An Investigation Of Country-Of-Origin Effect On The International Marketing Of Star Lager Brand In The Great Lakes States Market Area Of The United States

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ABSTRACT

The purpose of this pilot study was to investigate consumer preference for the place of origin, and its potential effect on the internationalization of the Star lager brand. It is pertinent to fully explore and understand the role of consumer stereotyping associated with the Star brand in order to craft a more appropriate international marketing strategy for the selected market area. While the study provided in-depth insights into consumer perception of imported Star lager brand using the country-of-origin (COO) theme, results were mixed but mainly favorable. When compared with other leading international brands, however, the Star lager brand attained less consumer favorable perception and preference.

Keywords: International market expansion, country-of-origin, consumer stereotyping, consumer perception, international strategies, structural adjustment programs

INTRODUCTION

*I*n the last two decades, many Sub-Sahara African countries, including Nigeria turned to international organizations and 'bankers-of-last-resort' such as the World Bank (WB) Groups, the International Monetary Fund (IMF), Multilateral Development Banks (MDBs), and other Microfinance Institutions (MFIs) for financial assistance to resuscitate ailing economies and enhance the development of markets, economic structures and institutions.

To achieve these goals, the 1986 Nigerian government adopted the IMF's economic re-structural package popularly known as the structural adjustment program (SAP). Additionally, the government was required to liberalize its markets, as well as implement free-market programs as pre-conditions for funds sourcing. More specifically, the (IMF) stipulations included currency floating, elimination of trade barriers, reduction of overall government ownerships through privatization, and more importantly, the expansion of international marketing activities. Consequently, the 1986 Nigerian government introduced the International Monetary Fund's structural adjustment programs, which ushered in multitude of unexpected challenges in markets, especially in developing effective internationalization strategies for Nigerian-based companies with no prior international marketing experience. These conditions and other moderating externalities threatened market growth at XYZ Plc, producers of the "Made-in-Nigeria" Star Lager brand. The company's survival and maintenance of competitiveness in these austere times depended on successful international market expansion and the development of effective international marketing strategies. Such strategies must be supported by research and development efforts.

Owing to the effects of the foregoing structural adjustment program (SAP) in the domestic marketplace, and to achieve firm internationalization goals, the company must constantly explore opportunities in international market environments. Developing effective international marketing strategies, however, require continuous

environmental scanning and awareness of changes in customer needs and preferences in multiple international market settings.

Company Profile

The XYZ Plc (pseudonym) is the pioneer and largest brewing company in Nigeria and West Africa since 1946, when it was established. See Appendix 1 of the company's product portfolio. In addition to these product lines the company's ancillary products include the manufacturing of bottles, crown corks, cartons, plastic crates. Its international marketing programs also target consumers in the U.K, U.S.A, Italy, Netherlands, Germany and Kenya.

The company is a joint-venture between the people of Nigeria and Heineken of Holland. Fifty-four per cent (54%) of XYZ Plc's shares are held by Heineken of Holland while the remainder are held by Nigerians. Firm issue capital (2000) stood at $944,724,609, with 1,889,449,218 ordinary shares of $2 each. Firm 2000 turnover was $17.68M, including pre-tax profits of $6.26M. In 2003, the semi-annual profit and loss statement showed $22.28M. Its scope of operations has expanded since the firms inception in (1946). With the first brewery opening in Lagos in June (1949), others followed including Aba Brewery (1957), Kaduna Brewery in (1963), Ibadan Brewery in (1982) and Enugu Brewery in 2001.

Purpose of Study

This study is intended to explore the company's proposed international market expansion plan into the U.S market, focusing on the introduction of the "Made-in-Nigeria" Star Lager brand in the Great Lakes test market area of Michigan, Indiana, Illinois, Wisconsin and Minnesota. To enable the company plan and to execute successful exporting strategy, it is necessary to gain further insight into, and to increase understanding of buyer behavior of the Great Lakes potential target market area.

Extant literature (Ahmed & d'Astous, 1995; Lundstrom, Lee & White, 1998; Piron, 2000; Chen & Pereira, 1999; Hui & Zhou, 2003; Thakor & Lavack, 2003), has established robust link between country-of-origin effects on both consumer and organizational buying decisions in the U.S and European auto brand decisions. However, no specific study has been conducted on "Made-in-Nigeria" products, hence this study is necessary. The purpose of this study is to gain market insight into the impact of country-of-origin effect on buying decisions of the "Made-in-Nigeria" Star Lager brand in the Great Lakes target market area of the U.S. The following question is posited: How does buyer perception of country-of-origin of Made-in-Nigeria Star Lager brand affect purchase decisions in the Great Lakes target market area? To answer this issue question, it is necessary to conduct this study.

