

CONSUMERS' ATTITUDES TOWARDS NON-LOCAL PRODUCTS: A CASE OF PAKISTAN

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ABSTRACT

This study investigated the attitudes of Pakistani consumers towards non local (imported) products. Country of Origin (COO) effect was the main thing to find out. A survey questionnaire was distributed among 200 respondents in the twin cities Islamabad and Rawalpindi. The questionnaire contained the measure of, quality of the products, social status, and unavailability of local substitutes; admiration for EDCs life style, consumers' ethnocentrism and attitudes towards non local products. Nine hypotheses were designed and tested by Pearson correlation and simple regression analysis by using SPSS 15 version. Analysis of the data showed that consumers in the developing countries like Pakistan considered the imported products as of high value and they feel a pride when having the products of the developed countries. The moderating impact of admiration for EDCs life style and consumers' ethnocentrism was also confirmed by this study. The research findings suggest for the MNCs to go for a joint venture with a local firm or set up a foreign subsidiary to control the effect of ethnocentricity which is extremely important to cope with. Local producers and marketers should focus on the quality of their products to compete with multinational corporations in their domestic markets and survive with a rising head. This research showed that if the imported products are of high quality, more reliable and of reasonable price then ethnocentrism can not become hostile to them.

Introduction

Marketing practices in the global market and consumers' attitudes towards foreign products have been rich topics in the literature of country of origin and are widely discussed by the renowned researchers of marketing (Bannister & Saunder, 1978). Businesses are spreading through out the world with a very high pace and accordingly the customers are becoming rational, which is of a great importance to the local and non local producers (Shahid, 1997).

Due to the impact of globalization businesses are becoming cross national and international with a fast pace, so it is strongly recommended to find out some valid and reliable parameters for gauging the consumer attitudes towards domestic and imported products (Netemeyer, et al 1991). Literature shows that in the developed countries consumers prefer their home country products as compare to the foreign products (Bilkey et al 1982).

The products of those countries which have cultural similarities with countries; where they market their products; will be preferred by the consumers (Crawford & Lamb, 1981; Heslop et al, 1998; Wang & Lamb, 1983). Products with foreign brand names are associated **with the country of origin** and many firms have used the association of brand name with the

country of origin for the competitive advantage in marketing of goods and services (Papadopoulos et al, 1993). Yet there are some product categories which can not be associated with any country of origin image as in the case of car industry where it is difficult to market global brands such as “Mercedes” “Toyota”, for which brand images have developed apart from their country of origin and they do not use their national country of origin association in their promotion and marketing strategies (Kinra, 2005).

This research is very much linked with the country of origin literature and the most important objective of this research is to investigate the Pakistani consumers’ preferences and attitudes towards imported products. In addition to this it is also to find out the degree of ethnocentrism and its effect on the consumers’ attitudes towards foreign products. The findings of the research will be of a great value to the local producers and marketers in the formulation of their production and marketing strategies. The local producers and marketers will be offered some better suggestions that how they can compete with their non local competitors in their home market after this research.

Background of the Study

Research on the country of origin suggested a sound framework for the international marketers, on how to compete effectively in the global market to get sustainable competitive advantage (Batra et al, 2000). An ample research on how consumers perceive their local and non local brands is conducted in the developed countries. A research conducted by Batra et al (2000) in India explored that Indian consumers prefer to the brands having non local country of origin on the basis of high quality and esteemed social status. Pakistan is one of the growing economies of the developing world. Its population is approximately 180 millions. Pakistan has not the potential to make all kinds of products for the local consumers so its market is of extreme importance for the multinational companies. This research will be considered as important to the local and multinational firms in understanding that how they should deal with Pakistani consumers, having a strong Islamic background and a distinct culture. The detailed view of the research on the country of origin is presented in the literature review section of the research.

Objective of the Study

The main focus here in this research is on the perceptions and awareness of consumers’ towards “local” versus “non local” brands of different products categories in Pakistani market. It is to explore that why consumers prefer to buy non local products as compare to local products. Pakistan is an Islamic country. Most of the people have strong religious background. This research is aimed to explore that Pakistani consumers are high or low ethnocentric and also its impact on the relationship between independent and dependent variables.

