

Analyzing the consumer attitudes toward the marketing practices of the Egyptian business organizations

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Abstract

This research presents a composite picture of consumers' attitudes or sentiments toward the marketing practices of the Egyptian business firms. The index of consumer sentiment towards marketing (ICSM), which was developed by Gaski and Etzel (1986), is adopted as a measurement instrument in this research. The empirical investigation of this research was conducted on a random sample of MBA postgraduates with 216 cases valid for analysis.

Overall, the research found that consumers carry negative attitudes towards the marketing practices of the Egyptian business firms. The findings also reveal on significant differences between the Egyptian and Arab consumers in terms of their attitudes toward marketing practices. The differences were found on both the aggregate level of ICSM, and the sub-scales of which the index consists (product, price, advertising, and selling). Finally, the results indicate that the consumers' attitudes toward marketing practices differ significantly according to their demographics.

1- Introduction

Consumers in both developed and developing countries have many concerns about how well marketing and businesses, as a whole, serve their interests. Therefore, marketing receives much criticism. Social critics claim that certain marketing practices hurt individual consumers and society as a whole (Kotler et al., 1999). Several national and cross-national studies have focused on consumer attitudes towards marketing system and subsystems in reference to industrialized nations (Varadarajan and Thirunarayana, 1990). However, less relatively attention has been devoted to the consumerism issues in developing and least developed countries where consumerism is at an early stage of growth (Cui et al., 2008; Raju, 1995; Varadarajan et al., 1991; Varadarajan and Thirunarayana, 1990).

Despite its limitedness in the Arab countries, the research interests in various aspects of consumer protection and business ethics in that region of the world are no less than that of other parts of the world. The early writings in this area of research suggested that the Egyptian business firms overlook the consumers' interests and rights when making marketing decisions (Bazaraah, 1977). A number of Arab researchers claimed that consumers suffer from unethical and misleading marketing practices by business firms in Arab countries (e.g., Boeirah, 1980; Mansour, 1981; Abdul-Jalil, 1985; Al-Morsi, 1990; Attia et al., 1999; Soliman, 2004). As a result, they believe there is an immense need for more government interference and regulation of business practices in order to provide better consumer protection against. In consistent with such needs, "consumer protection law" (law No 67 in 2006) has been legislated and regulated in Egypt, and the "Consumer Protection Agency" was established according to that law.

An effective program of consumer protection in any society requires a lot of efforts starts with assessing the extent to which consumer protection is needed in the society. An important step to assess such need is measuring the consumers' satisfaction and attitudes toward marketing practices. However, there is a lack of research measuring the consumers' attitudes towards the marketing practices of Egyptian business organizations. Thus, this study comes to present a composite picture

of consumers' perceptions and attitudes toward the marketing practices and its related facets of consumerism in Egypt. This is particularly important in the light of existing many phenomena such as the bad quality of many products, problems associated with product warranty as well as the general dissatisfaction of consumers and their negative attitudes towards the continuous increase in prices, etc

2- The Research Objectives

This study seeks to achieve the following three objectives:

- 1) Revealing the negative and positive aspects of the current marketing practices of the Egyptian business firms, and hence recognizing the extent to which the consumer protection is needed in general. This will be achieved through measuring the consumer sentiment in Egypt towards marketing practices in terms of product, price, advertising, and retailing/selling.
- 2) Exploring the differences between the Egyptian and Arab consumers in Egypt in terms of their attitudes toward marketing practices of Egyptian business firms.
- 3) Testing the relationship between consumers' attitudes towards marketing practices and their demographic characteristics. The importance of this objective can be explained on the background that the demographic variables may help to explain the differences of consumers' attitudes toward marketing (Chan and Cui, 2004; Wee and Chan, 1989; Chan et al., 1990).

