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ASSESSING THE FACTORS
INFLUENCING CONSUMER SWITCH
FROM LOCAL TO IMPORTED PRODUCTS

A case study of Kasapreko Company Limited-Ghana

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Vaasa

ABSTRACT

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It is believed that the consumers' behaviour from a particular country regarding to goods and services produced in that country is considered as a key determinant of the economic growth and development of a nation. Due to an increased in imported goods and sudden high competitive consumer markets in Ghana, consumers have been exposed to foreign alternatives for domestic made products and foreign products. However, many of the local industry are working hard to survive in today's turbulent Ghanaian market. This study was undertaken to investigate factors influencing consumer switch from local to imported alcoholic beverages with a case company Kasapreko.

Both qualitative and quantitative method was employed in attempt to gain an understanding of the research problems. A sample including 100 randomly selected consumers were surveyed using a structured questionnaire and Skype to telephone interview Kasapreko management in the capital of Ghana-Accra.

The findings of this study suggest that country of origin is more important than product attributes and other price factors. The Ghanaian consumer perceives alcoholic beverages made in the country in low regard relative to foreign ones. Also consumer taste and superior quality are the two most important reasons for the Ghanaian consumers' preference for foreign alcoholic beverages.

Even though there is some element of ethnocentrism in between respondents; it has been revealed that they are not extremely ethnocentric. Therefore manufacturing firms in Ghana are urged to augment the quality levels of their products, reduce their prices and make available more products to have a competitive edge over imported ones and also enhancing local consumption.

Keywords: Consumer behavior, ethnocentrism, country of origin

TIIVISTELMÄ

Tekijä	Shapiro Philip Domie
Opinnäytetyön nimi	Kuluttajien valintaan vaikuttavat tekijät paikallisten ja ulkomaisten tuotteiden välillä. Casetutkimus Kasapreko Ghana Limited.
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Kansalaisten kuluttaja-asenteet paikallisesti tuotettuja palveluita ja tuotteita kohtaan ovat kansallisen talouskasvun ja kehityksen avaintekijöitä. Tuontitavaroiden lisääntyminen sekä lisääntynyt kilpailu kulutusmarkkinoilla ovat Ghanassa asettaneet kuluttajat tilanteeseen, jossa valintaa tehdään kotimaisten tuotteiden ja ulkomaisten tuotteiden välillä. Ghanassa useat paikalliset yritykset kamppailevat tosissaan selviytyäkseen nykyisessä epävakaaassa markkinatilanteessa. Tämän tutkimuksen tarkoituksena oli selvittää niitä tekijöitä, jotka vaikuttavat kulutuskäyttäytymiseen, silloin kun valintaa tehdään paikallisesti tuotettujen ja ulkomaisten alkoholituotteiden välillä. Kohdeyrityksenä oli Kasapreko.

Tutkimuksessa käytettiin sekä kvalitatiivisia että kvantitatiivisia metodeja. Sata satunnaisesti valittua kuluttajaa haastateltiin käyttäen strukturoitua kyselykaavaketta, jonka lisäksi haastateltiin Kasaprekon johdon edustajia Skypen välityksellä. Haastateltavat tulivat Ghanan pääkaupungista, Accrasta.

Tämän tutkimuksen tulosten mukaan alkuperämaa on hintatekijöitä tai muita tuoteattributteja merkittävämpi tekijä. Ghanalainen kuluttaja suhtautuu kotimaisiin alkoholituotteisiin vähemmän arvostavasti kuin ulkomaisiin tuotteisiin. Syynä tähän ovat niin kuluttajien makutottumukset kuin myös ulkomaisten alkoholituotteiden korkea laatu, jotka ovat tärkeimmät syyt valittaessa ulkomaista tuotetta.

Vaikka vastaajien keskuudessa esiintyikin jonkin verran etnosentrisyyttä, paljastui ettei etnosentrisyydellä ole keskeistä roolia. Ghanalaisten yritysten tulisi nostaa tuotteidensa laatutasoa, alentaa hintatasoa sekä laajentaa tuotevalikoimaansa voidakseen kilpailla ulkomaisten tuotteiden kanssa ja lisätä kotimaista kulutusta.

Avainsanat: kulutuskäyttäytyminen, etnosentrisyys, alkuperämaa

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1 INTRODUCTION

In Africa, Ghana as a developing country, has been noted to be a hard working nation lively to become a middle income country with a target by the year 2020. This is an effort towards the right direction competing positively with other African countries and across the globe which will enhance the living standard of the country's citizens (Ghana Government 2010). In pursuing the aim to become a middle income country, Ghana as a developing nation cannot continue to depend on a large quantity of imported products to feed the local market.

The majority of developed countries have attained their objectives by relying on domestic production and also through government campaigns in support of the utilization of local goods. The intensity of dedication to the consumption of local products depends greatly the extent on ethnocentrism (Sciffman & Kanuk 2007).The government of Ghana has suggested the concept of national orientation. Among the five concepts, the first concept is called 'Proud to be Ghanaian'. This concept calls attention to the necessitating Ghanaians to take pride in their national heritage and in those things Ghanaian and patronize made-in-Ghana products (Ghana Government 2010).

1.1 Background of the study

This thesis deals with the understanding of consumer switch pattern from local to foreign products. The case study concentrates on an alcoholic beverage company known as Kasapreko Company Limited (KCL) in Ghana, Accra. The purpose of the research is to find reasons behind why most consumers in Ghana prefer foreign products to the locally made ones and also how the manufacturing firms can market their locally made products for domestic consumption.

Improvement in communication via Internet and the higher television coverage has paved ways for convergence of taste and preference in numerous product categories

across the globe. Consumers in developing countries have been motivated to demand the same quality of products as in developed countries (Saffu and Walker 2006). Considering the increase in globalization, it is significant to understand how consumers evaluate products from different origin.

Apparently, consumer perception towards countries, cultures and products keep changing therefore giving challenges for practitioners in the field of international marketing and consumer behaviour (Josiassen and Harzing 2008). The generalization of findings to small developing countries, where there are no domestic brands or product in many products categories, is somewhat questionable. Yet, there are few studies that have systematically investigated this phenomenon in developing countries in sub-Saharan Africa and very little is known about the cause of consumer behaviour in this part of the world.

In addition, this study will research empirically the causes of consumer attitude towards local and imported products in the Ghanaian market. The aim of marketing research is to bring out some of the risks associated with marketing decisions. Also provide information outlining the basis of the entire decision making process which is applicable to all aspects of marketing mix decision and should be the core part of the process of formulating marketing strategy (Proctor 2005).

The main reasons why this particular topic was chosen is due to the increasing rate on the consumption of imported products in Ghana and Kasapreko Company is no exception when it comes to the consumption of their product. It has fourteen branded products line such as Almo Bitters, Brandy, Dry Gin etc. Kasapreko Company limited is well known for meeting the growing demand for good –quality alcoholic drinks and the company which produces formulated, herbal based alcoholic beverages in Ghana (Kasapreko 2012),

Reasons for high consumption rate for imported products compared to the locally made are yet to be derived in this research and substantial marketing theories and literature will be considered to understand the topic better.

1.2 Research Problem, Objectives and Questions

The research problem can be stated as finding out the right and suitable marketing strategy to be adopted by Kasapreko company limited (KCL) to increase the local consumption of their locally made products.

In Africa, Ghana is one of the developing countries where large amounts of products from other countries are imported each year and alcoholic beverages are not an exception. This has exposed many Ghanaians to alternative preference for domestic made products and foreign products. The great variety of goods and services from other countries has made many consumers to patronise imported products. However, many of the local industry are thriving hard to survive in today's turbulent Ghanaian market.

The study aims to investigate factors influencing the attitude of Ghanaians towards imported products consumption as well as to examine the factors driving to marketing of these foreign products.

The research objectives will be broken down into two main categories:

- First, to determine the attitude of consumers towards products made in Ghana;
- Secondly to find out the reasons behind preferences for imported alcoholic products;
- Thirdly, to find out a constructive approach in adopting a suitable marketing strategy which will be appropriate for local manufacturing companies such as Kasapreko in increasing the domestic consumption of their products.

In other to achieve the objectives stated above, the following questions have been designed;

- What are the reasons for purchasing foreign alcoholic drinks?
- Does the country of origin affect the purchasing decision of products?
- How are the availability of imported alcoholic products considered?
- What are some of the activities of the company is engaged in to enhance local consumption?
- Do imported alcoholic products from some specific countries affect marketing

Considering the purposes of this study, both representatives will be Kasapreko Company Limited and the customers in Ghana will be the sample for this study.

1.3 Importance and Limitation of the Study

The study will pinpoint the marketing issues and necessary approaches to promoting locally manufactured products in the Ghanaian market. It is hoped that the study will be a reference point to open up further research .The report will highlight or suggest the marketing implications to the case company Kasapreko (KCL) and how to improve upon their marketing efforts. The report can also be used as learning material especially within areas related to consumer behaviour. Also, the reports aims to suggest marketing strategies that can boost up the consumption of products made in Ghana.

This study is not without limitations. First, studying consumers in Ghana as a whole would demand taking a larger sample from all the ten regions of Ghana than the sample of one hundred respondents from the city of Accra used in this study. So, as the study is limited to only the consumers in the capital city, it can be assumed that further varied responses would be gathered if the research was expanded to other regions in the country.

1.4 Structure of the study

The first chapter presents an introduction to the research, as well as discusses the purpose, objectives and research question. Chapter Two will present the literature review which explains the theoretical framework. Chapter Three explains the research methods that will be used for the survey. In this chapter, the two main research methods, namely quantitative and qualitative research, will be discussed. The Fourth chapter will present the empirical findings. Lastly Chapter Five will present the findings, summary, conclusion and recommendations for companies and further studies.

2 LITERATURE REVIEW

This chapter presents the theoretical concepts related to this study. This will enable us to develop ideas, which will later serve as a ground for comparing our findings and finally concluding the aim of this study- understand the customer switch from local products to foreign products which will enable Kasapreko Ghana Limited (KCL) to adopt a suitable strategy to boost local consumption of their product.

The aim of this chapter is to outline the recommended steps in the marketing strategies, hence looking at what needs to be taken into consideration about consumer attitude towards imported products as a local manufacturing firm in Ghana wants to increase its domestic market share and growth.

2.1 An Overview of Consumer and Consumer Buying Behaviour

In order to understand reasons behind consumer switch from one product to the other, it is always important to first of all have the understanding of consumer behaviour. In today's turbulent market, the attitude of consumers is a subject matter of great concern for marketers today because an order from this base can be crucial with regards to choosing the right marketing strategy, and also making business activities successful (Solomon, Marshal &Stuart, 2008, 10). Consumer behaviour is defined by Solomon et al. (2008, 8-9) as the understanding of a process that an individual or a group passes through to satisfy a need, by making preference and buying as well as utilizing and disposing products. Similarly ideas and experience can be involved in the process to satisfy need but not only the product. Kotler (2003, 182) also supported the same thought.

It is always of a big advantage if a firm knows how consumers will act in response to diverse marketing stimuli. They can then adapt strategies which will enable them to achieve the desired result with regards to consumer response. Acquiring knowledge about consumer behaviour can aid firms to decide on their marketing mix, the 4 P's of marketing; price, product, promotion and place. (Kotler 2003, 16). This will be

discuss in the next concept under this chapter which according to Kotler et al. (2005 , 255-256) these four categories signify stimuli that consumers are exposed to and which return have an impact on their behaviour.

