NGERIAN CONSUMERS’ PREFERENCES FOR FOREIGN AND DOMESTIC PRODUCTS: EXAMPLES OF FOOTWEAR AND WRISTWATCHES

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ABSTRACT

This research paper is concerned with the examination of Nigerian consumers’ attitudes towards foreign and Nigerian-made shoes and wristwatches. Nigeria is one of the biggest consumers of foreign goods with a per capita gross national product surpassing many West African countries. The study compares Nigerian consumer preferences for foreign and domestic produced goods. A number of general product attributes, marketing activities and buying habits were used as preference indicators to explain the general attitudes of Nigerian consumers towards shoes and wristwatches made in Nigeria and in the UK. The findings indicate that Nigerian consumers show positive perception of UK manufactured goods. It concludes that Nigerian consumers are willing to pay a higher price for wholly Nigerian-made products; and are only willing to pay a higher price for foreign made goods if the goods are relatively and of significantly superior quality.

INTRODUCTION

Imports of goods and services have played a major role in the economic development of sub-Saharan African countries. The capacity of Nigeria to produce capital and consumer goods is limited and so there is heavy dependence on imports from the developed countries. Presently the economic indices of Nigeria are indicating critical signs of distress with inflation running at 14.8 percent and industrial utilisation at 41 per cent. Also the foreign reserve has declined from $74529.4 million in 2001 to $51470.6 million in December 2002 (Central Bank of Nigeria (CBN), 2002). Although interest rate has been brought down by a flat rate at 22.5 per cent, the economy is clearly unsustainable because this slight decline has not arisen from strong micro-economic fundamentals. For example, the effective exchange rate is about N136 to $1 and the per capita income (Anakwe, 2002) is less than $300. It is under this economic background that Nigerians have to transact business with other countries.

The purpose of this study was to examine empirically Nigerian consumers’ perceptions of foreign and domestic products and the associated marketing tactics practised by major international companies in the Nigerian market. The background to Nigerian economic development was first reviewed and reasons why Nigerian consumers are particularly suitable for this study were identified. The pertinent literature is then reviewed in the light of the research issues being investigated. The research design and methodology were structured to test the hypotheses developed for evaluating the consumer preferences for selected foreign and domestic products. Finally the findings are discussed and managerial implications suggested for practising marketing managers. The study is useful to the marketers of both industrial and consumer goods and especially for multinational companies who have connections with the Nigerian market. The findings of this research will also enable multinational corporations to structure and develop a sustainable marketing strategy for the Nigerian market.

RSEARCH AMIBS AND OBJECTIVES

The aim of this study was to identify any significant differences and/or similarities so that recommendations could be made which assist the local and foreign marketers operating in Nigeria. The objectives are therefore threefold: 1) to investigate aspects of product attributes that Nigerian consumers may use in evaluating and differentiating between foreign and domestic products available in the
Nigerian marketplace; 2) to assess the country-of-origin of selected products from key trading partners of Nigeria using country of origin, price, and product quality as determining independent variables; and 3) to examine the bases for discrimination, if any, between national origins of the product to enable the evaluation of attitudes towards Nigerian and foreign-made goods.

LITERATURE AND THEORETICAL UNDERPINNING

Nigeria is one of the developing countries of sub-Saharan Africa whose rich natural resources (crude oil, iron ore, lead, coal, columbite, limestone, zinc, tin and natural gas) and estimated population of 120 million people have attracted much foreign interest over the years (Anakwe, 2002).

The interest in conducting the present study was prompted by the proliferation of foreign-made goods in Nigeria and the confusion surrounding the Nigerian consumers' perceptions of the importance of whether a given product is manufactured in Nigeria or overseas. As Okechuku and Onyemah (1999) observed, the debate on this issue has been particularly acute because many Nigerians are believed to relatively prefer foreign made goods to goods made in Nigeria.

