The Effect of E-Commerce on the Perception of Made in Labels

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Abstract: *In recent years, e-commerce has transformed the way businesses operate and interact with customers. With the rise of e-commerce, the perception of products has also shifted. In particular, the perception of "Made In" labels has undergone a significant change. This paper explores the effect of e-commerce on the perception of "Made In" labels and how businesses can leverage this shift to their advantage.*

1. Introduction

E-commerce has revolutionized the way we buy and sell products. Thanks to the Internet, consumers can now make online purchases from anywhere, at any time, which has considerably broadened the possibilities for accessing products and services. One of the key aspects of e-commerce is the notion of "Made in", which refers to the origin of the country where a product was manufactured.

The indication of a product's origin is important to many consumers, as it is often associated with criteria such as quality, reputation and manufacturing standards. When it comes to products sold online, the country of origin can have a significant impact on consumer perception and purchasing decisions.

The concept of "Made in" can encompass different dimensions. It can refer to the provenance of the raw materials used in the manufacture of the product, the place where the product was assembled or manufactured, as well as the specific standards and regulations applicable to that country with regard to quality, sustainability and compliance with environmental and social standards.

In the context of e-commerce, the "Made in" statement can be particularly important, as consumers cannot physically inspect products before purchasing them. They must therefore rely on the information provided online to assess product quality and authenticity. Consequently, the transparency of country-of-origin labelling and the confidence it inspires in consumers play a vital role in the online purchasing process.

It should be noted that consumer attitudes towards country of origin can vary according to product type, local purchasing culture and individual preferences. Some consumers favor locally produced products, associating national origin with high quality standards and support for the local economy. Others may seek out specific products from countries renowned for their expertise in a particular field.

2. Background

Traditionally, "Made In" labels have been associated with a certain level of quality and craftsmanship. Consumers would often seek out products with these labels, believing that they represented superior quality. However, with the rise of e-commerce, the perception of "Made In" labels has evolved.

As more and more products are sold online, consumers have become increasingly focused on other factors beyond where a product is made. Price, convenience, and the ease of purchasing have all become important considerations. As a result, the importance of "Made In" labels has diminished for some consumers.

The different business models in E-Commerce
Electronic commerce (e-commerce) can take different forms, depending on the type of transaction, the business model and the characteristics of the platform used. An analysis of the e-commerce market reveals a number of different types and configurations:

- Online stores: Online stores are websites dedicated to the sale of products or services. They can be run by individual companies, established brands or online retailers. Online stores typically offer a variety of products, detailed descriptions, payment and delivery options, and often additional features such as product reviews and ratings.
- Online marketplaces: Online marketplaces are platforms where third-party sellers can offer their products or services to a wide audience. Popular examples of online marketplaces include Amazon, eBay, Etsy and Alibaba. These platforms provide sellers with access to an established customer base, secure payment services, advanced search functionality and seller rating systems.
- Subscription models: Some e-commerce companies adopt subscription models, where customers pay a recurring fee to access specific products or services. For example, streaming services such as Netflix and Spotify offer monthly subscriptions to access their content. Similarly, monthly subscription boxes regularly provide customers with selected products, such as beauty boxes, cooking kits and so on.
- Social e-commerce: This form of e-commerce integrates social media into the sales process. Companies use social media platforms such as Instagram, Facebook and Pinterest to showcase their products, interact with customers and facilitate purchases by redirecting users to their online sales sites. Features such as Instagram stores and "Buy Now" buttons on publications are examples of

social e-commerce.

- Online wholesaling: E-commerce isn't just limited to retail transactions. Businesses can also use online wholesale platforms to buy and sell products in bulk. These platforms enable manufacturers, wholesalers and distributors to find new business partners and simplify the online transaction process.
- Mobile e-commerce: Mobile e-commerce (m-commerce) refers to transactions carried out from mobile devices such as smartphones and tablets. Mobile e-commerce applications offer a shopping experience optimized for mobile devices, enabling users to easily browse, search, order and pay via their phones.
- Multi-channel e-commerce: This form of e-commerce concerns companies that use several online sales channels to reach customers. For example, a company may have an online store, a presence on an online marketplace and sales via social media. The aim is to offer customers several options for discovering and purchasing products.

3. Methodology

For the present study, we opted for a dual approach combining a qualitative and quantitative analysis of country-of-origin behavior in the context of an online purchase.

The target sample consists of a study covering around a hundred online stores engaged in dropshipping. The stores mainly use the Shopify platform for their business. As a first step, we conducted interviews with some of the owners we met at E-commerce fairs held in Morocco and abroad. The semi-directive interview is built around the following main axes: The country of origin of the products, the presentation of the products, the quality of the information provided to customers, the reaction of consumers following the delivery of the products. The aim is to understand the relationship between the different variables and their weight in consumer perception and satisfaction.

Our approach is based on an interpretivist understanding of the relationships, actions and reactions surrounding the notion of Made In.

