

Car buyers' brand choice with reference to country of origin

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ABSTRACT

Country of origin or place of manufacturing plays a vital role in car purchase decision and to understand the importance and degree of influence of country of origin (Place of manufacturing) are very much important. Country of origin is directly as well as indirectly influencing the car purchase decision. Manufacturing place plays an important role not only in the purchase decision, but also it is indirectly influencing the after sales variable. Indian customers are fragile in character and sentiments towards the car purchase decision. Data were collected from 600 customers, who purchased mid segment or compact size car in the past one year. Data's are collected from the three regions of Kerala state, namely Thiruvananthapuram, Cochin and Calicut. Country of origin or place of manufacturing is made under present study to evaluate the influence over the customer purchase decision and their degree of influence was analyzed using different statistical tools.

KEYWORDS: Country of Origin, Domestic Brand, Foreign Brand, International Brand, Manufacturing Unit

1. INTRODUCTION

Country of origin is an important attribute to be studied to design the marketing strategy as well as to win over the sentiments of the customers. Car purchase decisions among the people of Kerala are not taken in a day or two. Car purchase decision and brand selection are depending upon many direct and indirect variables. Country of origin and place of manufacturing and its influence over purchase decision is made under present study. To understand the influence of the country of origin in car purchase decision was analyzed through the specified questions presented in the structured questionnaire given to the respondents.

Literature review: According to Levitt (1980) the product offered to the customers had to be different from other products in the market in order for consumers to purchase it. Marketing strategy should be able to develop effective responses to changing market environments by understanding the market segment and positioning, Hooley, Piercy and Nicoulaud (2008).

Understanding the customers, marketplace and competition are the key factors which influence the low cost production and efficiency improvement (Dodgson, 1989; and Storey, 1994). Khajeh-Nasiri (2008) says that consumer buying behavior includes the study of what, how, and why people are buying.

According to Quester, Neal and Hawkins (2007) that consumer behavior for a product purchase is a complex problem solving process. Product quality is the important factor in affecting consumer satisfaction and loyalty Parasuraman, Zeithaml and Berry (1994).

Country of origin is the place, region or country where the product or brand is perceived to originate Thakor and Kohli (1996). Brown, Light and Gazda (2007) advocates that the country of origin plays an important role in the consumer brand choice or buying behavior.

According Akaah and Yaprak (1993) country of origin is a symbol of willingness to pay. Consumers are ready to pay for the products according to their nation of origin and the brand image they possess. On other side Roth and Romeo (1992) conducted a study on country of origin and its impact over the automobile industry. The study suggests that each country has its own unique image towards certain product category, so consumers would be willing to pay higher for that specified product.

Schooler (1965) in his study shows that consumers clearly use the factor country of origin to judge the product's quality and performance. Krishnakumar (1974) products originating from highly industrialized countries are viewed as more superior in terms of quality.

Objectives of the study: The objectives of this study are as follows:

- i. To study the impact county of origin (place of manufacturing) over consumer car purchase decision.
- ii. To understand the willingness to pay more for an international brand.
- iii. To understand the consumer affinity towards foreign / domestic brand.

2. METHODOLOGY

Data Collection and Sample: The state, Kerala was taken for the present study to understand the factor- country of origin and its influence over the car buyers' brand choice. The study population for the present study was pertained to Kerala, in which Thiruvananthapuram, Cochin and Calicut were the study regions.

A list of those customers who had bought the cars within one year was collected from different dealer outlets. From this list, 600 sample subjects were randomly selected (200 for each location) and made a personal telephonic call for participating in this survey. The sample was included with 25% (50 for each location) of female respondents from each location. A cross section of respondents using hatchback and sedan was selected from the list supplied by the dealers to get a better and wider perspective. Convenience based Random sampling method was employed in this study. A survey was conducted in person in a structured manner using a structured questionnaire and only completely and correctly filled questionnaires were used for this study.

Data Analysis: Analysis of data is most important aspect of every research. Structured and validated questioners used for collecting data consisted of many variables under study and it was arranged in the most appropriate manner. Understanding the importance of each variable and relation between these variables under study was analyzed to come out with the research outcome. Statistical tools with the help of software packages like SPSS was used for analysis.

3. RESULTS AND DISCUSSION

In this study Percentage analysis is one of the statistical measures used to describe the characteristics of the sample or population in totality. Percentage analysis involves computing measures of variables selected for the study and its finding will give an easy interpretation. In this present study the impact of country of origin and its impact was analyzed.

Country of origin and car purchase decision:

Null Hypothesis: H. 1. There is no significant relation between the Nation of origin of the car and car purchase decision: A null Hypothesis were formulated to test the significant relation between the Nation of origin of the car and car purchase decision. The Chi-square test was enabled to study the impact of Social Factors over brand choice and the same was presented in the Table.

Table. 1: The Impact of Country of Origin Factor on Purchase Decision

Statement for Country of Origin Factors (N=600, Number of Respondents)	Area			Avg. Mean	Std. Deviation	SD	D	N	A	SA	Chi square value	P value
	Tvpm Mean	Cochin Mean	Calicut Mean									
I will go for domestic brand only	3.16	3.45	3.43	3.35	1.341	54 (9%)	172 (28.67%)	23 (3.83%)	214 (35.67%)	137 (22.83%)	852.055	0.000**
I will go for domestic product as, they know the Indian condition better than others	3.22	3.54	3.45	3.40	1.431	69 (11.50%)	154 (25.67%)	26 (4.33%)	171 (28.50%)	180 (30.00%)		
I will go for foreign brands as they are superior in quality and reliability	2.19	1.75	2.11	2.02	.918	190 (31.67%)	263 (43.83%)	96 (16.00%)	48 (8.00%)	3 (.50%)		
I am ready to pay more for international brand as their performance and lower breakdown	2.05	1.59	1.66	1.76	.903	273 (45.50%)	249 (41.50%)	31 (5.17%)	41 (6.83%)	6 (1.00%)		
I will go for a brand only having manufacturing unit in India, whether it is Indian or foreign	3.69	3.81	4.00	3.83	1.068	9 (1.50%)	98 (16.33%)	53 (8.83%)	266 (44.33%)	174 (29.00%)		

