

BIAS PHENOMENA ATTENDANT TO THE MARKETING OF FOREIGN GOODS IN THE U.S.

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When entering foreign markets, sellers face quotas, tariffs, and non-tariff barriers. In addition, they may face an intangible barrier in the form of consumer bias on the basis of product origin. Since 1965 several articles have appeared dealing with bias phenomena and with the efficacy of marketing strategies designed to avoid, accommodate, or circumvent consumers' negative predispositions.

The first study reported dealt with product bias and predilection in the Central American Common Market (CACM).¹ Guatemalans examined and evaluated identical products labeled to reflect different origins. They rated the products of the control country, Mexico, equal to their own, but rated the products of other CACM member countries inferior to their own. It was concluded that the regional jealousies, suspicions, and fears which have long frustrated political cooperation in Central America are operative in economic matters as well.

A study of American consumer bias against products of foreign origin was reported in the Fall 1966 issue of the *Journal of Retailing*.² Respondents didn't examine actual products but evaluated them as abstract concepts. Bias was demonstrated against goods of foreign origin, against particular classes of goods (fashion, mechanical) of designated origins, and against specific goods of particular origin. Concurrent studies at the University of Missouri produced essentially the same findings and suggested that bias was particularly strong against the manufactured goods of developing countries.³

Several studies designed to test countervailing marketing strategies followed; one of the first dealt with regional labeling.⁴ It was noted that consumers had responded to goods labeled nationally, "Made in Japan," "Hecho en Mexico." It was reasoned that since images are in-

1. Robert D. Schooler, "Product Bias in Central American Common Market," *Journal of Marketing Research*, 2 (November, 1965), pp. 394-397.

2. Curtis Reirson, "Are Foreign Products Seen as National Stereotypes," *Journal of Retailing*, 42 (Fall 1966), pp. 33-40.

3. B. Saltzmer, "U.S. Consumer Attitudes Toward Foreign Products" (unpublished research paper, University of Missouri, Columbia, 1966).

4. Robert D. Schooler and Don H. Sunoo, "Consumer Perception of International Products: Regional versus National Labeling," *Social Science Quarterly*, (March 1969) pp. 886-890.

ferred constructs varying in preciseness, regional images should be less definitive than national images, less clearly perceived; therefore, regional likes and dislikes should exist at lower levels of intensity, tending toward neutrality. If such were the case, the result should be a reduced probability of the emergence of a generally shared bias against a region or its products.

Such reasoning led to a study of bias against the manufactured goods of developing areas labeled regionally, "Made in Asia," "Made in Latin America." Bias against regionally labeled goods could not be proven statistically significant, and the technique of regional labeling appeared to hold possible promise.

In the February 1966 issue of the *Journal of Marketing Research* consumer bias was shown to be price elastic.⁵ It was postulated that with some consumers the negative predisposition against a foreign product was of sufficient intensity to make the product totally unacceptable. With other consumers the bias simply resulted in a lowering of perceived quality, in which case a compensating price concession might reestablish the value comparable to that offered by the domestic good. It was shown that for many consumers the effect of bias on the product selection decision can be offset with price concessions. As the price differential between the domestic and foreign good was increased, increasing numbers of consumers switched to the foreign good against which they had evidenced bias.

In the November 1967 issue of the *Journal of Marketing Research* a study was reported in which consumer bias was reduced through exposure to selected communication and promotion treatments.⁶ In the same study, bias was shown to dissipate when the foreign good was associated with a prestige retail outlet.

Though they have served well as explanatory work, each of the studies reported suffers a common limitation—a sample drawn from a university student population. Students presumably constitute a more homogenous group than do consumers at large; consequently, the representativeness of the sample is open to question. Furthermore, the use of student samples precludes meaningful socio-demographic analysis. It would appear that if research on bias phenomena is to progress, it must do so with samples more representative of the population.

The purpose of the study reported below is to test bias phenomena with a broadly-based, representative consumer sample. An effort was made to include as many of previously tested hypotheses as possible and to accomo-

5. Robert D. Schooler and Albert R. Wildt, "Elasticity of Product Bias," *Journal of Marketing Research*, 5 (February 1968) pp. 78-81.

6. Curtis Rierson, "Attitude Changes toward Foreign Products," *Journal of Marketing Research*, 4 (November 1967), pp. 385-390.

date untested hypotheses suggested by student sample studies. It was possible to test not only for the existence of bias on the basis of origin, but for the relative strengths of biases against different origins. The magnitude of concessions or promotional effort needed to offset the effect of bias would provide a measure of the relative difficulty of offsetting biases against different origins.

