James R. Lumpkin, Baylor University
John C. Crawford, North Texas State University

Abstract

This study investigates whether the willingness
to buy apparel from developing foreign countries
is influenced by their economic development,
culture realm, and political system as suggested
by previous research. The results indicate that
this is not the case and a substantive evaluation
of willingness to buy is undertaken for the
country clusters identified.

Introduction

As a signatory to the General Agreement on
Tariffs and Trade (GATT) the United States has,
since 1947, been pursuing a policy of trade
liberalization or free trade. Large tariff
reductions have been enacted across a wide range
of manufactured goods. In addition, the U.S.,
together with other industrialized countries, has
accepted the obligation to provide special treat-
ment to the trade of developing countries to
assist in their long-term economic development.
With the admission of an increasing number of
Third World countries to GATT, the U.S. market
is now "open" to a large array of non-traditional
suppliers and the U.S. consumer has a wider
range of choices than ever before.

The developing countries, however, have not been
uniformly successful in penetrating the U.S.
market. Nor has their penetration been across
all segments of consumer goods. What success
they have had has been product specific and dif-
ferent countries have had varying degrees of suc-
cess. One possible explanation of this
phenomenon may lie in consumer attitudes toward
these countries. This study investigates the
willingness to buy from the developing countries
and consumer perceptions of developing countries
vis-a-vis each other based on their economic,
cultural, and political characterizations.

Background

There have been several approaches to the study
of consumer attitudes toward foreign products.
The first has been in terms of the degree of per-
ceived risk associated with foreign products.
Hampton (1977) reported on the perceived risk of
products with U.S. brand names but made abroad in
the plants of U.S. firms. The perceived risk of
buying such products is significantly different
to that of products made in the U.S. and the
degree of risk tends not to differ across product
classes. Lumpkin, Kim, and Crawford (1984), in
an investigation of differences in perceived risk
across countries, reported that when the consumer
is made aware of "country of origin" some
countries are "riskier" than others and this is
reflected in willingness to buy products from
these countries.

The second approach has been to determine whether
the consumer is biased toward one country rather
than another. Such bias is thought to be trans-
ferred to the products of the country. Consumers
tend to have unfavorable attitudes toward foreign-
made products (Reierson 1966; Nagashima 1970;
Schooler 1971; Gaedeke 1973; Chasin and Jaffe
1979). However, a recent study by Kaynak and
Cavusgil (1983) reports that, with the exception
of food, Nova Scotia consumers reported that they
prefer U.S.-made products to Canadian. This
would appear to support an earlier study by
Dornoff, Tankersley, and White (1974) that for
certain types of products, consumers do make
distinctions and regard the foreign-made version
as a good substitute for the domestic product
and, in some respects, superior to the domestic
one.

A third approach has been in terms of whether the
supplier country is developed or developing.
Most consumers, like their Canadian and European
counterparts, are biased against products of
developing countries (Gaedeke 1973; Kaynak and
Cavusgil 1983; Wang and Lamb 1980; 1983).

In the present study, the aim is to determine
what the U.S. consumer's attitude is toward pro-
ducts from developing countries, and whether or
not these countries are perceived as equally
attractive or unattractive as a source of supply.
The countries will be compared on attributes
which may make one country more acceptable than
others, e.g., level of economic development,
degree of political freedom, and culture realm to
which it belongs (Vernon and Wells 1981).

Methodology

This study utilized the data collected as part of
a national survey conducted in the fall of 1982.
A total of 1,462 out of a sample of 1,800 house-
holds drawn from the Market Facts Consumer Mail
Panel completed a self-administered question-
naire.

The sample exhibits the biases inherent in con-
sumer panels as they are better educated, in
higher status occupations with higher incomes
than the population as a whole. There are also
more married respondents, a higher proportion of
females, and they are somewhat older than the
national norms. Therefore, generalizations of
the findings can be done only with caution.
However, the sample represents an important
segment--the "upscale" consumer--that should be
of interest to marketers.

As part of a larger investigation, the survey
measured the willingness to buy apparel from each
of the 24 countries. A five-point scale from
Extremely Unwilling (1) to Extremely Willing (5)
was utilized. Apparel was chosen as the product
category due to its importance as an imported
good and the desirability of investigating con-
sumer behavior with respect to specific product
categories. Further, Dornoff, Tankersley and
White (1974) found apparel from the U.S. to be

ranked highest in quality when compared to imported goods. The fact that many apparel products are imported into the U.S. suggests the efficacy of further study of this product category and consumers' attitudes toward the country of manufacture.

To address the central objective of this research, factor analysis was employed. If the attitude toward foreign countries is related to the country's level of economic development, political system, and culture realm, then countries similar on these measures should elicit highly correlated "willingness to buy" scores and thus should "load" together.

