ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

COUNTRY-OF-ORIGIN EFFECT ON ETHIOPIAN CONSUMERS' EVALUATION OF INDIAN PHARMACEUTICAL DRUG

By: Netsanet Ayalew

A thesis submitted in partial fulfillment of the requirement for the Degree of Master of Art in Marketing Management

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Approved by board of examiners

Advisor	Signature
Examiner	Signature
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List of Abbreviations and Acronyms

ANOVA	Analysis of variance
CETSCALE	Consumer Ethnocentric Tendencies Scale
CI	Country image
CE	Consumer Ethnocentrism
COA	Country of Assembly
COB	Country of Brand
COD	Country of Design
COO	Country of origin
COM	Country of Manufacture
COP	Country of Parts
D.V	dependent variable
GDP	Gross Domestic Product
I.V	Independent variable
LDCs	Less developed countries
MDCs	More developed countries
MSD	Merck Sharp and Dohme Pharmaceuticals
PCI	product country image
UK	United Kingdom
USD	United states dollar
US (U.S.A)	United States

Abstract

The research was undertaken to discover the effect of country-of-origin (COO) on Ethiopian consumers' evaluation of Indian pharmaceutical drug. The study is grounded on past research which suggests that COO influences consumers' product evaluations more than it influences purchase intentions. The research is quantitative research and explanatory research approach were used carry out the research activities as well as to meet the desired objective. The importance of antecedents and moderators of the COO are investigated. 337 Ethiopian consumers who purchase pharmaceutical drug were surveyed using a structured self-completion questionnaire; all the respondents were surveyed in Addis Ababa, capital city of Ethiopia. Ethiopian consumers have a positive image of India but have a negative impression regarding Indian pharmaceutical drug, which has an influence on their evaluation of the pharmaceutical drug. In addition, Ethiopian consumers are COM and quality conscious when evaluating medical products. The extrinsic cues of COM and brand and price strongly influence Ethiopian consumers' pharmaceutical drug evaluation. However, the study also finds that most Ethiopian consumers have a low level of knowledge of pharmaceutical drug and rely considerably on a product's COO in their evaluation of this product category. This study suggests that the awareness levels of Indian pharmaceutical drug need to be raised possibly by Indian pharmaceutical product importers and the companies could leverage from the Ethiopian consumers' perception of pharmaceutical drug from India being cheap/Low price. The research covered only two aspect of the COO construct (COM and COB) which can be raised as a limitation of the study.

Key Words: Country of origin, Ethiopian consumers, Pharmaceutical drug and product evaluation

CHAPTER 1

INTRODUCTION

1.1. Background of Country of Origin (COO) Effect

In just over 30 years, international trade and the development of the global market have grown considerably. Companies and international marketers are also looking for more opportunities in the global market causing competition between companies. There are many factors that have an impact on this growth as well as consumer products and services evaluation, such as brand name and perception of country. Among the many parameters, country of origin is one of the most important affecting this competitive market. Studies show that country of origin (COO) is one of the factors that most concern marketers in respect of its impact on consumer purchase intention and product evaluation (L. Y. Lin and Chen, 2006).

The improvement of country of origin goes back to World War I. At that time, the defeated countries, such as Germany, were forced to put the symbol of COO on their product, by those that triumphed. Studies show that the aim of this act was to punish countries like Germany thereby creating a bad reputation for them (Cai, 2002).

Country of origin, as a significant parameter, has been studied in much research, and it is shown that this factor influences consumer behavior and also their purchasing. The other point that studies demonstrate is that people care about which country products come from and where they are made and consider these factors when evaluating the quality of products, (Rezvani 2012).

Different cultures and histories cause dissimilar perceptions among consumers, which may lead to different evaluations about products when they want to choose. There are many parameters that have an effect on this issue, of which country of origin plays an important role in competitive markets and consumer behavior. Stereotypes of country and the preference of customer influence the purchase intention. Political system, culture and the economy of the country can be a cause of sensitivity to people (Rezvani, 2012).

Existing research on "country-of-origin" has contributed substantial knowledge of consumer attitudes in various countries towards foreign products and corresponding marketing strategies. Further, it has provided considerable insights into the importance of such knowledge for the determination of successful international marketing strategies. However, empirical research on the attitudes of consumers in developing countries towards foreign products, and associated marketing practices, is rather limited. Few conclusions and implications can be drawn from the existing research on country-of origin effect, of consumers in developing countries. (Samiee, 1994).

As far as this researcher could find, the COO effect is never tested in the Ethiopian Pharmaceutical drug market. It would be interesting to investigate how Ethiopian consumers evaluate pharmaceutical drug quality and to see whether the COO effect may occur. While there have been numerous studies on the impact of country of origin on consumers in developed countries, there is considerably less study on such an impact on consumers in developing countries, hence it is hoped that this study contribute further to the understanding of how Ethiopian consumers evaluate Indian Pharmaceutical drug. In addition, the outcome of this study has immense value to foreign multinationals when marketing their products to Ethiopian consumers on the country of origin aspect of a product by examining the country of origin effects on product evaluation.

1.2. Background information

Ethiopia ranks 127th out of 185 countries in the World Bank's Ease of Doing Business report 2013. Ethiopia's population of approximately 84 million makes it one of the largest markets in Africa. Gross Domestic Product (GDP) per capita was about $471 in 2013, but overall GDP growth for the past five years has averaged 10% annually, according to Ethiopian Government figures. The World Bank and the International Monetary Fund estimated for the year 2011/2012's growth at 7%, while the Ethiopian government stated it was 8.5% (United States of America Department of commerce, 2013).

The country's main imports include petroleum products, machinery, metal products, agricultural and industrial chemicals, fertilizers, medical and pharmaceutical products, and food grains. With a few exceptions, there are no specific product certification requirements. The imports that are required to have product certification are food stuffs, construction materials, chemicals, textiles, and pharmaceuticals. Ethiopian Standards Agency is working on requirements to certify additional products in areas where there is strong consumer interest and a competitive market environment (United States of America Department of commerce, 2013).

Ethiopian market for pharmaceuticals is estimated to be 200 million USD (at the most) in 2009. 85% of all medication in Ethiopia and all raw materials are imported as Ethiopia lacks the required chemical industry. According to the import data of Ethiopian revenue and customs authority (2012), 47.44% of the pharmaceutical products were imported from china, India, Korea, United Arab Emirates, and Kenya while 34.77% of the import was from Belgium, Canada, Germany, U.K, U.S.A and Portugal. Up until today, local pharmaceutical manufacturers have been facing severe difficulties. Imported finished products from India and China are cheaper than locally produced medication because China and India are far ahead of Ethiopia in know-how, production capacity, quality, efficiency, logistics, marketing and sales (Investment fund for health in Africa, 2009).

The Ethiopian pharmaceutical industry currently consists of 13 pharmaceutical and medical supply manufacturers; 10 of these produce pharmaceuticals, whilst the rest are engaged in producing medical supplies, such as; syringes, absorbent cottons and lab equipment. Most of these factories are owned by Ethiopian nationals, and meet only 20 percent of the country's demand for drug (Fortune, 10 February, 2013). The larger local manufacturing companies in Ethiopia include Addis Pharmaceutical Factory and Ethiopian Pharmaceutical Manufacturing factory that compete in the market for government tenders. Domestic manufacturers are at a constant struggle to meet the demands. Due to the lack of specialized skills and technology the ability to maintain basic manufacturing standards required to secure government tenders is limited. Although these challenges exist as possible hurdles for the growth of many pharmaceutical companies, the impact of these challenges on the market subsiding therefore show casing Ethiopia as a country with high potential for many opportunities. Large multinational pharmaceutical companies, such as GlaxoSmithKline, AstraZeneca and MSD, Have already managed to gain a firm footing, featuring prominent roles in both the public and private sectors. (Samantha, 2012).

Considering the high economic growth, expansion of healthcare coverage, high disease burden, large population size and increased awareness around modern medicines, Ethiopia presents lucrative opportunities for the pharmaceutical business. These factors have a compound annual growth rate of about 5%. Frost and Sullivan expects the Ethiopian pharmaceutical market to witness growth rates of slightly over 14%, to reach an approximate value of just under USD 1 billion in the year 2018 (Samantha, 2012).

1.3. Problem Statement and Research Questions

The country of origin of a product is an important marketing element known to influence consumer perceptions as well as behavior. An improved understanding of how country of origin information influences brand equity is valuable to marketing practitioners (Biel, 1993). Once they know that country-of-origin images do occur, managers would be better served to know how a particular country-of-origin image compares to the images of competing producers, and to know what kind of market penetration strategies to use to increase consumers' acceptance of the products. Insights into these types of questions will enable marketers to make more informed decisions in the international market (Cai, 2002). The usage of country of origin attribute can also be determined by the types of products. Therefore, this effect varies by product category. Generally, the products that can be categorized as high involvement products are more relevant to the concept of country of origin than low involvement ones. (Sanyal and Datta, 2011).

Even though the effects of country of origin cues on consumers' product evaluations and purchase decisions are widely reported and are among the most widely researched concepts in marketing and consumer behavior (Papadopoulos and Heslop, 2002; Pharr, 2005; Martin, Lee and Lacey, 2011), the focus of the vast bulk of the extant country of origin research hitherto has been from the perspective of more developed countries, notably U.S. and Europe (Samiee, 1994). Despite the COO researches in developing markets of Asia increase in number, the researches on the expression of COO effect in African markets particularly in Ethiopia have not been performed and published a lot yet.

In addition to the above concept, to date, the country of origin literature has focused mainly on purchasing of high-involvement durable products, in particular, well recognized branded products (Knight, Holdsworth and Mather, 2007). In this situation, we can raise a question, Are these country effects generalizable to all product categories? Specifically, is it effective when a consumer buys a medical product? Although prior literature suggests that the effect of country of origin varies depending on the product categories, (Hsieh et al.,2004) there have been few studies relating country of origin to medical products (Smaiziene and Vaitkiene, 2013). Therefore the The purpose of this research is therefore to determine how country of origin affects Ethiopian consumers' evaluation of Medical products specifically Indian pharmaceutical products by considering antecedents and moderator variables of COO.

1.4. Objective of the study

1.4.1. General objective

The general objective of this study is to understand the country of origin effect on Ethiopian consumers' pharmaceutical drug evaluation and to see the interrelationships between variables.

1.4.2. Specific Objective

The specific objectives of the study are:

- To determine the country-of-origin image held by Ethiopian consumers towards India.
- To assess what contributes to the formation of country-of-origin images.
- To investigate Which COO construct more affect the evaluation of a product.
- To determine the significance of COO factor in Ethiopian consumers' evaluation of Pharmaceutical drug compared with intrinsic product cues such as dosage, level of adverse effect and root of administration.
- To investigate importance of COO factor in Ethiopian consumers' evaluation of pharmaceutical drug compared with extrinsic product cues such as price and brand name.
- To determine the moderating influence of consumers' level of involvement and product knowledge on COO effect.
- To investigate the extent to which demographics of consumers' moderate COO effect.

1.5. Definition of terms

Country of origin: - is defined as a combination of country-of- assembly, country-of-design and country-of-manufacture (Ling and Sui, 2013).

Country of origin effect: - refers to the consumers' perceptions, attitudes and behavior towards the country of a product's origin (Smaiziene and Vaitkiene, 2013).

Country image: - defined as consumers formed perceptions of products of a particular country, based on their previous perceptions of that country's production and marketing strengths and weaknesses (Roth and Romeo, 1992).

Intrinsic cue: - involve a product's physical characteristics such as performance, quality, flavor, color and durability (Roberta Veale, 2007).

Extrinsic cue: - refer to the external product's non-physical compositions such as price, brand and country label (Roberta Veale, 2007).

Pharmaceutical drug: - also referred to as a medicine or (loosely) medication, officially called medicinal product, can be defined as any chemical substance formulated or compounded as single active ingredient or in combination of other pharmacologically active substance, it may be in a separate but packed in a single unit pack as combination product intended for internal , or external use in the medical diagnosis, cure, treatment, or prevention of disease (US Federal Food, Drug and Cosmetic Act, 2014).

Ethiopia: - a country in north east Africa, on the Red Sea (Oxford dictionary, 2013)

India: - a country in southern Asia occupying the greater part of the Indian subcontinent (Oxford dictionary, 2013)

1.6. Significance of the Research

The main goal of this research is to provide valuable new insights of the COO effect on consumers' evaluation of pharmaceutical drug in the Ethiopian market. The research is relevant from an academic as well as a practical point of view.

Relevance from an academic point of view:

There have been plenty of researches on COO effects in recent decades, measured in a variety of situations. However, the phenomenon is still not well understood and there is no consensus in the literature about the significance and relevance of the effect. This is because the influence of the COO effect seems to be context dependent (Laurens Spiele, 2013). Therefore, the COO effect cannot be generalized in many situations. Estimating the COO effect on consumers' product evaluation from Ethiopian consumer perspective is unique. Measuring the COO effect in a new situation from an interesting perspective is of added value to the existing literature. Since there have been few studies relating country of origin to medical products (Smaiziene and Vaitkiene, 2013) measuring the COO effect in this product category will contribute to the existing knowledge of the specific product category.