In general, consumer is an individual who feels the need for purchase, initiating the purchase, by the information gathered, possessing collecting and finally disposing the product. Beside, some other people might be involved in the course of action. Mostly, the individual buying the product does not utilize it as a final user. The final decision-making could be influenced by others while purchasing the product. These outputs stage of this process would include an extensive range of moods, feelings attitude and behaviour which may imply positive or negative reinforcement of a particular lifestyle. (Leon & Leslie 2000, 159-160)

Consumer buying behaviour means the integral process of decision-making and also activity of people engaging in selecting, purchasing, consuming and disposing products. This also involves responses such as behavioural, mental and emotional which describe and follow these activities. (Solomon 1996, 8-10)

From the above definition it is obvious that consumer behaviour does not revolve only about purchasing a particular product. It is an extensive, complex process from the beginning to the end. The first step begins from the mind of the customer who recognizes the need, explores new information related options and variety of choices, defines the benefits of diverse alternatives. Lastly, the process ends up in making the decision of purchasing the product. Customer satisfaction can be realized at a post stage purchase after the actual purchase, giving vital signal to the sellers. (Khan 2004, 2.)

2.2 Consumers and Influencing Factors

Surrounding consumer behaviour are many influencing factors which affect the manner in which customers act and reason during the purchasing process. There are cultural, social, personal and psychological factors persuading the consumers'

purchasing behaviour. Careful examination of those factors facilitates many firms to attain their objectives of marketing strategy by gaining control over the domestic market. (Kardes, Cronley and Cline 2008, 327.)

2.2.1 Cultural Influence

Culture has a significantly powerful influence on consumers' views with regards to any product. Consumption choice can be understood with recognition of cultural backgrounds of people. These exist to satisfy the needs of people within a particular society. As a phenomenon, culture consists of values, ethics, traditions of people and also objects, made or appreciated by certain group. Culture is a base for our values, behaviour, beliefs, priorities and certain perceptions towards different products. All these distinctiveness create the values of what the consumer represents and the way of consumer's actions in today's society. (Kardes et al. 2008 pp. 407-408; Solomon 1996, 537-540.)

The uniqueness of culture among group of people influences the behavior of consumers. Loose modification of this conduct may cause inefficient marketing. Considering the values and need of specific group gives the advantage in adopting suitable marketing strategy for a company. In many cases, consumers turn to purchase products and services that are in equilibrium with the preferences, values, and norms of their culture. However, culture is constantly developing processes and the beliefs, values, views and social systems change with time as well. (Kotler & Armstrong 2010, 161-164; Solomon 1996, 537-540)

In every society, consumers can be segmented into relatively permanent social classes which based on equal values, interests and similar behavior. These classes are characterized by several factors, such as the level of income, education, occupation and wealth. Customers of each social class have certain roles and positions in society and Africa-Ghana is not an exception. Due to the similarities in consumer behavior within these classes, marketers have taken a special interest

towards them and show the significance in the direction of specific products or brands. (Kotler & Armstrong 2010, 164)

.2.2 Social Influence

Many people in today's world are influencing the consumer's buying behavior. In relation to cultural factors, several social factors affect consumer's behaviour which comprises of the family, reference groups, status and social roles.

Reference groups incorporate all groups that have any impact (direct or indirect) influencing control on a person's beliefs or actions. Again, reference groups are persuading people to new actions and manners, affect their beliefs, values and self-recognition, and make certain need for correspondence that may influence their choice of product or brand. These group expectations are affecting the purchasing of consumers behaviour. However, individuals at this stage aim to accomplish the group expectations and adjust their behaviour in order to suite their status or role. (Kotler 2002, 89)

Family is another significant strong element of society which has to a large extent influence on consumer buying behaviour. Person normally adopts the parents' attitude towards economics, politics, self esteem and religion. Homes with husband or a wife and children of consumer spend much time together; there is a larger direct influence on the consumer characteristics.

According to Kotler (2002, 91), roles and proportional influence between wife, children and husband vary within different cultures. Generally, groups having a direct impact on a customer are known as "customership groups". Representatives of family, neighbours, friends and colleagues with whom individuals continuously interact on an informal level are within the customership groups. Again reference groups, such as business association, trade unions, and religious group tend to have more formal and less constant interaction and also influence the behavioural norms of the individual. Individuals who do not belong to any of the groups are also in their

behaviour under influence. Groups of aspiration are those that a person is aiming to become a part of, and vice versa dissociative groups are the ones whose beliefs consumer denies. (Kotler 2002, 89)

2.2.3 Personal Factors

Another factor which has an influence on consumer's buying behaviour includes personal characteristics such as age, life cycle, economic and occupational conditions. As people grow, their desires and needs changes alongside.

In today's competitive environment, marketers are often targeting products for similar age groups. Consumers within the same age group tend to have similarities in their buying behaviour as the experienced related understanding of events and development. (Solomon et al 2008, 501-503.) Again differences in behaviour between age groups influence attitudes towards specific categories of products or brand loyalty status with a change. (Kotler 2002, 91)

However, many households differ from the traditional life cycle and are targeted differently by marketers. Occupation of the individual affects one's consumer behaviour. Identifying customers' target groups based on their occupation offers companies the possibility of designing and tailoring the product according to customers' needs. Occupation also defines the level of personal income, which influences the preference of brands and interest in certain services. (Kotler 2002, 91-92)

Consumer's self-concept is another personality element affecting the consumer's behaviour. Actual self-concept represents the way individual realistically sees himself, which differs from the ideal self-concept meaning the way person would like to see himself. Others-self-concept is the way others see the person from the point of view of that person. (Kotler 2002, 93)

Many individuals may purchase products and services because it enables them reach the ideal-self. In Ghana, personal property is something people value because it exhibits the characteristics of the one owning them. Considering the self-concept factor, consumers purchase goods and services precious for them. Some imported product in Africa is not an exception due to how people value them. Consumers have a propensity to replicate people from advertisement so they are willing to acquire marketed products.

2.2.4 Psychological influence

In addition to cultural, personal and social influence discussed above, there is psychological factor. This normally involves elements such as motivation, learning, belief, attitudes and perception are influencing the buying behaviour. As an individual characteristic, motivation portrays one's action or behaviour. Tension crops up when there is a need for something important. However motivation necessitates an individual by effectively pressing him or her to take action in order to reach the desired goal and decrease the tension. If the need is strong enough it drives the person towards the realization of the need and becomes a motivation. In order to carry out consumer analysis or marketing strategies psychologists have created several theories concerning motivation. Popular theories were made by Sigmund Freud, Abraham Maslow, and Frederick Herzberg. (Kotler 2002, 93-94)

Maslow explains motivation as a hierarchic pyramid where consumers' needs are positioned from the most pressing to the least valuable. The main categories of the pyramid comprise of basic physiological and safety needs up, followed by the needs for socializing, esteem and self-actualization. Firstly the basic needs are considered and satisfied before other needs are recognized. The theory therefore gives an understanding of consumer's desire, thought ideas and aims. (Kotler 2002, 94)

Herzberg's theory centred on identifying the elements that are "satisfiers" and "dissatisfiers" factors. These "satisfiers" entail a factor that cause satisfaction of the

purchase but does not signify the satisfaction of the product itself, while “dissatisfiers” are the factors which create displeasure to the course of buying. According to the theory customers are satisfied with the purchase when the “dissatisfiers” are avoided. For example a warranty giving on a product may serve “satisfier” which create good image of the organization but not directly to the impact of the product. (Kotler 2002, 94)

The above discussion can be clearly seen from Figure 1.

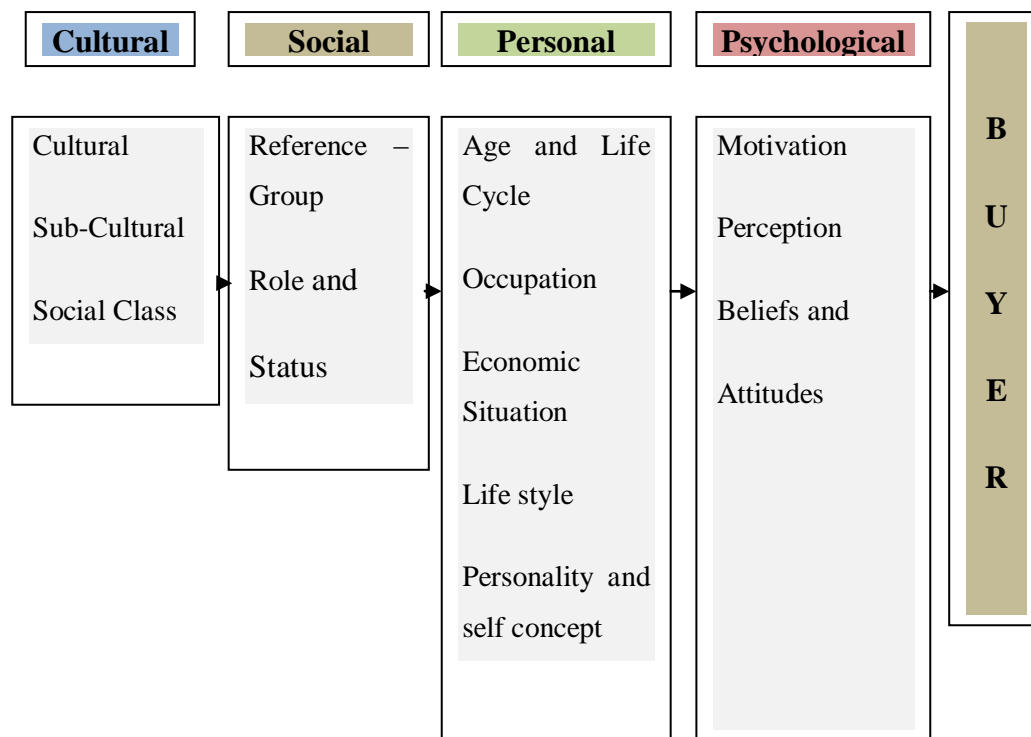


Figure 1. Influencing factors of consumer buying behaviour (Kotler 2003).

The factors illustrated in Figure 1 above cause consumers to develop a product and a brand preference. Although many of these factors cannot be directly controlled by marketer, understanding of their impact is essential as marketing mix strategies can be developed to appeal to the preference of the target market.

2.3 Marketing Mix

The second concept under this study is the marketing mix.. The implementation of marketing mix varies from industry to industry. Traditionally it comprises of four elements and these are product, price, promotion, and place (4Ps). These elements are typically seen as encompassing the range of marketing variables, which are directly controlled by the organization. This can be seen in Figure 2.

