

A Theoretical Framework: The Role of Trust and Perceived Risks in Purchased Decision

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Abstract

The aim of this paper is identify and explore the conceptual framework of the relationship among country of origin, familiarity, and world-mindedness toward purchased decision through trust and perceived risk mediating role. The identification result obtains conceptual

framework of variable relationship that influences imported product purchased decision. The identification result indicates that when the business consumer perception on the country of origin, familiarity, and world-mindedness is positive, then it will improve consumer belief in making a purchased decision. Trust and perceived risk has reciprocal relationship. Purchased decision, to some extent, is influenced by trust first and then considers the perceived risk possibility. On the other hand, farmers consider purchase risk so that they have to gather product information as many as possible then evaluate the product to build product quality belief during the purchased decision process. Originality delivers integrated conceptual framework to explain the relationship of purchased decision with country of origin, familiarity, and world-mindedness as mediated by the role of trust and perceived risk.

Keywords: country of origin, familiarity, world-mindedness, trust, perceived risk, purchased decision.

1. Introduction

Purchase behavior pattern experiences swift development. The dynamics of the occurring change on the behavioral pattern is due to more various products available with several brand choices both domestic and global brands. This condition causes cultural change to global-oriented culture so that purchased decision becomes harder to be categorized and modeled. Some of the empirical research finds that global product purchased decision is influenced by the product's country of origin (COO) effect (Godey, Pederzoli, Aiello, Donvito, Chan; Hyunjooh Oh, Singh, Skorobogatykh, Tsuchiya, & Weitz, 2011, Abedniya and Majid, 2011, Josiassen, 2010, Jime'nez and Martin, 2010). Familiarity of the brand (Chiu, Hsu, Lai, & Chang, 2012, Laforet & Chen, 2012, Benedicktus Brady, Darke, & Voorhees, 2010, Jime'nez & Martin, 2010, Kim, Ferrin, & Rao, 2008) also influences purchased decision. Based on the research result, other than country of origin and familiarity, world-mindedness also influences imported product purchased decision. World-mindedness behavior is a behavior when consumer's perception is affected by the presence of preference or image of several global-oriented values.

As a consumer wants to make purchased decision on a global product, he considers the country of origin of the product or the brand as the evaluation source (Schiffman & Kanuk, 2007). Consumer has attitude, preference, and particular perception on a product or service that is produced in a particular country; this effect is called as country of origin effect. Country of origin affects they way consumer perceives the quality of his choice on the product that he consumes. This phenomenon is known as receptive to COO effect. Most of the Indonesia consumers prefer foreign product than domestic product (<http://nasional.kompas.com>, 2014) since they perceive that foreign product has better quality than Indonesia product (Infovet, 2007).

Country of origin effect is an attitude or preference on to where the product is made in a particular country. The COO effect can be: (1) positive, negative, or neutral attitude, (2) perception, (3) experience, and (4) belief. Based on Jime'nez and Martin (2012), trust can be shaped by product image based on the country of origin as well as consumer's familiarity on a product or brand. Customer perception and experience in purchasing a product will affect

consumer's trust on the product's attributes pre-eminence.

The role of COO toward product image can be beneficial for organization when the organization determine high price if the produced product is perceived as high quality product so that it encourage the choice on foreign product (Keegan, 2007). This condition is in resemblance with the shift on the way society thought during 1990's as they were more aware of value so that most of the consumers paid attention more on product quality and value relatively rather than just price (Peter & Olson, 2010). Consumer awareness on product value in the emergence of new competition phase during free trader market as well as multi-cultural dynamics result on the tight competition and strategy to win the chance in delivering service to customers. Many organizations or business enterprises try to introduce and market its product by utilizing several selling media to create brand knowledge, shape brand familiarity, product utilization, and product usage.

Familiarity reflects consumer's ability in recognizing particular brand and associating the brand with the product category based on his/her experience both directly and indirectly. (Mattheisen & Phau, 2005; Robert & Chris, 1994; Jime'nez & Martin, 2010). Familiarity on COO can enhance consumer trusts (Jime'nez & Martin, 2010; Elliot, 2007). The finding also indicates that when a consumer faces several functional brand purchase choices with risk but low price, familiarity quite obviously influences consumer choice in purchasing.

