EFFECT OF COUNTRY OF ORIGIN ON PRODUCT BRAND NAMES- A STUDY OF INDIAN MARKET

[1]SANJEEV KUMAR GARG, [2]P.K.JAIN

[1]Faculty Member, Dept.of M&H ,Sant Longowal Institute of Engineering and Technology
[2]Faculty Member, Dept.of M&H, Sant Longowal Institute of Engineering and Technology
(Deemed University), Longowal, Dist. Sangrur, Punjab, India
Email: gargsanjeev232@yahoo.com

Abstract: As the consumer product manufacturing companies try to have better position globally the significance of country of origin is increasing day by day as consumers try to evaluate quality of a product based on the country where the product is manufactured. Recent studies show that consumer view on country of origin play a major role in influencing a consumer's choice of a product. This paper reports on a study of Indian consumers' perception towards foreign products, and also looks at how the country of origin effect plays a role in shaping their behaviour. Results showed that Indian consumers tend to attribute higher quality to products made in developed economies. The study also showed that the average Indian consumer does not consider the country of origin aspect to be their priority in deciding to purchase a product. The paper also reflects Indian consumers preferred country for various product attributes.

Field of Research: Consumer Behaviour , Marketing Management

I. INRODUCTION

Country of origin effect can be defined as any influence that the country of manufacture has on a consumer's positive or negative perception of a product (Cateora and Graham, 1999). With increasing access to foreign goods in most national markets, the country of origin has become more significant as consumers often evaluate products on the basis of the country those products originate from. (Bilkey and Nes, 1982) Nowadays, more companies are competing on the global market, and these companies manufacture their products in many of the counties globally and the location where they manufacture the products may affect the choice of the consumer on the quality of the product based on the country where the product is produced. Consumer behaviour or his decision can be influenced by country of origin factor in two distinct ways: 1. Consumers may simply use the country of origin as one of the many attributes employed to engage in product evaluation (Johansson et al, 1985; Hong and Wyer, 1989). 2. the country of origin may create a "halo effect" whereby consumers' attention and evaluation of other product dimensions are affected (Erickson et al., 1984; Han, 1989). Over the past three decades, the effect of a product's country of origin on buyer perception and evaluation has been one of the most widely studied phenomena in international business, marketing and consumer behaviour. In a study, Tan and Farley (1987) concluded that the potential impact of the country of origin of a product is the "most researched international aspect of consumer behaviour". The analysis and interpretation of the country of origin focuses on the consumer's opinion regarding the relative quality of goods and services based on the country where a particular product is manufactured. With the increasing pace of globalization and the diversity of manufacturing activities internationally, more studies are needed to guide marketers to have a better insight into buyers' attitudes and behaviour with respect to global products. Consumer perceptions on the country of origin effect play a major role in influencing a consumer's choice of a product. The impact of the consumer's perception on country of origin may also influence a global company in deciding which foreign country should be its manufacturing base, apart from considerations of cheap labour costs, tax incentives, access to resources etc. This research paper specifically analyses the perception of Indian consumers towards foreign products.

II. OBJECTIVES OF THE STUDY

The main objectives of this study are to examine the Indian consumer perception on the country of origin attribute of a product, by examining the country of origin effects on product preference and consumer behaviour of the Indian consumer. Specifically, there are two parts of this study. Firstly, it is to determine to what extent the country of origin aspect of a product influences upon the average Indian consumer compared to other aspects like price, technological expertise and quality.

Secondly, this study will attempt to answer how the average Indian consumer relates the quality of a product with its country of origin, by asking the respondents in this study to choose the country he/she prefers for a particular aspect of the product in terms of their perception of the products manufactured in these countries. While there have been many studies on the impact of country of origin on consumers in developed countries, there is considerably less study on such an impact on consumers in developing countries, hence it is assumed that this study will give its contribution towards further understanding of

how the local Indian consumers perceive foreign products. In addition the outcome of this study will be of geat value to foreign multinationals in marketing their products in the Indian market.

