SAUDI CONSUMERS' PERCEPTIONS OF FOREIGN PRODUCTS IN THE NEW MILLENNIUM: AN ANALYSIS OF COUNTRY IMAGES

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Abstract

The objective of this paper is to examine the Saudi consumers' perception of products made overseas and the country of origin effect of products. While a limited number of studies have been conducted in this area in the past, this study assumes importance due to the changing attitudes and perception of some Saudi consumers towards certain countries in the new millennium. The study reports on the findings of a survey conducted in which 922 responses were obtained. In general, Saudi consumers evaluate products from Japan and the European Union more favorably as compared to products from the United States of America, China and India. The study discusses the results of other empirical findings.

Key words: consumer, Country of origin, Saudi Arabia, consumer products, dimensions

Introduction

Consumers perception of products and the impact of country of origin (hereafter called as COO) has attracted considerable attention from researchers and practitioners across the globe for decades (for example Schooler, 1965; Samiee, 1994; Peterson and Jolibert, 1995; Ahmed et al. 2003). Consumers around the world have a multitude of options while choosing products. Consumer and marketing researchers have extended considerable effort to have a better understanding of such perceptual decisions are framed by consumers. It has been reported that COO may be used by consumers as an attribute to evaluate products (Johansson, Douglas and Nonaka, 1985; Hong. and Wyer, 1990; Parameswaran and Pisharodi, 1994). Secondly, consumers' attention and evaluation of other product dimensions may be influenced by COO, which may create a 'halo effect' (Erickson, Johansson and Chao, 1984; Han, 1989). Thirdly, COO may also act as a source of country stereotyping, directly affecting consumers' attitudes towards the brand of a country instead of through attribute ratings (Wright, 1975).

Existing research on "country-of-origin" has contributed substantial knowledge of consumer attitudes in various countries towards foreign products and matching marketing strategies. Further, it has provided significant insights into the importance of such knowledge for the determination of successful international marketing strategies. A consumer's perception of the country of origin can be an important factor influencing his purchase decision.

A limited number of studies have examined Saudi consumers' attitudes toward foreign products (Bhuian, 1997,; Al-Hammad, 1988). However, this study assumes importance due to a changing attitude of a section of the Saudis towards the United States and some western countries. Since the terrorism attack on the USA on 11 September 2001 and the prelude to

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the American led invasion of Iraq, some consumers in the Arab world have generally shown a lesser preference for American and western products, and have even discussed in the press for active boycott of products made in these countries (example MacFarquhar, 2002 ; Abu-Nasr, 2002). In response to these gaps in COO literature, this paper attempts to investigate product-country images of Saudi consumers in the changing environment and discuss the implications of these.

The rest of the paper is organised as follows. In the next section, background information on Saudi Arabia with a focus on its economic growth is presented. The relevant literature on COO perceptions is then reviewed. The subsequent section describes the research methodology. Thereafter, the results of the present study are analysed and discussed in relation to each of the research questions. The paper concludes with a summary and conclusion.

Saudi Arabia: Steady economic growth

Even in the midst of widespread decline globally, Saudi Arabia has been on the path of steady economic growth since 2001.Since the dawn of the new millennium, there has already been a remarkable diversification in the country's economy in the non-oil private sector, yet oil and gas reserves remains its greatest natural asset and its largest single source of revenue. The government has been supporting private sector growth to lessen the kingdom's dependence on oil and increase employment opportunities for the bloating Saudi population. Personal consumption expenditure and confidence has held up well during the last two years. Saudi Arabia is one of the most important markets in the developing world. In 2001, it represented $40 billion-worth of annual export to international marketers. Saudi Arabia relies heavily on imports on its total requirement for commodities from various countries of the world. Saudi Arabia's principal import sources include the USA, Japan, Germany, UK and France.

Literature Review

Early studies in COO can be traced back to 1960s, when one of the conceptualizations of the COO phenomenon was published by Nagashima (1970). He concluded that consumers' associate with a given country of origin as, "the picture, the reputation, the stereotype that businesspersons and consumers attach to products of a specific country. This image is created by such variables as representative products, national characteristics, economic and political background, history, and traditions". Since then, a wealth of literature has been added to the study of COO effects. Samiee (1994) regards the country-of-origin effect as any influence or bias that consumers may hold, resulting from the country of origin of the associated product or service. The source of the effect "may be varied, some based on experience with a product(s) from the country in question, others from personal experience (e.g. study and travel), knowledge regarding the country, political beliefs, ethnocentric tendencies, (or) fear of the unknown".