The variety of imported goods available for sale in Nigeria is considerable and this is due to trade liberalization (Anakwe, 2002). With ongoing trade liberalization, the globalization of markets, advances in communications and transportation technologies, Nigerian consumers are increasingly exposed to a wide array of imported goods (Dadzie, et al., 2002). Previous studies have suggested that consumers tend to stereotype products manufactured in foreign countries, and that, owing to negative stereotypes about some foreign goods and patriotic feelings about goods made in the home country, consumers are more likely to prefer domestically-made goods (Bhuian, 1997; Knight, 1999).

Effect of country-of-origin

Country of origin (COO) refers to information pertaining to where a product is made. Marketers are particularly interested in the perceived image associated with the COO (Ahmed, et al., 2001). COO image has been defined as "the overall perception consumers form of products from a particular country, based on their prior perceptions of the country's production and marketing strengths and weaknesses" (Roth and Romeo, 1992). As Iyer and Kalita highlighted, many studies have acknowledged that consumers have significantly different perceptions about products made in different countries, and that these general perceptions have important effects on consumers' evaluation of the products manufactured in a particular country (Iyer and Kalita, 1997).

Iyer and Kalita (1997) also found that consumers display a preference for products made in some countries more than others. Other researchers (Ede and Panigrahi, 2000; Ahmed et al., 2001) have found various other sources of biases that can influence consumers' preference for products made in different countries, including ethnocentric bias, patriotic sentiments, different demographic characteristics of consumers, product type, and product familiarity.

Country image perception

One of the first concepts of the country-of-origin phenomenon was that of Nagashima (1970, p. 68) country image perception. He defined the image that consumers associate with a given country-of-origin as "the picture, the reputation, the stereotype that consumers attach to products of a specific country. This image is created by such variables as representative products, national characteristics, economic and political background, history, and traditions". Others view this country image as reflecting consumers' general perceptions about the quality of products made in a particular country and the nature of people from that country (Johansson et al, 1994). Kaynak and Cavusgil (1983) studied consumers' perceptions of different classes of products from 25 countries. They found that respondents held positive attitudes towards products made in their own country but the same respondents could be swayed to choose foreign products if quality and price considerations were sufficiently favourable. Specifically, they observed that consumers might not accept inferior-quality domestic products when superior foreign products are available. They concluded that consumer attitudes toward products of foreign origin vary significantly across product classes. Linking Kaynak and Cavusgil's conclusions to the Nigerian market environment, it is likely that emotion of patriotism may play a significant role in Nigerians' choice of products. But the cognitive attitude toward products made in different countries (country image) may also play a limited role.
Study assumptions

There are four underlying dimensions that govern consumer evaluations of products from various origins: product integrity, price-value, market presence, and market response. Shimp et al., (1993) found that pricing and product quality are two of the most salient dimensions evoked by consumers when thinking about imported goods. The above review of literature led to the following four hypotheses:

H1: Nigerians will not show any difference between products made in Nigeria by a Nigerian firm and those made in UK by a UK firm.

H2: All things being equal, compared to a product made in overseas by a foreign firm, Nigerians are more likely to pay a price premium to purchase a product made in Nigeria by a Nigerian firm.

H3: The willingness of Nigerians to pay a price premium for products manufactured in Nigeria by a Nigerian firm is a function of the consumer’s perception regarding the product’s importance to Nigeria’s manufacturing base.

H4: Nigerians will prefer a product manufactured overseas by a foreign-firm if the product’s price/quality mix is perceived to be significantly superior to that of a similar product manufactured in Nigeria by a Nigerian firm.

