Consumer Perceptions of Country of Origin in the Australian Apparel Industry

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Consumer attitudes towards the quality of Australian-made products in general, and clothing apparel in particular, were investigated. Country of origin ("Made in...") effects were analysed for apparel products from Australia plus four other countries or regions, namely: New Zealand, the United Kingdom, China and other Southeast Asian countries. Results indicate that country of origin effects are not as strong as might be expected, and vary with age and migrant status of consumers. Consumer perceptions were used to partition the countries analysed into two distinct groups. Apparel from New Zealand, Australia and United Kingdom was rated significantly higher on all product attributes than was apparel from Asian countries. The results indicate that, as Australia further relaxes import quotas in the clothing and textile industries, its direct competition will come from New Zealand and the United Kingdom, rather than Asia.

Keywords: country of origin, consumer perceptions

Introduction

National reputations for technological superiority, product quality, design and value will naturally vary from country to country, but consumers tend to generalise their attitudes and opinions across a wide range of products from a given country. This stereotyping may also be due to attitudes towards the people of the country, familiarity with the country (Nagashima 1970; Wang &. Lamb 1980), and the background of the consumers, such as their demographic characteristics (Schooler 1971; Wall & Heslop 1986) and their cultural characteristics (Tan & Farley 1987).

Mass media, personal experiences and the views of national opinion leaders may also shape the reputation of a country as a producer (Nagashima 1970). Several studies (Bannister & Saunders 1978; Barker 1984; Hong & Wyer 1989; Kaynak & Cavusgil 1983) have confirmed this image, or stereotype, effect of country of origin, suggesting that countries too have images, perhaps not so far removed from the marketers' concept of 'brand image'.

Thus, as the volume of world trade continues to increase and the international marketplace becomes more competitive in the 1990s, it is more important than ever that marketing managers understand the attitudes and perceptions of consumers to the cue, "country of origin". Indeed, Gaedeke (1973) found that attitudes towards a specific product or brand could be substantially changed, both favourably and unfavourably, when the country of origin of the product or brand was revealed to the consumer.

Research has also shown that in the United States and Europe, for example, there exists a particularly strong bias against manufactured goods from developing countries (Kaynak & Cavusgil 1983). Other researchers postulate that the degree of bias towards a range of products from the same country may be vastly different depending on the product under consideration (Schooler 1971; Wall & Heslop 1986; Hooley, Shipley & Krieger 1988). Country of origin is usually communicated by the term "Made in (name of country)". Some authors (for example, Kaynak & Cavusgil 1983) go so far as to view the "Made in" label as a fifth element of the marketing mix.

The focus of this small-scale study was the Australian clothing apparel industry. This industry was chosen firstly because most apparel has a clearly displayed "Made in" label; and secondly it is an industry where imported products have gained significant market share. In 1989/90 Australian clothing imports rose 6% to A$759m, with 34% of these emanating from the Peoples Republic of China.

The major objectives of this study were to investigate:

1. Consumers' perceptions of the quality of Australian products in general;

2. Consumers' attitudes toward Australian-made versus imported apparel from major importing countries (New Zealand, the United Kingdom, China, and other Southeast Asian countries).

Method

This was a two-stage study. Stage one was qualitative, involving one-on-one depth interviews with consumers, merchandising managers and sales personnel of two major retailer chains, plus interviews with managers of several smaller apparel stores and boutiques. These were was conducted to better understand key facets of consumer perceptions prior to questionnaire design.

In stage two, 550 self-administered questionnaires were mailed in March 1990 to a randomly selected sample of the general adult population from the Wollongong region of New South Wales, Australia. This region was chosen because its demographic composition (especially its diverse ethnic component) approximates the overall demographic composition of Australia. Twenty nine questionnaires were returned as being mailed to the wrong address, and a further 18 questionnaires were rejected as incomplete; 174 questionnaires were returned and used in the analysis, for a net response rate of approximately 35%.

