Research Article

The Impact of Country of Origin on Brand Equity:
The Case of Jaffna Customers in Purchasing Toothpaste in Sri Lankan Market

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Abstract: The toothpaste market is a highly competitive platform where various competitors are trying their best to grab the market share. Therefore Brand Equity is something every marketer in the Toothpaste market is trying to enhance. Brand Equity can be affected by many aspects in the industry, in this research it has been measured how the Country of Origin impacts on the Brand Equity. A variety of literature was gathered in order to identify the specific sub components of Brand Equity. As this is a pioneering study on this subject the conceptual framework employed has been specially developed for the purpose of this study, and has been devised based on several empirical studies. The primary data was gathered using a well-structured questionnaire. The sample comprised of 150 respondents from the Jaffna customers. The data analysis was carried out using SPSS 20. The findings concluded that there is a positive association between Country of Origin and Brand Equity of Toothpaste purchasing In Sri Lankan Market. Apart from that it was found out that there was no influence of the Gender for the Country of Origin effects on toothpaste brands. Nevertheless, there was an influence on the Brand Equity by the Gender of the toothpaste users.

Background of the Study

Sri Lanka is a country which has unique values and norms which are significantly different from the other parts of the world. Most of the local people have a huge amount of patriotism towards the country from the past. With the introduction of the Open Economic System there were many foreign brands which took the upper hand in the Sri Lankan market, overshadowing local brands. Most of the foreign products were better in almost every aspects comparing to local products. With the financial strength and economies of scale of the multinational companies they have the advantage in the market. But still there are set of customers who are willing to buy the local products. Therefore there is a potential in the market for any product despite of their Country of Origin. Nagashima (1970) defined the image that consumers with a given country-of-origin as, The picture, the reputation, the stereotype that businessmen and consumers attach to products of a specific country. This image is created by variables such as representative products, national characteristics, economic and political background, history, and traditions." When we consider the brand equity researchers have looked in to brand equity in four dimensions. Namely, Brand awareness, Perceived quality, Brand associations, Brand loyalty.

Research Problems

Most of past researches have focused on impact of country of origin on the consumer buying behavior without considering a specific product category (ahmed and d'Astous, 2003, Catt inet al., 1982). And also those researches are not directly supporting to get a clear understanding about the impact of Country of Origin on the Brand Equity perception of the Sri

Lankan customers since those are conducted based on the foreign countries (Bilkey and Nes, 1982). Further, none of these researches have not focused on the category of Jaffna Customers who have a unique set of characteristics and living in a sub culture outside of the common society. The research problem of the study is to check the impact of the Country of Origin on the Brand Equity. This research was focusing on the product category of toothpaste and focuses on the Jaffna customers. Through this the companies can get an idea of how to plan their marketing campaigns for products with different country of origins and what kind to things they have to focus in their marketing strategies. Research problems are How Country of Origin impacts on the Brand Equity?

Research Question

Is there any significant impact of Country of Origin on Brand Equity?

Objective of the study

To Identify the impact of Country of Origin element impact on Brand Equity

Significance of the study

Jaffna Customers are a set of customers who has unique characteristics compared to the other communities all island. With the effects of the sub-culture they have gain different characteristics. There are very few research has conducted on this Customer community in Sri Lanka. With this research it was focused how the marketers can deal with these unique community. This study will help marketers to make successful strategies for this market segment. When we look in to the researches that have been conducted about country of origin

most of them have focused on the customers on a generic view. They haven't focused on a specific product category. So with this study it was focusing on the Toothpaste category which will help the marketers in this category with their strategies and apart from these things this research was focusing on all four aspects on consumer brand equity. Namely, Brand awareness, Perceived quality, Brand associations, Brand loyalty. So this study will help marketers to have the proper understanding how the country of origin can be impact on all these elements of brand equity in toothpaste category.

Hypotheses

- **H₁:** There is a positive relationship between Country of origin and brand equity

- **H₂:** There is a positive impact of Country of origin on brand equity.

Research Methodology

Population of the study

A population consists of the aggregate of all elements sharing some common set of characteristics that comprise the universe for the purpose of the marketing research problems (Malhothra, 2007) Convenience sampling method has been adopted to select respondents.

Sample size

Sample size refers to the number of elements to be included in the study (Malhothra, 2007). Once the target population of the study is defined, it is required to decide the sample size for the study. There are 150 customers were survey to collect data to identify the impact of country of origin on the brand equity: the case of Jaffna customers in purchasing toothpaste in Sri Lankan market

Data collection procedure

Primary data collected using structured questionnaire. Questionnaires will be distributed by the researcher individually. Each completed questionnaire will be check immediately, and was entered for data analysis.

Data analysis

Various statistical methods have been customers to compare the data collected from 150 respondents. These methods include (1) descriptive statistics which involves in collecting, summarizing and presenting data, this analysis is given information for the data through the frequency distribution, central tendency, and the dispersion. (2) Inferential statistics which involves in drawing conclusions about a population based only on sample data. It includes Regression analysis and Correlation analysis.