The student sample studies showed bias to vary by origin and by product category. It was postulated that bias against the products of a particular origin might also vary by socio-demographic group, and the issue was tested. A knowledge of the product categories and market segments in which the probability of success is highest should be of great value to the foreign seller in selecting product offerings.

A final issue tested was the effect of the type of stimulus used. Some student studies used a tangible stimulus, the actual product; others used an intangible stimulus, the product as an abstract concept. Results could vary by type of stimulus and, if they do, the highest degree of caution should be used when comparing or contrasting studies using different types of stimuli.

HYPOTHESIS

Set 1 (hypothesis previously tested with student sample)

Hypothesis I

Statistically significant differences exist in the evaluation of products by American consumers on the basis of the origin of the products. (This hypotheses has been substantiated with student samples.)⁷

Hypothesis II

American consumers are significantly less biased against foreign products labeled regionally, i. e., consumers evidence significantly lower levels of bias against products labeled "Made in Asia" than against products labeled "Made in India"; significantly lower levels of bias against "Made in Latin America" than against "Made in Chile," etc. A significant difference has been shown with teacher-student samples.⁸

7. Curtis Rierson, "Are Foreign Products Seen as National Stereotypes," *Journal of Retailing*, 42 (Fall 1966), 33-40; and Robert D. Schooler and Albert R. Wildt, "Elasticity of Product Bias," *Journal of Marketing Research*, 5 (February 1968), pp. 78-81.

8. Robert D. Schooler and Don H. Sunoo, "Consumer Perception of International Products: Regional versus National Labeling," *Social Science Quarterly*, (March 1969) pp. 886-890.

Hypothesis III

Statistically significant differences exist between the evaluations of American consumers of different types of products of any given origin; i. e., statistically significant differences exist on the basis of product category. Differences have been demonstrated with products and origins which elicit familiar association—British woolens, African diamonds, German scientific equipment, etc.⁹

Set II (heretofore untested hypothesis)

Hypothesis IV

There exists a hierarchy of bias, i. e., the intensity of bias exhibited by American consumers varies significantly between identical products of different foreign origin designations.

Hypothesis V

Statistically significant differences exist between consumer biases against foreign products when presented as tangible products and when presented as abstract concepts. (Both types of stimuli have been used in previous studies.)

Hypothesis VI

The incidence and intensity of bias against foreign products in general and against products of specific foreign origins in particular vary significantly on the basis of socio-demographic characteristics of the respondents—age, sex, race, education level, urban-rural residence.

TECHNIQUE

The sampling and fieldwork were conducted by the Public Opinion Survey Unit (P. O. S. U.) of the University of Missouri, Columbia, P. O. S. U. maintains a statewide master sample of primary sampling units dispersed through 83 Missouri counties and the city of St. Louis. Protesting and fieldwork are done by a statewide staff of trained interviewers living in or near the interviewing areas. The P. O. S. U. sample is a probability sample in which all noninstitutionalized adults in the state have an approximately equal chance of being selected.¹⁰

A sample of 1331 households was drawn, from which 866 completed interviews were obtained; the causes of noncompleted interviews were

9. Curtis Rierson, "Are Foreign Products Seen as National Stereotypes," *Journal of Retailing*, 42 (Fall 1966), pp. 33-40.

10. *Research and Society*, Research Center, School of Business and Public Administration, University, Columbia, September 1968, pp. 53-56.

vacant properties, not-at-homes, and refusals. A selection table was used to determine which adult in a multi-adult household was to be interviewed.

The respondents were randomized into 24 groups (12 origins \times 2 stimuli) of approximately equal size. Two different groups evaluated three products from each origin; one group for a given origin received, examined, and evaluated tangible products; the other group for that origin evaluated the products as abstract concepts. The labels were fictitious and all products were identical; consequently, significant differences in the evaluation of products should indicate preconceptions of product characteristics based on origin.

