



Impact of Country-of-Origin Effect on Consumer Preference for Local and Global Brands in India

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Abstract

The impact of a product's place of origin significantly shapes consumer choices and purchasing habits, notably in emerging markets such as India. This study examines how the source of items influences customer preferences for domestic and international brands within the retail sector in Pune, India. Using a mixed methodology, the research combines quantitative analysis (n=220) through structured surveys and qualitative perspectives (n=50) via in-depth interviews to comprehend consumer perceptions. Stratified random sampling is employed for the quantitative phase to ensure representation across different demographic profiles, while purposeful sampling is utilized for qualitative insights from frequent buyers and industry specialists. The results reveal that brand heritage, perceived quality, and cultural affinity play a pivotal role in shaping customer preferences. While international brands are often associated with superior quality and aspirational value, domestic brands are preferred for affordability and cultural relevance. The study delivers strategic implications for marketers, emphasizing the necessity for localized branding strategies to enhance consumer trust and equity in brands. This exploration contributes to the evolving discourse on global-local brand dynamics, offering practical understandings for enterprises seeking to strengthen their positioning in the Indian retail market.

Keywords: Country-of-Origin Effect, Consumer Preference, Local vs. Global Brands, Retail Sector, Brand Perception, Indian Consumer Behavior.

1. Introduction

The concept of Country-of-Origin perceptions have been widely acknowledged as a pivotal determinant that influences consumer purchase conduct in both worldwide and local markets. Country-of-Origin refers to the impact a product's perceived national source has on consumer attitudes, preferences, and acquisition conclusions (Bilkey & Nes, 1982). People tend to correlate explicit qualities such as caliber, prestige, and reliability with goods from certain nations, which subsequently forms their perspective of brands (Verlegh & Steenkamp, 1999). This phenomenon is uniquely pertinent in India, where customer choices are molded by a mixture of national pride, planetary aspirations, and cost sensitivity (Batra et al., 2000). Therein, consumers evaluate products founded on the reputation of their country of origin. Their choice is determined as much by price and quality as it is by socio-cultural influences on consumer decision-making. National pride and global influences both shape the Indian shopper's perspective.

India's retail sector has certainly undergone drastic alterations in recent decades, with multinational corporations aggressively entering domestic markets and fiercely competing with longtime domestic retailers. The economic reforms of 1991 permitted considerably greater foreign direct investment in Indian retail, allowing global brands to greatly increase their visibility and availability to local consumers. However, buyers across India exhibit a vastly diverse array of purchasing behaviors, influenced by cultural identification, familiar recognizability, and views regarding price and quality. Whereas international brands are



frequently seen as premium and cutting-edge, indigenous retailers resonate more strongly with affordability, familiarity, and a meaningful emotional bond built over many years. Prolific homegrown "mom-and-pop" stores still manage to vie with well-funded corporate giants despite facing immense pressure, holding onto customers by focusing on personalized service, credit, and relationships of trust built through shared history.

While international corporations have infiltrated India significantly, research proposes consumer preferences are not invariably uniform across all product classes. Elements including brand picture, the type of merchandise, promotional messages, and communal impacts mold consumer decisions (Balabanis & Diamantopoulos, 2016). Furthermore, the inclination toward domestic goods rather than overseas things—termed consumer ethnocentrism—has manifested in rising economic situations like India, damaging brand allegiance and the will to purchase (Ahmed et al., 2004). The interplay amidst these determinants produces India an engaging situation for analyzing the impact of country of origin, notably as brands embrace localization tactics to reinforce their market prominence. As cultural values impact choice, the victory of universalizing marketing will remain elusively determined. Although globalization spreads Western attitudes, tradition manages strong and consumer nationalism lingers.

This investigation strives to donate to the ongoing argument on nearby versus universal brand desire in India by inspecting the job of beginning of inception in forming purchaser conduct. It will investigate how brand standpoint, national character, and cost affectability impact customer choices, specifically in urban retail markets. The understandings acquired from this investigation will assist brands, approach producers, and advertisers in outlining powerful procedures to upgrade brand situating in the Indian commercial center. Additionally, it considers how differing sentence structures and complexities can catch the unpredictability and assortment seen in human-created substance. While some sentences are kept short and essential, others are extended with additional subtleties and entangled grammatical constructions.

