Regional Anchoring as a Selection Criterion for Compulsory Health Insurance

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ABSTRACT

If consumers do not have access to all relevant information for the purchase decision process and/or if it is necessary to reduce a massive amount of information, consumers base their often simplified buying decision on key data. The paper shows the cognitive and affective importance of regional anchoring as a key information factor in selecting a form of compulsory health insurance (CHI). The perceived regional anchoring of a CHI has a positive influence on the overall image of a CHI and on resulting customer preferences. These influences are further supported by the customer’s ethnocentricity. However, the customer’s attitude towards a region influences neither the image of a CHI nor the preference for a CHI. To influence the customer’s perceived regional anchoring of a CHI positively, the most effective marketing instruments are seminars/workshops on physical exercise options in the region, advertising with typical regional pictures, and offering a regional expert hotline.

Keywords: Business Management, Consumer Behaviour, Country of Origin Concept, Halo Effect, Health Insurance, Healthcare, Information Chunk, Purchase Decision Process, Regional Anchoring

INTRODUCTION

In some countries like, e.g., Germany it is mandatory for everybody to have a health insurance. Besides few exceptions (which are not relevant for the analyzed question) everybody has to be a member of a compulsory health insurance (CHIs). Important CHIs are for example AOK, Barmer GEK and TK. CHIs in Germany act within a limited scope. Since the price itself as a feature of differentiation is almost negligible and since about 95% of the services offered are regulated by law, the CHIs can only use their quality and range of service, benefit programs, price rates with fixed personal contributions or the possibility to offer fee reimbursements to distinguish themselves from each other (Dressler, 2010; Moos & Brüggemann, 2006). Against the background of these limited possibilities for CHIs and the increasing importance of the regional origin of consumer goods it makes sense to check the perceived regional anchoring of a CHI as a decision criterion for choosing a CHI. This influence was analyzed for some selected service industries but has never been analyzed for CHIs so far. The results provide a deeper
understanding of the customers’ behaviour and specific advice for the marketing of CHIs to improve a CHI’s competitive advantage.

The paper starts with a literature review which includes the discussion of importance of key information in product evaluation, the definition of the country of origin and its cognitive, affective and normative effects and the influence of the country of origin on services. After developing hypotheses the operationalization of the regional anchoring of a CHI follows and the structural equation model is developed. The following discussion of the model’s quality is of high importance because it is first analysis of this topic. At the end the conclusions and remarks are followed by the discussion of the limitations and further research.

LITERATURE REVIEW

As a basis for purchase decision processes consumers rely on key data – information chunks – which replace a range of secondary information by a single piece of information (Zentes, 2004; Kroeber-Riel & Weinberg, 2003). This limits the number of subjectively relevant product features (Schulte-Frankenfeld, 1985). Trommsdorff (2004) says the most important consumer information chunks are brand name, logo, price, independent test reports, advertisement recognition ratio and geographical origin. Especially with regard to services it is mentioned that since consumers find these difficult to evaluate, information chunks are used as an indicator for the overall quality (Stauss, 1994).

The Heuristic-Systematic-Model (HSM) outlined by Chaiken can be used to explain the described behaviour (Chaiken, 1980). The model differentiates between systematic and heuristic information processing. Chaiken et al. (1989) postulate that consumers as a rule prefer heuristic information processing because it means little cognitive expenditure. If, though, the consumer is highly motivated or has extensive knowledge of a product, he/she may also apply systematic information processing. Basically it must be considered that the consumer often does not have access to all relevant information for the purchase decision process and in that case there is no necessity to reduce the massive amount of information as in the case before. In such situations the information chunks are used as a basis to derive conclusions – inferences – about the type of missing information (Simmons & Leonard, 1990).

With regard to the present analysis this means that it is entirely possible that consumers use the origin of a CHI as an information chunk and make their decision to join according to this feature.

Country of Origin Concept

The first person to analyze the influence of national product preferences on consumer behaviour was Schooler (1965). In his analysis he showed that Guatemalan students rated regional and Mexican fruit juices and clothes significantly better than products from El Salvador and Costa Rica. He concluded that consumers evaluate the quality of products differently depending on the country of origin.

The globalization of markets and the subsequent alignment in some product segments of consumer habits worldwide has improved the establishment of global products without a definitely identifiable country of origin. However, it must be assumed that this development is counteracted by the fear of identity loss resulting from the international growing together of the world’s economies. Müller is of the opinion that this will lead to a return to original values and the emphasizing of national characteristics (Müller, 1990). He advances the view that especially consumers in difficult markets use information chunks like the country of origin to simplify their purchase decision process (Hausruckinger & Helm, 1996).

Correspondingly the country of origin effect belongs to the most frequently analyzed questions in international marketing (Pharr, 2005). In the meantime more than 1000 articles and books on this topic have been published (Usunier, 2006). Some authors even call the
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