Care needs to be taken in interpreting the results of this study. Firstly, the high nonresponse rate and consequent relatively small sample size make it difficult to generalise the findings. Secondly, the findings are product specific and are unlikely to be transferable to all other product categories.

Results

Consumer Attitudes Towards Australian-made Products in General

Respondents were asked to indicate their level of agreement on a 5-point Likert Scale (1=strongly disagree to 5=strongly agree) with a series of questions about Australian-made products in general; past, present and future (see Table 1). Firstly, on a pessimistic note, only 30% of respondents believe workers in Australian manufacturing industry are concerned about producing a quality product (Statement 1). Part of the reason for this may be gleaned from the responses to Statement 2, where more than half of respondents (59%) take a somewhat cynical view that manufacturers are more interested in profits than quality. Further, almost three quarters (72%) of respondents thought that in Australia "it costs too much to make a high quality product" (Statement 3). Taken together, these results show an alarming degree of scepticism among consumers.

Notwithstanding, 65% of those surveyed considered that the quality of Australian manufactured products had improved over the past five years (Statement 6); and 68% thought they would continue to improve (Statement 7). However, for apparel at least, "Made in" effects may not be as great as previous European, American and Canadian studies suggest (Wall & Heslop 1986). Only half of respondents claimed they would be prepared to pay a little more for "Australian made" if the quality was on par with imports (Statement 5); and only 45% agreed "overall, the quality of Australian products is equal to, if not better than, imported products" (Statement 8).

Table 1. Attitudes towards Australian-made products

Attitude Statement	Agree %	Neutral %	Disagree %	Total %
1. Australian workers are concerned about quality	29.7	36.4	33.9	100
2. Australian manufacturers are more concerned with profits than quality	58.5	29.3	12.2	100
3. In Australia it costs too much to make a high quality product	72.0	11.0	17.0	100
4. Australian-made products can compete with imports in terms of quality	66.5	15.8	17.7	100
5. If the quality of Australian-made and imported products is the same, I will buy Australian products even if it cost a bit more	50.0	30.7	19.3	100
6. The quality of Australian products over the past five years has improved	64.6	27.5	7.9	100
7. I expect the quality of Australian products to improve over the next five years	68.0	23.1	8.9	100
8. Overall, the quality of Australian products is equal to, if not better than, imported products	45.2	32.7	22.1	100

Notes.
1. Ratings were on a 5-point Likert Scale with 5 = Strongly Agree to 1 = Strongly Disagree.
2. For reporting purposes the scale was collapsed (1 & 2 = 1, 4 & 5 = 5).
3. Attitude statements adapted from Wall and Heslop (1986).

These data are consistent with the responses to two further questions specific to apparel products. These are shown in Table 2.

These results suggest that there is a segment of Australian consumers who are both cynical and unconvinced about the merits of the "Made in Australia" label. Hence country of origin may not be having the impact expected by some Australian Government agencies and large manufacturers. This is despite the fact that 95% of the sample claimed to be aware of recent "Buy Australian" advertising campaigns.

Table 2. Information sought when buying apparel

	Look for country[1] of origin %	Look for[2] Australian made %
Always	20.4	13.2
Often	28.1	27.5
Occasionally	39.5	37.1
Never	12.0	22.2
	100.0	100.0

Notes.
1. The question was "How often do you look at the label to see the manufacturer's country of origin, before you purchase clothing?"
2. The question was "When purchasing clothing, how often do you specifically look for Australian-made?"

For Statements 1, 6 and 7 in Table 1 (all dealing with attitudes towards the quality of Australian-made products), no statistically significant relationship was found with any of the demographic variables used in this study (i.e., age, marital status, sex, education, and income). While attitudes about quality are far from uniform among the sample, it appears demographics are not a useful variable in explaining the variation. Rather it appears that the market is best segmented according to attitudes alone, or perhaps in conjunction with other variables not captured in this study.

