An investigation into the Elite Sri Lankan consumers’ propensity to seek country of origin information when purchasing hedonic and utilitarian products

Abstract

This study aims to explore elite Sri Lankan consumer’s attitudes towards global and local products and their propensity to seek Country of Origin (COO) information when purchasing hedonic and utilitarian products. More specifically, the objectives of the research are to investigate: (1) elite consumer’s attitudes towards global and local products; (2) to what extent these attitudes differ across hedonic and utilitarian products; (3) if elite consumer’s attitudes towards global and local products differ when buying products for specific purchase occasions (for general use, personal use, for a special occasion and when buying a product as a gift for a friend); and (4) whether there is a relationship between elite consumer’s attitudes towards global and local products, and their propensity to seek COO information. The researchers plan to take a positivist stance and distribute 500 self administered questionnaires among wealthy Sri Lankan elites (with a high disposable income and high living standards). The authors believe that the findings will contribute significantly to the existing body of knowledge on COO by providing an insight about COO effects on elites. The elite market segment may represent a profitable niche for marketers to avoid head-to-head competition.

Key words- Consumer attitudes, Global and local products, Country –of- origin, elite consumers – Sri Lanka
Introduction

The literature addressing country of origin (COO) effects on product evaluations indicates that consumer attitudes towards products made in a particular country (either local or global) differ according to the level of economic development, consumer demographics, type of products, purchase occasion, consumer involvement, perceived risk, cultural contexts, consumer level of ethnocentrism, product familiarity, level of animosity and several other internal and external factors (Bhaskaran & Sukumaran, 2007). Literature reviews such as those conducted by Al-Sulati & Baker (1998) Verlgh & Steenkamp (1999), Pharr (2005) and Roth & Dimantopoulos (2009) suggest a great deal of research has explored COO effects and consumer attitudes towards global and local products in western and developed nations. However, research that focuses on developing and or emerging nations remains scarce. An exception is Khan & Bamber (2008) who investigate COO effects on elite consumer’s purchasing decisions in an emerging south Asian market. No studies appear to have focussed on exploring COO effects in Sri Lanka.

With the end of 30 years of ethnic conflict, Sri Lanka provides significant opportunities for potential exporters who are new to the market as well as those that already have a presence. Even though the country is smaller than many developed nations and other emerging markets such as China and India, a significant portion of Sri Lanka’s population have high levels of disposable income and high living standards. These elites represent a lucrative niche for exporters to Sri Lanka. Understanding the elite consumer’s attitudes will be advantageous for marketers seeking to develop segmentation, targeting and positioning strategies to capture a profitable niche in Sri Lanka. It will also help to fill a gap in the academic literature.

The aim of this working paper is to provide an overview of a PhD project that is investigating COO effects on elite consumers in the emerging Sri Lankan market. For the purpose of this paper, elite consumers are defined as consumers who belong to the “high social stratum and living an affluent life style because of their high disposable income and purchasing capacity and willingness to buy comparatively expensive foreign goods and services” (Khan & Bamber, 2008, p2).

Literature review

Country of origin effects refer to the process in which the consumers consciously or subconsciously relate a ‘made in’ or ‘country of origin’ label as a criterion to develop an attitude towards products made in different countries and to evaluate the quality of products (Bloemer et al., 2009). A comprehensive literature review carried out by the paper’s authors covering the period form 1965-2010 indicates that previous research on country of origin have been carried out in variety of contexts focusing on different aspects of COO. For example, past studies on COO have analysed consumer beliefs and intentions towards purchasing foreign products with reference to different contexts which assess overall country image (Reiersen, 1967; Aaker & Maheswaran, 1997), product specific country image (Thakor & Pachetu, 1997; Gürhan-Canli & Maheswaran, 2000); COO effects with reference to products with hybrid origins; (Schweiger et al., 1997; Batra et al., 2000); different types of products made in one country; different products made in different countries; COO effects on products made in countries with different levels of economic development; COO effects on purchasing products for special and different occasions; and consumer evaluation of products
made in home country or a foreign country (Bhaskaran & Sukumaran, 2007 and Roth & Dimantapoulos, 2009).

A literature review and Meta analysis conducted on COO effects conducted by Verlegh & Steenkamp (1999) indicates that early research into COO have been conducted across different consumer segments and samples. For example according to Bhaskaran & Sukumaran (2007) research into COO effects have been conducted using variety of sampling frames such as general consumers (Hooley et al., 1988; Lawrence et al., 1992); different segments of consumers (Wall et al., 1991; Usunier, 1994); professional purchasing managers or buyers in industrial markets (Ahmed & d'Astous, 1995; Quester et al., 2000); sales staff in retail stores (Thorelli et al., 1989; d'Astous & Ahmed, 1999); executives of industry and producer organisations (Beverland & Lindgreen, 2002); and students (Amine & Shin, 2002). However, this study will use elite consumers as the sampling frame.

**Aims and Objectives**

The main aim of the present study is to investigate elite Sri Lankan consumers’ attitudes towards global and local products and their propensity to seek COO information when purchasing hedonic and utilitarian products. More specifically, the objectives of the research are to investigate:

- Elite consumer’s attitudes towards global and local products;
- To what extent these attitudes differ across hedonic and utilitarian products;
- If elite consumer’s attitudes towards global and local products differ when buying products for specific purchase occasions (for general use, personal use, for a special occasion and when buying a product as a gift for a friend; and
- Whether there is a relationship between elite consumer’s attitudes towards global and local products, and their propensity to seek COO information.

**Proposed research methodology**

Adopting a positivist stance, the researchers plan to utilize a quantitative approach. A self administered questionnaire will be distributed to at least 500 elite consumers to investigate elite consumers’ attitude towards global and local products and their propensity to seek COO information. Elite consumers will be selected using a screening questionnaire and stratified random sampling techniques will be used to select respondents for the survey according to their income and profession. Finally, a model and hypothesis will be developed to test elite consumer’s attitudes towards global and local products and their propensity to seek COO information when making a purchase decisions.
Conceptual framework and research hypothesis

In order to fulfil the research objectives in this study, the following hypothesized framework was developed.

**Figure 1- Conceptual Framework**

In relation to the above framework the following hypothesis will be tested:

H1 Elite consumer’s attitudes towards global and local products differ according to the product category (hedonic or utilitarian products)

H2 Elite consumer’s attitudes towards global and local products differ according to the purchase occasions

H3 There is a significant relationship between elite consumer’s attitudes towards global and local products and their propensity to seek COO information

Potential data analysis techniques

The survey data will be analysed using statistical software package, SPSS. One way Anova will be used to investigate whether there is any difference between consumer attitudes and (a) product classes and (b) purchase occasions. Structural equation modelling (SEM) techniques will be used to test the hypothetical model.

Conclusion

It is expected that the findings of this study will make a significant contribution to the existing body of literature. They will provide insights into COO effects and elite consumer’s attitudes towards global and local products from an emerging market that has not been previously explored. Furthermore, from a managerial point of view, the findings of the present study will provide a basis for strategic marketers to determine elite consumer’s attitude towards global
and local products and their propensity to seek COO information. This will enable them to develop segmentation targeting and positioning strategies effectively and efficiently in a way that may deliver them a sustainable competitive advantage.

References


