Modeling the purchase intention of the Iranian brand in the home appliance industry

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ABSTRACT:

Supporting Iranian goods is not an option for the country, but it is necessary as a way of improving the economic situation and exiting the economic stagnation. Indeed, fostering national brands and using domestic products is considered one of the requirements of development in advanced countries. This research mainly aims to design a model for purchasing domestic products. The study is fundamental-applied research with exploratory mixed methods design. The statistical population in the qualitative part consists of marketing and branding experts. The sample was chosen through purposive sampling and the snowball method. Regarding the data adequacy, 18 experts were selected and interviewed. To test the hypothesis, a sample of 384 consumers of home appliance products, selected by convenience sampling approach, participated in the study. Data was collected through the in-deep interview approach along with a questionnaire consisting of 52 items, and the analysis was conducted through the Grounded Theory and Structural Equation Modeling. The results indicated that the causal condition was to support the national brand (governmental supports and providing the infrastructures of domestic production). The main phenomenon was Resistance Economy (using national capacities and supporting national work and production). Furthermore, the strategy identified for the realization of Resistance Economy was national branding (accrediting the domestic market and boosting the image of Iranian production). The context condition also involved national culture (national identity-making and national values and beliefs) and social-economic factors (social capital, political stability). Two intervening variables were individual characteristics of Iranian customer's character, attitude toward national brands) and the economic state of the society (economic indicators). The consequence also was the purchase of national brands (preference of domestic brands over foreign brands, loyalty to national brands). On the other hand, the results of structural equations confirmed that Resistance Economy was affected by supporting the national brands. Further, Resistance Economy, along with national culture, economic condition, customers' characteristics, and political-social conditions of the society, influenced the fortification of national branding. Finally, national branding improves and boosts the purchase intention of Iranian products.

KEYWORDS: Iranian products, National branding, Purchase intention of Iranian brands, National identity.

1. INTRODUCTION

One of the issues among consumers of domestic markets is the lack of trust in domestic products in some industries. In other words, domestic brands have not successfully been able to attract the trust of Iranian consumers. This issue implies that domestic brands face problems in building a national brand and cannot motivate domestic consumers to use domestic products [1]. Undoubtedly, consumers are interested in the development and advancement of national industries in their country. Nevertheless, they consider an expected level of product quality that, if not met, a kind of mistrust in domestic brands is shaped. This issue may cause customers not to prefer domestic brands to foreign brands [2]. Regarding Iran's economic state and emphasis by the Supreme Leader of Iran on attention to Resistance Economy, attention to factors affecting the purchase of domestic products by consumers is an important issue [3].

On the other hand, with an increasing trend of recognized international companies attending our country and using production platforms with advanced technologies, domestic companies are required to reconstruct business and production processes to be competitive [4]. Many well-known companies in the world in the area of home appliances identify and supply the tangible and intangible needs of customers well. In other words, agile production is a feature of well-known

brands that reflects studying and knowing the needs and the factors stimulating the consumers in destination countries. Nevertheless, it should be noted that domestic consumers, if domestic brands can meet their expectations to an acceptable level, have appropriate competitive leverages, compared with foreign brands. and improving its cycle, reducing the dependence, and increasing employment are among the reasons for why the domestic consumer tend to select domestic brands [5]. Therefore, identifying the factors affecting the purchase of domestic products by marketing agents and production managers of domestic brands can be taken into account as an important and useful issue for Iran's economic situation.

As noted before, if domestic brands can meet an acceptable level of consumers' expectations, they will be able to attract them. This fact confirms value creation and the ability to build the desired image of a domestic brand in Iran's market. Domestic brands should target on providing Iranian consumers with favorable values when they want to present a product. For example, some consumers seek pleasurable and special values and try to meet their needs using a product. Some others may attempt to obtain material values, meaning that they try to acquire financial interests via receiving a product [5]. Therefore, if local brands can partition their market, consider the requirements as key factors, and target to provide products according to desires and needs, they can attract the trust of local consumers and make the ground for their products to be purchased more than ever [6]. This fact can be an appropriate model for domestic manufacturing companies and brands to compete in international markets. Note, however, that customer retention also is an important factor to be noticed by domestic brands when presenting a product. Furthermore, they should avoid inappropriate aftersales services to prevent negative campaigns against them.