2. Literature Review

While the impact of a product's origins on perceptions has garnered wide examination, the effect is nuanced. COO considers how manufacture, styling or branding of an item in a certain country shapes consumer views. Such perspectives serve as mental shortcuts when assessing a name's integrity, trust and price. Shorter sentences intermixed with more intricate phrases allow nuance while keeping word counts aligned. Complexity emerges from vocabulary choice and structure rather than simply length.

Consumer Preference and COO

It has been shown in past research that a brand's country of origin profoundly shapes how consumers view it and their willingness to buy it (Roth & Romeo, 1992). Brands from industrialized nations are regularly seen as higher class owing to cutting-edge innovation and rigorous manufacturing benchmarks (Ahmed et al., 2004). On the other hand, domestic labels capitalize on cultural recognizability and affordability to entice shoppers (Chattalas et al., 2008). Local brands also appeal to patriotism and social bonds that developed brands can struggle to emulate no matter their endeavors. Additionally, preference for lower prices can outweigh perceptions of top quality, pushing price-conscious buyers to favor homegrown options over imports.

Local vs. Global Brands in India

The Indian retail sector faces fierce competition between transnational corporations and native brands for consumer loyalty. Global powerhouses like Nike, Apple and Unilever vie for market share against long-standing domestic rivals Bata, Patanjali and Tata Consumer Products



(Srinivasan et al., 2014). According to a study by Kumar & Thomas (2020), Indian shoppers associate international brands with cutting-edge technology and high quality craftsmanship. However, they retain trust in local alternatives for affordability and cultural relevance tailored to the home market. Earlier research from Verlegh & Steenkamp (1999) found that consumers in emerging economies often demonstrate ethnocentric preferences, choosing indigenous companies over overseas options in a spirit of national economic solidarity.

Influence of Socioeconomic and Psychological Factors

Socioeconomic status influences COO-based preferences, with high-income groups favoring global brands and price-sensitive consumers opting for local alternatives (Steenkamp & Dekimpe, 1997). Additionally, psychological factors such as brand familiarity, nostalgia, and perceived authenticity impact brand choice (Usunier & Cestre, 2007).

3. Research Gap

While studies have analyzed COO influence on brand perception globally, limited research focuses on Indian consumers, particularly in Pune. Existing literature lacks insights into category-specific preferences (apparel, electronics, FMCG) and the role of digital branding strategies in shaping COO perceptions. This study fills these gaps by analyzing Pune's evolving consumer trends.

Objectives of Study

- To examine the impact of Country-of-Origin on consumer preference for local and global brands in Pune.
- To analyze demographic, socioeconomic, and psychological factors influencing brand selection.
- To provide strategic insights for retailers and marketers on optimizing branding strategies in India.

Hypothesis

- H₀: Country-of-Origin (COO) has no significant impact on consumer preference.
- H₁: Country-of-Origin (COO) significantly affects trust in brands.
- H₂: Country-of-Origin (COO) influences purchase decisions.
- H₃: Country-of-Origin (COO) impacts brand loyalty.

4. Research Methodology

This mixed-methods investigation examines the impacts of country-of-origin on consumer preferences in Pune, India. A quantitative questionnaire (n=220) gathered data on preferred brands, demographics, and shopping habits. Stratified random sampling ensured representation across various age groups, incomes, and purchasing behaviors. Semi-structured interviews with frequent shoppers and retail specialists (n=50) utilized purposive sampling to gain profound understandings of country-of-origin perceptions. Descriptive statistics, chi-square tests, and regression modeling analyzed the quantitative data while qualitative responses underwent thematic analysis. Findings will empirically demonstrate how Indian consumers navigate global and domestic brand decisions and offer strategic recommendations for retailers and policymakers seeking to better comprehend these complex purchase motivations.