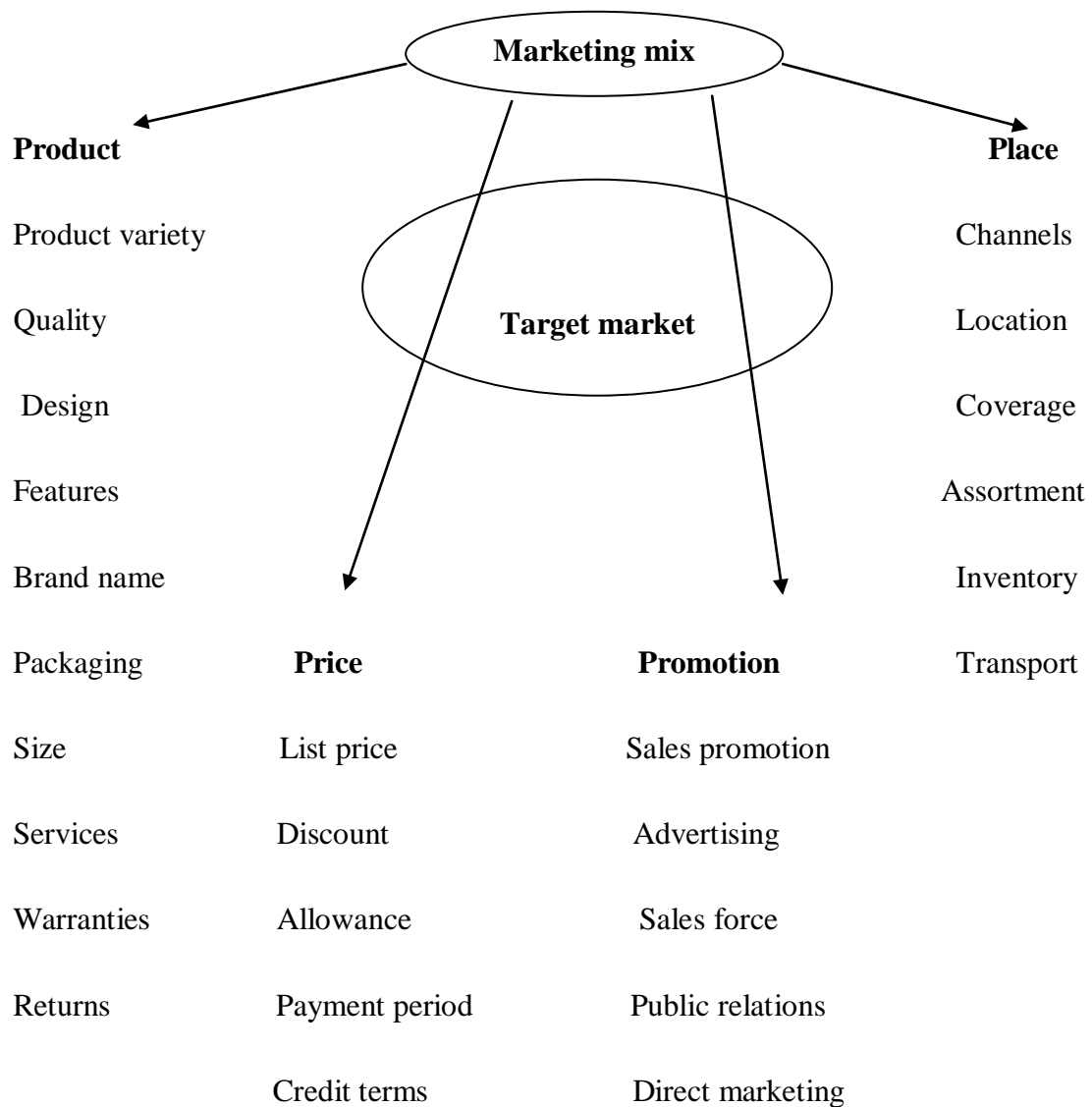


Figure 2. The marketing mix (Kotler 1999, 96)

Figure 2 represents the marketing mix which many years ago, it has been identified as a number of company activities which can influence the buyer (Kotler 1999). The framework based on the 4Ps calls upon marketers to decide on the product and its characteristics, set the price decide how to distribute their product and also choose method for promoting their product.

2.3.1 Pricing

The survival of any business firm depends of its pricing strategy since pricing is highly important in the implementation of marketing tactics. It stands to reveal the profit that a firm can make form its activities. In keen competitive environment, pricing is used as a medium to obtain an upper hand over competitors. According to Bondari (2010) pricing provides the base for customers to search for their suitable products that are within a particular price category while ignoring those that are not part of it.

However, Rowley (1997) explains pricing to be an approach to build a false impression of products of high quality. This does not help in the long term to retain customers and productivity by firms using this particular strategy.

Cook and Mathur (2008) explained that consumers have become highly mobile and are searching for values in return of their money spend with additional advantages and benefits. In most cases if a customer does not appreciate a quoted price for a product, there will not be any purchase and this has a negative impact on the sales and the market share in the long term which makes a exposed firms to competition.

Again Lindsay and Evans (2011) also argue in same regard that in a competitive market, firms must seek to consider satisfying consumers' needs at lower prices and this help companies to obtain competitive edge.

2.3.2 Product

Another element under the marketing mix is product, which should be the central focus of any industry. A product is defined as anything that can be offered to the market for acquisition, use or consume to satisfy a need or want (Ennew and Binks 1999). Consumers may purchase a products because of the impact made in the implementation of the marketing strategy. Product as a core element in every firm gets the attention of the customer, for instance the attractiveness of its product package. Marketers are now stressing on product quality. Different individual perceive quality with diverse meanings. The providers of information on quality consider it to be the beneficial assuming the result of its significance to the end user. Therefore adjustment can be made by marketers on some of the product distinctiveness such as the packaging, quality and brand. (Kotler 2002)

The packaging and the product itself are designed suitably to the correspond with their target consumers (Smith & Taylor 2007, 542-545). Most of the locally made products have local names and packaged into smaller sachets and bottles.

2.3.3 Place

McCarthy and Perreault (1993) explain place from the perspective of making the products available in the right quantity and location. Consumers are influenced through strategies adopted by marketers in many ways. The ability of consumers to buy a product depends on the convenience and the varieties of shops with products that exist. In most instances, there are less engagement in search for a product by a consumer when the intension is to get a cheaper product .This has given concern of the availability of product to be significant at that particular time of need (Appiah-Addu, 1999).

Again, exclusive stores selling the products may be considered to be of high quality by the consumer. In achieving brand equity, marketers turn to make distribution and sales through impressive and notable outlets.

2.3.4 Promotion

The last element under the marketing mix is promotion. This is based on the effort regarding to selling and communication to customers about the product. Promotional tactics may include advertising, public relation, personal selling According to Ennew and Binks (1999) promotion as part of the marketing mix elements is an instrument which firms uses to communicate with their potential buyers and users.

Advertising on the radio and on television are mainly the common means of promoting and creating awareness different products in Africa. Also sponsorship of music events and sports are parts of increasing awareness to the customers.

Consumer promotion is an assortment sales promo including giving out free samples, variety of price bundle on engaging contest. However sales promotion aim at increasing the purchase of consumers of a particular product. In addition various sales promotional tactics are focus on the gain a consumer will have and others are in a form interacting and communicating (Kotler 2002).

2.4 Ethnocentrism

The understanding of ethnocentrism comes with the idea and belief that item or products from one's ethnic environment are better to others. Marketers therefore distinguish between consumer segments that are likely to be interested in foreign made products and others which are not. Highly ethnocentric consumers tend to believe or think that buying foreign made products is inappropriate or wrong since it might have economic impact on the economy of the country. On the other side non ethnocentric consumers are likely to assess foreign –made products more objectively for their extrinsic characteristics (Schiffman & Kanuk 2007).

Ethnocentrism constitutes an intense preference for products that are made within the home country. Due to this consumers turn out to be ethnocentric as a moral

fulfillment. Ethnocentrism is the tendency for consumers to exhibit a favourable predisposition towards locally made products vis a vis overseas made product (Sharma & Shimps 1987). Ethnocentric consumers feel that it is inappropriate, immoral, unpatriotic and disloyal to a nation to purchase foreign –made products in place of domestic-made products. Ethnocentric consumers exhibit a greater preference for locally made products in purchase decision in which a domestic alternative is available. Brodowsky (1998) indicates that highly ethnocentric consumers are prone to biased judgment by being more of a mind to focus on positive side of local products and discount the virtues of foreign made products.

According to Netemeyer, Durvasula and Lichtenstein (1991), people with similar ethnocentric behavior believe themselves to be more advanced. This makes them consider others that are not part of them and are less advanced people while accommodating those which are related. By purchasing foreign products, evaluated as improper due to the cost on domestic jobs and also being unfavourable the economical situation locally. Engaging in the purchase of foreign made goods is equivalent to unpatriotic behaviour. Vida and Dmitrovic (2001) are of the idea that individual with the same level of ethnocentrism gain the understanding of being part of an association which they are well recognized in. With regards to non – ethnocentric individual consumers, there is no consideration on the country the product is coming from but rather buying decision is based on individual preference and importance.

According to Maheswaran (1994), the way consumers judge products is influenced by the products' country of origin. In other words, the country of origin of products has a strong influence on ethnocentrism. Consumers' attitude to foreign products may be positive or negative depending on which country it is coming from. Consumers tend to have stereotypical ideas about products and people of other countries and real product evaluation are almost always influenced by country stereotyping (Bilkey & Nes1982)

A study made by Brodowsky (1998) on ethnocentrism on individuals who purchase car in America revealed that there is an attachment involving a country of favoritism and ethnocentrism in the assessment of cars. Consumers who are less ethnocentric assess cars based on the advantages of the car itself to a certain extent than the country of origin. Brodowsky (1998), therefore, was of the view that understanding consumer ethnocentrism is very critical to the understanding of country of origin effects.

2.5 The Impact of Country of Origin

The term country of origin refers to the impact that product manufactured in some specific countries has on consumer purchasing behavior. Over the years, the phenomenon of country of origin (COO) has become known to both marketing academics and practitioners that consumers differentiate products from different origins, as this has effect on them.

Among countries underdeveloped, in economically, the choice for domestic products is likely to be weaker (Cordell 1992). In many instances, consumers from the communist countries and central Europe have preference for locally made products (Ettenson 1993). In addition, it was found that price was comparatively not as much of significance as country of origin among people from Russian, Hungary and Poland.

Several antecedents of country-of-origin image have been identified to explain the differences in country-of-origin evaluations and can be categorized as being either individual-based dimensions or country-based dimensions. Verlegh and Steenkamp (1999) tested two country-based antecedents, namely the country's level of economic development and its participation in multinational production arrangements.

These studies have revealed only the differences in national economic development have an effect on subject's country-of-origin image and product evaluations. As for subject-based antecedents, "consumer ethnocentrism has being distinct by

individualism/collectivism, power distance, country stereotyping and the degree of assimilation of host country stereotypes” which may help to explain differences in country-of-origin evaluations”. (Bamfo 2012)

Studies have also attempted to determine how consumers process country-of origin information when considering a product. According to Ahmed, Johnson, Yang, Chen, Han and Lim (2004), a consumer’s country-of-origin evaluation is typically processed in one of two ways, as a halo effect or as a summary construct. A halo effect means that the consumer uses her existing feelings towards a country to create an overall image of products from that country. In contrast, the summary construct is developed when the consumer uses her familiarity and evaluation of products from a particular country to generate an overall country-of-origin evaluation. For example, the consumer’s use of country-of-origin information depends on the degree of her familiarity with the product or product category. Consumers who are unfamiliar with the product may use country-of-origin information as a stereotype measure for other product attributes; therefore a positive country-of-origin evaluation will lead to an overall positive evaluation of the product. For consumers familiar with the product category, country-of origin image serves as a heuristic cue for those consumers wishing to process less information in order to make a purchase decision. For example, consumers who consider themselves as knowledgeable in consumer electronics may have an affinity for Japanese electronics in general, based on their positive experiences with specific Japanese electronic components in the past(Strutton and Pelton 1993).

