Chapter VII

SUMMARY OF FINDINGS, CONCLUSION AND SUGGESTIONS
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7.1 INTRODUCTION

The Country-of-Origin has been regarded as one of the information cues, which play an important role in the acceptance of products in the global market. The concept of COO has undergone transformation due to the increasing trend of multi-country production. The Country-of-Origin initially was considered as the Country where the product was made/ manufactured, and it is known as the ‘made-in’ Country (the Country-of-Manufacture). With increasing trend towards globalisation and multi-country production, ‘Partitioned Concept of Country-of-Origin’ has emerged into the scenario. The partitioned concept of COO has two components for the bi-national brand viz., Country-of-Brand (COB), and Country-of-Manufacture (COM). The categorisation theory argues that the consumers’ perceptions of the COB and COM will influence the perceived quality of the bi-national brand.

In the context of partitioned concept of Country-of-Origin, it is essential to investigate the influence of COB and COM on the perceived quality of bi-national brand especially in the case of technologically complex and high-involvement products. The theoretical framework used for the study examined influence of COO at two levels (brand level and product level) - (i) the influence of Country-of-Brand Image and Brand Image on Perceived
Quality; (ii) influence of Country-of-Manufacture Image and Product Image on Perceived Quality. Therefore, the researcher has examined the influence of COO at two levels - (i) Influence of COO at brand level and (ii) Influence of COO at product level. Thus, there were five constructs used to study the influence of COO viz., Country-of-Brand Image, Country-of-Manufacture Image, Brand Image, Product Image, and Perceived Quality.

The present study followed descriptive and causal research design based on survey method. The study was based on deductive research approach to achieve the objectives of the research. Both primary and secondary data was used in the study. The study mainly depends on primary data collected from the car owners in Kerala by using a structured questionnaire. The universe of the study was defined on the basis of pre-requisites to conduct COO studies among the consumers in India. The Universe of the study was defined as the car owners in Kerala constituted by A2 premium segment car brands of wholly owned subsidiaries of foreign car manufacturers in India. Hence, the universe comprised of car brands originated from four countries viz., South Korea, Germany, USA, and Japan; and these brands were abbreviated as S brand, G brand, U brand, and J brand respectively. The population of the study was estimated as per the records of the Kerala State Motor Vehicles Department, and the sample size was determined at 400 (Nos) car owners. The researcher has employed multi-stage (three stage) sampling method for selection of the sample units from the universe. Accordingly, the
sample units of 400 car owners comprised of 164 sample units (car owners) of U brand, 118 sample units of S brand, 36 sample units of J brand, and 82 sample units of G brand. In addition to descriptive analysis, statistical tools like ANOVA, paired sample 't' test, simple and multiple regression method were deployed to analyse the data. To test the effect of mediating variable, the researcher has used Sobel test, Aroian test and Godman test.

7.2 SUMMARY OF FINDINGS

The findings of the study based on the objectives and data analysis is summarised in the following sections:

7.2.1 Perceptions of Country-of-Origin Image at the Brand Level

1. The study found that perceptions of the Country-of-Brand Image of the different countries were different among the car owners of the selected brands.

2. The study shows that the consumers’ perceptions regarding Country Images of Japan and Germany were comparatively higher than Country Images of South Korea and USA. The Country Images of South Korea is comparatively lower than the Country Images of Japan, Germany, and USA.

3. The study shows that the Brand Image of the selected car brands among the car owners is different.
4. The Brand Image of ‘G’ brand was found to be comparatively higher than the brand image of ‘U’ brand, ‘S’ brand, and ‘J’ brand.

5. The study reveals that the Perceived Quality of the selected brands among the car owners is not uniform.

6. The Perceived Quality of ‘U’ brand was lower than that of ‘J’ brand and ‘G’ brand; and Perceived Quality of ‘S’ brand was lower than the Perceived Quality of ‘G’ brand.

7.2.2 Perceptions of Country-of-Origin Image at the Product Level

1. The study indicates that the perception of Country-of-Manufacture Image (COM, Image of India) is different among the car owners of the selected brands.

2. The COM image of India was higher among owners of U.S. and South Korean car brands, and it was comparatively less positive among the owners of the Japanese and German car brands.

