

## Country-of-Origin (COO) Effect on Pakistani Consumers' Evaluation of French Cosmetic Products

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### ABSTRACT

Outside Pakistan, very meager information in the form of research is there to determine the attitudes of Pakistani consumers towards local and internationally manufactured cosmetics products. This study principally investigates the empirical influence of country-of-origin (COO) factor on Pakistani consumers' evaluation of French cosmetics products. The roots of the study originate from past research, which clearly indicate that rather influencing consumer purchase intentions COO more successfully effects consumers' product evaluations. The antecedents of COO are also investigated to comprehend their significance. Generally speaking, consumers of less developed countries such as Pakistan have a more favorable image regarding the products of the more developed countries. This fact inspires the undertaken research thereby making use of country of origin as the main independent variable of study. The respondents were University undergrad and grad students and faculty members from Sahiwal, Pakistan. 140 respondents were surveyed through self-administered questionnaires. The outcomes of the questionnaire were measured through descriptive analysis, correlation and one-way ANOVA to exactly determine the validity of country of origin information of products and the CETSCALE in shaping a positive product evaluation towards French cosmetics. The results of the study indicate that Pakistani consumers are not highly ethnocentric, have no animosity towards France and French cosmetics. COM (country-of-manufacture), a sub construct of COO was found to have statistically positive relationship with consumer product evaluation process, whereas price an extrinsic factor had no significant relation with consumer's product evaluation process. An interesting revelation of this study was that consumers with high level of product knowledge relied more on COO related cues in their product evaluation as compared to consumers with low level of knowledge. This finding is in contradiction of earlier such conducted studies where it was found that consumers with lower knowledge level relied more on COO related cues in their product evaluation. The results of this study are helpful to domestic manufacturers of cosmetics in Pakistan, to introduce those attributes in their product which consumers expects from them and rely upon in their product evaluation process. On parallel lines, it shall give a thorough insight to the foreign manufacturer of cosmetic products in redefining their marketing and other functional strategies to more aggressively and successfully penetrate the Pakistani market.

**KEYWORDS:** Country-of-origin (COO), cosmetic products, Country-of-Manufacture (COM), Pakistani consumers, France, product evaluation.

*JEL Classification: M3*

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### 1. INTRODUCTION

Globalization has spurred the competition between local and international brands manifold. For this very reason, it has become essential for international organizations to understand the way local consumers evaluate their products as foreign goods. The "Made in" label is carried by all imported products available extensively in Pakistan. According to (Brodowsky, Tan, & Meilich, 2004) consumers' product evaluation process can be effected by the "made in" label phenomenon, since it is observed as an intangible cue. The above explanation is the definition of terminology country-of-origin (COO) effect as highlighted in marketing and global business studies.

In contemporary times, the COO phenomenon has become complicated because of emerging markets and the global business practices. Today it is highly possible that a product is designed in one country, manufactured and assembled in some other country. The parts and raw materials may be acquired from some other place in the world.

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The increasing trend of choosing developing countries to manufacture products in order to reduce production costs has become quite evident in today's modern business practices (Hamzaoui & Merunka, 2006).

Pakistan is gradually emerging as a very attractive market in the global business scenario. Generally speaking, the image of Pakistan as a market that offers tremendous opportunities to the foreign investors and businessmen is hampered by two huge emerging markets of India and China. Despite this obvious competition from the booming emerging markets, Pakistan still happens to be a hub of numerous opportunities for the international marketers. Pakistan has grown enormously in terms of becoming the fastest growing economy with a growth rate as high as 700 percent from year 1950 till 1992. Despite the present economic meltdown owing to the turbulent domestic political conditions and the severe shortage of electricity in the country, international marketers even then consider the middle-class consumers of Pakistan as a potentially attractive target market with a good purchasing power. This is the foremost reason why Pakistan's cosmetic industry has been specifically chosen to be studied in this research work.

A thorough overview of the Cosmetics Industry of Pakistan reveals that it has grown extensively over the years. For centuries, natural and herbal materials such as sekakai (for hair wash), henna, reitha, rose water, aloe vera, sandalwood, olive oil, mustard oil, kajal have been widely used and still in vogue. With the passage of time, these essential herbal and natural elements were transformed into the modified form we call today the "beauty/ body products". Women all over Pakistan relentlessly use these cosmetics while keeping purity and safety at top priority, especially if they are manufactured by the reliable producers of cosmetics located in home country or globally. At present, cosmetics are one of the top notch categories when it comes to successful business options. Across the globe, the product lines that come into cosmetics are cosmetics and toilet goods including shampoos, conditioners, face creams, hair massage creams, deodorants, tooth pastes, nail polishes, lipsticks, lip lines, eye shadows, foundation and a huge range of accompanied products and sub-products (Memon, 2000).

The top ten foreign cosmetic brands available in Pakistan are products from The Body Shop, Clinique, M.A.C., Luscious Cosmetics, Diana of London, Etude, Medora, Maybelline, Avon and DMGM. Cosmetics' brands originating from France, especially city of Paris are highly appreciated for their superior quality and strong brand names worldwide. Paris is considered a city of romance and beauty, therefore the latest fashion of the world; be it designer clothes, bags, accessories like perfumes, toiletries evolve there first. In Pakistan too, French cosmetics of all kinds including perfumes, deodorants, shampoos, make-up accessories, skin-care products, anti-age creams, hair dyes are endorsed by the elite, above middle and in some cases the lower-middle social classes too. That is the basic reason of choosing French cosmetics to evaluate Pakistani consumers' product evaluation processes while choosing them for final purchase. In the Pakistani context, this is going to be the first research of its kind, whereby country-of-origin and its antecedents are studied to find their influence on consumer product evaluation regarding French cosmetic products and brands.

