

**Factors Affecting Consumers' Shoe Preference: the Case of Addis
Ketema Sub-city on Domestic versus Imported Leather Shoes**

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fulfillment of the requirements of Master of Business Administration**

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Declaration

I, the undersigned graduate student, hereby declare that this thesis is my original work, and it has not been presented for a degree in any other university and all sources of the materials used for this thesis have been duly acknowledged.

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Abstract

This study designed to indicate factors affecting consumers shoe preference: domestic versus imported leather shoes. Specifically, to indicate how consumers evaluated both domestic and imported leather shoes interms of product quality, style and price, to examine to what extent these factors influenced the consumers' shoe choice and to look whether there was difference or not between the age groups regarding their preference in Addis Ketema sub-city shoe market. In order to achieve its objectives the study gathered data from 180 leather shoe consumers in Addis Ketema shoe market through open and close ended questionnaires. The data were analyzed through help of statistical package for social science and micro soft excel software. The findings revealed that the imported leather shoe were superior in comfortability, fashionability and range of variety. But, Domestic leather shoes had competitive advantage interms of durability and price. The study also indicated that quality, style, price, friends and culture as the major factors influenced the consumers' shoe preference. In addition, the result of the study discovered that there is difference in preference depending on consumers' age groups.

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Chapter 1: Introduction

1.1. Background of the study

Consumer market includes all the individuals and households who buy or acquire goods and services for personal consumption. According to Kotler and Armstrong (2010), currently, the world consumer market consists of more than 6.6 billion people who annually consume an estimated \$65 trillion worth of goods and services. Among these consumer goods shoes are one of the basics. Currently, different types of shoes are produced by different companies in different countries to different consumers around the world. These Consumers around the world vary tremendously in age, income, education level, tastes and preference even though they buy an incredible variety of goods and services. But these diverse customers relate with each other and with other elements of the world around them affect their choice among various products, services and companies.

Today, as a result of changing world business environment, global competition is intensifying, foreign firms are expanding into new international markets and home markets are no longer as rich in opportunity. Local companies that never thought about foreign competitors suddenly find these competitions in their own back yards (Kotler et al., 2005).

Existence of such stiff competition among companies benefited the local consumers through providing ample of product choice in general. Ethiopia, as one part of the world communities, changes in the world business activity may affect negatively or positively its business activities, these include business activities performed by leather and leather products industry.

Ethiopia's leather product sub-sector produces a range of products from semi-processed leather in various forms to processed leathers, such as shoe uppers, leather garments, stitched upholstery, school bags, handbags, industrial gloves and finished leather. The leather factories in the country facilitate the production and export of footwear under the

private labels of department stores, boutiques, shoe retail chains and mail order houses and facilitate the production of internationally well-known brands under contract. The Ethiopian footwear industry produces shoes that are globally competitive in terms of both quality and price (Samuel, 2008). But studies conducted on leather and leather products sub-sector indicated that footwear sub-sector in Ethiopia is dominated by cheap imports. As a result, the country's shoe producers face strong competition from shoes and other leather products imported from China and elsewhere (Sutton and Kellow, 2010; Tegegne, 2007).

Thus, study on consumers' shoes preference has immense value to shoe companies through providing actual information about shoe consumers, these in turn help them better understand of their target consumers and designing market offers according to the need and want of their target consumers.

1.2. Statement of the problem

Ethiopian footwear sub-sector produces men's casual shoes and children's shoe-uppers made from pure leather. Leather factories sell these products to domestic market and directly to overseas importers and wholesalers as well as direct buying offices (Embassy of Ethiopia in United Kingdom, 2010). As it is obvious Ethiopia has the largest livestock population in Africa and the 10th largest in the world, the country had to be one of the major shoes producers and exporters in Africa as well as in the world having comparative advantage of raw material and cheap human resource advantages. Despite this fact, many studies indicated that the shoe companies found in the country face strong competition from shoes and other leather products imported from abroad.