Relevance from a practical point of view:

In addition to the academic relevance, this research is also significant from a practical point of view. Once they know that country-of-origin images do occur, managers would be better served to know how a particular country-of-origin image compares to the images of competing producers, and to know what kind of market penetration strategies to use to increase consumers' acceptance of the products. Insights into these types of questions will enable marketers to make more informed decisions in the international market. And consumer educators can use this information in teaching buying skills.

The outcome of this study is also interesting for marketers and decision makers of global pharmaceutical drug manufacturers. Information about the effect of the COO on product evaluation can be important for strategic decision making. For new entrants to a specific market, these decisions can be about the positioning or pricing of the brand. For example, when a product's quality perception is low, it would be unfavorable to position this product in the high-end of the market.

For established brands in the market, the outcome of this study can be valuable for their marketing strategy. For example, when a brand is facing fierce competition from new low-cost manufacturers it can use the COO (if it is a positive effect) in their marketing and communication strategy to differentiate their brand.

1.7. Research Scope

The COO effect can be researched in many ways, in a variety of situations and with different dependent and independent variables. Because it is impossible to cover every side of the phenomenon, this study assessed the impact of country of origin effect on medical products specifically pharmaceutical drug in the Ethiopian context. The study was conducted in Addis Ababa, the largest and capital city of Ethiopia. Although Ethiopia imports many pharmaceutical products from different countries this study has focused on Indian pharmaceutical drug.

CHAPTER 2

REVIEW OF RELATED LITERATURE

2.1. Chapter Overview

This chapter provides a comprehensive review of existing literature pertinent to the research, including the identification of gaps in the current body of knowledge specific to consumer use of Country of origin in product evaluation. The chapter also discusses the antecedent and moderators of COO effect and includes previous studies on COO and Ethnocentrism from Ethiopian consumers' context. This chapter concludes with the illustration of a conceptual framework providing the basis of the study while examining the effect of COO on consumer's product evaluation and the formulation of hypotheses to be tested.

2.2. Introduction to Country of Origin constructs

The COO effect is defined and researched in many different ways. In general, the COO effect is used as a stereotype, an intangible extrinsic cue that influences consumers' evaluation of products and countries in a positive or a negative direction (Laurens Spiele, 2013).

The COO effect is defined as a combination of country-of- assembly, country-of-design and country-of-manufacture (Law Pui Ling and Wong Hoi Sui, 2013). Due to the trend of increasing globalization, multi-national production and outsourcing strategies, most of the products are not designed, produced and branded in just one country (Laurens Spiele, 2013). Therefore in These hybrid models of Country-of-origin are even more complex to define; therefore it is divided into several types of Country-of-origin (COO): country of brand (COB), country of assembly (COA), country of components (COC), country of design (COD) and country of manufacturing (COM).

Table 1. Sub-constructs of country-of-origin

Country-of-origin construct	**Definition of concept**
Country of Design (COD)	"It is the country where product idea was conceived and engineered" (Insch, 2004)
Country of Assembly (COA)	" It is the country where majority of product's final assembly took place" (Insch, 2004)
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)
Country of Manufacture (COM)	"The country where product is manufactured" (Hamzaoui and Merunka, 2006)
Country of Brand (COB)	" The country where the brand originated" (Bae, 1999)

Source: Saeed *et al.*, 2013

2.3. Findings of Prior Research

Country of origin (COO) and product evaluation: The history of the literature about country of origin goes back over 40 years, and explores whether or not the 'country of origin' of a product has an effect on consumer product evaluation (Rezvani et al., 2012). The COO influence on product evaluation is divided in two major effects: the halo effect and the summary effect (Jun and Choi, 2007). The summary effect influences consumers product evaluation directly, oppositely the halo effect influences consumers product evaluation indirectly. People use COO to summarize product information when they get more familiar with a country's product and in the situation when there is a large amount of product information available, so it is difficult to integrate it in the decision making process. If there is only a small amount of product information available, people can use the halo effect of COO to create inferential beliefs about other product attributes that are not available or cannot be evaluated directly (Hsieh, 2004). After studies examined the relationship between COO and product evaluations, researchers found evidence for the COO effect in a variety of situations with different independent and dependent variables

Country of origin (COO) effect and the underlying mechanisms: The COO effect is a result of some psychological activities that arise before the COO effect occurs. Consumers are exposed to cues, in combination with stereotyping this will lead to a judgment or evaluation of products, people or countries. This automatic activation in consumers mind is confirmed by Martin, Lee, and Lacey (2011) who found evidence to support the hypothesis: "*Exposure to a COO cue will result in individuals demonstrating the automatic activation of COO stereotypes*. Despite a lack of actual effect on product quality, there are several extrinsic cues that can have a significant influence on product evaluations. In general, intrinsic quality cues have a greater effect on product quality perceptions than extrinsic cues (Veale and Quester, 2009). However, in prior studies it has been found that extrinsic cues are relatively more important than intrinsic cues. Extrinsic cues like the COO image are even more important when there is less information available or when the available information is not evaluated correctly (Laurens Spiele, 2013).

Country of Origin (COO) and the level of economical, cultural, political, and market development: The COO effect varies between (economically) more developed countries (MDCs) and less developed countries (LDCs). In general, products from a MDC receive better evaluation in comparison with products from LDCs (Laurens Spiele, 2013).

2.4. Antecedents of COO evaluations

The verification of COO effect influence onto perceived quality of consumers during product evaluation led to 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.

2.4.1. Country image (CI)

The CI is the result of the combination of history, geography, political systems, famous citizens, economic status and culture. In general, countries enjoy a favorable country image if they are highly industrialized, economically strong; governed by democratically elected governments and where citizens are well educated and enjoy a high standard of living (Nagashima 1970). Country image or product country image (PCI) profiles are akin to a 'brand image' for individual countries (Kotler and Gertner 2002; Papadopoulos and Heslop 2002). These images allow consumers to apply a consistent standard of quality to product categories without personal experience with them because of the reputation that has been established; examples include 'Dutch Chocolate', French Perfume' and 'Persian Rugs'.

Countries that are new to exporting products may not have an established country, positive or negative, in the minds of targeted consumers overseas. Marketing strategists can take advantage of this by creating and establishing a country image that benefits their product. For example, the CI of Columbia was literally created in the American market in the 1970s in order to sell coffee. A fictional character called 'Juan Valdez" was featured in a commercial aired in America for years. The brand values communicated in the coffee commercials came to represent the Columbian CI to the American market. This strategy was successful because of the lack of an existing strong CI for Columbia in American consumers' minds at that time. Whilst beneficial for similar products or product extensions this CI could represent barriers to the acceptance of non-agricultural goods in the United States (Roberta Veale, 2007).

In spite of the enduring strength of established country images, countries are not automatically locked into producing only one product category successfully. Countries such as Japan and United States enjoy a positive reputation around the world for manufacturing and technology, resulting in a positive bias across a wide range of products (Mohamad, Ahmed et al. 2000). This overall reputation built over time for producing quality at a high level is a very valuable commercial asset described as country equity' (Papadopoulos and Heslop 2002).

In general before the COO effect can occur, there must be a 'country image' in the consumers mind. Country image can be divided into three groups (Hsieh, 2004):
1) Overall Country image (all beliefs about a particular country, i.e. 'I like Sweden').
2) Aggregate product-country image (all beliefs and feelings about and attitudes towards products coming from that particular country, i.e. 'I like products from Sweden').
3) Specific product-country image (all beliefs and feelings about and attitudes towards specific product coming from a particular country, i.e. 'I like cars from Sweden').

2.4.2. Country stereotypes

Stereotyping is an important underlying mechanism that is used by people to simplify the complexity of issues. It is a psychological activity to avoid information overload, therefore people will simplify the issues to a manageable level and will make assumptions about characteristics of other people, products, countries, etc. (Hinner, 2010). These stereotypes can be either positive or negative and can lead to largely incorrect judgments (Lauren Spiele, 2013).

2.4.3. Consumer ethnocentrism

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 (Saeed et al., 2013).

Furthermore, ethnocentric consumers have negative feelings toward foreign products, services, and providers. So when ethnocentrism levels are high, consumers should develop uncertainty about the providers' future intentions, and may be less interested in establishing relationships with the provider (Nijssen and van Herk, 2009). Therefore, ethnocentric consumers are negatively related with general beliefs of foreign product quality, advertisements of foreign products and attitudes toward buying foreign products, but positively correlated with preference ranking of domestic products, and importance of buying domestic products (Kwak, Jaju, A., Larson, T.2006). In turn, consumer ethnocentrism is related negatively to satisfaction, trust, value, and loyalty toward a foreign-service provider located abroad (Nijssen and van Herk, 2009). With regard to the condition when foreign brands are commonly regarded as superior to domestic brands, consumer ethnocentrism has a positive impact on attitudes toward domestic brands but no effect on attitudes toward foreign brands (Supphellen and Rittenburg, 2001).

2.4.4. Country-specific animosity

People may have hostile attitude towards a certain country based on historical or other reasons. The construct of animosity is defined as the remnants of antipathy related to previous or ongoing military, political, or economic events. The animosity is distinct with consumer ethnocentrism as the CETSCALE measures beliefs about buying foreign products in general, whereas animosity is a country-specific construct. But both of the constructs will affect consumers' purchase behavior in the international marketplace. The construct of animosity will be indicated in two first-order constructs: war animosity and economic animosity, and will be related negatively to willingness to buy (Klein, Ettenson and Morris, 1998).

In comparison with the effects of country of origin, Hong and Kang (2006) suggest that if the country is not noted for manufacturing high-quality products of the specific type, or if other equally favorable products are likely to be available, the effect of animosity may predominate. However, if the country has a reputation for manufacturing superior products of the type under consideration and a decision not to purchase the product, the effect of animosity may be less apparent.

2.5. Factors moderating the COO effect

The effect of country of origin on the evaluation of products is only one among many pieces of information taken into account by consumers. Pharr (2005) studied the moderators of COO effect 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, Wuhrer and Werani, 2005). 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) (Saeed et al., 2013).

2.5.1. Product-based moderators

2.5.1.1. Price level and associated financial risk

The role of price in consumer evaluation of product alternatives and their ultimate buying decision is a multi-dimensional one (Roberta Veale, 2007). Consumers consistently use price as a predictor of quality, particularly when they have limited knowledge of product category offerings (Kardes, Cronley et al. 2004). Consumers have been found to believe that there is a ‘natural’ ordering of products according to a price scale, where the higher quality products are more expensive and products of lesser quality are cheaper. This bias in consumer beliefs can result in two negative outcomes for marketers. In the first instance, consumers may deduce (often incorrectly) that a ‘high quality’ product is more expensive that it actually is, leading to a constraint on their likely purchase or a ‘value’ pricing strategy can lead to consumer assumptions of lower than actual quality (Roberta Veale, 2007). Therefore, this belief can also provide an opportunity to ‘underpin’ a quality proposition for their product, as a higher price is likely to lead to assumptions of higher quality even if unwarranted.

This subjective view of price leads to its additional role in the buying decision process as specifying a conditional ‘trade off’. If consumers believe that price and quality are tied in, then paying a lower price means they must accept lower quality. Conversely, to gain better quality, a monetary sacrifice must be made, perhaps beyond that which is desirable to the payer (Kardes, Cronley et al. 2004). As suggested for many consumers with limited financial resources, price may act as a constraint reducing the number product or service alternatives that can be considered. Price can also be considered a means for reducing risks; these may include increased search endeavors, additional waiting time (if a cheaper product is not currently available) or loss of social status or embarrassment (Snoj, Pisnik et al. 2004).

A less favorable country of origin results in a higher buying risk for the consumer; therefore a lower financial risk is tolerated. "There is a significant interaction between country-of-origin and price and there is some indication that for a poor image country, price concessions are needed to sell a product" (Johansson and Nebenzahl 1986) .

2.5.1.2. Product Category

Numerous studies confirm that COO effects vary among different product categories (Amine, 2008). Although a consumer may hold a negative image of a particular country, the effect of this negative perception can vary by product categories (Bae , 1999). In his Study Bae (1999) provided the example of American consumers generally having a negative country image towards Iraq but still highly valuing Iraqi rugs. Thus, product categories could act as a moderating variable in the COO effect on product evaluation. Researchers find single-country images and stereotypes can be varied among different product categories (Amine, 2008). Hamzaoui and Merunka (2006) showed that a product's country of manufacture (COM) and country of design (COD) effects differ depending on the product categories.

2.5.1.3. Level of brand name prestige

A negative country of origin can be offset by a prestigious brand name. A product by Sony made in Hong Kong is still a Sony even though its image is somewhat lowered. Studies have shown that a strong brand can outweigh negative COM effects (Ahmed *et al.*, 2004).

