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COUNTRY OF ORIGIN AND CONSUMER PURCHASE INTENTION TOWARDS COSMETICS IN SRI LANKA: WITH SPECIAL REFERENCE TO NEGOMBO TOWN AREA PEOPLE

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Abstract

Cosmetic industry brings the hidden needs of the people as basic necessities. This study is helpful for cosmetic companies and consumers to make effective decisions about their production and consumption activities, since it attempts to find the influence of country of origin on consumer purchase intention with special reference to Negombo town area people. This study used both primary and secondary data sources to collect relevant data. In this study, researcher gave priority to primary data. 100 customers were selected as samples by using simple random sampling technique and then the data were analyzed using regression analysis, descriptive analysis, reliability analysis and correlation analysis. The research results showed that country image, brand image and product quality have significant impact on consumer purchase intention towards cosmetics among Negombo town area people.

Keywords: Consumer purchase intention, Country of origin, Brand image, Country image, Product quality.

1. INTRODUCTION

Consumer purchase intention is an intention of a customer to buy a product. Shah et al., (2012) define purchase intention as a decision making about the reason to purchase a brand or product. According to Chen et al. (2018), purchase intention is that after consumers first evaluate a certain kind of thing, they will buy that can provide the highest expected satisfaction.

Consumers purchase various products throughout their lives and they consider various factors, such as brand, quality, price, performance, country of origin etc. during their consumption decision. Country-of-origin is considered as one of the most important factors in rational buying behavior. Due to globalization, country of origin became a significant factor in deciding the purchase of a particular product. At present consumers tend to use a number of cosmetics to maintain and enhance their beauty. Particularly women pay more attention to it. There are plenty of local and foreign cosmetic brands available in the Sri Lankan market. Since duplicate products are available in this cosmetic industry, customers give importance to country of origin to check the quality and originality.

Various researchers found that, country of origin has significant influence on consumer purchase intention (Kumar and Gautam, 2021; Merabet, 2020; Hien et al., 2020; Yunus and Rashid, 2016) and Tamas (2015) found that effect of country of origin on consumer buying behaviour is not stable and it changes over a period of time. Dharmadasa and Chanaka (2017) found that both emotional and performance dimensions significantly influence consumer purchase intentions in favour of Indian made products and there is

an interesting result that there is a difference between Sinhalese and Tamils in their preference for Indian made products.

But in Sri Lankan context, there is a dearth of studies in testing the relationship between country of origin and consumer purchase intention by considering the cosmetic industry. Therefore, this study intended to identify whether the factors of country of origin influence the consumer purchase intention or not in the current Sri Lankan cosmetic industry context and this study specifically focuses on Negombo Town area people.

The findings of this study will be a significant endeavor in understanding the relationship between country of origin and consumer purchase intention towards cosmetics. This will be beneficial to the future researchers by giving a base to develop their studies. Moreover, this research will be helpful to the cosmetics industry and business practitioners in the cosmetics industry to develop effective strategies and to implement those strategies properly and also it will be a helpful tool to the customers for making their purchasing decisions effectively by understanding the real importance of country of origin and how well it influences the purchasing decision. This study considers people who are above 18 years old and living in the Negombo town area. The scope of the study is specifically focused on this particular area, since it is one of the well-developed cities in Sri Lanka.

2. LITREATURE REVIEW

2.1 Consumer Purchase Intention

It is identified as the dependent variable in this study. Wang and Tsai (2014) defined purchase intention as the willingness of a consumer to purchase a product which depends on various internal and external factors. Behavioural

intention is defined as how hard a person is willing to try and how he/she is motivated to perform his/her behaviour (Beck and Ajzen, 1991). Purchase intention refers to the expression of desire or interest during the consumer purchasing decision process and is affected by behaviour and belief towards a product.

2.2 Country of Origin

Country of origin is used as the independent variable and it can be defined as the country in which corporate headquarters of the company marketing the brand is located, regardless of the place in which the brand in question is produced (Balabanis and Diamantopoulos, 2008; Rezvani et al., 2012). For multinational brands, country of origin may include multiple countries within the value-creation process. Some researchers have shown that consumers prefer products manufactured in developed countries (Han and Terpstra, 1988; Ahmed and Astous, 2001)

2.2.1 Country image

Martin and Eroglu (1993) defined it as "the total of all descriptive, inferential and informational beliefs one has about a particular country". Country image is a personal perception about the abilities of a specific nation depending on different environmental factors. Country image differs from person to person. Someone's most preferred country can be the least preferred country to others. Han (1989) identifies two major functions of the country image. First, buyers can use the country image in product evaluations when they are unable to detect the true quality of a country's products before purchase. The second function, the summary effect, represents associations based on accumulated experience with products from a country over time.

