

Ethnocentrism and Purchase Decisions among Ghanaian Consumers

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This paper explores the effect of lifestyle, culture, and tradition on consumer behavior in Ghana. With the current emphasis on globalization, U.S. businesses are increasingly targeting foreign consumers; subsequently understanding the behavior of these consumers and knowing their lifestyles is critical for their success. Businesses need to understand the effect of the culture in shaping consumer habits. Studying the effect of consumers' habits is a way of investigating buyer behavior and market segmentation. This paper studies consumer market segments existing among Ghanaian consumers by using life-style patterns and ethnocentrism.

INTRODUCTION

People are required to make purchase decisions almost every day (Arnould et al., 2004). Kesic and Prii-Rajh (2003) have associated lifestyle with the way people live and spend their time and money. In a study, Gonzalez and Bello (2003) highlighted the importance of adopting consumers' patterns that will motivate them to purchase different types of products or services. Perreault and McCarthy (2006) argued that knowledge of the lifestyle of target customers provides businesses with a variety of ideas for the development of advertising strategies. The ultimate objective of these strategies is to persuade people to assume behavioral patterns that are typical of their lifestyles. They added that feelings and emotions are very important in consumer purchase decisions and have an effect on the analysis of product attributes. Hawkins et al. (2004) argued that consumers exhibit unique lifestyles, which produce needs and desires that ultimately affect the decision making of each consumer.

In the same direction, other studies focused on ethnocentrism (Booth, 1979; Worchel & Cooper, 1979), which represents symbols and values of one's own ethnicity or nationality that becomes objects of pride and attachment where as symbols of other groups may become objects of contempt (Levine & Campbell, 1972). People view their own group as superior and reject people who are culturally dissimilar. It gives the individual a sense of identity, feelings of belongingness and most importantly an understanding of what purchase behavior is acceptable or unacceptable to the in-group. Consequently, consumer refrains from purchasing imported products because he believes that it hurts the domestic economy and causes the loss of jobs (Shimp & Sharma, 1987).

Many researchers including Ibanez and Montoro (1996) have focused on the effect of consumer ethnocentrism and country of origin on consumers' attitudes. Ethnocentric consumers favor local products since they deem products from their own country as the best (Klien et al., 1998). Ethnocentrism influence consumers' behavior when they believe that their national interest is being threatened (Sharma et al., 1995; Shimp and Sharma, 1987). The higher the value consumers place on their country's product, the greater the ethnocentric tendency (Huddleston et al., 2001). Studies have shown that consumers in developed countries are likely to identify domestic products as being of higher quality when compared to imported products (Damanpour, 1993; Elliott and Cameron, 1994; Herche, 1992) while the reverse is true for consumers in developing countries (Batra et al., 2000; Bow and Ford, 1993, Wang et al., 2004). Papadopoulos and Heslop (1993) discussed the effects of a product's country of origin on buyers' perceptions. Roth and Romeo (1992), Kaynak and Kara (1996) asserted that consumers have significantly different country images or general perceptions about products made in different countries.

Yet on another line of thought, Westfall (1962) claimed that a successful marketing model lies in the researcher's ability to come up with variables that distinguish people's performance. These variables are more than just demographic and socioeconomic characteristics. Wells (1975) argued that demographic profiles have not been deemed sufficient because they lack richness and often need to be supplemented with additional data. Social class adds more depth to demographics, but often needs to be supplemented in order to obtain meaningful insights into consumers' characteristics. "Lifestyle segmentation" has been a useful concept for marketing and advertising planning purposes (Wells and Tigert, 1977; Kaynak and Kara, 1996). Shimp & Sharma (1987) in discussing the lifestyle of consumers highlighted the concept of ethnocentrism, which represents people's beliefs about the appropriateness and morality of purchasing a particular product or service. Consumers' ethnocentrism gives the individual a sense of identity, feelings of belongingness and affects their purchase behavior. They believe that purchasing imported products is wrong; it hurts the domestic economy and causes the loss of jobs.

Lindquist and Sirgy (2003) asserted that lifestyle summarizes a collection of individual characteristics and behavior. They added that these characteristics are socio-cultural variables such as age, gender, ethnicity, social group and religion. Psychographics is one of the main instruments used to analyze and measure lifestyles. It focuses on knowing the characteristics of consumers that affect their buying decisions. Psychographics also provides a mechanism to investigate the attitudes, interests and opinions (AIO) of targeted consumers.

While there has been a span of literature investigating the effect of lifestyle on consumer behavior, majority of the studies focused on developed nations. Studies covering developing countries are few. Subsequently, this study attempts to identify consumer market segments and focuses on explaining the impact of lifestyle, tradition and the culture of Ghanaians on consumer behavior. Providing a perspective on Ghana as a developing nation provides a context for understanding lifestyle behavior that could be extended to other developing countries.