Studies have mainly focused on reflecting consumers' general perceptions about the quality of products made in different counties (Leonidau et al 1999; Bilkey and Nes, 1982; Peterson and Jolibert, 1995). For instance, Leonidau et al (1999) found that in Bulgaria, products made in Japan were liked the most, followed by products from Hong Kong, Singapore, Indonesia, and India. Cattin et al (1982) found that the Americans favored West German products over French and British goods. Darling and Kraft (1977) found that consumers in Finland

preferred West German goods to English goods, but that these were more highly regarded than French products. In another study, Baumgartner and Jolibert (1976) found that French consumers favored domestic products first, German second and British goods last. Zain and Yasin (1997) found that Uzbek consumers perceived products from Japan and USA as having higher quality than products from developing countries such as India and Indonesia. Similar results were reported in a study of the Azerbaijan market (Kaynak, Kara and Nakip, 1995) and the Polish market (Lascu and Babb, 1995).

Other consumer demographics may influence the exact nature of COO effects. For example, older consumers and females were found to provide higher ratings for foreign products (Schooler, 1971; Johansson et al, 1985). In another study, it was observed that respondents with college education viewed foreign products more positively than less educated respondents (Anderson and Cunningham, 1972; Dornoff, Tankersley and White, 1974; Wang, 1978). However, consumer demographics did not play a serious differentiating role in the evaluation of products from the five different countries in a study under Bulgarian context (Leonidou et al1999).

The proximity of the sourcing country in relation to the importing country, both in physical and cultural terms, has been a determining factor in the consumer perceptions. Closer proximity tends to stimulate more favorable perceptions for that country's products (Bilkey and Nes, 1982; Samiee, 1994; Wall and Heslop, 1986; Wang, 1978; Wang and Lamb, 1980). Similar results have been reported with respect to economic and political proximity (for example, Gaedeke, 1973; Iyer and Kalita, 1997). COO effects occur over a wide range of consumer and industrial products (Liefeld, 1993, Baughn and Yaprak, 1993; Samiee, 1994).

In summary, previous research suggests that the COO plays a significant role in overall product evaluation. There is an overwhelming support for the existence of COO effects on consumers' evaluations of products. COO has impacted consumers over many product categories; some other studies have also shown that COO effects may vary according to demographic variables, although there is lack of consensus in that regard.

Research Methodology

Saudi consumer's product-country image was measured on multiple-item scales drawn from previous research. Many different methods of COO images have been described as discussed in the foregoing section. For this study, an empirical research was conducted among the Saudi consumers. Our survey instrument was mainly base on a part of the measure used by Kaynak and Kara (2002), who used multiple scaling to measure Turkish consumers perception towards, products made from a Japan, USA, Russia, China, Eastern and Western Europe. The instrument used for the present study was revised; a number of other changes were made in the demographic section of the instrument to suit the needs of the present study. The survey instrument had 2 parts. The first part sought information from the respondents on the 17 variables identified (refer to Table 2). A 5-point Likert scale, with 1 representing "Strongly Disagree", and 5 "Strongly Agree" was used to measure the responses. The countries covered by this study were USA, Japan, European Union (which for the purpose of this study comprised of Germany, UK, Italy, Franc, Holland and Sweden), China and India. These countries were chosen as consumer products of these countries abound in the Saudi market.

The second part of the questionnaire sought demographic information such as age, marital status, educational attainment, occupation, income and gender. This information was used for classification purpose only. The survey instrument was first developed in English and then translated into Arabic using the back-translation method (Douglas and Craig, 1983).

Data Collection

The data for the present study were gathered in the main metropolitan cities, namely Riyadh, Jeddah and the tri-cities of Dammam, Khobar and Dhahran. These cities were chosen as consumers here are expected to be more familiar with foreign consumer products.