The finding from 60 research conducted by Samiee in 1994 related to the country of origin on a number of global products reveals that most of the research talk about nationalism (Han, 1988; Shimp & Sharma, 1987); yet, research on world-mindedness and its role on the consumer purchased decision process is still a few (Rawwas, Rajendran, & Wuehrer, 1996). This reason makes world-mindedness is chosen as the exogenous variable other than country of origin and familiarity in the research on imported products among layer-hen farmers in East Java.

World-mindedness is supported by the pragmatic attitude phenomenon that is demonstrated by most of the customers in Indonesia; if the available imported product is cheaper, and then they tend to choose the foreign product. Until recently, there is a doubt among customers to stop purchasing imported product to purchase domestic Indonesia product with local brand (Sunardi, 2009). It indicates that Indonesia consumer behavior tends to be world-minded and import-minded (Yan, 2010); mostly they are not ready for a local product change which is perceived to have lower quality but more expensive than some imported-products. Based on this phenomenon, it concludes that there is no consumer trusts of the Indonesia customers on the domestic product.

Trust has correlation with COO effect related to the product quality. Trust can be interpreted a mechanism which can decrease uncertainty and prevent that uncertainty to take place (Chiu et al., 2012). Chang and Chen (2008), McCole, Ramsey, and Williams (2010), Jime'nez and Martin (2010) findings confirm that website's quality and brand influence consumer's trusts and perceived risk which in turn will also influence consumer's purchase intention. Elliot and Yannopoulou (2007) described that when the risk and price got higher, consumer would look for safe purchase alternative related to functional brand based on trust and dependability;

meanwhile, for symbolic brand, consumer has a trust by which brand can influence purchase alternative. Therefore, management efficiency in building individual and organizational trusts can be influenced by COO effect.

Further, Chang and Chen (2008) and Kim et al. (2008) stated that trust and perceived risk were psychological statements that tended to cognitive and affect knowledge which were fluctuated in situational manner. Perceived risk indicates the certainty level of some aspects such as product performance. Based on the consumer decision model proposed by Blackwell, et al. (2001) in Chang and Chen (2008), it demonstrated that the existing internal information in the memory of individual such as product familiarity and prior experience would be able to reduce the consequences of a risk.

2. Literature Review

2.1 Complex Decision Making

The imperative process of consumer behavior for marketer is consumer purchased decision (Peter & Olson, 2010). Consumer decision involves some important cognitive processes including relevant information at the knowledge foundation to evaluate a product; thus, the cognitive integration process can be interpreted into consumer action in choosing a product. The integration processing from interpretation to cognitive knowledge is the factor that influences decision making in some situations. Situational involvement is affected by value symbols, group reference, and purchase risk.

Consumer decision making describes a set of particular steps in purchasing (Mowen & Minor, 2002). The processes or the stages of decision making consist of five stages (1) need identification, (2) information search, (3) alternative evaluation, (4) purchased decision, (5) post-purchase behavior. In making product alternative evaluation, consumers will consider some of the product evaluation criteria such as price, brand, and country of origin (Sumarwan, 2004). Further, the indicators that are utilized to measure consumer decision making according to Mas'ud (2004) are brand awareness, time awareness, quality awareness, information utilization, payment system, product return, and provided gift that affect purchased decision.

2.2 Perceived Risk

In general, consumer purchases a product under some influences (Johansson, 2000) that can be from surrounding environment, reference group, or peer friends or family. In Johansson's book (2000), perceived risk was firstly introduced by Raymond Bauer during early 1960 to describe the pressures in choosing some alternatives. Leon Festinger developed the relationship between perceived risk and the cognitive dissonance concept related to someone's concern in anticipating emotional dissonance that is felt if the choice is not matched. Johansson (2000) further explained that after 1960, there was a shift on the consumer behavior model in The United States that psychologically and socially tended to choose self-freedom to define their choice. The role of the environment is less impactful as compared to individual group which tends to pursue perception, cognition, emotion, intention, and action of the consumer himself.

