

## Consumer Purchase Intension of Foreign Brands Available in Pakistan: A Moderating Effect of Television Advertisement

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### Abstract

**Purpose** – This paper examines the purchase intensions of consumers who are using foreign electronics brands in their homes, Offices & Industries.

**Design/methodology/approach** – This paper presents a quantitative approach based upon “survey” technique. For the detailed analysis of our gathered data we used SPSS.

**Findings**– Consumer purchase intention is influenced by perceived fashion ability, trust on brand and advertisement.

**Research Limitations** –Targeting all Pakistani population for obtaining information was impossible for us; so we used “Convenience Sampling”. We targeted population of Rawalpindi & Islamabad in order to conduct our research.

**Practical Implications**– According to our point of view this research will help the foreign companies in order to find out the effects of TV Ads on the purchase intentions of the prospective customers of their brands.

**Originality/Value** –The paper carefully identifies the relationship among country of origin, customer loyalty & customer life time value with moderating effect of television advertisement.

**Keywords** –Purchase Intension, Foreign Brands, TV Advertisement, Country of Origin, Customer Loyalty, Customer Life Time Value

**Paper Type**– Research Paper

### 1. Introduction

There are a lot of things which different companies are doing in order to identify and analyse the consumer purchase intentions. There are a lot of researches which focus on different variables affecting consumer purchase intention but in our research work, we are focusing on multiple variables which can have their impacts on the consumer purchase intentions. The purpose of research is to find the relationship of independent variables (Country of origin, Trust on brand, Perceived fashion ability) on dependent variable (Consumer Purchase Intention) with the moderating effect of television Ads. Country of Origin is the country of manufacture, production, or growth to which a product belongs. For example, people have strong perception about Japanese products that these are more durable and long lasting products than any other country offering the same product. This is the country of origin effect which impacts the consumer purchase intention. Trust on Brand; trust means having confidence on something. If someone purchases the same brand frequently then the person will have trust on the brand. Because he/she will have confidence on the specific brand that it will satisfy the needs in a good manner as it has done before. When people are satisfied with any product, they will have their trust on that specific brand. Whenever they are in the need of same product, they will go for that brand on which they have already developed their confidence and trust. Trust on brand leads towards the loyalty which ultimately generates more sales for the company. Perceived Fashion ability; It is the perception of the people regarding current trends prevailing in the society. The term fashion though is new to many; literally speaking fashion came into being with the advent of human being in this world. Fashion can be used to express the particular element of the personality. People use those products which they think more fashionable and suit their personality. Advertisement (moderating variable) is used by the companies to create the awareness of any product or

service in the mind of the customers. It helps the customers to find out the best solutions for the fulfilment of their needs. From the company perspective, it helps the company to push their messages to mass audience effectively. Consumer purchase intention (dependent variable) is the planning of consumer about the purchase of a product or service. We are checking the effects of these variables on the purchase intention of people about foreign brands, with moderating variable of television advertisement. Our research aims to find out the relationship among the different variables which have their corresponding effect on each other. Our research will help out those business organizations which want to perform activities regarding purchase intention. This research will tell them that which are the variables which have direct or indirect effects on the independent variable or which variables are important than others. Islamabad (capital of Pakistan) is a high profiled city. Here, people are more conscious about their brand choices. So we selected above mentioned variables because we think that these variables have a direct effect on the consumer purchase intention.

