Country-Of-Origin Effect and Consumers’ Buying Behavior - A Comparative Analysis

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Abstract
The study of consumer behavior is becoming increasingly important as businesses grow and compete with each other to occupy larger share of consumer’s mind. The study is based on the tri-component model of attitudes propounded by Fishbein and Aizen in 1975. However, none of the comparative research is evident about attitudes of Indian and Saudi consumers. Since the two countries have cultural similarities as well as dissimilarities like Saudi Arab is completely populated with Muslims whereas, in India, a Hindu dominated country 18% of the people comprise of Muslims. Moreover, India is the second largest market in the world and is inclined and open to the foreign investment, while as Saudi Arab has a potential to make their own investments but Saudi consumers are much inclined by the western brands. Thus this community took our attention to conduct this piece of research on consumer attitudes of both the countries. The product/service launch is preceded by the target market analysis in which their attitudes are thoroughly studied. The business decisions are no more taken based on hunches or even the pattern of past Purchases doesn’t suffice anymore. Our research revealed that the future attitude is being studied by the organizations which have made it scientific and the important aspect of consumer behavior is Country-Of-Origin effect which influences the consumer’s buying behavior.

1. Introduction
Be that in theory or in business practices, the attitude of consumers is of immense significance. (Gaski and Etzel, 1986). Given the impact it has on the consumer behavior, awareness of attitudes towards marketing as a whole has been applied in many economic forecasts and their connection with the key macroeconomic variables found out. As consumer attitudes significantly affect their behavioral responses to marketing activities, knowledge of consumers’ attitudes toward marketing has been used in economic forecast and found to be linked to several key macroeconomic variables (Chopin and Darrat, 2000). With this knowledge, marketing plans of organizations can be engineered. Moreover, this can also be capitalized on by the authorities to come up with more efficient regulatory authorities who can safeguard the public (i.e. consumers in this context) interest.

In the works on global advertising, “Country-of-origin effect” is the impact- positive or negative- caused by the information of origin of the product, in terms of its superiority or inferiority and the decision of buying or not buying. About four decades ago, it was Schooler (in 1965 to be precise) who propounded this idea and we have a rich literature today, of examples proving the same to be real.

2. Review of Literature
Not getting into the specifics yet, by and large, most of the conclusions of Country-Of-Origin-works hitherto insinuate that the promotional activities of the products/services from the first world countries (what we now refer to as the ‘developed nations’) conspicuously hold much brighter chances of attracting positive attitude and the subsequent purchases. At the same time, the third world countries (what we now refer to as the ‘developing nations’) face negative attitudes towards their products (Dinnie, 2004). Interestingly, the bulk of research in this area has happened in the First-world countries while the consumers who are in the other parts of the globe having not been studied much Hamin (2006).

Paradoxically, the political, social and economic stands of the western/American countries towards the Arabs and Indians play an incongruous role in depicting the extent to which the Indians and Arabs assimilate western made products, ideas and lifestyles in their daily life (Elliott, 2003). Currently, the Arabs observe the American and European Union products as one of the cultural assimilation tools that the westerners use to tame them into their culture. Others believe that the western countries target Islamic and other religious practices in the countries under discussion. Since the September 11th attacks and the culminating conquering of Iraq, the Arab states have ensured that advertising and marketing brands and products from western/American states are adequately filtered before being accepted within the society (Dinnie, 2004). It is an indication that Arab consumers have developed certain attitudes towards most of the American and European Union synthesized products. This can be substantiated by the fact that, on 3rd September 2005, a Danish newspaper published an article, insulting Muslim faith along with a dozen of cartoons hence depicting the Islamic prophet as unflattering. Muslims in Arabian states were incensed and, in January 2006, the Arabian clerics called for Danish goods boycott. As a result, the company lost the market because most consumers and retailers pulled themselves out of the company’s products; hence a revelation that they had developed certain negative attitudes towards the western products (De Mooij, 2004).