Although country-of-origin image is commonly in reference to the location of production, the country associated with the product’s origin may not necessarily be the place of manufacture or assembly of the product. Country of-origin stamps have been legally mandated in foreign trading, raising consumer awareness of the product’s country-of-origin for the past two decades (Strutton and Pelton 1993). As outsourcing and cross-border manufacturing become more prevalent, hybrid and FDI-based product offerings are generating research interest. Some studies have

attempted to parse the country-of-origin variable into separate distinct dimensions, such as country-of-manufacture, country-of-assembly, country-of-parts and country-of design, thus producing interesting results from this decomposition of the country of origin concept. For example, country-of-assembly, country-of-parts and country-of design have been demonstrated to have an effect on consumer perceptions of product quality. In terms of relative strength, country-of parts carries more weight than country-of-assembly or country-of-design in explaining consumer evaluations of the product (Bluemelhuber, Carter and Lambe 2007).

When country-of-origin information is not specified, consumers generally associate the country-of-origin with the country-of-manufacture for that brand or product (Simonin and Ruth 1998). The differences in consumers “process of country-of-origin information may vary according to when they typically adopt new products in relation to the diffusion of innovations”. While innovators and early adopters of new technology tend to be interested in a product’s country-of-manufacture, the majority and laggards (those consumers who adopt a product in the later stages of its product life cycle) are more likely to assess its country-of-brand-origin when evaluating the product.

Similarly, consumer’s perceived country-of-origin is often incorrect and can differ from the actual country of production as a result of imperfect information and misconceptions within the marketplace. Several studies have confirmed that under non experimental conditions, the ability to accurately identify the country-of-origin of North American and Asian brands is universally low for consumers (Simonin and Ruth 1998).

Moreover these authors found evidence that these consumers did not use country of-origin information as often as other types of product information in making purchase decisions. Other informational cues, including product type, store prestige (, product warranty and price have been found to influence country-of-origin evaluation or moderate the effect of country-of-origin image on overall product evaluations.

Another cause of a possible decrease in the relevance of country-of-origin image as a determinant of product evaluation may be due to the preponderance of global branding and cross-national business alliances that have emerged within the last two decades (Ettenson, Wagner and Gaeth 1988),

These international strategies make it even more difficult for consumers to determine which country is associated with the product or brand in question. Depending on the information that is available to the consumers, they seek a degree of fit or congruency among the images of these countries, the brands and/or the products to affect their attitudes toward this strategic alliance as well as each of the individual companies participating in the alliance (Simonin and Ruth 1998). Another reason for the lack of country-of-origin effects upon purchase decision may be due to the number of product cues available to the consumer. Studies have found that alternative cues, such as price and brand play a more crucial role in predicting customer acceptance of products, suggesting that country-of-origin is more salient to those consumers with less product information (Olsen, Biswas and Granzin 1993). Nevertheless country-of-origin effects continue to be heavily investigated as an important construct in consumer behaviour, particularly in ascertaining product judgments.

Based on the findings of previous research, it is expected that country-of-origin image has a positive relationship with the consumer's product evaluations. It generally serves as a product attribute cue that may assist the consumer in making judgments about the overall evaluation of product, inferred from product-country assessments as well as the image of the country itself. Consumers also rely on country-of-origin image when developing an attitude about the foreign product; however it does not directly influence her willingness or decision to purchase the product (Bluemelhuber et al. 2007).

In Africa, various studies have been carried out to scrutinize the concept of country of origin and its impact in diverse field. For instance a survey made by, Okechuku

and Onyemaha (1999) in Nigeria revealed that imported products from advanced countries which are hi-tech were considered to be much more positively by people of developing nations compared to those from less developed countries.

Also, Ferguson, Dadzie & Johnston (2008) made research study through five West African countries in the process to assess the impact of county of origin. It was disclosed that circumstances relating to personal distinctiveness such as the aptitude to process given information and the motivation may impact country of origin characteristics in examining a service.

3 RESEARCH METHODOLOGY

In this chapter, the main methodological choices, data collection and reliability and validity will be described.

3.1 Case Study

Several research strategies exist for use in any research. However, this study will employ the use of a case study. According to Robson (2002) a case study is an approach for carrying out a research which includes an empirical examination of a specific current phenomenon contained by its framework genuinely using several sources to support the provided evidence. In highlighting the importance of context in a case study, Morris and Wood (1991) points that within a case study, the boundaries between the phenomenon being studied , the importance and the context within which it is being studied are not clearly evident. This strategy was chosen since the study seeks to gain a rich understanding of the context of the research and the processes being enacted (Morris and Wood, 1991). The case study strategy is ideal for this exploratory research and therefore adopts a single case study strategy with multiple cases.

3.2 Sources of Data

The study used more of the descriptive form of research. In this study, the data acquisition method was based on qualitative and quantitative studies.

3.2.1 Qualitative Research

Various commentators stipulate that qualitative research is a bit difficult to define. This is because of what is often seemed as it is variable, flexible and emergent. Mostly qualitative research is generally less structured than surveys or other quantitative studies. Some of the main types of qualitative methods are focus group, one-on-one interviews and mystery shopping. (Edmunds 1996, 11-12)

Qualitative research is considered to be more subjective. Various method are used in obtaining information, this include interviews, focus groups and mostly individual

support. Very few people are interviewed during in depth interviews and moderately small group of people are used in the research process. Respondents are usually asked to give feedback to

broad questions. Moderator for the group then look into and investigate their answers to discover and describe how people feel and their opinion and perception on the subject matter is examined, analyzing the extent of compromise that occurs among the group. Using this type of research can be cost effective in obtaining information on the needs of people. It also provides the platform to directly get responses and also have some observation on particular message or information.

The qualitative research will be used in data gathering process. It will be on interviews through Skype with company management while more inquires and feedback was obtained via email communication.

3.2.2 Quantitative Research

Quantitative research includes surveys and customer questionnaires, which allows companies to improve their services and products and enabling them to have a better informed decision. (Edmunds 1996, 9-10) Quantitative research is about asking people about their opinion in a structured way. For a reliable results and data, the sample has to be big enough and from the targeted market.

Quantitative research from its approach must be statistically valid giving a clear purpose and quantify results. Basically, this approach deals with objective, hard data and numbers. It generates statistics through the use of large-scale survey research, using methods such as questionnaires or structured interviews. Quantitative research approach was also used in this empirical study, when collecting data from customers using closed –ended questions.

3.3 Data Collection Method

Data collection is one of the central parts of the research activities. The complete research program depends on valid and accurate data and information, which may be

gathered by authors from different way. So the whole data collection process should be carefully planned and executed. (Chisnall 1997, 38)

There are two main categories of market research data: primary and secondary data. According to Hutt and Michael (2001, 150) primary data of research are often gathered to evaluate customer buying intention, attitude and behavior. Primary data have to be collected for the first time by either one or blend of:

- Observation
- Questionnaires
- Experimentation

(Chisnall 1997, 39)

In simple words, primary data are the main data and information which are collected and gathered by the author of the specific research problem.

According to Kent (2007, 72), secondary data can be divided into three main types: published sources, commercial sources and internal sources. Published sources are those kinds of data which has been already published for the public use. Commercial source data have been collected by survey agencies to their clients to fulfil their needs. Internal source data are the data collected by companies themselves. Marketing researchers also rely on secondary data, because it is quicker to access as compare to primary data. According to Chisnall (1997, 39) secondary data is existing information that may be useful for the purpose of specific surveys.

In this research work, data collection is very important and critical step. As the case company Kasapreko is trying to increase domestic market share, this study will reveal factors to consider in their marketing strategies. The study will utilise first hand data (primary data) which comes from the chosen respondents who will answer the survey questionnaires. It also includes data from the management under study.

The secondary data includes previous work on the subject and information on the background of Kasapreko Ghana limited - Accra is obtained from the company

The reason for the use of the two data sources was to provide adequate discussion for various stakeholders that will help them understand more about the issue and the different variables that involved with it

3.4 Population and Sample Characteristics

The population for the study is management and customers of Kasapreko Ghana Limited – Accra.

As regard to this study, the researcher took Accra Central as a geographical area to draw the sample size and Kasapreko as a case study. Accra is one of the industrial cities of Greater Accra region with a relative high dense population. Because of the administrative nature of the town, the inhabitants include people from different parts of the country. The main occupations of the actual inhabitants or the natives of Accra Central are trading, fishing and other business activities.

A sample size of one hundred (100) customers was employed to represent the whole population. A simple random sampling procedure was employed in selecting the respondents. This sampling method was chosen because it enables every member of the population the equal chance of being selected. Purposive sampling was also used to exclusively select the managers from the company in consonance to the target group of the topic.

3.5 Reliability and Validity

The two vital and basic characteristics of any measurement method are validity and reliability. Reliability is when your measurement is consistent. It means by using a certain kind of instrument for a test and the results on the subjects that is being tested is the same for the first and second try, then it is considered reliable.

Reliability has been defined as the degree to which an instrument or any measurement procedure such as questionnaire, observation or test yields the same outcome on recurring times. Briefly, it is the permanence or uniformity of results after many trials. Nevertheless reliability is related to results or score not respondents. Therefore, in a survey we cannot regard people or respondents were

reliable. For example, “consider judges in a platform diving competition. The extent to which they agree on the scores for each contestant is an indication of reliability. Similarly, the degree to which an individual’s responses (i.e., their scores) on a survey would stay the same over time is also a sign of reliability”. (Miller 2010)

Validity can be explained as the degree to which a device determines what it implies to measure or produce. For instance, a job performance can be as a result of a test used during screening a test that is used to screen candidate who applied for a job. We can therefore conclude that the test was valid. Many researchers uses different types of validity such as face validity, content validity concurrent and construct validity (Bordens & Abbott 2011, 276)

As indicated earlier the sample size of one hundred was considered to attain a high level of reliability. Respondents were selected from the tertiary students, entrepreneurs and civil workers in Accra and to be sure of the validity and reliability, only respondents buying imported alcoholic beverages were chosen.

Also a prior survey was conducted among fellow students to the clarity of the question and the time frame in answering the questionnaires. These respondents gave feedbacks on how they understand the questionnaire. All of the respondents in this testing group agreed upon that the questions are clear and understandable. The reliability of the research was improved because the questionnaires for consumers did not have any open questions.

The questionnaire was deduced from the theoretical review which aims at solving the research problem. All the questions were based on the theoretical concept of consumer behaviour, the marketing mix elements and country of origin which enables the attainment of the validity of the results.

As discussed earlier the test on fellow colleagues also increases the validity, because some important feedback was given which made it possible to clarify certain points which have to be changed since the respondent are in Africa-Ghana. The validity

was also positively influenced by the continuity during the research. Since the questionnaire is conducted face to face, respondents are given further explanation when needed.