The data set was judged to be appropriate for factor analysis as the correlations were "high"--79% are above .60, only 2% are between .40 and .50--and all are significantly greater than zero (at the .0001 level). In addition, the communalities are "moderately large" (Stewart 1980, p. 57). Finally, the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (MSA) (Kaiser 1970) of .9687 would be considered "marvelous" based on Kaiser and Rice's (1970) evaluative criteria. The MSA measures the extent to which the variables belong together and are thus appropriate for factor analysis.

Both the principal axes (common) and principal components factor procedures provided the same factor pattern as would be expected with this relatively large problem (Gorsuch 1974). However, the principal axes results are reported as the principal components factor model tends to give inflated loadings and may be misinterpreted (Green and Tull 1978; Acito and Anderson 1980).

The Oblimin (oblique) rotation method was chosen over an orthogonal method because the requirement of uncorrelated factors is unrealistic for this problem. Further, in evaluating both methods using randomly assigned split halves, the oblique solution gave a more simple structure as 25 loadings were .10 or less (the hyperplane count). The orthogonal (Varimax) rotation had no loadings this low (Gorsuch 1974).

Results

The principal axes factor model with Oblimin rotation extracted three factors. The number of factors was based on the Scree test rather than the minimum eigenvalue of criterion. Based on plasmode studies, the latent root criterion has been found to be inaccurate for large problems with high communalities (Gorsuch 1974) and tends to give the minimum number of factors (Stewart 1980). Further, Cattell (1966) suggests that a researcher should overfactor (vs. underfactor) since if the factor is trivial, it will show up with low loadings after rotation.

The latent root criterion indicated the extraction of two factors which explained 70.6% of the explained variance. The Scree test, which plots the eigenvalue against the number of factors, shows a break at three factors with 73.2% of the variance explained, and thus gives the minumum number of factors that accounts for the maximum

amount of variance (Cattell and Vogelman 1977, p. 293). The Scree plot is shown in Figure 1. The factor loading matrix along with the communalities and eigenvalues are presented in Table 1. As measures of internal consistency, interitem correlations and Cronbach's Alpha coefficient (Cronbach 1951) were calculated. Both of these indicators are quite high (Table 1).

One objective of this study was to determine if economic development, political system and culture realm are major determinants of attitude toward apparel from foreign countries. If so, it would be expected that countries with similar characteristics would be rated similarly on willingness to buy from those countries. As the factor derived country clusters in Table 2 show, this was not found to be the case and, thus, does not support the findings of Wang and Lamb (1980; 1983). None of the country clusters have economic development, culture realm, or political system in common. Thus, it seems that the willingness to buy is influenced, at least partly, by other factors.

For all three country clusters, the respondents are relatively unwilling to purchase apparel from those countries. These findings support the previously stated view that the U.S. consumer does not favor the apparel products of developing countries. This unfavorable bias applied to all countries in the study but with varying degrees of severity. Based on the Scheffe test for differences in means, there is a significant difference (at the .05 level) in mean "willingness" for each cluster.

To investigate whether the "unwillingness" might be an artifact of the scale itself, the mean willingness to buy was computed for representative developed countries for different cultural realms--the U.S., Japan, and France. The mean willingness for these countries were 4.649, 3.064, and 3.430, respectively. This suggests the scale does discriminate across countries (or types of countries), and further research should investigate how the developing countries compare with the developed countries.

Interestingly, the group comprising Hong Kong, Mexico, Taiwan, South Korea, and Singapore is the most favored. This is also the group with the highest level of apparel exports to the U.S. U.S. government aid helped Korea and Taiwan to establish their own textile industries after World War II, and they were two of the initial beneficiaries of GATT-inspired access to the U.S. market. Mexico has long been an apparel supplier to the U.S. and the remaining two countries, Hong Kong and Singapore, with low labor costs, have been able to penetrate the market by introducing low-cost merchandise which, in the absence of tariff protection, U.S. apparel manufacturers have been unable to match. Indeed, many U.S. manufacturers are making use of Hong Kong and Singapore as alternative production centers. Thus, two reasons for the relatively greater acceptance of this group's merchandise are consumer familiarity with the product and low-cost.

The remaining two groups do not include any "traditional" apparel suppliers to the U.S. As a consequence, it might be that the consumer's

willingness to buy from foreign countries is primarily a result of being exposed to products of that country. The greater the degree of access to those products, the more likely that bias will become more favorable. In other words, the generally negative attitude of the U.S. consumer to foreign-made apparel is possibly the result of ignorance of the product and that with increased information and familiarity with that product, bias is likely to be reduced. Over time, and given that product quality and pricing are competitive with the domestic product, there is no reason to believe that a developing country is permanently excluded from the U.S. marketplace.

