

IMPORTED VERSUS LOCAL PRODUCTS: WHY AND HOW PEOPLE RESPOND AGAINST DIFFERENT CATEGORIES?

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Abstract

Historically people of Bangladesh have preference for imported products and services. The purpose of this exploratory study is to understand the present situation of local or global brand preferences and their underlying reasons. A total 203 customers of consumer products and services were asked about their purchase tendency from different age, income and occupational groups. Associations were measured for different demographic variables with product categories and reasons for selecting imported and local brands. The finding of the study shows that preference for purchasing different product categories differ for imported or local brands. Brand value, performance, marketing efforts, symbol of status, and sales presentation are identifiable reasons for choosing imported items, whereas familiarity with lifestyle is the reason for choosing local brands which are associated with demographic variables. Marketers should count these links for their segmentation and target marketing process for developing better marketing strategies.

Keywords: Consumer behavior, imported products, local products, product categories,

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Introduction

Country of origin is one of the most influential factors which affects the perception of customers to form a perception of product or service quality as well as purchase intention (Schiffman & Kanuk, 2007) (Jian & Guoqun, 2007). Schooler indicated consumers' differentiated evaluation on different country origin; Ettenson reinforced this findings from different cultural context; Han and Johansson added that country origin is the indicator of product or service quality, whereas Hong and Wyer argued the influence of country origin is viewed as a product attribute (as cited in Jian & Guoqun, 2007). So, the image of the country where the product is produced or assembled has a direct impact on the customers to make the final purchase decision. For this reason, marketers should understand the relation of country origin with the purchase decision and its post purchase behavior.

There are number of western brands available which are dominating in Asian markets for a long time, although many of them are made in Asia itself (Parkvithee & Miranda, 2012). It is still possible because of the image of home country of the brand. There are lots of researches on western consumers' perception toward products or services which has different country-of-origin. On the other hand, little indicators are available for preferences toward products from different country-of-origin for Asian consumers.

This study indicated the relationship among different product categories with their country of origin in the context of Bangladeshi consumers. The result will be helpful for the marketers as well as different stakeholders to design their marketing strategies related their product and services and to create better value for the society.

Literature Review

Different studies showed that country of origin has direct impact on purchase preferences for different products or services. According to the study of Lin and Chen (2006) (Lin & Chen, 2006) country of origin, product knowledge and product involvement has significant positive influence on purchase decision. They also concluded that country of origin and product knowledge has positive influence on purchase decision under different product involvement levels. Parkvithee

and Miranda (2012) showed their result in three different cases. In their first case they revealed that product with higher perceived country-of-origin is preferable when the product is standard. That means product with lower consumer involvement requires promoting association with higher imaged country which represents higher quality of that product. In their second case they showed that for standard product well known brand is preferable compared with unknown or less known brand. So, marketers can get profit opportunity by well known brand name where the consumer motivates by brand name rather than product knowledge. Third case reveal that product with higher involvement is preferable by consumers, whereas the confidence or product knowledge is not affected by country-of-origin. So, country-of-origin is one of the most important determinants for product preference, but the extent of preference changes with other determinant like product knowledge or customer involvement.

Customers' perception on price plays a vital role on purchase decision which is ultimately guided by consumers' income level. Schiffman and Kanuk (2007) (Schiffman & Kanuk, Consumer Behavior, 2007) described price perception as strong influencing factor for both purchase intention and purchase satisfaction. They also stated that reference price has direct impact on perception of fairness of price charged, because it is used as comparison point for price of another product or service.

Income level of the consumer is one of the most important predictor for purchasing behavior in terms of change in price. Firms always try to ensure a price level which result low price sensitivity. Although, income level represents the most important predictor of price sensitivity, there are other social, cultural or individual level variables which play strong role to predict the price sensitivity. Study shows that there are four dimensions of consumer participation—preparation, relationship building, information exchange, and intervention (Kellogg, Yougdahl, & Bowen, 1997) (Hsieh & Chang, 2004). Hsieh and Chang (2004) tested the association of these four dimensions with the price sensitivity. Their study revealed that all of the four dimensions are negatively associated with the price sensitivity, although the intervention is not significant. They pointed that the reason of this lack of significance may occur because of unsatisfied situation. Intervention comes whenever a consumer is dissatisfied. With dissatisfaction in terms of basic functionality, all the social affiliation which is represented by the other three dimensions becomes

less important. Their study also showed that price sensitivity is low for the high participation industry compared with the low participation industry given that the level of participation is same.