3- The importance of the study

This research is important at both academic and practitioner levels. Consumer attitudes toward marketing activities are important from both a theoretical and a managerial standpoint (Gaski and Etzel, 1986). On the academic level, the importance of the study stems from the following two reasons:

- 1) There are a few number of studies that had been conducted in Egypt to measure consumers' attitudes towards marketing practices. These studies include Al-Morsi (1990), Abdul-Jalil (1985), Shaheen (1982), and Afifi and Montassir (1981). Moreover, this study employs the "ICSM" measurement scale of Gaski and Etzel (1986) whereas these few studies mentioned above used different measurement scales. For example, Al-Morsi (1990) used the scale of Brksdale and Darden which was developed in 1972⁴.
- 2) The study seeks to fill a literature gap in the area of this research. That reviewing the literature reveals that no empirical study in Egypt investigated the attitudinal differences between the national residents and foreign residents in the same country (i.e., Egypt) toward marketing practices of Egyptian business firms. However, on the level of Arab region, there is only one Saudi study conducted by Soliman (2004) who investigated the differences between Saudi consumers and non-Saudi Arabs consumers living in Saudi Arabia in terms of their attitudes toward marketing practices of Saudi business firms. However, this study still keeps its importance as it employs a different measurement instrument (ICSM of Gaski and Etzel) than that used in the Saudi's study which used the Klein's scale which was developed in 1982⁵.

On the practical level, the importance of this study can be attributed to the following reasons:

⁴ The measurement scales of Brksdale and Darden as well as the "ICSM" measurement scale of Gaski and Etzel will be presented in section 6.

⁵ The measurement scales of Klein (1982) will be presented in section 6.

- 1) On the macroeconomic level: the consumer perceptions significantly affect their behavioral responses to marketing activities. As a result, the consumer attitudes toward marketing have been found to be linked to several key macroeconomic variables and have been used in economic forecasts (Chopin and Darrat, 2000). Such information can also help in developing the policies of the government agencies to regulate industries and to protect consumers' interests. This is particularly important if we consider that the consumer protection against business malpractice and deception is lacking in Egypt and many Arab countries, and is desperately needed. Consumer protection agencies and measures that have been established in developed countries are ineffective or absent from the developing & least developing countries to which Arab countries belong (Soliman, 2004; Abdul-Jalil, 1985; Boeirah, 1980; Ferdous and Towfique, 2008). Accordingly, this study comes within the efforts that should be exerted to assess the need for protecting consumers against the marketing malpractices. That measuring the consumers' attitudes towards such practices is the first important step in an effective program for consumer protection.
- 2) On the microeconomic level: Measuring and analyzing the attitudes and perceptions of consumers toward the marketing practices of Egyptian business firms can lead to conclude some insights and implications to the marketing departments. Such insights and implications can benefit these business firms in planning and executing their marketing programs as well as designing effective strategies to protect the interests of their consumers and retain them.

4- Literature Review

In the past four decades, the area of consumer attitudes toward marketing practices and consumerism has always received considerable attention from researchers (e.g., Barksdale and Darden 1972; Bazaraah, 1977; Barksdale et al. 1982; Gaski and Etzel, 1986; Wee and Chan, 1989; Chan et al., 1990; Varadarajan and Thirunarayama 1990; Al-Morsi, 1990; Raju, 1995; Kotler et al., 1999; Chan and Cui, 2004; Ferdous and Towfique, 2008; Cui et al., 2008). In this part, the social criticism addressed to the marketing practices will be discussed with highlighting the consumer protection issues. This is followed by displaying the previous studies that empirically investigated the attitudes of consumers toward marketing practices of business organizations in several countries.

4/1 Social Criticisms of Marketing

The intensity of social criticisms addressed to marketing practices is often associated with "consumerism" which has become commonplace in contemporary lexicon. Earlier, Cravens and Hills (1973) defined consumerism in operational terms as "a multitude of group actions concerned with such issues as consumer protection laws, the availability of product and price information, fraudulent and deceptive business practices and product safety". In essence, consumerism deals with consumer issues about a range of marketing related issues. Kotler (2000) views consumerism as an "organized movement of citizens and government to strengthen the rights and powers of buyers in relation to sellers". Traditional buyers' rights include the following:

- a- The right not to buy a product that is offered for sale.
- b- The right to expect the product to be safe.
- c- The right to expect the product to perform as claimed.

On the other hand, traditional sellers' rights include the following:

1. The right to introduce any product in any size and style, provided it is not hazardous to personal health or safety; or, if it is, to include proper warnings and controls.

