

The Factors Affecting Customers Attitude Towards Domestically Produced Goods and Their Economic Implications: Evidence from Addis Ababa, Merkato

Assefa Belay

Department of Economics, St. Mary's University, Addis Ababa, Ethiopia

Email address:

assefakebede66@gmail.com

To cite this article:

Assefa Belay. The Factors Affecting Customers Attitude Towards Domestically Produced Goods and Their Economic Implications: Evidence from Addis Ababa, Merkato. *International Journal of Business and Economics Research*. Vol. 11, No. 3, 2022, pp. 109-116. doi: 10.11648/j.ijber.20221103.12

Received: April 19, 2022; **Accepted:** May 17, 2022; **Published:** May 31, 2022

Abstract: The study was conducted on the factor affecting customer's attitude towards domestically produced goods and their economic implication in Addis Ababa the case of merkato. The general objective of the study was to assess the factors affecting customer attitudes towards domestically produced goods and their economic implication in the studied area. This paper was used non-probabilistic sampling methods of judgmental/purposive sampling technique on the sample size of 450 respondents. The reason for use of judgmental sampling technique was due to the objectives which were intended to identify attitude of customers towards shoe and cloth with domestic origin. In order to achieve the objectives, both primary and secondary source of data was used. This study was used both descriptive and econometric method of data analysis. In descriptive analysis the study was use table, percentage, frequency and figure. In econometric analysis this study used logit model because dependent variable of this study is qualitative or dummy. The result obtained from descriptive analysis indicates that the attitudes of customers towards domestically produced good were pessimistic. Their perception mainly affected negatively on products attributes such as quality, price, fashion ability/style, and durability. According to the econometrics analysis, all independent variable are positive sign, based on the logit model estimated result, quality of product, attractiveness of product and social states of product are statistically significant at 10% level of significance. R-squared of this study is 0.756836. This implies that 75.68% of the customer attitude of domestic is explained by the selected explanatory variables. The economic implication of such attitude will be greater on trade balance and performance of domestic industries which are producing those products.

Keywords: Customers' Attitude, Logit Model, Marginal Error, Domestic Products

1. Introduction

Customers' attitude is both an obstacle and an advantage in the market. An attitude in marketing term is defined as a general evaluation of product or services formed over time [10] Customer can hold negative or positive belief or feelings towards products or services. An attitude satisfies a personal motive and at the same time affects the shopping and buying habits of customers. Customers simply defined as a composite of customer's belief, feeling and behavioral intention towards some objects within the context of marketing [3].

These days, organizations are expected to perform more

than producing products and delivering good. As business organization are in continuous challenges which results from dynamic changes occurring in their endowment, they compete for quality, customer satisfaction, market position, good will and the like. However, the one which best strategically fit and complete will succeed and get the profit unites of its environment and through lower cost advantage. Good will and persuasive advertisement they can influence customers positively towards their own product [6]. Third world countries are highly affected by companies of the developed nations they explanted to find new market and dominants the markets of third world countries and this affects domestic producers in third world country to compete

with foreign producer who use advanced technology service quality, fashion/style, effectiveness of products [4]. Ethiopia is one of the poor countries which are being invaded by foreign product which inhabits. Further explanations of product of domestic produces in their business sector and make difficult to compete with them. Most of customers have psychologically aggregated with foreign products and easily switched from domestic to them. This is true domestically produced good (Cloth, shoes) [5]. More over the study mentioned study observed that people in developed country are more likely to purchase their locally made products because of positive attitude on these products, while it is the opposite of developing countries. Likewise, attitudes towards products from culturally similar countries are more favorable than those towards products from culturally dissimilar countries [6]. However, the effects of negative attitude to local products are adverse and affect local industries, local culture, style of life and behaviors and the economy at large. There for increasing of global market use and development of information and technology tends to facilitate Ethiopians customers being able to buy products from different countries either by non-storing like internet service, and local source market [11]. Also the flowing of imported products is observed to be higher specifically the Chinese made products which seem to be cheap. Most Ethiopians go for the imported products mostly than the locally or domestically produced goods and this what attracts the researcher to examine empirically the factors that affect the customer attitudes towards domestically produced goods and their economic implication in Addis Ababa at selected sub city customers attitude towards imported products besides the differentiating variables of this imported goods and service have been to attitude observed in Addis Ababa at selected sub city. So the research motivated to identify the factors that affect the attitude of customers towards domestically produced goods.