Perceived risk is an unexpected consequence of a product that is willing to be avoided by consumer when he purchase or use the product. Peter and Olson (2010) defined perceived risk as concern the undesirable consequences that consumer want to avoid when they buy and use products.

In making a purchase, consumer will prevent any risk to occur by obtaining and analyzing available information he has. Therefore, there are two consequences of the perceived risk: (1) uncertainty of the decision result, and (2) anything that is related to the effect which results from the purchased decision. Consumer tends to avoid purchasing a high risk product; thus, marketer or organization should be able to manage consumer perception related to the negative consequences of the product purchase and utilization.

2.3 Trust

Long term relationship between an organization and its exchange partner or consumer can be well-arranged if there exists commitment and trust. Sumarwan et al. (2012) mentioned that commitment and trust are the keys for a relationship to succeed. The three important keys are: (1) encouraging an organization or marketer to cooperate with its exchange partner in a long term manner, (2) refusing to accept short term benefit in order to obtain higher benefit in the future, and (3) consider high risk potential decision astutely as an organization believes that its partner will not take any opportunistic attempt.

Trust is defined as reciprocal credible relationship both only as intention and even behavior particularly at the aspect of “take and give” relationship (Kinicki & Kreitner, 2009). Trust consists of three dimensions such as: (1) overall trust, including honesty, truth, and empathy, (2) emotional trust is mutually trust without betrayal on the trust itself, and (3) reliableness is trust related to promise and agreement to keep the commitment among those parties who arrange it.

Empirical research labeled trust as inclusive faith of one party to the other trusted party. Chiu et al. (2012) and Benedicktus et al. (2010) defined trust as a set of transaction belief mainly related to benevolence, competence, and integrity of the other party. Trust is the main key of an organization to maintain sustainable relationship between consumer and seller. Some of the overviews research related to trust are presented in Table 1.

Trust is comprehensive belief of one party to another party that he relies on. Chiue et al. (2012) and Benedicktus et al. (2010) defined trust a set of transaction belief mainly related to benevolence, competence, and integrity from another party. The indicators utilized to measure trust based on Gefen and Straub, Hwang and Kim’s result that is developed by Chang and Chen (2008) and Jime’nez and Martin (2010) are: (a) foreign veterinary medicine has product advantage, (b) good service delivery from veterinary representative force, (c) the promised product quality is matched with the actual performance to that the product is reliable, (d) good quality product that is always maintained, (e) quality assurance, and (f) association to international brand.

Table 1. Overview on the Prior Research Development Related to Trust

Topic	Year	Researcher	Findings
<i>Trust</i>	2012	Bente <i>et al.</i>	Trust is an important factor that can reduce social environment complexity where abundant possible outcomes are hard to define; yet, in this research, trust is not a factor that influences purchase behavior.
	2012	Chiu <i>et al.</i>	Trust directly influences purchase behavior. When habit factor moderates the correlation between trust and purchase, this factor will influence to dominance of trust on purchase.
	2010	McCole <i>et al.</i>	The contribution of this research shows that trust is a variable that is able to influence purchase behavior.
	2010	Benedicktus <i>et al.</i>	Trust's dimensions are reliability and benevolence, for which those dimensions will provide stronger influence on purchase behavior for a product's brand which is familiar already.
	2010	Jime'nez and Martin	Trust in international marketing is shaped by organization reputation that is associated through country of origin and mediated by familiarity.
	2008	Chang and Chen	Trust positively and significantly influence purchased decision. As trust is mediated by risk, trust will provide negative and significant effect. Chang and Chen are able to prove that the relationship between trust and risk is non recursive but significant.
	2007	Elliott and Yannopoulou	The finding demonstrates that when risk and price elevate, consumer will search for safe purchase related to functional brand based on trust and dependability; meanwhile, in symbolic brand case, consumers have high trust on a brand that influences purchased decision.