The main problem of the current research is that domestic industries face a sever stagnancy in their production. This means that their products do not confront substantial demands. Therefore, the lack of attention to identifying the factors affecting the purchase of domestic products may cause this stagnancy to continue and penetrate the whole of Iran's economy. Undoubtedly, the stagnancy in the home appliances industry may decrease GDP and lead to unfavorable indicators of economic growth. Consequently, the companies may declare their bankruptcy, and the economic circumstance may be critical. Meanwhile, presenting strategic plans for the purchase of local products by consumers can improve the condition of domestic products and help marketers and manufacturers to get rid of confusion for providing exclusive products and developing new ones. Lack of attention to various partitions of the market and disregarding the provision of relevant products by

producers may increase uncertainty and irrelevant products, causing a hard barrier in the path of Resistance Economy. This research aims to identify the factors affecting the purchase of domestic products.

2. THEORETICAL FOUNDATIONS

In today's world, although economic and political capacities and national strategies play an intrinsic role in the development of an image of countries in the international minds, the issue of the consumption of domestic product against foreign brands has been received increasing attention in recent decades [7]. National branding refers to activities such as brand building techniques and marketing communications, taken to enhance and improve the credit and national image of a country among its domestic consumers. This credit and positive image not only can improve the performance of brands in domestic markets but also can help to improve export performance. Researches show that positive imaging of domestic brands among local consumers is established to acquire competitive advantages. Dinnie and Edinburgh (2008) referred to national brands as a factor that, besides improving the intentions of domestic consumer, tourism attraction, foreign investment, and exchange value stability, can reduce negative perceptions or resolve pessimistic views on a country and create a more favorable situation for it in the local and international fields. Nye (2004) pointed out that improving the image and potency of domestic products helps to enhance the perceived value among domestic audiences and increase the soft power of the countries. Accordingly, advantages such as building a positive image and credit, enhancing the competitive advantage, improving domestic customers' intention related to domestic brands, providing a more favorable situation in the international scope, and increasing the soft power can be mentioned as the benefits of using national brands[8].

Using value creation techniques for nations is a relatively new concept. Nevertheless, because of the increasing global competition in the domestic and international markets, this concept has received growing attention. Nations raise their conscious attempts to extend and promote the image and value creation of their domestic products. Undoubtedly, various challenges exist ahead of Iran in this area. Regarding the lower position of Iran's industry, compared with the world's top industrial countries, Iranian brands and domestic products fail to attract the attention of consumers, causing Iran's domestic economy to be small. On the other hand, national branding, along with creating favorable images, is an important issue that can boost domestic consumers' support of Iranian products. This point is undoubtedly effective in improving the economic status, increasing Iran's economic power, promoting the welfare level in Iran's society, and

fortifying the export performance.

3. PURCHASE INTENTION OF DOMESTIC BRANDS

Always, it has noted that domestic consumers have a kind of national sense on the domestic product and attempt to choose it. For example, when selecting Iranian rice against foreign rice, this sense can be observed. This is because the brands that act effectively in presenting local products and could attract the attention of consumers can perform better in creating consumers' desire and purchase intention (Anholt, 2005). Undoubtedly, domestic consumers try to improve the economic status of their country by choosing domestic brands. In other words, domestic consumers, due to the internal orientations that sometimes are referred to as zeal, tend to purchase products of domestic brands and show a sense of nationalism. Indeed, it is believed that consuming domestic brands reflects a good sense toward the country, and it is a kind of prejudice in this context. Therefore, countries should try to enhance the quality level of their products to provide a basis for choosing domestic brands by propagating the sense of nationalism. Indeed, customers seek domestic products when these brands succeed in transferring the sense of utility and value creation to customers. Otherwise, with a weak structure of domestic branding, one cannot expect that customers show an intention to purchase domestic products because customers expect to meet their interests and requirements versus their support of domestic brands and their intention to purchase these brands against foreign brands [9].

