

TANZANIA CONSUMERS' PERCEPTION AND PURCHASE INTENTION OF IMPORTED AND DOMESTIC WINES

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ABSTRACT

The purpose of this article is to ascertain Tanzania consumers' perception of imported wines compared to locally produced wines. Data for this study was collected through a self-administered questionnaire distributed through intercepting wine consumers in major shopping malls in Dar es Salaam, the commercial city of Tanzania. A total of 201 questionnaires were subjected to descriptive and one sample t-tests. Imported wines are perceived to be of higher quality compared to local wines as well as provide high social status to consumers. The country of origin matters in wine purchase and generally consumers are satisfied with foreign wines albeit their ambivalence towards the worthiness and prices of foreign wines compared to local wines. The study findings indicate that wine consumers in developing countries have a positive perception of foreign wines, although they would turn to local wines if the quality was improved. The study is limited geographically well as methodologically, which gives room for further study. The study findings inform wine importers/exporters and producers on the best ways of promoting their brands of wine in the competitive global market.

Key words: wine consumers, foreign wines, local wines, purchase intention, Sub-Saharan Africa

INTRODUCTION

Globalisation and the accessibility of markets worldwide have expanded the potential customer base from purely domestic to both domestic and international customers. Increased travel and education as well as improvement in communications such as the global-spanning television networks and the internet have also contributed to the convergence of tastes and preferences in a number of product categories around the world including wine. This has motivated consumers in developing countries such as Tanzania to demand the same quality of goods available to their counterparts in developed countries (Saffu & Walker, 2006). With this increased stiff competition emanating from globalisation, it has become increasingly important for businesses to understand how consumers evaluate foreign products against locally produced products

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including wine, which has attained the status of a global product (Thach & Matz, 2008).

Studies that aimed at elucidating wine consumer decision making have noted several factors to be influential including country of origin (McCutcheon, Bruwer & Li, 2009; Spielmann & Babin, 2011), packaging (Barber & Almanza, 2006), price (Priilaid, Sevenoaks, Aitken & Chisholm, 2013), involvement (Ogbeide and Bruwer, 2013), and wine attributes (Casini, Rungie & Corsi, 2009; Zhllima *et al.*, 2012). Of recent, Camillo (2012) has identified the potential influence of demographic variables like education on purchase of wine. Despite being informative, very few studies have focused on developing countries (e.g. Do, Pratis & Valentine, 2009) in Sub-Sahara where wine culture is very new, coupled by a growing population of the middle income earner group, with an increased disposal income.

Since the decline of socialism during the 1990's, many countries like Tanzania that lacked a free market have embraced globalisation and free market economy by reducing tariffs and other trade barriers to facilitate the importation of goods. This has led societies to undergo rapid change and become more affluent with newer social forces changing the behaviour and perceptions of consumers. Modern consumers want the advantage of the affluent and latest products forcing both domestic and foreign producers to try to catch up before closing down their businesses. The stiff competition for markets between domestic and foreign producers including wine producers necessitates thorough understanding of their potential consumers. At a country level, overly dependence on foreign products can negatively harm domestic production particularly in those countries that had weaker production capacities or those that had closed marketing systems. Ogunnaike (2010) reported that preference among Nigerians for foreign made goods had negative impact on local industries, leading to closure of local textile industries. Generally, importation of foreign products might limit the sales of domestic products; this might consequently limit the expansion of local firms. This implies that policy makers also need to have thorough knowledge of the factors that influence consumer purchase decisions. To the author's knowledge, studies on wine consumers in Tanzania are lacking.

In filling the knowledge gap on wine consumer purchase intentions, this study aimed at assessing the factors influencing customer purchase intentions for foreign wines in Tanzania. Also this study aimed at comparing the wine consumers' perception and intentions towards foreign versus domestic wines.

LITERATURE REVIEW

Despite wine being a global product with several journals specifically addressing the wine business, information about wine consumption in developing African countries is missing. Given the differences in cultures and economic history it is likely that Tanzanian wine consumers will have different perception of foreign wines compared to

locally produced wines. In other parts of the world, literature on wine consumer perceptions and consumption related decisions are abound with factors like country of origin (Felzensztein & Dinnie, 2006; Brown & O’Cass, 2006; Bruwer *et al.*, 2012), symbolic value (Charters & Pettigrew, 2008), packaging (Barber *et al.*, 2007), price (Priilaid *et al.*, 2013), demographics (Zhlilima *et al.*, 2012) among other factors shaping wine consumer perception and purchase behaviour. Some of these factors are discussed below.