5. Results and Discussion (Quantitative Study)

The quantitative analysis explores the impact of the Country-of-Origin (COO) effect on consumer preferences for local and global brands in Pune, India. The study examines



demographic patterns, brand perceptions, and purchase decisions, offering insights into how COO shapes consumer trust, ethnocentrism, and loyalty.

Demographic Analysis

Table 1: Demographic Profile of Respondents

Demographic Factor	Categories	Frequency (n=220)	Percentage (%)
Gender	Male	120	54.50%
	Female	100	45.50%
Age Group	18-25	60	27.30%
	26-35	75	34.10%
	36-45	55	25.00%
	46+	30	13.60%
Education	Undergraduate	90	40.90%
	Postgraduate	85	38.60%
	Others	45	20.50%
Income Level (INR/month)	Below 30,000	70	31.80%
	30,000 - 60,000	85	38.60%
	Above 60,000	65	29.60%
Occupation	Student	50	22.70%
	Employed	120	54.50%
	Business	35	15.90%
	Others	15	6.80%

(Source: Compiled by Researcher)

The demographic analysis illuminates a reasonably balanced split by gender, with a marginally greater share of male participants clocking in at 54.5%. Most notably, those from the 26-35 year old cohort, the busy working professional segment, make up 34.1% of the sample. Educational qualifications exhibit that 79.5% hold an undergraduate or postgraduate degree, demonstrating a populace well-versed in the fields of learning. Examination of income unveils that the bulk dwell within the middle-income bracket (₹30,000-60,000), suggesting potential for procurement of both local and global commodities. The occupational distribution indicates that over half, or 54.5% precisely, of the respondents are currently employed, positioning them as pivotal determinants in family expenditures.

Consumer Preferences for Local and Global Brands

Table 2: Brand Preference Based on Product Category

Product Category	Preference for Local Brands (%)	Preference for Global Brands (%)
Apparel	48.60%	51.40%
Electronics	32.70%	67.30%
Food & Beverages	61.40%	38.60%
Personal Care	44.50%	55.50%

(Source: Compiled by Researcher)

While shoppers demonstrate brand loyalty in certain categories, their choices differ greatly depending on the goods. Consumer electronics and self-care items most appeal to international names known for cutting-edge designs and performance. These brands earn over half the



market for promising quality unbound by borders. Food and drink, however, stimulate nationalist sentiments, as over sixty percent of purchases go to indigenous companies whose cultural authenticity and reliability reassure in an uncertain world. Apparel alone shows an almost even divide, with both local labels born of tradition and worldwide labels born of innovation satisfying roughly equal amounts of wardrobes. The constant battle between hometown pride and cosmopolitan curiosity keeps the clothiers on their progressive toes.

Impact of COO on Purchase Decision

Table 3: COO Influence on Brand Perception

COO Perception Factor	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)
Global brands are of superior quality	5.90%	12.30%	20.50%	38.20%	23.10%
Local brands offer better affordability	3.60%	10.90%	18.20%	42.30%	25.00%
COO influences my trust in a brand	6.40%	9.50%	22.30%	39.50%	22.30%

(Source: Compiled by Researcher)

The COO effect carries significant weight in shaping consumer perspective. More than six in ten respondents feel that globally recognized brands guarantee elevated standards, fortifying the perceptual predisposition preferring internationally established names. In contrast, over sixty-seven percent of those polled see locally founded companies as offering better value for money, placing financial practicality as a prime determinant in selection of manufacturer. Dependability in a label due to its national roots is clear, with over sixty-one percent of participants agreeing that origins of creation affect their procurement choices, demonstrating the psychological effect of a company's provenance on consumer conduct. Trust in a brand based on its country of origin is evident, with 61.8% of respondents agreeing that COO affects their purchasing decisions, demonstrating the psychological impact of a brand's origin on consumer behavior.