Therefore it can be affirmed, that the aim of this research is to investigate the COO influence on Pakistani consumers' evaluation of French cosmetic products. To achieve the specific purpose, a thorough review of literature available on COO escorted to the formulation of following research questions such as, the extent to which the Pakistani consumers' level of ethnocentrism influence the preference of domestic brands of cosmetic products over foreign brands? Does there happen to exist any animosity towards France by the Pakistani customers? How significant is COO factor in Pakistani consumers' evaluation of cosmetic products compared with intrinsic product cues such as price and taste? And finally is there any remote possibility that consumers' level of involvement towards cosmetic products moderate the COO effect? These questions are intricate and require a systematic research methodology to answer them in an accurate yet precise manner. The research undertaken at present fulfills all requirements and would lead to the solution of the above queries.

The findings of this research would prove invaluable to manufacturers and marketers of cosmetic products in Pakistan as well as across the globe. Since the cosmetics products are constantly evolving and there is a continuous proliferation and extension product lines of products such as facial and body creams, shower gels, deodorants, perfumes, scrubs, moisturizers, hand wash, face wash, lipsticks, lip pencils, lip liner, foundation, shampoos, soaps etc., there is a need to understand the underlying factors influencing the purchase decisions of consumers regarding these products. Moreover the increasing competition of local versus the international manufacturers has made the study of this nature even more essential. The study provides an insight and a vision towards developing appropriate marketing strategies to the existing and upcoming marketers of cosmetics in Pakistan and international manufacturers exporting their products in the country.

## 2. LITERATURE REVIEW

Literature upon national stereotypes and perceptions regarding nations goes back to 1930s (Roth, 2009). Robert Scholler in 1965 conducted the first seminal studies on the importance of country of origin which can be

used as a basis of making purchase decisions. The sample was based on consumers of Gautemalan market and significant differences were found to exist in the product evaluation by consumers. From there in, COO has become one of the most discussed and extensively researched topics in the international business background (Pereira, 2005; Suh, 2008). Approximately 700 COO studies have been published by the year 2005 (Roth M. S., 1992).

A number of studies reveal consumers use certain extrinsic and intrinsic cues in order to make buying decisions. The intrinsic cues include packaging, functional benefit and taste of product, whereas price, brand name and COO are part of extrinsic cues. The consumers while evaluating products and developing attitudes towards them use country of origin information as an information cue in the similar way they utilize other information cues of brand name, price, company name etc. (Papadopoulos, 2003). Broadly speaking, perceived product quality is evaluation of a product’s overall level of excellence in terms of its performance and other extrinsic benefits by the consumer (Zeithaml, 1988). Despite the fact that COO effects product’s evaluations, past studies suggest that COO does not directly influence purchase intentions, and is rather moderated by numerous other factors (Chrysochoidis, 2007; Peterson, 1995; Rahman, 2000).

Schooler in 1965, did not clearly explain the meaning of COO effect in his research study, since it was considered an understandable concept at that time. But times are changing fast now. In times of stiff global competition, organizations by large focus onto cutting down their production and other operating expenses, by designing a product in one country, whereas manufacturing it in some other country (Hamzaoui, 2006). The rapid emergence of bi-national products and brands suggests that COO does not remain a single concept anymore according to some researchers (Chowdhury, 2009). Due to this phenomenon, the COO concept has become more complex. The COO construct can be decomposed into several dimensions such as country of manufacture (COM), country of design (COD), country of assembly (COA), country of parts(COP) and country of brand (COB) (Chao, 2005; Chowdhury, 2009; Hamzaoui, 2006; Insch, 2004; Quester, 2000). For instance, an automobile may be branded in Japan (COB), designed in Taiwan (COD), assembled in China (COA). These are essentially the sub-constructs of country-of-origin concept. Consumers may differ in weights they assign to different dimensions of COO effect such as COD, COM, COP, COA, COB etc. (Chao, 2005).

Sr #	Country-of-origin construct	Defintion of concept
1	Country of Design (COD)	“It is the country where product idea was conceived and engineered” (Insch, 2004)
2	Country of Assembly (COA)	“ It is the country where majority of product’s final assembly took place” (Insch, 2004)
3	Country of Parts (COP)	“ It is the country where most of the materials utilized in product come from or the component parts are manufactured” (Insch, 2004)
4	Country of Manufacture (COM)	“The country where product is manufactured” (Hamzaoui, 2006)
5	Country of Brand (COB)	“ The country where the brand originated” (Bae, 1999)

Overall product quality evaluation could be impacted by other perceived quality biases such as past unsatisfactory purchase experience which may develop a negative attitude of a consumer towards a particular country, where the product is designed, assembled, etc. Insch (2004) found that a product’s overall perceived quality (OPPQ) is impacted by perceived manufacturing quality (PMQ), perceived design quality (PDQ) and some other perceived quality biases (OPQB). Past studies suggest that the effects of COO may differ with distinct product categories, as in case of cars the country of design image is more influential than television (Hamzaoui, 2006).

Bandyopadhyay and Anwar (1998) in their study of comparing consumer perceptions of Pakistani business students of 04 premier universities regarding the electrical and electronic product manufactured in Pakistan, South Korea, China, Germany, USA and Japan found that the respondents rated Japanese products best in terms of quality as compared to other manufacturer countries. German and American products were rated second, followed by South Korean and Chinese products third in their perception regarding quality of electronic and electric products.

In their study of 312 most affluent belonging to high socioeconomic class Pakistani student consumers, aged between 17-44 years, Bamber and Khan (2007) found that the respondents can be stratified into two segments, those for whom COO information does not matter and those who are conscious to COO information when purchase decisions are involved. The segments was further sub divided into young affluent group of Bachelor of Business Administration for whom the COO info is more important than the second group of relatively older consumers of Masters in Business Administration for whom COO info doesn’t matter much, since they preferred their purchasing decisions more onto their past experiences to evaluate the product’s quality.