Researchers confront several challenges in Saudi Arabia presents several challenges, more prominently in designing sampling procedures as well as in undertaking primary data-collection (Tuncalp, 2001). Legally and socially females cannot be approached by male strangers. Because of these difficulties, a snowball sample was utilized. Participants from the initial sample were asked to provide referrals of friends and relatives living in metropolitan cities. The questions were then distributed through relatives and friends. A total of 1500 questionnaires were distributed, of which 992 responses were received, giving a response rate of 66 percent.

Analysis and Discussion

Of the 992 responses, 732 were from males and the remaining 260 were from female respondents. The lower number of female respondents is explained by the fact that reaching female respondents is difficult as explained earlier. In terms of age grouping, 55 percent were between the age of 22 and 30 years. Over half of the respondents had university qualifications. Table 1 provides an overview of the respondent characteristics.

(Table 1 here please)

Country of Origin Perceptions

Respondents were asked to evaluate on specific product attributes and dimensions from the five countries namely, USA, Japan, European Union, China and India. (See Table 2). To estimate the reliability of data Cronbach's Alpha statistic was computed. The reliability coefficient (Cronbach's alpha) values ranged from 0.6781 to 0.8431. None of the reliability alphas was below the cut-off point of 0.60, which is generally considered to be the criterion for demonstrating internal consistency (Nunnally, 1978).

When analyzing the assessment for each of the product dimension, some interesting results emerge. Japanese products have been rated highly for reliability in performance (M= 3.98, S.D.= 0.97), advanced technology (M= 4.31, S.D.= 0.85), durability(M= 3.96, S.D.= 0.91), a wider choice in selection (M= 4.06, S.D.= 0.80), and a perception of being reasonable in price considering the quality of the product(M= 3.73, S.D.= 0.93). Products made in USA were given the highest evaluation for being much advertised (M= 3.94, S.D.= 0.95), and having a well recognized brand name (M= 4.06, S.D.= 0.90). Some degree of consistency was also in evidence in the high preference of the product dimensions from the EU region. Products made in the EU region were considered as being the most expensive (M= 3.94, S.D.= 1.01), were supplying more luxuries than necessities (M= 3.32, S.D.= 1.15), and were more customized (M= 3.43, S.D.= 1.04). Products made from China were perceived to cheap

imitation of better brand (M= 3.50, S.D.= 1.19), while products made in India were seen as having poor workmanship (M= 3.16, S.D.= 1.08), giving bad performance(M= 3.09, S.D.= 1.03), and as having low prestige(M= 3.17, S.D.= 1.22). In general, there were similar trends in the evaluation results of products from China and India. The overall opinions of products reveal interesting results. Products from Japan have been evaluated very highly (M= 4.12, S.D.= 0.90), followed by products from the European Union (M= 4.01, S.D.= 0.79). Although products from the US have been ranked third, the mean value is low (M= 2.54, S.D.= 1.12).

(Table 2 here please)

To trace the source of the individual differences, one-way ANOVA test was conducted. The ANOVA result revealed that there is an effect of COO across the five groups of countries on all the dimension, except that of being cheap imitation of better brand. The mean scores accorded to each product attribute/dimension for each of the five countries were subsequently compared, using a one-way MANOVA test where COO served as the single independent variable of interest. Overall, the MANOVA results confirmed statistically significant differences across the five countries on each of the product dimensions (Wilks' $L = 0.015$, $p < 0.01$).

A comparison of Saudi consumers, attitudes towards foreign products with a previous study conduced by Bhuian (1997) reveals that Saudi consumers' have maintained a generally positive preference for consumer goods from USA and Japan. Using a multiple-item scale drawn from previous research, Bhuian (1997) measured the attitudes and buying preferences of Saudi consumers towards products of USA, Japan, Germany, Italy, UK and France. The results concluded that there is a significant difference in the attitude of Saudi consumers with regard to products from the five countries; Saudi consumers had a higher degree of preference for products from USA and Japan. There is some similarity in the results of the present study.

Summary and Conclusion

The purpose of this study was to shed light on the perceptions of Saudi consumers concerning products originating from were USA, Japan, European Union, China and India. Most studies in COO literature have thus far focused their attention away from the hitherto closed markets of the Persian Gulf. Overall, this study revealed that Saudi consumers take seriously into account the COO of products, and in fact, are in a position to critically assess products on a number of different aspects and maintain unequivocal perceptions regarding them. Specifically, some interesting findings emerged pertaining to opinion about products from the USA, product prestige evaluation, brand name evaluation etc.