2. The right to charge any price for the product, provided no discrimination exists among similar kinds of buyer.
3. The right to spend any amount to promote the product, provided it is not defined as unfair competition.
4. The right to use any product message, provided it is not misleading or dishonest in content or execution.
5. The right to use any buying incentive schemes, provided they are not unfair or misleading.

Comparing these rights, many believe that the balance of power lies on the sellers' side. True, the buyer can refuse to buy. But critics feel that the buyer has too little information, education and protection to make wise decisions when facing sophisticated sellers. Consumer advocates call for the following additional consumer rights:

- a- The right to be well informed about important aspects of the product.
- b- The right to be protected against questionable products and marketing practices.
- c- The right to influence products and marketing practices in ways that will improve the 'quality of life'.

Each proposed right has led to more specific proposals by consumerists. The right to be informed includes the right to know the true cost per unit of a brand (unit pricing), the truly interest on a loan (truth in lending), the ingredients in a product (ingredient labelling), the nutrition in foods (nutritional labelling), product freshness (open dating) and the true benefits of a product (truth in advertising). Proposals related to consumer protection include strengthening consumer rights in cases of business fraud, requiring greater product safety and giving more power to government agencies. Proposals relating to quality of life include controlling the ingredients that go into certain products (detergents) and packaging (soft-drink containers), and reducing the level of advertising 'noise'.

In the 1960's, under the rubric "consumerism", business practitioners and academicians began investigating the degree to which people were satisfied or dissatisfied with marketing practices. Researchers tried to identify the aspects and factors that most disturb consumers about marketing. Marketing strategies and practices are viewed as reflecting the ethics or mentality of business organizations or marketers (Lysonski et al., 2003). This is because marketing is "the exposed arm of business" (Varadarajan and Thirunarayana, 1990) and represents the most visible managerial function (Lysonski et al., 2003).

The issues of consumer protection ostensibly relate to elements of the marketing mix. For example, product policy is attacked because of problems dealing with planned obsolescence, product proliferation, safety, and labeling. Pricing policies may be criticized during periods of increasing inflation and economic crisis. Distribution policy may be attacked due to aggressive in-store merchandising techniques and lack of quality information to evaluate price/quality relationships among similar brands. Lastly, advertising strategies may be criticized because of the psychological positioning used to differentiate products, puffery, deception and the emphasis on materialism to achieve the "good life".

Kotler et al. (1999) identified six aspects through which the marketing practices are accused of harming consumers. These include high-pressure selling, poor service to disadvantaged consumers, high prices, deceptive practices, planned obsolescence and shoddy or unsafe products.

1- High-Pressure Selling

Salespeople are sometimes accused of high-pressure selling that persuades people to buy goods they had no thought of buying. It is often said that cars, financial services, property and home

raise advertising 'factory' prices or a large price reduction from a phony high retail list price. Deceptive promotion includes practices such as overstating the product's features or performance, luring the customer to the store for a bargain that is out of stock, or running rigged contests. Deceptive packaging includes exaggerating package contents through subtle design, not filling the package to the top, using misleading labelling, or describing size in misleading terms.

5- Planned Obsolescence'

Critics have charged that some producers follow a program of planned obsolescence, causing their products to become obsolete before they need replacement. In many cases, producers have been accused of continually changing consumer concepts of acceptable styles in order to encourage more and earlier buying. An obvious example is constantly changing clothing fashions. Producers have also been accused of holding back attractive functional features, then introducing them later to make older models obsolete. Critics claim that this practice is frequently found in the consumer electronics and computer industry. Moreover, producers have been accused of using materials and components that will break, wear, rust or rot sooner than they should.

6- Shoddy or Unsafe Products

Another criticism is that products lack the quality they should have. One complaint is that products are not made well. Such complaints have been lodged against products and services ranging from home appliances, cars and clothing to home and car repair services. A second complaint is that some products deliver little benefit. In an attempt to persuade customers to buy their brand rather than any other, manufacturers sometimes make claims that are not fully substantiated. In markets where many brands are promising a wide array of product benefits, consumers are often left confused. In fact, consumers often end up paying more for product benefits that do not exist. A third complaint concerns product safety. Product safety has been a problem for several reasons, including manufacturer indifference, increased production complexity, poorly trained labor and poor quality control.