Test Origins

In order to test both national and regional biases, the following origins were assigned:

<i>National</i>	<i>Regional</i>
U.S.	North America
West Germany	Western Europe
Czechoslovakia	Eastern Europe
India	Asia
Chile	Latin America
Nigeria	Africa

Products Tested

Three different types of American-made products were evaluated: (1) a utilitarian product: a swatch of beige cotton cloth of medium weave, (2) a mechanical product: a smooth unmarked black desk pen, (3) a fashion product: a goblet of smooth construction and modest design. The products were selected because they tend to be neutral or indeterminate in their characteristics, thereby permitting respondents to see in the products whatever characteristics they are predisposed to see. Another reason for this selection was that the same products had been used in earlier studies with student samples.

Measuring Instrument

After thorough pretesting in terms of scalar relevance and stability (stability refers to relevance across concepts), a semantic differential questionnaire of the type so frequently employed in the student sample studies was used. Charles E. Osgood of the Institute of Communications Research at the University of Illinois pioneered the semantic differential and describes it as "the successive allocation of a concept to a point in the multidimensional semantic space by selection from among a set of given

scaled semantic alternatives.”¹¹ The instrument was developed for the purpose of measuring meaning objectively; and it gives a good account of itself when evaluated in terms of objectivity, reliability, and validity.¹² The semantic scales utilized were evaluative scales, attitude scales.

The design of study enabled the use of factorial analysis of variance as an analytical tool. The design required the use of a multiple comparison test; the number of cells and the highly variable cell frequency made appropriate the use of the least significant difference test (LSD). Readers unfamiliar with or uncertain about the LSD test and its use are referred to an article by David Duncan in the May 1965 issue of *Technometrics*.¹³

RESULTS

Hypothesis I

A significant difference on the basis of origin is indicated (Table I). Hypothesis I is substantiated.

Hypothesis..II

The relationship of regional and national designation can be seen in Table II. In only two of the six regional-national pairings is a significant difference shown. In one, the West Germany-Western Europe pairing, the national designation is rated highest; while in the other, the Chile-Latin American pairing, the regional designation is rated highest. Hypothesis II is not substantiated.

Hypothesis III

Though Table I shows a significant difference on the basis of product, it shows no significance in product-origin interaction. Therefore the product difference cannot be attributed to origin destination. The data does not substantiate Hypothesis III.

Hypothesis IV

A hierarchy of bias is revealed in Table II. Note that the products of West Germany are rated significantly better than those of Asia, India, and West Europe, which in turn are rated significantly better than those of Eastern Europe. U.S. products are rated significantly better than those of Western Europe and India, which in turn are rated significantly better

11. Charles E. Osgood, George J. Suci, and Percy H. Tannenbaum, *The Measurement of Meaning* (Urbana: University of Illinois Press, 1957), p. 26.

12. *Ibid.*, p. 126 and pp. 172-174.

13. David B. Duncan, "A Bargain Approach to Multiple Comparison," *Technometrics* (May 1965), pp. 172-174.

than those of Eastern Europe. American consumers evidence significantly different intensities of bias against different foreign origins. Hypothesis IV is substantiated.

Hypothesis V

A significant difference on the basis of stimulus, significant stimulus-origin interaction and significant stimulus-product interaction, is shown in Table I. LSD analysis of the interactions show that in only two of twelve origins were there significant differences between the evaluations of tangible and abstract stimuli, and in only one of three products tested was there a significant difference between the evaluation of tangible and abstract stimuli. The data does not permit the unqualified acceptance of Hypothesis V, but shows that product evaluation can vary by stimulus.

Hypothesis VI

The data substantiate Hypothesis VI. Table III presents a summary of analysis of variance tests of socio-demographic factors.¹⁴ A synopsis of the lengthy interaction analysis and the LSD analysis of significant sources of variance in Table III is presented below.

AGE

There is a significant difference between evaluations of respondents less than 35 years of age and respondents 50 years of age and older. The older group evaluated the products of Africa, Asia, North America, and West Germany significantly lower than younger respondents did. No differences were observed for other origins.

SEX

Females rated foreign products significantly higher than males. Specifically, females rated significantly higher than males the products of Nigeria, Czechoslovakia, and Western Europe, but rated significantly lower the products of Chile.

EDUCATION

Educational level and intensity of bias appear to be inversely re-

14. Socio-demographic factor groupings. Age: 34 and under, 35-49, 50 and over; Sex: male, female; Education (highest level attended): elementary; secondary, college, graduate work; Race: white, non-white; Occupation: professional and managerial, white-collar and skilled craftsmen, unskilled, unemployed; Residence: rural, small city (less than 50,000), urban.

lated. Specifically, those with some college education or more rated the products of Africa, Czechoslovakia, Eastern Europe, India, West Germany, and Western Europe significantly higher than those with less education. For the other six origins no differences were observed.