However in the process of the qualitative research, management were not influenced by the researcher. The research was conducted in an honest and open manner; the interviews were analyzed in achieving the ideal purpose of the survey. In conducting, the interview transcripts were drafted. The validity of the qualitative research was enhanced as a result of using all of those factors which are mentioned above. The reliability of the qualitative research is based on the fact that respondents from management were selected from a precise department, in order to get insight on marketing to local consumers. Moreover they know much about the firm's activities both in the past and present supporting ideas that their opinions and responds to the questions can be deduced as reliable and valid.

4 EMPIRICAL FINDINGS

This chapter presents discussion and analysis of questionnaires received from the respondents and the interviews. The analysis and discussion are based on the factors influencing consumer switch from local to imported product in alcoholic beverage industry.

4.1 Case Company in Brief

Kasapreko Company limited (KLC) is located in the capital and one of the largest producers of alcoholic drinks in Ghana. This renowned company was set-up in the year 1989 in a suburb in the nation's capital called Nungua. This renowned establishment just like any other one has a vision that distinguishes it from that of competitors in the alcoholic and non-alcoholic beverage manufacturing industry, motive behind was due to the increase rate in consumer choice among other products. (Kasapreko 2012)

Kasapreko has identified as one of the key successes of its future growth its ability to provide high quality beverages for consumption that will therefore meet the needs of all its cherished and valued customers. Due to the increase in demand of customers, Kasapreko has established a new facility equipped with both manufacturing and processing plants which has given it a competitive advantage over both major and minor competitors in the industry. (Kasapreko 2012)

In addition, due to the increasing demand for its products and customers not only locally but also internationally, the company realized that it will be prudent to expand its operations. The company now exports to Nigeria and other West African Countries such as: Benin and Togo. This has led to a massive increase in customer base which has contributed to increase in sales and profit margin. The company exports to the Nigerian and other West Africa countries through distributors. (Kasapreko 2012)

4.1.1 The Need to Increase Production

Kasapreko Company Limited commences its operations purely as a local manufacturer of alcoholic beverages. The company is therefore not a born global company as it started exporting most of its products to other countries over ten years after the company started operations.

However, Kasapreko Company started exporting alcoholic beverages to neighboring countries which include: Nigeria which is the biggest market in Sub-Saharan Africa. This need was necessitated by customers in both Ghana and Nigeria who has purchase in country and therefore required products after their return to their home country Nigeria. Most Kasapreko customers who are citizens of Nigeria and have lived in Ghana for some years are said to be loyal customers and still demand the products when they go back to their home country, Nigeria. (Kasapreko 2012)

4.1.2 Products and Distributors

Kasapreko has put in effort to commence non-alcoholic drinks onto the Ghanaian market since the greater part all its products are presently alcoholic drinks. The company currently produce fourteen brands including “Brandy, Cocoa Liquer, Kasapak, Dry Gin, Lime Cardinal, Opemu Bitters, Ogidigidi, Alomo and many others”. Kasapreko currently dominates the Ghanaian market with over one hundred and thirteen delivery channels. It can be concluded that the company has reinforce meeting customers demand with a firm operations locally in Ghana. (Kasapreko 2012)

4.1.3 Alcoholic Marketing in Ghana

In Ghana, most of the advertised brands of Alcohol distilleries are members of The Association of Alcohol Manufacturers and Importers (AMMI) which the top ranking breweries are members. Prices of Alcohol sold are low and it makes affordable, even for the low-income earners. The cheaper produce of alcohol is the local spirits such as palm wine and are sold in small sachets. However, beer is also promoted as

affordable for large consumers of Ghanaians. As noted, Accra Breweries has launched a project in 2008 known as the Recommended Retail Price Project which influences many outlets to market their products with affordable prices to Ghanaian consumers. (Bruijn 2011)

Again, retailers are urged to promote their alcoholic products by showing the affordable prizes on large signs. Marketing an affordable prize is especially used in a market with increasing competition:

Not only promotion the product with affordable prizes, but also easy accessibility of the product is important to increase sales. Kasapreko Company Limited (KCL) has organized the Easy Access Depot Projects, to make their products popular and easily accessible in local communities. Alcohol beverages are marketed as a product that can be accessed from everywhere by everyone in Ghana.

4.1.4 Country Information

Ghana was a colonized country by the United Kingdom until it gained independence in the year 1957 and became a republic nation in the year 1960. Ghana was formerly called Gold Coast. The capital town of Ghana is Accra and is located in West Africa. Noted with various and unique ethnic groups and culture, the country has been divided into ten main regions with each region identified with unique culture and ethnic groups. (Gateway 2010)

The population of the country is diverse in their personality, historical, and cultural backgrounds. There are six main ethnic groups of which any Ghanaian may belong to any of these which may include: the Akan consisting Ashanti and Fanti, the Mole-Dagbani, the Ewe, the Gura and the Ga Adangbe. Ghanaians are from diverse ethnic groups across the ten regions which are distinguished by language, food, clothes, festival and other unique cultures which are used to differentiate one Ghanaian from the other. (Gateway 2010)

There are over 25 major and about 21 minor languages associated with many dialects. It is anticipated that about forty five percent speak the popular local dialect

Akan whiles ten and fourteen percent speaks Ewe and Ga. Lastly about twelve percent out of the total population speaks Guan. (Gateway 2010)

However Ghana's economy has been reinforced by a quarter century of comparatively sound administration, a competitive commerce atmosphere, and persistent reductions in the level of hardship. The country is abundant with natural resources and agriculture records for approximately one-quarter of gross domestic product and over half of the Ghanaian workforce, mainly small landholders engage in this sector. The formal sector produces 50% of GDP. Major sources of the country's foreign exchange come from resources such as gold and cocoa production and individual remittances are major. (Gateway 2010)

With the new found Oil production at Ghana's offshore Jubilee field which began in mid-December, 2010, is expected to enhance economic growth. Ghana has signed a Millennium Challenge Corporation (MCC) Compact in 2006, which aims to assist in transforming Ghana's agricultural sector. Ghana as a developing nation chooses debt liberation from the program Heavily Indebted Poor Country (HIPC) in the year 2002, and as well gaining other assistance from the Multilateral Debt Relief Initiative which started in the year 2006. (Gateway 2010)

In 2009 Ghana signed a three-year Poverty Reduction and Growth Facility with the IMF to improve macroeconomic stability, private sector competitiveness, human resource development, and good governance and civic responsibility. Sound macro-economic management along with higher prices for oil, gold and, cocoa helped sustain high GDP growth in 2008-12. (Gateway 2010)

4.2 Findings and Discussions

A total number of 100 questionnaires were administered in the Accra Metropolis and the marketing manager and two marketing executives were interviewed. The purpose of the questionnaires was to find out the various reasons why consumers move from buying local alcoholic products to imported one.

Out of the total 100 respondents, 56 percent were males and 44 percent were females representing 44%. This implies that both female and male consumers in Accra- Ghana purchase alcoholic products. This is represented in the Figure 3 below:

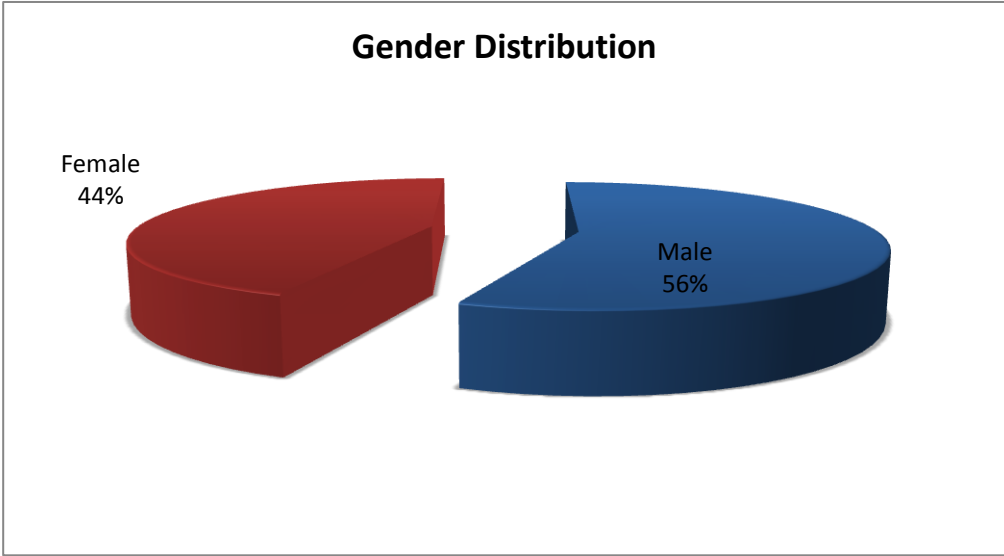


Figure 3. Gender distribution.

Respondent's age consist of tertiary students who were over twenty (20) years and above constituting 15% and entrepreneurs and civil workers were 40% and 45% respectively. This is illustrated in figure 4.2 below

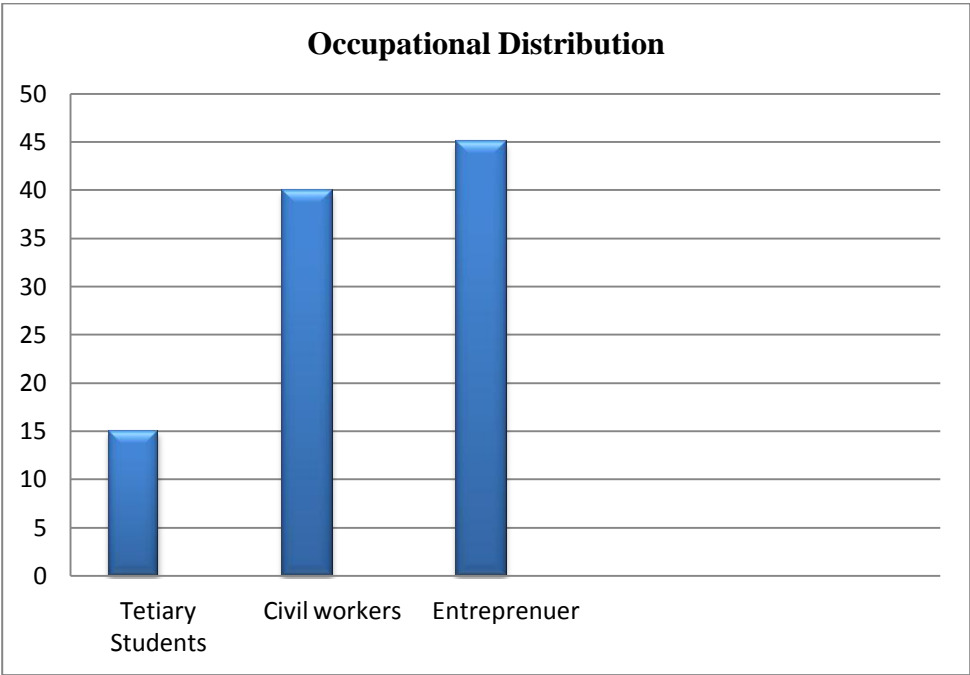


Figure 4. Occupational distribution.

Out of the 100 respondent, 55% admit to have been using Kasapreko products more than three years whiles 25 % have been using their products for two to three years. However the rest of the 20 % of the respondents had used Kasapreko product above six month to a year. It can be deduced that majority of the consumers have used Kasapreko products over two years.