1.1. Statements of the Problem

The attitude of customer towards domestic and foreign goods is quite different. Most of the customers have positive attitude towards foreign goods; while some other have negative attitude towards domestic good, only a few number of customers have positive attitude towards domestic good and negative attitude towards foreign goods. The researcher done by [7] in Ferguson et al 2008) shows that products from technologically more advanced countries were viewed more positively by nations of developing countries than those from the technologically less advanced countries and then the attitudes of domestically produced goods are highly affected by negative outlook of the customers. From the point of view, they conclude that most customers have negative attitude to the products which are being produced locally [2]. Most of the customer agree that the locally produced goods are not attractive in quality and quantity the customers initiations to use domestically produced goods is not encourages due to on the above reason the demand by the potential user is poor.

On the research paper of [8] would have conducted to analyze customer's perceptions towards domestically

produced goods and foreign products in various countries. However, there have not be conduct research extensively to examine the factors that affect customers attitude towards domestically or locally produced goods in Ethiopian market. In order to stay profitable and competitive in today's markets, satisfying customer's is vital. So as to meeting this goal understanding the customer's behavior should be given a top priority in domestically produced goods [9].

Existence of negative attitude towards home produced good creates big challenges to growth and expansions of domestic goods. This in turn challenges their contribution to the development of their country. This is because of domestically produced goods or locally produced goods for their local community but the communities are not voluntary to purchase their domestic goods. The first and the most important reason for this is that the demand for domestically produced good is not much high due to most people believes that domestically produced goods are not qualified and not much strong than that of other due to this and other factors the development of that nation or country became affected.

So, when customers cannot be voluntary to use domestically produced goods, then producer s will loss of values and output. This means that domestic producer do not prefer to produce domestic products. Then the people prefer to use foreign goods rather than domestic goods, due to this reason the negative attitude of customers challenge or affect to the economic contribution of our domestically produced goods and services and that in turn the foreign products can be easily acceptable in our local customer [1]. There for this problem is good news to use our domestically produced to improve the economic growth in general for our country Ethiopia and it is good for shaping the attitude of customers particularly in Addis Ababa at selected sub city.

1.2. Objectives of the study

1.2.1. General Objective

General objectives of the study were assessing factors affecting peoples 'attitude towards domestically produced goods in Addis Ababa, Merkato.

1.2.2. Specific Objective

- 1) To examine the customers' attitude towards domestically produced goods in the study area.
- 2) To identify factors that affect customer's attitude towards domestically produced goods.
- 3) To assess economic implications of factors affect customers' attitude towards domestically produced goods.

2. Research Methodology

This part of the study gives details on how the research activities would carried out. Therefore, the researcher concentrates on the methods that would adopt throughout the study to accomplish the research objectives. It includes the research design, the type of data and source of data would use the model specifications, types of model, estimation techniques, data analysis and methodology.

2.1. Research Approach and Design

The research is use a quantitative research approach to analysis factors affecting attitude towards domestically produced goods. Furthermore, the study would employ an explanatory research design in order to achieve its objectives. It is the most appropriate design for identifying Factors Affecting customer attitude of domestic product.

2.2. Data Source and Types of Data

The paper was using both primary and secondary type of data. The main source of data to know peoples attitude towards domestically produced goods would be primary source. These data would be collected through distributing questionnaires to the respondent, and interview; to substantiate the information from primary source, secondary data would be also collected from the central statistical agency CSA and other published and unpublished sources.

2.3. Sampling Technique

The target population of the study is the people of Addis Ababa who are using Merkato, on among the biggest markets in Africa, to buy their domestic products. This paper was use non probabilistic sampling technique, particularly convenient sampling technique because more of the data would collect from primary source by distributing questionnaire. The researcher considers the customers that are conveniently available in this big market in peak market days. The data would collect on Saturday, when many of the people of Addis Ababa prefer to conduct their transaction at Merkato. Research was use the morning and afternoon sessions to collect data from the customers.

