

Effect of Country-of-Origin and Ethnocentrism on Consumer Cognitive Processing in India

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ABSTRACT

The authors in this study have measured and compared the extent of consumer ethnocentrism across different socio-demographic groups; the relationship of consumer ethnocentrism with different demographic variables; and the effect of country of origin on the perceptions, evaluations and likeliness of purchase of foreign products by Indian university students. The findings show that the Indian university students have CETSCORES lower than college/university students in most parts of the world, viz. Czech Republic, Estonia, and Poland and also the US. The authors therefore conclude that consumer ethnocentrism is a phenomenon of the developed markets and the Indian market remains open to foreign brands much to delight of foreign manufacturers.

Keywords: Consumer Behavior; Country-of-Origin, Ethnocentrism, Indian Consumer; Made-in-Japan, Made-in-US

1. INTRODUCTION

Systematic research on the country-of-origin effect began since 1965 with the article by Robert Schooler. Now country-of-origin is one of the most widely studied concepts in marketing, international business and consumer behaviour. It has been generally acknowledged that country

of origin does influence consumers' product evaluations and purchase decisions. In International markets, it is recognized that 'Made in' tag leads consumers to decide purchases or form perceptions about a product.

The concept of country of origin is closely linked with *consumer ethnocentrism*. Consumers who are ethnocentric believe that purchasing

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imported products is unpatriotic, causes loss of jobs, and hurts the domestic economy. Consumers who are non-ethnocentric evaluate foreign products on their merits without consideration of where these products are made.

Conclusions of the earlier research studies on country-of-origin have not been consensual. The majority of these studies provide evidence that COO's influence on product evaluations is moderated when encountered alongside with other extrinsic cues (e.g. brand name and price), intrinsic product factors (e.g. product complexity, type) and individual factors (level and type of consumer involvement, level of product familiarity, importance). Researchers concluded that cue types, while affecting choice processes, appeared to be product specific. This means that product itself carries a great deal of weight in determining the extent to which a COO effect will emerge.

The purpose of this study is to measure the degree of country-of-origin relative to other product-specific cues – intrinsic, extrinsic and individual factor. Hence, for the study, a specific product class will be taken, i.e. Household Electronic and Electrical Goods. This product category is selected because products in this category are regarded as coveted durables within the Indian middle class. Additionally, off late there has been a flurry of foreign goods that have been flooding the Indian markets in this category be it American, Chinese, or Japanese. This may include Televisions, Digital Cameras or other electronic appliances like Washing Machines or Microwave.

Additionally, very little research of consumer ethnocentricity has been conducted in the Indian context, while which is done mostly on apparel and fashion segment, which tends to be an image-building product category. In the following research study, electrical and electronic goods category is chosen, the purchase of which is done primarily on design, features, reliability, quality, etc. which in turn depend on the country-of-origin factors.

The scope of the study has been restricted to the student and earning population of Delhi. The two segments have been chosen to study the effect of country of origin and ethnocentrism on the two different sects of population – *financially independent* (working professionals and self-employed) and *financially dependent* (high school and university students). The scope is defined to age and gender demographics, using a *specific product category*, i.e. electronic goods in our study – 'Laptops' assessing the effect in which COO cues have on a consumers purchase evaluation. Analyzing limited variables offers an insight into differences between gender and age in cognitive processing. Expanding more variables into the study would place significant time constraints on the project, and therefore is impractical at present.

The research takes the exploratory approach. The research is building upon existing theory to shape research propositions and objectives. The project explores trends in the market place, rather than explaining trends or substantiating hypotheses. The methodology adopts both qualitative and quantitative approach with the use of Questionnaires and Discussion Guides. The objectives of the study were to measure and compare the extent of consumer ethnocentrism across different socio-demographic groups, to examine the relationship of consumer ethnocentrism with different demographic variables and to examine the effect of country of origin on the perceptions, evaluations and likeliness of purchase of foreign products.

The limitations of the study were that it was limited to New Delhi and the national capital region due to time and budget constraints. Being a metropolitan, people in New Delhi have an opportunity to be more exposed to foreign brands and products. Thus, research results may not depict a typical Indian consumer. Further, the study takes into account a specific product category, i.e. Electrical and electronic goods segment only. The research results and conclu-

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