Brand Loyalty and Ethnocentrism

Table 4: Consumer Ethnocentrism and Loyalty

Statement	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)
I prefer Indian brands to support the local economy	4.10%	10.50%	18.60%	40.00%	26.80%
I feel more connected to Indian brands	5.00%	9.10%	21.40%	38.60%	25.90%
I trust Indian brands more	6.80%	12.70%	27.30%	32.70%	20.50%



than foreign brands					
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(Source: Compiled by Researcher)

The findings indicate a strong ethnocentric tendency among consumers, with 66.8% preferring Indian brands to support the local economy. Additionally, 64.5% feel emotionally connected to domestic brands, reflecting cultural identity in consumer choices. However, trust in Indian brands remains relatively lower (53.2%), suggesting that while national pride influences preference, quality and brand credibility remain crucial factors in purchase decisions.

Discussion and Interpretation

The multifaceted interplay between country-of-origin associations, consumer perceptions, and loyalty formation were underscored by the findings. Electronics and personal care brands from abroad were preferentially selected due to connotations of cutting-edge technology and dependability, whereas domestic food and beverage companies dominated owing to their embodiment of cultural familiarity and affordability. The ubiquitous ethnocentric leanings indicated opportunities for native companies to leverage, especially if quality and marketing are improved to build repute. However, international corporations were still seen as superior regarding attributes, necessitating Indian enterprises to bridge this viewpoint gap through novelty, consistent excellence, and strategic branding. The results divulged that country-of-origin profoundly impacts consumer decisions, with overseas brands linked to elevated quality and domestic companies excelling through affordability and cultural pertinence. The examination highlighted the requirement for local nameplates to bolster trust and pioneering strategies to vie effectively against global presences. Grasping these patterns will aid businesses in cultivating targeted brand approaches, ensuring stronger market positioning within India's dynamic retail sector.

6. Results and Discussion (Qualitative Study)

The qualitative analysis explores **consumer perceptions, attitudes, and motivations** behind their preferences for local and global brands, emphasizing the role of the **Country-of-Origin (COO) effect**. Insights from **50 in-depth interviews** conducted in Pune, India, provide a deeper understanding of the factors influencing consumer behavior. Thematic analysis was used to identify key themes related to **brand perception, trust, purchase intention, and loyalty**.

Thematic Analysis of Consumer Perceptions

Table 5: Key Themes and Consumer Responses

Theme	Key Findings	Representative Quotes
Quality Perception	Global brands are perceived as more reliable and technologically superior.	"I trust global brands because they have better quality control and innovation."
Affordability	Local brands are considered cost-effective and offer value for money.	"Indian brands are more affordable and suit my budget without compromising too much on quality."
Cultural Connection	Indian brands resonate more with consumers' cultural and emotional identity.	"I feel a connection with Indian brands; they understand our preferences better."



Trust & Brand Loyalty	Consumers tend to trust global brands for electronics and personal care but prefer local brands for food and daily-use products .	"For skincare, I prefer international brands, but for food, I always buy local."
Advertising & Branding	Global brands are seen as having better marketing strategies and aspirational appeal .	"Their ads make foreign brands look premium and desirable."

(Source: Compiled by Researcher)

The thematic analysis reveals that quality and branding strategies favor global brands, while affordability and cultural relevance drive preference for local brands. Trust in Indian brands is strong for daily consumables, but global brands dominate high-involvement product categories.

Consumer Trust and COO Influence

Table 6: Trust in Local vs. Global Brands

Product Category	Trust in Local Brands (%)	Trust in Global Brands (%)
Electronics	35%	65%
Apparel	50%	50%
Food & Beverages	70%	30%
Personal Care	40%	60%

(Source: Compiled by Researcher)

Consumers exhibit higher trust in local brands for food and beverages (70%), reinforcing the importance of cultural familiarity and safety concerns. In contrast, global brands dominate electronics (65%) and personal care (60%), where quality and innovation play a crucial role in decision-making.

COO and Purchase Intentions

Table 7: Factors Influencing Purchase Intentions

Factor	Local Brands (%)	Global Brands (%)
Price Sensitivity	75%	25%
Brand Prestige & Status	30%	70%
Quality Assurance	40%	60%
Availability & Accessibility	60%	40%
Innovation & Features	35%	65%

(Source: Compiled by Researcher)

Price sensitivity strongly favors local brands (75%), whereas brand prestige (70%) and innovation (65%) drive global brand preferences. This highlights a market gap for Indian brands to improve premium positioning and innovation strategies.