Schnettler and others (2010) identified two principal consumer profiles: first group of consumer who emphasized on price and other group emphasized on origin. Their result revealed that country of origin carries slightly less importance than price.

Most of the previous studies tried to focus on the effect of country origin, price sensitivity, and perception on product or service value, brand and image. There is a little work done on the developing countries focusing on the preference on local or imported products or services in association to different demographic aspects. In this study we tried to explore the difference of product or service categories in terms of local or imported items and their underlying reasons for choosing those.

Methodology

This study is exploratory in nature. The main objective of this study is to understand the nature of products and services, customers' preference for imported or local items, and their associating demographic features. Data was collected during fall 2011. Total 250 responses were collected from different age groups. For missing value and inappropriate responses some cases were erased from the database. Finally on rest 203 responses all the analyses were done.

Data was analyzed in two phases. In the first phase, uni-variate analysis was done where frequency distribution is described. In the second phase, bi-variate analysis was done which shows the association of different demographic variables with different product or service categories and their supporting reasons for preferences. Here chi-square analysis is done to show the relative association. Based on these two phases of analysis, results are described for implication from the managerial perspective.

Result Analysis

Frequency Distribution:

In this study total number of samples is 203. Percentage distributions of different variables are given in Table 1. From the table we get that male respondents got the majority (about 60%). Still the female respondents' responses regarding local or imported items are reflected. Majority of the respondents came from age group 16 to 25 which is also reflected by the occupation category of students with 47.8%. About 30% of the respondents are doing service or job from different local or multinational organizations. Responses from business owners (16.7%) and house wives (4.9%) are also collected, although the percentage is comparatively lower. Both the income level of TK. <20,000 and TK. 21,000-50,000 occupied about 40% of responses each. Income level of >50,000 accounted 18.2%.

Table 1: Percentage Distribution of Dependent and Independent Variables

Demographic Features			Preference for Imported Items		
Variables	Categories	Percent	Variables	Categories	Percent
Gender	Female	39.9	Better Quality	No	10.3
	Male	60.1		Yes	89.7
	Total	100.0		Total	100.0
Age group (Years)	16 to 25	55.2	Better features	No	54.7
	26 to 35	24.6		Yes	45.3
	36 to 45	20.2		Total	100.0
	Total	100.0	Brand value	No	42.4
Occupation	Business	16.7		Yes	57.6
	house wife	4.9		Total	100.0
	service/ job	30.5	Performance	No	45.8
	Student	47.8		Yes	54.2
	Total	100.0		Total	100.0
Earning level (Taka)	bellow 20000	41.4	Not adulterate/ hygienic	No	74.4
	21000 to 50000	40.4		Yes	25.6
	more than 50000	18.2		Total	100.0
	Total	100.0	Fashionable / up-to-date	No	73.9
		Yes		26.1	

Preference for Local Items

Variables	Categories	Percent
Familiar with lifestyle	No	42.4
	Yas	57.6
	Total	100.0
low price	No	27.1
	Yas	72.9
	Total	100.0
to be patriotic	No	63.1
	Yas	36.9
	Total	100.0
brand value (local goods)	No	75.9
	Yas	24.1
	Total	100.0
better quality (local goods)	No	77.3
	Yas	22.7
	Total	100.0
after sale services (local goods)	No	85.2
	Yas	14.8
	Total	100.0

	Total	100.0
Better after sale services	No	79.3
	Yas	20.7
	Total	100.0
Maintain social status	No	61.1
	Yas	38.9
	Total	100.0
for following others	No	75.9
	Yas	24.1
	Total	100.0
Models/ marketing	No	60.6
	Yas	39.4
	Total	100.0
Poor promotion about local goods	No	48.8
	Yas	51.2
	Total	100.0
Showing financial ability	No	81.3
	Yas	18.7
	Total	100.0
Personnel	No	66.0
	Yas	34.0
	Total	100.0

In Table 1 reasons for preferences of local and imported items are also showed. For preferring local good ‘familiarity’ and ‘lower price’ got the majority of responses, with 57.6% and 72.9% simultaneously. So, price sensitivity is the underlying motivation behind preferring local items. Patriotism, brand value, quality, and after sales service were not the reasons for preferring local

items over imported items. On the other hand, perception toward better quality is identified as the most important reason for preferring imported items with about 90% positive responses. Brand value, better performance, and poor promotion about local items are the other reasons for preferring imported items, which got marginally higher positive responses (57.6%, 54.2% and 51.2%). All the other probable reasons for choosing imported items came up with negative response.