LITERATURE REVIEW

While the country-of-origin (COO) effect and subsequent consumer judgment of quality have generated considerable interests in international marketing studies, (Sadrudin & d'Astous, 1995; Harrison-Walker, 1995; Lundstrom, Lee & White, 1998; Piron, 2000; Hui & Zhou, 2003; Thakor & Lavack, 2003), it has also produced contrasting viewpoints and few empirical findings. The challenges and effects of country-of-origin on purchase decisions contradict the grandiose notion of globalization of markets proposed by Leavitt, (1983). It also challenges the notion of convergence of consumer needs and purchase decisions. While for example, Leavitt, (1983) sees increasing similarities in consumer needs world-wide leading to product standardization, Hui & Zhou (2003) and Thakor & Lavack (2003) see dissimilarities, leading to product adaptation and need for differentiated marketing.

Given the foregoing disagreements in theoretical definitions, exacerbated by cultural, contextual and other buyer behavior mediating factors, comprehensive assessment of country-of-origin cues seem appropriate in order to successfully appeal to diverse consumer tastes, needs and culture-specific product requirements.

Country-of-Origin Defined

Contemporary definition of country-of-origin is as complicated as determining its moderating antecedents or consequences. While the typically used definition include "made in" label of a product that communicates

country image (Hwei-Chung & Pereira, 1999), Thakor & Lavack, (2003) speculate that country-of-origin, along with country-of-assembly (COA), produce country stereotyping effect (CSE). Historically, however, marketers have always believed that other factual information can also influence consumer attitudes, opinions, general biases and consequent purchase decision, hence the need to use multiple stimuli and integrated marketing communication tools to influence consumer perception.

For the purposes of this study, country-of-origin represents perceived place, region or country where product-brand originates. Based on the foregoing assumption, this study adopts Thakor & Lavack, (2003) model of antecedents and consequences of brand origin in gaining broader insight into potential mediating factors influencing introduction of "made-in-Nigeria" Star Larger in the Great Lakes target market area. Consequently, the literature guiding the theoretical framework of this study is reviewed, albeit limited in scope, for the purposes of understanding the role of country-of-origin in brand purchase decisions.

In their study of perceived brand origin on consumer perception of quality, Thakor & Lavack, (2003) proposed a model of country-of-origin antecedents and consequences for measuring consumer buying intentions of specific products and brands. Their study found that when country-of-firm ownership was included in the list of antecedents, country of manufacture did not effect consumer product quality evaluation. For example, Mercedes cars assembled in Alabama receives positive consumer quality perception just as the those assembled in Germany.

Hui & Zhou (2003) investigated different effect of country-of-manufacture information toward brands beliefs and attitude. They concluded that when product information indicates a less-known country as the country-of-manufacture, such information negatively affects consumer brand and quality assessment; for example, Rolex watches made in Taiwan.

To further understand the role of consumer stereotyping on different categories of goods, Piron (2000) examined luxury and convenience goods purchase decisions and concluded that country-of-origin has more effect on the purchase intentions of luxury goods than convenience goods.

Sadrudin & d'Astous (1995) investigated consumer and organizational buyer quality and purchase value of different goods categories, where country of product design and assembly represented both newly industrialized countries (NICs) and developed countries. Their results indicate that on the face value, buyers' perceptions of developed countries' products were more positive than products originating from NICs, (e.g. Brazil vs Belgium). With additional country and product information, however, perceptional differences between the two country categories tended to decrease.

Consumer services stereotyping was examined by Al-Sulaiti & Baker (1997) in their study of country-of-origin effect on airlines selection, involving "Gulf", "Arab non-Gulf" and "foreign" airlines, amongst teachers in the Arab state of Qatar. Their study produced mixed findings. While 68% of respondents had overall preference for the Gulf, citing price as the most favorable determining factor, the domestic airline was rated most unfavorably in terms of services factor, such as meals, comfort, and courteous flight attendants.

While it is essential to determine overall consumer preferences for place of product origin, in order to design effective marketing program-for example promotions, pricing, distribution-it is pertinent to fully investigate individual product-related characteristics as independent variables (IV) to gain comprehensive consumer stereotyping effect (CSE). Applying the foregoing tenet, the mixed results of Al-Sulaiti & Baker, (1997) is more justifiable. While respondents judged the local "Gulf" airlines favorably, based on price, they also viewed the service aspect unfavorably. Using specific marketing strategy to reduce negative characteristics of service component will no-doubt, enable the Gulf management to increase overall consumer perception of its services.