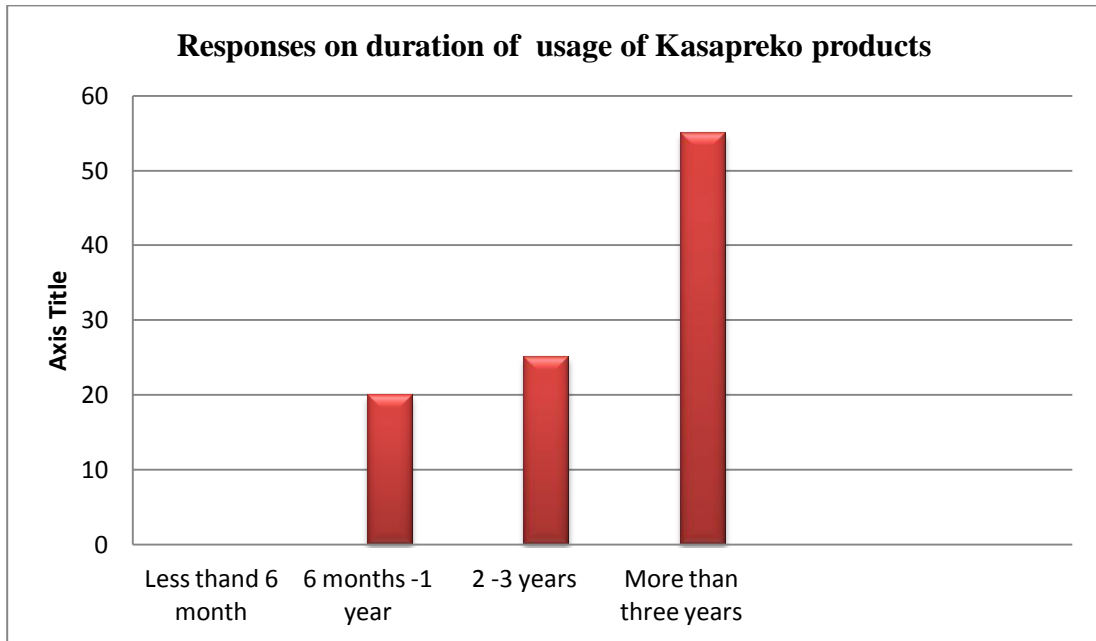


Figure 5. Duration of usage of Kasapreko products/

Consumers' attitude towards purchasing of products is of significant importance to marketers (Schiffman & Kanuk 2007). Attitude in this situation refers to whether consumers deliberately move from buying local products to imported products. High ethnocentric consumers look for the country of origin and make purchase decision in favour of those products made in their own country (Maheswaran 1994). Less ethnocentric consumers do not concern themselves with product origin but purchase decisions are objectively made; more often in favour of foreign products (Shimps & Sharma 1987).

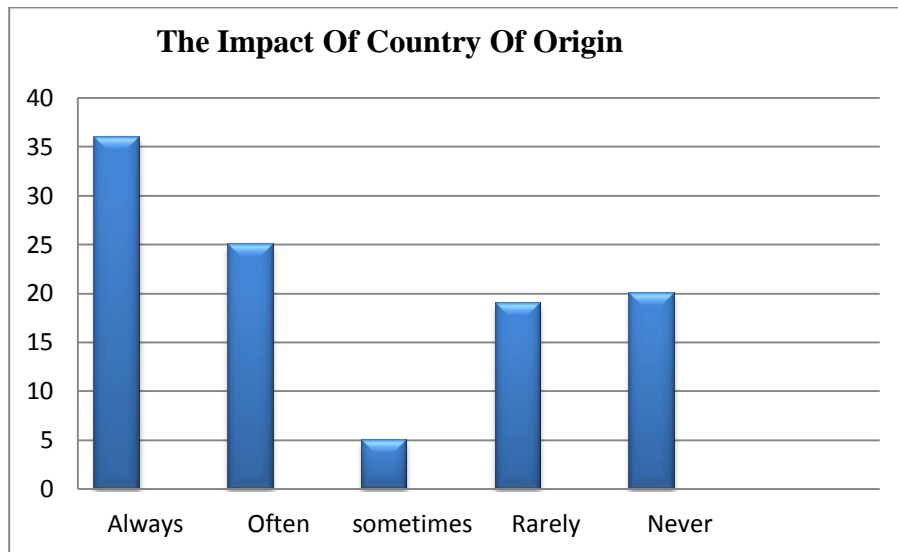


Figure 6. The impact of country of origin.

Figure 6 represents the finding on the impact of country of origin on the consumer buying behavior in Ghana. It was indicated from the survey that 36% of respondents always consider the country of origin before they purchase products and these are not made in support of made in Ghana products. Their attitude towards made in Ghana products is, therefore, negative. Also, 25% of consumers often consider the country of origin while 5 % of the respondents sometimes think about it before making purchase decision in favour of products made from other countries. 19 % indicates rarely , while the 20 % of the respondents opted that it never affects their purchasing decision. This category of consumers are, thus, less ethnocentric. It can be deduced that this does not suit well for Ghana as a developing country. As an up-and-coming economy like Ghana, there is a need of highly ethnocentric consumers who understand and make deliberate purchasing decisions in favor of products made in Ghana before considering those made elsewhere.

Again when respondents were asked what their brand preference of alcoholic beverage was, responses indicate that 47% prefer both local and foreign brand, as 26% prefer foreign brand and 8% prefer strongly foreign brand. On the other hand

19% of the respondent also prefer local brand as the remaining 10% prefer strongly local brand. This is represented in the Figure 7.

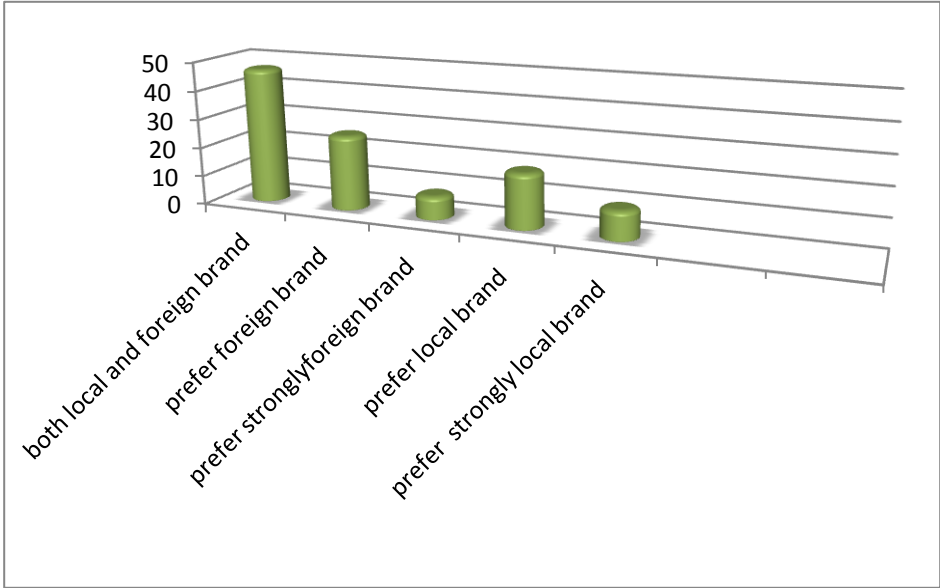


Figure 7. Alcoholic beverage brand preference.

In conclusion, consumers have preference for both local and foreign brands but with which the majority of 26% preferring foreign brands. This gives the signal that indeed there are factors that influence these people to purchase imported alcoholic beverage instead of the locally made ones.

On the issue of availability of a product to the consumes, the findings indicate that 30% of the customers responded that the imported products are often accessible. While 25 % of them stated that imported alcoholic products are sometimes accessible. However we can conclude that the majority of the respondents constituting 35 %, respond that imported alcoholic products are always accessible. (see Figure 8).

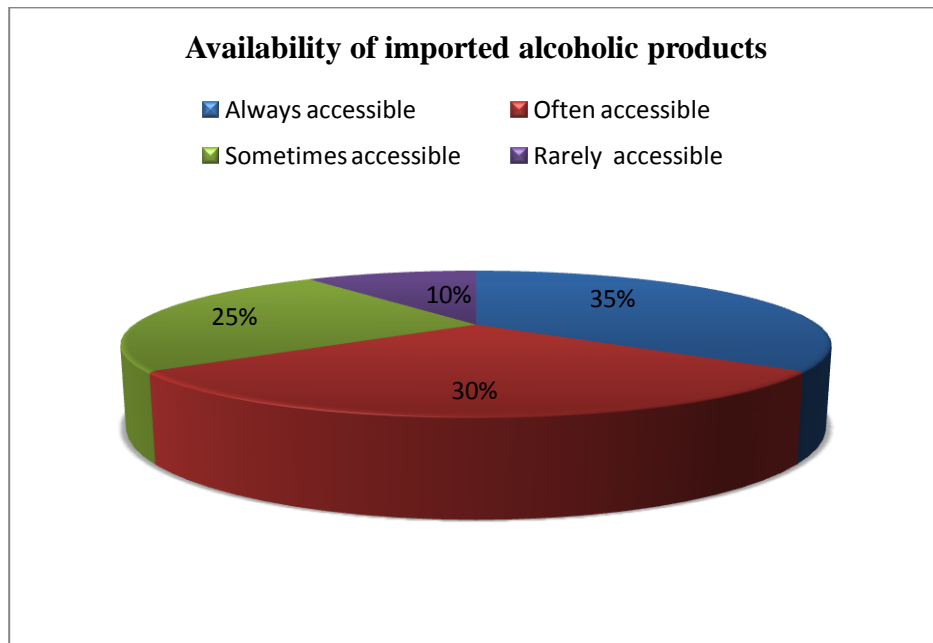


Figure 8. Availability of imported alcoholic products.

The reason behind the availability is that products are imported are of low import tax and has a moderate price for consumers so they come in large quantities. Generally consumers will look for products that are of good quality since quality has a direct link with customer satisfaction (Kotler & Keller 2006). For consumers to be highly ethnocentric there is the need for the local products made in the country to be of good quality (Sheth et. al. 1999).

Consumers search for products that will give them the benefits desired (Kotler 2003). Vida and Dmitrovic (2001) are of the view that if consumers believe that foreign products will give them more benefits than those made in their own country, purchase decisions will more often in favor of foreign products. The only exceptions are those consumers who are highly ethnocentric who may make decisions in favor of local products despite their deficiency in quality (Watson & Wright 2000, Maheswaran 1994). However, as indicated earlier, this category of consumers in Ghana are not in the majority.

The study further delved into the reasons why some consumers buy imported alcoholic products. Various reasons were given by the respondents, as shown in Figure 9. Top on the list is Taste indicating 45%. The other reasons with their respective percentages Affordability (18%), Quality (21%), Attractiveness-Packaging (11%). This corroborates the study of Balabanis, Diamantopoulos, Mueller & Melewer (2001) who found that “determinants of consumer ethnocentrism varies from country to country and culture to culture”.