RESEARCH DESIGN AND DATA COLLECTION METHOD

A non-probability cross-section of consumers in Nigeria was surveyed to find their purchase intentions regarding wristwatches and foot-wear. The study employed conjoint techniques and considered products from overseas to test the above hypotheses. Conjoint analysis is a method for predicting choice. The conjoint method employs survey techniques in which selected Nigerian consumers of shoes and wristwatches were asked to make choices relating to their preferences. Each product has a fixed number of attributes and an attribute-level mix that differ slightly from product to product. In this study, Nigerian consumers were asked to select their favourites from among several product features and imaginary, multi-attribute products. These products differed mainly with respect to the country-of-origin, product pricing and quality indicators. Based on responses received, predictions were made regarding consumer preferences and purchase intentions for shoes and wristwatches produced and/or originated in Nigeria and the UK, including whether Nigerians will pay a higher price for the Nigerian-made products.

Pre-Testing Technique

The first step in the research was to select products for use in the conjoint study. To select the products, shoppers were surveyed for their impressions of various consumer products regarding how important it is to the competitiveness of Nigerian manufacturing to maintain a Nigerian manufacturing capability for the product (see also Knight, 1999). Respondents were asked to rate each product on perceived importance in this respect. Based on the results of this initial survey, the two products selected for use in the conjoint study were shoes (foot-wear) and wristwatches. Footwear was perceived as being very important and wristwatch were perceived to be less important. These two products offered a contrast in terms of perceived importance to the competitiveness of Nigerian manufacturers. Finally, actual brand names were used in conjunction with the other attributes to enhance respondents’ perception of the realism of the products being studied. Thus, for each product, two familiar brand names were used; one is the brand of a Nigeria-owned company, the other of a UK-owned company.

A total of 120 respondents were interviewed (67 men and 53 women) in a non-probability random sample among shoppers at a shopping centre in Lagos. Lagos is the commercial city of Nigeria and is therefore representative of Nigerian consumer shopping behaviour for shoes and wristwatches (Osuagwu, 2002). The number contacted in this study is sufficient to produce statistically significant results. The researcher employed computer-aided personal interview approach because it reduces the respondent’s workload and imposes internal consistency.

The attributes used in the study are those most salient to the purposes of this study and include brand name, country of origin, brand price, and perceived quality. For example 1) country-of-origin for shoes and wristwatches include product’s country of manufacture and the manufacturing company’s country-of-origin; 2) product quality for footwear and wristwatch was measured by the manufacturer’s warranty (expressed in terms of product durability); and 3) product price, consisting of two levels for
footwear and wristwatch was denoted simply as relatively high and relatively low and expressed in Nigerian currency (the Naira).

The product's country of manufacture and the manufacturing company's country of origin were indicated as one of the product's attributes. For both wristwatches and shoes, respondents were given a choice between a brand manufactured by a Nigeria-owned company, and a brand manufactured by a UK company. On this instance, respondents were made aware of the company's country of origin each time a choice was offered.

In addition, a choice was given between a product manufactured in Nigeria and one manufactured in the UK. When combined with the company's country of origin, the two-by-two matrix yielded four products: 1) made by a UK company and manufactured in the UK; 2) made by the UK Company and manufactured in Nigeria; 3) made by a Nigeria-owned company and manufactured in the UK; and 4) made by the Nigerian-owned company and manufactured in Nigeria.

In the study of each product, the respondent was asked to rank the four combinations based on their preferences for buying a product given this attribute. In order to test hypotheses related to consumer willingness to pay a higher price for products manufactured in Nigeria, two price levels were included as an attribute for each product. Respondents also ranked the price levels according to their buying preferences (relatively high or low price). Price is used here as surrogate to perceived product durability.

Similarly, in order to test the hypothesis that consumers will select UK manufactured products when given a favourable price and/or quality trade-off relative to Nigeria-made products; a quality proxy was included as an attribute. For wristwatches, the choice given was one-year warranty. For shoes, the choices were good material, and casual wear.

Respondents were asked to rank their preferences for these attribute levels.

**Imaginary Products**

The respondents were presented, on a computer screen, with imaginary products comprising different combinations of the attributes shown above. They were asked to rank the various products based on their relative preferences for each. Each respondent was then required to make choices regarding up to five different products. At each stage of the survey, the conjoint approach increased the number of product attributes and gradually, the level of difficulty of choices increased.

