Consumers' Buying Decisions of Foreign and Domestic Products in Nigeria: An Analysis

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Abstract

This study investigates the relationship between buying decisions of foreign products and Domestic products in Nigeria. It specifically studied buyers in six (6) cities; one each from the six geopolitical zones in Nigeria. Factor analysis scales was used to examine perceived predicators of consumers' buying decisions between the two product types, such as personality scales, attitude measurements, ability scales green marketing and innovative drives as well as market orientations. Two separate markets comprising super / departmental stores and open markets were carefully delineated to include all manners of buyers in the analysis. Again, two sets of structured questionnaires were designed to elicit relevant data from the target population. Hence, fifteen (15) copies of structured questionnaire were administered in each segment of the six (6) cities using multi-stage sampling technique. In all, a total of 180 reporters supply relevant data for this analysis. The resultant data was analysed using simple percentage statistics, bar chart and logistic regression model. The study reveals that the major predicators of consumers' buying decisions between foreign and domestic products in Nigeria, as arranged in the order priority are: 'Green Marketing drive', 'Innovative drive', 'Ability scales', 'Attitude measurements' and 'Personality scales'. The general market performance for the products under review is high, foreign products show higher market performance domestic products in the general market. It shows that at least 6 out of every 10 products sold in Nigerian markets are foreign products. This result reveals a scenario that Nigeria is either a consumption economy or the consumers' taste for foreign products is high. The study recommends that marketers trading on domestic products must pay attention to consumers' 'Green Marketing drive', 'Innovative drive' and 'Ability scales in order to boast the consumptions of domestic products in Nigeria. It also recommends a combination of 'responsive' and 'proactive' market-oriented strategies to diversify market opportunities portfolio in Nigerian markets. Furthermore, future research is necessary to tell apart the production and consumption strengths of the Nigerian economy. Indeed, lack of availability of domestic products could predicate consumers' high demand for foreign products, not withstanding the high prices and governmental restrictions (embargo).

Keywords: foreign/domestic products, factors, consumers, buying decisions, market, performance

1. Introduction

Amongst the challenges faced by consumers in developing countries like Nigeria, is the conflicting choice between foreign products and domestic products. The desire and consumptions of foreign products in Nigerian market is on the increase, despite governmental policy to encourage consumptions of domestic products.

A major challenge in developing economy is the development of successful domestic enterprises that provides its people with needed products and thus contributes significantly in economic development of the country. Nigeria having a geographical importance in Africa has the potential of growth and development, the unexplored natural resource, diversified culture and trade routes with other African countries, America, Europe, and Asian countries, that gives her an edge to float other countries' market with its products, but charity they say begins at home; therefore, domestic products must valued and patronised in domestic market.

Government through monetary and fiscal policies tries to dissuade consumption of foreign products in Nigeria. These efforts make foreign goods more expensive than domestic ones. It is also on the note that, domestic products have had an improvement on the quality of goods that meets consumers' needs in the country. The drive was given a boast with the influxes of foreign direct investments in the core production sector of the Nigerian economy. With these developments, one would have thought that the consumers' desire for foreign goods should be on the decrease. However, the trend seems remains on change. For instance, the consumption of foreign rice and textile products still remain high in Nigerian markets, despite the improvement in both quantities and qualities of domestic rice and textile products.

This scenario agitates the existence of factors influencing the consumers' choice of foreign and domestic products in Nigerian markets. The trends show a research perspective that consumers might feel that these factors contribute significantly towards need satisfaction. The perceived factors predicating buyers' decisions between the two products types, as retrieved from available literature are, personality scales, attitude measurements, ability scales and innovative drive among others. There exists also different market orientation

such as proactive and responsive market orientations. Existing document seems silent on the type of market orientation adopted by marketers of the two product types.

To the best of the author's knowledge, the available documentations has not adequately discriminated empirically the influence of these predicators on the consumption of the two products types in Nigerian market. Against this backdrop, this study investigates the relevance of these factors in explaining the basis of seemingly unending taste and desire for foreign goods by Nigerian consumers.