Many researchers have conducted several studies about the Arab and Indian consumer’s perceptions towards western brands. The Arabian states differ politically from Americans and western nations in their perceptions about terrorism and Iraq invasion (Gurhan-Canli and Maheswaran, 2002). The studies aimed to reveal whether the political differences influence consumers’
attitudes to the brands, and if so, what can be done to improve the situation. However, the aim of this study will be to analyze the Arab and Indian consumer attitudes towards the western products. The eventual outcome will seal the gap existing in marketing strategies, whereby the Indians are perceived to be close allies of the western states and hence great western products consumers. On the other hand, the Arabs are depicted to deviate from western countries’ products after Iraq and Afghanistan invasion.

Consequentially, due to the swift globalization all over, consumer sentiments need to be quantified since it’s of highly needed (Chan, Yau and Chan, 1990). Inter alia many goals, the significant goal are the connection between the economic prosperity of the nation and attitudes of its citizenry towards the marketing as a whole. Many suggest and quite axiomatically so, the consumers in the less industrialized countries are not exposed to the marketing campaigns as much as their western counterparts are (Ho, 2001). Many research works have ratified this idea. Wee and Chan (1989) studied buyers in Hong Kong and their attitudes towards the promotional activities. Their attitudes towards advertising were quantified. The conclusion depicted a positive attitude of Hong Kongians towards the marketing while a similar research in the US-in which American attitude towards marketing was analyzed—was negative comparatively (Gaski and Etzel, 1986). Now, this could have only two explanations as per Wee and Chan: One case could be that the firms have lost the public confidence in them via a Vis their marketing or the companies were actually doing much better at marketing in Hong Kong. In one Oceanic research, Chan, Yau and Chan (1990) concluded that the buyers from Australia were also skeptical of the marketing techniques of the companies while again people from Hong Kong had a healthier attitude, in comparison.

In a similar but very interesting research in India done by Varadarajan and Thirunarayana (1990), when consumer attitude towards marketing was studied, the results were almost similar to the aforementioned American and Australian studies. Indian consumers were found to be very skeptical towards various marketing activities in their country. They wanted more control of the authorities so that marketing and other business operations are strenuously regulated. In order to further consolidate his findings, Varadarajan and Thirunarayana (1990) tallied this Indian research with another study done by Barksdale et al., (1982) in which 6 countries were studied: The United States, The United Kingdom, Canada, Australia, Norway and Israel. The results of this comparative study boiled down to the conclusion that buyers from the ‘crusading’ level nations were more disappointed with incumbent business modus operandi and sought strictness on behalf of the regulatory authorities. With the result, the said authors arrived at the conclusion that notwithstanding diversity in the way marketing transpires across the continents, despondency of consumers towards it is a global challenge. In fact, it’s more inclined towards the industrializing nations (by Alrimawi).

More importantly, albeit attitude towards brands and industry has been thoroughly researched but the impact of overall belief of consumers on marketing as a whole has not garnered much attention. As discussed above, consumers can either have good or bad attitude towards marketing and as shown by many studies that this affects their beliefs towards particular promotional messages. Social effects were something people were wary of as far as advertising is concerned, although the necessity of advertising was perceived to be essential by them (Andrews, 1989). Hitherto, minuscule research has been done about this phenomenon. It can be inferred that given the fact that people in developing economies are not aware of the advanced promotional campaigns, it needs to be further investigated whether their marketing as a process trickles down to their attitude towards marketing as a whole. It also needs to be found out as to how this attitude-good or bad- is related with their role as a consumer (Bossuyt, Kenhav and Debok, 2016).

Elucidations of the country-of-origin effect normally centers on the two psychological processes-consumer ethnocentrism (Sharma, Shimp, and Shin, 1995) and animosity (Riefler and Diamantopoulos, 2007). The idea of ethnocentrism depicts that a person has nationalistic feelings to an extent that he has a predisposition towards the products originating from his country. On the contrary, an idea of animosity is the reverse wherein an arch-rival country’s products are rejected merely on the basis of the feeling of belligerence with it (Murphy and Dwek, 2016). Here, hatred determines rejection, not product/service quality. This leads us to the conclusion that if the country-of-origin is spelled out, it can have favorable as-well as unfavorable impact on consumers and that would be decided by the fact whether ethnocentrism or animosity comes into play(Duarte, Feng, Hubacek, Sánchez-Chóîiz, Sarasa, and Sun, L, 2016).

