Impact of Country of Origin on Sales of Shoe products in Nigeria

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Abstract:

The paper empirically investigates the impact of country of origin on sales of shoe products in Nigeria. Specifically, it examines the aspect of product characteristics that Nigerians use in assessing foreign and locally made shoes in Nigerian market. It also finds out if the choice of shoe by Nigerians is a function of social class, occupation and income of buyers. To achieve the objectives of the study, the research instrument (questionnaire) was administered on a total of two hundred (200) randomly selected shoe customers in Ado-Ekiti, the capital of Ekiti State, Nigeria. Data obtained were analyzed using descriptive and inferential statistics such as the frequency counts, mean and T-test. All the tests were carried out at 5% level of significance. The findings of the study reveal that Nigerian consumers prefer foreign shoes to locally made shoes. It also shows that consumers' preference for foreign shoes is not a function of occupation and income level. The paper is optimistic that with better value embedded in locally manufactured goods, the country will not only develop a substitute for foreign goods but in addition will mitigate youth unemployment and equally promote sustainability of Nigeria development.

 Key Words: Country of origin, consumers' goods, foreign goods, sales.

INTRODUCTION:

The growing population of Nigeria has brought significant advantage to both manufacturers and traders who deal on consumers' goods. With about 180 million people, Nigeria has one of the strongest economies in Africa where both local and foreign investors jostle to do business. This coupled with the current liberalization, the globalization of markets, advances in communications and transportation technologies have further exposed Nigerians to a wide variety of imported goods (Dadzie, Sukumaran & Akaah, 2002). Meanwhile, several researches, including the one carried out by Iyer and Kalita (1997) revealed that consumers' display various degrees of preference for various products. The study by Knight (1999) holds firmly that consumers tend to stereotype products manufactured in countries, and that, owing to negative stereotypes about some made in home country, consumers are likely to prefer domestically made goods.

Consequent upon the foregoing, it would seem that Nigerians have preference for foreign products as the quest for it has reached an embarrassing state. Presently products such as shoes, tooth pick, handkerchiefs and other insignificant items which Nigeria has one of the best resources to produce are imported into the

Nigerian markets. This development led to the introduction of structural Adjustment programme (SAP) by the government in 1986 to disabuse the mind of Nigerians from foreign goods. To make the vision of SAP realizable, the government established indigenous enterprises majority of which were cited in Aba and Onitsha. Though most of the products of these establishments are of good quality but it would seem that Nigerians are not satisfied with them because of their perception that imported products are better. The attitude of Nigerians toward locally made goods is so negative that an average Nigerian will show preference for imported fairly -used shoe rather than buying a new one produced in Nigeria. The fear of the researcher is that if this trend is not checkmated, the manufacturing companies in the country may further suffer a setback.

The aim of this paper is to empirically investigate the impact of country of origin on sales of shoe products in Nigeria. The focus of this paper is on shoe products manufactured in Italy (otherwise known as Italian shoes) and those locally made in Nigeria popularly called 'Aba' shoes.

Objectives of the study:

 The specific objectives of this paper include:

> 1. To examine aspects of product characteristics that Nigerians use in assessing foreign and locally made shoes available in the Nigerian markets.

> 2. To investigate if the choice of shoe by Nigerians is a function of social class, occupation and income.

Research Hypotheses:

> 1. Nigerians do not prefer foreign shoes because of its perceived superior quality

> 2. The preference for foreign shoes by Nigerians is not a function of social class, occupation and income.

CONCEPTUAL CLARIFICATIONS:

Country of Origin and Developing Countries:

 Country of origin refers to the country where a product is made or manufactured. According to Ahmed, et al (2000), marketing intermediaries attached significant importance to the perceived image accorded to the country where products are made. As asserted by Iyer and Kalita (1997), consumers have significantly different perceptions about products made in different countries and that these general perceptions have important effects on consumers' assessment of the product manufactured in a particular country. The image that consumers associate with the country of origin is also very important. Image can be created through representative products, national characteristics, economic and political background, history and other tradition (Ogenyi, 2012). Similarly, the country image can be viewed from the perspective of consumers' overall perceptions about the quality of products made in a particular country and the nature of people from that country (Johansson, Douglas & Nonaka, 1994). Kaynak and Cavusgil (1983) studied consumers' perceptions of different classes of products from 25 countries. They found that respondents held positive attitude towards products made in their own country but the same respondents could be swayed to choose foreign products if quality and price considerations are sufficiently favourable. Specifically, they observed that consumers might not accept a domestic product that is inferior in quality at the expense of a foreign product that is available. They concluded that consumers' attitudes toward products of foreign origin vary significantly across product classes. In line with this view, the researchers are interested in studying consumers' attitudes toward shoes made in Italy and those made in Nigeria.

In developing country such as Nigeria, attempts have been made by several authors to investigate the effect of country of origin on consumers' perceptions of quality. A study carried out by Agbonifoh and Elimimian (1999) showed that products from technologically more advanced countries were viewed more positively by nationals of developing countries, than those from technologically less advanced countries.