2. Literature Review

This study reviews related literature to provide the theoretical fulcrum for its justification. Market research is vital in presenting the voice of customers to companies drive towards providing products that meet the yearning needs of consumers. Abideen and Saleem (2011) argue that a successful product combines customer's need and technical capabilities. Without this understanding domestic companies may not withstands the offerings from their foreign counterparts. Narver and Slater (1990) observe that organisations first study their customer needs and then launch a new product in order to create long-term relationships with their customers and to maximise the profitability. Market orientation improves company's innovativeness, new product success, and market performance (Abideen and Saleem, 2011). Similarly, from the words of Abdullah (2011), strategic issues like customer perception on the company's marketing mix analysis, demand analysis, competitor analysis and market situation analysis among others need to be analysed adequately.

This points to the fact that, domestic companies faced stiff competition with their foreign counterparts in the sense that, they are found wanting in market research. Indeed, market research enables the companies to target customers' needs and knowing how to satisfying them. To improve the overall performance of the business it is necessary for the organisations to constantly improve its proficiency in learning more about its target customers' needs and desires (Abideen and Saleem, 2011). Again, foreign products marketing in Nigerian market is easier, because they meet customer expectations in terms of quality and availability. Chiquan (2002) points out the fact that a correlation exists between customer expectations, sale services, product quality, market shares, and sales growth. Narver, Slater, and Mac Lachlan (2004) also found that a relationship exists between new product success and market orientation by investigating several variables such as 'innovation orientation', 'proactive and responsive market orientation', market turbulence and 'technological turbulence'. The study further argues that, the success of 'proactive market orientation' on new-product marketing is higher when compares to 'responsive market orientation'. Therefore, domestic products marketers should study and adopt proactive market orientation to compete favourably with foreign products marketing in Nigerian markets.

At this juncture, a distinction between responsive and proactive market orientation has to be drawn. According to Narver et al (2004), responsive market orientation is a business process in which customer's expressed needs are fulfilled. It helps companies articulate the needs of the current customers to reduce its risk and cost (Atuahene-Gima, Slater and Olson, 2005). Abideen and Saleem (2011) see it as a business environment in which customers has the complete knowledge of their need and expect marketer to provide them in the product(s) and service(s) offerings. On the hand, Narver et al (2004) define proactive market orientation as a business process which primarily satisfying customers' needs and wants through observation of customer's behaviour of which the customer(s) is unaware, in order to discover new market opportunities. The combination of these marketing strategies helps diversify the investment portfolio of companies. In this wise, Bowen (1997) opines that today's business environment is rapidly changing therefore managers must keep in touch with customers and should take actions to satisfy customer's needs effectively. Proactive market orientation opens new horizons for the successful marketing of new product(s) by focusing on latent needs of the customers (Abideen and Saleem, 2011).

In most Nigerian markets, consumers are willing to pay a higher price only if they are assured about product reliability. Adding to this truism, Huang, Liu and Murthy (2006) argue that products with stable price and warranty period easily assured consumers about product reliability. Morgan, Kaleka and Katsikeas (2004) measure product competency in terms of higher product quality, packaging, design and style. Majeed (2011) opines that firms having margin in cost competency relative to their rivals as low built-up, low manufacture cost, low cost of goods sold and low prices have been practiced relatively better performance.

Green marketing otherwise known as environment friendly is an emerging concept worthy of note in discussing marketing of the substitute products in Nigeria. Nowadays, marketers are constantly trying to find the best ways to reach the customers with their emerald package. According to Bukhari (2011), consumers are becoming more demanding and paying more attention to the brands and the image of the brand. The overall intent of green marketing is borne out of the presumption that products are environmentally safe (Rehbar and Wahid, 2011). Green marketing concept incorporates a broad range of activities, including product modification, changes to the production process and packaging, as well as promotional drives (Bukhari, 2011). Indeed, green marketing has become a subject of discuss and research and companies are constantly trying to find the best

ways to reach the customers with their green package (Crane, 2005; Friedman, 2007; Grant, 2008 and Bukhari, 2011). Furthermore, Rahbar and Wahid (2011) empirically point the relationship between green marketing and consumer's actual purchase behaviour and argue that customer's trust in eco-label and eco-brand. The study maintained that consumers' perception of eco-brand show positive and significant impact on their actual purchase behaviour.