GHANA: A DEVELOPING NATION

Located in West Africa and formerly known as the Gold Coast, Ghana was a British colony until 1957 when it gained independence. The Ghanaian society is made up of numerous unique ethnicities. The nation's population is diverse in their personality, historical, and cultural backgrounds. Ghanaians come from six main ethnic groups: the Akan (Ashanti and Fanti), the Ewe, the Ga-Adangbe, the Mole-Dagbani, and the Gura. Notwithstanding that Ghanaians hail from different tribes and regions with different norms and values, they also distinguish themselves by language. There are over 25 major languages with numerous dialects. It is estimated that as a first language, about 45% of the nation's population speak Akan, 14% speak Ewe, 10% speak Ga-Adangbe, as well as the most ancient of all Ghanaian languages: Gura that is spoken by 12% of the population.

Although a developing country, the country has twice the per capita output of poorer countries in West Africa, a population estimated at 23 million, a 1.9% population growth rate, and a new president, elected into power by a multi-party election at the beginning of 2009. Agriculture accounts for 35% of its

GDP (Central Intelligence Agency, 2009). Improved macro-economic management, a stable political environment, and high international trading prices for gold and cocoa are helping its economic growth. Commercially significant quantities of off-shore petroleum deposits were recently discovered, and it is hoped that this will be the source of further economic growth and development in Ghana.

Prior to Independence, West African pounds, shillings and pence were the official legal tender in the country. In 1958, the country issued its first national currency, Ghana pounds, shillings and pence. In 1965, Cedi notes and Pesewa coins were introduced, marking Ghana's departure from the colonial monetary system. The name "cedi" means cowrie shell, a 19th Century medium of exchange in Ghana, and the name "pesewa" refers to the smallest quantity of gold dust, which used to be a former medium of exchange in Ghana as well. 2 years later, the New Cedi (N¢), replaced the 1965 cedi at a rate of $\text{¢} 1.20 = \text{N¢} 1.00$. The motive behind this change was partly political: the original cedi notes bore the image of Osagyefo Dr. Kwame Nkrumah, Ghana's first president, and the ruling government in 1967, a military government, had overthrown Dr. Nkrumah's government (Bank of Ghana, 2008). The change also allowed for an easier conversion from the Ghana pound (Schuler, 2008). In the 1970s, Ghana's economy declined. In 1979, a government-ordered demonetization occurred with new cedi notes replacing the old ones at a discount of 30% for amounts up to $\text{¢}5,000$ and 50% for amounts in excess of $\text{¢}5,000$, an equivalent of 23 cents to the dollar. This was conducted in a period of high inflation, with the goal of reducing "excessive cash holdings in the non-banking public" (Schuler, 2008). The 1980s saw Ghana's currency being devalued several times, partly as a result of the implementation of International Monetary Fund Structural Adjustment Programs. Ghana joined the Enhanced Highly Indebted Poor Country (HIPC) initiative in 2001, which is a debt-relief collaboration between the IMF and the World Bank (Bargawi, 2004). The country has experienced significant economic growth, decreased inflation over the past decade.

RESEARCH METHODOLOGY

The research model for the current study consists of two instruments. The first is the psychographics measure, which is one of the main instruments used to analyze and measure lifestyles. It focuses on knowing the characteristics of consumers that affect their buying decisions (Lindquist & Sirgy, 2003). Psychographics also provides a mechanism to investigate the attitudes, interests, and opinions (AIO) of targeted consumers. The second instrument is the CETSCALE measure, which is used to measure the effect of culture and tradition on consumer's behavior (Shimp and Sharma, 1987; Netemeyer et al., 1991). The measure was developed by Shimp and Sharma in 1987, and is considered to be one of the most important contributions in this field. The CETSCALE consists of seventeen items scored on a seven-point Likert-type format. In a study among four developed nations (France, Germany, Japan, and the USA), Netemeyer et al. (1991) reported alpha levels ranging from 0.91 to 0.95, which provides a strong support to the validity and internal consistency of this measure. The paper subsequently recommended the use of this measure in conducting similar analysis on other nations.

DATA COLLECTION

As an exploratory study, the CETSCALE measure along with the psychographic and demographic variables of consumer behavior were used to test consumer behavior (Luque-Martinez, Ibanez-Zapata, & del Barrio-Garcia, 2000). The sample study consisted of 152 individual selected from two major cities in Ghana-Accra and Tema. The data was collected through self-administered questionnaires using the drop-off/pick-up method and a non-probabilistic sampling methodology was used in data collection to avoid selectivity bias. The drop-off/pick-up is a data-gathering method that incorporates the advantages of both personal interviews and self-administered questionnaires (Stover and Stone, 1978; Imperia, O'Guinn, & MacAdams, 1985). Respondents were randomly contacted and asked to complete the questionnaire at their own convenience.