2.5.2. Individual based moderators

2.5.2.1. Product familiarity and product knowledge

Product knowledge: Product knowledge is an important construct in understanding consumer behaviors such as information search and information processing (Park *et al.*, 1994). Knowledge is the body of facts and principles (i.e., information) collected by mankind (i.e., stored in memory) about a domain (Page and Uncles, 2004). researchers concluded that consumer attitude would be more persistent and less affected by country of origin cues over time as long as they have high product knowledge and motivation to process product-related information to make a decision. Consumers who have low product knowledge are more likely to use country of origin cues as indicators of product quality. This is due to their inability to analyze intrinsic cues, such as physical product attributes. It was also found that country of origin has a significant impact on product evaluation, particularly when consumers are less motivated to process available information when they have low product knowledge.

Temporarily, consumers with high product knowledge are able to perform product-related tasks successfully and have extensive prior knowledge about product types, usage, and purchase information. Additionally, those experts are more likely to relay on attribute-based information rather than stereotypical information in their evaluation and decision making (Chao, Wuhrer et al. 2005). According to Lee and Lee (2009) consumers were less likely to use COO cues in their product evaluation when they have a high level of product knowledge. In contrast, when consumers have a low level of product knowledge, they are more likely to relay on COO cues in their product evaluation. In short, consumers are less influenced by COO cues in their product evaluation when they have high level of product knowledge.

The level of product familiarity can influence consumers' willingness to purchase and the extent to which they apply COO cues when making their judgment. Veale (2007) stated that "the correlation between product familiarity and use of the country-of-origin cue is relatively high and significantly positive". Ahmed and d'Astous (2008) confirmed the moderator role of product familiarity in the evaluation of COO. Previous research suggests that the contribution of COO to product evaluation, when the amount of attribute information presented is low (low familiarity), is higher than when the amount of product attribute information is high (high product familiarity) (Lou, 2011). Ahmed and d'Astous (2008) suggested that the greater the level of familiarity with a country and its products, the more objective consumers' product perceptions are.

2.5.2.2. Product involvement level

There are contradicting views towards the relationship between country-of-origin and two kinds of product involvement. One view is country-of-origin contributes to consumers' evaluation of low-involvement products. However, this effect is weak as the purchase decisions are not important. Consumers may buy the product only due to their habit or its popularity. Other cues such as brand and price might be more significant factors than the country-of-origin in low involvement situation (Law Pui Ling and Wong Hoi Sui, 2013). A study also shows that when product involvement is high, the summary cues such as brand name and country-of-origin may have greater roles in people's evaluation process rather than simple cues like price (d'Astous and Ahmed, 2002). The degree of product involvement and the importance of country-of-origin are positively related according to this view.

Other studies have different perspective. Product involvement has a negative moderating effect on country-of-origin effect, meaning that when the more involved the consumers are, the less influence country-of-origin effect has on product evaluation (Law Pui Ling and Wong Hoi Sui, 2013). It is only one of the product attributes but not act as an overall basis for product judgments. Consumers tend to use their prior knowledge to judge the product rather than only focusing on the COO. For low involvement product, consumers only want to use minimum effort to make the decision. Therefore, COO effect becomes more important and consumers may use it as a base for product decisions (Gurhan-Canli and Maheswaran, 2000).

2.5.2.3. Demographics

The consumer perception towards COO can vary by demographics i.e. the effect of gender, age group or education and income. Studies (Kotabe and Helson, 1998) have shown that COO influences would be strong among the elderly, less educated and politically conservative consumers.

2.6. Empirical review of County of origin effect and Ethnocentrism from Ethiopian consumers' perspective

The COO effect is widely researched in the last decades. There are multiple findings suggesting that the COO can have a significant influence on consumers' quality perception, purchase intention and numerous other forms of product evaluations. There are also many papers that are critical about the COO effect; they argue that the country image is mainly caused by brand image and that the COO effect on itself has no significant influence on consumers' perceived quality.

Very few investigations have related to the Ethiopian consumer's characteristics as a result, information about Ethiopian consumers is still scarce. Especially, few research efforts have explored Ethiopian consumers' behaviors towards foreign products. Geletaw Abebaw (2012) researched the impact of country of origin on consumers perception in the case of Chinese readymade garment in the view of consumers residing in Addis Ababa. The main findings of the study have indicated that Ethiopians consider country of origin as an important tool in making their judgment of the quality of readymade garments. This means consumers use the reputation of the country to judge the quality of readymade garments and especially when they do not have enough information to assess the quality of the products.

Another stream of literature that is more anthropological in nature, suggests that consumers in developing countries also see the CO as determining a brand's desirability for symbolic, status-enhancing reasons (status preference), in addition to suggesting overall quality. Such generalized status preference for nonlocal (foreign) brands has been reported in developing countries, such as Ethiopia and Peru (Barta, Ramaswamy, Alden, Steenkamp, and Ramachander, 2000).

A few researches have been done on antecedents of COO form Ethiopian consumer's context. A Study on Ethnocentric Tendencies of Ethiopian Consumers by Mangnale, Potluri, and Degufu (2011) thoroughly reviews the existing literature on ethnocentrisms. The CETSCALE (Consumer Ethnocentric Tendencies Scale) developed by Shimp and Sharma was adopted to measure the magnitude of ethnocentrism in both the product and service markets. The result shows that CETSCALE is a reliable instrument to measure the ethnocentric tendencies of Ethiopian consumers. The magnitude of ethnocentrism for the sample population indicated that Ethiopians exhibit moderate ethnocentrism. The analyses of the demographic variables show that women are more ethnocentric than men. However, no significant relationship was found between ethnocentrism, age, income, and educational levels. Further, consumers did not exhibit different levels of ethnocentrism for the product and service markets in Ethiopia. This research study serves as a basis for Ethiopian marketers to understand the ethnocentric levels of their consumers while purchasing both products and services which are constructive to them to develop, design and modify their marketing offers.

Another study by Daniel Altah (2013) was conducted to explore the degree of association in Ethiopian consumer’s ethnocentrism, purchase attitude, subjective norm and purchase intention of local products. This study took the leather footwear as a case of the study since the preference towards local footwear is increasing. One of the objectives of this study was to check whether the difference between groups in terms of the demographic variables namely age, level of education and monthly income produces difference in ethnocentrism. The ethnocentric tendencies of Ethiopians vary between different age, educational and income level of consumers. However the study did not find significant difference in ethnocentrism between male and female consumers which differs from the findings of the study by Mangnale et al. (2011).

As far as this research could find, the COO effect is never tested in the Ethiopian pharmaceutical drug market. As can be seen above, surveys on the Ethiopian consumer are confined and limited variables have been counted in. This study can narrow the existing gap by researching how Ethiopian consumers assess foreign made pharmaceutical drug. Particularly, this investigation strives to obtain how Indian pharmaceutical drug are evaluated in the mental of the Ethiopian consumers by considering different moderating factors.

2.7. Development of conceptual frame work and Hypotheses

The COO effect has been widely researched in the field of international marketing, most studies found evidence that the COO effect has a significant influence on consumers product evaluations (Fetscherin and Toncar, 2009). A study done by (Jun and Choi, 2007) concluded country of origin was an important factor for consumers when purchasing non pharmaceutical drug.

2.7.1. Conceptual Model

In this part, the conceptual model is discussed, including the explanations of the antecedents, independent variables, dependent variables, potential moderators, and the relationships between them which lead to formation of the total conceptual model and its hypotheses. The conceptual model is to clarify visually what relationship is tested in the research. After reviewing models used in prior research, the conceptual model used by (Luo, 2011; Saeed et al., 2013) seemed to be the most suitable to use as an example model for this research (See figure 1).

The model used by those researchers assumes that rather influencing consumer purchase intentions COO more successfully effects consumers' product evaluations. Generally speaking, consumers of less developed countries 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.

Antecedents

The verification of COO effect influence onto perceived quality of consumers during product evaluation led to find the antecedents of COO images. 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. The definition of Consumers ethnocentrism and Animosity are already discussed in the literature review.

Consumers weaker in their ethnocentric tendencies assess products on some other parameters than COO while making purchase decisions. Both COO and consumer ethnocentrism (CE) is studied together because of their strong relationship. It has been observed highly ethnocentric consumers consider it immoral to buy foreign products.

Nijssen and Douglas (2004) declared country-specific animosity to affect consumers' product evaluation and ultimately their purchase intention to buy the specific product. In this study among the different animosity, Economic animosity is considered as antecedent of the COO variable.

Independent Variable (I.V)

The Country of Origin (COO):

The independent variable country of origin (COO) is the focus of this thesis. The definition and the construct of COO are already discussed in paragraph 2.1. Although it is important to distinguish the several constructs of COO, it is also difficult to integrate them all in this research. It would result in a very high amount of required respondents or would lower the statistical power of the analysis diminishing the validity and reliability of the drawn conclusions. Therefore in this study country of brand and country of manufacturer were considered.

Han (1989) divided the COO effect into the summary effect and the halo effect. Although this model might be plausible and is important for the understanding of the COO effect, this study will not make a difference between the summary effect and the halo effect. It will be difficult to subscribe a certain extent of the overall COO effect to either the summary effect or the halo effect; therefore this study measured only the overall COO effect.

Dependent Variable (D.V)

Product evaluation

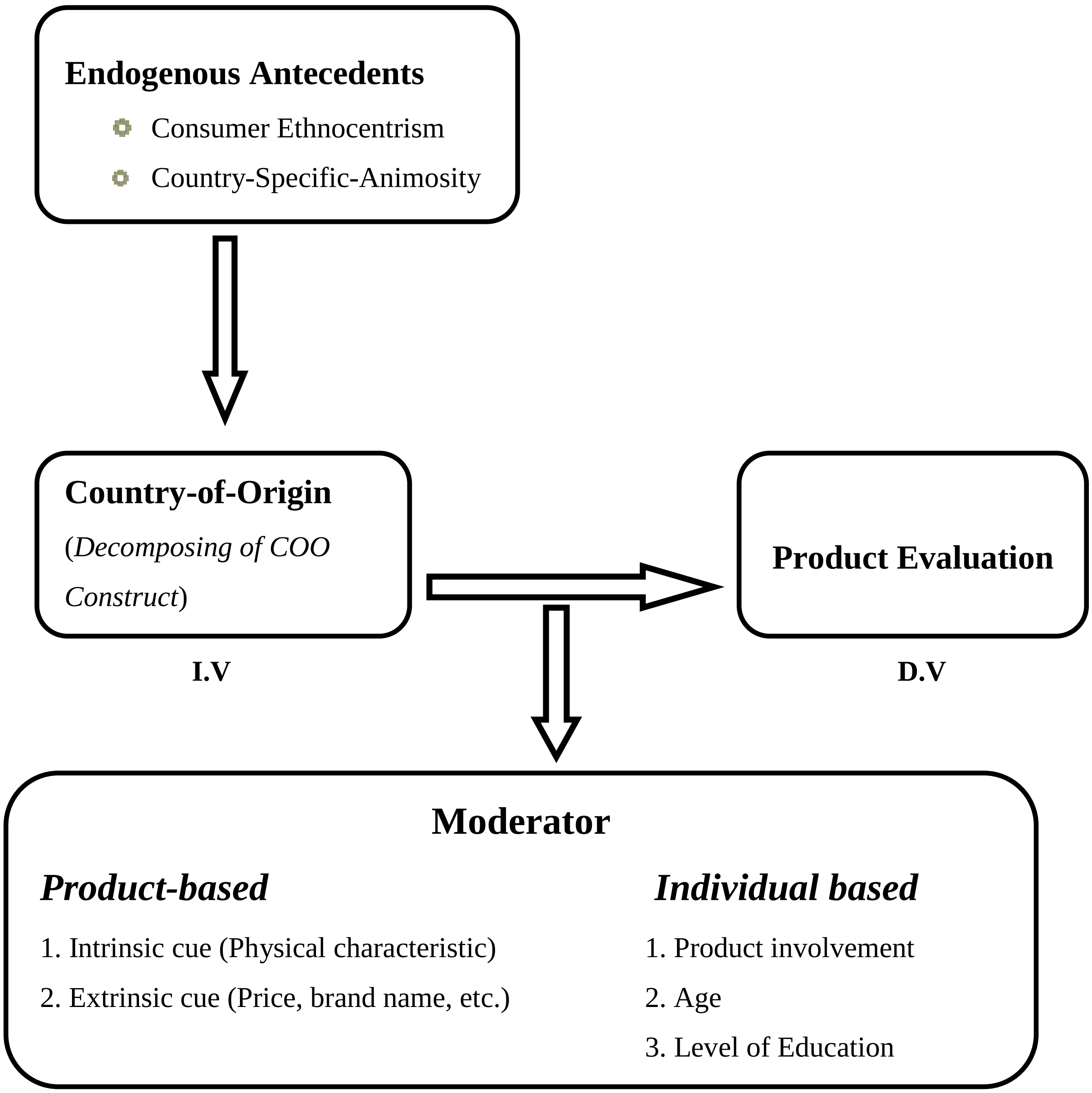
It is normally argued that consumers make their purchase decisions on the basis of their evaluation of, and knowledge about, the product attributes. In many instances a consumer's evaluation of quality, or expectation of quality, may involve the evaluation of both intrinsic and extrinsic cues. Further, market specific variables such as consumer knowledge and self-confidence have also been found to influence the use and understanding of both intrinsic and extrinsic cues. This research provides a vehicle to measure to what extent country of origin influence consumer product quality assessment.

