would pay for 30 Thai baht, and 20 percent would pay for 20 Thai Baht and 20 percent would pay 40 Thai Baht per package. For age group of 21-30 year-old, for 35 percent would pay for 30 Thai baht and for 30 percent would pay 20 Thai baht and 23 percent would pay 40 Thai baht and only 12 percent in this age group would pay 15 Thai baht per package. For the age group between 31-40 year old, the majority of 41 percent would pay 30 Thai baht, 33 percent would pay for 40 Thai baht, 21 percent would pay 20 Thai baht and only 5 percent would pay for 15 Thai baht per package. For age group 41-50-year-old, 33 percent would pay for 30 and 40 Thai baht and 17 percent would pay for 15 and 20 Thai baht. For the age group 51-60-year-old, 100 percent would pay for 40 Thai baht per package while above 60-year-old, for 100 percent, would pay 30 Thai baht per package. From the graph shown in figure17, as the age group increase there is the trend of decreasing in the 15 Thai baht spending and as it gets to the age group of 51-60-year-old and above 60-year-old, the spending for this age group is high.

Statistical Analysis

From the descriptive data, the interesting point is that the price is clearly seen on the descriptive data that it has significant effect on nation and their purchase decision. So, in this case, to be able to explain the significant, it would be much clearer with an explanation from statistical analysis. Looking at the data, the null hypotheses would be that the price will not have any effect on age, gender, nation, and the chosen package. And for alternative hypotheses would be that the price will have at least one effect on either age, gender, nation, and the chosen package.

R Square	0.001909703	
Adjusted R Square	-0.00440732	
Observations	160	
	Coefficients	P-value
Intercept	29.35344828	8.25E-80
D_Package_1	-0.830721	0.583214

Figure 17: Table 1 Result from regression model

From table 1, as shown in figure 17, the regression model result shown that the package does not have any relation with the price since the D_package_1 has p value =0.58 which is greater than alpha = 0.05, so in this case the model fails to reject the null hypothesis at 5 percent significant level. So, there is enough evidence to say that D_package_1 does not have any effect on price.

R Square	0.12903145	
Adjusted R Square	0.082887421	
Observations	160	
	Coefficients	P-value
Intercept	25.16453701	5.90126E-08
D_Gender_1	0.914268643	0.492899615
D_age_1	-1.438944654	0.719416204
D_age_2	3.323927704	0.419675849
D_age_3	3.108578606	0.50180052
D_age_4	9.436293563	0.131545393
D_age_5	1.831122062	0.795607882
D_Nation_1	5.094413211	0.000651669
D_Package_1	-1.173218865	0.445647913

Figure 18 : Table 2 Result from regression model

From the Table 2 as shown in figure 18, result from regression model as shown in figure 22, for D_gender_1 the p value = 0.49 which is greater than alpha = 0.05, so there's enough evidence, in this case the model fail to reject the null hypotheses at 5 percent significant level. There is enough evidence to conclude that the gender does not have any effect on price. For D_age_1, the p value = 0.72 which is greater than alpha = 0.05, in this case the model fail to reject null hypotheses at 5 percent significant level, so there's enough evidence to conclude that age group D_age_1 does not have any effect on price.

For D_age_2, the p value=0.42 which is greater than alpha =0.05, so in this case the model fails to reject the null hypotheses at 5 percent significant level. There is enough evidence to say that

the D_age_2 does not have any effect on price. For D_age_3, the p value = 0.5 which is greater than alpha = 0.05, so in this case the model fail to reject the null hypotheses at 5 percent significant level, there is enough evidence to conclude that D_age_3 does not have any effect on price. For D_age_4, the p value = 0.13 which is greater than alpha = 0.05, so in this case the model fail to reject null hypotheses at 5 percent significant level and there is enough evidence to say that D_age_4 does not have any relationship and effect on price. For D_age_5, the p value = 0.79 which greater than alpha = 0.05, so in this case the model fail to reject the null hypotheses at 5 percent significant level, so there's enough evidence to infer that D_age_5 does not have any effect on price. For D_package_1, the p value = 0.45 which is greater than alpha = 0.05 so in this case the model fail to reject null hypotheses at 5 percent significant level, so there's enough evidence to infer that D_package_1 doesn't have influence on price.