Not much has been done on comparative basis with respect to varying attitudes towards certain Country-of-Origin impact. Among few works done till now, in this regard, in the Arab region, Keenan and Al-Kadi (2004) concluded that enmity of the United States in specific and West in general among the Egyptians is what has led to unfavorable findings about American promotional messages. In a different Egyptian study, conducted by Keenan and Pokrywczynski (2009), the findings confirm such a conclusion.

3. Research Aims & Objectives

Consumption of the western brands and products, as well as attitudes developed towards them both in India and Arab states, not only manifests acceptance of the aforementioned products but also reveals some extent of accepting the culture of those countries producing them. Most of the products consumed by a given society not only pertain to basic needs, but they also reflect the symbolic values towards the origin. Once the consumers reveal that the products have symbolic value, for instance, cultural assimilation, there are high chances of them not being accepted, in the first place. Moreover, they would not be advertised to Arab consumers through the western-style marketing communication messages. The aim of the study will be to analyze, through comparison, the Arab and Indian consumer attitudes towards western brand and products (Meng et al., 2007). Marketers and policy makers of the western synthesized products and brands need to understand the Arab and Indian consumers’ attitudes from different perspectives based on cultural, political and economic vulnerability existing between the Westerners and Arabs; hence, the study will objectively unveil the future potential of the western brands in the East.
4. Methods

4.1 Sampling

Fishbein & Ajzen (1975) accept that where there is plethora of techniques to quantify attitudes, which have been in the past and are still being utilized. The primary ones are Guttman Scalogram Analysis-This method provides a score of attitude taking into account the person's beliefs or intentions and their associated evaluations. The technique of quantifying attitudes, accepted and used by Guttman, is has many questions arranged on a scale (Doob, 1947)

Thurstone's Equal-Appearing Interval Scale-This technique collects many beliefs about the object, towards which attitude is to be measured. In his paper, Thurstone (1928) explains this scale has opinion statements visible on the base line. Then the instances of statements on the continuum are selected. Likert's Method of Summated Ratings- This involves presenting a five-point scale to the respondents who have to indicate their proclivity towards the statements ranging from Strongly Agree to agree to not sure to Disagree to Strongly Disagree. Osgood's Semantic Differential Technique: Even here a respondent is required to rate the given object on a scale so that attitude could be studied. (Fishbein and Ajzen, 1975) said “All measures relate the attitude concept to a person's beliefs or intentions and their associated evaluations.” It's quite evident now that all these techniques are meant to achieve same objective and thereby any of these or may be many of these can be used collectively. However, Fishbein and Ajzen (1975) also point out that there is a variation is the results when different techniques are employed and understandably so. To discuss these complications is out of the scope of this study but it’s suggested that since these would be about five decades old, they need to be contemporized. At the same time, this discrepancy of results presents a challenge to the real world researchers who advise companies about their policies based on the research. They are totally invested to find out as to what can be done to come up with methods which will be as near to reality out there as possible. Unipolarity and bipolarity is what these aforementioned scales are. "Thus a scale ranging from favorable to unfavorable is a bipolar or bidirectional scale, whereas scales ranging from not at all favorable to favorable are unipolar or unidirectional." (Fishbein and Ajzen, 1975). Further, it’s now understood that attitudes can be had towards anything and everything-be that a person, product, policy, or any circumstance. This is the reason why so much vigor has been shown by the researchers of late and their findings have instant takers out there in the market, in the form of companies, whose success lies in customer delight.

A subgroup of the elements of markets under this study was Arab and Indian consumers. First targets were spelled out and they were specified in a way that it was clear as to who were to be selected as a sample or who were not to be. This means those who were to be sampled were specified in a way that they were congruent with required time and extent. Purposive sampling technique was used to take the appropriate sample. Thus a total 768 respondents were selected as our sample, 384 from each country, which included two cities in India and two in Saudi Arabia. The instrumentation techniques used for data collection was a structured non-disguised questionnaire which was personally administered to cull the data (Shah, Bhat and Rufai, 2014).

5. Data Analysis

5.1 Qualitative Analysis of Saudi Arabia

To conduct a research in Saudi Arabia is altogether different from doing so in rest of the world. This is because the country is peculiar in many ways, most of which pose as hurdles in the way of having a sneak peek into their lives, minds, work, culture, habits, interests, households, shopping and eating patterns, saving and spending patterns, thereby making their behavior and attitude as consumers less conspicuous to a researcher. At the same time, to circumvent these impediments and to explore different routes to get to them, albeit may take more time but it’s bliss to extract data from such an impervious market, and contribute considerably to the body of knowledge.