The Authors’ Contribution

Past researches conducted in the developed countries on the country of origin revealed that consumers give preference to the non local country of origin products on the basis of quality and price as mentioned in the literature review. This research shows in the context of Pakistan that what consumers do when local substitutes are not available in contrast of foreign products? In addition to this, the study explores that how admiration towards the

EDCs lifestyle and consumers ethnocentrism influence the association between independent and dependent variables as shown in the schematic diagram of the theoretical framework of the study.

Literature Review

Country of origin has been an important topic of research since the last three decades. Products made in one country are preferred more by the consumers than those of the other countries (Papadopoulos et al, 1987). The perceptions of Chinese consumers towards the products of highly industrialized countries are more positive as compare to those of the newly industrialized countries (Ahmad & d'Astous, 2004). It is also explored by most of the researchers that consumers' preferences are positively related to the economic development of the country of origin; having the concept in their mind that good quality is the sign of economic development (Bumpkin and Crawford, 1985). Consumers of the developing world are very much inclined towards the products of the developed world because of the good quality and as a sign of high social status (Batra et al, 2000). The admirers of the economically developed countries' lifestyle will prefer to use the products made by them as compare to the Indian products (Batra et al, 2000).

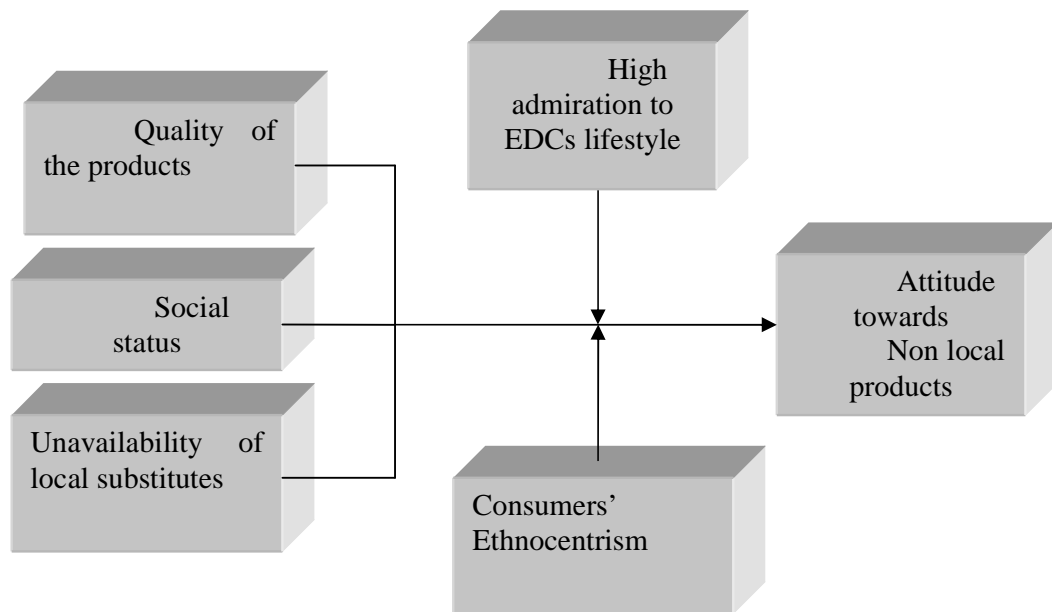
It is also evident from the literature that the high ethnocentric people are expected to avoid buying non local products because they think that this activity would be considered as unpatriotic and will kill the domestic jobs (Shimp & Shirma, 1987). If both local and non local products are of the same quality and of the same price, consumers will go for local products, even they will be ready to pay a higher price for their local products but they are not ready to compromise on quality (Knight, 1999). A study conducted by Kinra (2005) in India at the city of Luknow revealed that although consumers rating on the ethnocentrism scale are high but they have no prejudice against the foreign brand names. Brand origin is considered as important attribute by Indian consumers. The customers associate the brands with their original producers rather than the current producing country (Jin et al, 2006). It is also become evident from the research that the association of brand with its original producers become weaker with the passage of time as the brands started to be produced locally (Jin et al, 2006). Another astonishing thing becomes evident from the research conducted by Watson and Wright (2000) in Newzeland regarding a specific situation, when no domestic alternatives are available.