Closely related to environment friendly or green marketing is the challenges of changes, of which marketers and consumers are oblivious. Denning (2005) identifies changes as among the existing factors which force the organisation to think about implementing the new idea that is necessary for survival and to achieve competitive edge. Of course, marketers faced many environment challenges of which changes is the most paramount. According to Parish, Cadwallader and Busch (2008), managing a significant change successfully is now a necessity for every organisation. Indeed, marketers can either enter or exit market place by either accepting or rejecting an obvious change. Pellettiere (2006) add that organisations that show proactive behaviour towards changes gain a remarkable advantage relative to its competitors. Iqbal (2011) while aptly engrossing (Crandall, 2006) sees organisational change as alteration of organisation's environment, structure, culture, technology and people. Moreso, Edgelow (2010) argue that by working on changes, organisation modifies their operations in order to operate more successfully and competently. Change is now a global challenge for every organisation due to modifications in technology and economic developments that enforces organisations to change (Iqbal, 2011). Denning (2005) add that changes in the organisation are necessary with the passage of time through which organisations can gain edge in the market or at least can survive in the rapidly changing market.

3. Methodology

This study adopted a cross-sectional research design based on comparative analysis, using primary data to investigate the objectives and testing of the study hypothesis. A well-structured questionnaire was used as an instrument to collect the data. The data used for this analysis were collected for a period of one year from December 2011 to November 2012.

A survey was carried out across the six (6) geopolitical zones in Nigeria. Thus, the study takes the entire consumers in Nigerian markets as the universe (population). It specifically studied marketers buyers in six (6) cities; one each from the six geopolitical zones in Nigeria. The cities include Maiduguri, Kaduna, Lokoja, Oweri, Benin and Ibadan; with help of five (5) research assistants. Each of the 5 assistants and the author covers a city. Factor analysis scales was used to examine the perceived predicators of consumers' buying decisions between the two product types, such as personality scales, attitude measurements, ability scales, green marketing and innovative drives as well as market orientations.

Two separate markets comprise of super / departmental stores and open markets were carefully delineated to include all manners of marketers and buyers in the analysis. Two (2) sets of structured questionnaire were administered in each segment of the target population. In this manner, sixty (60) copies of 'set A' questionnaire and one hundred and twenty (120) copies of 'set B' questionnaire were administered to the two sets of the reporters respectively in the sampled cities; using multi-stage sampling technique. This brings the sampled respondents to one hundred and eighty (180) in all. Owing to this survey design, relevant data were elicited and analysed using simple percentage statistics, Bar Chart and Logistic Regression Model. The results were computed with the help of SPSS version 16 software.

4. Data Presentations

Respondents comprise of marketers and consumers of the two product types (i.e. foreign and domestic) in the sampled market in the 6 selected cities, were asked to willingly respond to a range of questions relative to the subject matter. Table 1 presents the frequency distribution of the 180 copies of questionnaire returned valid for this analysis. This number comprises of 60 marketers and 120 consumers of both foreign and domestic products.

A cross-tabulation statistics was used to present the responses on Domestic/Foreign products market ratio. The result is presented in Table 2 in response to research objective 1 which states that: "*find the market ratio of domestic and foreign products in Nigeria*". Figure 1 gives a pictorial representation of the result in Table 2 to buttress the analysis. The answer to the second research objective; which states that: "*examine the market orientation used for marketing foreign and domestic products in Nigeria*" is presented in Table 3.