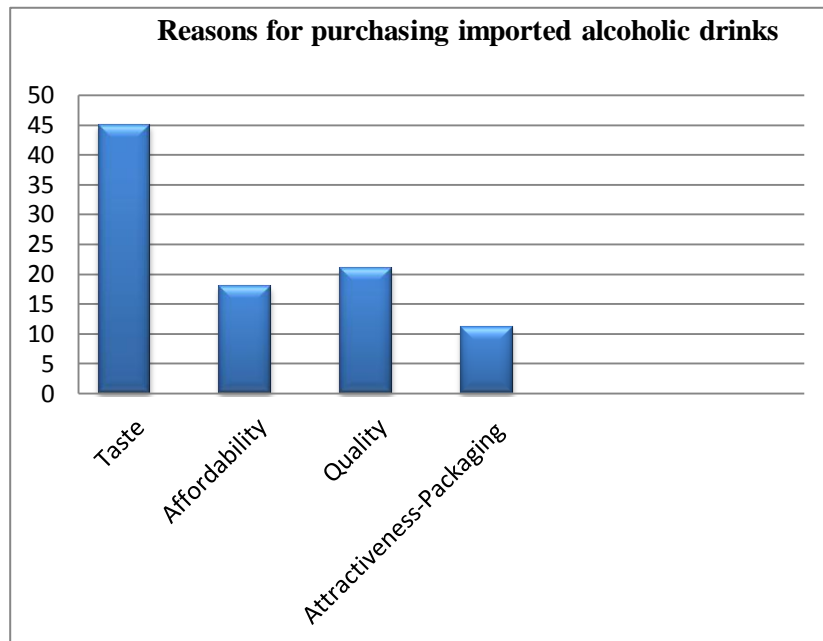


Figure 9. Reasons for purchasing imported alcoholic drinks.

However, in collectivist cultures like Ghana, affordability has become another important factor. Quality, the next important factor is defined simply as freedom from defect and the ability of the product to perform what it is supposed to do (Kotler 2003). It is also described as the ability of the product to satisfy stated or implied needs (Kotler & Keller 2006).

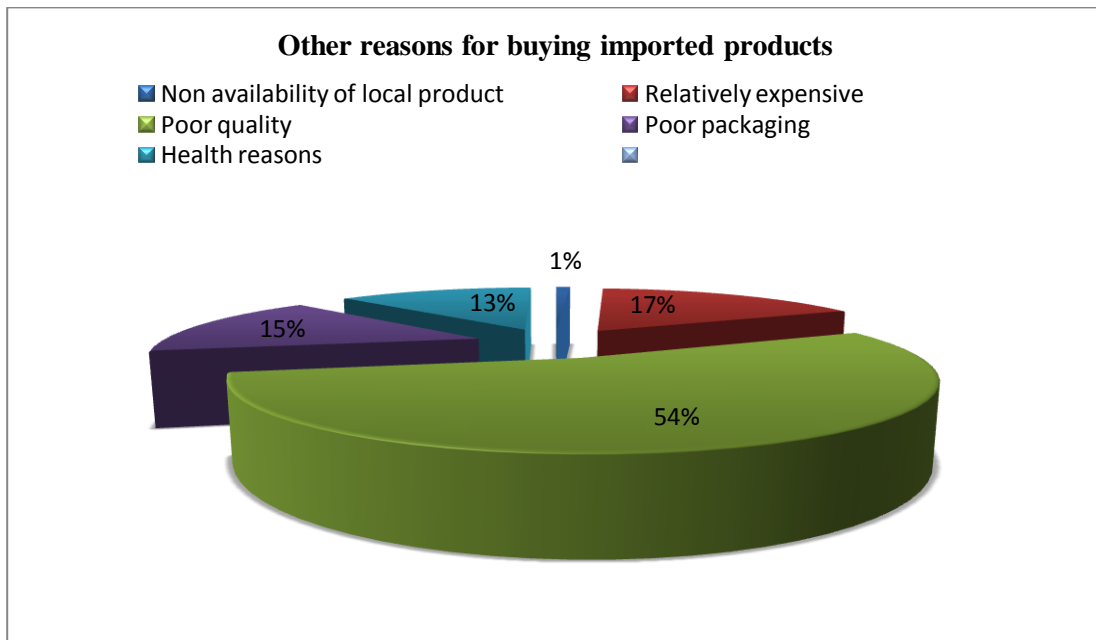


Figure 10. Other reasons for buying imported products.

Just as some consumers have reasons for buying made in Ghana products; others have reasons for not buying made in Ghana products which they added to their responses. The factors were, non availability of local product (1%), poor packaging (17%), poor quality (59%), health reasons (14%) and relatively expensive (19%) which are presented in Figure 10. On top on the list is poor quality. Consumers get value for their money. As stated earlier, consumers buy benefits and not just products. High ethnocentrism thrives on the production of good quality products that compare favorably with imports (Damanpour1993, Elliott & Cameron 1994, Herche 1992).

Affordability is of great importance to consumers (Kotler and Keller 2006, Jobber 2007) in the world and Ghana for that matter where income levels are low. It therefore stands to reason that consumers in Ghana may want to be patriotic by patronizing goods made in the country. However, if prices of foreign goods are lower than those produced in the country, patriotism will be sacrificed for affordability. With regards to preferred price level of alcoholic beverage products, out of the total

respondents 30 percent concluded that prices of imported products are moderate while 70 percent of them concluded that they are expensive.

Kotler and Keller (2006) state that consumers take pleasure in buying products that appeal to the visual sensibilities. 40 percent from the total respondents added that they did not purchase products made in Ghana because of poor packaging. However good manufactured products come as a result of quality and it must capture the eyes of consumers to enjoy good patronage (Jobber 2007).

Quality is important because consumers buy benefits and not just products. Consumers desire products that meet their expectations and will not sacrifice quality. This explains why the percentage of quality is higher than that of affordability. In a developing country like Ghana where incomes are lower, one would expect that affordability would be the main reason for buying local products. However, this was not the case. This explains that quality is more important to customers than affordability (Blythe 2009).

Ghanaians have many reasons for their purchases of foreign alcoholic drinks are based on various reasons. 60 percent of the respondents have indicated that they buy foreign alcoholic drinks because of the quality adding to their taste is great. 20 percent of the respondents claimed that they pay attention to the brand name. 10 percent of the respondents also indicate that their loyalty to some particular foreign alcoholic drinks is due to the loyalty to that brand. Most of the respondents added that it also signifies status and image in the society.

4.3 Discussion with management

In order to get more in-depth understanding of the case company's marketing activities, two managerial interviews were conducted. In these interviews, various aspects related to Kasapreko's marketing activities were covered. These issues will be dealt in the following subchapters.

4.3.1 The Effect of Country of Origin on Kasapreko Marketing Activities

To examine the impact of country of origin, the interview started by asking if imported alcoholic products from specific countries affect the case company's marketing activities. As indicated by some of earlier research findings, the behaviour of consumers to the buy local products can be used to demonstrate self interest and patriotic, and also result of manufactures efforts through promotion. Findings based on the question above reveals that indeed imported alcoholic products affect the marketing of Kasapreko especially from countries like Germany, USA and United Kingdom. They added that high quantities of the alcoholic drinks are been imported into the country through Togo as their transit point. Many of these products are smuggled into the country in large quantity and been sold at a cheaper price.

4.3.3 Message coverage of originality

Secondly, a follow up question was asked to find out if the company's message coverage transmits originality of alcohol drinks made locally in minds of Ghanaians and if yes what are some of the medium use. Responds from management reveals that as a result of stiff competition and proliferation of sales among alcoholic beverages products in Ghana with foreign brands due to trade liberation policies, there has been a remarkable increase in the use of promotional activities in order to survive in this competitive environment. This made many firms to put emphasis on meeting the needs of consumer and to satisfy them by improving the quality and other attributes by conveying this in suitable message to the consumer. The research findings based from management on the above point out that advertisement of Kasapreko always carries a message of originality to consumers that their products are locally made. The messages are in the popular local language and displayed visually on television and radio.

4.3.4 Price Comparability

A further question was asked to find out how are the prices of Kasapreko products comparable to imported ones, because price deals are certainly the most frequently used promotional strategy that can be use a competitive environment. Based on the question, management revealed that prices of their product compared to imported ones are comparably cheaper, since over the years the company has increased different varieties in order to give consumer choice, offer affordable products and also a platform to always have a local taste.

This is because, aside to their low production costs, the company holds Ghanaian consumers' satisfaction a priority. They offer a price deal for their customers especially for wholesalers and retailers by reducing the prices which some reserve can be made from the money spend on promoted products. For retailers and wholesalers, they have made a provision of price discounts which are usually channel to inform their prospective customers through sale personnel, window exhibition, publicity in newspapers and frequent advertisements on television and radio. In addition, such price promotions are effective in capturing the awareness of consumers, especially at the time of buying products in the midst of related brands. These also persuade consumers in ad hoc or impulse purchasing behaviour.

4.3.5 Activities Enhancing Local Consumption

The discussions with management also sought to ascertain information on some of the activities in which the company engages to enhance local consumption. It has been noted that currently, imported alcoholic beverages in Ghana, exceed the volume of distilled local made by Ghanaian manufacturers. Consumer psychology is considered one of the main reasons for the situation. Many people buy goods just because they are imported from a foreign country considering quality as a secondary issue.

However management revealed that some of the activities undertaken to enhance local consumptions are

- ✓ Improvement in their technological setting to boost production
- ✓ Focus on quality
- ✓ Low prices
- ✓ Improve the packaging of their products which has now given consumers' preference for imported goods.
- ✓ Focus on intensive advertisement.
- ✓ In order to make the promotion more effective they coordinate efforts to achieve national brand recognition through seminars and exhibitions featuring high-quality Made in Ghana products.

The publicity promotion effort is to increase awareness of people on the need to use made-in-Ghana product since local herbs are used in distillation which gives the local tastes and serve as medicine in many cases.

4.3.6 Product Awareness Creation by Kasapreko

In response to the question how the company creates awareness of their products, findings proved that advertising is the appropriate move during the initial stages of creating brand awareness and consumer base in the alcoholic beverage industry. Advertising facilitates the creation of brand awareness and promotes the new product. The reason for this is based on factors like advertising being the most common form of media, available to the target customer and the access rate to these forms of media. Further reason for arguing in favour of advertising is that during that majority of the Ghanaian population either listens to the radio or watches television.

Most Ghanaian homes own a radio or a television, with the very common TV channels such as GTV, Metro, VASAT 2, Adom TV3 and TV Africa. The common

radio channels include Radio Gold, Joy FM, Asempa FM and City FM. The responsiveness to adverts aired on radio or shown on the television, prove to be effective and efficient compared to advertisements in newspapers and on the Internet. However, street promotion has been frequently use for the past few years since it has been yielding positive feedback from consumers.

It was also added that Kasapreko for the past few years has started the sponsorship which is promoting the image of the company and has also improved their packaging. They believe packaging as it stands plays important role in appealing to consumer adoption of a product.

4.3.7 Government support

With regard to promoting made in Ghana products, Kasapreko management confirm that the government is helping to enhance the consumption of the locally made products. Ghana Trade Sector Support Program (TSSP) is one medium the government channels its supporting activities to promote local industries in their production.

Therefore, the campaign of the Ghanaian government on “buy made in Ghana goods” is a step in the right direction. However, there is the need to investigate how this has influenced consumer attitudes towards made in Ghana products. Elliot & Cameron (1994) in their studies indicate that the commencements of any national campaign are with the intention of creating patriotic base for buyers to make preference to local manufactured products comparative to imported product and increase sales return on locally made products.