What happened was that consumers gave preference to the products of those countries which were similar in culture to their home country. Country of origin information becomes advantageous in case of unavailability of domestic substitutes for those who imports from culturally similar countries (Watson and Write, 2000). In the developing countries like India and Saudi Arabia foreign brands are not only preferred because of the quality but are preferred because of status enhancing reasons (Sklair, 1994). Bangladeshi consumers give preference to the western products because of a high quality and durability in contrast of the domestic products but there is a difference across the product classes and degree of suitability of sourcing countries (Kaynak et al, 1999). It is discovered that products originated from the developed countries are associated with very similar characteristics such as high quality, good workmanship; reliability etc. and the products from the developing world are perceived to be of low quality (Kaynak et al, 1999). It is also important to note that level of education also influence the consumers' perceptions towards non local products. Highly educated people are in the favor of imported products as compare to low educated people (Sklair, 1994)

Theoretical Framework

The dependent variable “attitude towards non local products” can be explained by the three independent variables; (1) high quality (2) high social status (3) unavailability of the local substitute. Consumers of the developing countries will go for non local products because they are generally deemed as of high quality. Products of economically developed countries are considered as a sign of high social status; so consumers tend to go for non local products. Lastly when there is no local substitute available for consumers, they have no option other than to go for non local products.

Two moderating variables (1) high admiration to EDCs (economically developed countries) lifestyle (2) consumers’ ethnocentrism are taken into account in this study. These moderating variables will change the relationship of the independent and dependent variables. If consumers have a strong admiration towards the life style of economically developed countries, then it will positively moderate the relationship between independent and dependent variables and vice versa. Likewise if the consumers of the developing countries are highly ethnocentric then the relationship between the independent and dependent variables will be change with the presence of this moderating effect.



Schematic diagram for the theoretical framework

Variables

Independent variables:

- Quality of the products
- Social status
- Unavailability of local substitutes

Dependent variable:

- Attitude towards non local products

Moderating variables:

- High admiration to EDCs lifestyle
- Consumers' ethnocentrism.

Hypotheses:

H1: Quality of the products and consumer attitudes towards non local products are positively related.

H2: Consumers will prefer the products manufactured by a foreign owned company because it adds to the social status of consumers.

H3: when no local substitutes are available consumers will automatically go for foreign products.

H4: Admiration to EDC life moderates the relationship between quality of product and attitude toward nonlocal product.

H5: Admiration to EDC life moderates the relationship between Social Status and attitude toward nonlocal product.

H6: Admiration to EDC life moderates the relationship between unavailability of local product and attitude toward nonlocal product.

H7: Consumer ethnocentrism moderates the relationship between quality of product and attitude toward nonlocal product.

H8: Consumer ethnocentrism moderates the relationship between Social Status and attitude toward nonlocal product.

H9: Consumer ethnocentrism moderates the relationship between unavailability of local product and attitude toward nonlocal product

Methodology

Data Collection

Data were collected from the respondents by using the convenience sampling technique. Due to the time and cost factors this specific sampling technique was adopted for this research. The respondents were from the twin cities of Islamabad and Rawalpindi. Non local products are of high quality and of relatively high prices, so all the sample subjects were from the middle class. Total of 200 survey questionnaires were distributed among the respondents. Drop off and picked-up technique was adopted due to short time in the data collection. The respondents were of the three categories, Govt. servants, private job holders and business men respectively. Majority of the respondents had the college or university degree. Their age ranged from 20 to 60 years.

Measures

The items used in this study were drawn from the scales which had been validated by the previous literature. The questionnaire of the research was consisted of 27 statements, focusing on the products attributes, consumer's ethnocentrism, admiration for economically developed countries lifestyle, social status, unavailability of local substitute and consumers perceptions and attitudes towards using and buying non local products. The number of statements related to the product attributes were twelve. Within these twelve statements the first eight were that of the "central products attributes" and the remaining four were "peripheral products attributes" (Darling and Wood, 1990; Douglas and Craig, 1983). The five statements related to consumers' preferences towards using and buying of foreign country products were taken from Shahid (1997) research. "*Consumers ethnocentrism is a psychological construct representing how consumers view products made in their own country markets as an object of pride and identity versus those from other countries market*" (Kinra, 2005). This was measured through ethnocentrism scale, CETSCALE (Shimp and Sharma, 1987) which had been validated by several past studies (Batra et al, 2000; Supphellen and Rittenburg, 2001; Watson and Wright, 2000).