The biggest challenge was to access the female market, because there is an absolute segregation of genders in the Kingdom. In most places, like the Universities, there’s a different campus for women and there is no entry of males inside the buildings and offices. Therefore, this market segment could not have been abandoned, because women constitute 43.5% of Saudi population and doing so would have negatively impacted the scope of this research. So, in such cases, the higher-ups in the University/College administration were requested to send the surveys to the female campus through their coordinators and collect them back. It is pertinent to note that to convince them for such a favor was not easy. The other method used was to persuade the male respondents to take Surveys home and return it the next day after having their women at home do it. Please note that the average Saudi household is 6.4 persons. This was comparatively a simpler way but had less rewards too, while the Company/College administration’s help would get more surveys done at once. In fact, this is the primary reason Interviews or focus group have not been included as these methods would not have been feasible (Makhdoomi, Shah, and Bhat, 2017).

Saudi Arabia is also busy spending in Yemen, Syria and elsewhere to combat its regional adversary- Iran. It is also one of the most magnanimous governments when it comes to spending on its own people - be it healthcare, unemployment, education and scholarships. Nonetheless, it continues to reserve billions because of the petroleum industry. Even if the 3 million extra barrels/day that the United States now pumps out, it is still a tiny fraction of the 90m the world consumes, America’s shale is a genuine rival to Saudi Arabia as the world’s marginal producer. That should reduce the volatility not just of the oil price but also of the world economy. To sum it all up, if Saudi money finishes before its competitors go broke, Saudis will have to start borrowing money the way every other country does or else they are up for a near monopoly yet again. It is believed, they are sure to come out of it victorious.

Incontroversibly, as is mentioned in the literature review, the Western politics and Islamophobia does take a toll on the sales of their companies in the Gulf. There is a segment of population which chooses products carefully to avoid western brands and those who still buy them would have bought it even more freely had the perceptions about West not been unfavorable. In case,
Islamophobia is not kept under check and if the global Muslim community unites to refuse to buy western brands, the western economy would be in shambles. It’s only in the scenario, when the perceptions are favorably changed and brands are aptly designed, that Arab market can be the most lucrative one in the world.

5.2 Qualitative Analysis of India

The Indian market is in many ways antithetical to the Arab Market via a Vis attitude, behavior, culture, saving and spending patterns, shopping and eating patterns and much more. To collect data in India required altogether a different approach than the one used in doing so, in Arabia. Basic Arabic was to be learnt in Saudi in order to make conversation with respondents less arduous, since a good number of people even in offices at low ranks, understand only Arabic. This is the reason the Survey questionnaire was translated into Arabic too. On the contrary, English is understood by good number of Indians, especially the youth and those who were not very comfortable with it, were talked to, in Urdu/Hindi. It must be noted that in one Southern city of Bangalore, some targeted respondents understood only the local language-the Kannada, and they were let go of (Dholakiya and Chattopadhyay, 2017).

The major hurdle which was encountered in Saudi i.e. to access the women market was not the case in India. The women constitute 48.1% of the Indian population and since there is no gender segregation in offices and entry to the Indian households is not highly restricted, the data collection process was quite smooth. Interestingly, the segment which was a bit hard to get to was that of the elites irrespective of gender. The top management, bureaucrats or even Doctors wouldn’t give an appointment easily because either they considered somebody’s PhD research too trivial for them to invest their time in or they would consider it another intrusion of somebody who might try to sell them something. This impediment was overcome by being very open about our purpose of meeting in an email or phone conversation and being importunate. At times, one member of family was requested to get more surveys filled by rest of his family. Average Indian household strength is 5.3 persons, which is 1.1 persons less when compared with their Saudi counterparts. The Interviews and Focus group methodology could also have been possible, but since such methods were not plausible in Saudi scenario, it was not apt to do it here too, for the sake of maintaining the comparability since the topic is the comparative analysis of these two countries (Makhdoomi, Bhat, and Shah, 2017).