2.2.2 Brand image

Brand image represents the emotional aspects that identify the brand of a company or its products, and has a powerful impact on consumer buying behavior (Arora and Stoner, 2009). Haque et al., (2015) demonstrated that country of origin image does carry a significant positive effect on brand image. Keller (1993; 1998) defined brand image as "perceptions about a brand as reflected by the brand associations held in consumer memory". Richardson, Dick and Jain, (1994) reveals that brand image is often used as an extrinsic cue when consumers are evaluating a product before purchasing. Brand image indeed increases investors' purchase intention.

2.2.3 Product quality

Product quality is making a product flawless and useful, thereby meeting all the requirements/expectations of the consumers. The American Society for Quality Control defined quality as "the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs" (Kotler, 2000). Product Quality encompasses the features and characteristics of a product or service that bears on its ability to satisfy stated or implied needs. In other words, product quality is defined as "fitness for use" or "conformance to requirement" (Russell and Taylor, 2006).

3. METHODOLOGY

3.1 Conceptual Framework

Independent Variables		Dependent Variable

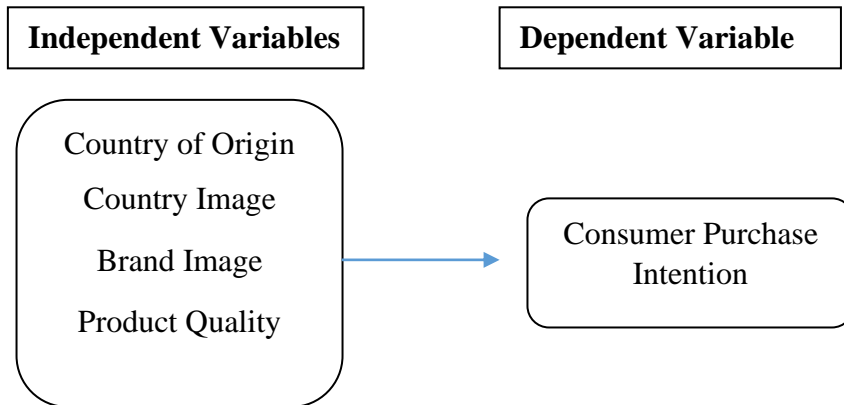| Country of Origin Country Image Brand Image Product Quality	→	Consumer Purchase Intention

Figure 1. Conceptual Framework

3.2 Hypotheses

Based on conceptual framework researcher developed the following hypotheses;

H1: There is a positive relationship between country of origin and consumer purchase intention.

H2a: Country Image has a significant impact on Consumer Purchase Intention towards cosmetics.

H2b: Brand Image has a significant impact on Consumer Purchase Intention towards cosmetics.

H2c: Product Quality has a significant impact on Consumer Purchase Intention towards cosmetics.

3.3 Research Design

This research is a deductive study as it attempts to test the hypotheses formulated to explain the influence of country of origin on consumer purchase intention towards cosmetics. Further, it is a quantitative research method and the study setting in the Negombo town area.

3.4 Data Collection

Primary data were used to conduct research study and these data were collected through well-structured questionnaires.

3.5 Population and Sampling

Total number of cosmetic users in the Negombo town area is identified as the population for this study. This study used a simple random sampling technique to select 100 participants from this population. Since the researcher directly met all the participants to collect the data, the response rate was 100%.

3.6 Methods of Analysis

Data that was obtained from the completed questionnaires issued to the people living in Negombo town area and then tested with Statistical Package for Social Sciences (SPSS) version 20.0 to conduct descriptive analysis, correlation analysis and multiple regression analysis.