These items used *strongly agree* and *strongly disagree* endpoints. Admiration of the developed countries' lifestyle was measured through a single item scale adopted from the paper of Batra et al (2000). This statement is adapted as "I admire the lifestyle of the people living in the developed countries". Items of the social status and unavailability of local substitutes were taken from the research of Batra et al (2000). Five items of consumers' attitudes towards buying and using non local products were taken from the research of Shahid (1997). As this study focused on the consumers attitudes towards foreign countries' products so the respondents chosen were mostly educated people. The survey instrument was administered in English because it is a widely used business language in Pakistan and was easy for the respondents to cope with.

Results and Discussion

Reliability of the items used in the research was checked through the SPSS 15 version. Cronbach alpha values for the items of central products attributes, peripheral products attributes, social status item, attitudes towards nonlocal products and consumers ethnocentrism were 0.74, 0.78, 0.73 and 0.86 respectively which are considered as quite reliable and valid. Descriptive statistics of the variables are presented in table # 1. All of the variables except the peripheral products attributes items have a higher means which shows that imported products have better quality and they do not have just outward appearance.

Descriptive Statistics

Table # 1:

	PAI	PAI2	SSI	ATLBI	CEI	Unavailability of the local substitutes.	Admiration for EDCs lifestyle.
Mean	4.144	2.031	3.703	3.627	3.722	3.890	3.640
Std. Deviation	.4792	.6225	.785	.7518	.9117	1.069	1.178
Variance	.230	.388	.616	.565	.831	1.144	1.387
Range	2.13	3.00	3.50	3.75	3.80	4.00	4.00

*PAI (Product Attribute Items), SSI (Social Status Items), ATLBI (Attitudes towards non-local Products Items), CEI (Consumers' Ethnocentrism Items).

H1: Our first hypothesis is proven by the result, which shows the relationship between the quality of products and consumers attitudes towards non local products. The correlation between these two variables is positive. Value of the relationship is (0.23) and the significance level is (0.01). Peripheral products attributes have negative correlation with attitudes towards nonlocal products which shows that products of the economically developed countries are not having only outward appearance but they have fine workmanship and are considered as technologically the best, its value is (-218) and the significance level is (0.01).

H2: Like the previous research by Batra et al (2000), it is proven by the results of this study that people prefer to buy the products of the developed countries because having that; people will consider them as of high class in the community. Social status and attitudes towards non local products are positively correlated. The correlation value is (0.58) and the relationship is significant at the level of (0.01).

H3: The third hypothesis was also supported by the results, which shows that when no local substitutes are available, consumers will go for non local products. The correlation between these two variables is positive and the value is (0.38) and the relationship is significant at the level of (0.01). All of the independent variables are correlated with the dependent variable. Quality of the products, social status and unavailability of the local substitutes are positively correlated with the attitudes towards non local products. Peripheral products attributes are negatively correlated with attitudes towards non local products. The detail is presented in table # 2.

Table # 2: Pearson Correlations between Dependent and Independent Variables

		PAI	PAI2	SSI	ATLBI	Buy imported when no substitute
PAI	Pearson Correlation	1				
PAI2	Pearson Correlation	-.523(**)	1			
SSI	Pearson Correlation	.464(**)	-.428(**)	1		
ATLBI	Pearson Correlation	.230(**)	-.218(**)	.580(**)	1	
Buy imported when no substitute	Pearson Correlation	.397(**)	-.378(**)	.603(**)	.382(**)	1
	N	200	200	200	200	200

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

*PAI (Product Attribute Items), PAI2 (Peripheral Product Attribute Items), SSI (Social Status Items), ATLBI (Attitude Towards non-local Products Items).