According to World Bank group (2006), the domestic market for footwear at present suffers from fierce price competition from synthetic footwear imported from China at much cheaper prices. Though low in durability, these low quality Chinese shoes are considered somewhat stylish and fashionable in design and heel heights and are available for men, women and children in all local shops. Tegegne (2007) mentioned that the domestic shoes market has been flooded with cheap imports from Asia, particularly from

China and this has inflicted heavy impacts on the sector, and threatened its competitiveness in the domestic market. Altenburg (2010) indicated, leather and leather products industry is stuck in a low-quality trap in which problems at all levels of the value chain are mutually reinforcing. That is inappropriate techniques at the stages of livestock management, tanning, and transport undermine competitiveness in high-value leather product markets, and low quality of final products translates into low prices and under-investment at all stages of the value chain. Sutton and Kellow (2010) also pointed out that the leather footwear of Ethiopia face strong competition from shoes and other leather products imported from china and elsewhere.

All above studies showed that domestic shoes markets are filled with various shoe imports, and domestic shoes consumers are provided with multiples choice of shoes around the world. As a result, domestic shoes are facing stiff competition from abroad in their home market.

However, the consumer's preference of shoes is still remained as open that need to be assessed. For this reason, this study conducted to assess the consumers preference either imported or domestic leather shoes. Since understanding of what consumers' choices and why they prefer is important for shoes manufacturers, wholesalers and retailers, it will lead to more accurate merchandise mix and marketing programs.

But, failure to do so may result in disaster for a company's products. In this regard, Kotler et al. (2005) noted that firms which delay taking steps and stay at home to play it safe may not only lose their chances to enter other markets, but also risk of losing their sales to companies from neighboring countries who have invaded their home markets.

Thus, it is worthy to study customer's choices among shoes of different countries in comparison to domestic ones, identify the factors that affected consumers' shoes preference and forward possible recommendations to leather shoes companies.

1.3. Objectives of the study

The main purpose of this study was to identify factors affecting consumers shoe preference: imported versus domestic leather shoes. Specifically, the study had the following objectives.

- To indicate whether imported or domestic leather shoes had better style on Addis Ketema sub-city shoe market.
- To evaluate whether imported or domestic leather shoes are perceived as better quality of shoe on Addis Ketema shoe market.
- To examine imported or domestic leather shoe charged higher price on Addis Ketema sub-city shoe consumers.
- To measure to what extent the above product attributes influenced local consumers' shoes preference.
- To look if there was a difference among the age groups in their preference.

1.4. Research questions

To achieve the intended purpose, the researcher prepared the following research questions.

- How consumers' perceived the style of imported/domestic leather shoes on Addis Ketema sub-city shoe market?
- How consumers' evaluated imported/domestic leather shoes in terms of quality?
- How consumers' perceived the price charged by imported/domestic leather shoes on Addis Ketema sub-city?
- To what extent did each product attributes influenced consumer's preference of shoes?
- Was there any difference among the age groups in their preference?

1.5. Structure of the thesis

The study report of this research structured as follows. Chapter two presents literature review. Chapter three provides the research design part of the study, in which it includes research methodology and the adopted research design for the study. Chapter four presents results and analysis of findings. Finally, chapter five presents study's conclusions part that encompasses summaries of major findings, conclusions, recommendations, significance and delimitation of the study.

Chapter 2: Literature review

In the developing countries the variety of imported goods available is considered making competition in the domestic markets becoming more rigorous and providing more choices to consumers (Abu Bakar, 2011). Products developed in one country are finding enthusiastic acceptance in other countries. Many companies have conducted international marketing for decades. Nestlé, Shell, Bayer, and Toshiba are familiar to consumers around the world. But global competition is intensifying and domestic companies that never thought about foreign competitors suddenly find these competitors in their backyards (Kotler, 2000).

Therefore, understanding domestic market needs is an important task in developing strong customer relationship, but it is not enough to gain competitive advantage. Companies must use this understanding to design market offers that deliver more value than the offers of competitors seeking to win consumers preference.

2.1. Industry overview

2.1.1. World Footwear Industry overview

The global leather supply chain and footwear industry has restructured significantly with a geographic shift of production towards those developing countries that have the lowest production costs. Since leather is the common denominator of all the three value chains (Automotive, Footwear and Leather Goods) this section presents the findings of our global research into footwear and leather goods more specific.

Global exports of footwear have almost quadrupled with an annual average growth of 7.1% compounded. The relocation trend of shoe production cannot be made clearer than in the restructuring of the global footwear industry. While developed countries still exported close to 50% of total world footwear exports in 1979, by 1999 this share has fallen to only 13.3%. In terms of developing countries, a very interesting picture has developed over the last 30 years. While in 1979 Taiwan and South Korea were by far the two dominating exporting developing nations (both combined exporting more than 30%

of total world exports), their combined share of world exports have fallen to a mere 1.5% by 1999. Instead, the production has shifted to the even cheaper Asian countries Indonesia, Vietnam and especially China. Thus, the restructuring process of the footwear industry in the developing nations follows mercilessly the economic rationale of the cheapest producer where the relocation cost and the start up cost of footwear producers is low enough to shift production easily and quickly. It can be argued that it 'chased' the lowest effective labour cost, i.e. the cost of output per labour hour.