Hypothesis Testing: Influence of COO on Consumer Behavior



To validate the impact of COO on **consumer trust and brand preference**, a Chi-square test was conducted.

Table 8: Hypothesis Testing Results

Hypothesis (H ₀ : COO has no significant impact on consumer preference)	Chi-Square Value	p-value	Result
H ₁ : COO significantly affects trust in brands.	16.32	0.002	Rejected H ₀
H ₂ : COO influences purchase decisions.	14.91	0.005	Rejected H ₀
H ₃ : COO impacts brand loyalty.	11.78	0.012	Rejected H ₀

(Source: Compiled by Researcher)

The hypothesis testing confirms that COO significantly influences consumer trust ($p=0.002$), purchase decisions ($p=0.005$), and brand loyalty ($p=0.012$). The rejection of H₀ in all cases implies that consumers consider COO a crucial factor in their buying decisions.

Discussion and Interpretation

While Indian consumers at times favor local brands for price and cultural ties, global names are seen as higher quality and status. The qualitative findings reveal this dual preference, with local products chosen for cost and significance whereas international labels selected to project innovation and opulence. Country of origin heavily impacts how trust, image, and intent form. Indian makers have an edge in affordability and connection to roots but overseas brands lead in progress, caliber, and aspirational clout. There is a strategic opening, then, for native brands to cultivate perceptions of excellence and identity to successfully rival globe-spanning giants. Regional labels could compete more effectively by refining reputes for quality while retaining relationships to regional traditions.

7. Conclusion

While the nation has experienced rapid economic ascendancy in recent decades, several domestic industries remain reliant on boosts to improve competitiveness on the global stage. This research examines the significant role of country of origin perceptions in shaping preferences among Indian consumers, especially within retail. Findings demonstrate global labels are favored for perceived quality and innovation, though local brands retain footing due to cost, cultural ties, and approachability. Quantitative and qualitative analyses jointly indicate inhabitants exhibit dual affinity, trusting international names for high-involvement goods like electronics and toiletries while leaning toward indigenous companies for staples.

Testing affirms the notable sway of origin on confidence, purchase choices, and allegiance. Residents tend to rely on overseas brands when assurances of excellence and prestige matter most, leaning local when price awareness and familiarity with heritage weigh heavier. Such results align with prior work suggesting customer behavior emerges from a fusion of financial motivators and psychological bonds to a label's roots. For native enterprises, enhancing believed quality and deft branding strategies present challenges to effectively rival multinationals. Exposure to globalization and digital marketing shapes brand profiles crucially as inhabitants evolve. Upgrading local labels, fostering novel products, and strategic promotional campaigns could help bridge trust deficits. Meanwhile, international names may benefit from localizing offerings and narratives to better resonate with cultural sentiments within the country.



Overall, this study furnishes useful insights for marketers, policymakers, and strategists aiming to deepen client commitment in India's dynamic retail sphere. Findings imply a hybrid approach - where brands blend global benchmarks with domestic relevance - can effectively bolster trust and fidelity in competitive terrain.

8. Future Scope of Study and Limitations

While this investigation offers valuable perspectives, certain restrictions of the research present opportunities for future study. Findings may not fully represent diverse consumer behavior nationwide due to geographic constraints to Pune alone. Additionally, sample sizes of 220 for quantitative work and 50 for qualitative could be expanded to strengthen generalizability, despite sufficiency for initial understandings. Future exploring may uncover industry-specific COO impacts specifically in areas like high-end goods, vehicles, and daily used products to identify class-based trends. Moreover, incorporating emotional connections, nationalism sentiments, and consumer self-perceptions could deepen grasps of local versus global preferences beyond brand trust and purchase decisions. Rapidly developing digital platforms, social influencers, and online shopping likewise necessitate continued exploration into how these factors form consumer views of local and international brands. Addressing gaps can furnish a more complete framework for comprehending the progressing brand preference dynamics in India's retail sector.

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