

"BUY AMERICA": STUDENT AND FACULTY PERCEPTIONS

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ABSTRACT

This study examines the accuracy of U.S. business students and faculty in correctly identifying U.S. or foreign-ownership of 100 well-known companies/products/services. The ability to correctly identify such ownership is important to marketers because consumers often use country-of-origin as a purchase decision variable and many consumers also try to "Buy America" as a patriotic gesture. The findings indicate that business faculty and students, who should be among the best informed consumers, were able to correctly identify country of ownership only about half the time. Differences in faculty/student status, gender, participation in international business courses, and graduate/undergraduate status produced no significant differences in the percentage of correct responses. These results suggest that American consumers may be making purchase decisions with incorrect perceptions and perhaps more attention should be given to this topic in marketing courses and development of brand/image strategies.

INTRODUCTION

The history of the economic, political and even philosophical policy in the United States of "Buy America" has been an evolutionary one. As recently as the 1930's - when U.S. foreign policy was dominated by isolationism - most politicians, trade union spokespersons, and consumers felt that to buy American produced products and services was being patriotic.

Following World War II and the rapid recovery of Western Europe and Japan, American consumers began purchasing steadily more foreign products and services. Companies such as Sony, Toyota, and Nescafe competed strongly against comparable U.S. products (Kraar 1991). Country-of-origin was perceived to be a strong

indicator of quality and was often the determinant of purchase behavior (Bilkey and Nes 1982). By the 1980s and certainly into the 1990s, American foreign policy had changed again and consumers were growing steadily more knowledgeable of such "concepts" as the foreign trade deficit and the impact foreign trade was having on employment. Individual and corporate consumers alike adopted policies of buying American-made products and services. Once again, the battle cries have emerged including "Buy America" and "My Country First" (Barrier 1988). But buying American is no longer that simple. Many U.S. products and services - at least those produced and sold in the United States - are now owned by foreign companies. And many products produced by companies owned by Americans are actually being produced abroad in such places as Taiwan or South Korea. Still other "American" products are only partially comprised of U.S.- produced components; yet they are marketed as if they are American. Conversely, other "American" products have their components fully produced abroad and totally assembled in the U.S. In such cases, country-of-origin becomes difficult to determine. (Modic 1990).

Recognizing the evolution of such events, the authors of this paper were impressed with the increased effort made by many consumers to "Buy America". The authors contended that the vast majority of American consumers were not really qualified to differentiate among the wide array of products or services available to them relative to their actual source. Consumers may purchase what they believe to be American products or services when actually they are not. They may also refuse to purchase products or services they perceive to be foreign when they are actually American. This study provides a benchmark for assessing how well American consumers can accurately discriminate between

U.S.-owned companies/ products/services and those that are foreign owned. Previous research has clearly shown that consumers do use country-of-origin as a important attribute in their decision-making process (Brown and Gazda and Light 1987). Many firms do not make this information readily available to consumers. A misperception of country-of-origin by consumers may result in product alternatives being inadvertently omitted from an evoked set.

This study employed two groups as representatives of American consumers. These were U.S. business students and U.S. business faculty who, it was believed, should be able to discriminate more accurately, especially those who have taken or taught courses in international business in general and international or global marketing in particular. The ability of these "informed" consumers to correctly identify U.S. or foreign-owned companies would provide an initial benchmark for the discriminating ability of the typical American consumer.

METHODOLOGY AND RESULTS

Data Collection

Data were gathered from business students and business faculty representing both public and private universities. A self-administered questionnaire was developed which asked respondents basic demographic questions and then asked them to identify whether each of 100 well-known companies/products/services were U.S. owned or foreign owned. If the respondent did not know, this option could be chosen. The list of 100 included both consumer and industrial companies/products/services which were judgementally selected by the authors. All were prominent leaders in their respective industries.

Questionnaires were distributed to students at eight different universities across the United States. The questionnaires were given to both graduate and undergraduate students who were attending business classes at their respective universities. Respondent completion of the questionnaire was voluntary and classes were judgementally selected. A total of 617 completed surveys were returned and analyzed using SPSS. Of the 617 respondents, 82% were un-

dergraduate and 75% were between the ages of 18 to 25. Over half the respondents were male (57%) and 68% had taken an international business class.

The faculty respondents to the survey were members of the Western Marketing Educators Association. Surveys were mailed to all WMEA members (n=319) along with a postage-paid return envelope. A total of 102 completed surveys were returned. Faculty were also asked demographic questions, the same level of knowledge question as students, and were asked to evaluate the same 100 companies/products/services. Additionally, they were asked if they had taught a course in international business within the past 5 years. Of the respondents, 48% were full professors and 68% represented State Universities, 72% had not taken an international business class and 64% had never taught an international business class.

To get a baseline assessment of how confident respondents were about their ability to discriminate U.S. from foreign companies/products/services they were asked, "How would you describe your level of knowledge about companies selling leading consumer or industrial products or services in the U.S. and abroad?"

Students were most likely to rate their ability as good (36%) or fair (39%). A small percentage of students (0.9%) rated their ability as excellent and 14% rated their ability as poor.

Interestingly, only 3% of the faculty respondents perceived their ability to discriminate between U.S. owned and foreign owned companies/products/services as excellent, and only 3% of the faculty perceived their knowledge as poor.