Table 2: Percentage Distribution of Preferences for Different Product or Service Categories

Product / Service Categories					
Variables	Categories	Percent	Variables	Categories	Percent
Electronics (Household)	imported	84.2	Clothes / dress	imported	30.0
	local	11.8		local	49.3
	not significant	3.9		not consuming	1.5
	Total	100.0		not significant	19.2
Electronics (personal gadget)	imported	91.6	Total	100.0	
	local	5.4	Jewelers	imported	38.9
	not significant	3.0		local	27.6
	Total	100.0		not consuming	15.8
		not significant		17.7	
Fast-food	imported	36.5	Total	100.0	
	local	39.9	Watch & Spectacles	imported	57.6
	not consuming	3.4		local	20.7
	not significant	20.2		not consuming	7.9
Total	100.0				

Grocery	imported	15.3	not significant	13.8	
	local	78.3	Total	100.0	
	not significant	6.4	Movies	imported	46.8
	Total	100.0		local	29.6
Toiletries	imported	32.0	not consuming	3.4	
	local	59.6	not significant	20.2	
	not significant	8.4	Total	100.0	
	Total	100.0	TV channels	imported	45.3
Cosmetics	imported	65.0		local	29.6
	local	18.7		not consuming	2.5
	not consuming	8.9		not significant	22.7
	not significant	7.4	Total	100.0	
Total	100.0	Stationary	imported	22.2	
Snacks	imported		26.1	local	60.6
	local		54.7	not consuming	.5
	not consuming		2.0	not significant	16.7
	not significant	17.2	Total	100.0	
Total	100.0	Leather products	imported	48.3	
Baby food	imported		44.3	local	39.9
	local		15.8	not consuming	2.0

not consuming	30.5	not significant	9.9
not significant	9.4	Total	100.0
Total	100.0		

Preferences for choosing imported or local item vary depending on the nature of the products or services. In this study the priority for local or imported items were tried to view from different perspectives. The percentage distribution of product or service preference is presented in Table 2. This study covers 15 different types of products or services most of them are consumer goods. From the table we can see that the majority of the respondents prefer imported items for electronic household products, electronic personal gadgets, and cosmetics in the higher extent (84.2%, 91.6%, and 65%). Baby food, watch and spectacles, movies, TV channels, and leather products accounted the majority preferences for imported items in moderate level (44.3%, 57.6%, 46.8%, 45.3% and 48.3%). With 38.9% of the responses jeweler items got the preference for imported item compared with local items.

6 out of 15 product categories got preferences for local products or services. Grocery, toiletries, snacks and stationary items accounted majority responses for local products in higher extent (78.3%, 59.6%, 54.7% and 60.6%). Apparel and fast food items, with 49.3% and 39.9%, got preferences marginally for local products compared with imported items.

Association of Demographic Variables with Product Categories and Reasons:

In this study a cross-tabulation is done for each demographic variable (independent variables) against different product categories as well as reasons for preferring imported and local items. To get a better understanding about association between demographic and other dependent variables a chi-square test is presented in Table 3.

Table 3: Association between Demographic variables and other Dependent variables

Categories	Associatio	Associatio	Associatio	Associatio	
	n with Gender	n with Age	n with Occupatio n	n with Income	
Electronics (Household)	0.507	0.391	0.260	0.484	
Electronics (Personal)	0.071	0.349	0.550	0.380	
Fast-food	0.125	0.003	0.012	0.084	
Grocery	0.266	0.061	0.001	0.531	
Toiletries	0.095	0.590	0.505	0.816	
Cosmetics	0.000	0.123	0.178	0.207	
Product Category Snacks	0.294	0.256	0.019	0.018	
Baby food	0.166	0.137	0.035	0.435	
Apparel	0.556	0.054	0.073	0.075	
Jewelry	0.034	0.005	0.002	0.249	
Watch & Spectacles	0.365	0.268	0.090	0.228	
Movies	0.316	0.005	0.308	0.441	
TV channels	0.017	0.011	0.038	0.967	
Stationary	0.204	0.123	0.008	0.412	
Lather products	0.046	0.220	0.459	0.455	
Preferenc e for imported goods	Better Quality	0.446	0.304	0.468	0.442
	Better features	0.510	0.120	0.003	0.996
	Brand value	0.007	0.005	0.009	0.747
	Performance	0.975	0.036	0.027	0.182
	Hygienic	0.085	0.195	0.497	0.178
	Fashionable / up-to- date	0.209	0.482	0.145	0.543
	Better after sales service	0.428	0.240	0.141	0.674