The most impressive development has been made by China, which has increased its share of world footwear exports, from only 3% in 1979, to a dominating 51% of total world footwear exports in 1999, and the trend continues.

In 1979 the main significant exporting countries were Italy, USA and South Korea with China being a minor player. By 1999 the picture had changed dramatically. The USA and South Korea are effectively 'off the trade map' and Italy has experienced not only a decline in its share of global exports from 22% in 1979 to only 5.2% in 1999 but also a decline in volume from 374 million pairs in 1979 to 347 million pairs in 1999. The winner of the relocation process has been China. From being a minor player in 1979 it increased its export volume of 52 million pairs in 1979 to an impressive 3.4 billion pairs in 1999 thereby increasing its share of total world exports to 51%.

Only Portugal has increased its local production as a percentage of consumption. This might be explained through re-exporting. Otherwise, especially in large market countries like the USA, Canada, Germany, France, the UK and Japan, local production, as a percentage of consumption, has declined significantly through import penetration of cheaper footwear. Therefore, most footwear manufacturers in the advanced countries have become either intermediaries between retailers and production sources from developing countries, market suppliers of relatively price insensitive 'niche' markets, or developed 'strategic' alliances like the supply of boots to the US army. Some of these survival strategies are also disappearing as more retailers start to source directly from the developing countries like China.

The main footwear producers are China, India, Italy, Brazil, Thailand, Turkey, Indonesia, Mexico, Vietnam, Spain, South Korea, Pakistan and Philippines. From 1995 to 2001, footwear production has moved to China. Interestingly though is the continued presence of Italy as a main producer which can be explained that Italy has maintained its position as a high quality footwear producer specializing in the production of high value footwear. Furthermore, countries like Brazil and India should have seen a similar decline in production but have imposed trade policies, which allow them access to cheap raw materials (especially leather).

It is not surprising that a similar picture develops when one looks at the main footwear exporters. Given China's overwhelming footwear production volume it seems to follow logically that China also dominates the export market followed by Italy, Vietnam, Indonesia and Brazil.

In terms of importers, following the decline in the percentage share of local production of local consumption, the main importers are the countries, which experienced this decline because of increased import penetration.

The Top 7 importing countries show their increasing dependence on imports primarily from China over the period 1995 to 2001. Even Italy, which is a major exporter, relies increasingly on imports. This might indicate that some of the exporting countries are actually only re-exporting which would make them net importers. The latest available data on the restructuring trend indicates the demise of local production and exports in the more developed countries, and the rise of the developing countries (especially China) to fulfill this role.

China's dominance as the main footwear exporter has increased even further by 32% from 3.4 billion pairs in 2001 to 4.5 billion pairs in 2003. Furthermore, China (despite a huge population - local demand - and minimal imports) has increased its export's share as a percentage of total production to 63%. It is also interesting to note that Brazil's footwear industry faces very little competition through imports as imports are only 2.3%

of local production while it manages to export almost 30% of its local production (department of trade and industry, 2008).

2.1.2. African footwear industry overview

The manufacture of leather products is a strategic sub-sector for the economic and industrial development of Africa, but faces strong competitive challenges. The sub-sector has a good resource base, is labour intensive, and is a good source of employment (Cipriani, 2002 and Kiruthu 2002 cited in United Nations Industrial Development Organization).

According to UNIDO (2002), the African footwear sub-sector seems isolated from the fast pace of technological innovation taking place globally. Lack of design capabilities, of operator, supervisory and manager skills, and of knowledge of more appropriate material inputs and marketing techniques, all combine to cause poor productivity and a low level of competitiveness.

Even in the local market, high operation costs and a lack of attention to what the market demands in shoes in terms of quality and price, allow cheap Asian products and second hand shoes to penetrate the market.

There is insufficient production of non-footwear leather products, such as leather garments, in the Eastern and Southern Africa sub-region, although this situation has improved somewhat since the early 1990s. This is a major loss of opportunity to an industry capable of the small-scale production that can offer the comparative advantages of cheap labour, low capital requirements and relatively simple technology.