III. LITERATURE REVIEW

Consumer behaviour is the process involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desires. Among the many different questions relevant to consumer behaviour, one of the most difficult is why a consumer makes a particular purchase. However, the question is very crucial since a firm has to know what initiates consumer's decision to purchase a product. Consumer purchases are influenced to a great extent by cultural, social, personal and psychological and many other factors. Each individual has his/her own preferences and tastes. Even consumers that come from the same background and live in a particular society may make varied purchase decisions due to the difference of factors that influence their consumer behaviour. With the beginning of globalization, the country of origin factor has also been considered as influencing consumer behaviour.

Most country of origin researches have focused on investigating consumer's attitude and perception in developed countries. In this respect, the observation on "hybrid" products, namely products designed in one country and manufactured in another has been widely studied. Hybrid products usually carry brand names with various country connections and may even be assembled with parts that are sourced in multiple countries. Based on previous research findings, American consumers (Reierson, 1966; Gaedeke, 1973) or American industrial buyers (White and Cundiff, 1978; Crawford and Lamb, 1981; Xattin et al., 1982) have preconceived ideas about the quality of products from specific countries. Other studies have shown that such stereotyping are not limited to the American consumer but also to consumers from different countries such as England (Banister and Saunders, 1978), Finland (Darling and Kraft, 1977), Canada (Wall and Heslop, 1986), France (Baumgartner and Jolibert, 1978), and China (Ford, La Tour and Henthorne, 1995) and India.

Consumer attitude toward imports vary from one country or another (Cattin et al., 1982). Even for consumers of the same nationality such as India, attitude and perception of the country of origin may vary sver much from one consumer to another. Consumer behaviour and attitudes may change significantly over time due to factors such as the country's level of industrialization, social lifestyles, the influence of globalization and level of consumer awareness.

IV. RESEARCH METHODOLOGY

The study was conducted I the cities of Chandigarh and Delhi which represents varied culture with diversity as the residents of these cities are from different parts of the country and giving them a truly pan India tag. The study was conducted through a questionnaire and it was developed after a deep research of the objectives and the conclusions from the past studies in various countries on this subject were also incorporated. After Section A which covers demographic details, the section B of the questionnaire deals with country of origin statements in general, this part attempts to generate the respondent's perception on various dimensions of a product in general by ranking ten product dimensions. This part also attempts to generate the respondent's perception of countries with the highest quality products by asking him or her to rank seven listed countries in a descending order The study of country image is applied to the Indian consumer to help understand better the Indian consumer perception of foreign products based on the country of origin effect. The questionnaire administered face-to-face to 250 consumers in the cities Delhi and Chandigarh. Attitudes to brands categorized as the various aspects of the product were measured by six-point semantic differential scales, and consumer ethnocentrism by five point scale. Statistical analysis was done to identify factors contributing to the observed degree of ethnocentrism in brand choices. Delhi being capital of the country and Chandigarh having people from all over the country as its residents has a population of about twenty million people, Consumers in these cities educated and sophisticated and are frequently exposed to both imported and local products. They are of course familiar with foreign consumer products; as such they do represent a good sample of Indian consumers in general. The questionnaire distributed and responses filled with the help of face to face interview asking or guiding the respondents throughout the questions. This allows the respondent to understand the questionnaire better and answer the questions more sincerely. The respondents come from diverse backgrounds, and they work in different organizations such as banks, multinational companies, Telecommunication employees, wholesalers, retailers and other business enterprises. Some of them are government employees and students of institutions of higher learning. Out of the 250 questionnaires that were distributed, all the questionnaires were found to be up to the mark of sincerity to be analysed. Hence no questionnaire had to be discarded because the respondents answer were observed for each question. Therefore of all the two hundred and fifty questionnaires were accepted for data gathering and analysis. Data analysis is conducted using the Statistical Package for Social Science (SPSS) with inputs from the Microsoft Excel specially for making data sheets.