## 2. Literature Review

In the rapidly changing marketing environment, if a foreign brand/product or a service wants to be well known among the consumers, it will heavily rely on advertising campaigns to make consumers learned about the marketing communication messages. Now the question is that how to attract the customer attention? One way to achieve this goal is distinction in the product or services. Distinctions can be done on two bases: Physically (Taste, design) or Non-physical (price, brand name & country of origin). Country of origin effect indirectly builds brand image in consumers' minds. For Example just like people have strong perception that Japanese products are durable & long lasting (Hadi Mora diet al, 2011). This image builds in customers' minds because of country of origin effect, which ultimately affects consumer purchase intention. Strong brand image leads towards competitive edge which increases the sales& has direct effect on purchase intension. Keller (2003) describes that besides the company which is producing the product, country of origin (COO) also has a strong impact to generate the brand faithfulness (Baldauf, et al.2009). While building brand strength the company has to keep in consideration that they should fulfil all the promises related to brand image that they have made before building a brand (Pappu, et al. 2005). Brand equity refers to the additional effectiveness or value which brand adds to the product (Chen and Chang, 2008).In the last few years, brand equity based practices have increased gradually. Basic reason of its recognition is the vital role in the strategic management, which provides competitive advantage to the company against its competitors. Brand equity is a suitable tool to evaluate the strategic marketing decisions of a company (Atilgan, et al. 2005). Practical outcomes state that consumers aim to adopt a modernization (e.g. highly technological fashion product). Innovation is observed by the multi-aspect nature of consumers extrinsic (i.e. perceived ease of use and perceived usefulness) and intrinsic (i.e. perceived innovativeness and perceived fashion ability) enthusiasm. In addition, these motivational dimensions contribute to consumers' usefulness and hidden attitudes towards using an innovation, which have direct effect on their purchase intentions (Kittichai Watchravesringkan, et al 2008). Fashion loving consumers typically like multi-channel retail outlets, designer brands, and invest time and cost towards a beneficial product search. The results of the study show an optimistic effect of store and brand preferences on developing purchase intentions for fashion. Highly innovative companies boost up fashion advertisements on television and fashion events in the urban shopping malls. Fashionable products always have shorter product life cycle (PLC) due to fast changing preferences of consumers& globalization (Raja Gopal, 2010).

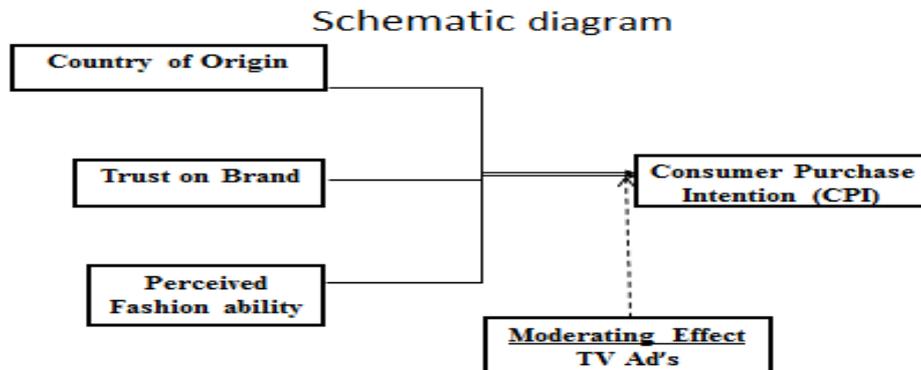


Figure 1. Schematic Diagram of the Study

### 3. Research Hypothesis

Hypotheses 1: Country of origin has direct and positive effect on consumer purchase intention of foreign brands

Hypotheses 2: Trust on brand has direct and positive effect on consumer purchase intention of foreign brands

Hypotheses 3: Perceived fissionability has direct and positive effect on consumer purchase intention of foreign brands

Hypotheses 4: Television advertisement has moderating effect on consumer purchase intention of foreign brands

### 4. Research Methodology

We used quantitative method to conduct our research. For this purpose, we used questionnaire tool for data collection. We used SPSS 16.0 software for the analysis of our data. We get our questionnaires filled from the Islamabad territory and focused on three segments: student (70%: International Islamic university, SZABIST, Iqra university, Fast-NU), corporate (20%: Blue Area) and industrial personnel(10%: Industrial estate). We used convenience sampling in our research. It means that the sample we have chosen is only from Islamabad city and most of them were educated persons. So we can say that we get our data filled from those people who have frequent interaction with the branded items whether they are local or foreign. Our questionnaire consisted of three segments: demographic, psychographic and specific questions (related to our selected variables). We used “likert scale” in our questionnaire. We did our analysis on the basis of three things: demographics, correlation and regression analysis. After getting our questionnaires filled, the data was coded and entered into SPSS. Before the further analysis of our data, we made four hypotheses consisting of our selected variables. First of all, we did the demographic analysis of our data from which we got the pie charts and corresponding frequencies of our all questions. Then we moved to correlation analysis of our research. Here we used bivariate correlation where we examined the relation of all variables with each other. After that we did regression analysis of our data and in regression analysis, we used Linear regression. In linear regression, we saw the effects of independent variables on the dependent variables or how our dependent variable changes with the changes in independent variables. We consulted Model Summary table to get the value of R square which is our coefficient of determination. For getting SIG value, we see the ANOVA table. For getting the values of t-statistic for our variables, we saw Coefficient table. Further analysis of our tests is given below.