Concerning Human resources development issues training agencies and institutions have been established by donations received through co-operation programs and have been supported by regular investment programs. However the training and technical assistance infrastructure in the leather supply chain has substantial shortfalls both in facilities and services

There are 18 active training institutions in all of Africa, each of which requires technical assistance and modernization. Their geographical distribution in relation to the number of production companies is shown in the following table.

Region	Tanneries	Footwear Companies.	Leather Goods companies.	Training institutes
Central Africa	4	50	64	0
East Africa	92	689	554	8
North Africa	407	7172	944	4
Southern Africa	79	125	74	2
West Africa	47	179	119	4
Total	692	8215	1745	18

Source: Cipriani (2002)

Regarding the market position of African hides and skins, leather and leather products, African countries' share of the global market in hides and skins, leather and leather products is not commensurate with their share of raw materials, nor is it keeping pace with the increasing market share of other developing countries in relation to developed countries. The increase in domestic demand for shoes in Africa itself, though still modest, is satisfied mainly by cheap imports from other developing countries, and by second hand footwear from developed countries. A wide range of factors throughout the leather supply chain contribute to this low level of competitiveness: poor physical infrastructure, low levels of foreign direct investment, inadequate levels of technological development, low productivity, poor workmanship, inadequate training, lack of working capital, lack of effective environmental control mechanisms, and factors more directly related to trade and marketing. Most of these challenges to the African leather supply chain lie within its own resources and capacities.

However the African leather supply chain also has to deal with factors outside its frontiers, and over which it has no control. These competitive factors challenging the African leather producing countries lie not only within their own borders. These include: drivers of change in the global leather and leather products industry, an increasing

consumer concern for ethical and environmental issues, current trading policies and import requirements in importing countries, European Union and importers' requirements for hides and skins.

2.1.3. Ethiopia leather and leather products industry overview

The manufacture of leather and leather products in Ethiopia dates back to historic times, and traditional cottage leather manufacturing is still practiced for both hides and skins. Leather manufacturing in modern tanneries began in the mid 1920s. Ethiopia possesses the largest livestock population in Africa, and the tenth largest in the world. Ethiopia's livestock population is estimated at 44.3 million cattle, 23.6 million sheep, 23.3 million goats and 2.3 million camels (Central Statistical Authority). The skin removal rate is 7% for cattle, 33% for sheep and 37% for goats. The country produces 2.7 million hides, 8.1 million sheepskins and 7.5 million goatskins annually (Ethiopian Business Development Services Network, 2010).

The Ethiopian leather industry initially developed in the context of an import-substitution program and was highly protected from import competition, particularly in the leather footwear products for the domestic market (Ethiopian investment agency, 2008). This policy has enabled the sub-sector to expand rapidly although at the expense of paying scant attention to quality considerations. The sector has diversified into the production of shoe components and auxiliaries (United Nations, 2002). Currently, 22 tanneries and another 18 enterprises manufacturing leather products operate in the country, producing products ranging from various forms of semi-processed leather to finished leather articles such as shoe uppers, leather garments, stitched upholstery, school bags, handbags, industrial gloves and finished leather. Sheep and goatskins represent the bulk of Ethiopian leather production. The three main types of skins from Ethiopia – bati, cabretta and selallie – make the finest leather in the world and are sold at premium prices in the international market. Cabretta, highland sheepskin, is known for its natural characteristics of clarity, thickness, flexibility, strength and compact texture, which make it especially suitable for high quality gloves, sports equipment and garments. Goatskin, classified as bati-genuine and batitype, is characterized by thick, highly flexible and clean inner

surfaces and is in high demand for the production of fashion leathers and especially suede.

Hides, on the other hand, are not regarded as particularly attractive in international markets due to their poor quality and the small size of the zebu, the most common bovine in Ethiopia. The industry employs more than 8,000 individuals according to the Central Statistical Authority, and has not shown much increase (less than 1,500 people) in its employing capacity over the five years, from 2002/03 to 2006/07.

Raw skins are collected from peasants and households by skin collectors (roamers) in a traditional way; the collected skin is stored in temporary preserving stores where the tanneries can access it. There is considerable wastage, as well as quality deterioration, between collection and processing.