Finally, to confirm the validity of responses, respondents were presented with four final multi-attribute products in increasing order of preference as calculated by the application, based on the rankings and ratings made in the earlier part of the survey. Respondents were asked to rate each on a scale from 0 per cent to 100 per cent, indicating probability of purchasing a product with the attributes presented.

**ANALYSIS AND RESULTS**

A two-way analysis of variance (MANOVA) was conducted on the four measures representing respondent preferences for products made in Nigeria or in the UK by either a UK company or a Nigerian-owned company (see Table 1). As reflected in Table 1, the country of manufacture shows a significant difference ($p < 0.04$) in determining respondents' purchase intentions, supporting hypothesis $H1$ that is, "Nigerian consumers show no differences between Nigeria-made products of Nigeria-owned companies and UK-made products of UK-owned companies". Additionally, although neither the company's country of origin nor the interaction between country of ownership and manufacture are strong, they are in the expected direction.

The significance of the main effect of country of manufacture in determining responses may indicate that Nigerian consumers are aware of the benefits that Nigeria gains from locating a manufacturing facility in the country. The spill over effects from stimulating the local economy with jobs, technical knowledge, local sourcing and contributions to the tax base, may seem more tangible than the benefits to the home country of a multinational corporation.
Table 1: Effects of country of ownership and country of manufacture on purchase intentions

<table>
<thead>
<tr>
<th>Source of variation</th>
<th>Sum of squares</th>
<th>Degrees of freedom (df)</th>
<th>Mean square</th>
<th>F-value</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shoes (Footwear)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Country of origin (O)</td>
<td>1.29</td>
<td>1</td>
<td>1.29</td>
<td>1.31</td>
<td>0.198</td>
</tr>
<tr>
<td>Country of manufacture (M)</td>
<td>3.88</td>
<td>1</td>
<td>3.88</td>
<td>5.99</td>
<td>0.026</td>
</tr>
<tr>
<td>O x M</td>
<td>0.02</td>
<td>1</td>
<td>0.02</td>
<td>0.19</td>
<td>0.049</td>
</tr>
<tr>
<td><strong>Wristwatches</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Country of origin (O)</td>
<td>1.30</td>
<td>1</td>
<td>1.30</td>
<td>1.58</td>
<td>0.157</td>
</tr>
<tr>
<td>Country of manufacture (M)</td>
<td>3.84</td>
<td>1</td>
<td>3.84</td>
<td>6.98</td>
<td>0.007</td>
</tr>
<tr>
<td>O x M</td>
<td>0.04</td>
<td>1</td>
<td>0.04</td>
<td>0.69</td>
<td>0.040</td>
</tr>
</tbody>
</table>

**DISCUSSION OF THE MAIN FINDINGS**

The purchase probability evidence in support of the hypothesis, that Nigerian consumers will pay a higher price in order to purchase a wholly Nigeria-made product over other products, was stronger than expected. The totally Nigerian product was preferred not only at all price levels, but respondents were willing to pay a higher price for Nigeria products equal in quality to those of UK manufacture. Respondents were willing to pay a higher price for products of both Nigeria ownership and manufacture than for products made in the UK. However, respondents were unwilling to pay a higher price for the same quality product if a UK company manufactured it in Nigeria. In general, they preferred Nigeria-made products to foreign-made products, regardless of the company's ownership. But, while respondents preferred Nigeria-made/foreign-owned products to foreign-made/Nigeria-owned products, they were unwilling to pay a higher price for them. Hypothesis H2 is therefore largely supported.

