

A COMPARISON OF PREFERENCES CONCERNING THE PURCHASE OF  
DOMESTIC PRODUCTS VS. IMPORTS: UNITED STATES AND JAMAICA

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Abstract

This paper examines the preferences of American and Jamaican consumers toward certain locally produced products vs. imports. Emphasis is placed on factors influencing purchase decisions, most preferred domestic and import categories, and methods for creating more interest in locally produced products. Implications for marketing practitioners are provided along with suggestions for future research.

Introduction

The U.S. marketplace faces stiff import competition from far eastern countries which are able to market lower price products due to lower labor costs and government subsidies. Out of every dollar that Americans now spend, twenty cents now goes for imports (Business Week, October 8, 1984). Data Resources, Inc. estimates that "the competitive advantage of Japanese producers of automobiles over U.S. manufacturers will range from 25 percent to 35 percent for the rest of the decade" (Business Week, October 31, 1983). "European shoemakers have over the last decade captured an increasingly large share of the U.S. market and helped to wipe out many domestic shoemakers" (Business Week, September 19, 1983). A new textile accord with China has been reached, restricting Chinese imports to something like a two to three percent increase per year. However, U.S. textile manufacturers estimate that this is more like ten percent for the first year depending upon when the government begins its counting process (Business Week, September 26, 1983). The fears within the U.S. apparel industry can be summed up by the comments of Arthur Cundersheim, a top official with the Almagamated Clothing and Textile Workers Union, "the men's and boy's segment of the U.S. market is a disaster" (Women's Wear Daily, April 2, 1982).

Whether we are talking about shoes from Italy, automobiles from Japan, textiles from China, electronic products from Japan, or food from Europe, American markets are being deeply penetrated by import products from other countries and in many cases this is having a devastating effect.

Over the years, Americans have taken international trade for granted. Insulated from foreign competition and endowed with a huge domestic market and an abundance of natural resources, the nation from 1870 to 1970 almost always exported more than it imported. In the 1970s, however, that began to change, and in 1983, U.S. foreign trade was \$60 billion in the red--18 times the amount in 1973.

Economic recovery and the flood of foreign money into the U.S. are masking a trade problem that could turn out to be the economic disaster of the decade. The trade deficit is already costing 1.5 million jobs, shrinking the nation's industrial

base, and sapping the economy's growth potential. If the problem is allowed to continue, not only will the deficits continue but they will worsen. Data Resources, Inc. predicts that the deficit could reach \$174 billion by 1990 (Business Week, August 29, 1983). In 1982, approximately 30 percent of U.S. apparel consumption was supplied by imports.

In Jamaica, the manufacturing sector has experienced a depressed economy since 1977. This has been attributed to, among other things, worsening foreign exchange, economic decline, political upheaval, industrial unrest, and an increasing violent crime rate. However, since the landslide election victory which brought Edward Seaga's Labor Party to power in October, 1980, worldwide attention has focused on Jamaica and its efforts to restore a pro-business climate. Jamaica has recently enjoyed an increase in the production and export of food, garments, furniture, chemicals, electrical appliances, cosmetics, rum and liquor, and paper and packaging. As manufacturing expands and foreign exchange improves, more goods, both domestic and imports, should also be available for local consumption. This new abundance could create instability in the demand for locally manufactured goods depending on the preferences for imports in certain product categories, a dilemma that is noted in many Third World Countries. Why do these consumers increasingly buy imports? Would a "buy Jamaican" campaign reverse the tide?

Purpose

Bilky and Nes (Journal of International Business Studies, 1982) have dealt with intrinsic information cues (taste design) and extrinsic cues (price, brand, and warranties) through an intensive review of the literature. It was shown that these factors provide customers with a basis for evaluating the product. It was also demonstrated that the relative value of these factors change depending on perceived risk. Perceived risk, in turn, was shown to be influenced by location; the identity and image of the sourcing country, historical changes, and whether the sourcing country happens to be an MDC (more developed country) or an LDC (less developed country).

The purpose of this study is to discover the extent of preference for imports over domestic products by consumers in each country and then to identify the relative importance of extrinsic and intrinsic factors, comparing the results for an LDC (Jamaica) with those of an MDC (United States). Knowing the preference and the basis that consumers use for evaluating the worth of imports, we are now in a position to recommend a direction for public policy regarding trade deficits (i.e., harsh tariff increases or quality improvement campaigns) based on consumer preferences. Attention was focused on factors influencing purchase decisions, preferences

of imports vs. domestic products for specific product categories, and ways to increase interest in domestic products in each nation.