The dependent variable was computed into categorical variable to enable us classify market performance as either low or high. This representation is presented in Table 4 as an answer to research objective 3; which states that: "*examine the general performance of domestic/foreign products in the Nigerian markets*". The research objective 4 stated as; "*find the factors predicating consumers' buying decision between domestic and foreign products in Nigerian market*" was hypothesised and analysed with Logistic Regression model. The results are shown in Table 4, 5 and 6. The results and discussions are explained in the subsequent section.

Table 1: Frequency Distribution of returned questionnaire

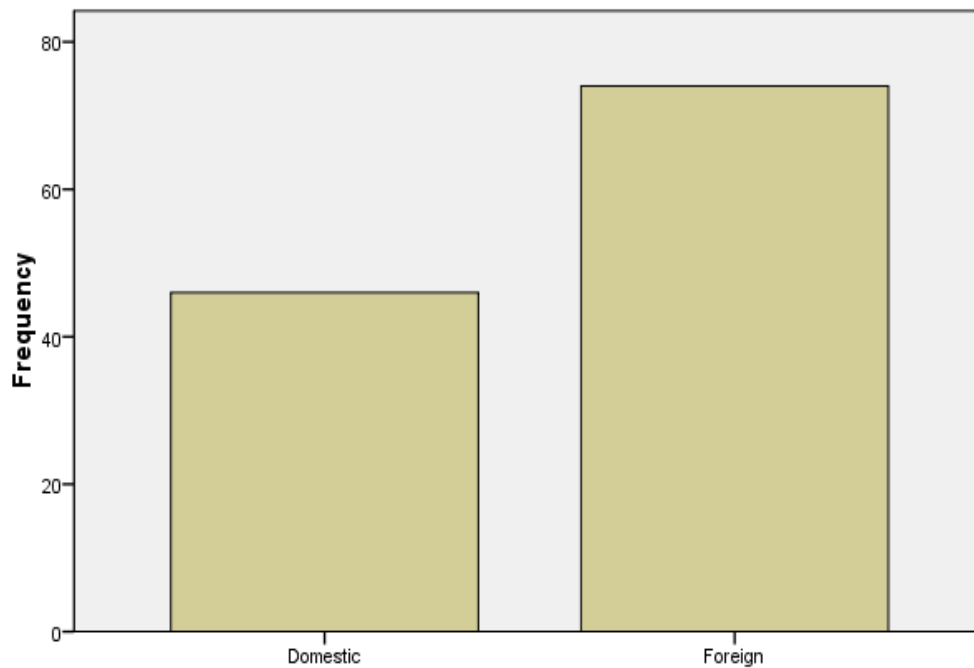| Observed	Frequency	Percentage
Foreign Marketers	30	16.7%
Domestic Marketers	30	16.7%
Consumers	120	66.6%
Total	180	100%

Source: field Data, 2012

Table 2: Domestic/Foreign Products Market ratio

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Domestic	46	27.7	38.3	38.3
	Foreign	74	44.6	61.7	100.0
	Total	120	72.3	100.0	
Missing	System	46	27.7		
Total		166	100.0		

Source: Computed from Field Data, 2012

Figure 1: A graph showing Domestic/Foreign Products Market ratio

Source: Computed from Field Data, 2012

Table 3: Market Orientation Employed

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Responsive	19	11.4	31.7	31.7
	Proactive	41	24.7	68.3	100.0
	Total	60	36.1	100.0	
Missing	System	106	63.9		
Total		166	100.0		

Source: Computed from Field Data, 2012

Table 4: Regression Classification of Market Performance

			Predicted		
			Market Performance		Percentage Correct
	Observed		Low	High	
Step 0	Market Performance	Low	72	0	100.0
		High	48	0	.0
	Overall Percentage				60.0

a. Constant is included in the model.