3. It has been observed that the perceptions of Product Image based on the Country-of-Manufacture of the Product (‘Car Manufactured in India’) among the car owners are not different.
7.2.3 Product Image based on Country-of-Brand Vs Product Image based on Country-of-Manufacture

Due to the phenomenon of multi-country production, the manufacturing facilities of brands are being relocated to different countries instead of being manufactured in the home country of the brands. Therefore, consumers’ perceptions of the Product Image as a result of changed manufacturing location were assessed in the study.

1. Significant difference was found between the perception of Product Image based on Country-of-Brand and the perception of Product Image based on Country-of-Manufacture, among the car owners in Kerala.

2. The perceptions of Product Image based on COB is comparatively higher than the perception of Product Image based on COM. It indicates there was a decline in Product Image due to shifting of the manufacturing location of the brands from their home country to India.

3. The decline in Product Image due to shifting the manufacturing to India was comparatively higher for the ‘G’ brand and least for the ‘S’ brand.


1. The analysis on the perception of COO across demographic characteristics of the respondents reveals that there is a significant
difference in respect of Country-of-Brand Image across the Educational and Occupational Status of the respondents.

2. There is a significant difference in the perception of Country-of-Manufacture Image (COM-I) across the Age Groups and Occupational Status of the respondents.

3. No significant difference was reported in the perception of Country-of-Brand Image across the Age Groups; and Country-of-Manufacture Image across the Educational Status of the respondents.

7.2.5 Analysis of the Influence of COO at Brand level (Hypothetical Model - *Figure 3.1*)

1. The Country-of-Brand Image has a direct positive influence on the Perceived Quality of the bi-national brand.

2. It was found that the Country-of-Brand Image was positively related to the Brand Image; and the Brand Image positively influenced on the Perceived Quality.


7.2.6 Analysis of the Influence of COO at Product level (Hypothetical Model - *Figure 3.2*)

1. The Country-of-Manufacture Image had direct positive influence on the Perceived Quality of the bi-national brand.
2. The Country-of-Manufacture Image was found to be positively related to the Product Image (Product Image based on Country-of-Manufacture); and the Product Image had a positive influence on the Perceived Quality.

3. The study depicts that Product Image mediate the influence of Country-of-Manufacture Image on Perceived Quality.

7.2.7 Influence of COO at Brand level Vs Influence of COO at Product level

1. It was found that the Influence of COO at the Brand level was stronger than the Influence of COO at Product level.

2. The mediation analysis reveals that the direct effect of Country-of-Brand Image on Perceived Quality is greater than the direct effect of Country-of-Manufacture Image on Perceived Quality.


4. The study found that the Brand Image has a very strong positive effect on Perceived Quality of the bi-national brand among the variables used for the analysis.
7.3 CONCLUSION

The study established that the Country-of-Origin influences the Perceived Quality of the products both at the brand level and at the product level. At the brand level, Country-of-Brand Image has a positive relationship with Perceived Quality through the mediating effect of Brand Image. Similarly, Country-of-Manufacture Image has a positive relationship with Perceived Quality through the mediating effect of Product Image. It is evident that the two components of the Partitioned Concept of Country-of-Origin viz., Country-of-Brand Image and Country-of-Manufacture Image influence the Perceived Quality of bi-national brands. The direct and indirect effect of Country-of-Origin at Brand level (Country-of-Brand Image and Brand Image) exerts a stronger influence on Perceived Quality of the products than the Country-of-Origin at Product level (Country-of-Manufacture Image and Product Image). The Country-of-Brand Image and Brand Image together are the important predictors of Perceived Quality of the bi-national brands. The Country-of-Manufacture Image and Product Image are relatively less important in predicting Perceived Quality of the bi-national brands. Therefore, in the case of multi-national companies, setting up manufacturing facilities in other countries is not much of a concern in an era of globalisation as the Perceptions of Quality are more dependent on the Brand related measures than the Product related measures. It is the Brand that has got increased significance in the context of globalisation. Moreover, the findings
of the study support the validity of the hypothetical models and arguments of earlier researchers in this field. So the findings of the study can be generalised among the consumers in India.