#### Research Methodology

For the Jamaican study 48 residents of Kingston, Jamaica, were randomly selected in stratified clusters within areas of Kingston, and interviewed in their homes.

In the American study, 150 consumers were interviewed in various shopping centers and malls, at random, in Muncie and Indianapolis, Indiana. A structured questionnaire with a considerable proportion of ranking questions was used to record responses. American and Jamaican respondents were asked to rank the factors they felt were the most important in making the purchase decision. To organize the findings, first, second and third choices were calculated as a percentage of responses in each rank classification. Then the three percentages in each category were totaled to establish an overall expression of importance.

The following hypothesis was introduced for purposes of testing: There are significant differences between United States and Jamaican consumers concerning factors influencing purchasing decisions, preferred domestic and import product categories, and methods for creating interest in local products.

#### Findings

The results in **Table 1** show that the most important factors influencing purchase decisions for the American respondents were quality and price (both 78), previous use experience (57.3) and brand name (46.7). For Jamaican consumers the most important factors were quality (87.6), price (85.3) and previous use experience (54.2). Thus, both Americans and Jamaicans consider quality, price, and previous use experience to be important criteria for making a purchase decision. However, Americans consider brand name to be somewhat more important in a purchase decision than do Jamaicans.

The respondents were then asked if they preferred to purchase some products as imports instead of those produced in their own country. In the Jamaican study 44 (92%) said "yes" and 4 (8%) said "no." In the American study 34 (22%) said "yes," 74 (50%) said "no," and 42 (28%) were indifferent. Thus, Jamaican respondents are seen to be predisposed to buy imports unless domestic quality is equal or unless import prices are unreasonably high. This attitude confirms personal observations of the authors, that domestic quality is generally perceived to be inferior for a number of products. Those consumers answering "yes" in each study were asked to rank in order of importance product categories where they prefer imports. **Table 2** shows that most important import products indicated by Jamaican consumers were clothing (71.8), shoes (66.8), and appliances (63.7). The most important import products selected by American consumers were clothing (76.5), cars (47.1), shoes (38.2), and jewelry (35.3). (The import category for cars was not included in the Jamaican study since they manufacture no automobiles themselves and must import all they purchase.) It is possible that American awareness of import magnitude in pur-

chases is growing.

The respondents were asked if they preferred to purchase some domestic products over imports. The 86 (57%) American consumers and 40 (83%) Jamaican consumers who answered "yes" were then asked to rank their preferences by product class. **Table 3** shows that American consumers prefer food products (76.7), clothing and appliances (both 52.2) and furniture (49.9). For Jamaican respondents, domestically preferred products included furniture (82.5), food products (60.0) and clothing (42.5). Perceived quality of imports vs. domestic products and relative prices appear to be very important in both countries.

Respondents were asked to rank the most important methods for improving interest in domestically produced products. The results are shown in **Table 4**. For Jamaican consumers the most important factors for creating more interest in locally produced products were to improve quality (100), lower prices (75.0), and increase availability (66.5). For American consumers the most important factors were improve quality (85.4), lower prices (70.7), and increased advertising (45.3). Thus, both Jamaican and American consumers are concerned with higher quality and lower prices. In addition, Jamaican consumers are concerned with greater product availability while American consumers are concerned with advertising. This is reflective of social/political concerns that are of secondary importance in both countries.

To determine the relationship of certain demographic variables to the problem, data analyses were extended to include household size and age level of the respondents. The average American respondent reported a household size of 3.5 persons, while the average Jamaican reported a household size of 3.6 persons. The average age of the American respondent was 34, while the average Jamaican reported being 32.

It appears that the attitudes expressed by both the American and Jamaican respondents may be applied to a large proportion of consumers falling into the young adult age group. Accessibility of respondents and location affect the data, but it is believed that these attitudes may be consistent with other locations having different demographic compositions.

On the basis of chi-square results, the hypothesis could be accepted in its entirety. Significant differences existed between the United States and Jamaica with regard to factors influencing purchasing decisions, most preferred domestic and import product categories, and methods for creating interest in local products.