For D_nation_1, the p value = 0.00066 which is less than alpha = 0.05, so in this case we reject the null hypotheses at 5 percent significant level, there is enough evidence to infer that there's a relationship and that D_nation_1 does have an effect and influence on price(Y)

In this case the equation of this model as follow.

$$\text{Price} = 25.16 + 5.09D_{\text{Nation}_1}$$

So, in this equation it means that the average price that Thai participant would be willing to pay for a Tom Yum package of 80g would be an average of 25.16 Thai Baht, and for the foreigner participant it would be $25.16 + 5.09(1) = 30.25$ Thai Baht so in this case, the foreigners' price would be higher than Thai approximately 5.09 Thai Baht.

Conclusion

From the study it is clear, country of origin does have effect on consumer purchase intention. From the survey result of 160 participants, the results were clear that when the packaging clearly stated that the product was made from Thailand then it gives the credibility to the brand as it ensure to consumers that this product is made from the original sources since the product is Tom Yum Paste, the popular Thai dish among foreigner. The dish is well-known even when there was a financial crisis in Thailand in 1997, the crisis was named "Tom Yum Kung Crisis". So clearly, this part also plays a big role in consumers mind as Thailand is the most popular for Tom Yum dish. The results were already clearly stated that the country of origin does not play role on foreigner consumers but also have effect on Thai consumers as well. The results were clear that for both target groups chosen the package that has the "Made in Thailand" logo on the package.

In addition, It was clear that having the logo on the package which shown where the product was made, this apply the country of origin effect and by so, they have priced the package a reasonable favorable price as the country of origin effect can convey the quality and authenticity of the food. Regardless of gender and nationalities, they have voted for the package with “Made in Thailand” on the packaging. Moreover, for foreigners they have priced the product in a high price category of between 30-40 THB per package. So, this is interesting because for Thai consumer they have only placed for 20-30 THB per package.

Furthermore, for a package of Tom Yum Paste 80g can go up to this price with an effect of country of origin. This is an interesting factor because for Paben Food, the average price of their chili paste would be on the market for 13-18 THB per a package of 80g of various pastes. In summary, the benefits of country of origin effect does have an impact on consumer purchase intention, as it project an image on consumer minds and influence on their decision-making process.

Recommendation

For the recommendation of this study, it would be divided into two main parts, the first part is the suggestion of marketing strategy for local and international consumers. the second part will be suggested upon the implementation and marketing activities. The overall recommendation will be based on the influence of the country of origin effect. In this case, meaning all the activities will need to include Thai touch in the design and implementation in all the sale and marketing material such as the packaging, the transportation van and in other media that expose to mass target audience.

The recommendation would be divided into 3 parts which are branding, pricing and tradeshow. In term of branding, from the current logo and packaging design in figure 19, the logo of the current Mae noi should add more information about that represent that the brand is about Thai cuisine. The logo should have a phrase that represent Thai cuisine or even mention about the Authentic Thai cuisine to enhance the country of origin effect. Moreover, the content should be in English, so it is easier for the brand for future export to international market and well as to be more credible among local market. For the packaging, as the survey result show, the suggestion would be for the brand to add more details on the packaging to enhance credibility and utilize the advantages of Thai products that are made from Thailand. with the additional logo and packaging revision, for local and foreigner consumers, it can influence their purchase decision. The logo of “Made in Thailand” should be clearly visible and in a noticeable position and in a reasonably size in order to gain the positive effect. The example of the logo design and position can be the same as presented in the survey, Figure 5.



Figure 19 Paben Food - Mae Noi Logo & Packaging⁹

Also, the Paben can also adjust the logo from the study of competitors as shown in figure 1. So that the logo of Paben is more competitive and it is easier for foreign markets to understand the product. Moreover, the branding can be done through marketing activities for online media. The brand should promote the brand through creating blogs of cooking and recipe sharing on website. This can encourage target consumers to engage with the brand and will also promote the authenticity of Thai cooking as well. The experience will enhance and lift the brand image as original Thai cuisine.

For distribution channels, the brand should expand more distribution channels across Thailand. the suggestion would be that the brand should build more customer experience in store. So, by expanding to modern trade stores, the brand can add more customer experience with the instore marketing, marketing activity, and live cooking for product testing to influence purchase decision. With the trial of live cooking, customers can smell, taste, and really taste the product. This way the brand can learn more about target consumers as well. The experience that the brand can create instore can lead increase in sale and purchase. The brand can enhance the brand by adding Thainess in the booth decoration and sales staff can also wear Thai costume to attract local and foreigner customer.

