

# Do 'Made in USA' claims make a difference in marketing results?

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Pick up any product in just about any store and you're likely to find information that indicates the country of origin of the product. The U.S.

Federal Trade Commission (FTC) requires this for any imported product, but not for products made in the United States. When you see the words "Made in U.S." on a product, it's purely for marketing purposes. So, does it work?

According to a new research study, yes, it does. Seeing "Made in U.S." does in fact affect consumer purchasing. However, some products falsely claim to be American made.

The study to be published in the July issue of the INFORMS journal *Marketing Science*, "Do "Made in U.S." Claims Matter?" is authored by Xinyao Kong and Anita Rao, both of the University of Chicago.

Since 2010, the FTC has investigated more than 150 cases of deceptive or misleading claims about products made in the United States. For a [brand](#) to make the "Made in U.S." claim, the FTC requires that the product be "all or virtually all" made in the United States with no or negligible foreign content.

For this study, the researchers focused on four of the cases that were found not to fit the FTC's criteria for allowing claims of being made in the United States. The researchers were able to examine and compare sales of the products before and after the [information](#) was removed from products, packaging, advertising, websites and other marketing channels.

"We focused our attention on four brands that included Gorilla Glue, Loctite Glue, Gorilla Tape and Tramontina cookware," said Kong. "For three of the four brands, the removal of the information had a negative impact on sales. Tramontina cookware saw a 19.5% decline in weekly store sales; Loctite Glue experienced a 6.1% decline; and Gorilla Glue suffered a 1.9% decline. The fourth brand we studied, Gorilla Tape, experienced a 'trend decline' following the FTC decision."

In addition to the study of those four brands, the authors also ran a [field experiment](#) on eBay where they were able to run more than 900 auctions over the course of three months, varying only whether a product was advertised with or without the "Made in U.S." claim. This was done to learn more about whether the American-made claims provided significantly higher incentive to include that information.

The experiment showed the claims did matter. Auction transaction prices were 28% higher with the "Made in U.S." claim, indicating that resellers and auctioneers have more incentive to display that information.

"In the field experiments, we chose a product category in which demand was already high on eBay," said Kong. "We then offered two variants of the product, one with the country-of-origin information, and one without. The products we chose were screen protectors for handheld devices. We eventually sold 912 screen protectors using three-day auctions on eBay."

The "Made in U.S." [claim](#) on the auction prices placed significant price premium on products.

"While the increase in sales is not sufficient to justify the economics of relocating manufacturing operations to the United States, it is enough to incentivize some firms to engage in making improper and deceptive country-of-origin claims," added Rao.

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