2.4. Sample Size

For populations that are large, reference developed the following sample size determination formula to yield a representative sample for proportions.

$$n = Z^2 pq / e^2,$$

- Where z= the standardized value;
- p= level of variability;
- q=1-p;
- e= the level of precision.

Accordingly the sample size of the study with 95 confidence level and 0.5 level of variability is calculated to be 385.

$$n_o = (1.96)^2 * 0.5 * 0.5 / (0.5)^2 = 385$$

However, 450 questionnaires would be distributed to protect the study from non-response bias. This sample size exceeds the calculated sample size by 65, which assures that the data is representative.

2.5. Methods of Data Analysis

The study would use both the descriptive and econometric methods of data analysis. To analyze the data, in descriptive part,

the researcher would use table, percentage, frequency to describe the given data. On the other hand standard econometrical technique would apply to analyze a data. In econometric part researcher was use logit, model because variable is binary variable when it takes two values, i.e. 1 if the customers have positive attitude towards domestic brands and 0, otherwise. Finally, Stata 13.0 versions was e use as statistical software package for the entire analyze running this study.

2.6. Econometrics Model Specification

There are a lot of factors that affect domestic products, price, ability, quality and attractiveness, design, fashionably, Consumer Behavior, customer needs, Producer information, Cultural Factors and etc. In fact there are many determinants, these paper select five of them based on their relevance for developing countries like Ethiopia. With this frame work the mathematically relationships between domestic product and its determinant are expressed as follows:

$$DFP = f (P, Q, AT, SOS, DS)$$

Whereas DFP –Domestic product, Q-quality of product, AT-attractiveness, SOS- social states and DS- design of product. To estimate the binary choice models, most extant econometric literatures use the linear probability model (LPM), logit, and probit models [5]. The variable is said to be binary variable when it takes two values, i.e. 1 if the customers have positive attitude towards domestic brands and 0, otherwise. Thus, to estimate this type of relationship, we have to use qualitative response model which indicates the dependent variable is qualitative in nature. Therefore, for the identification of the factors affecting customers’ attitude towards domestic footwear products, adoption of logit model is more appropriate than the LPM. This is because the latter encounter different problems such as non-normality of the disturbance term, heteroscedasticity of, the possibility of the estimated dependent variable lying outside the range of 0-1. Hence, this inadequacy of the LPM suggests that a non-linear specification may be more appropriate. In order to explore the correlates of customers’ attitude with the variables thought to be important in explaining it, a logistic regression model is estimated, with the dependent variable being dichotomous variable of whether the customers have positive attitude towards domestic products (1) or not (0). The logit model assumes cumulative logistic probability function whereas the probit model is associated with the cumulative normal distribution. Although logit and probit models yield similar parameter estimates, a cumulative logistic regression model is preferred because of its comparative mathematical simplicity. Therefore, the probability of having positive attitude towards domestic products depends on a set of explanatory variables, X, so that:

$$P (Y_i = 1) = \frac{1}{1 + e^{-(\beta_i x_i)}} \tag{1}$$

$$P (Y_i = 1) = \frac{1}{1 + e^{-(z_i)}} \tag{2}$$

Where: p(Y_i = 1) is the probability that the customers have positive attitude towards domestic products, Z_i is the function of

a vector of n explanatory variables, represents the base of natural logarithms and equation (2) is the cumulative distribution function. If $p(Y_i = 1)$ is the probability of the customers having positive attitude towards domestic products, then $1-p(Y_i = 1)$ represents the probability of customers to have negative attitude towards domestic products and is expressed as:

$$1-p(Y_i = 1) = 1 - \frac{1}{1+e^{-(zi)}} = \frac{1}{1+e^{zi}} \quad (3)$$

$$\frac{p(Y_i = 1)}{1-p(Y_i = 1)} = \frac{1+e^{zi}}{1+e^{-zi}} = \frac{1}{1+e^{-2zi}} \quad (4)$$