The second level of analysis is concerned with determining the extent to which customers are really interested in the country of manufacture of products, given that information on the production chains of major brands is no longer a secret, and that buying a product from Asia is not synonymous with poor quality, and where the variable weight is decisive in consumer choice.

Initial interpretations show that there is a rush towards products sold online, given their availability, and that what counts most is delivery time and the reputation of the store offering the product for sale, particularly in terms of reliable payment methods and on-time delivery. In addition, to avoid a high rate of returns and scams by wholesalers, online sellers set up liaison points (independent agents or offices) to ensure product quality before shipping to the end customer.

The dropshipping case

Dropshipping is a specific form of e-commerce in which an online retailer does not stock the products it sells. Instead, when the retailer receives an order from a customer, it forwards this order to the supplier or manufacturer, who ships the products directly to the end customer.

Setting up a business model based on dropshipping involves a few simple steps in terms of configuration and launch. This is one of the reasons why this type of online sales activity is so popular. It also minimizes costs for the seller, particularly in terms of the absence of storage costs. The various stages involved in setting up an E-com dedicated to dropshipping are as follows:

- Setting up the online store: The online retailer creates an e-commerce website where he presents the products he wishes to sell. It can also integrate secure payment and order management functionalities.
- Product selection: The online retailer researches and selects the products he wishes to offer for sale. These products are generally supplied by manufacturers, wholesalers or third-party suppliers.
- Product publication: The online retailer adds product descriptions, images and prices to its website. Customers can view these products and place orders.
- Receiving orders: When a customer places an order and makes payment on the online retailer's website, the retailer receives the order details, including the delivery address.
- Order forwarding to supplier: The online retailer then forwards the order details and payment to the product supplier or manufacturer.
- Direct shipment to customer: The supplier or manufacturer prepares and ships the product directly to the customer, using the delivery address provided by the online retailer. The package generally does not include any marketing material or invoice from the supplier, in order to maintain the dropshipper's anonymity.
- Delivery tracking: The online retailer can track the status of the product delivery to inform the customer of its progress.

As mentioned above, dropshipping offers several advantages, not least the ability to start an e-commerce business with little initial capital, as the retailer doesn't need to stock products. It also allows greater flexibility in product selection and management, as well as the ability to concentrate on marketing and promoting the online store.

Dropshipping also makes it possible to collect sales amounts, including capital gains, before paying the customer for the goods sold, especially if the store is set up for instant online payment by credit card or via other online payment methods such as Paypal.

However, dropshipping also presents potential challenges, such as dependence on suppliers for quality and speed of order fulfillment, as well as increased competition due to the ease of access to this business model. It is essential for dropshippers to find reliable suppliers and differentiate themselves through their customer service, branding or unique value proposition.

The importance of country of origin in dropshipping

In the case of dropshipping, where the customer places an order with an online retailer who then transfers this order to a third-party supplier who ships the goods directly to the customer, it's true that the customer may not know in advance exactly where the goods are coming from, and may have little or no information about the origin of the goods.

This is because the online retailer running dropshipping may work with several different suppliers, located in different countries or regions. When customers place their order, they don't necessarily know which specific supplier will be responsible for shipping their products.

However, this does not mean that the customer can never know the origin of the goods. Once the order has been placed and the customer receives the package, he or she can examine the shipping label or attached invoice for information on the product's origin. In addition, some dropshipping platforms may provide general information on the countries or regions where their suppliers are located.

In this case, the country of origin is usually unclear to retailers. In other cases, retailers go a step further and require the products they sell to be packaged with their own brand before shipment from the country of manufacture. This is the case for the majority of products purchased from China and sold in various countries around the world.

This E-commerce practice is detrimental to brand image and customer confidence in the quality of products sold by online stores.

However, it is true that some international brands, such as Apple, Samsonite and Nike, have manufacturing platforms in China or other South Asian countries, but the brand name takes precedence over the country of origin.

Legal loopholes and fraudulent schemes

It's true that some companies may sell products made in China as if they were local products in the USA or other countries. This may be done to create a perception of superior products or to support a local brand image.

There are a number of ways of doing this, including

- Misleading labelling: Some companies may use misleading labelling to mislead consumers about the real origin of the product. They may use terms such as "designed in the USA" or "manufactured locally" to give the impression that the product is locally sourced, when in reality it is made in China or other countries.
- Final assembly: In some cases, products may be partially assembled or modified locally before being marketed. For example, a company may import components or parts from China, then carry out final assembly in the USA. This allows the company to claim that the product is made locally, even though there is a major contribution from Chinese production.
- Subcontracting: Many companies subcontract their manufacturing to companies located in China because of lower labor costs. However, they may choose not to disclose this information to consumers and instead promote the idea that products are made locally.

Nevertheless, it's important to note that regulations on labeling and advertising vary from country to country, and some countries have stricter laws on product origin transparency. However, some companies may try to exploit legal loopholes or ambiguities to present their products in a misleading way.