Ferguson, et al. (2008) studied the effect of country of origin on service evaluation in 5 West African countries and found out that situational personal characteristics, such as motivation and ability to process information, may influence use of country of origin attributes in evaluating a service. Besides, individual characteristics, such as ethnocentrism and culture orientation, may influence country of origin preference in service evaluation. Against this backdrop, this study was therefore designed to investigate the effect of country of origin on sales of shoe products in Nigeria market.

Theoretical Framework:

To establish a theoretical foundation for a paper of this nature, a number of researchers have proposed scales for measuring the country of origin image construct (Parameswaran and Pisharodi, 1994; Roth and Romeo, 1992).

Parameswaran and Pisharodi (1994) proposed multi-dimensional measures of country of origin image while Roth and Romeo (1992) developed a uni-dimensional measure based on the innovativeness, design, prestige and workmanship of a country's products. In this paper, country of origin was measured following the Roth and Romeo approach, except that innovativeness and 'design' were replaced with price 'value' and 'quality'. This is because 'price value' and quality are comparable, but design and quality are not.

Methodology:

This paper adopts a survey approach to empirically examine the impact of country of origin on sales of shoes in Nigeria. The product which the paper focuses on is shoe while the countries under consideration are Nigeria and Italy. Convenience sampling and simple random sampling approach was used to select 200 respondents from Ekiti state. The research data were analyzed using descriptive and inferential statistics such as frequency counts, means and one way Analysis of Variance (ANOVA).

It employed simple random sampling approach to select a state and a Local Government within the state while convenience sampling method was used to select 200 respondents. The data were collected at some selected shoe shops in 'Oja Oba', Adebayo road and Secretariat road areas of Ado Ekiti.

The selected data collection areas constitute part of the major business districts in Ado-Ekiti. Participants in the study were majorly consumers found to be patronizing shoe shops at the time of the investigation. To select the sample size for the study, 10 shoe shops were used in Ado-Ekiti. Questionnaire was given to every 2nd entrant in each shop until 20 respondents were got to complete the questionnaire. This process was repeated in all the 10 shops to get the 200 sample size used for this study. Respondents in this study reacted to Likert-scale questions whose answers ranges from strongly agree (1), agree (2), undecided (3), disagree (4) and strongly disagree (5).

Preliminary Test:

In addition to the empirical investigation of this paper, the researcher carried out a field study. He bought 10 identical pairs of locally made shoe from Aba, Nigeria, removed the 'made in Nigeria' labels from 5 out of it and replaced it with 'made in Italy' labels. Thereafter he took 5 pairs of shoe each (5 with made in Italy label and 5 with made in Nigeria labels) to two (2) shoe shops in Ado- Ekiti. A price of ₦ 7500 was placed on the 5 pairs of shoe with Italian labels while the other 5 pairs of shoe with Nigeria labels went for ₦ 3,500.

To the amazement of the researcher, Nigerian shoe consumers, within the space of 9 days have purchased all the 5 pairs of shoe with Italian labels on them not minding the price disparity. At the same time, 2 out of the 5 pairs of shoe with made in Nigeria labels were sold at the 2 different locations. Whereas all the 10 pairs of shoe were made in Nigeria with same quality, the researcher found that country of origin played a significant role in the demand for shoe product, in Nigeria.

It is subsequent upon this shocking revelation that the researcher embarked on this study to empirically find out the impact of country of origin on sale of shoe products in Nigeria. The countries of interest are Nigeria and Italy.

Italy was selected because it is the largest exporter of shoe products to Nigeria.

Results and findings:

The results in table 1 below shows that 75 (37.56) of the respondents were males, while the remaining 125(62.5%) of them were females. The occupation distribution of the respondents show that the majority, 68(34%) were Civil Servants, followed by Students 55(27.5%) Business Owners 41(20.5%) and Traders 36 (18%). The income of the respondents ranges between 4% for those within the income brackets of ₦ 151,000 and above, 21% for those within the income brackets of ₦ 101,000–₦ 150,000, 45.5% for the income earners within the income brackets of ₦ 51,000 – ₦ 100,000 and 29.5% for the respondents who earn between ₦ 10,000 – ₦50,000 monthly.

Table 1: Demographic Variables of the Respondent (N= 200)

Variables	Frequency	Percentage (%)
GENDER		
Male	75	37.5
Female	125	62.5
OCCUPATION		
Civil servants	68	34
Business Owners	41	20.5
Traders / Artisans	36	18
Students	55	27.5
INCOME		
₦ 10,000 – ₦ 50,000 Monthly	59	29.5
₦ 51,000 – ₦100,000 Monthly	91	45.5
₦ 101,000 – ₦ 150,000 Monthly	42	21
₦ 151,000 and Above Monthly	08	04