DATA ANALYSIS

Stage1: Factor Analysis of Attitudes, Interests, and Opinions (AIO)

The reliability analysis of the 37 activities, AIO statements produced a Cronbach alpha coefficient of 0.8810, which highly significant. A study with a coefficient 0.65 or better is considered reliable (Girden, 2001). A factor analysis of AIO statements was conducted to study the lifestyle of Ghanaian consumers. The resultant factor matrix was rotated using Varimax rotations. The analysis produced five factors, which explained 38.15 percent of the total variance. Only those factors with an eigenvalue greater than 1.00 were retained. Table 1 summarizes the factor loading and the eight factors extracted from the data.

TABLE 1
FACTOR ANALYSIS OF AIO STATEMENTS (VARIMAX ROTATION)

Factors and Characteristics	Factor Loading	% of Variance Explained
Factor 1: Self-Reliance and Leadership		
I do volunteer work for a hospital or service organization on fairly regular basis	0.611	
I do sometimes influence what my friends buy	0.578	
People come to me more often than I do go to them for information about brands	0.505	9.19%
Factor 2: Nurturing and Family Orientation		
My children are the most important thing in my life	0.566	
I try to arrange my home for my children's convenience	0.795	
I take a lot of time and effort teaching my children good habits	0.607	
I don't like to see children's toys lying around	0.610	11.25%
Factor 3: Health and Optimism		
I have used low calorie foods at least one meal a day	0.994	05.68%
Factor 4: Household Oriented and Industrious		
I like to sew and frequently do	0.760	
I often make my own or my children's clothes	0.622	06.20%
Factor 5: Competitive and Adventurous		
I often try new stores before my friends and neighbors do	0.980	05.83%
Total cumulative variance		38.15%

Table 1 includes only those AIO statements that have a factor loading of greater than 0.5 on their respective factors. The first factor loadings show statements that reflect a positive self-image and it explains 9.19% of the total variance. The second factor "Nurturing and Family Orientation" explained 11.25% of the total variance. This factor shows the extent to which Ghanaians care and provide for their children. The third factor, which explains 5.68% of variance, focuses on health and physical well being. The consumers are health conscious and emphasize healthy food. The fourth factor "Household Oriented and Industrious" explains 6.20% of variance and shows that the consumers try to do household chores by themselves. It may also indicate the desire to do the best for their children. The fifth factor "Competitive and Adventurous" explains 5.83% of variance shows that the consumers are receptive to the idea of changes. It indicates how well the Ghanaian people can adapt with the global challenges.

These five factors explain 38.15% of variance. They reveal certain basic characteristics of the Ghanaian People. The respondents in the study believe that they were community leaders, family oriented and deeply concerned with the well being of their children and teach them good habits. In addition, the Ghanaian consumers were found to be health conscious and willing to learn new ways of doing things.

Stage 2: CETSCALE Measure of Ethnocentricity

To measure consumer ethnocentrism the 17- item CETSCALE developed by Shimp and Sharma (1987) was used. Table 2 shows the result of the reliability analysis of these 17 items. Overall, the Cronbach Alpha coefficient of 0.91 can be considered a reasonably high reliability coefficient. Based on this, it can be assumed that all 17 items used are measuring the same construct (ethnocentrism) and, therefore, a summative measure can be used to represent the ethnocentrism score of the respondents. The results of the ethnocentric analysis are shown in Table 2 below.

TABLE 2
ETHNOCENTRISM MEASURED ON 17-ITEM CETSCALE^a

Item No.	Item ¹	Reliability ²	Mean Score
1	Ghanaian people should always buy products made in Ghana instead of imports	.896	5.71
2	Only those products that are unavailable in Ghana should be imported	.905	5.89
3	Buy Ghanaian made products and keep Ghanaian working	.900	6.27
4	Ghanaian products, first, last, and foremost	.896	4.98
5	Purchasing foreign-made products is un-Ghanaian	.898	3.91
6	It is not right to purchase foreign products, because it puts Ghanaian out of jobs	.897	4.28
7	A real Ghanaian should always buy Ghanaian made products	.894	4.72
8	We should purchase products manufactured in Ghana instead of letting other countries get rich on us	.896	6.00
9	It is always best to purchase Ghanaian products	.895	4.98
10	There should be very little trading or purchasing of goods from other countries unless of necessity	.899	5.66
11	Ghanaian should not buy foreign products because this hurts business and causes unemployment	.895	4.28
12	Curbs should be put on all imports	.899	4.41
13	It may cost me in the long-run but I prefer to support Ghanaian products	.899	5.36
14	Foreigners should not be allowed to put their products on our markets	.900	3.14
15	Foreign products should be taxed heavily to reduce their entry into Ghana	.899	4.92
16	We should buy from foreign countries only those products that we cannot obtain within our own country.	.900	5.86
17	Consumers who purchase products made in other countries are responsible for putting their fellow Ghanaian out of work.	.896	4.19

¹ Response format is 7-point Likert-type scale (strongly agree = 7, strongly disagree = 1)

² Calculated using Cronbach Alpha (Alpha if item deleted). Overall Alpha = .8810.