2.4 Country of Origin

Luxurious product purchase or high-value product such as automobile, electronic device, fashion, and etc., if consumer does not well comprehend the product detail that he want to purchase, then he will use his imagination to justify to where the product is “made in”. Related to the consumer justification, there is a correlation between product, country of origin image, and brand association (Jaffe & Nabenzahl, 2001). It is one of the brand equity components that becomes a strategic alternative which can be employed to associate a brand with the country of origin and result on either enhance or decrease the credibility of a particular brand.

Country image also dynamically shifts due to consumer's experience on the product to where it is “made in” a particular country. Referring to the empirical research conducted by Jaffe and Nabenzahl (2001) as well as Samiee (1994), the taxonomy of country image is divided

into two main components such as consumer's perception on a country based on the product or brand identification and country of manufacture to where to product is assembled. According to this approach, Jaffe and Nabenzahl (2001) made some development: (1) country of manufacture that is identified by the "made in" criterion, (2) country of design, and (3) country of origin that indicates country association related to where the main part of the product is assembled. The empirical result proves that there is role of country image on purchased decision and repeat purchase behavior.

The effect of country of origin influences how consumer perceives the quality level and the brand that he wants to choose (Schiffman & Kanuk, 2007). Further, attitude or consumer preference on particular product that is "made in" particular country can be positive, negative, or neutral; it depends on the consumer perception or experience. Schiffman and Kanuk (2007), Godey et al. (2011) mentioned that COO concept is divided into some aspects such as country of design (COD), country of assembly/manufacture (COA/M) or country of part (COP).

Consumer has broad stereotype about a country or a product that he perceives as the best product such as French fashion or perfume, China silk, Japanese electronic, Switzerland watch, and etc. Therefore, it is important to aware that COO is able to influence product or brand image significantly. This situation can be beneficial to determine high price if the product that an organization manufactures/assemblies is perceived to be a high quality product which can boost consumer choice on foreign product (Keegan, 2007). Thus, merely brand name is not sufficient to convince brand image unless it is supported by consumer association on a particular country of origin to where the product is manufactured. The country of origin can be the image of the product itself.

Findings of some prior research related to country of origin during the last decade are resumed in Table 2. According to Bilkey and Nest (1982) in Godey et al. (2011), there are two COO's categories in cognitive approach: (1) intrinsic category which includes design, component, and product performance, and (2) extrinsic category which includes price, brand name, store reputation, guarantee, and made in label. Based on the extrinsic approach, each factor will reciprocally influence; for instance, a consumer who is familiar with particular brand, then made in label will have less influence in product evaluation.

Based on Table 2, Country of Origin (COO) is a wide field of study and becomes an interesting topic to be explored in some research. Prior research corroborates that COO influences product evaluation and purchased decision. For this research, country of origin is termed as attitude or preference of the layer farmer on the imported product purchase that is manufactured in particular country. The measurement indicator to evaluate country of origin image, based on Mas'ud (2004) and Jaffe and Nabenzahl (2001) is consumer's preference on (a) quality, (b) product manufacture technology, (c) design/package, (d) product safety to use, (e) dosage aptness, (f) positive attitude, (g) marketer's ability to provide product information, and (4) post-purchase service.

Table 2. Overview on the Prior Research Development Related to Country of Origin Effect