Ethiopian footwear factories produce men's casual shoes and children's shoe-uppers made from pure leather. Leather factories sell directly to overseas importers and wholesalers as well as direct buying offices. Additionally, the factories facilitate the production and export of footwear under the private labels of department stores, boutiques, shoe retail chains and mail order houses and facilitate the production of internationally well-known brands under contract.

The Ethiopian footwear industry produces shoes that are globally competitive in terms of both quality and price. Due focus is given to maintaining the quality of the hides and skins, leather and leather products for export. All exports are tested by the Quality and Standards Authority of Ethiopia (Embassy of Ethiopia, 2010).

Currently, the sector is exporting leather to more than 60 countries, the major destinations Italy, the United Kingdom and China. Leather products such as shoe uppers, leather garments, stitched upholstery, school bags, handbags, industrial gloves, and finished leather are also exported to Europe, the United States, Canada, Japan and the Far East. There are also some export sales to countries in Africa, in particular to Nigeria and Uganda, as well as to the Middle East, and especially Yemen (Sutton and Kellow, 2010).

2.2. Consumer Preferences

According to Kotler and Armstrong (2010), the world consumer market consists of more than 6.6 billion people, and thus there is great demand for an enormous variety of goods and services, especially as consumers differ from one another in that of age, gender, income, education level, and tastes. Moreover, the relationships between different consumers, as well as their contact with other elements of the world surroundings, affect their choice of products, services, and companies.

2.2.1. Characteristics affecting consumer behavior

Consumers' purchase process is influenced by a number of different factors, some of which marketers cannot control, such as cultural, social, personal, and psychological factors. However, these factors must be taken into consideration in order to reach target consumers effectively.

Cultural factors

Culture, subculture, and social class are particularly important influences on consumer buying behavior. Culture is the most fundamental determinant of a person's wants and behavior. Every group or society has a culture. Although different societal groups have their own culture that affects consumers' buying behaviour, the extent to which it influences the behaviour might vary from country to country. Each culture consists of smaller subcultures that provide more specific identification and socialization for their members. Subcultures include nationalities, religions, racial groups, and geographic regions. The third cultural factor is Social class which is relatively homogeneous and enduring divisions in a society. Social classes reflect income as well as occupation, education, and other indicators (Kotler, 2000).

Social Factors

In addition to cultural factors, a consumer's behavior is influenced by such social factors as reference groups, family, and social roles and statuses. Reference groups consist of all of the groups that have a direct (face-to-face) or indirect influence on a person's attitudes or behavior. Groups that have a direct influence on a person are called membership groups it includes family, friends, neighbors, and co-workers, with whom individuals

interact fairly continuously and informally. Secondary groups, such as professional and trade-union groups, tend to be more formal and require less continuous interaction. Sometimes people are also influenced by groups to which they do not belong. Aspirational groups are those the person hopes to join; dissociative groups are those whose values or behavior an individual rejects. Family is the most important consumer-buying organization in society since a wife; husband or a child has strong influences. Finally, role and status can be defined in terms of the person's position in each group a role consists of the activities that a person is expected to perform. Each role carries a status. A Supreme Court justice has more status than a sales manager, and a sales manager has more status than an administrative assistant (Kotler, 2000). In general, people choose products that communicate their role and status in society.

Personal Factors

The third factor that influences buyer's behavior is personal characteristics, including the buyer's age, stage in the life cycle, occupation, economic circumstances, lifestyle, personality, and self-concept. People change the goods and services they buy over their life time. They eat baby food in the early years, most foods in the growing and mature years, and special diets in the later years. Taste in clothes, furniture, and recreation is also age-related. Similarly, consumption is also shaped by the stage of the family life cycle—the stages through which families might pass as they mature over time.

Person's Occupation also affects the goods and services bought. Blue –collar workers tend to buy more rugged work clothes, whereas executives more business suits (Kotler and Armstrong, 2010). Similarly, economic circumstances influence a person's consumption pattern. Since product choice is greatly affected by a consumer's economic circumstances: spendable income (level, stability, and time pattern), savings and assets (including the percentage that is liquid), debts, borrowing power, and attitude toward spending versus saving. Thus, marketers of income-sensitive goods must track trends in personal income, savings, and interest rates. Person's pattern of living in the world as expressed in activities, interests, opinions and distinguishing psychological characteristics

that lead to relatively consistent and enduring responses to environment influences buying behavior (Kotler, 2000).