In a study conducted by Zain and Yasin (1997) on a sample of 583 urban Tashkent, Uzbekistan households, it was found that they value COO as a very important information cue while evaluating products during purchase decisions, especially in case of expensive and new products having a high risk of malfunction. Contrary to this,

Lascu and Babb (1995) found that COO information was considered less significant while purchasing products that are not very costly but are accepted by family and friends.

The verification of COO effect influence onto perceived quality of consumers during product evaluation led to the find the antecedents of COO images. According to (Pharr, 2005), generally the exogenous and endogenous sources are focused by researchers to understand and explain COO evaluations' antecedents. The endogenous antecedents of COO are traits *within* consumers, e.g. values dimensions and psychographic factors. Parallel to this, the exogenous antecedents include traits *outside* of consumers, such as country's structural facets (country's level of education, economic development etc.). Past studies highlighted country image, country stereotypes, consumers' ethnocentrism, country-specific animosity and demographics as the most significant endogenous antecedents of COO. Literature on endogenous antecedents as compared to exogenous is far more plentiful. In this particular study, consumer ethnocentrism and country-specific animosity would be taken as variables to fit in the research model.

Shimp and Sharma (1987) hold views that ethnocentrism is a psychological tendency of an individual to believe that products manufactured locally are superior as compared to products of foreign origin, and preference to locally manufactured products is an act of patriotism and vice versa in case of preferring foreign products. Consumers weaker in their ethnocentric tendencies assess products on some other parameters than COO while making purchase decisions. The reason why both COO and consumer ethnocentrism (CE) is studied together is because of their strong relationship together.

Consumer Ethnocentrism as defined by Sumner (1906), Booth (1979) and Worchel and Cooper (1979) is the view held by an individual whereby one's own group is the centre of universe, while interpreting other social units with reference to one's own group, and to boast one's superiority while rejecting persons culturally different and accepting the ones culturally similar, as cited in his work by Allan *et al.* (2006). The highly ethnocentric consumers consider it immoral to buy foreign products.

The CETSCALE developed by Shimp and Sharma (1987) is a 17-item scale essentially developed to measure the ethnocentric tendencies of Americans. Later on it was replicated but modified accordingly to country nature and requirements by Japan, Germany, France, Korea and China by Netemeyer, Durvasula, and Lichtenstein (1991), Sharma, Shimp and Shin (1995) and Klein, Ettenson and Morris (1998). This particular study will also use the same scale but modified according to the Pakistani consumers.

In a study held in Malaysia, on a sample of 180 respondents, it was found that COO in relation to CE played a significant role towards shaping the purchase preferences of consumers while buying motorcycles Neoh *et al.* (2007). Empirical results revealed that 72 percent respondents preferred Japanese motorcycles as compared to Malaysian motorcycles. In another similar study conducted in New Zealand by Watson and Wright (2000), it was observed that consumers of New Zealand found their culture similar to USA and UK preferred products from the countries of these origins while rejecting products from culturally dissimilar countries of Singapore and Italy. Therefore another side of CE is exposed contemplating the fact when consumers make purchase decisions based on culturally similar countries versus culturally dissimilar countries.

In a nutshell it can be said that it is therefore essential to study the consumer ethnocentric tendencies in a country, as it has very obvious implications for marketers. The foreign manufacturers planning to launch products in the host country and domestic marketers looking forward to export their products to other foreign countries would have to face tough competition in the form of a tricky challenge if the level of consumer ethnocentrism is high in the particular country.

Ghazali *et al.* (2008) discovered that Malaysian consumers attach the COO info along with the quality of product while making purchase decisions involving any types of products, but the average Malaysian consumer generally doesn't consider COO as a significant factor in purchase decision-making, rather the product's perceived quality, price and level of technological advancement far higher on priority list. The study also revealed that respondents consider Japanese tops having the highest product quality as compared to Malaysia being sixth and China eight on ranking list of ten countries. Kaynak and Cavusgil (1983) found that consumers value their knowledge of country's reputation in evaluating the quality of its products as cited by Zain and Yasin (1997).

Throughout the globe, tensions exist among several nations. These tensions may induce via diplomatic disagreements, religious conflict and controversies, territory disputes or economic arguments. Such disputes or disagreements led to cold relations among countries and may result in wars in extreme situations. In recent research, the potential impact of such two-pronged disparities onto consumer behavior has become the focal point of many researchers (Klein, 1998; Klein J. G., 2002; Jung, 2004; Nijssen, 2004).

Animosity is defined as "remnants of antipathy related to previous or ongoing military, political or economic events" which could influence the consumer's preference to purchase imported products from other countries (Klein J. G., 1998). Amine and Chao (2005) argued regarding several dimensions of animosity, e.g. "economic animosity" and "war animosity". The attitudes of Chinese consumers towards Japan because of the events of World War II and

historical unjust trade practices is a perfect example in this context quoted by (Klein J. G., 1998). It was clearly revealed that in China, consumers were against buying Japanese products due to war animosity. Comparable to this is the effect of economic animosity, which hampers and interrupts the flow of trade among two nations (Baughn, 1993). On a more specific note, animosity can be divided into four distinct types: situational, national, personal and stable. Animosity originating from historical relationships of country is situational. The situational animosity may stem due to latest political or economic issues and personal experiences if gone negative may cause it too. This may give rise to national animosity, if the attitude of foreign country with home country is not favorable.

Other factors such as demographic variables, competitive market forces, regional geographical differences, cross-cultural conflicts may give rise to animosity (Amine, 2008). Whatever the reason of cause of animosity, it negatively affects consumers' attitudes towards purchasing of products from that particular country (Klein J. G., 1998).