H4, H5 and H6:

Simple regression analyses were used to test these hypotheses. Moderation is confirmed if the product of independent and moderator has significant effect on the dependent variable, controlling for the effects of independent and moderator variables (Baron and Kenney, 1986). The earlier hypotheses (H1, 2 and 3) showed that there is a correlation between independent and dependent variables. We have checked the moderating effect of admiration towards EDCs life style on the relationship between independent and dependent variables. Table 3 shows that quality of products ($\beta = .08, p < .05$) social status ($\beta = .15, p < .05$) and unavailability of local substitute ($\beta = .20, p < .05$) are significantly related with attitudes towards non-local products. The interaction term involving admiration towards economically developed countries life style and quality of product ($\beta = .11, p < .05$) social status ($\beta = .22, p < .05$) and unavailability of local substitute ($\beta = .29, p < .05$) are significantly related to attitudes towards non-local products. Hence H4, 5 and 6, are supported by results.

Table # 3: Summary of the Moderated regression analysis

Predictors	Attitude toward nonlocal products	
	B	ΔR^2
Step 1:		
Controls		0.09*
Step 2:		
Quality of Product (QP):	0.08*	
Social Status (SS)	0.15*	
Unavailability of Local Product (ULP)	0.20*	
		0.02*
Step 3:		
High admiration to EDC life (HEDC)	0.31*	
		0.15**
Step 4:		
QP * HEDC life	0.11*	
SS * HEDC life	0.22*	
ULP * HEDC	0.29**	
		0.02*

H7, H8, and H9:

These hypotheses predicted the combined effect of ethnocentrism with quality of products, social status and unavailability of local substitutes. Consumer ethnocentrism has a negative significant relationship ($\beta = -.25$, $p < .05$) with attitude towards non-local products. Results of moderated regression analysis presented in table 4 shows that consumers' ethnocentric moderated the predicted relationships. The results show that high ethnocentric people express biasness towards imported products and are ready to compromise on quality as well. The interaction impact of consumers' ethnocentrism have decreased the original Betas of independent variables from (quality of product, $\beta = .08$, social status, $\beta = .15$ and unavailability of local substitutes $\beta = .20$) to ($\beta = .04$, $\beta = .07$ and $\beta = .16$) respectively. Hence these hypotheses are also supported by the results.

Table # 4: Summary of the Moderated Regression Analysis

Predictors	Attitude toward nonlocal products	
	B	ΔR^2
Step 1:		
Controls		0.09*
Step 2:		
Quality of Product (QP):	0.08*	
Social Status (SS)	0.15*	
Unavailability of Local Product (ULP)	0.20*	
		0.02*
Step 3:		
Consumers' Ethnocentrism (CE)	-0.25*	
		0.10*
Step 4:		
QP * CE	0.04*	
SS * CE	0.07*	
ULP * CE	0.16**	
		0.04*

Overall the results of the study are quite in the direction of the past researches. It is also proven by other researches in the developing countries that consumers give preference to the products of the economically developed countries like Japan, USA and European countries. The moderating impact of the admiration for economically developed countries' life style is significant as it is evident from the above analysis. The moderating effect of consumers' ethnocentrism is also important to note, which shows that people who scored high in ethnocentrism will be biased favorably towards their domestic products as compare to those who are low in ethnocentrism.

Conclusion

This research is an important contribution in the country of origin literature. It is unique in the sense that it tested the moderating impact of two important variables of high admiration to EDCs life style and consumers' ethnocentrism. The study concluded that consumers of the developing countries have a strong and positive image about the products of the developed countries. They feel a personal pride when having the products of these

countries. When local substitute will not be available for the consumers; it is likely that they will automatically go for imported products which are proven by the results as well. It does mean that those who admire the life style of economically developed countries will tend to prefer their products. Highly ethnocentric consumers have a favorable biasness toward their local products. They are even ready to compromise on quality of the products as well.

Limitations and Future Research Directions

Nothing is perfect in the social sciences research so this research also has some limitations which should duly be kept in mind while generalizing its results to the wider population. First important limitation of this study is the convenience sampling technique which is considered as a strong limitation for the generalizability of the study results. Second limitation of the study is that it was a cross-sectional study. Longitudinal study is advised for the future researchers for the detailed and somewhat perfect relationship of the constructs discussed in this study. Third limitation of the study is the small sample size and the future researchers are directed towards a big sample size to increase the validity and reliability of the study. Last and the most important thing is the culture which play a key role in the personality development of the people. Its impact should always be considered in mind while conducting research; it is advised to replicate the study in other cultural settings.

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