Topic	Year	Researcher	Findings
<i>Country of Origin (COO)</i>	2012	Laforet and Chen	The result demonstrates the decrease on the West brand preference. The finding shows that COO does not influence brand choice much. Other finding indicates that COO perception is affected by demographical factor and product type.
	2011	Godey <i>et al.</i>	Godey's finding is consistent with the literature which mentions that COO is shaped by country of design (CoD) and country of manufacture/assembly (CoM/A). In 7 different countries which become the research location, it finds that COO influences purchased decision.
	2010	Jime'nez and Martin	There is a role which supports a statement that COO as a sign of quality is the main indicator, mainly for specific or special product. Therefore, COO is relevant as an aspect which influences trust.
	2010	Fetscherin and Toncar	The result indicates that brand personality is shaped by country of brand (CoB) and country of manufacture (CoM). The dominant role of the brand personality is on the value of CoM perception.
	2008	Wang and Yang	COO moderating effect which is positive will enhance brand personality; this, in turn, will also improve purchase intention. Further, brand personality and COO directly cause positive significant impact on purchase intention.
	2008	Hu <i>et al.</i>	The result confirms that customers in China much consider COO as the most crucial factor in purchase criteria evaluation.
	2008	Ahmed and d'Astous	Canadian customers favorably tend to differentiate COO based on the technology complexity of the product and its manufacture dimension.
	2007	Ahmed and d'Astous	Familiarity on the country of manufacture becomes the antecedent variable that significantly correlates with country specification cognition so that this condition will influence product country evaluation. It can improve the COO image.
	2007	Krisjanti	It is found that only price and brand that influence imported milk product purchased decision. COO does not cause any effect on the purchased decision significantly since there is a discrepancy on the country of origin variable based on the respondent's age and family's expenditure of the respondents.
	2006	Hamin and Elliott	The relationship between <i>consumer ethnocentrism</i> and consumer evaluation on product quality and purchase intention of Indonesian customers are affected by COO for service product and by COA as well as COD for physical product.

2.5 Familiarity

Familiarity reflects consumer's capability to recognize product and things related to the product category based on consumer's experience both directly and indirectly. Some studies show that familiarity affects consumer purchased decision. Usually, consumer is unwilling or does not want to purchase an imported or foreign product that they are not familiar with; moreover when they perceive that the product does not have good quality (Jime'nez & Martin, 2010).

Table 3. Overview on the Prior Research Development Related to Familiarity

Topic	Year	Researcher	Finding
<i>Familiarity</i>	2012	Laforet and Chen	Brand familiarity influences brand choice and brand trust. Brand familiarity and price simultaneously affect purchased decision. Brand familiarity provides higher effect than price.
	2012	Chiu <i>et al.</i>	Chiu mentioned familiarity as knowledge experience intensity in product purchase. Chiu's finding shows that familiarity influences purchase through habit as the moderating variable significantly.
	2010	Jime'nez and Martin	Familiarity causes impactful influence on the purchased decision process mainly when it is a newly introduced brand so that it ensures consumers more on the decision they make.
	2010	Benedicktus <i>et al.</i>	Brand familiarity is very important as the initial step in the consumer's purchased decision.
	2009	Lee <i>et al.</i>	Familiarity has positive correlation with product evaluation among consumers in The U.S and People Republic of China; whereas, Korean consumers are not influenced by familiarity as they make product purchase evaluation.
	2008	Ahmed and d'Astous	Familiarity on a product that is made in particular country is the strongest predictor of country perception, nationality, and manufacture process as well as the product complexity dimension of country evaluation.
	2007	Elliott and Yannopoulos	The finding shows that when consumer faces functional brand purchase alternatives with risk and low price, then familiarity fairly influences consumer choice on the product that he wants to purchase.

An overview on the prior research related to familiarity can be seen in Table 3. In some recent years, generally, it shows that familiarity influences consumer evaluation and decision. Familiarity mostly is correlated to brand of a product as Laforet and Chen (2012), Jime'nez

and Martin (2010), and Benedictus et al. (2010) propose. In fact, familiarity can be correlated to consumer knowledge or experience as well so that it becomes the consumer's habit in product purchase. Also, familiarity is extendable as it can be related to consumer knowledge based on the country to where the product is manufactured.

The indicators that reflect familiarity are adopted from Lee et al. (2009), Chiu et al. (2012), Aaker (1991), and Keller (1993) in Benedictus et al. (2010). The indicators of familiarity are (a) product knowledge, (b) brand recognition, (c) product quality description, (d) frequency and habit of purchase, and (e) payment transaction procedure.