A few researchers are of the view that animosity is related with ethnocentrism, and may increase the feelings of animosity in highly ethnocentric consumers (Nijssen, 2004; Amine L. S., 2005). In short Nijssen and Douglas (2004) declared country-specific animosity to affect consumers' product evaluation and ultimately their purchase intention to buy the specific product.

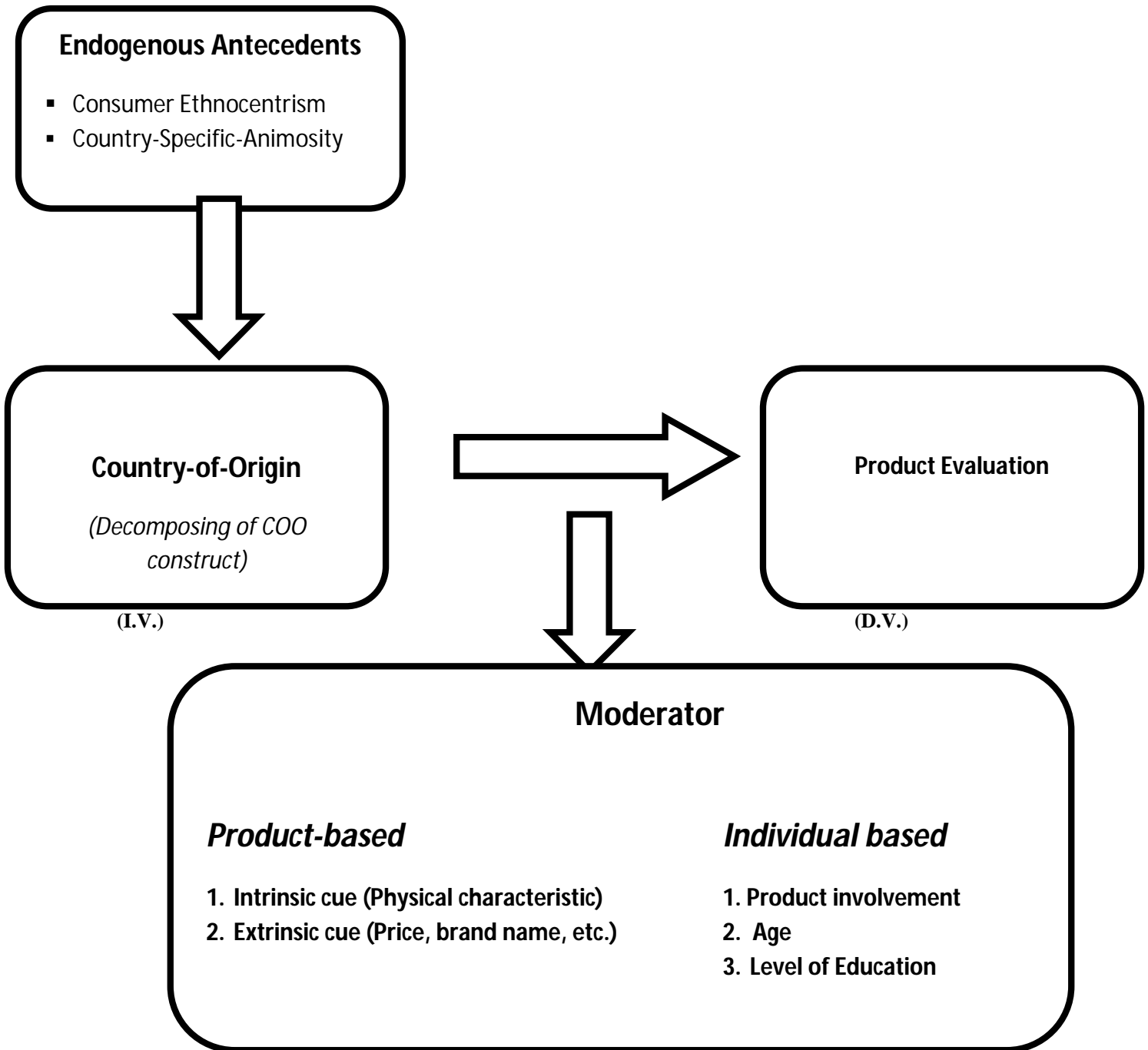
Pharr (2005) studied the moderators of COO affect on product evaluation into two categories: product-based and individual-based. Product-based can be further subdivided into two broad categories: extrinsic and intrinsic cues (Chao, 2005; Inch & McBride, 1998). The product's intrinsic cues relate to its physical traits such as quality, flavor, performance, durability and color. Contrast to it, the extrinsic cues refer to a product's non-physical traits such as brand, price, country label (COO, COD, COA, COP, COM, and COB) (Inch G. S., 1998; Srinivasan, 2004; Wall, 1991). As far as the influence of intrinsic cues are concerned, they are difficult for consumers to use while evaluating a product before actually experiencing the product, e.g. quality, flavor etc. (Srinivasan, 2004). In other words it can be summed up that generally consumers utilize the extrinsic cues to evaluate the product's quality prior to purchase. (Inch G. S., 1998).

This study specifically undertakes the product involvement of a consumer. In the scenario of individual-based moderators, consumer's level of involvement is probably one of the most researched constructs in the field of consumer behavior (Bearden, 1999). Apart from consumer behavior, the level of involvement of a consumer also effects the purchasing process of consumer (Henderson, 2010) along with marketing communications strategy (Laczniak, 1999). The involvement level of consumer has been distinguished into three specific types: purchasing, product and advertising involvement by (Prendergast, 2010). Product involvement is the concern and contribution of consumers towards specific product. Involvement as defined by (Traylor, 1981) is the level of recognition and understanding of a specific product by the consumer. Consumers become more inclined to the influence of extrinsic cues in situations whereby their level of knowledge pertinent to a specific product category is low (Veale, 2009). There are number of studies in evidence of product involvement's moderating role on COO (Aboulnasr, 2007; Henderson, 2010; Prendergast, 2010).