METHODOLOGY

This study was conducted in the Detroit, Chicago, Minneapolis and Madison areas of the Great Lakes States. This purposive choice, based on convenience and accessibility, was restricted to a sample of 200, albeit limited, because of cost and time constraints imposed by the study duration. Questions were hand-delivered to 200

subjects in the identified market area, with response rate of seventy per cent (70%). In conformance with established American Psychological Association (APA) research regulation regarding informed consent, the subjects were duly notified of confidentiality and purpose of study.

The following research question was proposed:

"How does buyer perception of country-of-origin of Made-in-Nigeria Star Lager brand affect consumer purchase decisions in the Great Lakes target market area?". The survey protocol and questions in Appendix 2, are designed to gain insight into the consumer perception and possible marketing strategies of a new import (Star Lager) in the Great Lakes target area. While it seeks respondents' opinions regarding producing nations and brands, it was not intended to test respondents' knowledge of beers. Information derived from this survey would be used strictly for the purposes of gauging the market entry potentials of the brand and specific firm internationalization strategies.

This study utilizes descriptive statistics to establish or confirm potential role and effects of country-of-origin effects on the proposed introduction of "Made-in-Nigeria" Star Lager brand by the (XYZ) Company in the Great Lakes target market area. It has broader implications for firm market entry decisions in the U.S and integrated NAFTA market areas. Respondents were required to indicate their product and country preferences in perception scale ratings of 1 (negative) to 5 (positive). They were required to indicate perceived country-of-origin product value ratings. Depending on the response usability rate, appropriate statistics computation of standard deviation was used to better understand brand perception levels, distribution and spread. Graphs and charts were used to illustrate identifiable country-of-origin levels and product preferences. There are possibilities of using this study's findings and results derived from data analysis to make international marketing entry strategy decisions, with limited opportunity for naturalistic generalization of other country-specific products and brands.

RESULTS/FINDINGS

The study investigated the country-of-origin effect of a foreign made product in the Great Lakes area. The findings provided some insights into the central question of this investigation; ie to determine country-of-origin effect of 'Made-in-Nigeria' Star Lager Beers. Owing to the limited sampling based on the duration and other related constraints, its contributions to the global debates on the role of country of origin, including place-of-manufacture or country-of-ownership determination is limited. The results will help the marketer to understand content marketing strategies suitable for the consumer segments under study. Understandably, there is limited naturalistic generalization for international market entry decisions for other product categories based on the findings of this pilot study.

One hundred and forty (140) out of the two hundred (200) hand-delivered questionnaires were returned, giving a response rate of seventy per cent (70%). Out of this, seventy (70) yielded useful information, giving the usability rate of thirty-five per cent (35%). This usability rate may be attributed to absence of pretest or screening. Note, however, that limited resources and other research constraints also precluded pretests.

Seventy-one per cent (71%) of respondents who had previous purchases or consumption experience with Guinness and Heineken brands also had favorable disposition toward the brand under study. This group of respondents also indicated higher awareness ratings for foreign lager brands, as well as higher favorable opinions about listed countries and their international affiliates and alliances. By the same token, twenty-nine per cent (29%) of respondents indicated lower ratings on country opinions, foreign brand recognitions, as well as purchase and consumption experiences. While this scenario leads to the conclusion that respondents with higher country and foreign brand recognition had higher opinion ratings for the 'Made-in-Nigeria' Star lager brand, total participants' responses, however, depict low purchase intentions.

SUMMARY AND CONCLUSIONS

Justifiably, this pilot study serves as a refining instrument for future in-depth studies, with limited naturalistic generalization for 'Made-in-Nigeria' products targeting certain U.S market regions. While this study outcome provides insight into consumer product perceptions, using country-of-origin themes, it must not be

construed to determine or represent actual purchase intensions. Note, however, that actual purchases have multiple influences competing for consumers' attention, for example, funds, competition, promotional information, or store outlet.

While store outlet may represent an important influencing factor impacting COO, as well as purchase intensions and decisions of lesser known foreign brands, the role and importance of word-of-mouth (WOM), and personal selling as essential integrated marketing communication (IMC) tools should not be under-estimated. Note also, that overall participants' country-of-origin perception scores were low, and information represented by graphs in Appendix (2-7) did not answer questions relating to causal effects. Therefore, additional supportive investigation is recommended to improve the potentials of predictability of purchase intensions, as well as support for future implementation of market development strategies and tactics into the Great Lakes target market area.