Equation (4) simply is the odds ratio, the ratio of the probability that customers would have positive attitude towards domestic brand products to the probability that they would not have positive attitude towards domestic products [5]. Taking the natural log of equation (4), we obtain

$$Li = \ln\left(\frac{p(Y_i = 1)}{1-p(Y_i = 1)}\right) = zi \quad (5)$$

Where is the log of the odds ratio which is not only linear in the explanatory variables but in the parameters also. Thus, introducing the stochastic error term, e_i , and the logit model can be written as

$$DP = \beta_0 + \beta_1P + \beta_2Q + \beta_3AT + \beta_4SOS + \beta_5DS + e_i \quad (6)$$

Whereas DP – Domestic product, Q - quality of product, AT - attractiveness, SOS - social states and DS - design of product. β_0 is the constant term and β 's are coefficients of the explanatory variables to be estimated and e_i is marginal error.

From this research paper there would be independent and dependent variables. The main independent variables are listed in the customer attitude that affects are price, ability, quality and attractiveness.

Price; is refers to the value of goods and services based on quality and amounts of products, and it is one of the most important extrinsic use that customer use when evaluating the product.

Quality; is refer to the efficiency of product.

Attractiveness; refer to the way of looking products positively and negatively. Thus are the facts that affect the customer's attitude.

The dependent variable is domestic product, because it defined on explanatory variable as price, quality, and attractiveness of the product.

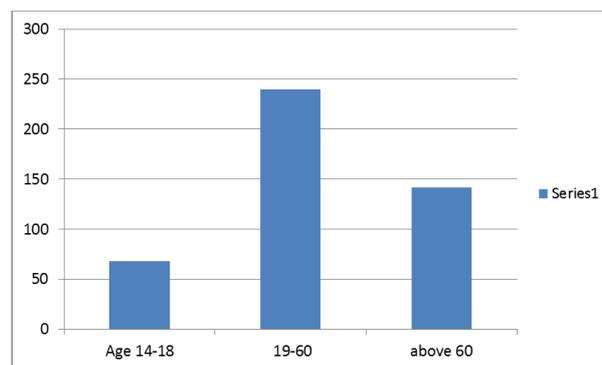
3. Data Analyses and Interpretation

3.1. Descriptive Analysis

3.1.1. Demographic Characteristics of Sample Respondents

The researcher analyze based on distributed questionnaires of 450 sample respondents among this 170 (38%) of the respondents were males and 280 (62%) of the total respondents have female and the age for the respondents have grouped on 14-18, 19-60 and above 60 age grouped which were count about 68 (15%), 240 (53%), and 142 (32%) of sample respondents. This study was mainly conducted to

assess the factors affect the customer's attitude towards domestically produced goods and their economic implication in the studied area taking shoes and cloth purchasing customers as sample. Both family and friends pressure from social factors and quality, price, durability and safety are the economic factors which were analyzed on this study. These factors have the power to affect psychological makeup of customer. Thus, affect the attitude of customer's purchasing power in domestically produced goods.



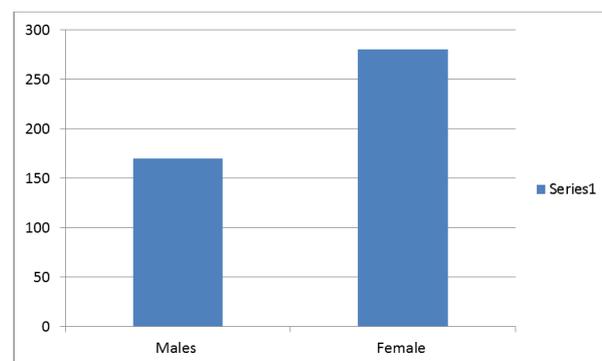
Source; own survey (2022)

Figure 1. Age group of sample respondents.