Regarding Statement 2 ("Australian manufacturers are more concerned about profits than quality"), younger and unmarried respondents were more inclined to agree with this statement than older and married respondents. For Statements 4, 5 and 8 (concerning the perception that Australian-made products are at least equal to imported products), older and married respondents again showed significantly more agreement with the statements. For Statement 3 ("In Australia it costs too much to make a high quality product"), once again younger respondents were more likely to agree with this than their older counterparts.

Perceptions of Clothing Apparel by Country of Origin

Respondents were asked to express their attitudes towards apparel from five regions (Australia, New Zealand, the United Kingdom, China, and Southeast Asia) by rating eleven product attributes on a 7-point semantic differential scale of the form: 7 = 'Style is very fashionable' to 1 = 'Style is not fashionable'. The average rating scores for each country are illustrated in Figure 1.

The major point of interest is that apparel from Australia, New Zealand and the United Kingdom consistently rates higher than apparel from both China and South-east Asia on every product attribute, except price.

It is apparent that consumers perceive major differences in product attributes, depending on country of origin. It will be noted from Figure 1 that the one point of convergence for all five regions is in "value for money". Consumers clearly believe that apparel from China and other

Southeast Asian countries is inferior in quality to that of Australia, New Zealand and the United Kingdom along all attribute dimensions. However, they also perceive the prices of apparel from these Asian countries to be less expensive (see Figure 2). In contrast, apparel from Australia, New Zealand and the United Kingdom is perceived to be of higher quality and cost more. It appears that, for many consumers, any bias or negative predisposition against products from China or Southeast Asia can be compensated for by price concessions. As the price differential between Australia, New Zealand and the United Kingdom versus Asian countries is increased in favour of the latter, more consumers will perceive the latter's apparel as good value for money and be likely to consider purchasing. In summary, consumer bias is price elastic.

From Figure 1, differences in the perception of each country are evident from the semantic differential ratings for each statement. The results of paired t-tests of these differences are reported in Table 3.

To illustrate, Australian apparel, for example, is perceived to be more fashionable than the New Zealand product (average rating of 5.4 versus 4.3). This difference is significant at p < .00 (see Table 3). There are no significant differences between Australian and New Zealand apparel on attributes of overall workmanship, price, fit, colour retention, durability or overall perceived quality. However, consumers appear to perceive apparel from the United Kingdom to be of slightly higher quality than that from either Australia or New Zealand (see Figure 1 and Table 3).