Hypotheses were developed by the authors based upon the following observations. It was believed that faculty would be better able to correctly identify ownership of companies/products/services due to their age and also their experience in the business world. Those faculty who have taught a course in international business or who have at least taken a course in international business over the past five years will be even more likely to be successful than other faculty and certainly more successful than

students. Students who have taken a course in international business should be able to score higher than students who have not had a course because of the exposure to international businesses. Graduate students should be more able to recognize country-of-ownership than undergraduate students because they have taken more classes, are older, and have more experience business. Gender should make no difference in recognition of country-of-origin. These perceptions led to the following hypotheses.

Hypotheses

The following hypotheses were formulated and tested:

- H1: There is a difference between faculty and students based upon the overall correct responses (correct identification of ownership of companies/products/services). Faculty respondents will be better able to make the correct assessment.
- H2: Those respondents (students and faculty) who have completed a course in international business will be more likely to correctly identify the ownership of the companies/products/services examined in the study.
- H3: Those faculty respondents who have taught a course in international business will be more likely to correctly identify the ownership of the companies/products/services examined in the study.
- H4: There is a difference between graduate students and undergraduate students based upon the overall correct responses (correct identification of ownership of companies/products/services). Graduate students will be better able to make the correct assessment.
- H5: There is no difference between male respondents and female respondents based upon the overall correct responses.

To test the hypotheses, the average proportion of correct responses for each group was calculated and then significance was determined by pooling the variances and using a test of differences in proportions (Z tests). See TABLE 1 for

the results of the tests of differences in proportions for H1 through H5 tests.

TABLE 1
Tests of Differences of Proportions
H1 Through H5

Test	Statistic	P-Value
H1: Faculty vs Students	-1.255	0.4557
H2: International Business vs No International Business	0.174	0.4491
H3: Taught International Business vs Not Taught International Business	0.120	0.5072
H4: Graduate Student vs Undergraduate Student	-0.378	0.4399
H5: Male vs Female	0.730	0.4438

Findings

The tests of all five hypotheses found **insignificant differences** among the test groups. The test for H1 found **no difference** between faculty and students in their ability to correctly identify the country of ownership for the 100 companies/products/services ($Z = -1.255$, $p = 0.4557$). Faculty gave correct responses for 51.9% of the companies/products/services while students were correct 44.63% of the time. These responses suggest that faculty did score higher, but the difference is **not statistically significant** at the 95 percent level of confidence.

Taking an international business class (H2) also showed **no significant improvement** in the ability to correctly identify the country of ownership ($Z = 0.174$, $p = 0.4491$). Those who had taken the international business courses gave correct responses for 45.16% of the companies/products/services while those who had not had international business courses were correct 44.49% of the time.

Additionally, faculty who had taught a course in international business (H3) **did not score significantly higher** on correct responses ($Z = 0.120$, $p = 0.5072$). Those who had taught an international business course gave correct responses for 51.53% of the companies/products/services while those who had not taught such a course correctly identified 50.27%.

Graduate students **did not perform better** than undergraduates (H4) in correctly identifying the country of ownership for the 100 firms/brands ($Z = -0.376$, $p = 0.4399$). The proportion of correctly identified companies/products/services for graduates was 45.61% and the proportion for undergraduates was 43.64%. The last hypothesis for no difference between males and females (H5) was supported ($Z = 0.730$, $p = 0.4438$). Males correctly identified 45.49% of the one hundred companies/products/services while females correctly identified 42.69%.

While there were no significant differences in responses between these groupings, there were notable differences in correct responses for specific firms. The company most often correctly identified by both students and faculty was Wal-Mart. This was not surprising, due to the strong "Buy America" campaign presented by this firm. Wang and Olivetti were among the most frequently incorrectly classified U.S. firms, while Farmers Insurance and Purina were among the most often incorrectly identified foreign firms.

SUMMARY AND CONCLUSIONS

Only H5 (gender) had the anticipated outcome. There was **no difference** between males and females in their ability to correctly identify country of ownership of companies/products/services. The findings from the other four hypotheses showed **insignificant differences** among groups. These insignificant findings of themselves are relevant for marketing educators. These findings suggest that both business students and business faculty can correctly identify country of ownership for well known companies/products/services **only about half the time**. This poor performance is unexpected and should be of concern to marketers because research has shown that many consumers use this variable to make their product choice. The lack of correct responses indicates that this information is not being communicated effectively to the American consumer.

There was significant overlap in the lists for faculty and students suggesting they have relatively the same frame of reference. Since faculty impart their knowledge to their students, this is

not unexpected. The fact that faculty identified correctly the country of ownership **in only about half the cases**, is indicative of **how little emphasis is placed on keeping pace with ownership patterns in our schools of business**. This may be evidence of the fact that country of ownership is not a constant for many popular companies/products/services and business faculty and students do not consider keeping abreast of such changes important. Perhaps, however, more emphasis needs to be placed on teaching the importance of knowing the country of ownership for well known companies/products/services because many individual consumers and corporations do actively try to "Buy American" or at least consider the country of origin an important attribute in their purchase behavior. Perhaps more emphasis needs to be given to teaching students where to look for such information.

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