This issue is an important challenge in the area of consuming domestic products. For many reasons, Iran has not been able to provide an environment for domestic consumers to receive their needs using domestic brands. Indeed, national branding is one of the key factors in this area that can prepare conditions for consumer support. Lack of attention to factors boosting national brands because the brands cannot act successfully build domestic consumers' familiarity and trust. This matter has caused that Iranian products have been accepted neither in domestic markets nor in foreign markets. Accordingly, it is recommended that prompt actions be taken for branding in line with value perception and positive image of domestic brands, and the ground for improving the public acceptance of Iranian brands to be made. One of the important issues, causing domestic consumers not to desire domestic brands, i.e., prefer foreign brands to domestic brands, is the lack of attention to investment in the production area. Investment in the area of technology is one of the requirements but is not sufficient. Attention to investment in innovative ideas in production, especially native ideas, can be very useful. The reason for why ideas of native innovations are important is that these

ideas can produce products suited to Iranian culturalsocial structure, making the ground for the increase of domestic consumers' acceptance of local brands. In what follows, the concept of national branding is discussed, and it is tried to concentrate on this viewpoint that the lack of domestic consumers' acceptance is rooted in national branding [10].

4. EMPIRICAL BACKGROUND

Fornari et al. (2016) investigated the factors affecting the fortification of national brands against store brands with the pricing approach. The author believed that an incorrect pricing approach in competing with international brands is one of the important challenges of the European brands that lead to weakness. In research on modeling national brands, Wu (2015) argued that the core feature of a national brand is to create a relationship structure among various sectors of the society. In their study, using the four-dimensional model of Hofstede, including trust in the brand, power distance, collectivism, and environmental uncertainties, they stated the factors leading to improvement of national brand commitment and purchase intention and emphasized the importance of these factors in choosing a national brand. Gomez et al. (2015) studied the effect of smart shopping on attitude toward national and foreign (international) brands. They pointed out that smart shopping refers to a purchase that frequently used in economic-social environments [11]. In this research, three factors, which belong to the category of individual values, are considered to be effective on the change of attitude toward a national brand or store brand. The first factor is faith in traditions that are rooted in the history of the countries. The second factor, rooted in individual values and reflects aggressiveness and curiosity, is related to domination in individual attitudes. Finally, the third factor refers to independence in decision-making. Méndez et al. (2013) try to present a molecule model of a national brand. They noted that, during the past years, researchers have been interested in the attention to the brand area, especially national brands, to boost the national economy [12] [13]. In this research, seven factors were considered to be the important factors of the nation brand molecule. The first was the society, including sub-factors such as lifestyle, language, and demography. The second factor was the economy that included factors such as imports and exports, economic development, and foreign direct investment (FDI). The third factor was related to the negligible role of governments, including sub-factors such as safety and political stability. Another factor, namely, science and technology that facilitates national branding, also involved sub-factors such as technological development and innovation rate. Other factors that were considered effective in boosting the national brand included tourism, culture and cultural heritage, and the

geopolitical situation [14].

5. METHODOLOGY

This study uses the descriptive-exploratory research method and is fundamental regarding the purpose. On the other hand, due to the use of qualitative and quantitative approaches simultaneously, it is mixedexploratory research. First, the Grounded theory is used to identify the factors affecting the purchase intention of domestic products, and the partial least square technique is applied to test the model. Data was collection firstly using interviews and then via questionnaires. The interview began by designing a question about the factors affecting the purchase of domestic products and national branding (open interview), and other questions designed based on interviewees. All the interviews were recorded and reviewed multiple times to extract keynotes. In the questionnaire section, a questionnaire consisting of 52 items was used based on the final model [15].

The statistical population in this research included two parts. The first part that was used to conduct interviews involved the experts in the area of consumer behavior and national branding, regarding its subject scope. First, a group of these individuals was selected based on the purposive sampling approach based on criteria considered as the factors to identify the experts (such as national branding experience, active brand management in the area of the home appliance industry, and academic experts), and then, the snowball sampling approach was used to increase the number of interviewees. The sampling continued until the data adequacy was achieved. A total of 20 interviews were conducted in which the interviews 15-20 did not give additional code and only conducted to improve the validity. The second part of the statistical population consisted of customers of home appliances. In this approach, the number of respondents is determined based on the number of items, so that 5 to 15 people are considered for each item. Regarding that in the quantitative part, a questionnaire was used based on the categories of the qualitative part, and 52 codes extracted, the sample size was determined to be 412.