Research Analysis and Interpretation

Apart from the section A dealing with demographic details of consumer, in section B of the questionnaire, apart from income related and family decision making questions there are there are fifteen statements concerning the general opinion of the respondents regarding the country of origin information and they are asked to indicate how strongly they agree or disagree with each of the statement. In this analysis, the researchers seek to understand the general opinion of Indian consumers on country of origin cue. The result is Table A as shown below. From Table A, most of fifteen statements in the questionnaire have a mean score below 3.00(The lower score indicates more agreement with the statement as the scale was from 1 indicating strongly agree to 6 indicating strongly disagree) which indicate that generally most of the respondents do agree with each of the statements. The lowest mean score, which is 2.05, comes from statement number one which has the respondents agreeing that when they buy expensive items, they will always find out what country the product is made in.The second lowest mean score is 2.10 which come from statement number ten that indicates that it is less important to look for country of origin when buying a product that is less expensive such as a garment. From the analysis of the mean scores of statement one and statement ten, it is clear that there is a direct or positive relationship between the price of an item and its country of origin importance. The more expensive a product is, the more importance will the consumer attach to its country of origin. The statement with the highest mean score of 4.05 is statement number fifteen which states that the consumer usually changeshis/her decision to buy a product if the product is made in a developed country. The score indicates that the respondents generally disagree with the statement and they don't change their purchase decision if product is made in deveping economies if the brand is reputed one. Statement number five that have a mean score of 3.7 states that a respondent refuses to purchase a product without knowing its country of origin. The mean score for this statement is quite close to the midpoint of the six point scale which indicated that the respondents are more neutral to this statement as compared to other statements.

Table A: OPINION OF INDIAN CONSUMERS ON COUNTRY OF ORIGIN INFORMATION

Statement	**N**	**Mean**
1. While purchasing expensive items such as a computer, TV or Mobile phone, I always seek to find out what country the product was made in.	250	2.05
2. In my opinion it is important to look for a country of origin information while deciding which product to purchase.	250	2.44
3. To be sure that I buy the highest quality product or brand, I look to see what country of Origin of the product.	250	2.78
4. If I have less experience with a product, I search for country of origin information about the product to help me make a better decision.	250	2.95
5. I refuse to purchase a product without knowing its country of origin	250	3.7
6. While purchasing a product, I think country of origin will determine the technological sophistication of the product.	250	2.54
7. While buying a new product, the country of origin is the first piece of information that I consider.	250	3.04
8. A product's country of origin does not determine the quality of the product.	250	2.98
9. While purchasing a product that has a high risk of malfunction, for example a digital camera, a person should always try to see its country of origin.	250	2.65
10. It is less important to look for country of origin while purchasing less expensive product such as a garment.	250	2.10

11. I find out a product's country of origin to determine the quality of a product	250	2.55
12. To make a product acceptable to my family and friends , I always look for the product's country of origin. .	250	2.95
13. . I look for country of origin information to choose the best product available in a product class	250	2.50
14. I am too brand conscious when buying a product like TV, PC, mobile etc.	250	2.15
15. I usually change my decision to buy a product if the product is made in a developed country.	250	4.05

.

NET MEAN SCORE : 2.762

Finally, it can inferred that in most of the purchase decision especially involving expensive items, Indian customer thinks that it is important to search for country of origin information while buying a product.

V. CHOICE OF COUNTRIES AND THEIR RANKING

In this questionnaire, consumers are also asked to choose the country of their choice for the various questions related to the purchase decision and product quality. Consumers chose the country , the one which is best suited to the question , in their opinion. On the basis of the countries chosen for the various quality and service attributes the ranking of the countries was prepared, giving the highest rank to the country which got choice for maximum number of positive attributes and the lowest rank to the country which got least choice for these attributes. shown in Table B below:

Table B*: RANKING OF THE VARIOUS COUNTRIES ON THE BASIS OF CHOICE OF COUNTRIES FOR VARIOUS POSITIVE ATTRIBUTES*

COUNTRY	**N**	**RANK**
Japan	250	1
Germany	250	2
USA	250	3
UK	250	4
Korea	250	5
India	250	6
China	250	7

From the table, the respondents chose Japan as their first option for most of the positive attribute related to innovation, quality, service, satisfaction etc. Germany got second rank on this research basis. The United States of America got third position The consumers' survey result showed that, United Kingdom comes after Japan, Germany and USA at number four. In this ranking interpretation, India only managed to be number six after Korea which is at number 5. China due to its dubious record of quality and durability of the products got last rank. To conclude we an say, all the four developed countries listed, namely Japan, Germany, the United States of America and the United Kingdom are assumed by Indians to be countries which produce high quality products. Interestingly. Indian products are preferred by the local consumer over Chinese, showing that they are supposed to be of a higher quality than those manufactured in China.

CONCLUSIONS

On the basis of the consumer research data and its analysis we can conclude Based on the data analysis conducted in this study, two important conclusions can be made. Firstly, the Indian consumer attaches the country of origin information to the quality of a product that he purchases. In general, he or she is inclined to attribute quality to a product that is made in developed countries, and Japan in particular receives a high score for the impression of producing high quality products. Furthermore, a country such as Korea is making inroads in impressing the Indian consumer with the quality of its products, while locally made products, that is Indian products do not rank as high in the mind of the average local consumer. Still, he or she believes that the local made-in India product is of a higher quality than other countries like China which has become notorious for its low quality, imitations and low durable products. This clearly indicates that there is no particular bias on the part of a consumer for a local or foreign product, rather, as this study has shown, as a country becomes more developed economically, the products that it produces will be perceived to be of a higher and better quality. This explains clearly why india has earned a sixth place ranking, which places it behind the more developed countries like Japan, the USA and the UK, and ahead of other countries like China. Therefore, the general conclusion is that the average Indian consumer relates the quality of product with the economic

development and image of the product's country of origin. Early studies have shown the tendency for products from emerging economies to be negatively perceived by consumers (Bilkey and Nes, 1982; Cordell, 1992). Other studies also suggest a relationship between country of origin effect and the level of economic development (Wang and Lamb, 1983), with products from developed countries being perceived as superior to those from underdeveloped and developing countries. Furthermore, products from industrialized countries tended to be more favourable than those from developing countries (Gaedeke, 1973). A study conducted by Schooler (1971) discovered a positive relationship between the degree of a country's level of development and the evaluation of its products. Another result of this study shows that there is no clear indication of the consumer's biasness or preference for local over imported products, or vice versa. This can be seen from Table 2, since should the respondents have preference for local over imported products, India would have been ranked first in the list of countries. Similarly, if they have a higher regard for imports than local products, India would have been ranked last. The respondents, representing the average Indian consumer, rank quality as a more important product dimension (Rank Number 1) than the country of origin factor (Rank Number 10).

In other words, it is inconclusive that a consumer is partial towards either local or imported products. Since there is no clear evidence for consumers' preference for local or imported products. This is seen by the contradicting results of three studies on this matter, with the first showing the tendency for consumers to evaluate their own country's products more favorably compared to imported products (Kaynak and Cavusgil, 1983; Elliott and Cameron, 1994;

Samiee, 1994), while in the second study, Darling and Kraft (1970) found that Finnish consumers rated products significantly higher than similar makes from foreign manufacturers. On the other hand, in a third study by Gaedeke (1993), the conclusion was that domestic products were not always perceived to be better. A second conclusion derived from this study is that the average Indian consumer does not consider the country of origin aspect to be high on their list in deciding to purchase a product. Other product dimensions take precedence, especially the product quality, the technological prowess, and its price. A qualifying statement must be made here, since in this survey,. For instance, would the ranking by the respondents be significantly different between a high tech and expensive product like a lap top computer, and a relatively cheaper, mundane product such as a pair of shoes? This does not however render the conclusion to be totally inaccurate, because from the data collection and analysis, it is clear that there are certain dimensions or criteria that the average Indian consumer will consider in making his purchase decision. Interestingly, the average Indian consumers put precedence on quality over price, despite the perception in certain quarters that Indians are miser in their buying behaviour and are more concerned with the price they pay rather than the quality of the product that they buy.