Data Presentation and Analysis

Reliability & Validity

Reliability Statistics

Variables	Cronbach's Alpha	N of Items
Country of Origin	.725	5
Brand Awareness	.853	5
Perceived Quality	.795	4
Brand Associations	.863	6
Brand Loyalty	.821	4

According to Nunnally (1978) the alpha of a scale should be greater than 0.70 for the items to be used together as a scale. This alpha for the total scale is also computed on the assumption that the item under examination is deleted. Nunnally (1978) gives the common guideline for the alpha standard of reliability: a) early stage of research alpha=0.5-0.6 b) basic research alpha, alpha= 0.7- 0.8, and c) applied settings, alpha= 0.8-0.9.The reliability of the questionnaire was tested using Cronbach's Alpha (a) measurements.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.706
Bartlett's Test of Sphericity	Approx. Chi-Square	177.718
	df	10
	Sig.	.000

Validity test is use to accurately assess the construct for this research study. Based on the Table 4.8, The Kaiser-Meyer-Olkin measure of sampling adequacy was 0.706. This indicates sufficient inter-correlations while the Bartlett's Test of Sphericity was significant (Chi-square = 177.718, p<0.01). Both results indicating that the constructs are validity.

Correlations Analysis

		Country of Origin	Brand Equity
Country of Origin	Pearson Correlation	1	.526**
	Sig. (2-tailed)		.000
	N	150	150
Brand Equity	Pearson Correlation		1
	Sig. (2-tailed)		
	N		150

**. Correlation is significant at the 0.01 level (2-tailed).

According to the correlation analysis, there is a significant relationship between country of origin and brand equity. Above Table indicates that country of origin and brand equity. Significantly correlated at 0.01 levels.

Regression Anaysis
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.526ᵃ	.277	.272	.32714

a. Predictors: (Constant), CO

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.067	1	6.067	56.690	.000[b]
	Residual	15.839	148	.107		
	Total	21.906	149			

a. Dependent Variable: BE

b. Predictors: (Constant), CO

There is a significant the impact of country of origin on the brand equity: the case of jaffna customers in purchasing toothpaste in sri lankan market. H_2 is accepted because significance p value is less than 0.01. As per the regression results in the coefficient table, it has been noted that fitted model revealed the significant impact of country of origin on the brand equity. The Adjusted R_2 Values among brand equity are 27.2% which is significant at 0.01 levels. So H_2 accepted.

According to the analysis, (Adjusted R^2=0. 526) of the variation has been found which is in the significant level. It means that, The impact of country of origin on the brand equity: the case of jaffna customers in purchasing toothpaste in Sri lankan market. Further, country of origin among the brand equity is also influenced by assurance (standardized coefficients B is 0. 526 at sign)

Hypotheses Summary

Hypotheses	Analysis	Result
There is a significant relationship between country of origin and brand equity.	correlation analysis	Accepted
There is a significant the impact of country of origin on the brand equity	Regression analysis	Accepted

Findings of the research.

The research analysis performed to describe the nature of the respondents in the sample led the researcher to find key factors with respect to demographic characteristics and preferred brand choice. Majority of the respondents prefer Clogard which reflect the true nature of Sri Lankan toothpaste market where 28.67% of the market covered by Clogard. In that the best-selling toothpaste brand – Clogard has been the most preferred toothpaste brand even among sample respondents. This proves the representativeness of the sample to a certain extent. According to the sample analysis, it describes that most of the toothpaste consumers prefer foreign toothpaste brands while the have a less preference for local toothpaste which is 42.67% of the total sample.

According to the brands that has been selected, there are three brands that has foreign origin. Namely, Signal, Closeup and Sensodyne. According to the sample data those three brands

have a preference of 27.33%, 17.33% and 12.67%. But when we consider the preference of the origin of the respondents 57.33% of them prefer foreign brands. Therefore we can see that some of them are perceive these brands with actual foreign origin as local brands

Recommendations

As there is a lower preference among the buyer for Toothpaste brands which are originated in Sri Lanka, the marketers of local toothpaste products should emphasize the local origin to the customers in their marketing campaigns And also as there is a different impacts on brand equity by male and female toothpaste consumers, it would be ideal for the marketers to address these two types in different approaches. When we consider the impact of country of origin on the brand equity the association between these two is weak. Therefore marketers should mainly focus on other factors which affects to the brand equity while they keeping an eye on the country of origin effects. When it comes to the brand equity dimensions, Brand Loyalty and Perceived quality has a much better association with country of origin when compared with other dimensions. Therefore when marketers want to improve their brands' Brand Loyalty or Perceived Quality they should focus on the country of origin effects of the brand.

Suggestions for future researches

The study could be extended to island wide rather than limiting it to Jaffna customers or a single part of the country. Current research represents impact of country of origin on brand equity of the Sri Lankan Toothpaste market and It could be applicable for other industries and products and there are much more products which originates from several countries which can be tested the country of origin effects. As a descriptive research, this research limits the findings to statistically proven outcomes. However, a qualitative research performed under the same research area would lead to more in depth findings and outcomes.

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