7.4 IMPLICATIONS

The study brings to the forefront the change in the COO concept as a result of globalisation and multi-country production. Marketers need to recognise the existence of the partitioned concept of COO in the context of international business. The concept of Country-of-Origin functions at two levels - at brand level (COB) and at product level (COM). In case of cars in the Indian context, marketers need to be aware that both COB and COM influence Perceived Quality of the car brand. However, the influence of COO at Product level (through the Manufacturing Country Image and the Product Image) is comparatively lower than the influence of COO at Brand level (through the Image of the home Country of the Brand and the Brand Image). It is also relevant for the marketers to understand that while there is a possibility of degradation in Product Image as a result of shifting manufacturing locations from the home country of brands to a developing country like India, it is not a matter of great concern in case of Cars. This is because the influence of COO at Product level (COM and Product Image) is comparatively lower than that of COO at Brand level (COB and Brand Image).
In a pre-globalised scenario, consumers were exposed to foreign products which were manufactured in the home country of the brand itself. While, the image of the ‘made-in’ country and the Product Image were important in a pre-globalised scenario, now the Country-of-Brand along with Brand Image holds greater significance. It is worthwhile for international marketers to note that the Country-of-Brand Image and Brand Image together exerts a considerable influence on Perceived Quality. Hence, marketers can consider the Country-of-Brand Image along with the Brand Image as a basis to build competitive advantage for their brands in the minds of the consumers. Thus, the study provides vital implications in the area of branding for the multinational companies. Communication strategies designed to highlight the COB and the Brand as such, can help in enhancing the perceptions of Perceived Quality in case of high involvement products such as automobiles.

The brand (image) stands as the most important cue in case of bi-national brands. Apart from a considerable direct effect on Perceived Quality, the Brand Image also mediates the influence of COB on Perceived Quality. Thus, the study brings out the significance of the Brand Image in case of bi-national brands. In a globalised scenario, the Country where a brand originates from and the country where it is manufactured have comparatively lesser significance and therefore, the marketers need to focus on building strong brands by enhancing the Image of the Brand. However, the role of COO; especially the Country-of-Brand component, cannot be ignored as these
also have an important effect on Perceived Quality. The favourableness of Country Images in the minds of consumers can be leveraged by marketers of those brands that have a positive Country-of-Brand Image among the consumers.

In the context of increasing competition, companies are trying to find out new ways to distinctly position their brands in the minds of their consumers. The Country-of-Brand Image together with the Brand Image could prove to be a valuable means for enhancing consumers’ perceptions of brands, especially the Perceived Quality of the Brand.

7.5 SUGGESTIONS

The study has shown that the consumers are aware of the existence of the partitioned concept of the Country-of-Origin in case of cars. Therefore, marketers of bi-national brands need to take this aspect into cognizance and gauge consumers’ perceptions of the Country-of-Brand Image and the Country-of-Manufacture Image of their brands. It would be worthwhile for companies to compare the perceptions of Country-of-Brand Image of their brands with that of competitors to assess if there is a competitive advantage or disadvantage for their brands with respect to the Country-of-Brand Image. Further, companies need to assess the influence of the Country-of-Brand Image and the Country-of-Manufacture Image on the Consumers’ Perceptions of Quality of their brand.
While there is influence of COO at the Product level, the influence of COO at the Brand level is more important. Hence, the foreign companies operating in India need not hold big concerns over locating their manufacturing facilities in India. However, the marketing managers need to examine the influence of COO at the Brand level in the context of their brands, and that of the competition brands. In case of those brands which possess a very positive Country-of-Brand Image among the consumers, companies can explore the possibility of leveraging this strength of their brands in enhancing the quality perceptions of their brands.

In a globalised scenario, the Brand Image is of paramount importance. Therefore, multi-national companies need to give lot of focus on branding in case of their brands. It would be valuable for brand managers to consider the Country-of-Brand Image along with the Brand Image as a means to develop competitive advantage for their brands. The brand (image) is a more important cue, than the COO in case of the bi-national brands. It can be leveraged by companies not only in directly influencing the Perceived Quality but also in mediating the influence of the Country-of-Brand Image on the Perceived Quality. Though the Country-of-Brand Image and the Country-of-Manufacture Image are important; compared to the Brand Image, they are less important in a globalised context.
7.6 SCOPE FOR FURTHER RESEARCH

Studies in the area of COO in an Indian context are rather very limited compared to the vast literature of studies done in developed and other countries. The present study found some evidence of the influence of Country-of-Origin on one category of high involvement products, cars in an Indian context. Hence, there lies scope in studying the influence of the COO on other product categories.

The present study focused on the influence of COO on Perceived Quality. Future research can be done to investigate the influence of COO in conjunction with other cues such as price and advertising; consumer characteristics such as consumer nationalism/ethnocentrism and personality traits. The importance of the Brand (Brand Image) brought out by the study provides avenues to further explore the influence of COO Images with other brand related measures such as Brand Equity or Brand Personality in the context of India as an emerging market.