RECOMMENDATIONS

It is important for marketers to give more stress on product dimensions such as the product quality, its technological sophistication and its price in marketing their products in the local Indian market than its country of origin factor. However, marketers should put more emphasis on the country of origin factor if the product is made in developed countries such as Japan, Germany or the USA. On the other hand, if a product is made in developing countries, or lesser known under developing economies, the marketer give more importance to the product quality, its technological performance and its price rather than the country of origin aspect since giving undue significance to the country of origin dimension may be detrimental to the marketing efforts for any product irrespective of its brand.

REFERENCES

[1] Darling, J.B. and V.R. Wood. 1990., "A Longitudinal Study Comparing Perceptions of US and Japanese Consumer Products in a Third/Neutral Country: Finland", Journal of Chao, P. 1993., "Partitioning Country-of-origin Effects: Consumer Evaluations of a Hybrid Product", Journal of International Business Studies, Vol. 24 No. 2, pp. 288-308.

[2] D'Astous, A., and Ahmed, S.A. 1992., "Multi-Cue Evaluation of Made-In Concept:A Conjoint Analysis Study in Belgium", Journal of Euro marketing, 2(1), pp. 11-31

[3] Papdopoulos, N. And Heslop, L.A. 1993., Product-country Images: Impact and Role in International Marketing, The Haworth Press Inc, New York.

[4] International Business Studies, 20(3), Amiee, S. 1994., "Customer Evaluation of Products in Global Markets", Journal of International Business Studies, Vol. 25 No. 3, pp. 581-611.

[5] D'Astous, A., Ahmed, S.A. and Y.H. Wang. 1995., "A Study of Country of Origin

[6] Effects in the People's Republic of China", Faculty of Administrative Sciences, University of Sherbrooke, Sherbrooke, Quebec, Canada, Working paper , 1-17.

[7] Bhuian, S.N. 1997., "Saudi Consumers' Attitudes Towards European, IS and Japanese Products and Marketing Practices", European Journal of Marketing, Vol. 31 No. 7, pp. 470-487.

[8] Kotler P. 2000., Marketing Management, 3rd. Edition, Upper Saddle River, New Jersey: Prentice Hall.

[9] Chandrama Acharya and Greg Elliott. 2001., "An Examination of the Effects of 'Country –of Design' and 'Country of Assembly' on Quality Perception and Purchase Intention", Australasian Marketing Journal, 9(1), pp. 60-66.

[10] Kaynak and Kara. 2002., "Consumer Perceptions of Foreign Products: Am Analysis of Product-Country Images and Ethnocentrism" European Journal of Marketing, Vol. 36, no. 7/8, pp. 931-950.

[11] PharrSource, J. M. (2005). Synthesizing Country-of-Origin Research from the Last Decade: Is the Concept Still Salient in an Era of Global Brands? Journal of Marketing Theory and Practice, Vol. 13, No. 4, Globalization and ItsMarketing Challenges ,pp 36-44.

[12] Ho, D. C. (2009). A study of the effect of country image on consumers' evaluation of an unfamiliar foreign utilitarian product. The Hong Kong Polytechnic University. Pp 34-56

[13] Mateo, P. (2011). The country-of-origin effect in a globalized world:a study in the fashion industry across Italy and Spain. Universita Commerciale Luigi Bacconi, Department of Marketing.

[14] Rezvani, S., Dehkordi, G. J., Rahman, M. S., Fouladivanda1, F., Eghtebasi, S., & Habibi, M. (2012). A Conceptual Study on the Country of Origin Effect on Consumer Purchase Intention. Asian Social Science , VOL. 8 (12).

★★★