## 5. Results and Analysis

### Demographic Analysis

We got our questionnaires filled from the 96.3% males and 3.7% females which shows that main part of our sample is constituted by males. There are 72% people whose age ranges from 21-25 years which shows that most of our respondents were the young persons. 60.7 % of our questionnaires were filled by university graduates. 72.9% respondents had less than a year experience because major part of our sample size was the students. Some of them are still studying in different universities. 48.6 % respondents had less than 10,000 monthly spending. This large %age is due to the same reason which we have mentioned before (student sample size is larger than others). 36.4 % respondents told that they spend less than 30 minutes in watching television daily. 32.7% respondents agreed that they are brand conscious. There were 17.8% respondents who strongly agreed that they are attracted by the advertisements while watching the television whereas 31.8% respondents were just agreeing that they are influenced by the advertisements while watching the television. This tells us that most of the people are attracted by the advertisement now a days or it shows that they heavily depend on the television advertisements to get information about the different products. 24.3 % respondents were neither agreed nor disagreed and 19.6% respondents were agreed that their purchase intention is influenced by the television advertisements. There are 29% respondents who purchase foreign electronics brands due to the fissionability whereas 26.2% respondents disagreed with this statement. There are 22.4% and 38.3% respondents who are strongly agree and agree respectively that imported products effect their purchase intention. There are 15% and 29% respondents who were strongly agree and agree respectively that they always buy electronic products of the same brand. There are 42.1% and 32.7% respondents who were strongly agree and agree respectively that they are attracted towards the foreign brands due to the warranty and guarantee of electronic products. There are 29% and 38.3% respondents who are strongly agree and agree respectively that they buy those foreign electronic brands which suit their personality. It shows that fissionability has a positive effect on the consumer purchase intention.

### Correlation Matrix

Correlation matrix is used for checking the existence of relationship between independent and dependent variables.

Table 1. Correlation Coefficients

	Trust_Mean	Adv_Mean	Fashioability_Mean	Coo_Mean	My Purchase Intention is Always Influenced by Television Advertisement
Trust_Mean	1				
Adv_mean	.428**	1			
Fashioability_Mean	.413**	.347**	1		
Coo_Mean	.412**	.227*	.177	1	
My PurchaseIntention is Always Influenced by Television Advertisement	.390**	.874**	.262**	.162	1

\*\* Correlation is significant at the 0.01 level (2-tailed), \* Correlation is significant at the 0.05 level (2-tailed).

For the relationship of trust on brand (Independent variable) with advertisement effect (moderating variable), we got .428 which shows that there is a weak positive relationship between these two variables. The reason for this weak positive relationship is that these two variables are not dependent on each other but they do have an effect on the consumer purchase intention (dependent variable). For the relationship of trust on brand (independent variable) with perceived fissionability (independent variable), we got .413 which shows that there is weak positive relationship between these two variables. For the relationship of trust on brand (independent variable) with country of origin (independent variable), we got .412 which shows that there is weak positive relationship between these two variables. For the relationship of trust on brand (independent variable) with purchase intention (dependent variable), we got .390 which shows that there is weak positive relationship between these two variables.

For advertisement effect (moderating variable) with trust on brand (independent variable), we got .428 which shows that there is a weak positive relationship between these two variables. For advertisement effect (moderating variable) with perceived fashion ability (independent variable), we got .347 which shows that there is a weak positive relationship between these two variables. For advertisement effect (moderating variable) with country of origin effect (independent variable), we got .227 which shows that there is a weak positive relationship between these two variables. For advertisement effect (moderating variable) with consumer purchase intention (independent variable), we got .874 which shows that there is a strong positive relationship between these two variables. For perceived fissionability (independent variable) with consumer purchase intention (dependent variable), we got .262 which shows that there is a weak positive relationship between these two variables.