Although high scores were reported in most of the items, table 2 shows that the highest scoring factor was Item 3 which indicates that-buying Ghanaian products keep Ghanaians working. Items 1, 2, 4, 8, 9, 10, 12, 15, and 16 had mean scores above 4.0. This indicates that the Ghanaian consumers have preference for local products and they view imports as a negative factor that hurts the economy. Imports are perceived as benefiting the exporting countries and contributing to unemployment in Ghana. However, the Ghanaian consumer is not against the foreign products. Items 5 and 14 had the lowest scores of 3.91 and 3.14 respectively. These items in our questionnaire captured the dislike for foreign goods on the Ghanaian market. The results reported clearly showed that while the Ghanaian consumer is not against imports, they intrinsically prefer local products.

The mean scores on the CETSCALE is 4.44, which is high. Indicating that the Ghanaian consumer appears to accept imports if local products are not available. Furthermore, Ghanaians do not attribute high unemployment rates or a bad economy to the presence of imported goods (items 11 and 17 had scores below 4). This reflects the unique characteristics of the people of Ghana-even though they prefer to consume local products; they are receptive to imported goods if the need arises.

SUMMARY AND CONCLUSION

The findings of this exploratory study showed that the lifestyle, culture, and tradition of Ghanaian consumers influence their purchase decisions. The fact that five major factors were identified as important lifestyle dimensions coupled with the significance of the ethnocentric tendencies shed a light on Ghanaian consumers' buying habits. The highest rated factors were strong family orientation explaining 11.25% of the variation, self-reliance and leadership explaining 9.19% of the variation. Ghanaians were also found to be adaptive to new products but proud of their traditions. We surmise that these attributes in essence shape and distinguish the Ghanaian consumer's perception of foreign goods from others. Additionally, their unique lifestyle and culture have evidently contributed to a heightened willingness to trade their patronage for locally produced goods; commonly referred to as "Made-In-Ghana goods," for foreign goods. Ghanaians however showed some ethnocentric tendencies in this study--though minimal. Our results revealed an interesting phenomenon; while Ghanaians were not necessarily against the importation of foreign products or new ideas, they had a preference for local products unless they were unavailable.

We attribute the cause of the diminished ethnocentrism to multiculturalism and intercultural communication sensitivity (Intercultural communication competence). The results of a recent study support our claim and helps explain why the impact of ethnocentrism on purchase decisions made by Ghanaians could be dampened. In their study, Dong, Day & Collaco (2008) found significant negative correlations between ethnocentrism and both multiculturalism and intercultural communication sensitivity. As discussed earlier, the Ghanaian society is very diverse in many ways. Its multicultural nature is likely to contribute to the ease of adaptability to foreign products. In Ghana, the appreciation for cultural diversity is relentlessly promoted in every sphere of the economy. Cultural norms, values, beliefs and ethnic symbols (such as the "Adinkra" symbols) are fashioned to dictate and encourage people to eschew parochial tribal interests and embrace diversity. Coupled with the local, traditional efforts are the benefits of open borders, immigration, globalization, ethnic diversification and the influx of foreign goods; Ghanaians therefore tend to be well informed about foreign goods and are likely to patronize them. Thus, contrary to popular belief, Ghanaians are relatively more open-minded with respect to imports compared to their counterparts who might be very parochial and highly ethnocentric.

Another factor that could possibly explain the minimized ethnocentric tendencies is the degree of intercultural communication competency. Intercultural communication competence has two prerequisites; intercultural communication awareness and intercultural communication sensitivity. Although intercultural communication sensitivity may be related to many cognitive, affective and behavioral aspects of our interactions with others, it focuses primarily on individuals' affective abilities, such as managing and regulating emotions. Cultural awareness provides the foundation for intercultural communication sensitivity, which in turn, leads to intercultural communication competence (Chen & Starosta, 2000). Clearly, the inherent ability to embrace cultures and foreign products stems from the synergy between the formal and informal means of education and exposure that has minimized the effect of ethnocentrism among Ghanaians.

In conclusion, the study provides evidence that more analysis on the specifics of lifestyles is essential in making marketing strategies. Consumer specific information such as; geographical distribution, economic condition and age etc. must be included in order to understand these consumer behavior which is of immense importance for the success of businesses.

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