#### Implications of Findings

1. Both Jamaican and American manufacturers should put primary emphasis on improving their products or making prices more attractive as opposed to a public policy of higher tariffs or quotas. The findings suggest that some Jamaican products have acquired a low status image. Therefore following quality improvement, producers can cultivate new awareness through advertising quality. Short of quality improvement, Jamaican products must compete

on the basis of price. The authors have observed that Americans will buy imports if the price is significantly lower, even in regions of high union activity such as Indianapolis.

2. Consumers interviewed in both countries desired more information concerning products purchased. Attempts to educate consumers about products benefits may have a favorable impact on sales. Additionally, any improvements in advertising should be combined with improvements in product availability, especially in Jamaica.

3. In Jamaica, respondents rated availability improvement of major importance as a means of creating more interest in Jamaican products, although it was not an initial factor influencing the purchase decision. Improvements in production and advertising, including a "Buy Jamaican" campaign was suggested as a way to increase consumer awareness of locally manufactured goods. In the American study, availability improvement ranked low, and "Buy American" campaigns were viewed as having little success when price savings were substantial. It therefore appears that patriotic buying appeals may have more of an impact on Jamaican consumers than their United States counterparts.

4. Domestic industries facing threats from foreign competition should examine the strengths of industries that have successfully met the challenge, and possible adopt a similar strategy. This could be a subject for further research.

While this study included a broad range of product categories, it is felt future research should be more narrow in scope. Such research would better determine problems, solutions, and trends applic-

able to specific industries. Additionally, the authors urge similar efforts to be taken in many different countries comparing and studying the data in an effort to improve international marketing.

#### References

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Table 1

Most Important Factors Influencing Purchasing Decisions, Jamaica vs. U.S.A.\*

#### Ranked Choices\*

Factor	First Choice		Second Choice				Third Choice				Expression of Importance			
	J**		USA		J		USA		J		USA		Jamaica	USA
	#	%	#	%	#	%	#	%	#	%	#	%		
Quality	27	56.3	60	40.0	10	20.8	39	26.0	5	10.5	18	12.0	87.6	78.0
Availability	1	2.0	5	3.3	3	6.3	10	6.7	13	27.1	11	7.3	35.4	17.3
Price	12	25.0	41	27.3	21	43.7	45	30.0	8	16.6	31	20.7	85.3	78.0
Amount of Advertising	-	-	1	.7	-	-	2	1.3	-	-	3	2.0	-	4.0
Design of Package	-	-	2	1.3	-	-	2	1.3	-	-	1	.7	-	3.3
Information Provided in Package	-	-	1	.7	3	6.3	5	3.3	7	14.7	12	8.0	21.0	12.0
Brand Name	1	2.0	16	10.7	3	6.3	27	18.0	4	8.3	27	18.0	16.6	46.7
Previous Use Exp.	7	14.7	24	16.0	8	16.6	20	13.3	11	22.9	42	28.0	54.2	57.3
Other	-	-	-	-	-	-	-	-	-	-	5	3.3	-	3.3
Total	48	100.0	150	100.0	48	100.0	150	100.0	48	100.0	150	100.0		

\*Chi-square test indicates a significant difference at the .05 level.

\*\*J=Jamaica USA=United States of America

Source: Survey of Consumers, Muncie and Indianapolis, Indiana and Kingston, Jamaica, October 1983.

Table 2

## Most Important Product Categories Preferred As Imports, Jamaica vs. U.S.A.\*

Product Category	First Choice				Second Choice				Third Choice				Expression of Importance	
	J**		USA		J		USA		J		USA		Jamaica	USA
	#	%	#	%	#	%	#	%	#	%	#	%		
Clothing	10	22.7	7	20.6	18	40.1	12	35.3	4	9.0	7	20.6	71.8	76.5
Shoes	25	56.8	3	8.8	2	5.0	5	14.7	2	5.0	5	14.7	66.8	38.2
Food Products	2	5.0	2	5.9	3	6.8	2	5.9	10	22.7	4	11.8	34.5	23.6
Cosmetics	1	2.0	1	2.9	2	5.0	1	2.9	15	34.1	3	8.8	41.1	14.6
Tobacco Products	-	-	4	11.8	3	6.8	4	11.8	1	2.0	1	2.9	8.8	26.5
Jewelry	-	-	2	5.9	-	-	5	14.7	4	9.0	5	14.7	9.0	35.3
Appliances	5	11.4	4	11.8	15	34.1	0	0	9	18.2	4	11.8	63.7	23.6
Furniture	1	2.0	3	8.8	-	-	1	2.9	-	-	1	2.9	2.0	14.6
***Cars	-	-	8	23.5	-	-	4	11.8	-	-	4	11.8	-	47.1
Other	-	-	-	-	1	2.0	-	-	-	-	-	-	2.0	-
Totals	44	100.0	34	100.0	44	100.0	34	100.0	44	100.0	34	100.0		

\*Chi-square test indicates a significant difference at the .05 level.