** Denotes significant at the 1 % level, Mean = Weighted, Mean Score; Std. Div. = Standard Deviation; N = Number of respondents (600); SD = Strongly disagreement; D = Disagreement; NA =Indifferent/Not sure; A = Agreement; and SA = Strong Agreement

The study says that the majority of the customers likes to have a brand having a manufacturing unit in India, whether it is an Indian brand or International brand. The majority of the respondents in the study is having an Indian brand and they like to go for Indian brand only. The P value is 0.000* and having a significance at 1% and chi-square value is 852.055 both the values supports a positive influence by the country of origin. So, the results reveal the significant influence of the domestic car brands over the purchase decision is high. Hence concluded that nation of origin has significant influence over the car purchase decision and so the null hypothesis H.1 seems null and void, hence rejected.

Null Hypothesis: H. 2. There is no significant relation between the Place of manufacturing and car purchase decision: A null Hypothesis were formulated to test the significant relation between significant relation between the Place of manufacturing and car purchase decision. Friedman test was enabled to study the significant difference among mean ranks of factors of the country of origin over brand choice and the same was presented in the Table 2.

Table.2.Friedman Test for Significant Difference among Mean Ranks of Factors by Country of Origin (Manufacturing Country)

Factor	Factors Influencing Car Purchase Decision	Mean Rank	Number of Respondents =N	df	Chi-Square Value	P Value
I	I will go for domestic brand only	3.33	600	4	852.055	<0.000**
II	I will go for domestic product as, they know the Indian condition better than others	3.39				
III	I will go for foreign brands as they are Superior in quality and reliability	2.34				
IV	I am ready to pay more for international brand as their performance and lower breakdown	1.99				
V	I will go for a brand only having manufacturing unit in India, whether it is Indian or foreign	3.96				

**** Denotes Significant at the 1 % level**

Friedman test was also conducted to understand the significant difference in the mean ranking among the variables of country of origin. Factor - I (mean rank – 3.33), Factor -II (mean rank- 3.39), Factor- III (mean rank- 2.34), Factor - IV (mean rank - 1.99), and Factor - V (mean rank - 3.96) are obtained out of the analysis.

The Chi-square value obtained from the study was 852.055 and a P value is 0.000* and below <0.000**, so the mean factor under study was having a significance level of 1%. The mean values are above 1 for all the factors and Factor - V is having the highest mean rank (3.96) and factor - IV (1.99) with least mean rank. Hence concluded that factor V is having significant influence over the car purchase decision and so factor V, the place of manufacturing plays a vital role in the purchase decision. So the null hypothesis H₂ seems null and void, hence rejected.

Findings: The study reveals that domestic brands are preferred mostly by majority of the respondents from the entire region and the study says that domestic brands know the Indian condition better than the foreign brand. Eighty Two male respondents out of 150 preferred to go for domestic brand from Thiruvananthapura region a44 out of 150 preferred to go for international brand. Hundreed and one respondents out of 150 only go with the brand having a manufacturing unit in India, if its domestic or international brand. 20 out of 50 female respondents from Thiruvananthapuram opted for domestic brand and only 6 out of 50 respondents gone for international brand. 34 out of 50 respondents prefer only company having a manufacturing unit in India.

NInty Four male respondents out of 150 preferred to go for domestic brand from the Cochin region and 8 out of 150 preferred to go for international brand. 111 respondents out of 150 only go with the brand having a manufacturing unit in India, if its domestic or international brand. 34 out of 50 female respondents from Cochin opted for domestic brand and only 4 out of 50 respondents gone for international brand. 37 out of 50 respondents prefer only company having a manufacturing unit in India.

Ninty One male respondents out of 150 preferred to go for domestic brand from the Cochin region and 17 out of 150 preferred to go for international brand. 120 respondents out of 150 only go with the brand having a manufacturing unit in India, if its domestic or international brand. 30 out of 50 female respondents from Cochin opted for domestic brand and only 6 out of 50 respondents gone for international brand. 42 out of 50 respondents prefer only company having a manufacturing unit in India.

Irrespective of the region, male or female the respondents have more trust in Indian brands and they believe Indian brands know Indian conditions better. Only a limited number of respondents are ready to pay more for international brand. The most fascinating thing from the study is that, the majority of the respondents who wish to go for international brand also like to have a manufacturing unit in India. Whether it's a domestic or international brand Seventy Four percent of the total study population like to have a manufacturing unit in India or they will go for brand having a manufacturing unit in the country.

4. CONCLUSION

Both the analysis result reveals that the factor country of origin has high influence over the car model choice and brand choice. Irrespective of the region, male or female the respondents have more trust in Indian brands and they believe Indian brands know Indian conditions better. Only a limited number of respondents are ready to pay more for international brand. Place of manufacturing or country of origin seems to be vital role and it will play an important role

in strategic formulation. Further research can be carried out in the passenger car industry, especially in the other regions and other segments, which was not covered under this present study.

Limitations: This study has got its own limitations. The Present study was limited to the state of Kerala, the findings of the study may not be same for other regions. Only hatchback and Sedan model was taken for the present study. Without any discrimination opinions expressed by customers and dealers spread over state of Kerala were considered as such.

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