Likewise, to expand the market into other countries. The brand should attend trade fair and expo to promote the products. This way the brand can gain more customer from other parts of the world. The trade fair such as Thaifex, Supermarket trade show, and World food fair. With this, the brand can gain more awareness among foreigner consumers and with influence of Thainess in booth decoration and tasting booth, this way foreigner consumer can taste the products before they make

⁹ Paben Food - Mae Noi Logo & Packaging from <http://www.pabenfoods.com/>

purchase decision. Also, this will create more opportunity for the brand to explore and gain more business partners, this can also lead to a partnership with more distribution channels.

The other suggestion would be for the pricing, as the study shown that the pricing for the exports products should be price higher compare to Thai market because foreigners are willing to pay more for a package of chili paste with authenticity stamp, so it is better for Paben to acknowledge this country of origin privilege and increase price upon product exports. This gives opportunity for the brand to have an opportunity to increase the price, especially when the company decide to export more into other countries worldwide, as the result shown that foreigner consumers are willing to pay more for a package of chili paste, to experience their favorite dish at home for them it is worth the price. And also, it's hard for foreigner to cook such delicate authentic Thai dish since there are many ingredients in the current paste and some of the herbs are quite rare in their countries so they are willing to pay higher price in comparison to local consumers.

Additionally, the brand should add more story behind the creation of the quality of the product. The quality of Paben Food, Mae Noi brand is as good as one of the big brands in the market. However, there is not much story upon the process of making behind the quality. So, the brand should enhance more on storytelling about the quality of the brand in a way that is easy to understand by consumers. For example, the brand can have a video shooting that tell a story about the brand and also the process of the production and the quality assurance of the company to enhance credibility of the company and also the uplift the brand as well. The part where the brand support local farmer in Thailand for their quality products, this is a good content for both corporate social responsibility for branding and press release material.

In conclusion, with the influence of country of origin effect, the final suggestion would be that the brand should leverage the advantage of country of origin effect, in this case, emphasis on "Made in Thailand" in the branding design, packaging design, marketing activities and in all the communication that will be deliver to target customer because it is clear that by adding the "Made in Thailand", it will be a privilege to the brand because with the country of origin effect, the purchase intention of customers both local and foreigner consumers will be enhance in a positive direction. And, with the positive advantage of country of origin effect, by simply adding more relevancy of the brand to "Made in Thailand". With this, Mae Noi brand will gain more market share, hence the brand can increase more sales from both local and foreigner consumers.

Appendix

Annex 1: Dummy Table of Age Group

Dummy Table : Age Group					
	D_age_1	D_age_2	D_age_3	D_age_4	D_age_5
under 20	0	0	0	0	0
21 - 30	1	0	0	0	0
31 - 40	0	1	0	0	0
41 - 50	0	0	1	0	0
51 - 60	0	0	0	1	0
Above 60	0	0	0	0	1

Annex 2: Dummy Table of Gender

Dummy Table : Gender	
	D_gender_1
Male	0
Female	1

Annex 3: Dummy Table of Nation

Dummy Table : Nation	
	D_nation_1
Thai	0
For	1

Annex 4: Dummy Table of Package

Dummy Table : Package	
	D_package_1
package 1	1
Package 2	0

Annex 5: Regression Summary Output

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.359209479
R Square	0.12903145
Adjusted R Square	0.082887421
Standard Error	8.154180646
Observations	160

ANOVA

	df	SS	MS	F	Significance F
Regression	8	1487.410036	185.9263	2.796276183	0.006468584
Residual	151	10040.08996	66.49066		
Total	159	11527.5			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	25.16453701	4.409511433	5.706876	5.90126E-08	16.45222907	33.87684495	16.45222907	33.87684495
D_Gender_1	0.914268643	1.330083311	0.687377	0.492899615	-1.713708531	3.542245817	-1.713708531	3.542245817
D_age_1	-1.43894465	3.998051358	-0.35991	0.719416204	-9.338290225	6.460400918	-9.338290225	6.460400918
D_age_2	3.323927704	4.107693652	0.809196	0.419675849	-4.792048993	11.4399044	-4.792048993	11.4399044
D_age_3	3.108578606	4.617090064	0.673277	0.50180052	-6.013862974	12.23102019	-6.013862974	12.23102019
D_age_4	9.436293563	6.223418764	1.516256	0.131545393	-2.859930532	21.73251766	-2.859930532	21.73251766
D_age_5	1.831122062	7.056521523	0.259494	0.795607882	-12.11114557	15.77338969	-12.11114557	15.77338969
D_Nation_1	5.094413211	1.463174456	3.481754	0.000651669	2.203474695	7.985351727	2.203474695	7.985351727
D_Package_1	-1.17321887	1.534235572	-0.76469	0.445647913	-4.204559857	1.858122126	-4.204559857	1.858122126