The above figure 1 shows that, most of the respondents were found between the age group of 19-60 which were about 53% of the respondents. The remaining 15% and 32% of the respondents were between the age group of 14-18 and above 60 respectively. So, from the above graph shown that the differences between different age groups have different attitudes for domestically produced goods rather than foreign goods. That means, most of the customers who have between the age group of 14-18 and above 60 years respondents were more consume their own domestic goods than customers who have between the age group of 19-60 years of the total respondent. The reason behind this were most of the old aged group of the respondents respect their cultures by consuming their home produced goods and they would not voluntary to consume foreign products.

3.1.2. Sex of Sample Respondents

The following graph shows that the distribution of the respondent based on their sex composition.



Source; own survey (2022)

Figure 2. Sex of the sample respondent.

From the above figure 2 among 280 respondents 62% of them were female respondents and the rest 38% of the respondents were males. This shows that most of female customers have negative attitude towards domestically produced goods because, when I collect data on the market area, most of the female respondents used transaction on cloth and also shoes of foreign produced good, and when I ask for them “why you cannot use domestically produced goods” they would tell me the answer for my question as we have seen domestically produced goods have low quality, less attractive and less durability as well poor on fashion ability due to this we need to consume foreign products. From this point of view most of the time females were highly the followers fashion ability than males and then they select foreign products rather than domestic products. So, this taken as one problem and the solution for this were that the intention of domestic producers who have listen customers’ needs and wants and perceptions about quality, fashion ability, durability of the product who produced especially for females. So, this in turn good for customers who use domestically produced goods.

3.1.3. Level of Education of Sample Respondents

Education is an important variable that the customers have the knowledge for a certain action on a certain issue. As, the table 1 given below the level of education about the attitude of customers towards domestically produced goods have quite different at different level of schooling.

Table 1. Level of education of sample respondents.

Level of schooling	Frequency	Percentage
No schooling	17	4%
Primary school	35	8%
Secondary school	62	14%
Diploma	138	30%
Degree	192	43%
Above	6	1%
Total	450	100%

Source; from own survey (2022).

From the above table 1 shows that most of the customers have negative attitude of domestically produced goods or they have positive attitude towards foreign product at degree level of education and they were counted as the percentage of 43%. So, this shows that person who have not schooling or persons who have not get the access of educations were consumed that domestically produced goods rather than foreign or imported goods than persons who have the access of education or educated one. Because most of educated customers have follow the way of western style or modernization style by consuming foreign goods and they considers that customers who consume domestic goods by their local language “fara” or “moodless” person. Those affect the growth of the country and the expansion of domestic manufacturers. Producers have to loss their values of output. So, domestic producer do not prefer to produce domestic products.

3.1.4. Awareness on Domestically Produced Goods

According to the above table 63% of the respondents have

no any awareness to what goods were produced domestically, and 37% of them have the awareness of what type products were produced, and those products listed by them were cloth, shoes, cotton cloth, mobile phone, sugar and so on. The information obtained from the respondents who were interviewed shows that the lack of awareness or knowledge about the product being produced domestically and the quality of the product price and style/fashion ability did not suit the customer’s personality and it does not to satisfy their interest. Generally, most of the customers have no awareness of good that are produced domestically, but the problems in here were the lack of initiation to use/consume those goods.

Table 2. Do you have the awareness of what goods are being produced in Ethiopia?

Awareness of respondent	Frequency	Percentage
Yes	168	37%
No	282	63%
Total	450	100.00

Source: own survey (2022).

3.1.5. Economic Factors Affecting Attitude Towards Domestically Produced Products

The economic factor affecting customers attitudes towards domestically produced goods have the other basic objective this study. So from the analyses given below shows that how this factors can affect customer’s buying behavior on products.

Quality is measured by the degree of conformance to predetermined specifications, standards and deviations from these standards can lead to poor quality and low reliability.

Table 3. Perception towards quality of domestically produced goods.

Quality perception of customers	Frequency	Percentage
Very quality	89	20%
Medium quality	180	40%
Poor quality	126	28%
Very poor quality	55	12%
Total	450	100%

Source own survey (2022).