RACE

The race-origin interaction shows that nonwhite respondents rated products from Nigeria, Latin America, and India significantly better than white respondents, while white respondents rated products of the United States and North America significantly better than nonwhites.

OCCUPATION

The occupation-origin interaction shows no significant differences by occupational groupings for Czechoslovakia, India, North America, and West Germany. Isolated differences were observed for other origins but no pattern, tendency, or element of commonality could be found.

RESIDENCE

There was no variance by residence, nor was there residence-origin interaction.

CONCLUSIONS

Respondents evidenced bias against products of foreign origin, and a hierarchy of bias effect was observed, i. e., the intensity of bias varied significantly between identical products of different foreign-origin designations. In most cases evaluations of identical products did not vary by stimulus, but in some cases significant differences on the basis of stimulus were observed. Therefore, one must be very cautious in comparing studies using different stimuli.

Since product-origin interaction was not significant, product differences observed cannot be attributed to origin designation. However, one should bear in mind that the test products were selected for their non-suggestive character. In all probability, significant product-origin interaction would occur in the case of familiar association—British woolens Scotch whisky, etc. Neither national nor regional labeling appears generally more effective than the other, though the possibility exists that one might be more effective for a particular origin.

The incidence and intensity of bias varied on the basis of socio-dem-

ographic characteristics. Such variance permits the identification of market segments which, relative to consumers in general, are receptive to goods of a particular foreign origin. For example, the data indicate that young, well-educated women are receptive to Czechoslovakian goods.

This study utilized a broad-based representative consumer sample and reaffirmed earlier studies which found American consumer bias against products of certain foreign origins. The fact that a consumer is biased doesn't mean that he won't buy the good; it means that he is predisposed against the good. Under such circumstances the task is quite clear; it is to counteract the negative predisposition, to offset the bias.

Several strategies for offsetting bias have been tested and show some promise—price concessions, promotional treatments, association with prestige outlets, and possibly regional labeling; there are undoubtedly other and perhaps better ways which additional research could uncover. As continued investigation and inquiry increase the knowledge and understanding of extant biases, the probability increases that marketing strategies can and will be formulated to successfully avoid, circumvent, or accommodate the biases.

TABLE I
ANALYSIS OF VARIANCE OF ORIGIN, PRODUCT
AND STIMULUS DIFFERENCES

Source	Degrees of Freedom	Sum of Squares	Mean Square
Total	2452	3277.9587	1.33
A=origin	11	65.3054	5.9369*
B=product	2	34.1131	17.0564*
C=stimulus	1	12.7721	12.7721*
A × B=interaction	22	11.7222	0.5328
A × C=interaction	11	35.3118	3.2102*
B × C=interaction	2	11.8784	5.9392*
A × B × C=interaction	22	27.0751	1.23
Error	2381	2076.7021	1.29

*Significant at .05 probability level.

TABLE II
LSD ANALYSIS OF BETWEEN ORIGIN DIFFERENCES

<i>Origin</i>				
Region	Country	N	X	Significance*
EASTERN EUROPE		195	3.89	2 2 2 2 2 2
	Nigeria	197	3.79	2 2 2 2
	Chile	203	3.78	2 2 2 2
	Czechoslovakia	210	3.71	2 2 2 2
AFRICA		189	3.68	2 2 2
WESTERN EUROPE		234	3.61	2 2 1
	India	227	3.61	1
ASIA		213	3.59	1
LATIN AMERICA		194	3.48	1
NORTH AMERICA		207	3.40	1
	United States	191	3.38	1
	West Germany	193	3.36	1

* Products of the origins in vertical columns indicated "1" were rated significantly better than products of origins indicated "2". All means were compared using $LSD = 2.2279 \times \left(\frac{1}{n_1} + \frac{1}{n_2} \right)^{1/2}$.

$$\frac{1}{n_1} + \frac{1}{n_2}$$

TABLE III
SUMMARY OF ANALYSIS OF VARIANCE
OF SOCIO-DEMOGRAPHIC FACTORS

Source of Variance	Significant	Source-Origin Interaction
Age	Yes	Yes
Sex	Yes	Yes
Education	Yes	Yes
Race	No	Yes
Occupation	No	Yes
Residence	No	No