AUTHOR INFORMATION

Dr. Chris Mbah received his early influences in International Business from his parent's import and export business in Nigeria, Cameroon, Gabon and Equatorial Guinea. He earned his DBA (International Business) degree from the University of Sarasota/Argosy University. His MBA and BBA degrees were obtained from Sul Ross State University in the small West Texas town of Alpine. His professional and academic experiences include years in Africa, Europe, Pacific Rim countries and Michigan, where he was a tenured Professor of Marketing and International Business. He is currently Professor of International Business and Marketing at Mt. Olive College in North Carolina, with research interests in regional integration, market orientation and effects of globalization in emerging economies.

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APPENDIX 1
XYZ PLC Product Portfolio

Star Lager Beer (1949)*
Guider Larger Beer (1970)
Maltina (1976)
Maltina Strawberry, Maltina Exotic and Maltina with Pineapple (1992)
Amstel Malta (1994)
Scheppes carbonated soft drinks (Bitter Lemon, Tonic water)
Crush Orange (1997)
Heineken Lager (1998)

APPENDIX 2
Reproduction Of Survey Questionnaire

(Please fill out this questionnaire as accurately as possible. Drawing from personal experience and knowledge, indicate your opinion by checking the response that best fits your preference and interest in questions 1-5):

Age: (21-30) [ ]   31-40 [ ]   41-50 [ ]   51-60 [ ]   over 61 [ ]
Gender: Female [ ]   Male [ ]
Education: (High School) [ ]   (Undergraduate) [ ]   (Graduate) [ ]

Question 1:
Check how much you know about imported beer brands in your local market area.
Have no idea about imported beer brands   [   ]
Know a few imported beer brands   [   ]
Know a lot of imported beer brands   [   ]
Know very much about imported beer brands   [   ]

Question 2:
Check the brands you have purchased or tasted in the last 12 months.
Fosters   [ ]   Becks   [ ]
Stella Artois   [ ]   Carlin Black Label   [ ]
Star Lager   [ ]   Guinness   [ ]
Heineken   [ ]   Others   [ ] List please…………

Question 3:
Check the brand names you are familiar with (including those you have seen or heard of, but not purchased or tasted).
Stella Artois   [ ]   Foster   [ ]   Carlin Black Label   [ ]
Heineken   [ ]   Becks   [ ]   Star Lager   [ ]   Others [ ] List…………..

Question 4:
Rank your opinion about the quality of beers made in these countries. For example,
1= (No opinion), 2= (Bad), 3= (Good), 4= (Very Good), 5= (Excellent):
Ireland   (No opinion) 1   2   3   4   5 (Excellent)
Nigeria   (No opinion) 1   2   3   4   5 (Excellent)
Australia   (No opinion) 1   2   3   4   5 (Excellent)
Netherlands (Holland)   (No opinion) 1   2   3   4   5 (Excellent)
Germany   (No opinion) 1   2   3   4   5 (Excellent)
United Kingdom   (No opinion) 1   2   3   4   5 (Excellent)

Question 5:
The (XYZ) Plc, makers of "Made-in-Nigeria" Star Lager Beer, Guilder Lager, Heineken and a range of Malts and soft drinks, is currently the second largest brewing company in Africa. Based on this information, and using the scale in (Question 4),
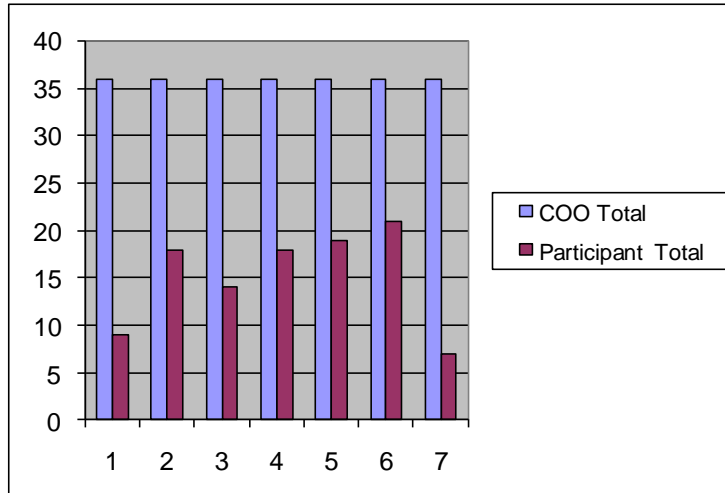(a) What do you think will be the overall quality of this new imported "Made-in-Nigeria" Star Larger Beer?

     (No opinion)   1   2   3   4   5   (Excellent)

(b) Would you purchase and serve this brand to your guests?
     No   [   ]
     Probably   [   ]
     Definitely   [   ]
     Not sure   [   ]

APPENDIX 3
Participant Country-Of-Crigin (Coo) Effect

NOTES

<u>**NOTES**</u>