From the above table quality is one the best variable that shows the competitiveness of products or services in the market. This variable has the power to pull and push the customer easily. And also quality is something which identifies a subject of perception or degree of excellence grade of things or products. So from the table given above most of the customers responded that the quality of products as 20%, 40%, 28%, and 12% of the quality of very quality, medium quality, poor quality and very poor quality respectively. Some interviewed customers said; that same of products like shoes, leather jacket, trouser, and few T-shirt have good quality especially few factories made shoes from pure leather but the problem is that the manufacturers do not put customer interest in to consideration like fashion ability/style and quality. Generally, from the above table conclude that 28% of the respondents have decided to poor quality of the product, due to this reason the customers have negative attitude towards domestically produced goods. And the results poor quality of

the products have adverse effect on the domestic economy by declining trade balance between foreign and domestic goods that means imported goods have the greater acceptance than domestic goods by customers, trade deficit will happened, increasing the level of market competition, e.t.c.

Response on price /cost relative to quality: The response of customers who have related to the price with quality of the product can be shown on the following table.

Table 4. Do you believe that price and quality has positive relationship.

Response	Frequency	Percentage
Yes	367	82%
No	68	15%
Indeterminate	15	3%
Total	450	100%

Source: own survey (2022).

From the above table 82% the respondents can be concluded that there is the direct relationship between price of the product and the quality, that means if the quality of the products became better than their relative price will be reaches at the maximum. And the 15% of them are concluding that there is a negative relationship between the quality of the products and their relative price level of the product. The value of price to its relative quality of product is a basic constituent of relationship marketing policy. The ability to provide superior value to customers is a prerequisite when trying to establish and maintain long-term customer relationships to their respective quality of product or in other case it stresses that the underlying of customers satisfaction is more than a perception of the quality received. What must be taken into account as well is the customer's need of quality improvements and his willingness to pay for it the relation suggests that a reduction in customer-perceived costs/price may be a most recommendable method of providing value to the customer, since; it can improve the internal cost efficiency of customers. It is then possible to establish and maintain mutually profitable customer relationships, which is of prime concern in relationship marketing [12].

3.1.6. Economic Implications of Consumer's Attitude Towards Domestically Produced Goods

The result of the discussion indicates that majority of the consumers prefers foreign goods than domestic and they

perceived that foreign goods are better than the domestic [13]. If consumer's has such attitude towards domestically produced products, it will have significant economic implications. This can be evidenced via the position of the country on trade balance. According to the reports of NBE, the country recorded a trade deficit of 3441.30 USD Million in the third quarter of 2022. Balance of Trade in Ethiopia averaged -1965.93 USD Million from 2006 until 2022, reaching an all-time high of -956.70 USD Million in the second quarter of 2007 and a record low of -3737 USD Million in the fourth quarter of 2021[17].

Implication for Performance of domestic industry and employment: Domestic industry refers to manufacturers that produce goods within their country of residence. And products are sold in the country in which they are manufactured. But also can be exported, according to the World Trade Organization (WTO) [16]. Domestic industries constitute the necessary adjustment of natural economies and most the people they arose with the development of domestic industry create the principal branches of agricultural productivity and the development of a particular domestic industry depended on local conditions and available raw materials [15]. So the researcher concluded based on the customer's response the performance of domestic industry is good for economic growth but there is the problem of addressing that modern machinery. From here government undertake by distributing domestic industry to the manufacturer, this leads to the expansion of industries also create employment opportunity towards the people. Generally, the good performance of domestic industry will improve the economic growth create employment for the society.

3.2. Results of Econometric Analysis

In this study an attempt was made to determine the factors influencing customer's attitude domestic product. The binary dependent variable attitude of customer was regressed with five independent variables and with one variance function in the logit model. According to table 5 quality of product, attractiveness of product, social states and design of product are statistically significant at 10 percent level of significance.

Table 5. Estimation Results of Logit Model.

Dependent Variable: Domestic product (DP)				
Regressors	Coefficient	Standard Error	T- Ratio [Prob]	
Quality of product [Q]	0.2998***	0.0780	3.8435 [0.0001]	
Attractiveness of product (AT)	0.0840***	0.0230	-3.6521 [0.0013]	
Social states (SOS)	0.2579*	0.0696	3.7054[0.0116]	
Design of product (DP)	0.0830	0.0567	1.4638 [0.1590]	
R-Squared = 0.7560	Adjusted R- Squared = 0.6590			
Durbin –Watson statistics = 1.9819	P (F- Statistics) = 0.0009			

Source; Stata, 13

Note: *, **, *** indicate significance at the level 10%, 5% and 1%, respectively.