Indians are nearly 1/5th of the global population and 2nd to only China in being the most populous country in the world. Its population density is 441 Inhab/km² which makes it one of the most complicated markets to survey. Moreover, India forms only half of this research project, which makes it all the more necessary to narrow down the target population while keeping their representative character of the country as intact as possible. More so, since the objective is to find out the consumer attitude towards the Western brands, it was more germane to select metro cities, which is what was done. In comparison to the Riyadh and Dammam, New Delhi being a capital city and a counterpart of Riyadh and Bangalore being a fashion hub were selected in India. Delhi has a recorded population of little above 160 million and Bangalore has near about 9 million. This population is much more than that of the selected Saudi cities, which is understandable because the two countries hugely vary in their overall populations. Another reason for selecting these two cities is that be it Delhi or Bangalore, both the cities are heavy consumers of western brands and are truly cosmopolitan in character. These cities are the microcosms of young India who are perceived to be inclined towards the west. So in this context, the two best cities to be studied were the ones selected here, at least as far as I-as the architect of this research- am concerned.

Saudi Arabia is an entirely oil-based economy. As much as that may sound temporary, given that they will run out of oil one day, it has elevated a barren desert to the level of one of the world’s richest countries. The Saudi government has maintained their grip on the oil market because that’s all they have. Of late, the US Shale companies have made an entry into the sector but Saudi seems to be dealing with it, quite aggressively. Global political chessboard apart, the major underlying factor affecting it is the global economics. Within economics, only the finance and oil industries have proved to be critical enough to tip the world into recession. The sub-prime mortgage crisis in the US in 2008 proved that by causing the economic meltdown the world over. And the oil game currently being played out by the Sheikhs in the Gulf, the OPEC (organization of Petroleum Exporting Countries) led by the Saudis against its competitors-the Russians and the emerging threat of US Shale companies-is getting murky (Makhdoomi, Bhat and Shah, 2017).

Due to the twin factors of decreased energy consumption and entry of US shale in industry, the oil prices drastically fell from around $130/barrel in 2012 to $29/barrel. Albeit, it saves money of the consumers- equivalent to a 2% pay hike as per some estimates-which gets spent on other commodities, making the GDP of the oil-importing countries healthier. However, the oil-exporters-the OPEC-are badly hit. Amongst them, Saudi Arabia whose 90% export earnings and 90% budget revenue is oil-based, some say, faces an existential threat. The country has been the undisputed king in the petroleum production. When a barrel hit $80, the OPEC met in Vienna to discuss the further course of action. It could easily decrease the oil production which would increase and then stabilize the price. However, Saudi Arabia declined to do so and let the price go for a free fall by continuing its production at the same pace. We may wonder why? The Saudis have amassed a whopping $747 billion in foreign exchange reserves, over the period of time. So they can sit back and enjoy the price fall even up to the year 2020. That’s what they have opted to do. The Saudi objective is to rely on their reserves which its competitors lack; produce the oil abundantly enough to lower the price even further, so that it doesn’t remain profitable business for its competition and thus can be exterminated out of the market and reclaim its kingdom in the oil industry.
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<td>1.79</td>
<td>0.90</td>
<td>1.00</td>
<td>2.00</td>
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</table>
5.3 Mann Whitney U Test

As far as our experience is concerned, most of the Saudis are highly impressed by the Western brands. They may regard the Western society morally inferior to them but they have no ambiguity to conclude that the quality and style of Western products and services is unmatchable. As explained above, their purchasing power allows them to go for the product they like - in most of the cases - so all the companies need to do is to create an impression of the product being a high-end western brand. Such attitude is further consolidated by the fact that most of the population spend more and save less. They are habituated to luxury, be it cars, home furniture, apparel or international travel. This is why luxury items galore the Gulf in general and Saudi in specific. They are choosy and price-conscious when it comes to the low-end products but when it's about expensive Western products/services, they consider it a shame to bargain.

This test is a nonparametric and was therefore used to compare the samples obtained from India and Saudi Arabia because the samples were similar in equal in sizes. It is suggested that this test may be used for ordinal data. However, if there is a tie the value may be treated same as obtained from chi-square analysis.

Since the U test is done on ordinal data and it compares medians instead of means, therefore the value of U is the no. of times. The no. of observations in one sample comes before the observations in the other sample in the ranking. The U-test compare the ranking.