Saudi consumers' perceptions towards products from Japan, the EU and USA could be described as moderately satisfactory to unsatisfactory. However products India and China have been rated generally as unsatisfactory. The present study seems to confirm findings in previous COO studies suggesting that consumers rate products from developed countries more favorably than products from developing countries. Manufacturers from India and China should make efforts to improve the perceptions of Saudi consumers toward their goods by placing major emphasis on product quality, improved support services, better brand image, originality, which a major weakness according to the participants of this study.

While this study offers a more realistic picture by investigating the COO phenomenons at the individual dimensions within products, several issues remain unresolved that needs to be addressed in other studies. Future research may probe into the underlying information

processing heuristics used by Saudi consumers with regard to stereotyping. Another interesting area to examine is the ethnocentric tendencies of Saudi consumers.

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Table 1: Demographic Profile

Gender	**Frequency**
Male	732
Female	260
Age	
18 - 22 years	106
22 – 30 years	552
31 – 40 years	177
41 – 50 years	101
51 years and more	50
Education	
Elementary	120
High School	189
Diploma	67
University Degree	547
Other	64
Occupation	
Government sector employee	329
Private sector employee	227
Self-employed (Businessman)	142
Student	248
Other	29
Monthly income	
Less than SR 5,000	217
SR 5,000- SR 9,999	85
SR 10,000 – SR 14,999	41
SR 15,000 – SR 19,999	23
SR 20,000 – SR 24,999	20
Over SR 25,000	14

Table 2 Evaluation of dimensions of products made in five countries

	USA		Japan		EU		China		India		
	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation	F-Statistics*
are expensive	3.53	1.04	3.19	1.07	3.94	1.01	1.96	0.93	1.94	0.92	832.28
are reasonably priced, considering quality than necessities	3.25	1.07	3.73	0.93	3.28	1.01	3.05	1.09	2.65	1.07	139.62
supplies more luxury than necessities	2.82	1.19	2.77	1.07	3.32	1.15	2.18	1.00	2.04	0.89	232.00
are tailor-made rather than mass produced	2.98	1.12	3.14	1.12	3.43	1.04	2.36	1.09	2.35	1.05	192.86
Reliable	3.42	1.11	3.98	0.97	3.62	0.96	2.62	1.02	2.39	1.00	436.46
show bad workmanship	2.25	0.99	2.02	1.06	2.17	0.98	3.00	1.02	3.16	1.08	254.62
are technically advanced	3.86	0.95	4.31	0.85	3.81	0.90	2.76	0.98	2.32	0.94	792.69
are cheap imitation of better brand	2.19	1.23	2.29	1.19	2.01	1.16	3.50	1.19	3.28	1.21	21.94*
are very durable and made of good material	3.54	0.98	3.96	0.91	3.80	0.94	2.42	0.97	2.35	0.99	641.73
give a bad performance	2.23	0.95	1.97	0.97	2.19	0.95	3.05	1.01	3.09	1.03	280.89
are supported by a good maintenance services	3.45	0.97	3.91	0.90	3.33	1.01	2.47	1.00	2.25	0.99	503.17
have low prestige,	2.25	1.10	2.07	1.09	2.22	1.12	3.16	1.16	3.17	1.22	225.14
are much advertised	3.94	0.95	3.60	0.92	3.36	0.97	2.47	1.02	2.09	0.96	640.67
have a well recognized brand name	4.06	0.90	4.05	0.89	3.81	0.96	2.40	1.05	2.11	0.99	964.89
provide a wide choice of size and model	3.86	0.92	4.06	0.80	3.59	0.93	3.38	1.09	2.74	1.21	257.56
have a good style and appearance	3.84	0.95	3.95	0.90	3.91	0.95	2.70	1.08	2.36	1.05	583.80
Overall favorable opinion	2.54	1.12	4.12	0.90	4.01	0.79	2.12	1.07	1.94	0.93	225.76

Notes: mean scores based\on a five-point scale ranging from 1=Strongly disagree and 5= Strongly agree;
F values are the result of a one-way ANOVA test, all of the variables reporting statistical significance, $p<0.0$, except marked *

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