As the Logit model estimation shows, all the variables have a sign as expected by the paper. All independent

variable are positive sign. As the logit model estimated result of the above table showed, quality of product, attractiveness

of product and social states of product are statistically significant at 10% percent significance level. R-squared is 0.756836: This implies that 75.68% of the customer attitude of domestic is explained by the selected explanatory variables. In other words, 75.68% of variation of the dependent variable is due to the variation of the independent variables which included in the model and the remaining variation 24.32% is explained by the variables which are not included the model. If the value of R- Squared is higher, the greatest the goodness of fit of the model. There for, is R-Squared in the regression model reveals that there is good fitness of value for a given result. The overall model is statistically significant because of P (F- Statistics) is 0.00098, which is less than 5% percent. If we are interested in understanding how the independent variables affect the unobservable latent variable y^* , then the probit and logit coefficients can be interpreted in exactly the same way as OLS coefficients i.e. the coefficient tell you how much y^* changes with a one unit increase in the independent variables. Of course, it is almost never the case that you will be interested in y^* . Instead, you want to know the effect of your independent variables on y i.e. the probability of getting a 1 or 0 [5].

Table 6. Marginal effects of Logit Model.

Variables	dy/dx
Q	0.0083* (0.0045)
ATT	-0.00022 (0.0015)
SOS	-0.0092 (0.0056)
DPP	8.38e-06 (0.00003)

(i) *, **, *** indicate significance at the level 10%, 5% and 1%, respectively.
 (ii) Numbers in parentheses are standard errors.

The marginal effects result reports that Quality of product has significant marginal effect on customers attitude on domestic product. The coefficients in table 6 reveal the sign of the variables. But they are not helpful in estimating the exact effect of the independent variable on the dependent variable. We mostly use marginal effects to interpret the coefficients of the each independent variable. These marginal effect estimates are simply the estimates of the change in probability of choice which we expect conditioned on a change in the value of the particular independent variable. This is due to marginal effects being reported at the mean values of the independent variable. At its mean value it may have negative effect on the likelihood of investment in manufacturing sector.

4. Conclusion and Recommendation

4.1. Conclusions

The general objective of the study was to assess the factors that affect the customer’s attitude towards domestically produced goods and their economic implication in Addis Ababa merkato. The data from this source were analyzed through descriptive method of analysis that includes percentage, pi chart and tabular presentation was used in the

study. Among the factors which determine the attitude of customers towards domestically produced goods in the town were quality, price, durability, safety and fashion ability of the product were the major one. So far the researcher have been analyzed the factors that affecting customers attitude towards domestically produced goods and their economic implication in Addis Ababa and differentiating variables that they put as essential points that creates great difference between the domestic and foreign products. From the analysis one could understand that the customer have negative attitude to the domestically or home produced goods and also they stated that the products that were produced locally and the foreign product vary in their quality, price, durability and fashion ability. From these variables low quality and lack of fashion ability, due to this problem customers would prefers to use foreign products rather than domestic products. Most of the customers agreed that the domestically produced goods lack the necessary quality of the domestic product is poor. This affects customers buying behavior and customers shifts to foreign products or customers were less attracted or motivated to use local products. On the other hand the influence of family (social factors), friends and the lack of awareness of domestically produced goods were also affecting the customer’s attitude towards domestically produced goods and this in turn affects the expansion of domestic manufacturer and the economic growth of the country. The other point’s stands on the analysis part there were a gap between female and male, from whom female customers have been more negatively affected by domestically produced goods than male. Due to all the above reasons the demands by potential user were poor in domestically produced goods. This in turn discourages the business persons from engaging in activities of selling domestically produced goods, because the manufacturers were not purchasing domestically produced goods due to lack of demand by customer, low profitability and absence of domestically produced goods [14].