Country of origin

Country-of-origin image was one of the earliest variables assessed within studies that examined consumer perceptions of foreign products (Nagashima 1970; Schooler 1965) and continue to be of focus in consumer behaviour, marketing and international business literature. While there is considerable disagreement among researchers about the precise definition of country of origin (given the nature of globally-produced products), it is often considered as the country of creation or association with a product (Okechuku & Onyemah 1999). Papadopoulos *et al.* (1990) suggest that consumer perceptions of a product’s country-of-origin consist of cognition (including beliefs about the country’s technological and industrial superiority), affect (feelings about the country and its people) and conation (the consumer’s desired level of interaction with the country). This tripartite element of country of origin seems to have been borrowed from attitude (Peter & Olson, 2003) which is difficult to be disentangled by consumers during research. Consequently, this study has defined country of origin simply as the overall consumer perception of the country where the product being purchased comes from.

The few previous studies on the effects of country of origin in Africa shed light onto this study aiming at studying the differential perceptions of consumers on imported products versus local products. Studies done in Nigeria by Agbonifoh and Elimimian (1999) and Okechuku and Onyemah (1999) indicated that goods from the economically more developed nations were perceived more positively by citizens of transitional economies, than those from the economically less developed countries. Ferguson *et al.* (2008) analysed the country of origin effects in service evaluation in five West African nations. They discovered that situational individual attributes, such as enthusiasm and capability to process information, may possibly influence use of country-of-origin factor in evaluating a service. In addition, personal attributes, like ethnocentrism and cultural background, may as well influence consumer perception of foreign against locally provided services. Mitgwe and Chikweche (2008) and Saffu and Walker (2006) noted that consumer nationalistic stance did shape the consumer preference towards locally made products. Generally, the available empirical evidence, although not comprehensive does suggest that consumers in economically developing countries will perceive the products from economically developed nations to be superior than those from their own respective nations.

Social status

Wine is considered to be a symbolic product (Charters & Pettigrew, 2008) and thus indicating the social status of the consumer. For a country like Tanzania, with rampant poverty and its socialistic history that have embarked towards free market policies since the 1990s, generally foreign brands are likely to have higher prestige because of their relative scarcity and higher price compared with local brands (Batra *et al.*, 2000). This might lead to consumers associating the foreign brands with prestige (Kapferer, 1997). Thus, certain consumers might prefer to buy foreign brands as this might be believed to enhance their self-image as being cosmopolitan, sophisticated, and modern. Therefore, perceived prestige associated with foreign brands provides intangible value to consumers, and consumers tend to reciprocate this value by enhancing their brand loyalty as well as transferring its good image to others through positive word-of-mouth. This study sought to find out whether wine consumers have the perception that foreign brands of wine enhance their social status.

Perceived quality and value

Perceived quality and value are among the crucial factors influencing consumer perception and purchase behaviour of foreign products. The perceived quality is conceptualised as a purchaser's evaluation of a brand's general fineness based on built-in characteristics (e.g. performance, durability) as well as extrinsic features (e.g. brand name, service) (Kirmani & Baumgartner, 2000). These appraisals of quality or perceptions are based on attitudinal conclusions, and buyers usually depend on the way that specific brand effectively satisfies internal quality standards in their assessment of a brand's overall distinction with regard to their purchasing knowledge.

Related to the perceived quality, researchers have come up with perceived value that is defined as the consumers' overall assessment of the utility of a product based on perceptions of what is received and what is given (Zeithaml, 1988; Cronin *et al.*, 2000). A number of researchers have investigated the role of perceived value in consumption contexts. For example, Zeithaml (1988) provided evidence supporting the influential role of value in consumers' purchase decision making. Dodds *et al.* (1991) conceptualised perceived value as a tradeoff between perceived quality and monetary sacrifice that imply perceived quality to be part of perceived value. More recently, Woodruff (1997) laid out a perceived value hierarchy model in which perceived value was viewed as a hierarchically structured construct at levels of consumption goals, consequences, and attributes. According to Woodruff (1997), perceived value resides at every stage of customers' expectancy-disconfirmation process. Perceived value is often assumed to involve a consumer's assessment of the ratio of perceived benefits to perceived costs (Zeithaml, 1988). Bolton and Drew (1991) suggested that perceived value is a "richer measure of customers' overall evaluation of a service than perceived service quality." According to Parasuraman and Grewal (2000), perceived value is a function of a 'get' component (the benefits a buyer derives from a seller's offering) and a 'give' component (the buyer's monetary and non-monetary costs of acquiring the

offering). In disentangling the perceived quality and perceived value of foreign wines by wine consumers, this study defines perceived quality as those wine attributes both intrinsic and extrinsic that are used to evaluate brands of wines. This study adapts the Bolton and Drew's (1991) definition of perceived value to be a reflection of overall worthiness and the perceived price of wines.