From the above thorough discussion, it can be said that the COO construct has been decomposed into several sub-constructs, and still there is a lot to be studied and researched from the COO effect perspective. But the comprehensive literature has aroused an important question regarding the importance of COO effect. Is COO cue still a variable of high importance in today's consumers' product evaluation? This is the type of question being raised by a number of researchers in present times (Pharr, 2005). Latest findings within ethnographic surroundings suggest a different perspective whereby consumers are not well aware of product's origin and as a consequence the COO effect is becoming slightly outdated when it comes to an important cue in consumers' product evaluation process (Shimp and Sharma, 2005). More extensive research is required to find the effects of COO antecedents. Also a more holistic research is mandatory since a lot of moderator factors can moderate the impact of country-of-origin effect (Pharr, 2005).

Keeping this in mind, this research study was undertaken with the conviction that this research shall eliminate the gap existing in the past studies as identified through this literature.

### 3. THEORETICAL FRAMEWORK



#### a. Hypothesis of Study

The hypotheses of the study are based on research findings of (Luo, 2011). This research was conducted by the author in New Zealand, while comparing milk power evaluations of customers among New Zealand and China. Following are the hypothesis of study based onto findings of past literature and identified existing research gap:

**H1:** Less ethnocentric consumers are more likely to purchase cosmetic products from foreign than domestic countries.

**H2:** There is no animosity towards France by Pakistani consumers.

**H3:** The intrinsic product cues of quality and taste are of greater importance in the consumers' evaluation of cosmetic products than the extrinsic product cues of COO and rice.

**H4:** Consumer having low level of product knowledge and involvement rely more on COO cues for product evaluation.

Based onto the above hypotheses the study is conducted empirically to test the relationships of the variables mentioned above.

#### 4. RESEARCH METHODOLOGY

The approach of study taken is the quantitative approach as used by (Nordin, 2009). The approach is seen as having objective observations, precise measurements, statistical analysis and verifiable truths. The hypotheses that were constructed in heading 5.1 will be tested by carefully analyzing the data using statistics.

A combination of both primary and secondary data collection methods have been used for this study. The primary data for this study is obtained from the data collected through the questionnaire distributed. The secondary data is collected from past literature reviews and relevant articles

The logical reasoning behind using survey research method is that I am going to obtain information from large samples of the population. In this particular research, it is used to quantitatively describe specific aspects of a given population. These aspects specifically involve examining the relationships among variables. Survey research does not require a lot of investment and can be administered through minimal charges. Moreover surveys can also elicit information about attitudes that are otherwise difficult to measure using observational techniques (McIntyre, 1999).

The questionnaire to be circulated consisted of 34 questions. The survey instrument is based on valid rating scale known as CETSCALE (Shimp, 1987), and other scales as discussed in operationalization of variables.

Reliability is done to confirm the internal consistency of all measured items in the questionnaire. In other words, it is to see whether the items that make up a scale are all measuring the same underlying construct. To check whether or not the items are measuring the same underlying construct, by referring at the Cronbach's alpha coefficient scale, the commonly accepted alpha is 0.7 and above. It means high alpha is good. The reason of using Cronbach's alpha test is because it is easier to use in comparison to other estimates (e.g. test- retest reliability estimates) as it only requires one test administration. The consumer ethnocentrism construct had a Cronbach's alpha value of 0.724, country-specific animosity 0.689, country-wise product evaluation 0.879, and 0.565 for product's level of involvement. As all reliability values are accepted values, therefore the instrument is reliable.

The instrument is valid since it is adapted from (Luo, 2011). All items have been checked previously by other renowned researchers such as (Shimp, 1987), (Brodowsky, Tan, & Meilich, 2004).

The population is South Punjab region of Pakistan. In South Punjab, specifically Sahiwal area is targeted. The sample being selected would be inhabitants of Sahiwal city, especially the University students and faculty. Non-probability sampling is used in this study, meaning that the elements in the population have no probability attached to their being selected as sample subjects. The type of probability sampling that was chosen to collect the sample is convenience sampling because the response can be obtained quickly and efficiently. It involves collecting information from members of the population who are conveniently available to provide it (Luo, 2011). For this study, Roscoe (1975) suggested rules of thumb to be followed for determining the sample size. One of them is when sample size is larger than 30 and smaller than 500. Therefore a total of 140 respondents are to be administered questionnaires for the purpose of data collection in Sahiwal. Data was collected in one month time period.

The data analysis has been purely done in SPSS software. The techniques used are descriptive analysis, correlation and one-sample ANOVA testing.

##### a. Descriptive Statistics

##### i. Profile of Respondents

A total of 134 consumers were surveyed. The sample was taken from Pakistan population residing in Sahiwal region. The sample taken consisted of University students of undergrad and grad level and the faculty teaching there. The table given below represents a socio-demographic profile of respondents' sample undertaken in the study:

		age of respondent	education level of respondent	average household income
N	Valid	134	134	134
	Missing	38	38	38
Mean		1.1940	3.0896	6.3806
Std. Error of Mean		.07222	.04792	.20995
Std. Deviation		.83601	.55472	2.43037

The above table of descriptive values clearly indicates mean values of age, household income and education level of respondents. It can be visibly seen that mean value of age indicates that majority of respondents lie in age group of 20-30, since they are university undergrad and grad level students or in other words 74% people lie in this age group. The mean of education level points the fact that most of the students are of Bachelors' background. The percentages indicate that 61.6% of respondents' level of education is Bachelors, whereas 9.9% are of Masters Level. On parallel lines, the household income mean of 6.38 indicated that majority of respondents' household income is between Rs. 35,000- 40,000 per month. In terms of percentages, 22.1% of respondents' monthly household income lies in the Rs. 50,000 and above range, whereas 13.4% are having income between Rs. 45,000 to 50,000 ranges.