Table 2: Factors that Stimulate Demand for Shoe

S/N	Questionnaire Item	Responses				
		SA	A	U	D	SD
1	Foreign shoes are preferred because of the perceived higher quality	76	46	12	38	28
2	Higher cost of foreign shoes is a pointer to superior quality	68	34	11	51	36
3	Foreign shoes are usually more beautiful and more attractive than those made in Nigeria	64	43	18	42	33
4	My occupational dressing code influences my preference for foreign shoe	48	44	38	42	28
5	My income influences my demand for foreign shoes	68	34	21	56	21

Results:

Table 3: Preference for Foreign Shoes

Occupation	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
Civil Servants	22	15	05	12	11	68
Business Owners	20	16	03	16	05	41
Traders/artisans	15	08	01	04	03	36
Students	19	07	03	06	09	55
Total	**76**	**46**	**12**	**38**	**28**	**200**

Table 4: Preference for Foreign Shoes Vs Occupation

Occupation	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
Civil Servants	21	16	09	09	10	65
Business Owners	17	15	06	03	02	43
Traders/artisans	05	08	11	10	05	39
Students	05	05	12	20	11	53
Total	**48**	**44**	**38**	**42**	**28**	**200**

Table 5: Preference for Foreign Shoes Vs Income

Income (₦)	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
10000-50000	4	04	04	21	09	42
51000-100000	27	19	15	26	06	93
101000-150000	31	09	2	06	03	51
151000 and above	6	02	0	03	03	14
Total	**68**	**34**	**21**	**56**	**21**	**200**

Table 6: Consumers' Preference for Foreign Shoes

Group   Statistics

Respondents' Perception	N	Mean	Standard Deviation	Standard Error Mean
Agree	122	1.62	0.49	0.044
Disagree	66	1.44	0.50	0.062

Table 7: Independent Samples Test

H0$_1$: Nigerians do not prefer foreign shoes because of it perceived superior qualities.

Results:

Levene's Test for Equality of variances
T test   for Equality   of   means

	t.	.df	Sig (2-tailed)	Mean Difference	F	Sig
Equal variances Assumed	2.45	186	0.015	0.1836	2.117	0.147
Equal variances not assumed	2.43	130.3	0.017	0.1836		

95% Confidence Interval of the Difference

	Std. Error Mean	Lower	Upper
Equal variances assumed	0.0751	0.0354	0.3317
Equal variances not assumed	0.0757	0.0338	0.3333

The results in table 7 show that the significant probability associated with the t test is 0.015. This value is less than 0.05, the assumed level of significance, thus indicating that the test is significant. Consequently, the null hypothesis is rejected. The implication is that Nigerian consumers prefer foreign shoes to locally made shoes

H0$_2$: The preference for foreign shoes by Nigerian is not a function of social class, occupation and income

Results:

Table 8: **Consumers' Preference for Foreign Shoes Vs Occupation**

	Sum of Squares	df	Mean Square	F	Sig
Between Groups	1216.2	3	405.4	1.085	0.384
Within Groups	5978.8	16	373.375		
Total	7195.00	19			

The results in tables 8 indicate that the asymptotic significant probability associated with the test is 0.384 for consumers' preference for foreign shoes versus occupation, thus indicating that consumers' preference for foreign shoes is not a function of their occupation since the asymptotic significant probability associated with the test is not less than 0.05, the assumed level of significance. The implication is that consumers' preference for foreign shoes is not related to their occupation.

Table 9: **Consumers' Preference for Foreign Shoes Vs Income level**

	Sum of Squares	df	Mean Square	F	Sig
Between Groups	4486.95	3	1495.65	0.786	0.519
Within Groups	30443.6	16	1902.725		
Total	34930.55	19			

The results in table 9 indicate that the asymptotic significant probability associated with the test is 0.519 for consumers' preference for foreign shoes versus Income level, thus indicating that the test is not significant since the asymptotic significant probability associated with the test is not less than 0.05, the assumed level of significance. The implication is that consumers' preference for foreign shoes is not related to their income level.

Conclusion:

In view of the above findings, the paper conclusions are as follows:

- Nigerian consumers prefer foreign shoes to locally made shoes.
- Consumer's preference for foreign shoes is not a function of their occupation and income level.
- Nigerian consumers are willing to buy foreign shoes at a higher rate due to their perceived superior quality.

Recommendations:

The manufacturing industry plays a significant role in employment creation, income generation and national development. Rejection of products from this sector by Nigerians could lead to its extinction. In view of this, the following recommendations are suggested:

- The paper is optimistic that with better value embedded in locally manufactured goods, the country will not only develop a substitute for foreign goods but in addition will mitigate youth unemployment and equally promote sustainability of Nigeria development.

- It was observed that the preference of Nigerians for foreign shoes is not a function of occupation and income but a mere display of attitude that locally made goods are inferior to their foreign counterparts. Consequent upon this, government should take a bold step to sensitize the entire Nigerians to buy and use locally made shoes. Such sensitization programmes should focus specifically on the quality embedded in these shoes as well as the cost benefits. This will stimulate consumers' interest in the purchase and usage of made in Nigeria shoes.

- Policy makers in government can also help by regulating the activities of shoe manufacturers through the provision of minimum standard and insistence on compliance.

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