2.6 World-Mindedness

World-mindedness can be defined as perspective of value orientation; individually, world-mindedness characteristic shows appeal and perspective on the existing spirit in a particular consensus that is worldly built. According to Sunardi (2009), world-mindedness is constructed from the phenomenon as the consequence of globalization such as migration improvement and population distribution, international marriage, and sustainable world transformation as the result of high adoption and advancement of information and communication technology.

The dimensions of world-mindedness are: first, the high rate of consumer intention on imported or foreign product; second, the perception of the society that life quality will be better when they consume or use foreign product; third, consumer tends to choose local product if the quality is equal to imported product at lower price. Some research on world-mindedness is presented in Table 4.

Table 4. Overview on the Prior Research Development Related to World-mindedness

Topic	Researcher, Year	Findings
<i>World-mindedness</i>	Lee <i>et al.</i> , 2009	World-mindedness affects consumer's intention to purchase foreign product.
	Riefler and Diamantopoulos, 2009	The research identification result shows that world-mindedness has positive correlation with the intention to purchase foreign product as mediated by consumer's cosmopolitanism.
	Sunardi, 2009	Mostly the world-mindedness attitude of the consumer in Indonesia is not much influenced by the place to where the product is manufactured or by the brand for shoes purchased decision. However, based on the paired t-test, shoes made in Indonesia are perceived to have lower quality than shoes that are made in Europe, USA, and Japan but have higher quality than those that are made in Malaysia and China.

Samiee in 1994 concluded that existing research mostly were related to nationalism in global economics. Based on the review of literature, there are a few researches which include world-mindedness in purchased decision. The occurrence of time lag is due to the pre and post examinations that were conducted before 2009 often discussed nationalism/patriotism through ethnocentrism study by using CETSCALE measurement (Chryssochoidis et al., 2007). Furthermore, there was no measurement tool that was able to reflect or construct world-mindedness (Riefer & Diamantopoulus, 2009). In addition, consumer behavior research in international marketing mostly examines the effect of country of origin.

3. Methodology

This paper conducts review of literature from several theoretical references and prior research review. The aim of this paper is identify and explore the conceptual framework of the relationship among country of origin, familiarity, and world-mindedness toward purchased decision through trust and perceived risk mediating role.

4. Result

Based on the review of literature, presented theory, as well as consumer empirical research, it results on Figure 1. The variables on Figure 1 is an integrated conceptual framework consisting of several variables as follow:

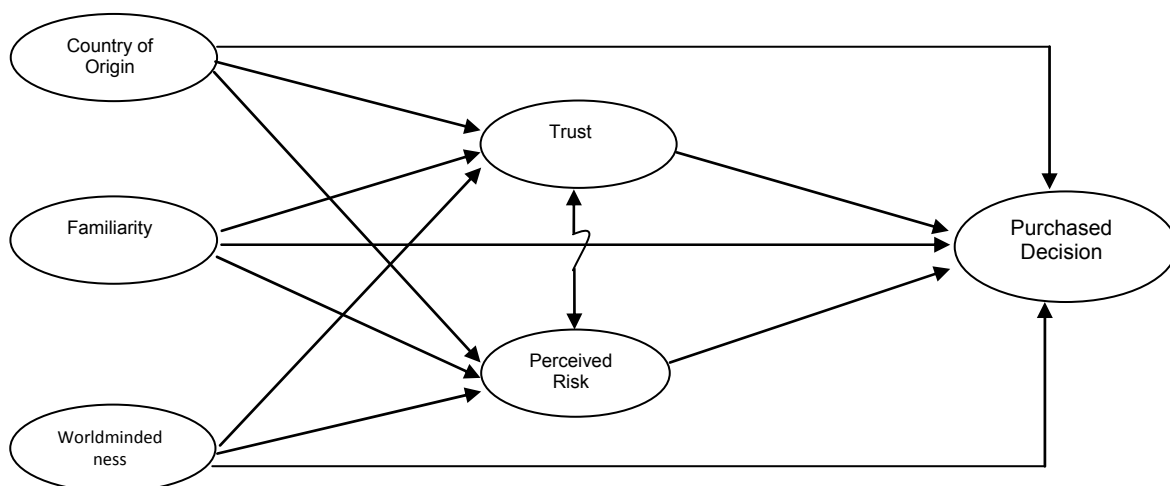


Figure 1. Correlation among Variables

Source: review of literature and prior research review, 2014.