There are two qualifying conditions, however. The first is that the U.S. government creates no new barriers to entry from countries not currently supplying the U.S. market. The second requires that the new entrant be able to compete not only with U.S. manufacturers but also with existing LDC's in terms of price, quality, and terms of delivery. Given this, if the wholesaler or retailer, then, could develop consumer awareness of the products from the "non-traditional" suppliers, it seems that a more favorable attitude may follow.

References

Acito, Franklin and Ronald D. Anderson (1980), "A Monte' Carlo Comparison of Factor Analytic Methods," Journal of Marketing Research, 7(May), 278-236.

Cattell, Raymond B. and S. Vogelmann (1977), "A Comparison Trial of Scree and KG Criteria for Determining the Number of Factors," The Journal of Multivariate Behavioral Research, 12(July), 289-325.

Cattell, Raymond B. (1966), "The Scree Test for the Number of Factors," The Journal of Multivariate Behavioral Research, 1(April), 245-276.

Chasin, Joseph R. and Eugene D. Jaffe (1979), "Industrial Buyer Attitudes Toward Goods Made in Eastern Europe," Columbia Journal of World Business, (Summer), 74-81.

Cronbach, Lee J. (1951), "Coefficient Alpha and the Internal Structure of Tests," Psychometrika, 16(September), 297-334.

Dornoff, Donald J., Clint B. Tankersley, and Gregory P. White (1974), "Consumer's Perceptions of Imports," Akron Business and Economic Review, (Summer), 26-29.

Gaedeke, Ralph (1973), "Consumer Attitudes Toward Products Made in Developing Countries," Journal of Retailing, (November), 13-24.

Gorsuch, Richard L. (1974), Factor Analysis, Philadelphia: W. B. Saunders Company.

Green, Paul E. and Donald S. Tull (1978), Research for Marketing Decisions, Englewood Cliffs: Prentice-Hall, Inc.

Hampton, Gerald M. (1977), "Perceived Risk in Buying Products Made Abroad by American Firms," Baylor Business Studies, 53-64.

Kaiser, H. F. and J. Rice (1974), "Little Jiffy Mark IV," Educational and Psychological Measurement, 34(Spring), 111-117.

Kaiser, H. F. (1970), "A Second Generation of Little Jiffy," Psychometrika, 35(December) 401-415.

Kaynak, Erdener and Tamer Cavusgil (1983), "Consumer Attitudes Towards Products of Foreign Origin: Do They Vary Across Product Classes?" International Journal of Advertising, 2(April-June).

Lumpkin, James R., Gap Kim, and John C. Crawford (1984), "Perceived Risk in Apparel Due to Country of Origin: A Study of Inherent vs. Handled Risk," in Proceedings of the Southwestern Marketing Association Conference, James R. Lumpkin and John C. Crawford, eds., San Antonio: Southwestern Marketing Association, 119-122.

Nagashima, Akira (1970), "A Comparison of Japanese and U.S. Attitudes Toward Foreign Products," Journal of Marketing, 34(January), 68-74.

Reierson, Curtis (1966), "Are Foreign Products Seen as National Stereotypes?" Journal of Marketing Research, 3(Fall), 33-40.

Schooler, Robert (1971), "Bias Phenomena Attendant to the Marketing of Foreign Goods in the U.S.," Journal of International Business Studies, (Spring), 71-80.

Stewart, David W. (1981), "The Application and Misapplication of Factor Analysis in Marketing Research," Journal of Marketing Research, 18(February), 51-62.

Vernon, Raymond and Louis T. Wells, Jr. (1981), Economic Environment of International Business, 3rd ed., Englewood Cliffs: Prentice-Hall, Inc.

Wang, Chih-Kang and Charles W. Lamb, Jr. (1980), "Foreign Environmental Factors Influencing American Consumers' Predispositions Toward European Products," Journal of the Academy of Marketing Science, (Fall), 345-365.

Wang, Chih-Kang and Charles W. Lamb, Jr. (1983), "The Impact of Selected Environmental Forces Upon Consumers' Willingness to Buy Foreign Products," Journal of the Academy of Marketing Science, 11(Winter), 71-84.