Psychological Factors

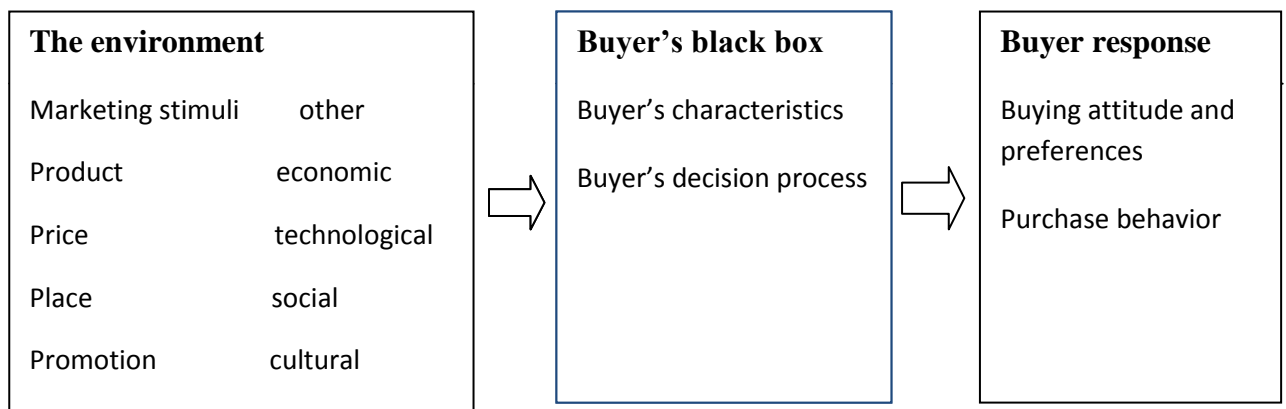
According to Kotler (2000), the fourth group of factors that influence consumer buying behavior are Psychological factors. It constitutes motivation, perception, learning, and beliefs & attitudes. When a person is motivated, he/she is ready to act, yet how that person actually acts is influenced by his or her perception of the situation. Perception is the process by which an individual selects, organizes, and interprets information inputs to create a meaningful picture of the world. When people experience new things, changes take place in their behaviour, i.e. they learn new things when they take action. Therefore, through doing and learning, people acquire beliefs and attitudes that, in turn, influence buying behavior.

Model of consumer behavior

According to Kotler & Armstrong (2010) Consumers make many buying decisions every day, and the buying decision is the central point of the marketer's effort. Most large companies research consumer-buying decisions in detail to answer questions about what consumers buy: where they buy, how and how much they buy, when they buy and why they buy. Marketers can study actual consumer purchases to find out what they buy, where and how much. But learning about the whys of consumer buying behavior is not so easy- the answers are often locked deep within the consumers' mind.

Often, consumers themselves do not know exactly what influences their purchase. Since, the mind is a whirling, swirling, jumbled mass of neurons bouncing around, colliding and continuously creating new concepts and thoughts and relationships inside every single person's brain all over the world. Therefore, the central question for marketers is: how do consumers respond to various marketing efforts the company might use? The starting point is the stimulus-response model of buyer behavior shown in the figure below. This figure shows that marketing and other stimuli enter the consumer's black box and produce certain responses.

Fig.2.1. consumer behavior model



Source: Model of buyer behavior (kotler& Armstrong, 2010)

2.2.2. Marketing stimuli

Marketing stimuli consist of the four ps: product, price, place, and promotion. Other stimuli include major forces and events in the buyer's environment: economic, political, technological and cultural. Which are inputs enter into buyer's mind, where they are changed into a set of buyer's observable response: the buyer's brand and company relationship behavior and what he or she buys, when, where and how often(kotler and Armstrong, 2010). As they affect consumers preference, product style/design, quality, features in the product category and price are taken as the major parts in which this study will focus.

Product attributes

Product is anything that can be offered to market for attention, acquisition, use or consumption that might satisfy a need or want. Developing a product involves defining the benefits that the product will offer. These benefits are communicated and delivered by tangible product attributes, such as quality, feature, style and design. Decisions about these attributes are particularly important as they greatly affect consumer reactions to a product (kotler and Armstrong, 2010).

According to North, Vos and Kotzé, (2003) Apparel products are composed of many physical characteristics, which are perceived differently by various consumers. When considering a product purchase, consumers tend to compare and contrast alternative

products made up of different attribute combinations. Their preferences for items of apparel depend on price and product attributes such as quality, style, and brand.