4. DATA ANALYSIS

4.1 Demographical Analysis

Table 1: Personal Information

Description	Category	Number of Respondents	Percentage
Age	Below 20	01	1%
	20-29	63	63%
	30-39	32	32%
	40-49	02	2%
	Above 50	02	2%
Gender	Male	23	23%

	Female	77	77%
Educational level	Primary	0	0%
	Secondary	4	4%
	Diploma	25	25%
	Degree	49	49%
	Post Graduate Degree	22	22%
Occupation	Student	11	11%
	Employed	69	69%
	Retired	1	1%
	Housewife	10	10%
	Unemployed	9	9%

Table 1 is about the sample profile of the study. It represents the information regarding age, gender, educational level and occupation of 100 respondents who live in Negombo town area.

4.2 Reliability Analysis

Reliability analysis ensures the extent to which a scale produces consistent results. If it should be satisfactory, Cronbach's alpha value should be 0.70 or higher (Nunnally, 1978). The estimated Cronbach's alpha values are given in Table 2.

Table 2: Reliability Analysis

Items	No of Indicators	Cronbach's Alpha
Country Image	03	0.770
Brand Image	03	0.736

Product Quality	03	0.761
Consumer Purchase Intention	03	0.745

Source: Survey Data (2021)

4.3 Correlation Analysis

Table 3 shows that the Pearson Correlation value between country of origin and consumer purchase intention is 0.457 at 0.01 significant level and which means there is a moderate significant relationship between these variables and country of origin and consumer purchase intention have positive directional relationship. Therefore, H1 is accepted.

Table 3: Pearson Correlation Analysis

Variable	Consumer Purchase Intention
Country of Origin	.457**

*Note: ** denotes at 0.01 significance level*

4.4 Multiple Regression Analysis

Table 5a depicts that the R square value is 0.226, which means that all three independent variables (Country Image, Brand Image and Product Quality) influence the consumer purchase intention by approximately 23% and remaining 77% of the variation is determined by other factors. Table 5b explains that, when country image, brand image and product quality increase by one unit, consumer purchase intention will increase by 0.082, 0.209 and 0.373 respectively and also it explained that all the independent variables have significant impact on consumer purchase intention. Therefore, H2a, H2b and H2c are accepted.

$$Y = 0.735+0.082X1+0.209X2+0.373X3$$

Table 4(a). Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
1	.476[a]	.226	.202	.63824	9.353	.000[b]

Note: a. Predictors: (Constant), Country Image, Brand Image, Product Quality

Table 4(b). Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.735	.519		1.415	.020
	AvgCI	.082	.117	.070	.697	.008
	AvgBI	.209	.106	.199	1.979	.001
	AvgPQ	.373	.126	.317	2.968	.014

Note: a. Dependent Variable: Consumer Purchase Intention

4.5 Multicollinearity Test

Table 5 shows that variance inflation factors (VIF) values are below 1.5 and tolerance values are above 0.7, which indicate that there are no multicollinearity problems.

Table 5: Multicollinearity

Variable	Tolerance	VIF
Country Image	0.807	1.239
Brand Image	0.800	1.250
Product Quality	0.707	1.414

4.6 Normality Test

Table 6 reveals that P-value is above 0.05, which means fail to reject the null hypothesis, therefore consumer purchase intention data is normally distributed.

Table 6: Shapiro-Wilk test for Normal Data

Variable	Statistic	df	Sig.
Consumer Purchase Intention	0.671	100	0.125

5. DISCUSSION AND IMPLICATIONS

The main objective of this study is to identify the influence of country of origin on consumer purchase intention towards cosmetics among Negombo town area people.

The derived hypotheses in the research model empirically proved and all the independent variables have a statistically significant impact on consumer purchase intention at 0.05 significance level. This study revealed a unique finding that product quality is the most influencing variable on consumer purchase intention among the three independent variables, which means consumers highly consider the product quality of the originated country during their purchasing decision making process. Since customers give more importance to product quality, organizations should ensure that the quality of new products is consistently maintained. As a whole, the independent variables show approximately 23% variation in consumer purchase intention and the rest may be from other factors other than these three variables.

Manufacturers from developing countries should implement unique strategies to consistently enhance the quality of their products over time to strongly position their country of manufacturing in consumers' minds.

The limitations of the study will pave the way to improve further studies. Since this study was carried-out during the Covid-19 pandemic situation, most of the customers hesitated to spend their time to fill-up the questionnaires; some of them were not even ready to talk. Therefore, the researchers were compelled to restrict the sample size to 100 customers. The researchers could find only a few local studies in the relevant area and substantial studies have been made in foreign context. Future researchers may consider more independent variables with the reference to other districts and may include a mediating variable too.

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