An interesting finding is that respondents generally attached lower usage to wristwatches than to shoes. As revealed in Table 2 there is a difference in mean usage values for wristwatches, which was approximately twice the magnitude of the difference in mean values for shoes. This finding is the opposite of what was expected. Maintaining a manufacturing capability in shoes was perceived to be more important than for wristwatches. It was therefore expected that information about the country would play a larger role in determining choices for shoes. Specifically, domestically produced or originated shoes were expected to outperform UK wristwatches. Hence, hypothesis H3, that the willingness of consumers to pay a higher price for a product manufactured in Nigeria by Nigerian-owned firm is a function of the

Table 2: Mean Respondent Usage Preference

<table>
<thead>
<tr>
<th>Product 1: Shoes (Footwear)</th>
<th>Country of ownership</th>
<th>Country of manufacture</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nigeria</td>
<td>UK</td>
</tr>
<tr>
<td>Nigeria</td>
<td>0.099</td>
<td>-0.235</td>
</tr>
<tr>
<td>UK</td>
<td>0.249</td>
<td>-0.038</td>
</tr>
<tr>
<td><strong>Product 2: Wristwatches</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nigeria</td>
<td>0.047</td>
<td>-0.579</td>
</tr>
<tr>
<td>UK</td>
<td>0.373</td>
<td>-0.221</td>
</tr>
</tbody>
</table>
consumer's perception regarding the product's importance to Nigerian manufacturing base, is not supported.

**Differences in Respondents' Scores**

Given a complex and higher involvement choice decision, respondents may have relied more heavily on the brand cue. This is consistent with interviewers' observations of respondent comments during the interview process. Respondents to the footwear questionnaire tended to comment they generally make such choices based on the footwear types rather than brand name. In contrast, respondents to the wristwatch questionnaire were more likely to comment that they based their decisions solely on brand name and disregarded the country information.

The results generally support hypothesis $H_4$, that is, "respondents preferred a product manufactured in the UK by a UK company if the product's price and/or quality mix was perceived to be superior". Evidence revealed that the product's quality level had to be twice as high as the respondent was willing to trade up to the next price level. The conjoint method proved useful in exploring respondents' decision rules and predicting purchase probabilities.

The results of this study could be summarised as: i) Nigerian consumer purchase preferences as reported are more likely to be influenced by the country in which the product is made than by the manufacturing company's national origin; ii) Nigerian consumers are willing to pay a higher price for wholly Nigerian products, although this is a finding that may require further research into actual purchase behavior, rather than predicted purchase probabilities based on self-reported preferences. This is even more so when market evidence suggests that many Nigerians perceived Nigerian made goods as inferior in quality; iii) the willingness of Nigerian consumers to pay a higher price for Nigerian products is not a function of the product's perceived importance to the Nigerian manufacturing base; and iv) Nigerians are only willing to pay a higher price for UK goods if the goods are of significantly superior quality relative to similar Nigerian products.

**IMPLICATIONS FOR MARKETING MANAGERS**

While most of the efforts have concentrated on the economic and industry conditions that influence investment and business decisions in Nigeria, little research has focused on Nigerian consumers. As a consequence, knowledge about Nigerian consumers still remains quite scarce. In particular, few research efforts have explored Nigerian consumers' attitudes towards foreign-sourced products. This study addresses this deficiency by investigating how Nigerian consumers evaluate foreign made products compared to products produced in Nigeria. Specifically, the study tries to find out what images certain foreign products have in the minds of the Nigerian consumers and how such images may influence their product evaluation and purchase decisions. The findings of this research, although based on small sample, reveal some insights into consumer behaviour in Nigeria. This is likely to assist foreign businesses to develop suitable marketing strategies for marketing their products in this increasingly prosperous market.

**LIMITATIONS AND RESEARCH DIRECTION**

Respondents were randomly chosen shoppers at Lagos and may not be representative of the greater population in Nigeria. Future research that draws on samples from various parts of Nigeria would strengthen the external validity of results. The use of actual brand names may also have had an unforeseen effect on respondents' choices. The brand names may have weakened or artificially strengthened the preference for various products. Any future studies relating to this area should account for this potential weakness in the research design. Finally, given the limitations highlighted, further research is necessary before detailed recommendations can be made to specific firms facing both vertical and horizontal competition in the Nigerian market environment.
REFERENCES