b. The cut value is .500

Source: Computed from Field Data, 2012

Table 5: Regression Statistics

		B	S.E.	Wald	Df	Sig.	Exp(B)
Step 0	Constant	-.405	.186	4.735	1	.030	.667

Source: Computed from Field Data, 2012

Table 6: Variables in the Equation

	Regression Variables	Score	Df	Sig.
Step 0	Green Marketing	34.579	1	.000
	Personality scales	.693	1	.405
	Attitude measurements	4.010	1	.045
	Ability scales	14.203	1	.000
	Innovative Drive	16.740	1	.000
	Overall Statistics	79.873	5	.000

Source: Computed from Field Data, 2012

5. **Results and Discussions**

Presented in table 1 is the frequency distribution of 180 respondents comprises of 60 marketers and 120 consumers. The marketer reporters were delineated into 30 each for foreign and domestic products marketers. Table 2 shows the percentage representation of market ratio of foreign and domestic products been marketed in Nigerian markets. It reveals that 61.7% products marketed were foreign products. That is, in every 10 products been marketed in Nigerian markets, at least 6 are foreign products. This result is further pictured in figure 1 to enable us visualised the market scenario. Indeed, this is not a good development for a country pursuing vision 20-20-20 developmental goals. The vision means 'the best 20 economy comes year 2020'.

Similarly, Table 3 presents the result of discriminates between responsive and proactive market orientation employed by marketers in Nigeria. It shows that 68.3% of the reporters employed proactive market orientation in marketing their products. The overall market performance is as high as 60% (see Table 4). This means if more marketers adopted proactive market-oriented strategy the overall market performance can be improved upon; or better still, a combination of the two strategies in order to diversify the market opportunities portfolio in Nigerian markets.

The Logistic Regression statistics in Table 5 shows an odd ratio value = **0.667** represented in a column labelled Exp(B) and the test significant statistics = **0.30**. This shows existence of positive impacts of the predicators on market performance (dependent variable). Furtherance to the above, the regression statistics shows that 5 predicators (variables) were fit into the logistic regression model (Table 6). Of the variables, the 'Green Marketing drive', 'Innovative drive' and 'Ability scales' show higher impacts on the market performance having regression value of 34.579, 16.740 and 14.203 respectively. The other two variables 'Attitude measurements' and 'Personality scales'; regressed at 4.010 and 0.693 respectively show positive, but lower impacts on the market performance. All variables in the equation show that the test are statistically significant. Since, the regression tests are statistically significant at $P < 0.05$ (95% confidence level), we reject the null Hypothesis (H_o) which stated that: "*The 5 factors has negative impact on consumers' buying decisions between foreign and domestic products in Nigerian Market*". This finding is relatively consistent with previous studies of Iqbal (2011), Abideen and Saleem (2011), Majeed (2011), Abdullah (2011) and Chiquan (2002).

6. Conclusions and Recommendations

Given the relationships between market performance and the predicators of customers' buying decision of foreign and domestic products in Nigeria, the study concludes as follow: The major predicators of consumers' buying decisions between foreign and domestic products in Nigeria, as arranged in the order priority are: 'Green Marketing drive', 'Innovative drive', 'Ability scales', 'Attitude measurements' and 'Personality scales'. The general market performance for the products under review is high. However, domestic products show low market performance in the general market whilst foreign products show high market performance. To put the figure straight, this study shows that at least 6 out of every 10 products sold in Nigerian markets are foreign products. This result reveals a scenario that Nigeria is either a consumption economy or the consumers taste for foreign products is high.

The study recommends that marketers trading on domestic products must pay attention to consumers' 'Green Marketing drive', 'Innovative drive' and 'Ability scales in order to boast the consumptions of domestic products in Nigeria. Green marketing deals with products' environmental friendliness, innovation deals with changes or products modification relative vogue, whilst ability scales deals with consumers' incomes and products' prices. It also recommends a combination of 'responsive' and 'proactive' market-oriented strategies to diversify market opportunities portfolio in Nigerian markets. Furthermore, future research is necessary to tell apart the production and consumption strengths of Nigerian economy. Indeed, lack of availability of domestic products could predicate consumers' high demand for foreign products, not withstanding high prices and governmental restrictions (embargo).

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