	Maintain social status	0.878	0.084	0.484	0.180
	For following others	0.881	0.068	0.512	0.042
	Models / marketing	0.982	0.013	0.064	0.004
	Poor news about local goods	0.885	0.184	0.289	0.227
	To show financial ability	0.297	0.015	0.071	0.306
	Sales presentation	0.098	0.015	0.966	0.560
	Familiar with lifestyle	0.016	0.048	0.013	0.929
	Low price	0.342	0.756	0.155	0.920
Preference for local goods	To be patriotic	0.385	0.638	0.303	0.090
	Brand value	0.412	0.866	0.635	0.921
	Better quality	0.903	0.586	0.585	0.562
	Better after sales service	0.412	0.093	0.144	0.430

From Table 3 associate between gender and other variables show that preference for purchasing cosmetics products in terms of local or imported item is highly associated with gender difference ($p=0.000$). Preference for imported items for Jewelry products, TV channel and leather products are associated with gender difference in moderate extent with p -value 0.034, 0.017, and 0.046 respectively. Gender difference is also associated with preference for electronic personal gadgets and toiletries products, but in lower extent ($p=0.071$ and 0.095). Table SSS shows preference for imported items depends on brand value and perception of being hygienic. Here, association between gender and brand value is stronger ($p=0.007$) than perception of being hygienic. Compared with local brands, global brands have better image in the mind of customers which is reflected in this result. People preferring local product over imported items which is associated with gender difference only emphasize on familiarity with lifestyle ($p=0.016$). The reason for this association may come from the perception of seasonal adjustment, local fashion, and emerge of strong local brands which support lifestyle promoted by local media and models.

The second independent variable is age. Association between product categories and age shows that fast food, jewelry, movies and TV channels are highly associated, with p-value 0.003, 0.005, 0.005, and 0.011. Grocery and apparels show moderate level of association with age groups. Reasons behind preferring imported items associated with age groups is shown for brand value, model or marketing effort, showing financial ability, and sales presentation by the sales people in higher extent ($P=0.005$, 0.013, 0.015, and 0.015). Relationship between age differences and perception of performance, social status, and influence of reference group to prefer imported item is moderate with p-value 0.036, 0.084, and 0.068 respectively. All of these reasons are the major motivator for choosing the imported items because of country origin effect, global brand value and promotion in different international media. These perceptions affect various age groups in different manner. On the other hand, relationship between age groups and perception of after sales service shows in marginal level ($p=0.093$) for choosing local items rather than imported items. This association is shown because people have a perception that local manufacturer can provide better after sales service as their production plant is located within the same geographical area.

The demographic variable is occupation. The relationship between product categories and occupations shows that fast food, grocery, snacks, jewelry, and stationary are strongly associated with p-value 0.012, 0.001, 0.019, 0.002, and 0.008. Baby food and TV channels show moderate level of association, whereas apparels and watch or spectacles shows lower level of association with occupational differences. Strong reasons for preferring imported items against different occupation is shown for perception on brand features, brand value, and performance with p-value 0.003, 0.009, and 0.027. Models or marketing approach and showing financial ability showed moderate level of association with occupation. Familiarity with lifestyle is the reason which is associated with different occupations for preferring local items rather than imported ones. Professional values and norms may be the indicator for these motivational forces to choose imported or local items.

The last demographic variable is income level. From table 3 result showed that snacks have high association with income level ($p=0.018$) for preferring local products rather than imported items. Fast food and apparels have marginal association with income levels. People who prefer imported items from different income groups are motivated by reference groups and model or marketing

programs. Models or marketing programs show higher association with different income groups with p-value 0.004. Reason behind preferring local items against different income groups is identified by being patriotic, but the association is in marginal level ($p=0.090$). From the result it is shown that motivator factors for preferring local or imported items against income group are very few compared with other demographic factors. The underlying reason may be the economic growth in Bangladesh which is quite higher than many other developing countries, even many developed countries too.