METHODS

In generating data, the study utilised survey research design with the use of a questionnaire. The questionnaire had two sections with the first section capturing the demographic variables like age, gender, marital status, level of education, and annual income. The second section had nineteen (19) Likert scaled items capturing the perception of wine consumers towards imported/foreign wines with respect to country of origin, price, quality, social status, and the likelihood of purchasing foreign brands of wine. The items were framed with 5 indicating the level of strong agreement with the statements while 1 indicated strong disagreement with the statements. The questionnaire items were developed by the researcher with constant discussions with academic staff and wine sellers to ensure the questions were valid. The initial version of the questionnaire was pre-tested with a sample of university students who were wine consumers; this ensured the clarity of the questions.

The study was conducted in three districts of Dar es Salaam the main commercial city of Tanzania with most of the manufacturing and food processing being done in the city. The city was chosen because here there are many urbanites who belong to the middle and high income groups. These groups are likely to be wine consumers. Moreover, being the main harbour in the country, the city offers a high market potential for foreign/imported products in Tanzania. A convenient sampling strategy was used were the researchers' intercepted customers in six (6) shopping malls. The researchers introduced themselves and after stating the objectives of the study, the potential respondents were asked if they were wine consumers, and if they had attained the age of 20 years. If the answer was 'yes' and the potential respondent was 20 years or older, the researchers requested the potential respondent to fill in the questionnaire. Those who declined filling in the questionnaire together with those who said they were not wine consumers were ignored. A total of 201 dully filled in questionnaires out of 230 were collected and used for analysis. This was a response rate of 87.4%. The collected data was subjected to descriptive analysis so as get percentages, frequencies, and means. A series of independent sample t-tests were performed on the 19 scaled items using a benchmark of 3 (undecided option in the 5 point Likert scale). In exploring variations in perception of foreign wines by consumers, based on the demographics, the 19 scaled items were used in performing ANOVA tests.

RESULTS

The sample profile is summarised in Table 1. The sample contains slightly more female (56.7%) as well as younger respondents under the age bracket of 20 to 30 years (68.1%). It has relatively more singles (54.2%) compared to those who are married (42.8%). The sample is predominantly made up of those who possess a university degree or above (60.2%) and those holding tertiary education but not university degree (32.8%). This might indicate that wine is a product for relatively well educated Tanzanian consumers. By adding those who have an annual income of more than Tshs. 5 million, the sub sample becomes 54.3% of the total sample. This suggests, as alluded to earlier, that wine is a product for those who have relatively higher income compared to average Tanzanians.

Table 1: Demographics of the sample

Demographic variable	Frequency	%
Gender		
Male	87	43.3
Female	114	56.7
Age groups		
20-30	137	68.1
31-40	46	22.9
41-50	18	9.0
Marital status		
Single	109	54.2
Married	86	42.8
Others	6	3.0
Education		
Secondary and below	14	7.0
Post secondary but not university	66	32.8
University and above	121	60.2
Annual income (Tshs.)		
Below 5 million	92	45.8
5 to 10 million	75	37.3
10 to 20 million	19	9.5
20 to 40 million	9	4.5
Above 40 million	6	3.0

NB: US\$ 1 ≈ Tshs. 1,590/= (in 2012)

In deducing wine consumers' perception of imported brands of wines a series of one sample t-tests were performed with a benchmark of 3; the results are presented as Table 2. Generally, the results indicate that wine consumers have a positive perception towards imported wines. Two items – one indicating the worthiness of foreign wines

and the other indicating that foreign wines increase respectability of the consumers – are not statistically significant. The three items indicating the purchase intention for foreign wines were summated and were also subjected to one sample t-test. The summated items for purchase intention for imported wines indicate a mean score above the test value of 3 – that was statistically significant.