Moderators

As commonly discussed in prior research, COO is only one extrinsic product cue among many other intrinsic and extrinsic cues that are used for product evaluations (Agrawal & Kamakura, 1999). Between the experimental setting in this research and the 'natural' purchase situation there are some influences that can moderate the effect of COO on product evaluation and these differences are inevitable. Therefore, this research aimed to create an experimental setting that is as realistic as possible given the budget and sample size constraints.

In this study the degree of impact of country of origin on product evaluation is moderated by product based and individual based variables. The product based variables further divide in to intrinsic cue such as physical character and extrinsic cue (price and brand name.) Under the individual based category Product involvement, product knowledge and demography (Age and educational level) are considered. Since COO is only one product cue among many others, the other cues are expected to have an influence on product evaluation as well. Single cue design studies, in which respondents are presented only with information related to the product's COO, are criticized for their lack of realism (Verlegh & Steenkamp, 1999). Therefore, this study provides the respondents with information about other cues (both intrinsic and extrinsic) that are related to the product and which are important for consumer's evaluation.

Figure 1. Conceptual Framework



source (*Luo, 2011; Saeed et al., 2013****)***

2.7.2. Hypotheses

Following are the hypothesis of study based on findings of past literature:
Consumers may have different feelings towards products manufactured in their home country versus foreign countries. Also, consumers feeling towards products from their home countries are driven by considerations that may be unrelated to the product efficacy or performance or its competitive position. Consumers' preferences for products made in their home countries have been found to be correlated with personality variables like level of dogmatism and conservatism (Maheswaran and Yi, 2006). With the increasing globalization of business, foreign brands are available in more parts of the world and the competition between domestic and multinational firms is increasing in virtually all countries. From the perspective of ethnocentric consumers, purchasing imported products is wrong because it hurts the domestic economy, causes loss of jobs and is unpatriotic. To non-ethnocentric Consumers, however, foreign products should be evaluated on their own merits without the consideration of where they are made (Maheswaran and Yi, 2006).

H1: Less ethnocentric consumers are more likely to purchase pharmaceutical drug from foreign than domestic countries.

In general, positive country of origin stereotypes based on functional aspects but negative emotions (e.g., animosity) towards the country as a result of its political or social policies affect product evaluation. Animosity may be independent from quality judgment and is only predictive of behavior. A consumer with animosity towards a certain country may refuse to buy the product originating from the target country without derogating the quality of the products. (Maheswaran, and Yi 2006).

H2: There is no animosity towards India by Ethiopian consumers.

Products and services are bundles of attributes used as 'cues' by consumers to shape opinions of expected or experienced product quality. An intrinsic product cue can be any product characteristic inherent in the product itself while an extrinsic cue is a product characteristic not fundamental to the product itself but externally attributed to the good or service, for example, price, brand, place of purchase, or country of origin (Teas and Agarwal, 2000). Previous research has shown that consumers vary in their reliance on both intrinsic and extrinsic cues as well as in their ability to accurately assess product cues accurately (Roberta Veale, 2007).

H3: The intrinsic product cues of quality and Level of adverse effect are of greater importance in the consumers' evaluation of pharmaceutical drug than the extrinsic product cues of COO and Brand and price.

In general, intrinsic quality cues have a greater effect on product quality perceptions than extrinsic cues (Veale and Quester, 2009). Therefore,

H4: The extrinsic product cues of price and brand name are of greater importance in the consumers' evaluation of Pharmaceutical drug than the COO.

Consumers with low levels of knowledge tend to relay on limited personal knowledge or product familiarity instead. These consumers are also more likely to misinterpret any intrinsic cues considered due to the inability to assess them accurately, subsequently increasing the risk of misjudging their value. This behavior leads to a heavier reliance on extrinsic cues to form the basis of product quality expectations (Roberta Veale, 2007). Therefore,

H5: Consumer having low level of product knowledge and involvement relay more on COO cues for product evaluation.

Some studies suggest that the influence of age and level of education on consumers' level of ethnocentrism which can then have an impact on COO effect on consumers' product evaluations (Lou, 2011). Therefore,

H6: Consumers having older age and higher level of education relay less on COO cues for product evaluation.

CHAPTER 3

METHODS OF THE STUDY

3.1. Chapter Overview

This chapter deals with the methodology to conduct the research. The research is quantitative and applied explanatory research approach to meet the desired objective. The population of the study was adults in Addis Ababa and stratified random sampling were employed to take samples from pharmacies and drug stores. The sample size was determined by using the formula for infinite population and is 384. Questionnaire adopted from Luo,(2011) was used to collect data and both primary and secondary data sources were used in this study. Data gathered from respondents were analyzed using the Statistical Package for Social Sciences (SPSS) software.

3.2. Research Approach

The research is quantitative research since it is concerned with examining the relationship of known variables. The purpose of this study was to test the effect of country of origin on Ethiopian consumers while evaluating pharmaceutical drug. According to Kotler and Armstrong (2011) research can be divided in three types, dependening on the objectives of the research. Exploratory research (1) is conducted to collect preliminary information in order to define problems and develop hypotheses. Descriptive research (2) is used to describe a product's market potential, or information related to potential customers such as buying behavior and demographics. Causal research (3) is used to investigate relationships between certain causes and effects. Hypotheses are formed to reject or support the relationship. The main objective of this research is to investigate the relationship between a products' COO and its effect on consumers' product evaluation.

Therefore, in order to carry out the research activities as well as to meet the desired objective, causal (explanatory) research approach were used. The research was a single case study in which set of observations were taken at one point in time.

3.3. Sampling design

A sample design is a definite plan for obtaining a sample from the sampling frame. It refers to the technique or the procedure the researcher would adopt in selecting some sampling units from which inferences about the population is drawn (Kothari, 2004).

3.3.1. Population of the study

The population of this study is Addis Ababa which is the capital and the largest city of Ethiopia. Since country of origin perceptions are known to vary by consumers' home country, only respondents who are Ethiopians and lived in Ethiopia for a substantial period of time were considered. The population was defined as "individuals aged 18 and above and who are Ethiopian nationals.

3.3.2. Sampling Technique

In order to gather useful data sample in this research probability sampling technique were employed. The study was conducted among 337 consumers from Addis Ababa. Eligible respondents were individuals aged 18 and above, both residents and non residents visiting Addis Ababa at the time of data collection. Addis Ababa was chosen due to its proximity and the high density of population; it is home to over 3 million people and comprises major business and commercial activities. This region is widely considered as representative of Ethiopia and therefore the best alternative for generalizing the findings.

To maximize sample representativeness of the general adult population the questionnaire were distributed in pharmacies and drug stores which are listed under Addis Ababa health bureau. The place of the study was selected due to the reason that it is easy to identify the pharmaceutical drug consumers while they are coming to the pharmacies and drug stores with the intention of buying drug or seeking information. To increase the good representation of the sample, data were collected in different locations at different times of the day to incorporate individuals representing consumers at large. In other words the researcher tried to avoid the potential bias that could have occurred had we collected data at a single area at a single time on a single day.

According to the data found form Addis Ababa health bureau there are 321pharmacies including hospital pharmacies and 238 drug stores. In order to take a sample from the 559 pharmacies and drug stores stratified random sampling was employed. The pharmacies and drug stores were divided in to 10 strata based on sub city to increase the efficiency and representativeness of the sample.

As it is shown in table 2 all the pharmacies and drug stores were grouped based on the sub cities they are located. Even though the number of pharmacies and drug stores found in each sub cities (strata) differ, in this study the sample size for each strata is set to be two. The reason to limit the number of sample from each stratum to two is due to the constraint of time and budget.

Table 2. Number of Drug stores and pharmacies in each sub cities

Sub-City	Total Number of Drug store & Pharmacy	Sample facility taken from each sub city	Number of visitors sampled from each facility
Addis Ketema	38	2	19
Akaki Kality	33	2	19
Arada	48	2	19
Bole	99	2	20
Gulele	32	2	19
Kirkos	56	2	19
Kolfe-Keranio	83	2	19
Lideta	31	2	19
Nifas silk-lafto	84	2	20
Yeka	55	2	19
Total	**559**	**20**	**384**

Source; Addis Ababa Health Bureau

The pharmacies and drug stores were listed in ascending order for each stratum to make it convenient to employ simple random sampling. Microsoft Excel program RAND function was used to select randomly two facilities from each stratum (Sub city). Finally twenty facilities were selected from 559 using stratified simple random sampling method.

The sample size for this study was 384. In order to give equal chance for each consumer visiting the selected institution the total sample size was divided by the number of facilities selected. Therefore from each selected facility that are found in Bole and Nifassilk lafto sub cities 20 buyers were requested to fill the questionnaire by considering the number of facilities found in the two sub cities. 19 visitors were requested to fill the questionnaire from the rest 16 facilities that are found in the other 8 sub cities. Systematic sampling was employed to sample the number of visitors to the facilities. Since the number of visitor to each institution is not known, the sampling interval is set to be 3. The starting point was set by selecting a random visitor and then every third visitor was approached to fill the questionnaire.

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3.3.3. Sample Size

The total population of this study who are consumers of pharmaceutical drug in the ten sub-cities of Addis Ababa is too large and is considered to be infinite. In this research levels of confidence for the survey is 95% and the confidence interval is set at 5%. Since the population proportions are not known are set to 0.5 each. The area under normal curve corresponding to the desired confidence leve1 in this case 95% is set to 1.96 which can be found in statistical tables. The following formula suggested by Cochran (1977) gives the size of the sample in case of infinite population when we are to estimate the proportion in the universe.

$$n = \frac{z^2.p.q}{d^2}$$

Where: $n =$ Sample Size

$z =$ Standard variant at a given confidence level in this case 1.96

p &$q=$ Sample proportion

$d =$ Degree of accuracy desired

$$n = \frac{1.96^2 x0.5x0.5}{0.05^2}$$

$$n = 384.16$$

From the above formula the number of respondents for this research at 95% confidence level and 0.05 confidence interval is 384 pharmaceutical drug consumers.

3.4. Type and Sources of Data

Both primary and secondary data has been collected from various sources using data gathering instruments to make the study complete and achieve its predetermined goal. All sample respondents were the primary source of data while available documents, past literature reviews and relevant articles were used as secondary data.

3.5. Data collection tools/instruments

The data form sample respondents have been gathered using self-administered questionnaire. The questionnaire that was used in this study was adapted from (luo, 2011). The questionnaire consists 13 questions which were composed in English and were translated to Amharic to avoid language barriers. According to (Luo, 2011), the survey instrument includes valid rating scale measures of constructs such as the

Consumer Ethnocentric Tendencies Scale (CET-SCALE) and other rating scale items as detailed below. The survey instrument was designed to gather the antecedents of COO (India's' country image) Ethnocentrism, Animosity and factors moderating the COO effect from each of the respondents. The instrument is valid since it is adapted from (Luo, 2011). All items have been checked previously by other renowned researchers such as (Brodowsky, Tan, and Meilich, 2004; Saeed et al., 2013).

3.5.1. Construction of questionnaire.

I. Antecedents of COO

An open ended question (question 6) was designed to find out India's country image perceptions of Ethiopian consumers.

6. When you think about India, what's (are) the best words to describe your impression of India? Please state your opinion on the lines below.

Another open ended question discovered the Ethiopian perceptions about Medical products in general from India.

11. What do you think of Medical products that come from India?

Ethnocentrism

The CET-SCALE was used to measure ethnocentrism of Ethiopian consumers. Summarized past studies suggested that the validity of the CET-SCALE has been frequently established in both developed and less developed countries. Consequently, Question 12 in the questionnaire was designed to investigate Ethiopian consumers' level of ethnocentrism, which was measured using the CET-SCALE. The CET-SCALE consists of 17 Likert-type questions with end-points "1 = totally agree" and "7 = totally disagree". However, not all previous studies have applied all 17 items to measure the level of consumer ethnocentrism(Luo, 2011) Thus, 10 items which have been used in previous study (Margnale et al., 2011) to measure Ethiopian consumers' level of ethnocentrism in the case of local goods and services were incorporated into Question 12 of the questionnaire. The cronbache's Alpha for this particular study of reduced 10-item CETSCALE was 0.791which is recommended as an indicator of reliable measure by (Hair, Anderson, Tatham and Black 1998).