TABLE 1

FACTOR ANALYSIS RESULTS[a]

Country	Factor 1	Factor 2	Factor 3	Communality	Inter-Item Correlation
Honduras	.943	.047	-.079	.831	.890
Nigeria	.924	-.041	-.003	.803	.879
Ethiopia	.896	-.008	.000	.795	.877
El Salvador	.893	-.043	.001	.755	.845
Sudan	.873	-.102	.102	.802	.874
Ghana	.872	-.117	.089	.767	.851
Turkey	.804	.120	-.040	.726	.838
Papua-New Guinea	.721	.262	-.033	.778	.850
Egypt	.692	.062	.123	.698	.829
Haiti	.672	.135	.002	.588	.748
Venezuela	.639	.136	.138	.719	.830
Saudi Arabia	.567	.092	.208	.651	.788
Ivory Coast	.458	.181	.330	.771	.834
Indonesia	.383	.288	.316	.772	-
Hong Kong	-.013	.768	.147	.731	.801
Taiwan	.053	.693	.172	.718	.805
South Korea	.322	.570	.053	.727	.802
Singapore	.453	.521	-.031	.730	.775
Mexico	.144	.405	.300	.564	.690
India	.015	.079	.828	.793	.840
Argentina	.067	.004	.819	.769	.851
Thailand	-.039	.199	.808	.829	.846
Libya	.425	-.156	.502	.622	.715
Brazil	.240	.139	.483	.619	.745
Eigenvalue	15.931	1.017	.622		
Percent of Total Variance	66.4	4.2	2.6		
Cronbach's Alpha	.972	.911	.922		

[a] Based on Principal Axes approach with oblique (oblimin) rotation.
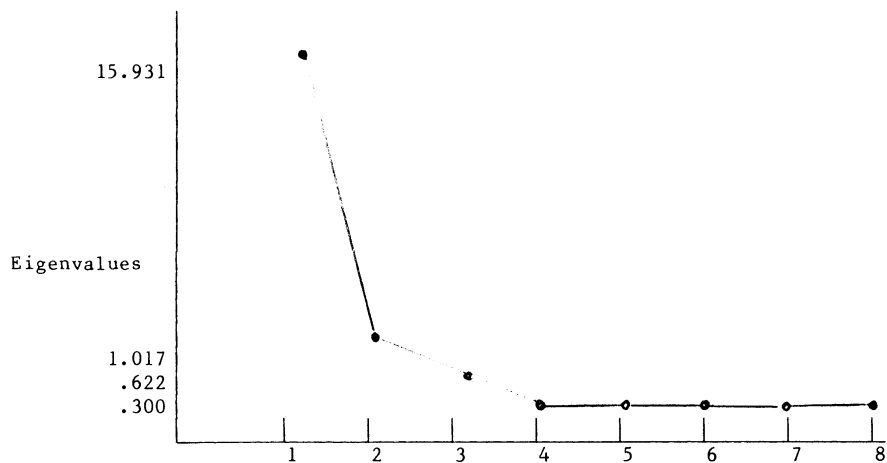
FIGURE 1

SCREE PLOT

TABLE 2

COMPARISON OF COUNTRY CLUSTERS

Factor/ Country	Mean[a] Willingness To Buy	Standard Deviation	Level of[b] Development	Culture Realm	Political[c] System
Factor 1	2.403	.800			
Honduras	2.359	1.001	Poor Developing	Latin America	Partly Free
Nigeria	2.410	1.016	Developing	Africa	Partly Free
Ethiopia	2.431	1.015	Poor Developing	Africa	Not Free
El Salvador	2.250	1.004	Poor Developing	Latin America	Partly Free
Sudan	2.223	1.015	Poor Developing	Middle East	Partly Free
Ghana	2.207	1.025	Poor Developing	Africa	Not Free
Turkey	2.400	1.016	Developing	Europe	Free
Papua- New Guinea	2.440	.987	Developing	Australia/ New Zealand	Free
Egypt	2.540	1.056	Developing	Middle East	Partly Free
Haiti	2.554	1.061	Poor Developing	Latin America	Not Free
Venezuela	2.536	.986	Developing	Latin America	Free
Saudi Arabia	2.369	1.026	Developing	Middle East	Not Free
Ivory Coast	2.513	1.001	Poor Developing	Africa	Not Free
Factor 2	2.766	.913			
Hong Kong	2.888	1.072	Developing	Asia	Free
Taiwan	2.794	1.094	Developing	Asia	Partly Free
South Korea	2.666	1.025	Developing	Asia	Partly Free
Singapore	2.627	1.045	Developing	Asia	Partly Free
Mexico	2.856	1.081	Developing	Latin America	Partly Free
Factor 3	2.527	.902			
India	2.568	1.048	Poor Developing	Asia	Not Free
Argentina	2.541	1.013	Developing	Latin America	Not Free
Thailand	2.569	1.034	Poor Developing	Asia	Not Free
Libya	2.218	1.032	Developing	Middle East	Not Free
Brazil	2.740	1.032	Developing	Latin America	Partly Free

[a] Measured on a scale from Extremely Unwilling (1) to Extremely Willing (5).

[b] Based upon classification system of Howe and the staff of Overseas Development Council, The U.S. and the Developing World: Agenda for Action, 1974, N.Y.: Praeger.

[c] Extracted from The Comparative Survey of Freedom, R. D. Gastil (ed.) Jan.- Feb. 1983, pp 3-14.