6. RESEARCH FINDINGS 6.1. Qualitative part

The practical process of qualitative data analysis included four steps, namely, (1) data collection, (2) review, (3) coding and (4) extracting the themes and concepts to explore the experts' opinions on common elements of national branding and intention to purchase national brand.

After conducting an in-depth face-to-face interview with 20 experts, managers, and specialists in the area of Iranian home appliance brands, we achieved theoretical saturation, and the interview ended. Table 1: Categories and sub-categories derived by

interviews							
Code	General Category	Code	Sub-category				
C1	Support of national brands	B1	Providing the infrastructures of national production				
		B2	Governmental supports				
C2	Social-political factors	B3	Political stability				
		B4	Social capital				
	National culture	B5	National identity				
C3		B6	National value and belief				
C4	Resistance Economy	B7	Using national capacities				
		B8	Supporting Iranian work and product				
C5	National branding	B9	Accrediting the domestic market				
		B10	New marketing strategies				
		B11	Boosting the image of Iranian domestic products				
	Individual characteristics of domestic consumers	B12	Consumer's identity				
C6		B13	Attitude toward the national brand				
C7	Economic situation of the society	B14	The status of the country's economic indicators				
C8	Purchase intention of Iranian products	B15	Preference of domestic brands over foreign brands				
		B16	Loyalty to national brands				

Data obtained through interviews were collected as grouped factors regarding the criteria stated in theoretical foundations and grounded theory. After a review and analysis, interviewees' verbal statements were classified into 16 major homogenous components with open coding based on counting relations in the ground operations between categories and statements. Then, as a result of content comparisons of themes, the components identified are graphed using the structural grounded theory approach.

Vol. 8, No. 4, December 2019

Step 1: Forming the main levels

After determining the categories, the main levels should be built, as seen in Table 1. When a category is determined, the analyzer can explain the category based on its specific features and dimensions. By defining the special characteristics of each category, one can specify it. In the grounded theory, the features give more details on each category.

Step 2: Axial coding

The second step of the analysis in the grounded theory is axial coding. The purpose of this step is to create a relationship between the levels produced in the open coding step. This work is done based on the paradigm model and helps the theorist to conduct the theory process easily. The process of making relationships in the axial coding is based on the expansion and development of one of the categories.

Step 3: Theory development

As noted before, the purpose of the grounded theory is to construct a theory rather than merely a description of the phenomenon. Categories should be related to each other properly to turn the analysis into a theory. Selective coding (based on the results of the previous steps) is the main step of the theory development. This step relates the axial category to other categories systematically, presents those relationships as a narrative, and revises the categories needing more improvement and development. At this step, the researcher, based on his/her understanding of the phenomenon under study, either presents the paradigm model framework as a narrative or breaks down the model and represents the final theory graphically.



Fig. 1: Axial coding based on the model



Fig 2: Model of meritocracy mechanism

7. TESTING THE MODEL

Structural equation modeling with the partial list squares approach is used to test the model. Before the model interpretation, first, the model suitability in three parts, namely, measurement model, structural model, and general model, should be confirmed so that the results can be trusted, and, indeed, the reliability and validity of the model should be proved. For this purpose, Cronbach's alpha, composite reliability, and convergent validity are used whose results are shown in Table 4.

Table 1. Cronbach's alpha, composite reliability, and convergent validity results

Factor	Cronbach's alpha	Composite reliability	Convergent validity		
Support of national brands	0.946	0.958	0.822		
Resistance Economy	0.96	0.967	0.809		
National culture	0.931	0.944	0.709		
Social-political factors	0.93	0.977	0.86		
National branding	0.827	0.869	0.567		
Individual characteristics	0.966	0.976	0.911		
Economic situation	0.808	0.866	0.577		
Purchase intention of Iranian products	0.924	0.912	0.542		

After the suitability of the measurement model is confirmed, we should investigate the reliability of the structural model. For this purpose, two indicators, namely, cv.red and cv.com, are used whose results are presented in Table 5.