Animosity

There are several scenarios that have been used in business field research to test consumers' animosity towards a specific country (Luo, 2011). 6 Likert-type questions used in by Klein, et al., (1998) with end-points "1 = strongly agree" and "7 = strongly disagree" were incorporated to measure Animosity. Thus, Question 13 of the questionnaire was designed accordingly to investigate whether or not there is any animosity towards India by Ethiopian consumers. The cronbach's alpha for the 6 Likert type questions was 0.841 which is indicator of a reliable measure.

II. Factors moderating the COO effect

A. *Product based cues*

Question 9 in the questionnaire was designed to compare the importance of the intrinsic (quality, level of adverse effect, root of administration and dosage) and extrinsic (brand name, COM, COB and price) cues in the evaluation of pharmaceutical drug by Ethiopian consumers.

B. *Individual based cues*

This research defines "involvement in pharmaceutical drug" in two different ways: knowledge of pharmaceutical drug and frequency of purchase of pharmaceutical drug. Question 7 and 10 were designed to investigate these issues.

C. *Demographics*

Furthermore, a number of demographic questions (i.e. respondents' age, level of education, level of income and past and current living place (city).

3.6. Procedures of Data collection

Data were collected from Addis Ababa City, from selected pharmacies that are found in the ten sub cities. Representatives of the sample pharmacies and drug stores were communicated to get permission for administering the questionnaire. A druggist/ pharmacist was approached and those who were willing to participate in the administration of the questionnaire were trained to distribute and collect the self administered questionnaire. To randomize the selection a systematic sampling procedure was used: after each completed survey form, every third visitor was approached to participate in the research. The purpose of the research was explained to them and their cooperation sought to complete the written survey form. A sample of 19/20 respondents were gained in each of the selected facilities. The questionnaires were filled in by the respondents which it usually took them 7–10 minutes. From a total of 384 questionnaire that were distributed 16(4.1%) were incomplete, 31(8%) were not properly completed and 337(87.7%) were usable questionnaires.

3.7. Method of data analysis

Data gathered from respondents were analyzed using the Statistical Package for Social Sciences (SPSS). To answer the research questions and test the proposed hypothesis, relationships between variables were tested using one-way analysis of variance and correlation.

CHAPTER 4

Results and Discussion

4.1. Chapter Overview

This chapter reports the main findings from the survey. Data gathered from the questionnaires were entered into an SPSS file for analysis. A summary of each variable is presented in this chapter using appropriate tables and graphs and results of reliability test are provided in this chapter. The findings presented here are discussed more fully in relation to the research questions and literature. One way ANOVA and Bivariate correlation are used to compare different variables of the study.

4.2. Validity and Reliability of Constructs

Most of the measurement scales used in this study are commonly used in prior research and have proven to be valid and reliable. However, some of them might differ in the specific conditions of this study. 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 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. As shown in table 2 and 3 the study established the scale as having reasonable reliability with cronbach's alpha of items were calculated and found to be 0.726 which is greater than 0.7. As the reliability values are accepted values, therefore the instrument is reliable.

Table 3. Case processing Summary

		N	%
Cases	Valid	337	100.0
	Excluded[a]	0	.0
	Total	337	100.0

a. Listwise deletion based on all variables in the procedure.

Source: *Own survey,2014*

Table 4. Reliability statistics

Cronbach's Alpha	N of Items
.726	33

Source: *Own survey,2014*

4.2. Findings

4.2.1. Profile of respondents

The profile of respondents is shown in the following table. The total respondents who gave usable questionnaires for this study are 337. The study sample comprises respondents who vary on such characteristics as gender, age, level of education, income level and usage level and place of residence. Such a difference is a natural reflection of the true consumer population of Ethiopian towns. Table 5 shows that the respondents comprise of male (56.1) and female (43.9) adults. In terms of age, 43.3% are 18-30 years, 26.7% are 31-40 Years, 17.5% are 41-50 Years, 9.8% are 50-60 Years and 2.7 % are above 61 years. With respect to education the majority of respondents 44.5% are first degree holders followed by diploma 24.3%, below diploma 20.5% and Masters 10.7%. With regard to income distribution 30.6% earn below 2000 ETB, 33.8 % earn 2000-3999 ETB, 16.9% earn 4000-5999 ETB, 2.7% earn 6000-799 ETB, 7.4% earn 8000-9999 and

8.6% earn above 10000 ETB. For the question have you ever lived in other cities? 34.1 respondents replayed that they have lived in cities other than Addis Ababa and the rest 65.9% lived only in Addis Ababa.

Table 5. Respondents' profile

Variable	Type	Frequency	Percent
Gender	Male	189	56.1
	Female	148	43.9
	Total	337	100
Age	18-30	146	43.3
	31-40	90	26.7
	41-50	59	17.5
	51-60	33	9.8
	60+	9	2.7
	Total	337	100
Level of Education	Primary	29	8.6
	Secondary	40	11.9
	Diploma	82	24.3
	Degree	150	44.5
	Masters	36	10.7
	Total	337	100
Monthly income	<2000	103	30.6
	2000-3999	114	33.8
	4000-5999	57	16.9
	6000-7999	9	2.7
	8000-9999	25	7.4
	>10000	29	8.6
	Total	337	100
Lived outside Addis	Yes	115	34.1
	No	222	65.9
	Total	337	100

Source: *Own survey, 2014*

4.2.2. Purchase of pharmaceutical Drug

Participants were questioned about pharmaceutical drug. (Questions 6–8 of the questionnaire); how often they purchase pharmaceutical drug; which country's pharmaceutical drug they prefer to purchase and how they evaluate the characteristics of a pharmaceutical drug. Table 6 shows that 26% purchase every month, 34.1% every few month, 19.6 once a year and 38.6% of the respondents purchase whenever they got sick irregularly.

Table 6. Frequency of purchase

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Every month	26	7.7	7.7	7.7
	Every few month	115	34.1	34.1	41.8
	Once a year	66	19.6	19.6	61.4
	Other	130	38.6	38.6	100.0
	Total	337	100.0	100.0	

Source: *Own survey, 2014*

Table 7 shows respondents preference of drug origin country at the time of purchase. 18.1% prefer to purchase drug produced in Ethiopia 56.7 % prefer drug originated from European countries specifically from Germany and some from England. 3.3% and 3.6 % preferred U.S.A and Indian pharmaceutical drug respectively while 16.3% have no specific preference. The rest of the respondents (2.1%) preferred drug from Cyprus, Egypt and Saudi Arabia

Table 7. Preference of drug origin country

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Ethiopia	61	18.1	18.1	18.1
	Europe	191	56.7	56.7	74.8
	USA	11	3.3	3.3	78.0
	India	12	3.6	3.6	81.6
	NO PREFERENCE	55	16.3	16.3	97.9
	Other	7	2.1	2.1	100.0
	Total	337	100.0	100.0	

Source: *Own survey, 2014*

The researcher asked participants to evaluate the importance of the product characteristics of pharmaceutical drug (Question 9). When the researcher asked what the most important characteristics of Pharmaceutical drug, 78.3% of respondents said "COM"; 49.6% said "quality"; 41.5% said "brand name and price"; 31.5% said "Level of side effect"; 12.5% said "Dosage" and 9.8% said "Root of administration"; 8.6% said "COB".

Table 8 displays the mean rating for product characteristics. From the results we can see that COM plays the most important role in evaluation of pharmaceutical drug. Ethiopian consumers seem to see quality and brand name and price as the second and third most important characteristics. Compared to other characteristics listed, COB was the least important to the participants.

Table 8. Evaluation of Characteristics of pharmaceutical drug

	N	Mean
Quality	337	1.76
Brand name & price	337	1.78
COM	337	1.32
COB	337	2.45
Level of side effect	337	2.00
Root of administration	337	2.40
Dosage	337	2.31
Valid N (listwise)	337	

Source: *Own survey, 2014*

4.2.3. Country image of India and stereotypes about Medical products from India

Question 6 of the questionnaire asked participants what were the best words to describe their impressions of India (see Table 9). Statements that were used to express the impression of India include, highly populated, growing economy, highly literate, respect their own culture, Film industry (Bollywood), Beautiful people were among the positive ones. Some of the respondents said unfair wealth distribution, poor people. Based on the statements the respondents answer were grouped to Good, Bad, fair and no idea by the researcher. 44.5% said fair, 30.3% have Good impression, 17.8% of the respondents have no impression about India and the rest 7.4% have negative impression about India.

Table 9. Respondents impression of India

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Good	102	30.3	30.3	30.3
	Bad	25	7.4	7.4	37.7
	No Idea	60	17.8	17.8	55.5
	Fair	150	44.5	44.5	100.0
	Total	337	100.0	100.0	

Source: *Own survey, 2014*

The researcher also asked participants what they thought of Medical products from India. The respondents described their idea using the following statements: low quality, unreliable, unsafe, below the standard production of drug, take longer time to act, counterfeit and not effective are among the statements that were used to express negative impression and Good due to high literacy rate, reasonable price for a reasonable quality, better than local drug, depend on the type of drug, cheap, Good but less effective than European drug" were among the feelings expressed by the respondents. Based on the statements the researcher has grouped the impression towards Indian medical products in to Good, Bad, fair and No idea. (See Table 10), 35.9% have bad impression towards Indian medical products, 27% have no impression or are not knowledgeable about Indian medical products, and 27% have rated as fair impression towards the medical products while the rest of 10.1% have a good impression.

Table 10. Participants' stereotypes of Indian medical product

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Good	34	10.1	10.1	10.1
	Bad	121	35.9	35.9	46.0
	No Idea	91	27.0	27.0	73.0
	FAIR	91	27.0	27.0	100.0
	Total	337	100.0	100.0	

Source: *Own survey, 2014*

4.2.4 Knowledge about Pharmaceutical Drug

When participants were asked: "Do you see yourself as someone who is knowledgeable about pharmaceutical drug?" 49. % said they knew very little, 28.2% said they knew little; and 14.8% said they knew some things. Only 4.7% said they knew quite a lot and just 3.3% said they knew a great deal. Thus the large majority of respondents were not very knowledgeable about pharmaceutical drug (see Table 11).

Table 11. Knowledge about Pharmaceutical Drug

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I know a great deal about Pharmaceutical drug	11	3.3	3.3	3.3
	I know quite a lot	16	4.7	4.7	8.0
	I know some things	50	14.8	14.8	22.8
	I know Little	95	28.2	28.2	51.0
	I know very little about Pharmaceutical drug	165	49.0	49.0	100.0
	Total	337	100.0	100.0	

Source: *Own survey, 2014*

4.2.5. Ethiopian consumers' ethnocentrism (CE)

Table 12 and 13 shows the level of Ethiopian consumers' ethnocentrism (CE). The mean of all the statements is 3.36. From the results we can see that most participants rather disagree with all of the ethnocentric statements.

Table 12. Mean of total Ethnocentrism

	Item Means
Mean	3.360
N of Items	10

Source: *Own survey,2014*

Table 13. CET-SCALE of CE

	N		Mean
	Valid	Missing	
Ethnocentrism A	337	0	4.52
Ethnocentrism B	337	0	3.70
Ethnocentrism C	337	0	1.87
Ethnocentrism D	337	0	4.31
Ethnocentrism E	337	0	3.31
Ethnocentrism F	337	0	2.61
Ethnocentrism G	337	0	4.62
Ethnocentrism H	337	0	2.42
Ethnocentrism I	337	0	2.77
Ethnocentrism J	337	0	3.47

Source: *Own survey, 2014*

4.2.6. Animosity towards India

The researcher asked participants' opinion on each of the six statements to investigate if there was any animosity felt by Ethiopian people towards India (Question 13 of the questionnaire). Most participants mildly disagreed with all statements (the mean of all the statements is 3.03). Overall, we can see from the results that Ethiopian people do not have animosity towards India (see Table 14 and 15).

Table 14. Animosity Summary Item Statistics

	Item Means
Mean	3.030
N of Items	6

Source: *Own survey, 2014*

Table 15. Animosity towards India among Ethiopian consumers

	N		Mean
	Valid	Missing	
Animosity A	337	0	3.04
Animosity B	337	0	3.26
Animosity C	337	0	3.08
Animosity D	337	0	2.98
Animosity E	337	0	2.69
Animosity G	337	0	3.14

Source: *Own survey, 2014*

4.3. Discussion

This section of research paper discusses the findings which have been presented in the last section comparative to earlier country-of-origin studies. The main highlights of the section include the degree to which Ethiopian 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, level of adverse effect, root of administration and dosage) onto the consumers' pharmaceutical drug evaluation is also measured. The effect of product involvement and knowledge upon Ethiopian consumers' evaluation is also undertaken in this research study.