4.1 Purchased Decision

As stated by Mowen and Minor (2002) that consumer's decision making describes a set of particular steps during making purchase behavior. Some of the steps in purchased decision can be reflected on some indicators such as aware of brand, aware of time, aware of quality, aware of price, information utilization, payment system, product return, and gift. Knowledge

identification stage can be reflected on the consumer's awareness on product attribute that he needs, such as brand with the expected quality. Aware of need will be initialized by searching and collecting some information by consumers related to the price, quality, delivery time, payment system, and etc. besides, consumers often look for a product which has better value that they will get when they purchase the product, such as post-purchase guarantee, easy payment system, or getting a gift/present. Purchased decision process will be affected by consumer's trust related to the superiority or advantage of the product they will purchase. Trust on a product can enhance trust to make a purchase since the product is already presumed and decrease purchase risk opportunity. On the other side, consumer will calculate the purchase risk to prevent loss as the consequence of purchasing a product which does not match with his need so that it will shape trust on a product. Therefore, among trust and purchased decision with risk has reciprocal relationship that influences each other.

4.2 Trust and Perceived risk

Kinicki and Kreitner (2009) defined trust as reciprocal credible relationship both only as intention and even behavior particularly at the aspect of "take and give" relationship. Buttle (2004) stated that trust attitude focuses on the other party that trusts each other. Based on the empirical investigation, trust is a whole belief of one party to another party that he trusts so that it shapes a set of transaction belief mainly related to benevolence, competence, and integrity of the other party (Chiu et al., 2012; Benedicktus, et al., 2010). The agreement of purchase transaction comes from consumer's trust on a product that he is going to buy. Some of the research proves that higher consumer's trust on the product attribute the consumer is going to buy influences purchased decision (Chiu et al., 2012; McCole et al., 2010; Benedicktus et al., 2010; Jime'nez & Martin, 2010; Chang & Chen, 2008; Elliot & Yannopoulou, 2007). Layer-hens farmers often build product trust based on the delivered service of the marketer. The ability of the marketer in analyzing each case that is faced by those farmers and providing solution alternatives encourages consumer's belief to use the offered veterinary medicine. Consumer's trust on a product he chooses is able to prevent risk which comes bad product quality the consumer purchases. Based on the theoretical and empirical reviews, trust has positive relationship with product purchased decision.

Perceived risk is an unexpected consequence of a product that a consumer avoids during purchasing and consuming a product. Generally, consumer considers risk when the purchased decision process is complex and in high involvement. As the research result of Chang and Chen (2008) as well as Kim et al. (2008), perceived risk has been empirically proven to have a role on the purchased decision. Layer farmer is business consumer of veterinary medicine. As farmer is a business consumer, he always has an orientation on the safety of the product he purchases to prevent loss on his farming business; therefore, in making decision to purchase veterinary medicine (vaccine, medicine, disinfectant, vitamin, and mineral) farmer will consider every single risk possible. Risks that are considered by a farmer in purchasing a product are physical, financial, functional, psychosocial, and social risks (Chang & Chen, 2009; Brown et al., 2011). At all of the possible risk to purchase an imported product which is considered by the farmer is low, then it can shape farmer's trust on the product he wants to purchase. Therefore, the relationship between trust and perceived risk is reciprocal.

4.3 Country of Origin (COO)

Purchase on particular product such as luxurious goods or product which has unique specification is often affected by consumer perception on the product image. Product image perceived by consumer is related to the brand about “where” and “from which country” the product is made in (Jaffe & Nabenzahl, 2001); it is known as country of origin. The effect of country of origin also influences how consumer perceives the level of quality and the brand that he wants to choose (Schiffman & Kanuk, 2007). Expensive price embedded on a good quality product with “made in” label from particular country still become a strong image on the consumer perception that makes consumer is “import minded” common (Yan, 2010). Other possible consequence of this condition is the consumer will often decide his purchase based on the trust that is built from personal relationship of the consumer and the marketing officer of the global product.