## **ii. Purchase of cosmetic products**

Respondents were inquired about how often they purchased cosmetic products and brands for themselves and household. It was found that percentage of consumers who bought cosmetic products for themselves every few months is 57%, every month 47% and once a year 16%. Therefore it can be said that the level of involvement of consumer towards purchase of cosmetics is significantly high after every few months.

Similarly percentage of respondents purchasing cosmetic products for household every month is 51%, every month 40% and once a year 24%. Therefore it can be said that the level of involvement of consumer towards purchase of cosmetics for household is significantly high on monthly basis.

## **ii. Evaluation of product characteristics of cosmetic products**

The respondents were asked to evaluate the cosmetic products on the basis of extrinsic and intrinsic product attributes. This question used the likert scale 1= most important characteristic, 2= 2<sup>nd</sup> most important characteristic and 3 = 3<sup>rd</sup> most important characteristic. According to statistics, almost 59% people believed quality as most important, followed by 48% ranking it on 2<sup>nd</sup> no. 10.5% ranked brand on 2<sup>nd</sup> priority, 72.7% took COM as most important attribute for evaluation, 62.8% ranking COB as no.1 factor in product evaluation, 38.5% termed packaging on a scale of 1<sup>st</sup> priority, followed by ease of use and taste on 14.5% and 12.2% respondents.

## **iii. Knowledge about cosmetic products**

When respondents were asked question regarding knowledge on cosmetic brands and products, 29.7% said they knew little, whereas 48.3% said they knew very little about cosmetic products in general and on specific grounds.

## **iv. Comparison of cosmetic products from different countries**

There were 12 statements in questionnaire, whereby respondents' were asked to give their opinion regarding 05 countries evaluated on the basis of certain extrinsic and intrinsic product attributes. In terms of quality USA was given highest ratings, followed by France and then Pakistan. This can be explained by taking evidence from past studies, where (Wang, 2004) said, consumers' perception of foreign products is superior to their perception of domestic products in developing countries.

USA got the highest ratings followed by France and then Pakistan in terms of reliability. It means Chinese and Indian products are not evaluated much in terms of reliability, product performance, prestige etc. The trend of Pakistanis is more towards purchasing reliable foreign products of developed countries.

In a nutshell, similar trend of response is observed in all questions' responses. Pakistani consumers view USA and French cosmetics products on top priority. They rank local cosmetics on no.3 as compared to India and China. So, it can be said that consumers of developing nations perceive products from developed countries to be superior compared to products originating from local and developing and under-developing nations.

Only in the category of product appearance, there is a slight different result. USA got the highest ratings, followed by France and China. It can be said that in terms of appearance, Pakistani consumers rate Chinese cosmetics higher than Pakistan.

## **v. Pakistani consumers' ethnocentrism (CE)**

The results clearly exhibit that the respondents are mildly ethnocentric, with very few disagreeing from ethnocentric statements. Some of the respondents neither agree nor disagree with the ethnocentric statements too, but in general trend shows that consumers agree but not strongly enough to the consumer ethnocentric statements.

## **vi. Animosity towards France**

The mean of all consumer animosity statements lay between 2 and 3. This clearly indicates that Pakistani consumers have animosity towards France and French products. But the intensity of this animosity would have been higher if the mean of all statements lie between 1 and 2. This statistical result is consistent with the above response



of consumers regarding consumer ethnocentrism statements, where consumers showed reasonable animosity in their attitude towards France and its products.

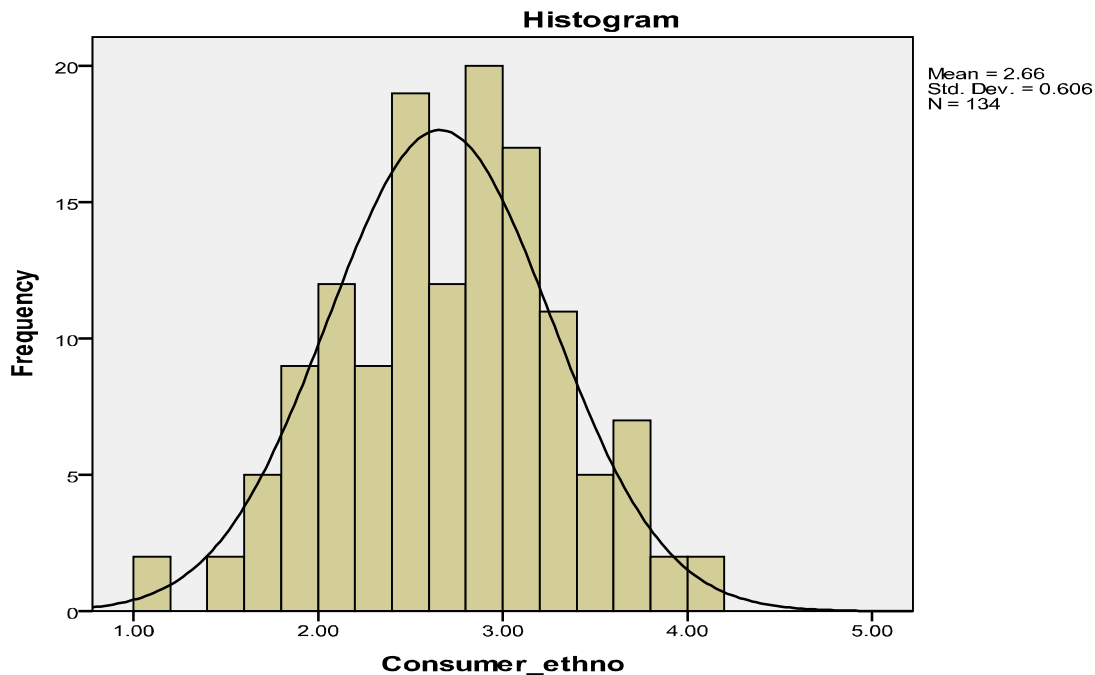
## 5. RESULTS AND DISCUSSION

This section of research paper discusses the findings which have been presented in the last section relative to earlier country-of-origin studies. The main highlights of the section include the degree to which Pakistani consumers are affected by antecedents of COO such as consumer animosity and ethnocentrism. Besides this, the significant impact of extrinsic (COO, price, brand) and intrinsic product cues (quality, packaging, taste, ease of use) onto the consumers' product evaluation is also measured. The effect of product involvement and knowledge upon Pakistani consumers' evaluation is also undertaken in this research study.

