



## ANALYZING THE EFFECT OF COUNTRY OF ORIGIN OVER PERCEIVED QUALITY AND PREFERENCE OF CARS BY THE CONSUMERS OF GUJARAT

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### ABSTRACT

The present research focuses on two important influencing factors pertaining to the buying behavior of consumers in Gujarat towards purchasing of passenger cars. The paper emphasizes on two key factors which are 'Perceived Quality' and 'Country of Origin' (COO as referred in later sections of the paper). The research is an attempt to explore the significance level of the above mentioned factors and analyzing their effects, whatsoever, in the buying decision making over the consumers in Gujarat. The study covers a sample size of 500 consumers across 6 major cities in Gujarat.

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### INTRODUCTION

It has been noted in many earlier studies that a typical Indian consumer has always shown a favorable buying mentality towards multinational product. Researches (some of them have been cited in the references section), have concluded that there lies a classical conditioning in the minds of Indian consumers that multinational products are superior than their domestic counterparts, in terms of quality and performance. Hatchback cars and multi utility vehicles, these two segments of automobile industry have shown stupendous growth in terms of sales figures in recent years. The growth of sales in hatchback and multi utility vehicles in India is approximately 55% in just one year and is growing still higher. Hatchback cars and MUVs have been the most popular automobile segment of Indian consumers and that is why many multinational and domestic organizations keep bringing their new variants of cars in these two segments in India. Various academicians define the concept of perceived quality. Most common referred definition is from Aaker and Joachimsthaler (2009)<sup>23</sup> which defines perceived quality as a special type of association which develops partially because of brand influences and partially because of historical data which might have shown better experiences or bad experiences

Given the above pretext, this paper is an probe in the minds of urban consumers of Gujarat to understand does knowledge about COO plays a vital positive effect over preference of a brand of car.

### MATERIALS AND METHODS

#### Nature of Study

The current study is an exploratory and descriptive research.

#### Sampling Design

- Sampling Method: Non Probability Convenient sampling method was used for data collection
- Proposed Sample Size: 500 urban households of Gujarat will be the sample size.

#### Data Collection Tool

- Structure questionnaire containing 17 questions mainly based on likert scale was used to collect data.

#### Statistical Tools

Two important tools namely, Correlation and Chi-square were used to test hypothesis.

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## RESULTS AND DISCUSSION

**H0** There is no significant relationship between knowledge about COO and perceived quality

**H1** There is a significant relationship between knowledge about COO and perceived quality

To satisfy the above mentioned hypothesis correlation test was used. The foremost objective of the paper was to check whether there exist a correlation between perceived quality of the car and knowledge of COO in the minds of the consumers. The consumers were given 17 well marketed brand of cars in India and were asked to rate them on a quality scale of 5 to 1. (5 being excellent and 1 being poor). On the basis of the ratings given by consumers the following average perceived quality rating table was prepared which consisted the variable X. The Y variable was identified through questionnaire. The respondents were asked to identify the correct COO of the 17 brands earlier identified by the researcher. The number of correct identifications were only taken into consideration. For example, The COO of Maruti Suzuki brand was correctly identified by 465 respondents out of 500. On the basis of above variables following table was formed.

**Table 1. Correlation table of COO and Perceived Quality**

Brand of cars	Perceived quality average	Knowledge on COO
Maruti Suzuki	281	465
TATA	345	500
Force	384	420
M&M	308	500
Premiere	415	150
Mitsubishi	310.4	120
Ford	357	260
Fiat	384	105
Hyundai	305.8	90
Honda	370	400
Renault	346	200
Nissan	311	320
Volkswagon	321	235
Mercedes	447	410
BMW	414	480
Chevrolet	214	200
Toyota	362.8	460

**Table 2. Correlation result**

	Column 1	Column 2
Column 1	1	
Column 2	0.185804	1

On the basis of above data correlation was calculated and following results were derived. As from the above table, it is seen that there exists a weak positive correlation between Knowledge on 'COO' and perceived quality ratings attributed to the brands of cars. Also the correlation test yields that the null hypothesis not rejected as the calculated value is lesser than the tabulated value.

## DISCUSSION

This proves to be a major finding and it rules out the classical conditioning that being multinational, any product has to be of a better quality. The assumption made by the researcher on his initial observation, before initiating this detailed research was that Indian consumers always tend to rate the quality of a given product on the basis of the COO of that product.

However, from this test, it becomes clear that the urban consumers of Gujarat do not pay much attention to the COO of any brand of car and do not make any inferences on their quality just based on the origin country.

**H0** There is no significant relationship between knowledge of COO and preference for brands.

**H1** There is a significant relationship between knowledge of COO and preference for brands

**Table 3. Chi square tabulation**

Brand of cars	Car Owners		Knowledge of COO
	Yes	No	
Maruti Suzuki	114	351	465
TATA	59	441	500
Force	5	395	400
M&M	45	455	500
Premiere	5	145	150
Mitsubishi	6	114	120
Ford	31	229	260
Fiat	20	85	105
Hyundai	55	35	90
Honda	25	375	400
Renault	10	5	15
Nissan	10	310	320
Volkswagon	25	210	235
Mercedes	5	320	325
BMW	10	45	55
Chevrolet	20	160	180
Toyota	55	405	460
	500	4080	4580

Significance Level	5%
Degree of Freedom	16
Chi-cal	492.697
Chi-tab	26.2962

The researcher has applied Chi square association test in the second set of hypothesis for satisfying the objective. The respondents were asked to identify the COO of the 17 brands well marketed in India. On the other hand they were asked whether they use the brand or not. For example, 465 respondents identified the correct COO of Maruti Suzuki then among those 465 respondents there were 114 respondents who already have purchased a Maruti Suzuki brand car. From the above table, it can be concluded that the null hypothesis stands rejected. This means that there is a significant relationship between knowledge on COO and preference towards a particular brand of car.

On detailed discussions with some of the respondents, it was found that most of the MNC brands were preferred because of the notion that multinational manufacturing philosophy produces better quality and better after sales services. On the other hand, the people who preferred domestic brands were of the opinion that domestic brands are quite affordable, in the maintenance cost. It is commonly perceived that brands like Maruti Suzuki are preferred for their low maintenance cost and brands like TATA and M&M are preferred for their sturdiness and strength. However, no respondent who preferred a domestic brand, even mentioned the fact that being Indian, he/she should buy and Indian product. This leads to a very interesting conclusion that as far as passenger cars are concerned, the concept of "Ethnocentrism" does not play a vital role

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