The results of Mann Whitney U test for the scores of respondents in India and Saudi groups shows a significant difference, because the Z value came as negative in all the cases except for awareness. The average U value of the first variable 'Consumer Awareness and Perceptions' were 68323.71, for the second variable ‘Consumer Use of Western Brands’ was 65035.83 and Consumer’s Buying Behavior’ was 68432.23. The average ranks of both the countries are different in all the cases which indicate that there are many factors which affect the buying behavior of the consumers in both the countries.

The Arabian states differ politically from Americans and western nations in their perceptions about due to their cultural and topographical differences. The studies aimed to reveal whether the political differences influence consumer’s attitudes to the brands, and if so, what can be done to improve the situation. The eventual outcome will seal the gap existing in marketing strategies, whereby the Indians are perceived to be close allies of the western states and hence great western products consumers. On the other hand, the Arabs are depicted to deviate from western countries products after Iraq and Afghanistan invasion.

7. Rationale/Significance of the Study

International public opinion polls conducted since 9/11 and particularly by Pew Center for the People and the Press Global Attitudes Project have revealed a spontaneous rise in anti-American sentiments among the Arab and Indian Muslim populations (Pew Research Center for the People and the Press 2004). Given that Western nations have sternly backed America in various wars against the Arab nations, their companies have lost a huge share of the Middle East market. The consumers are perceived to have attached ‘anti-Americanism’ to western products and hence refused to consume them. However, the Indians are close American allies given people there have nothing against America, thus look upon it as a prototype to emulate. The study will significantly help the policy makers, marketers and American/western business executives in understanding whether the Arab and Indian consumer attitudes have an impact on their sales and products. Secondly, the research will help understand whether the American/western states’ political stances against Arab nations influence the consumer attitudes to their products, as well as find respective levers in restoring the markets (Shankarmahesh, 2004).

8. Suggestions for Further Research

Whilst this study was underway, many interesting threads of knowledge sprouted out which had the potential to lead to innovative and unique findings, provided these threads were followed. As is the case with every research, one has to be focused on the objectives, research questions and hypotheses of the research in hand.

9. Limitations

This work studied only four cities of Saudi Arabia and India. Saudi Arabia alone cannot be taken as representative sample for entire Arabian Peninsula. There are differences in attitudes in some countries which are influenced by westernization like Kuwait. Thus the attitudes could not be similar in all cases. Rest of the Arabian countries may be taken into consideration in the future researches.
The attitudes of consumers’ change given evolving technology and modernization which necessitates need to redo the same research periodically. The variables in tri-component model also evolve with time. Therefore improvisation and reconfirmation of variable is indispensable necessary with the time. To redo the same study at any point in future, dimensions and other research components are to be done as per the needs then. In this study, inter alia, the tools of statistics used were found to be appropriate, and these tools may or may not have to be changed in the future (Durante and Griskevicius, 2016).

10. Conclusion

The findings of our research reveal that consumers in countries in the Arab peninsula seems to be more satisfied as compared to Arab and therefore seek strong intervention of the government on behalf of consumers. Therefore, despite wide variations in the volume of advertising and different levels of government regulation of advertising from one country to another, negative views about advertising seem to be a universal phenomenon, and perhaps more so in developing economies. Also, markets are becoming more and more similar, standardized marketing strategies are becoming more and more feasible. But, the differences between consumers of various nations are far too great to permit a standardized marketing strategy.

Global brand building drastically reduces marketing investments. A strong brand needs lower and lower levels of incremental investment to sustain itself over time. A new and unknown player will have to spend two to four times more than the market leader to achieve the same share of mind. Given the huge difference in business volumes, the pressure of the bottom-line is much higher for an un-established player.

11. Implications

The current research has contributed substantial knowledge of consumer attitudes in two countries towards western products and matching marketing strategies and it has provided significant insights into the importance of such knowledge for the determination of successful international marketing strategies. Thus, this research will be useful for academicians, decision-makers, marketing managers, strategists and business men in both the countries Saudi Arab and India to influence the consumer’s purchase decision. It will finally contribute and add knowledge of the dynamic markets to the existing literature on consumer behavior, consumer attitudes, and consumer’s buying behavior.

12. References