### 5.1 Impact of COO antecedents

#### 5.1.1 Consumer Ethnocentrism

Past literature advocates consumer ethnocentrism as an important antecedent of COO. On parallel lines, factors like country-specific animosity also have significant influence upon COO. Findings of this particular suggest that consumers are ethnocentric up to some extent in Pakistan with mean ratings of 2.662 which is (2=agree, 3=uncertain). Therefore lower the mean score, higher the consumers would be on ethnocentrism in Pakistan. The mean ratings along with histogram having normal curve distribution are provided in the diagram given below.



In response to preferring domestic products over foreign ones, findings indicate that Pakistani consumer prefer USA brands at top priority with a mean of 1.8060, French cosmetic products on second with mean of 2.1567, followed by Pakistan on 3<sup>rd</sup> spot with a mean of 2.3060. This indicates that consumers have more inclination towards foreign cosmetic products as compared to domestic.

In order to measure the effect of ethnocentrism upon rating of Pakistani cosmetic products, Pearson correlation statistic was calculated. The results suggested that more ethnocentric consumers preferred purchasing Pakistani cosmetic products when left with a choice of two unknown brands, the Pearson Correlation 'r' being 0.212 and having a positive value indicating a strong relationship among the two factors being tested for correlation. Also the p-value is 0.014 which is less than 0.05, which statistically significant correlation between your two variables. According to (Wang, 2004) consumers from developing countries evaluate foreign products to be more superior as compare to local. The results in the above case contradict past studies.

5.1.2 Correlation between consumer ethnocentrism and purchasing of domestic cosmetics					
		Consumer ethno	Pak prefer	Pak likely purchase	02 unknown brands
Consumer ethno	Pearson Correlation	1	.152	.143	.212*
	Sig. (2-tailed)		.079	.099	.014
	N	134	134	134	134
Pak prefer	Pearson Correlation	.152	1	.466**	.414**
	Sig. (2-tailed)	.079		.000	.000
	N	134	134	134	134
Pak likely purchase	Pearson Correlation	.143	.466**	1	.636**
	Sig. (2-tailed)	.099	.000		.000
	N	134	134	134	134
02 unknown brands	Pearson Correlation	.212*	.414**	.636**	1
	Sig. (2-tailed)	.014	.000	.000	
	N	134	134	134	134
*. Correlation is significant at the 0.05 level (2-tailed).					
**. Correlation is significant at the 0.01 level (2-tailed).					

### 5.1.3 Country-Specific consumer animosity towards France

(Klein J. G., 1998) Suggested that in case when consumers have certain animosity towards any country, consumers' willingness to purchase products from that country is negatively hampered. The mean of all consumer animosity statements lay between 2 and 3. This clearly indicates that Pakistani consumers have animosity towards France and French products. But the intensity of this animosity would have been higher if the mean of all statements lie between 1 and 2. This statistical result is consistent with the above response of consumers regarding consumer ethnocentrism statements, where consumers showed reasonable animosity in their attitude towards France and its products. Thus, it can be summed up that Pakistani consumers do exhibit animosity mildly towards purchasing French cosmetic products.

### 5.1.4 Product-based moderators

#### a. Extrinsic product cues

The mean ratings from the findings suggest COM as the most important extrinsic product cue in the evaluation by consumers, brand name being 2<sup>nd</sup> on consumers' priority list of product evaluation cue having a mean of 1.9851. Price is a variable given least priority by consumers in their process of product evaluation with a mean rating of 2.4851. As far as country-wise evaluation of cosmetic products based on extrinsic product cues are concerned, respondent's cosmetic products from USA and France are most expensive. Whereas Chinese products followed by Pakistani and Indian are perceived to be the most reasonably priced. In terms of attractive product feature, USA is ranked 1<sup>st</sup>, France 2<sup>nd</sup>, India 3<sup>rd</sup>, Pakistan 4<sup>th</sup> and China 5<sup>th</sup>. Besides this, American and French products are perceived to be highest on dimension of value for money, followed by Pakistan, China and India respectively.

#### b. Intrinsic product cues

As far as influence of intrinsic cues upon product evaluation is concerned, quality was on the top priority of consumers, followed by ease of use, taste and packaging of cosmetic products. The extrinsic product cues of COM and COB are of greater importance in their cosmetic product evaluation than intrinsic cues of quality, taste, ease of use and packaging.

### 5.1.5 Individual-Based moderators

#### a. Correlation Table of Product knowledge, COM and COB

Findings after data analysis indicate that respondents purchasing cosmetic products for themselves every few months are 57%, whereas 51% of respondents buy cosmetic products for household every month. In spite of such high frequency of purchase of cosmetics for themselves and household the knowledge of consumers regarding cosmetics is quite low. When inquired regarding knowledge on cosmetic brands and products, 29.7% said they knew little, whereas 48.3% said they knew very little about cosmetic products specifically.

Past literature indicates that when consumers have low level of knowledge regarding products, they rely more upon COO cue in their product evaluation (Lee, 2005). The results of this particular research reveal that respondents had low level of knowledge and relied heavily on COO and brand cues for product evaluation.