COO effect correlates with consumer’s trust on product quality (Laforet & Chen, 2012; Jime’nez & Martin, 2010; Lee et al., 2009; Ahmed & d’Astous, 2008; Elliott & Yannopoulou, 2007). Consumer trust can be interpreted as a mechanism which can decrease uncertainty and prevent that uncertainty to take place (Chiu et al., 2012). Based on the description, the formulated hypothesis is that the COO of imported product correlates with purchased decision as mediated by consumer trust. Besides, country of origin (COO) of imported product also correlates with purchased decision as mediated by perceived risk.

4.4 Familiarity

Familiarity represents consumer’s ability in recognizing a product based on their knowledge and experience that become a habit on purchase and utilization of a product. Familiarity on COO or brand can enhance consumer trust (Chiu et al., 2012; Herrera & Blanco, 2011; Benedicktus et al., 2010; Jime’nez & Martin, 2010). According to Jime’nez & Martin (2010) as well as Elliot and Yannopoulou (2007), when consumers face several choices on functional brand purchase with risk and low price, familiarity is quite able to influence consumer’s choice in making a purchase. Based on the description, the proposed hypothesis is that familiarity of farmer and imported product influence purchased decision as mediated by consumer trust or perceived risk.

4.5 World-Mindedness

World-mindedness is a perspective or value orientation of an individual. World-mindedness characteristic demonstrates the attracted feeling and appreciation on the existing spirit in a consensus that is globally constructed. Prior research result reveals that world-mindedness has positive relationship with purchased decision for foreign product (Lee et al., 2009; Riefler & Diamantopoulous, 2009). Based on the theoretical review and prior research, world-mindedness of imported product affects purchased decision through consumer trust mediation. Further, it is also proposed that world-mindedness of imported veterinary product possibly will also correlated with purchased decision as mediated by perceived risk.

5. Conclusions

To conclude, the discussion on the theoretical review is expected to reveal a conceptual model of relationship among country of origin (COO), familiarity, and world-mindedness of imported product with purchased decision. Those three variables can be mediated by trust and perceived risk. Therefore, it needs further examination concerning the variables relationship by using measurement method that has already been explained in this study. By conducting further analysis and examination, it will obtain clearer description whether purchased decision of imported product is mediated by trust, and whether consumers will consider the purchase risk that may occur. Conversely, consumer may consider purchase risk first to build product trust in their purchased decision. Next, it is aimed to explain empirically that consumer trust and perceived risk relationship's is not recursive. Until recent days, the role of trust and perceived risk toward purchase behavior is examined partially; yet, based on the literature review and empirical study, the relationship can be reciprocal. This argument leads to the following hypotheses:

H₁: Trust is mediating variable between country of origin (COO), familiarity, world-mindedness and purchased decision.

H₂: Perceived risk is mediating variable between country of origin (COO), familiarity, world-mindedness and purchased decision.

H₃: The relationship between trust and perceived risk is reciprocal.

The practical implication obtained from the result identification is to reveal the factors that influence imported product purchased decision so that it will be a concern for the producer of local veterinary medication product to achieve equal quality to the imported product. This research result will also contribute to the local veterinary medicine product in uncovering farmer behavior so that the producer will be able to know what is in the customer's mind that he needs related to the reliability of the veterinary medicine product; this reference will be a discourse for the local producer to enhance his competitiveness in handling the more and more abundant imported veterinary products that enter Indonesia.

The originality of this research results on integrated conceptual framework in explaining the role and the relationship of purchased decision with country of origin, familiarity, and world-mindedness through the mediation role of trust and perceived risk. Besides, purchased decision research addresses business to consumer more as presented in the prior research; yet, this recent research is conducted to comprehend the purchased decision behavior on business to business context.

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