Effect of E-Commerce on Perception of "Made In" Labels

One of the key ways in which e-commerce has affected the perception of "Made In" labels is by giving consumers access to a wider range of products. Online marketplaces like Amazon and eBay have made it easier for consumers to purchase products from around the world. This has resulted in a greater variety of products being available to consumers, and a corresponding decrease in the importance of "Made In" labels.

In addition, e-commerce has made it easier for consumers to compare prices and features of products from different manufacturers. This has led to a greater emphasis on factors like price and features, rather than the country of origin.

Finally, e-commerce has made it easier for businesses to sell directly to consumers. This has enabled businesses to build stronger relationships with their customers and provide a more personalized experience. As a result, consumers may be more willing to overlook the country of origin if they feel a strong connection to a particular brand.

E-commerce's impact on consumer perceptions and purchasing intentions

E-commerce can have both positive and negative impacts on customer perception. Here are a few points to consider:

Positive impacts of e-commerce on customer perception:
1) Convenience: E-commerce offers customers the possibility of shopping online at any time and from any location. This eliminates the need for them to physically travel to stores, which can be more convenient and time-saving.
2) Choice and variety: e-commerce platforms often offer a wide range of products from different sellers. This gives customers access to a wider variety of products and makes it easier to compare prices and features.
3) Better product information: E-commerce sites often provide detailed descriptions, customer reviews and ratings to help customers make informed decisions. This can improve customer perception by giving them access to useful shopping information.
4) Savings potential: E-commerce makes it easier for customers to compare prices between different online stores, which can help them find better deals and save money.

Negative impacts of e-commerce on customer perception:
a) Inability to test or see products in person: When customers buy online, they can't touch, try on or see products directly before purchase. This can be problematic for certain products, such as clothing or furniture, where physical perception can play an important role in the purchasing decision.
b) Delivery problems: Late deliveries, ordering errors or

damage in transit can negatively affect customer perception. If customers have a negative experience of delivery, this can undermine their confidence in e-commerce.

c) Limited customer service: Some people prefer to interact directly with salespeople or customer service if they have a problem or question. E-commerce can reduce this direct interaction, which may be perceived negatively by some customers.

d) Security risks: E-commerce can present security risks such as theft of personal information or payment data. If customers feel concerned about their security when shopping online, this may alter their perception of e-commerce.

It's important to note that the impact of e-commerce on customer perception can vary from one individual to another, depending on their personal preferences, experience and confidence in the online purchasing process. Some customers may be very satisfied with e-commerce, while others may prefer traditional in-store shopping experiences.

Online sales and consumer confidence

Overall, e-commerce has gained ground in international trade. Nevertheless, the consumer's intention to buy is still influenced by the attributes of a given product and the mix of the four P in the online retailer's marketing strategy. Moreover, in the case of e-commerce, other factors influence consumer perception and confidence in products sold online. Indeed, the degree of consumer confidence in products sold online can vary according to a number of factors. Here are a few elements that generally influence consumer confidence:

a) Seller reputation: The online seller's reputation plays a crucial role in consumer confidence. Consumers are more inclined to trust reputable, well-established online sellers who have good feedback from previous customers. E-commerce platforms often provide rating and feedback systems that allow consumers to take into account the experience of other buyers.

b) Customer ratings and reviews: Customer ratings and comments on products play a key role in consumer confidence. Consumers tend to place more trust in products that have received positive reviews from other buyers. These reviews help to assess the quality, reliability and satisfaction of products sold online.

c) Return and refund policies: Transparent and fair return and refund policies inspire consumer confidence. Online shoppers feel more secure when they know they can return or exchange a product if they're not satisfied, or if the product doesn't meet their expectations. Clear return and refund policies help reduce the risks perceived by consumers when shopping online.

d) Transaction security: The security of online transactions is a major concern for consumers. The use of security protocols such as data encryption, SSL certificates and secure payment options helps boost consumer confidence in online transactions. Brands that implement robust security measures reinforce consumer confidence in their products sold online.

e) Established brands: Consumers tend to have greater confidence in established, well-known brands. Companies with a solid reputation and offline presence can benefit from the trust already gained from

consumers, which can translate into greater confidence in products sold online.

Leveraging the Shift in Perception

While the importance of "Made In" labels may have diminished for some consumers, businesses can still leverage this aspect of their products to their advantage. One way to do this is by emphasizing the quality and craftsmanship of products that are made in certain countries. For example, businesses can highlight the attention to detail and superior materials used in products made in Japan or Italy.

In addition, businesses can focus on the unique features of their products that set them apart from their competitors. By emphasizing these features, businesses can create a perception of value that may be more important to consumers than the country of origin.

4. Conclusion

E-commerce has transformed the way consumers perceive products and the importance of "Made In" labels. While this shift may have diminished the importance of the country of origin for some consumers, businesses can still leverage this aspect of their products to their advantage. By emphasizing quality, craftsmanship, and unique features, businesses can create a perception of value that resonates with consumers.

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