The study undertaken took "involvement in cosmetic products" from two perspectives: knowledge of consumer regarding cosmetics and purchase frequency of cosmetic products. To determine whether the product knowledge

level of consumer relating to cosmetic products moderates the effect of COO, knowledge of cosmetic products was correlated with COM and COB cues. On the other hand, to test whether purchase frequency of cosmetics moderates COO effect; frequency of purchase of cosmetics was compared with COM and COB cues using ANOVA table. The results indicate a very strong correlation of level of product knowledge with COM ( $r= 0.210$ ,  $p= 0.015$ ,  $N= 134$ ), COB ( $r=0.385$ ,  $p=0.000$ ,  $N=134$ ). There is significant correlation between level of product knowledge and COM and COB cues of product. The Pearson correlation in both cases is greater than 1, showing strong relation of two variables and p-value less than 0.05 showing significant relation among the variables tested for correlation.

Correlation between knowledge level, COM and COB				
		see yourself as knowledgeable about cosmetics	COM yourself	COB yourself
see yourself as knowledgeable about cosmetics	Pearson Correlation	1	.210*	.385**
	Sig. (2-tailed)		.015	.000
	N	134	134	134
COM yourself	Pearson Correlation	.210*	1	.547**
	Sig. (2-tailed)	.015		.000
	N	134	134	134
COB yourself	Pearson Correlation	.385**	.547**	1
	Sig. (2-tailed)	.000	.000	
	N	134	134	134

**ANOVA testing relationship among frequency of purchase and COM and COB**

		Sum of Squares	df	Mean Square	F	Sig.
COM yourself	Between Groups	.126	3	.042	.628	.598
	Within Groups	8.236	123	.067		
	Total	8.362	126			
COB yourself	Between Groups	.358	3	.119	.769	.514
	Within Groups	19.106	123	.155		
	Total	19.465	126			

Generally speaking, consumers with low level of knowledge and involvement rely more on COO and brand cues for product evaluation (Veale, 2009). But in this study relation between product involvement and COO is reverse. It was found statistically that the F-statistic has a value of 0.628 and 0.769, whereas corresponding p-values are 0.598 and 0.514 which are greater than 0.05. Thus it can be said that higher the level of product involvement, more the consumer would be inclined towards using COO and brand cues in their product evaluation.

**6. CONCLUSION**

It can be firmly said without any doubt that in the areas of Marketing and Global Business Management, research has been extensively conducted on COO for almost half of century now (Insch G. & McBride, 2004; Schooler, 1965;). In the past, researches revealed that COO cannot directly influence purchase intentions of consumer, rather act as an extrinsic cue whereby affecting the product quality evaluations of consumers (Pecotich, 2007; (Peterson, 1995).

The purpose of this research was to determine COO effect on Pakistani consumers’ evaluation of cosmetic products. Apart from this, the study also inspected the nature of construct of COO, its antecedents and some moderator variables which could effect COO impact onto product evaluation of consumers. In order to achieve the objective of the research, a survey was conducted in Sahiwal region of Punjab, Pakistan. The summary of results and conclusions regarding original hypothesis is provided below.

**HI:** *More ethnocentric consumers are more likely to purchase cosmetic products from domestic than foreign countries.*

The respondents of the study were mildly ethnocentric and preferred purchasing local products over foreign. But in comparison with other countries on some other product and non-product related attributes; Pakistani consumers evaluate cosmetic products from USA and France to be more reliable, better value for money, good in appearance and better in quality as compared to Pakistani cosmetics. However, respondents with high level of ethnocentrism would surely prefer local cosmetic products over foreign ones. Therefore it can be deduced that

Pakistani consumers are not highly ethnocentric and if given the choice of cosmetic products originating from developed countries, would prefer them on local cosmetics.

**H2: There is no animosity towards France by Pakistani consumers**

Pakistani consumers have no animosity in whatsoever context towards France and French cosmetic products. They have a positive perception regarding French cosmetic products as indicated in findings and results, and therefore are inclined to buy French cosmetics by evaluating it on the basis of other product and individual cues.

**H3: The extrinsic product cues (price, COM and COB, brand name) are of greater importance in the consumers' evaluation of cosmetic products than the intrinsic product cues (taste, quality, ease of use, packaging).**

Pakistani consumers have a high conscious level in terms of quality and brand name. They consider COO and brand name as the most important product cue in evaluation of product. As far as sub-construct of COO is concerned, COM was given more importance by Pakistani consumers during their product evaluation process.

As far as price is concerned, respondents gave price the least importance in their product evaluation. They were willing to pay high prices to purchase high quality cosmetic products from any country. In terms of price, cosmetic products from USA and France are the most expensive. Whereas Chinese products followed by Pakistani and Indian are perceived to be the most reasonably priced. Pakistani consumers also have become value conscious, therefore in terms of value of money derived from a particular country products, they rank USA, France, Pakistan, China and India respectively.

**H4: Consumer having low level of product knowledge and involvement rely more on COO cues for product evaluation**

In the study conducted, level of involvement was measured and analyzed on the basis of frequency of purchase of products and the level of knowledge of products. Respondents purchased cosmetics every few months on a regular basis for themselves and every month for the households. Interestingly, majority of the respondents were not much knowledgeable about cosmetic products. In the past according to (Lee, 2005) Consumer rely greater on COO cues when their level of product knowledge is low. This study contradicts this phenomenon by revealing the fact that consumers with higher levels of involvement rely greater on COO (COB and COM) cues for product evaluation.

## 7. Limitations of Study

The study undertaken presently focuses on Pakistani consumers' evaluation of French cosmetic products. In future it would be interesting yet challenging to conduct and apply this study on a more diverse category of products and brands. Consumer level of involvement could be measured by utilizing more modern techniques of 20 item Persona Involvement Inventory (PII) (Zaichkowsky, 1985).

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