Table 2: One sample t-tests for consumer perception for foreign wines

Wine perception attributes	Mean	St.dev.	t
Foreign wines seem to be consistent in taste	3.676	1.043	9.189***
Foreign wines usually show a very clever use of colour/design	3.681	1.071	9.018***
Foreign wines show a high degree of technological advancement	3.736	1.084	9.630***
I always get my money's worth from the foreign wines I purchase	3.094	1.189	1.126
The country of origin is a very important determinant of quality	3.625	1.183	7.466***
The county that produces the brands of wine that I usually buy, is reputable in wine making	3.711	3.824	2.637**
Having foreign wine increases my respectability	2.890	1.295	-1.198
Overall, I am satisfied with the foreign wines that I usually purchase	3.330	1.220	3.825***
There is high possibility that I purchase the same foreign brands of wine	3.184	1.257	2.076**
I am strongly inclined to purchase foreign brands of wine	3.149	1.248	1.695
I intend to buy foreign brands of wine frequently	3.194	2.263	2.177**
The brands of wine that I usually purchase are of high quality	3.716	1.069	9.495***
I care about what my family and friends think about the product I purchase	3.775	4.337	2.504**
It is important to me that the brands I own/use give me status or prestige in the society	3.393	2.416	2.306**
Summated items for purchase intention	3.175	1.104	2.257**

** p < .05, *** p < .01

Five statements that aimed at comparing foreign wines with local wines were subjected to one sample t-test using a test value of 3; the results are shown as Table 3. Foreign wines are perceived to be of higher quality compared to local wines, as well as the thinking that they raise the social status of the consumer compared to local wines. Despite the mean values for statements indicating the prices of foreign wines being reasonable and the likelihood of purchasing foreign wines being greater than the test value of 3, the t-tests were not statistically significant. The statement that was used in testing the likelihood of purchasing foreign wines over local wines given equal quality indicates ambivalence of the consumers. The mean scores for the five comparative statements for foreign versus local wines were ranked as indicated in Table 3.

Table 3: One sample t-tests for items comparing foreign and local wines

	Mean (mean rank)	St.dev.	t
Foreign wines are generally of higher quality than local brands	3.577 (2)	1.298	6.303***
If two products were equal in quality, but one was foreign and one domestic, I would purchase the foreign	2.925 (5)	2.537	-.417
The price of foreign wines is reasonable compared to local wines	3.024 (4)	1.222	.288
If two brands of wine cost the same, but one was foreign and the other domestic, I would purchase the former	3.124 (3)	1.345	1.311
Foreign wine brands have more status than local brands	3.587 (1)	1.209	6.880***

*** p < .01

CONCLUSION AND IMPLICATIONS

The study aimed at appraising the perception of foreign/imported wines by Tanzanian consumers, as well as comparing their perception of foreign wines versus local wines. Generally, Tanzanian wine consumers positively perceive foreign wines and believe foreign wines are of higher quality and status compared to local wines. This implies that importers of wines into Tanzania's market can continue to capitalize on the consumers' positive perception of foreign wines in marketing their wines. Despite this perception, wine importers should be aware of the not so high perception of the worthiness of foreign wine brands. This shows there is room for improvement if the foreign wines are going to continue being wines of choice. Like previous studies (Do *et al.*, 2009) this study has found out that consumers believe that by consuming foreign wines, one is seen to have attained a higher social status. Importers can therefore use 'social status' in marketing their imported wines in such markets. As previous studies have indicated that wine consumers are sensitive to the country of origin of the wines they consume (Felzensztein & Dinnie, 2006), wine marketers can benefit by using the aspect of 'country of origin' in marketing their wines.

Despite the findings indicating that consumers believe in foreign wines in terms of their higher quality and status compared to locally produced wines, consumers are also likely to go for locally produced wines rather than foreign wines if such brands are of the same quality. This is further emphasised by the ambivalent perception of wine consumers on the prices of local and foreign wines.

An alternative explanation why local wines are rated low by consumers might be due to the low promotional efforts by local wine producers. Should this allegation have any truth, it is high time local wine producers tuned up their promotional efforts.

On the part of the government, the findings suggest that the government should put in place conducive environment for wine investor to invest in production of quality wines locally. This will ensure that the grapes that are locally grown are utilised better, to give farmers an opportunity to earn more income. Moreover, wine investors are likely to bring the art of wine making and marketing into the country as well as their brand names. This might serve to give more confidence to wine consumers of local brands. Enticing foreign wine producers into producing their brands locally will intensify competition, and as a result producers are likely going to be forced to produce wines of high quality, and at cheaper prices, thus satisfying their customers.

Since the study focused only on Tanzanian wine consumers representing consumers in a developing country in Africa, the study implications are likely to be valid only to Tanzania. The survey strategy of using a questionnaire served in appraising the general perception of wine consumers, without tracing the particular brands of wine that are normally used under different wine consumption contexts (Ritchie, 2009). It would be important therefore for future studies to undertake a longitudinal approach so that consumer perception is assessed also under different consumption contexts.

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