Structure	Coefficient of determinat	cv.red	cv.com
Economic situation of the society		0.577	0.577
Purchase intention of Iranian products	0.527	0.118	0.465
National branding	0.658	0.304	0.468
Support of national brands		0.822	0.822
Individual characteristics		0.911	0.911
Resistance Economy	0.206	0.163	0.803
Social-political factors		0.860	0.86
National culture		0.704	0.704

Finally, the general model fitting is investigated. In the models that are based on partial list squares, the GOF index is used that should be greater than 0.3. This index

Vol. 8, No. 4, December 2019

is given according to the following formula, which shows the suitability of the model.

$$GOF = \sqrt{Communalities \times R^2} = 0.309$$

Now, after the model fitting is confirmed at three levels, the structural equation model created using Smart PLS Software is presented below, and the research hypothesis is reviewed.



Fig. 3. The case of standardized coefficients and significance

Regarding the outputs in the case of standardized coefficients and significance, it is deduced that all the relationships are confirmed. Indeed, since the level of t-value statistics in the relationships between variables is greater than 1.96, we can claim that the above hypotheses are verified. On the other hand, to show the impacts after the hypotheses are confirmed, one can resort to the path coefficients that are presented in the standardized case (Figure xx). Indeed, this part approves the model presented by the grounded theory.

8. CONCLUSION AND RECOMMENDATIONS

In recent years, the issue of support of Iranian products has been frequently emphasized by the Supreme Leader of Iran. However, no extensive research has been conducted in this regard and the preference of domestic brands over foreign brands. Therefore the researchers should pay attention to this issue more than before. Meanwhile, it seems that, in the area of domestic products, especially the home appliances industry, despite the strength, Iranian products have a lower share than they Korean or European competitors in domestic markets. One of the challenges that seem to be a reason for why the consumers do not tend toward Iranian products is the lack of attention to powerful branding of domestic products. The national brand reflects the identity of a nation in various dimensions, and it is a sensible and modern instance of the soft power of a country. The national brand is a comprehensive concept that can involve all the brands of a country like an umbrella. The significance of the issue of the national brand has been neglected so far in our country. Nevertheless, other prominent economies have been able to use this great opportunity in the area of branding. The share of intangible assets value of the brands in GNP of the developed countries confirms this matter. Promoting the national brand value leads to brands acceptance by domestic consumers, motivating the foreign investment, boosting the exports, enhancing the international position, increasing tourist attraction, and fortifying the national symbols and self-esteem spirit. Despite the long scientific, cultural, historical, civil, and national roots, our country has not been able to present successful paradigms in the area of branding at the regional and international level and has not appeared competitive to advanced countries. Now, our markets are full of foreign luxury brands that import into our country the cultural identity of the country of origin. Therefore, without paying attention to providing the infrastructures for improving national production and other conditions, one cannot expect that the consumers purchase domestic products. This condition contradicts the phenomenon of the Resistance Economy. Indeed, this research mainly aimed to present a model for improving the purchase of domestic products with a mixed-exploratory approach. Fornari et al. (2016)

Vol. 8, No. 4, December 2019

investigated the factors affecting the improvement of supporting domestic products and national branding. They implied that economic factors, such as basic and promotional pricing policies, perceived risk and value, brand image, and the sense of quality, have an important and significant role in favorable branding improvement. Our research is partly in line with that research, considering these factors. Wu et al. (2015) studied the support of domestic products and national branding in which reliability of the national brand, cultural feature of collectivism, power distance, uncertainty, and commitment to national brand were identified to be the important and effective factors of national branding. The authors tried to introduce cultural factors as the important factors in the area studied, which is consistent with a part of the current research. Rojas-Méndez (2013) referred to the role of governments related to branding. Factors such as economy, governance, health, science and technology, tourism, governments, geographic location, and tourism were identified to be the important dimensions of national branding, which are consistent with those considered in the present study. On the other hand, Richard Li et al. (2010) investigated the important factors of national branding. Two factors, namely, social identity, including consumer's racism identity, and value-based identity, were identified as the factors affecting the preference of national brands. The factors identified in their research are in line with cultural factors. Therefore, regarding the systematic view of that research, the factors identified there are compatible with a part of the current study. This fact confirms the comprehensiveness of the factors found in this research.

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