

Competitive Advantages and Opportunities by Managing Ethnocentric Country - of - Origin Choices

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Abstract

One of the key factors that affect the choice of consumers in a patriotic situation while deciding on the products is the country- of-origin choice. Many products are preferred for the country where they are made rather than any other considerations. This study investigates the impacts of country-of design/ country-of-assembly combinations on consumers' evaluative beliefs about and attitudes toward buying motor two-wheelers. The results are compared across groups of consumers differing with respect to levels of consumer ethnocentrism. Two design countries and two assembly countries (Japan and India) were considered, yielding four possible design-country/assembly-country combinations. There are several motor two-wheeler companies in India that have and had Japanese links. To name a few, they are Hero Motors India which has a fruitful collaboration with Honda Japan; Honda Motors has collaboration with Scooters India; TVS motors had collaboration with Suzuki Japan; Kinetic Motor had collaboration with Honda Motor Japan; Bajaj Auto had with Kawasaki of Japan, and Escorts India with Yamaha Motor Japan.

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Suzuki Motors now sells two- wheelers directly and has parted ways with TVS motors. Yamaha has bought out the facilities of Escorts India and has made a direct foray into the Indian market. Honda parted ways with Kinetic Motors long way back. Bajaj is in the Indian market without Kawasaki.

The results suggest that manufacturing products in the country in which they are sold not only provides closer access to the market, but also allows multinational manufacturers to 'blur the boundaries' regarding a potentially sensitive country-of-origin issue among highly ethnocentric consumers. At the same time, they can leverage their country-brand images to appeal to those customers who recognize a particular country's ability to design high quality motor two-wheelers, regardless of their country of assembly.