Implication

Bangladesh has a recent trend for growing economy. As the economic condition is getting better, the consumption pattern of general people is also changing. The basic objective of this study was to reveal the preference for imported and local products or services and their underlying reasons. This country has a vast population which means it is a large market for consumer goods and supporting services. For this reason marketers, both local and global, should concentrate with adequate importance to this country for the sustainable development for their own business and the development of the people of this country.

Among fifteen product categories imported products or services are preferred for electronic products, cosmetics, baby food, leather items, TV channels, movies, watch, spectacles, and jewelry. Major reasons for choosing imported items among people in Bangladesh are perception of better quality, brand value, better performances, and lack of effective promotion for local products. Image of better features, hygiene, fashion, after sales service, social status, pressure of reference group, representing models, symbol of status, and sales presentation are not the reasons for preferring imported items. It means global markets are successful in only few aspects of promoting their products or services. They have to design effective marketing strategies to cover up these lacking to fight with the local strong brands.

It was a time when people had preference for global brands compared with local brands because of number of reasons. With the progress and maturity of the local firms situation is changing now.

Local products and services are getting more popularity than previous years which is reflected by the result of this study. In case of fast food, grocery, toiletries, snakes, stationary, and apparel local brands are more preferred than global brands. Result of this study shows that familiarity with lifestyle and lower price are the main reasons for preferring local brands. There is a tremendous lacking for proper promotional programs to attract people for local products or services in Bangladesh which is reflected in this study. Marketers had failed to create better brand value, quality, after sales service, and image of patriotism for their own brands. Marketers of local brands should count these aspects seriously to make the image of their products or services preferable to consumers to sustain in domestic market and access the global market.

One of the major tasks of the marketers is to segment the market in different groups who react against a marketing program in a similar way (Kotler & Armstrong, 2010). The next task is to identify the most attractive segment(s) and then design different marketing programs as if they can achieve the marketing objective. This study revealed some association of different demographic variables with various product categories and reasons for preferring imported or local items.

Gender is associated with personal electronic gadgets, toiletries, cosmetics, jewelries, TV channels, and leather products. Some of these products categories like toiletries, cosmetics and jewelries are the products especially designed and targeted for the women. So, the result of this study was quite predictable. This study also showed that brand value and perception of hygiene are the motivators supporting preference for imported items, which are affected by gender difference. On the other hand, preference for local goods or services associated with gender difference is affected by familiarity of lifestyle. So, local marketers should try to create better image for the specific gender group they are trying to target.

In case of age different groups, fast food, grocery, apparel, jewelry, TV channel and movie are associated for preference of imported or local brands. So, for these items marketers should consider the segmentation process based on age. Brand value, performance, social status, influence of reference groups, product or service representing model, and sales presentation are major factors which have association for preferring imported or local items considering different age groups. For choosing local brands consumer in Bangladesh emphasize on familiar lifestyle

and after sales service. Marketers of local brands still need to design and implement effective marketing strategies and programs to make better image of their products or service to get the preference over the imported items.

Occupation is associated with fast food, grocery, snacks, baby food, apparels, jewelry, watch, spectacles, TV channel and stationary for choosing imported or local goods. Segmentation based on occupation is more effective for these items. Performance, brand value, features, status, and representing model are major motivators for preferring imported goods affected by difference in occupation. Only familiarity with lifestyle is playing major role to prefer local brands which is affected by occupation. Marketers should try to embrace the product or service image related aspirations to attract people from different occupation for the stated items.

The last demographic variable was income variation. Surprisingly, income level is not associated with most of the product categories for preferring local or imported items. This may happened because of the recent economic advancement in Bangladesh. For this reason, marketers have an enormous opportunity to pursue higher price to establish perception of higher value.

Conclusion

This study provides an overview of preference for local or global brands against different demographic characteristics and product categories. It also shows the interaction between demographic background and their reasons for preferences. The marketer, policy makers of Bangladesh, and authority of other developing countries can use the findings of this study to formulate strategies for organization level to country or regional level. We think that further research is needed to understand the country of origin effect on preferences for different global brands and how local organizations can compete with the strong global firms.

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