\*\*J=Jamaica USA=United States of America

\*\*\*This category only on American Survey

Source: Survey of Consumers, Muncie & Indianapolis, Indiana and Kingston Jamaica, October 1983.

Table 3

## Most Important Domestic Product Categories Preferred, Jamaica vs. U.S.A.\*

Product Category	First Choice				Second Choice				Third Choice				Expression of Importance	
	J**		USA		J		USA		J		USA		Jamaican	American
	#	%	#	%	#	%	#	%	#	%	#	%		
Clothing	5	12.5	19	22.0	6	15.0	9	10.5	6	15.0	17	19.7	42.5	52.2
Shoes	2	5.0	2	2.3	-	-	3	3.5	4	10.0	3	3.5	15.0	9.3
Food Products	15	37.5	33	38.4	6	15.0	23	26.7	3	7.5	10	11.6	60.0	76.7
Cosmetics	1	2.5	3	3.5	1	2.5	3	3.5	6	15.0	5	5.8	20.0	12.8
Tobacco Products	2	5.0	4	4.7	6	15.0	4	4.7	4	10.0	4	4.7	30.0	14.1
Jewelry	-	-	1	1.2	3	7.5	3	3.5	7	17.5	3	3.5	25.0	8.2
Appliances	-	-	9	10.5	4	10.0	16	18.6	-	-	24	28.0	10.0	52.2
Furniture	13	32.5	9	10.5	13	32.5	19	22	7	5	15	17.4	82.5	49.9
Cars***	-	-	6	7.0	-	-	6	7.0	-	-	5	5.8	-	19.8
Other	2	5.0	-	-	1	2.5	-	-	3	7.5	-	-	15.0	-
Totals	40	100.0	86	100.0	40	100.0	86	100.0	40	100.0	86	100.0		

\*Chi-square test indicates a significant difference at the .05 level.

\*\*J=Jamaica USA=United States of America

\*\*\*This category only on American Survey

Source: Survey of Consumers, Muncie and Indianapolis, Indiana and Kingston, Jamaica, October, 1983.

Table 4

## Most Important Methods for Creating Interest in Local Products, Jamaica vs. U.S.A.

Method	First Choice				Second Choice				Third Choice				Expression of Importance	
	J**		USA		J		USA		J		USA		Jamaica	U.S.A.
	#	%	#	%	#	%	#	%	#	%	#	%		
Improve Quality	39	81.2	67	44.7	5	10.5	40	26.7	4	8.3	21	14.0	100.0	85.4
Increase Availability	2	4.0	8	5.3	16	33.3	18	12	14	29.2	31	20.6	66.5	37.9
Increase Prices	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Lower Prices	4	8.3	39	26.0	23	47.9	45	30.0	9	18.8	22	14.7	75.0	70.7
Increase Advertising	-	-	21	14	-	-	20	13.3	4	8.3	27	18.0	8.3	45.3
Improve Package Design	-	-	6	4.0	-	-	7	4.7	2	4.0	6	4	4.0	12.7
Provide More Information on Package	-	-	5	3.3	1	2.0	12	8	7	14.7	22	14.7	16.7	26.0
Programs to	3	6.3	4	2.7	-	-	8	5.3	6	12.8	20	13.3	19.1	21.3
Other	-	-	-	-	3	6.3	-	-	2	4.0	1	.7	10.3	.7
Totals	48	100.0	150	100.0	48	100.0	150	100.0	48	100.0	150	100.0		

\*Chi-square test indicates a significant difference at the .05 level.

\*\*J=Jamaica

USA=United States of America

Source: Survey of Consumers, Muncie and Indianapolis, Indiana, and Kingston, Jamaica, October, 1983.