

10<sup>th</sup> International Strategic Management Conference

## Impact of Country-Of-Origin Image on Brand Equity: A Study on Durable Products in India

Rajeev Kumar Panda<sup>a\*</sup>, Siddharth Misra<sup>b</sup>

<sup>a</sup> National Institute of Technology, Rourkela, 769008, India

<sup>b</sup> National Institute of Technology, Rourkela, 769008, India

---

### Abstract

Country of origin is an important cue to influence consumers' perception of a brand as reported and documented by the literature. This paper tries to identify the effects of brand's country-of-origin image on the formation of its brand equity. To satisfy the objective the brand equity of some durable brands in India was examined. Three contributory dimensions of brand equity i.e. brand awareness; brand loyalty and brand distinctiveness were refereed. Random probability sampling was incorporated to collect the data from the respondents. Multiple regression analysis was conducted on brand equity dimensions which show that brand's country-of-origin image positively and significantly influences dimensions of brand equity. Again the brand's country-of-origin image influences brand equity, either directly or indirectly, through the mediating effects of the three dimensions. The study further suggests that marketers should put give more emphasis in developing brand awareness for their products and the superior image of brand's own country should be properly promoted so that the brand image will be enhanced.

© 2014 The Authors. Published by Elsevier Ltd. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/3.0/>).

Peer-review under responsibility of the International Strategic Management Conference.

**Keywords:** Country of origin; Brand equity; Regression; Durable goods; India.

---

### 1. Introduction

The relative influence of Country of origin (hereafter referred to as COO) of brands on consumer perception has drawn significant attention since 1960's (Schooler, 1965; Ditcher, 1962) and has been one of the most researched issues in the marketing discipline (Peterson and Jolibert, 1995; Papadopoulos and Heslop, 2002). Several research works (Leifeld, 1993; Peterson and Jolibert, 1995; Verlegh and Steenkamp, 1999) have concluded that COO has a strong influence on consumers' brand evaluations and consumers prefer to use COO as a factor to make decisions about the product quality. Consumers tend to develop a product-country image through information gathered from either personal experience or via other sources (Johans-son and Thorelli, 1985). These images are of quality of particular products especially related and connected to different countries for example Swiss watches German automobiles, Japanese electronics, US appliances etc.

According to Ahmed et al. (2002), COO affects consumer perceptions as a purchasing cue for indicator of quality, as symbolic and emotional connection to consumer and as a link with consumer's social and personal norms. At the same time in support of consumers' perception of superior quality based on COO, one would expect such COO effects to influence the firms' pricing decisions (Agrawal, 2004). Brands with a favorable COO image are generally better accepted by the customers than brands from countries with less favorable image. Many research studies have reported that COO is one of the prime factors influencing consumers' buying behaviour. So this particular study tries to find

---

\* Corresponding author. Tel. + 91-943-871-5089  
Email address: [panda.rajeevkumar@gmail.com](mailto:panda.rajeevkumar@gmail.com)

out the relative effects of brand's COO image on brand equity of the respective brand. For satisfying the objective of the study the Indian durables product market was explored and examined.

## 2. Conceptual framework

The country of origin denotes the home country for a company or the country that consumers infer from brand name (Han and Terpstra, 1988). Nagashima (1970) had first conceptualized the country-of-origin phenomenon as the image that consumers associate or attach to products of a specific country. This image is an outcome of the national characteristics economic status, culture, traditions and the representative products (Nagashima, 1970). Saeed (1994) defines that COO as the country that a manufacturer's product or brand is associated with called the home country. For example Toyota is a Japanese brand, Maruti is an Indian brand, and Mercedes belongs to Germany etc. Parameswaran and Yaprak (1987) view country image as consumers general perceptions about the quality of products made in a particular while Srikanth and Gnoth (2002) view it as the defined beliefs about a country's industrialization and national quality standard.

From the above mentioned and many other studies, different researchers across geographies and diverse contexts accept that a product's or brand's country-of-origin is an important influencing factor in consumer decision-making (Knight, 1999; Piron, 2000). The "Made in USA/Japan/India" means a lot to the consumers when it comes to purchase decision-making. It serves as an important attribute in product evaluation (Johansson, 1989) and hence develop a sincere interest in the product from customers' point of view (Hong and Wyer, 1989). Han and Terpstra (1988) reports that COO affects buyer behavior through patriotic feelings about their own country. The image of a certain country also influences customer's perceptions of products from that country (Bilkey and Nes, 1982). From the above discussion it is clear that consumers' perception of a specific COO influence their evaluation of products from that country. This in turn will influence their choice of brand preference, purchase intention and more importantly price related decisions.

Thakor and Kohli (1996) argue that although COO has a significant contribution towards consumers' evaluation of the quality still its role in influencing consumers' actual choice behavior is limited in the presence of other information and cues. When a consumer form an attitude about a brand, COO as an information cue may be quite insignificant. The other influencing factors may be the budget, need urgency which may further influence the actual choice behavior. Taking into consideration the above facts, consumers may not be interested to pay a high price or expect discounts simply because of the COO of brands (Agrawal, 2004). Similarly this effect may not necessarily lead to price premium or discounts in the marketplace. Many researchers in the past (Papadopoulos, 1993, Leclerc et al., 1994) reported the companies emphasizing COO in their branding decisions. As it is evident from the above discussion that the consumers' perception of a particular COO has an impact on their product evaluation, this will obviously has a significant impact on purchase attitude, choice and post purchase behaviour. In other words this is nothing but brand's equity of the brand under consideration. This claim is supported by the definition given by Yoo et al. (2000) as brand equity is the associations that consumers have with a brand, which contributes, to a specific brand image; the associations consist of ideas, instances, and facts that establish brand knowledge. Rust (2002) defines brand equity as: . . . the value that is added by the name and rewarded in the market with better profit margins or market shares. It can be viewed by customers and channel members as both a financial asset and as a set of favorable associations and behaviors. According to Kim (1990), a brand is the totality of thoughts, feelings, sensations, and associations it evokes. A brand is said to have strong equity if it can influence the consumer behavior from the product's or the brand's intangible qualities e.g. dynamism, innovation, esteem etc. The amalgamation of the tangible and intangible aspect forms the brand identity. Aaker (1996) defines BI as "a unique set of brand associations that the marketers aspire to create or maintain," which forms the brand associations. In this way, brand identity of a particular brand impact brand associations and in turn the brand equity. Many researchers (Cordell, 1992; Hong and Wyer, 1989, 1990; Thorelli et al., 1989) reported that the COO is an extrinsic product cue. Generally consumers form a strong opinion about a country's products and its attributes. Hence COO image influences the evaluations of products and brands (Srikanth and Gnoth, 2002). SO consumers' perception of COO impacts their evaluation of the products from that country and their buying preference, intention and attitude which has an insinuation on the brand's equity.

## 3. Research methods

For achieving the objective of the study, a per-tested questionnaire was designed and was distributed to respondents in the city of Rourkela and Bhubaneswar of Eastern India. Two higher education institutes form both the cities were selected for the study namely National Institute of Technology, Rourkela and Indian Institute of Technology, Bhubaneswar. The respondents irrespective of their designation were selected for the study and particularly the ones who had made a durable purchase like TV, AC, Cars, Bikes etc. in past three months of time. These are products for which customers have some brand knowledge and initiate a choice pattern before making a

Download English Version:

<https://daneshyari.com/en/article/1113352>

Download Persian Version:

<https://daneshyari.com/article/1113352>

[Daneshyari.com](https://daneshyari.com)