4.3.1. Impact of COO antecedents

4.3.1.1. Consumer Ethnocentrism

Past literature supports consumer ethnocentrism as an important antecedent of COO. On similar way, factors like country-specific animosity also have significant influence upon COO. Findings of this particular study suggest that consumers are less ethnocentric to some extent in Ethiopia with mean ratings of 3.03 which is (3= rather disagree). Therefore lower the mean score, lower the consumers would be on ethnocentrism in

Ethiopia. The mean ratings along with histogram having normal curve distribution are provided in the diagram given below.

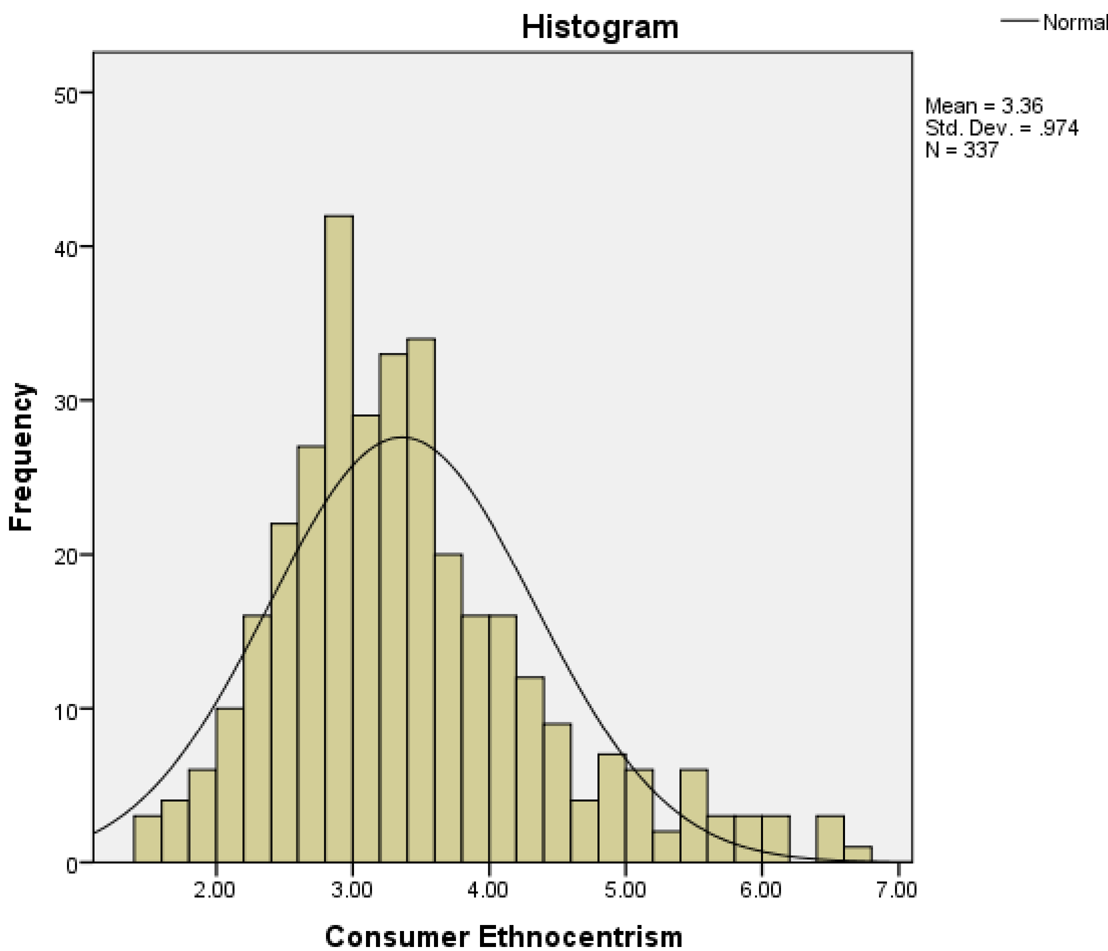

Fig.2 Participants' level of ethnocentrism

Source: *Own survey, 2014*

To examine the extent to which Ethiopian CE influences the selection of domestic brands of pharmaceutical products over foreign brands, the average ethnocentrism score for the 61 participants who bought Ethiopian brands were compared to the ethnocentrism of the 221 who bought foreign brands. There was no significance difference observed between the mean ethnocentrism of participants who preferred to purchase Ethiopian brands and those who preferred foreign brands. Both groups were less Ethnocentric with mean= 3.3528 vs. mean= 3.29 respectively (see Table 16 and 17).

Table 16. Purchase of Ethiopian brands

	N	Minimum	Maximum	Mean	Std. Deviation
Total Ethnocentrism Valid N (listwise)	61 61	2.00	5.90	3.5328	.84276

Source: *Own survey, 2014*

Table 17. Purchase of Foreign brands

	N	Minimum	Maximum	Mean	Std. Deviation
Total Ethnocentrism Valid N (listwise)	221 221	1.50	6.60	3.2900	.97700

Source: *Own survey, 2014*

4.3.1.2. Country-Specific consumer animosity towards India

Klein et al., (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 2.6 and 3.3 this clearly indicates that Ethiopian consumers have no animosity towards India. Thus, in general there is no animosity towards India by Ethiopian consumers (see Table 18) and they do not hold any negative country-specific perceptions when evaluating pharmaceutical drug from India.

4.3.2. Product based moderators

4.3.2.1. Extrinsic product cues (brand, COO and price)

The mean ratings from the findings suggest COM as the most important extrinsic product cue in the evaluation pharmaceutical drug by Ethiopian consumers. Brand name and price are 2nd on consumers' priority list of product evaluation cue having a mean of 1.78. COB is a variable given least priority by consumers in their process of product evaluation with a mean rating of 2.45.

4.3.2.2. 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 Level of adverse effect, dosage and Root of administration of pharmaceutical drug. The extrinsic product cues of COM, COB and brand name and price are of greater importance in their pharmaceutical drug evaluation than intrinsic cues of quality, Level of adverse effect, Root of administration and dosage

4.3.3. Individual-Based moderators

4.3.3.1. Correlation Table of Product knowledge, COM and COB

Over half (58.2%) of the respondents purchased pharmaceutical drug either once a year or whenever they are sick. Ethiopian consumers in general are not very knowledgeable about pharmaceutical drug: Only 4.7% of the participants said they knew quite a lot and just 3.3% said they knew a great deal. Past literature indicates that when consumers have low level of knowledge regarding products, they relay 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 pharmaceutical drug" from two perspectives: knowledge of consumer regarding drug and purchase frequency of pharmaceutical drug. To determine whether the product knowledge level of consumer relating to pharmaceutical drug moderates the effect of COO, knowledge of pharmaceutical drug was correlated with COM and COB cues. On the other hand, to test whether purchase frequency of pharmaceutical drug moderates COO effect; frequency of purchase of pharmaceutical drug was compared with COM and COB cues using ANOVA table. The results indicate a Medium correlation of level of product knowledge with COM (r= -0.393, p= 0.000, N= 337), however the relationship between product involvement and COB is not significant (r= 0.043, p= 0.436, n= 337). As is shown in table 22 there is a negative correlation between level of knowledge and COM showing respondents that have low level of knowledge relied on COO for product evaluation.

Table 18. Correlation between knowledge of Pharmaceutical drug and COM/COB

		Knowledge about Pharmaceutical Drug	COM	COB
Knowledge about Pharmaceutical Drug	Pearson Correlation	1	$-.393^{**}$	.043
	Sig. (2-tailed)		.000	.436
	N	337	337	337
COM	Pearson Correlation	$-.393^{**}$	1	-.026
	Sig. (2-tailed)	.000		.638
	N	337	337	337
COB	Pearson Correlation	.043	-.026	1
	Sig. (2-tailed)	.436	.638	
	N	337	337	337

**. Correlation is significant at the 0.01 level (2-tailed).

Source: *Own survey, 2014*

Frequency of purchase was not related to COM (F=1.584, df=3, p=0.197). Frequency of purchase was not related to COB (F=0.206, df=3, p=0.892).

Table 19. Relationship between frequency of purchase of Pharmaceutical drug and COM/COB

		Sum of Squares	Df	Mean Square	F	Sig.
COM	Between Groups	1.984	3	.661	1.584	.193
	Within Groups	139.042	333	.418		
	Total	141.027	336			
COB	Between Groups	.262	3	.087	.206	.892
	Within Groups	140.972	333	.423		
	Total	141.234	336			

Source: *Own survey,2014*

Generally speaking, consumers with low level of knowledge and involvement relay more on COO and brand cues for product evaluation (Veale and Quester 2009). The same relation has been observed form this study that is the lower the level of product involvement, more the consumer would be inclined towards using COO in their product evaluation.

4.3.3.2. Consumer demographics (Age and education)

Previous studies have shown that age and level of education can moderate the COO effect (Chao & Rajendran, 1993; Insch & McBride, 2004). A direct relationship between consumers' age and level of education and COO cue was not found in this study (see table 20 and 21).

Table 20. Correlation between Age and COM/COB

		Age	COM	COB
Age	Pearson Correlation	1	-.024	-.036
	Sig. (2-tailed)		.656	.514
	N	337	337	337
COM	Pearson Correlation	-.024	1	-.026
	Sig. (2-tailed)	.656		.638
	N	337	337	337
COB	Pearson Correlation	-.036	-.026	1
	Sig. (2-tailed)	.514	.638	
	N	337	337	337

Source: *Own survey, 2014*

Table 21. Correlation between Level of Education and COM/COB

		Education level	COM	COB
Education level	Pearson Correlation	1	.061	.024
	Sig. (2-tailed)		.262	.657
	N	337	337	337
COM	Pearson Correlation	.061	1	-.026
	Sig. (2-tailed)	.262		.638
	N	337	337	337
COB	Pearson Correlation	.024	-.026	1
	Sig. (2-tailed)	.657	.638	
	N	337	337	337

Source: *Own survey, 2014*

CHAPTER 5

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Chapter Overview

This last chapter provides a discussion of the overall conclusions reached from conducting the research and includes suggested implications for theory in this area of study and for marketing practitioners. Recommendations for future results and identified limitations of the research are discussed Areas of future study close the chapter.

5.2. Summary of findings

Country of origin, as a significant parameter, has been studied in much research, and it is shown that this factor influences consumer behavior and also their purchasing (Rezvani 2012). Previous studies have found that COO cues do not directly affect purchase intentions but act as an extrinsic cue which directly influences consumers' brand and product quality evaluations (Pecotich & Ward, 2007; Luo, 2011).

The purpose of this research was to discover COO effect on Ethiopian consumers' evaluation of Indian pharmaceutical drug. This research also investigated the nature of the COO construct and the antecedents and moderators which could affect consumers' information processing when COO cues were presented. To achieve the research aim, a questionnaire survey of 337 consumers from Addis Ababa was conducted. A summary of the answers to the original research questions is presented below.

What are the Ethiopian consumers' stereotypes and country image of India and its Medical products?

Ethiopian consumers hold favorable overall Country image and perception of India but have negative impression towards its medical products specifically pharmaceutical drug in general. The image relates mainly to the population density, economic growth and literacy rate of India and the general perception of medical products from India were of low quality, unsafe, not effective and produced below the required standard. Therefore we can say the country image towards India is Specific product-country image that is, all beliefs and feelings about and attitudes towards specific product coming from a particular country. Stereotyping of this nature is typically product specific and may not extend to other categories of products from these countries. However there were a fairly large number (91 or 27%) of respondents who had no impressions or knowledge of Indian medical products.

To what extent does Ethiopian consumer ethnocentrism influence the selection of domestic brands of pharmaceutical drug over foreign brands?

Participants were less ethnocentric and they were more likely to purchase foreign pharmaceutical drug than the one manufactured in Ethiopia. Ethiopian consumers evaluate pharmaceutical drug from foreign countries as more reliable and of better quality than pharmaceutical drug. In addition, there was no significant difference observed on the levels of ethnocentrism between those who preferred to purchase Ethiopian brands and foreign brands.

Is there any animosity towards India by Ethiopian consumers?

Ethiopian consumers have practically no animosity towards India. Thus, there is no country-specific negative bias against Indian medical products among Ethiopian consumers and they objectively evaluate a product's COO cue in their product judgment.

How important is COO in Ethiopian consumers' evaluations of Pharmaceutical drug compared with the importance of price and brand?

Ethiopian consumers are COO conscious. They view COO and Brand and price as the most important extrinsic product cues in the evaluation of pharmaceutical drug. In terms of the sub-constructs of COO, COM was more important in their evaluation than COB. Participants evaluated COB as the least important product cue in pharmaceutical drug evaluations. The majority of Ethiopian consumers purchase European Pharmaceutical drug rather than Ethiopian and Indian ones.

How important is COO in Ethiopian consumers' evaluations of Pharmaceutical drug compared with the importance of (intrinsic cues) quality and level of adverse effect?

COO is considered as the most important cue in the evaluation process of drug more than intrinsic cues like quality and level of adverse effect which were also viewed important among intrinsic cues in the evaluation of pharmaceutical drug.