Generally, the researcher generalized the customers attitude on domestically produced goods have been negative and positive towards foreign products by the case of domestically produced goods have low quality, high price with less attractive and less durability of the products. From this entire point of view one could have been conclude that the negative reaction of customers towards domestic products affect the industrial sector that contributes a lot to the development of the country and affect the expansions’ and developments of this sector in general and particularly it also affect the domestic manufacturers and narrow down the economic growth and the developments of the city.

4.2. Recommendation

The assessments of customers attitude towards domestically produced goods was initiated because of the great’ market loss and failure of enter to new market faced by the domestic goods. This study helped to investigate why customers could have been reacting negatively to domestic goods and positively to foreign products. In the area of

quality, fashion, cost relative to quality/price of the products, durability and social factors or family, customers have almost negative perceptions to domestically produced goods. So, most customers' prefer to use foreign products than domestic products.

The researcher recommended on;

- 1) Creating awareness on domestically produced goods through publicity by addressing information to customers by using media coverage like television, radio, newspaper.
- 2) The hasty generalization of the consumers' as the domestic goods are poor quality can be reduced through awareness creation campaigns.
- 3) Capacity building on domestic producer/manufacturer to expand domestic industries to reduce deficit trade balance, increase preference of customers to consume domestic goods and this contribute to economic growth.
- 4) This research can be used as a bench mark for further researches, therefore, anyone who are interested can assess the effect through adding additional variables which could be considered as a determinants of customer attitude. Further studies should be conducted with a wider coverage as this study only merkato.

Acknowledgements

First and for most I would like to thanks almighty God and Tsion Mariam for giving me healthy and strength to writ this article. Next, I would like to express my genuine gratitude and appreciation to my family for their invaluable and unforgettable financial and moral support throughout my study. Lastly but not least, I would like to thank all other who have directly or indirectly extend their support for realization of this paper.

References

- [1] Bredahl, L. 2003. Cue Utilization And Quality Perception With Regard To Branded Beef. Food Qual. And Pref. 15: 65.
- [2] Brands. 2nd International Conference On Social Science And Humanity. IACSIT Press, Singapore, 2012.
- [3] David Jebblep, (1998) Principle And Practice Of Marketing, 2nd Edition, Mcgraw Publish In Company.
- [4] De Mooij, M. Consumer Behaviour And Culture. Thousand Oaks: Sage, 2004.
- [5] Gujarati, N. D. Basic Econometrics. 4th Ed. Mcgraw-Hill Companies, 2004.
- [6] Greene, W. H. Econometric Analysis. 4th Ed. New Jersey: Prentice-Hall, 2003.
- [7] James A. O Brien (2004) Management Information System 6th Edition Mcgraw Published Company London.
- [8] London. J. Paul Petri And James H. Donnesly, JR (2004) 7th Edition Marketing Management Knowledge And Skill Mcgraw Full Published Company London.
- [9] Michael J. Baker 3rd Edition (1998) Macmillan Dictionary Of Market And Advocate.
- [10] Michael J. Solomon (2002) *Consumer Behavior* 5th Edition.
- [11] Philip Kottler And Kelvin (2004) *Marketing Management* 10th Edition New Delhi Prentichophillip Kottler And Kevailant (1997) *Marketing Management* 7th Edition New Del Published Hall Of India.
- [12] R. Zinkot 2 (1998) *International Marketing* 5th Edition And Textile.
- [13] Rostami. Leslie W. Rue, (2005) *Consumer Behavior* 5th Edition Mcgraw Full Published Company.
- [14] William D. Perrault, Jr, (2004) *International Market* 5th Edition.
- [15] William D. Perreault And Jr, E. Jerome (2004) *Managerial Approach* Mccarthy Full Published Company London.
- [16] Zeenat Ismail, Sarah Masood And Zainab Mehmood Tawab. Factors Affecting Consumer Preference Of International Brands Over Local.
- [17] Zeithaml, V. A., Berry, L. L. And Parasuraman, A. The Behavioural Consequences Of Service Quality", Journal Of Marketing, 1996.