### **Regression Results**

The value of R square is 18.9% in our model summary table, calculated by SPSS. It means that by the variation in the independent variables, there will be 18.9% change in the dependent variable which is customer purchase intention.

Table 2. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the estimate
1	.435 <sup>a</sup>	.189	.158	1.094

a. Predictors: (Constant), Coo\_Mean, Fashioability\_Mean, Adv\_Mean, Trust\_Mean

From the analysis of ANOVA, we came to know that our SIG value is 0.00 which shows that there is no relationship between the independent variables and dependent variable. From the Coefficient table, the t value of trust on brand (independent variable) is -.152 which is less than 1.96. So we will accept our null hypothesis which is that trust on brand has a positive and direct effect on purchase intention.

Table 3. ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.516	4	7.129	5.955	.000 <sup>a</sup>
	Residual	122.119	102	1.197		
	Total	150.636	106			

a. Predictors: (Constant), Coo\_Mean, Fashioability\_Mean, Adv\_Mean, Trust\_Mean

b. Dependent Variable: Imported Products Affect my PurchaseIntention

The t value of advertisement (moderating variable) is 1.476 which is less than 1.96. So we will accept our hypothesis that advertisement has a moderating effect on purchase intention (dependent variable). The t value of fashion ability (independent variable) is 1.888 which is less than 1.96 so we will accept our hypothesis that perceived fissionability (independent variable) has a direct and positive relationship on purchase intention (dependent variable). The t value of country of origin effect (independent variable) is 2.917 which is more than 1.96 so we will reject our hypothesis that country of origin effect has a direct and positive effect on purchase intention (dependent variable).

Table 4. Coefficients<sup>a</sup>

Model	Unstandardized coefficients		Standardized coefficients		Sig.
	B	Std. Error	Beta	t	
1					
(Constant)	.490	.457		1.073	.286
Trust_Mean	-.024	.160	-.017	-.152	.879
Adv_mean	.181	.123	.149	1.476	.143
Fashioability_Mean	.226	.120	.189	1.888	.062
Coo_Mean	.405	.139	.286	2.917	.004

a. Dependent Variable: Imported Products Affect my PurchaseIntention

## 6. Conclusion

The amount of perceived fissionability, trust on brand and advertisement with the moderating effect indicate positive effect on consumer purchase intention. But country of origin effect has negative and indirect effect on consumers' purchase intentions. A loyal customer remains satisfied after an unsatisfied experience. People who have strong impression created by positioning of some brand in their minds will always go for that brand whenever they are in need of that product. So trust on brand has a positive effect on consumer purchase intention. The positive and direct effect of "trust on brand" is also being checked and tested by a previous research performed by (Hadi Moradi, Azim Zarei, 2011). In addition, our research also shows that advertisement (moderating variable) and perceived fissionability (independent variable) has also a positive and direct relationship on the consumer purchase intention, proven by our findings. The reason why country of origin has a negative relationship with the consumer purchase intention can be "globalization". Now days, people are more concerned with the post purchase results of any product, whether satisfied or dissatisfied. People are least concerned with the country of origin; only thing which they need is the solution of their problems in a cost effective and value providing manner. Now days, people are more personality oriented and they like those things which suit their personality, therefore, perceived fissionability has a positive relationship with the consumers' purchase intentions. The reason of strong positive relationship between advertisement and consumer purchase intention is that this is the advertisement era; people heavily rely on the advertisements to find out solutions to their problems and to fulfil their needs. Producers also find advertisement suitable in order to make people aware of those needs which they have never come across and realized. So we conclude that consumer purchase intention is influenced by perceived fissionability, trust on brand and advertisement.

## 7. Research Limitations

- Targeting all Pakistani population for obtaining information was not possible for us. So we used “Convenience Sampling”: we targeted population of Rawalpindi & Islamabad in order to conduct our research.
- We do not consider “Pricing Factor” in our research which is an important variable and an important part of marketing mix.
- Our research is focused on foreign brands. New researchers can select any industry and go in depth to explore further points which are important to highlight the relationships between the dependent and independent variables.

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