4.3.8 Meeting Local demand

To the question if Kasapreko (KCL) meets local demand, management confirmed that the company has increased its production capacity to 40, 000 bottles per hour from the previous 15,000 bottles per hour. They added that the rise in the company’s

capacity was as a result of increase in demand from consumers in the country and outside.

Further explanation indicated that it was the company's vision to move from just a Ghanaian company to a multinational one by producing in large quantity to meet the increasing demand of their customers across the continent.

The company's fastest selling product, Alomo Bitters, a functional drink made up of seven different herbs has widely been accepted on the local front and beyond as a result of its medicinal properties. Due to the key competition in the country and increase in demand Kasapreko (KCL) export some of their products to Nigeria, Benin, Togo and now to South Africa. They use wholesales, retailers and direct distribution channels to reach their customers.

Finally management concluded on the opinion that the reasons regarding why some consumers choose to buy imported alcoholic products than locally made in Ghana are attributed to personal factors such as status, change in taste, perception value and also consumer feeling that imported drinks are of better quality than the locally made ones.

In addition to the above, the smuggling of large quantity of competitive products in the country gives the edge to many consumers to go for substitutes without considering quality. They added that they admit that some of the imported alcoholic drinks are of high quality while some are of low quality.

Many individuals today make preference to imported goods to be of superior quality (Bilkey & Nes, 1982). These people are considered to be less ethnocentric patrons who are involved in purchase decisions in support of goods they believe will offer them the greatest satisfaction regardless of whether they are from abroad or domestically manufactured (Schiffman & Kanuk 2007).

5. CONCLUSIONS

In this chapter, a summary of thesis, recommendation for companies as well as ideas for further research will be discussed.

5.1 Summary

The main purpose of the study is to assess factors influencing consumers switch from local to imported products. The first chapter outlines the introduction of the study from which it was indicated that enhancement in communication in the media today has paved ways for convergence of taste and preference in a numerous product categories across the globe. Consumers in developing countries such as Ghana have been inspired to demand the same quality of products than in other developed countries, as a result of the increase in globalization.

In order to resolve the issues on the causes of consumer attitude towards local and imported products in the Ghanaian market, the aim of the research was to bring out some of factors influencing this change in purchasing decision. Also the risk associated with marketing decision by providing information outlining the basis of the entire decision making process which is applicable to all aspect of marketing mix decision. In addition should be the core part of the process formulating marketing strategy will assist the case company and other local industries in Ghana

Based on the literature review the second chapter shed some light on important concepts help to reach the purpose of this study. The following four were the main concepts:

Consumer and consumer buying behaviour was the first concept used under the study. This provides the understanding of the integral process of decision and activity of people engaging in selecting, purchasing and consuming and disposing products. It also highlights on the various social, cultural, personal and psychological influencing consumer behaviour.

The marketing mix was the second concept which explained the 4Ps namely product, price, promotion and place.

As the third concept, the impact of country of origin explain the effect that product manufactured in some specific countries has on consumer purchasing behavior. Consumers who are unfamiliar with the product may use country-of-origin information as a stereotype measure for other product attributes; therefore a positive country-of-origin evaluation will lead to an overall positive evaluation of the product

Ethnocentrism was chosen as a forth concept, which comes with the idea and belief that item or products from ones ethnic environment are better to others. Highly ethnocentric consumers tend to believe or think that buying foreign made products is inappropriate or wrong since it might have economic impact on the economy of the country

The above concepts generated ideas which served as a basis for evaluating the results and concluding the purpose of this study.

The third chapter presented the methodology used in the research process, consisting both qualitative and quantitative approach. Responses were gathered from the questionnaires administered to consumers while two management representatives of Kasapreko were interviewed.

Analysis of the empirical research was presented in Chapter Four. Both management and consumers made additional comments stating that they found the subject matter make consumers switch from the locally made products, not only alcoholic beverages but also other product category, will revitalize the local industry and the economy as a whole leading to encouraging local consumption.

In total the empirical results pointed out that Ghanaians distinguishes foreign alcoholic products with attributes such as superior, high quality, attractive, great taste, brand name, personal choice and also social influence considering the fact that they are from developed countries.

Therefore, the consumers had a higher tendency to purchase imported alcoholic products. The Ghanaian consumers' attributes are quality-oriented who are prepared to patronized high quality imported products with the liberty to choose among different brands and without being limited to a particular brand.

5.2 Recommendation for Local Companies

Countries of the developing world must be encouraged to improve upon the quality of the goods and services they produce so as to raise the confidence level of local consumers and to also enable them fully compete with the international firms.

Firstly, it is recommended that local industries especially those in the manufacturing sector must find ways and means of reducing their cost of production. This reduction of production cost can be achieved by producing on a large scale so as to enjoy economies of scale in the unit cost of production. They can also do backward integration where they owe some of the raw materials production and thereby having an advantage when it comes to pricing. Also the production of different varieties of alcoholic drinks must be encouraged so as to help reduce the overdependence on foreign drinks on the part of consumers.

Secondly the campaign "Buy made in Ghana" must be intensified. This process must not be the duty of the government alone but the manufacturers and the Ghana Association of Industries as well. It will take a long time to change consumer buying behaviour which needs effective use of promotional channels. Also Ghanaians must be well informed on the positive impact of consuming locally made products. This means that an integrated communication mix must be adopted where all the communication tools are used such as radio, television, newspapers, billboards, flyers, and sponsorships to sensitize the consumers on the need to purchase locally made products.

It is also suggested that developing countries should pay attention and making preference to improve the image of local products by separating the image portion of

country of origin which affect consumer choice. Another reason why it must be intensified is the fact that the brand perception of locally made products such as beverages are to a large extent considered as of low quality.

On the other hand, “developing country consumers attitudinally prefer foreign brands not because of perceived quality but also as enhancement of social status” (Zhou and Belk 2004). Again, Ghanaian consumers’ choice of products depends mostly on country of origin which they regard as significant than cost to afford or other product features such as brand and packaging etc. Other considerations are also made to brand names, higher quality and consumer taste which affects the preference for foreign products.

The results suggest that the government and manufacturers have a big challenge in developing a vibrant manufacturing industry and changing the attitudes of its consumers towards domestic products. The government could also strategically help local firms to compete with quality products at affordable price by way of instituting subsidies and incentives to encourage them.

Local manufacturers should as part of their strategy for growth or expansion could take into consideration joint venture or licensing arrangements with well known foreign establishments so that the final product could have that “foreign association”. This is because there is a positive relationship between consumer behavior and a brand.

The above suggestions can however be carefully considered and used as a basis by Ghanaian local manufacturing industries in their strategic marketing decision to argument their effort so as to increase their domestic market share and growth which will also boost the country’s economy in the long run.

5.3 Recommendations for Further Studies

The findings from the study conducted on a sample of Ghanaian consumers in the capital city, Accra who are more likely to be aware of the country origin of products

as compared to those in the rural areas whose literacy rate are also low. It is suggested that the range of respondents should be expanded to include other nine regions in Ghana to ensure adequate representation for effective overview of the results.

In addition, this study could also be stretched to other products such as domestic ones to enable producers enhance their marketing efforts as well as improving their exporting to other countries and decrease the excess dependence on foreign made products. An example is the locally made Ghanaian rice and poultry compared to imported products from developed nations.

Again, this study made consideration to only one product group. However, future research in this field should also consider other product types and additional countries since consumer assessment varies from one product to the other and country by country. This is due to the impacts of factors influencing consumer buying behaviour such as social, cultural, personal and psychological factors.

Finally, in order to cover wide scope and to also enhance understanding, future study could be done so that focus groups will be used to discuss the findings of the survey. This may help to generate qualitative explanations from the consumer point of view regarding to the purchasing of imported products.

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Appendix 1

Questionnaire concerning accessing factors influencing consumer switch from local to imported products a case study of Kasapreko.

Dear respondent, I am humbly inviting you to partake in a research survey with regards to the above caption. I assure that your answer will not be recognized with you personally. This research is purely academic and any information given will be used for only that purpose. I pledge the confidentiality of the information given. I will share the main results in the bachelor thesis at the Vaasa University of Applied Sciences.

The completion of this survey takes about 10-15 minutes. I hope you will take the time to fill in answers to this questionnaire and return it. If there are any questions in answering the questionnaire, you can kindly reach me on the email address: dkshapiro2008@yahoo.com

Please tick (√) where appropriate.

1. Gender

Male Female

2. Age

20 and below 21-30

31-40 41-50

51 and above

3. Occupation status

Student Civil worker Entrepreneur Other

4. How long have you being using product of Kasapreko?

- a) Less than 6 months
- b) 2 to 3 years
- c) 6months -1 year
- d) More than 3 years

5. What is your brand preference of alcoholic products?

- a) I prefer strongly local brand
- b) I prefer local brand
- c) I prefer both local and foreign brand
- d) I prefer foreign brand
- e) I prefer strongly foreign brand

6. What is the preferred price level of foreign alcoholic beverage products?

- a) Very cheap
- b) Cheap
- c) Moderate
- d) Expensive
- e) Very expensive

7. a) How will you consider the availability of imported alcoholic products?

Always accessible Often accessible Sometimes accessible
 Rarely accessible Never accessible

b) Other reasons apart from the above

8. What are the reasons why you buy foreign alcoholic drinks?

- a) Quality
- b) Attractiveness

c) Brand name

d) Brand loyalty

9. Does the country of origin affect your purchasing decision of products?

Always Often Sometimes

Rarely Never

10. What is your general opinion regarding the purchase of foreign alcoholic products in Ghana?

.....

Thank you for your time.

Appendix 2

NB: For Management only

Interview guide concerning accessing factors influencing consumer switch from local to imported products

1. Do imported alcoholic products from some specific countries affect your marketing? If yes why and how?
2. Does your message coverage give originality of alcohol drinks made locally in minds of Ghanaians? If yes what are some of the medium use?
3. How are the prices of your products comparable to imported ones?
4. What are some of the activities of the company engage to enhance local consumption?
5. How does your company create the awareness of Kasapreko products?
6. Does the government help in promoting your product and how? If yes what are some of the means used to boost local consumption?
7. Does the company meet the local demand for the alcoholic beverages? If yes, what channels are used to make the products available to consumers?
8. In your general opinion what are the reasons regarding why some consumers choose to buy imported alcoholic products than locally made in Ghana?

Appendix III

Interview Information

The sample size of this research consisted of the marketing and sales manager and one marketing executive as respondents who are engaged marketing and sales of Kasapreko (KCL) products. The respondents were selected as result of convenient grouping. Below are their profiles as at the time of the interview.

First Respondents

Nunoo Kojo

Marketing and Sales Manager

Contact Address: info@kasaprekogh.com

Method of Interview: Skype to telephone interview

Interview Duration: 15 – 20 minutes

Place: Accra - Ghana (Kasapreko main office-Nugua)

1. Interview Date: 10th April, 2013

Time: 15:00GMT

2. Interview date: 24th April, 2013

Time: 14:00GMT

Profile of Respondent 2

Name of respondent: Ansah Francis

Position: Marketing executive

Contact address: info@kasaprekogh.com

Interview method: Skype to telephone interview

Interview Duration: 15 – 20 minutes

Place: Accra - Ghana (Kasapreko main office-Nugua)

Interview Date: 12th April, 2013

Time: 14:00GMT