Does a consumer's level of involvement in purchasing pharmaceutical drug moderate COO effect?

The level of involvement in this study was analyzed on the basis of purchase frequency and the level of product knowledge. Participants mostly purchased pharmaceutical drug irregularly. Furthermore, the large majority of participants were not very knowledgeable about pharmaceutical drug. Previous studies have found that the lower the level of product knowledge the greater the reliance on the product's COO cues (Lee & Lee, 2009; Jimenez & Martin, 2010). In this study, the same outcome has been observed, the lower the level of involvement, the more the participants considered COO (COM) as important in their product evaluations. There was no observed relation between purchase frequency and COO in this study.

Do demographic variables moderate COO effect in the evaluation of pharmaceutical drug?

A direct relation between COO and demographic variables like Age and education level of consumers were not observed.

5.3. CONCLUSION

Apart from the other variables that consumers perceive as being responsible for their choice of particular product, country of origin is already proved as a strong option to consumers. To the best of the knowledge of the researcher, no study was available in this subject in Ethiopian pharmaceutical drug market. In this particular article, the researcher has tried to investigate the relationships between country of origin and product evaluation in Ethiopian pharmaceutical market. This study has proved that country of origin definitely influences consumers' overall evaluation of pharmaceutical drug.

The purpose of this research was to determine COO effect on Ethiopian consumers' evaluation of pharmaceutical drug. Apart from this, the study also inspected the nature of construct of COO, its antecedents and some moderator variables which could affect COO impact onto product evaluation of consumers. In order to achieve the objective of the research, a survey was conducted in Addis Ababa, Ethiopia. The conclusions regarding original hypothesis is provided below.

The respondents of the study were less ethnocentric and preferred purchasing local products over foreign. Ethiopian consumers evaluate pharmaceutical products from Europe to be more reliable and better in quality as compared to other countries pharmaceutical drug. There was no significant difference between the level of ethnocentrism between participants that purchased foreign drug and the one purchased from Ethiopia. Therefore it can be deduced that Ethiopian consumers are less ethnocentric and if given the choice of pharmaceutical drug originating from developed countries, would prefer them than local pharmaceutical drug.

As observed from the study Ethiopian consumers have no animosity in whatsoever context towards India. But have to some extent negative impression towards the medical product. Therefore it can be presumed even if there is no animosity towards India by Ethiopian consumers, they have a negative impression regarding Indian pharmaceutical drug. Furthermore the consumers are disinclined to buy Indian pharmaceutical products by evaluating it on the basis of other product and individual cues.

Previous research has shown that consumers vary in their reliance on both intrinsic and extrinsic cues as well as in their ability to accurately assess product cues accurately (Veale and Quester, 2009). In this study Extrinsic cues such as COM and brand and Price have greater importance in the evaluation process of pharmaceutical drug than intrinsic cues. In this case the result observed in the study does not support the stated hypothesis.

Consumers consistently use price as a predictor of quality, particularly when they have limited knowledge of product category offerings (Kardes, Cronley et al. 2004) and a negative country of origin can be offset by a prestigious brand name. In this study COO (COM) played a greater role in the evaluation of other extrinsic cues. The consumers viewed of brand and price as third important cue in the evaluation of the product. Therefore we can deduct Ethiopian consumers give more importance for COM in the evaluation of pharmaceutical product in the presence of other cues such as brand and price, therefore the proposed hypothesis was not supported.

Majority of the respondents were not much knowledgeable about cosmetic products. In the past according to (Lee, 2005) Consumer relay greater on COO cues when their level of product knowledge is low. This study confirms this phenomenon by revealing the fact that consumers with low levels of involvement relay greater on COO (COM) cues for product evaluation.

In relation with individual based moderators some studies suggest that the influence of age and level of education on consumers' level of ethnocentrism can then indirectly impact on COO effect on consumers' product evaluations (Lou, 2011). In this study there were no significant relation observed between Age, Educational level and COO. Therefore we can deduce COO is not moderated by individual based factors such us age and educational level in the evaluation of pharmaceutical products. As a result the proposed hypothesis was rejected.

5.4. Recommendation

As discussed in the previous section, positive and favorable country image of a specific country could increase consumers' willingness to purchase products from that country. Ethiopian consumers hold a positive and favorable country image towards India but have a somewhat negative impression towards its medical products. However, there are still a large number of people who have no impressions about Indian pharmaceutical products. Participants thought pharmaceutical drug from India was not reliable, had low quality and low performance, but they also thought it was cheap.

This study suggests that the awareness levels of Indian pharmaceutical drug need to be raised possibly by Indian pharmaceutical product importers. This companies need to increase awareness by promoting to professionals that have direct contact with the users such as pharmacists, druggists and Medical doctors since TV advertising of pharmaceutical drug is not practical in Ethiopia. The awareness can be raised by associating the product with the positive COO image of India such as high literacy rate and economic development.

Ethiopian consumers to some extent focus on price of pharmaceutical products this could leverage off the Ethiopian consumers' perception of pharmaceutical drug from India being cheap/Low price.

Ethiopian consumers evaluate the quality (performance of) of Indian pharmaceutical product as being less from European countries. Thus this study suggests Indian companies should check the quality and performance of their pharmaceutical drug to better meet the expectations of Ethiopian consumers.

The pharmaceutical companies can set high price if possible in circumstances where consumers perceive high price equals high quality.

5.5. Limitation of the study

The present study focused on the COO effect on product evaluation of Indian pharmaceutical drug by Ethiopian consumers. Some of the limitations that are evident in this study are stated as follows:

- ✓ In reality products and services are comprised of a combination of many intrinsic and extrinsic cues but in this study only few were tested.
- ✓ Although around 35% of the respondents have lived in other cities, the result for the study may differ if it was conducted in other parts of Ethiopia as the life style in urban and rural areas differ.
- ✓ The findings of this research apply to a product of one specific country and may not be generalizable to the whole Medical product category.
- ✓ The research covered only two aspect of the COO construct (COM and COB) other constructs were not included as a result the importance of COM may be overstated.

5.6. Future area of study

First, it is recommended to include different regions in any future study of this topic. It would be interesting to research the COO effect in different situations, Other countries, continents, branded versus not-branded (Generic), non-prescription versus proscription drugs and other varieties can all extend the existing literature of COO research. Future studies are recommended to include all constructs of COO to better understand which construct have more influence on consumers product evaluation. Since the COO effect can significantly influence consumer's perceptions, future research on the underlying dimensions is needed to get a better understanding of the COO effect in a variety of situations, in order to be used properly by marketers and decision makers.

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APPENDIX

Appendix 1

Questionnaire (English)

Introduction

This questionnaire is developed to undertake a research in partial fulfillment of Master of Arts in marketing management. The purpose of the study is to identify the country of origin effect on consumers' product evaluation. We are surveying consumers who shop Medical products for their household. This survey requests your opinion about Pharmaceutical drug and will take around 10 minutes to complete. The participants' responses are anonymous and no individual response will be identifiable.

Thanks you for your time for participating in this survey.

Instruction: Please put this sign (✓) in the box in front of you answer

1. Gender

   ☐ Male ☐ Female

2. Age

   ☐ 18-30 ☐ 31-40 ☐ 41-50 ☐ 51-60 ☐ 61and above

3. What is your education level?

   ☐ Primary school ☐ Secondary school ☐ Diploma

   ☐ Degree ☐ Masters ☐ PHD

4. Monthly Income

   ☐ Below 2000 ☐ 2000-3999 ☐ 4000-5999

   ☐ 6000-7999 ☐ 8000-9999 ☐ 10,000 and above

5. If you have lived or is living in other cities than Addis Ababa, please name the city/area you originally come from (please state on the line below)

   ____

6. When you think about India, what's (are) the best words to describe your impression of India? Please state your opinion on the lines below

____

7. How often do you purchase Pharmaceutical drug?

☐ Every Month ☐ Every few Month ☐ Once a year Other________

8. Please indicate which country's Pharmaceutical drug you prefer to purchase?

____

9. If you purchase Pharmaceutical drugs, which product characteristics do you think are important when you purchase Pharmaceutical drug? Write the number 1 beside the MOST IMPORTANT characteristic, 2 beside the SECOND most important characteristic, 3 beside the THIRD most important.

Quality	Brand name	Country of manufacturer	Country of brand	Level of Adverse	Root of administration	Dosage

10. Do you see yourself as someone who is knowledgeable about Pharmaceutical drug? Please circle the number that indicates your level of knowledge about Pharmaceutical drug?

1	2	3	4	5
I know a great deal about Pharmaceutical drugs	I know quite a lot	I know some things	I know Little	I know very little about Pharmaceutical drugs

11. What do you think of Medical products that come from India?

____

____

Instruction: Please give your opinion on each of the following statements. By putting this sign (✓) next to the option you choose.

1=strongly agree, 2=agree, 3=rather agree, 4=neither,
5=rather disagree, 6=disagree, 7=strongly disagree

12.

	Statement	1	2	3	4	5	6	7
A	Ethiopian people should buy Ethiopia-made products instead of imports.							
B	Only those products that are unavailable in Ethiopia should be imported.							
C	Purchasing foreign-made products is anti-Ethiopia.							
D	We should purchase products manufactured is Ethiopia instead of letting other countries get rich out of us.							
E	There should be very little trading or purchasing of goods from other countries unless out of necessity.							
F	Ethiopian should not buy foreign products, because this hurts Ethiopian business and cause unemployment.							
G	It may cost me in the long-run but I prefer to support Ethiopian product.							
H	Foreigners should not be allowed to put their products in our markets.							
I	Foreign products should be taxed heavily to reduce their entry into Ethiopia.							
J	We should buy from foreign countries only those products that we cannot obtain within our own country							

13.

	Statement	1	2	3	4	5	6	7
A	India is not a reliable trade partner							
B	India is taking advantage of Ethiopia							
C	India has too much economic influence in							
D	India is violating free trade at the expense of							
E	I will never forgive India for not respecting							
F	India conducts business unfairly with Ethiopia							

Thanks you for your time for participating in this survey!

Appendix 2

Questionnaire (Amharic)

መግቢያ

ይህ መጠይቅ የተዘጋጀው በአዲስ አበባ ዩኒቨርሲቲ የንግድ ስራ ትምህርት ቤት ውስጥ ለማርኬቲንግ ማኔጅመንት የሁለተኛ ድግሪ ማሟያ ጥናታዊ ፅሁፍ ነው። የዚህ ጥናት አላማ የእቃ አምራቹ አገር ማንነት በገዢዎች የጥራት ምዘና ላይ ያለውን ተፅእኖ ለማወቅ ነው። ይህ ጥናት የሚያተኩረው ለቤት ውስጥ ፍጆታ የሚውሉ የህክምና መድሀኒቶች ላይ ነው። ይህንን መጠይቅ ለመሙላት ወደ 10 ደቂቃ ገደማ ይፈጃል። የእርሶ ታማኝ እና ቅን ምላሽ ለጥናቱ ውጤታማነት ከፍተኛ አስተዋጽዎ ይኖረዋል።ስሞዎን በዚህ መጠይቅ ላይ መፃፍ አይጠበቅብዎትም።

ውድ ጊዜዎትን ሰውተው ስለተባበሩን በጣም እናመሰግናለን።

መመሪያ እባክዎን መልስዎን ከተዘጋጀው ሣጥን ውሰጥ ይህንን ምልክት (✓) በማሰቀመጥ ይገለፁ።

1. ጾታ

☐ ወንድ ☐ ሴት

2. እድሜ

☐ ከ18-30 ☐ ከ31-40 ☐ ከ41-50 ☐ ከ51-60 ☐ ከ61 በላይ

3. የትምህርት ደረጃ

☐ መጀመሪያ ደረጃ ☐ ከፍተኛ ሁለተኛ ደረጃ ☐ ዲፕሎማ

☐ የመጀመሪያ ዲግሪ ☐ ሁለተኛ ዲግሪ ☐ ፒ.ኤች.ዲ

4. ወርሀዊ ገቢ

☐ ከ2000 በታች ☐ ከ2000-3999 ☐ ከ4000-5999

☐ ከ6000-7999 ☐ ከ8000-9999 ☐ ከ10,000 በላይ

5. ከአዲስ አበባ ከተማ ውጭ በሌሎች ከተሞች ውሰጥ ኖረው ወይም በመኖር ላይ የሚገኙ ከሆነ እባክዎ የከተማውን ወይም የአካባቢውን ስም ይግለፁ።

____

6. በአጠቃላይ ስለ ሕንድ ምን ያሰባሉ? እባክዎን ስለሕንድ ያሎትን ስሜት ይበልጥ የሚገልጽ አሰተያየትዎን ቀጥሎ ባለው ክፍት ቦታ ላይ ይዘርዝሩ።

____

____

7. በምን ያህል የጊዜ ልዩነት ውሰጥ የህክምና መድህኒቶችን ይገዛሉ?