Figure 1. Image of countries based on apparel attributes

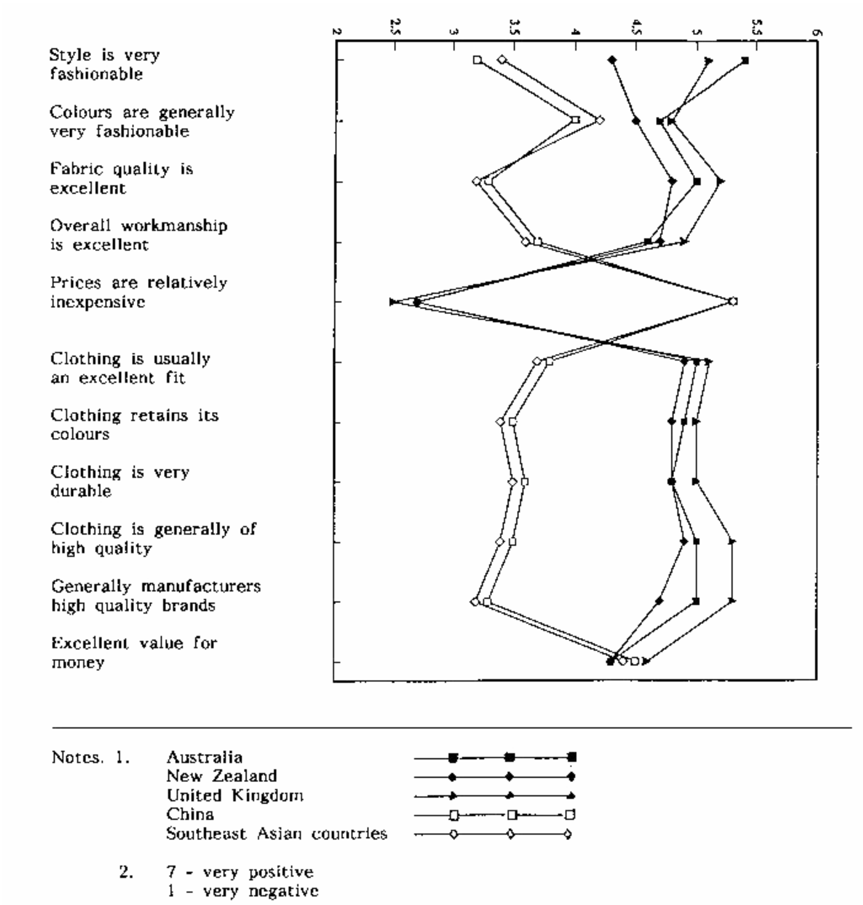

Figure 2. Positioning of Australian-made apparel compared with apparel from major importing countries

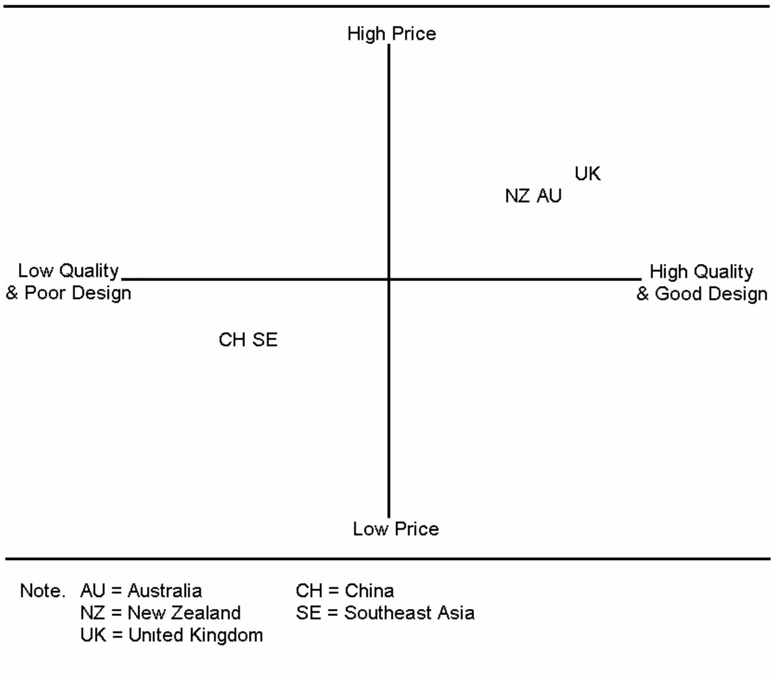

Table 3. Comparison of average scores on each attribute by selected country of origin pairs

	Results of t-tests[1]			
Attribute	**AU/NZ**	**AU/UK**	**NZ/UK**	**CH/SE**
Style is very fashionable	0.00	0.05	0.00	ns
Colours are generally very fashionable	0.05	ns	0.05	ns
Fabric quality is excellent	0.02	ns	0.00	ns
Overall workmanship is excellent	ns	ns	ns	ns
Prices are relatively inexpensive	ns	ns	ns	ns
Clothing is usually excellent fit	ns	ns	ns	ns
Clothing retains it colours	ns	ns	0.05	ns
Clothing is very durable	ns	ns	0.02	ns
Clothing is generally of high quality	ns	0.001	0.00	ns
Generally manufactures high quality brands	0.00	0.01	0.00	ns
Excellent value for money	ns	0.02	0.00	ns

Notes.
Only paired t-test differences significant at p< .05 are shown.
AU, NZ and UK are each statistically significantly different from China and Southeast Asia on all product attributes except "value for money'.