☐ በየወሩ ☐ በየተወሰነ ወር ☐ በዓመት ሌላ ካለ ይጥቀሱ__________።

8. የየትኛውን አገር የህክምና መድህኒቶች ለመገዛት ቅድሚያ ይሰጣሉ?

____

9. የህክምና መድህኒቶችን የሚገዙ ከሆነ ፤ በሚገዙበት ወቅት ለየትኛው የምርት አይነተኛ ፀባይ ትኩረት ይሰጣሉ?

በጣም የበለጠ አፈላጊ አይነተኛ ፀባይ ብለው ከሚያሰቡት ስር (1) ቁጥርን በሁለተኛ ደረጃ የሚያሰቀምጡት አይነተኛ ፀባይ ስር (2) ቁጥርን በሶስተኛ ደረጃ ለሚያሰቀምጡት አይነተኛ ፀባይ ስር 3ቁጥርን በመፃፍ እባክዎ ከስር ያለውን ሰንጠረዥ ይሙሉ።

ጥራት	የንግድ መለያ (ብራንድ) ስም እና ዋጋ	የተመረተበት አገር	የንግ ድመለያ (ብራንድ) የተሰጠበት(መነሻ) አገር	የሚያሰከትለው የጐንዮሽ ችግር መጠን	የአወሳሰድ መንገድ	የአወሳሰድ መጠን

10. ስለ ተለያዩ የሕክምና መድህኒት ምርቶች የተለየ ዕውቀት እንዳለዎት አድርገው ራስዎን ይቆጥራሉ? ስለህክምና መድህኒት ምርቶች ያለዎትን የዕውቀት ደረጃ ለማመልከት ቀጥሎ ከተጠቀሱት አህዞች አንዱን ብቻ በማክበብ ይግለፁ።

1	2	3	4	5
ስለ ህክምና መድህኒት ውጤቶች በደንብ የዳበረ እውቀት አለኝ	በቂ እውቀት አለኝ	በመጠኑ አውቃለሁ	አነስተኛ እውቀት አለኝ	ስለ ህክምና መድህኒት ውጤቶች ያለኝ እውቀት በጣም አነስተኛ ነው

11. ስለ ሕንድ አገር የህክምና መገልገያ ምርቶቸ ምን ያስባሉ? (እባክዎ ከዚህ በታች በተሰጠው ክፍት ቦታ ላይ ይግለጹ)።

____

____

መመሪያ: ከዚህ በመቀጠል ስለ ተገለፁት ሀሳቦች ያለዎትን የመስማማት ደረጃ በሰንጠረዡ ውስጥ ከተዘረዘሩት ምርጫዎች ስር ይህንን ምልክት (✓) በማድረግ ይግለጹ።

1. ፍፁም አልስማማም 2. አልስማማም 3.በተወሰነ መልኩ አልስማማም

4. እርግጠኛ አይደለሁም 5. በተወሰነ መልኩ እስማማለሁ 6.እስማማለሁ 7.በጣም እስማማለሁ

12.

	መግለጫ	1	2	3	4	5	6	7
ሀ	ኢትዮጵያውያን ከሀገር ውጭ ምርቶች ይልቅ የሀገር ውስጥ ምርቶችን መግዛት አለባቸው።							
ለ	ወደ ሀገር ውስጥ ማስገባት ያለብን በኢትዮጵያ ውስጥ የማይመረቱ ምርቶችን ብቻ ነው።							
ሐ	በውጭ ሀገር የተመረቱ ምርቶችን መግዛት ፀረ-							
መ	የሌሎች ሀገራት ምርቶችን ገዝተን የነሱን ሀብት ከማሳደግ ይልቅ በኢትዮጵያ የተመረቱትን ምርቶች መግዛት አለብን።							
ሠ	በጣም አስፈላጊ ካልሆነ በስተቀር ከሌሎች ሀገራት ጋራ ያለን የዕቃ ግዥ እና የገበያ ትስስር በተቻለ መጠን አነስተኛ መሆን							
ረ	የኢትዮጵያን የንግድ እንቅስቃሴ ስለሚጐዳ እና ለስራ አጥነት ምክንያት ስለሚሆን ማንኛውም ኢትዮጵያዊ የውጭ አገር ምርቶችን መግዛት የለበትም።							
ሰ	ከረጅም ጊዜ አንጻር ሲታይ ከፍ ያለ ዋጋ ሊያስወጣኝ ቢችልም የኢትዮጵያን ምርቶች መደገፍ እመርጣለሁ።							
ሸ	የውጭ አገር ዜጐች ምርቶቻቸውን ወደ ኢትዮጵያ ገበያ ውስጥ እንዲያስገቡ መፈቀድ የለበትም።							
ቀ	ወደ ኢትዮጵያ የሚገቡትን የውጭ አገር ምርቶች ለመቀነስ ከፍተኛ መጠን ያለው ግብር መጣል ይገባል።							
በ	ከውጭ አገራት ልንገዛው የሚገባው በአገራችን ውስጥ ሊገኙ የማይችሉ ምርቶችን ብቻ ነው።							

13.

	መግለጫ	1	2	3	4	5	6	7
ሀ	ሕንድ እምነት የሚጣልባት የንግድ አጋር አይደለችም።							
ለ	ሕንድ በኢትዮጵያ ላይ ለመጠቀም እና መልካም እድል ለማግኘት ትጥራለች።							
ሐ	ሕንድ በኢትዮጵያ የኢኮኖሚ እንቅስቃሴ ላይ ከፍተኛ ተፅዕኖ ታደርጋለች።							
መ	ሕንድ የኢትዮጵያን ጥቅም በማስቀረት የነፃ ንግድ እንቅስቃሴ ደንብን በመተላለፍ ላይ ትገኛለች።							
ሠ	የኢትዮጵያን አቋም ባለማክበሯ ሕንድን መቼም ቢሆን ይቅር አልላትም።							
ረ	ሕንድ ከኢትዮጵያ ጋር የምታደርገው የንግድ ግንኙት ሚዛናዊ አይደለም።							

በዚህ ጥናት ላይ በመሣተፎ በድጋሚ እናመሠግናለን።

Appendix 3

Data output SPSS

1. Test of Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	337	100.0
	Excluded[a]	0	.0
	Total	337	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.726	33

```
DESCRIPTIVES VARIABLES=Q12ETHNO1 Q12ETHNO2 Q12ETHNO3 Q12ETHNO4
Q12ETHNO5 Q12ETHNO6 Q12ETHNO7 Q12ETHNO8 Q12ETHNO9 Q12ETHNO10
  /STATISTICS=MEAN STDDEV.
```

CET-SCALE

Case Processing Summary

		N	%
Cases	Valid	337	100.0
	Excluded[a]	0	.0
	Total	337	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.791	10

Animosity

```
RELIABILITY
  /VARIABLES=Q13ANIMO1 Q13ANIMO2 Q13ANIMO3 Q13ANIMO4 Q13ANIMO5
Q13ANIMO6
  /SCALE('ALL VARIABLES') ALL
  /MODEL=ALPHA.
```

Case Processing Summary

		N	%
Cases	Valid	337	100.0
	Excluded[a]	0	.0
	Total	337	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.841	6

2. Frequencies

Statistics

	N	
	Valid	Missing
Gender	337	0
Age	337	0
Education level	337	0
Monthly income	337	0
lived or not in other city	337	0
Frequency of purchase	337	0
Preference of drug origin country	337	0

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	189	56.1	56.1	56.1
	Female	148	43.9	43.9	100.0
	Total	337	100.0	100.0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-30	146	43.3	43.3	43.3
	31-40	90	26.7	26.7	70.0
	41-50	59	17.5	17.5	87.5
	51-60	33	9.8	9.8	97.3
	60+	9	2.7	2.7	100.0
	Total	337	100.0	100.0	

Education level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	primary	29	8.6	8.6	8.6
	secondary	40	11.9	11.9	20.5
	diploma	82	24.3	24.3	44.8
	degree	150	44.5	44.5	89.3
	masters	36	10.7	10.7	100.0
	Total	337	100.0	100.0	

Frequency of purchase

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Every month	26	7.7	7.7	7.7
	Every few month	115	34.1	34.1	41.8
	Once a year	66	19.6	19.6	61.4
	Other	130	38.6	38.6	100.0
	Total	337	100.0	100.0	

Preference of drug origin country

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Ethiopia	61	18.1	18.1	18.1
	Europe	191	56.7	56.7	74.8
	USA	11	3.3	3.3	78.0
	India	12	3.6	3.6	81.6
	NO PREFERENCE	55	16.3	16.3	97.9
	Other	7	2.1	2.1	100.0
	Total	337	100.0	100.0	

```
FREQUENCIES VARIABLES=Q8DRUG.CH1 Q8DRUG.CH2 Q8DRUG.CH3 Q8DRUG.CH4
Q8DRUG.CH5 Q8DRUG.CH6 Q8DRUG.CH7
  /STATISTICS=MEAN
  /ORDER=ANALYSIS.

[DataSet1] C:\Users\Owner\Documents\Youcam\da.new.sav
```

Evaluation of Characteristics of pharmaceutical drug

	N		Mean
	Valid	Missing	
Quality	337	0	1.76
Brand name & price	337	0	1.78
COM	337	0	1.32
COB	337	0	2.45
Level of side effect	337	0	2.00
Root of administration	337	0	2.40
Dosage	337	0	2.31

Respondents impression of India

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Good	102	30.3	30.3	30.3
	bad	25	7.4	7.4	37.7
	NO IDEA	60	17.8	17.8	55.5
	fair	150	44.5	44.5	100.0
	Total	337	100.0	100.0	

Impression on Indian medical product

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Good	34	10.1	10.1	10.1
	Bad	121	35.9	35.9	46.0
	NO IDEA	91	27.0	27.0	73.0
	FAIR	91	27.0	27.0	100.0
	Total	337	100.0	100.0	

```
CORRELATIONS
  /VARIABLES=Q10KNOWLE.LEVEL Q8DRUG.CH3 Q8DRUG.CH4
  /PRINT=TWOTAIL NOSIG
  /MISSING=PAIRWISE.
```

3. Correlations

```
[DataSet1] C:\Users\Owner\Documents\Youcam\da.new.sav
```

Correlation between knowledge of Pharmaceutical drug and COM/COB

		Knowledge about Pharmaceutical Drug	COM	COB
Knowledge about Pharmaceutical Drug	Pearson Correlation	1	-.393**	.043
	Sig. (2-tailed)		.000	.436
	N	337	337	337
COM	Pearson Correlation	-.393**	1	-.026
	Sig. (2-tailed)	.000		.638
	N	337	337	337
COB	Pearson Correlation	.043	-.026	1
	Sig. (2-tailed)	.436	.638	
	N	337	337	337

**. Correlation is significant at the 0.01 level (2-tailed).

```
[DataSet1] C:\Users\Owner\Documents\Youcam\da.new.sav
```

Correlation between Age and COM/COB

		COM	COB	Age
COM	Pearson Correlation	1	-.026	-.024
	Sig. (2-tailed)		.638	.656
	N	337	337	337
COB	Pearson Correlation	-.026	1	-.036
	Sig. (2-tailed)	.638		.514
	N	337	337	337
Age	Pearson Correlation	-.024	-.036	1
	Sig. (2-tailed)	.656	.514	
	N	337	337	337

```
[DataSet1] C:\Users\Owner\Documents\Youcam\da.new.sav
```

```
CORRELATIONS
  /VARIABLES=Q8DRUG.CH3 Q8DRUG.CH4 Q3EDU
  /PRINT=TWOTAIL NOSIG
  /MISSING=PAIRWISE.
```

```
[DataSet1] C:\Users\Owner\Documents\Youcam\da.new.sav
```

Correlation between Level of Education and COM/COB

		COM	COB	Education level
COM	Pearson Correlation	1	-.026	.061
	Sig. (2-tailed)		.638	.262
	N	337	337	337
COB	Pearson Correlation	-.026	1	.024
	Sig. (2-tailed)	.638		.657
	N	337	337	337
Education level	Pearson Correlation	.061	.024	1
	Sig. (2-tailed)	.262	.657	
	N	337	337	337

4. Oneway

```
ONEWAY Q8DRUG.CH3 Q8DRUG.CH4 BY Q6FREQ.DUG.BUY
  /MISSING ANALYSIS.

[DataSet1] C:\Users\Owner\Documents\Youcam\da.new.sav
```

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
COM	Between Groups	1.984	3	.661	1.584	.193
	Within Groups	139.042	333	.418		
	Total	141.027	336			
COB	Between Groups	.262	3	.087	.206	.892
	Within Groups	140.972	333	.423		
	Total	141.234	336			

```
CORRELATIONS
  /VARIABLES=Q8DRUG.CH3 Q8DRUG.CH4 Q2AGE
  /PRINT=TWOTAIL NOSIG
  /MISSING=PAIRWISE.
```