Respondents were asked to rate the eleven apparel attributes in terms of importance. The three most important attributes were: (1) "clothing is usually an excellent fit"; (2) "style is very fashionable"; and (3) "overall workmanship is excellent". In this regard, New Zealand apparel is highly competitive (refer Table 3), rating equal to Australian and United Kingdom products on goodness of fit and overall workmanship. However, New Zealand apparel is perceived to be somewhat less fashionable.

It should be noted that attribute ratings for Australia, New Zealand and the United Kingdom are significantly different from those of China and Southeast Asia on all attributes except "value for money".

Perceptions of Australian-made Apparel by Age and Migrant Status

The average rating scores for Australian-made apparel were analysed by age group and migrant/non-migrant status of respondents. It was found that along all attributes, younger (18-24 years) and middle age (25-39 years) groups, and migrants, gave consistently lower ratings. Thus younger consumers and migrants are more discriminating and less likely to hold negative stereotypes about imported apparel. This result is perhaps due in part to the fact that younger people have a more 'openmind' because of their higher propensity to travel overseas and hence greater familiarity with overseas products. Likewise, migrants have been exposed to a wider variety of overseas-made products and are likely to be more discerning in their evaluations and less influenced by the "Made in Australia" label. This is consistent with the findings of Nagashima (1970) who concluded that the "Made in" image is naturally affected by consumers' familiarity with a country's products.

Discussion

Generally, Australians are supportive of Australian-made products, and had an optimistic view of the quality of Australian products in the future. There is, however, a degree of cynicism about whether Australian manufacturers are both capable (at a 'fair' price) and willing to produce a quality product.

This cynical view was more prevalent among younger consumers. Combined with the fact that younger consumers were also less likely to be influenced by the "Made in Australia" label, these results suggest there will continue to be opportunities for importers of manufactured goods. To halt the further penetration of imports, Australian manufacturers need to seriously and urgently analyse their philosophy with regards to product quality in conjunction with productivity improvements in order to offer quality products at competitive prices.

The results of this study show country of origin effects are operating in the Australian apparel industry, but are not as strong as prior research in other countries and product markets suggest. The results show a positive bias towards apparel products from Australia, New Zealand and the United Kingdom, but a strong negative one to products from China and other countries in Southeast Asia. Indeed, the data suggests that consumers in general perceive the five regions as two distinct groups: "Made in Asia" and "Made in Australia/New Zealand/United Kingdom". This has important implications for domestic manufacturers and importers.

Firstly, it highlights the fact that the Australian market is far from being homogeneous in its attitudes and preferences. It signals to Australian manufacturers that, in terms of product positioning, their direct competition is not the cheaper Asian imports but rather apparel from New Zealand and the United Kingdom.

For most attribute dimensions, New Zealand apparel was rated on par with the Australian product. In terms of the three most important attributes (fit, fashionable style, and overall workmanship), New Zealand apparel was perceived to be equal on fit and workmanship but slightly inferior on style.

The Australian Government recently stated its intention to further relax clothing and textile import restrictions. Together with the earlier result showing a degree of cynicism with Australian manufacturers' ability to produce quality products in general, these trends indicate a strong opportunity for New Zealand apparel manufacturers. However, to take advantage of this opportunity, New Zealand manufacturers will need to carefully examine the perception that the style of their apparel is not seen to be as fashionable as that from Australia and the United Kingdom. Changing this image will be fundamental to taking advantage of the export opportunities available in Australia.

Further, the preference for domestic Australian apparel is by no means uniform across all demographic groups. The results show younger and middle-age groups, unmarried consumers and migrants are less inclined to be influenced by the cue "Made in Australia" than other segments. It is these segments, who are more openminded about products from overseas and who are generally discerning, that represent the best target groups for overseas manufacturers.

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