Therefore, this study specifically focused on product style, quality and price as they greatly affect consumers' product choice.

Product style/design

Product style simply describes the appearance of the product. A sensational style may grab attention and produce pleasing aesthetics, but it does not necessarily make the product perform better. Unlike style, design is more than skin deep – it goes to the very heart of a product. Good design contributes to a product's usefulness as well as to its looks (Kotler and Armstrong, 2010). Style is visual appearance, which includes line, silhouette and details affecting consumer perception towards a brand (Frings, 2005).

According to Abraham and Littrell, 1995 (cited in Department of Management and Marketing, 2008) a composite list of apparel attributes has been generated and one of the conceptual categories is style. Consumers' judgment depends on the consumers' level of fashion consciousness, so judgment will be conditioned by their opinion of what is currently fashionable.

According to Kotler et al. (2005), the company can add customer value through distinctive product style and design. Some companies have reputation for outstanding style and design. Some companies have integrated style and design with their corporate culture. They recognize that design is one of the most powerful competitive weapons in a company's marketing arsenal. Many companies, however, lack a design touch. Their product designs function poorly or are dull or common looking. Some companies like Fiat auto have learnt that design and style matters. The Italian car company's European market share had collapsed from 10 percent in 1990 to 6 percent in 2003. Part of the problem is that they have alienated drivers by succeeding in making some rather ugly-looking cars.

As competition intensifies, design will offer one of the most potent tools for differentiating and positioning products of all kinds. That investment in design pays off

has certainly been recognized by global companies which have embraced design. Nike, for example, employs some 60 designers and releases over 500 footwear design each year. Its shoes are worn by athletes, but are aimed primarily at a youthful market for which high-performance footwear is currently fashionable.

According to Tarasewich and Nair (2000), product design, the painstaking process by which prototypes are developed and specifications are created and implemented in actual production is an integral part of any business strategy. For the process to work effectively, every aspect of each activity related to the product and its life cycle must be taken into account. These include supplier involvement, customer involvement, manufacturability, cost, time, management, usability, marketability, and disassembly or recyclability. With such wide-ranging elements coming into play, a well-thought-out design can provide a company with the competitive edge needed for achieving greater profits and higher market share. Organizations are always looking for better ways to design products. Design issues will be of increasing competitive importance in the coming years.

Kanwal (2002) mentioned as, what is happening in the world of fashion/style and what are the current fashions trends is one of the factors which consumers consider when buying products and which results in their change of taste.

Product quality

Product quality is the collection of features and characteristics of a product that contribute to its ability to meet given requirements. AS McGraw-Hill Concise Encyclopedia of Engineering (2002) mentioned, there are three views for describing the overall quality of a product. First is the view of the manufacturer, who is primarily concerned with the design, engineering, and manufacturing processes involved in fabricating the product. Second is the view of the consumer or user. To consumers, a high-quality product is one that well satisfies their preferences and expectations. This consideration can include a number of characteristics, some of which contribute little or nothing to the functionality of the product but are significant in providing customer satisfaction. A third view relating to quality is to consider the product itself as a system

and to incorporate those characteristics that pertain directly to the operation and functionality of the product. This approach should include overlap of the manufacturer and customer views.

Quality control (QC) is the collection of methods and techniques for ensuring that a product or service is produced and delivered according to given requirements. This includes the development of specifications and standards, performance measures, and tracking procedures, and corrective actions to maintain control.

Concurrent engineering, quality function deployment, and total quality management (TQM) are modern management approaches for improving quality through effective planning and integration of design, manufacturing, and materials management functions throughout an organization. Quality improvement programs typically include goals for reducing warranty claims and associated costs because warranty data directly or indirectly impact most of the product quality dimensions.

According to ISO 9000:2000 standards (cited in McGraw-Hill Concise Encyclopedia of Engineering, 2002), quality is the ability of a set of intrinsic characteristics to satisfy requirements. In practice, there are two types of quality:

External quality, which corresponds to the satisfaction of clients. Achieving external quality requires providing a product or services that meet client expectations in order to establish customer loyalty and therefore improve market share. The beneficiaries of external quality are a company's clients and external partners. This type of procedure therefore requires listening to clients but also must allow implicit needs that are not expressed by clients to be taken into account.

Internal quality, which corresponds to the improvement of a company's internal operation. The purpose of internal quality is to implement the means that make it possible to best describe the organization, and to spot and limit dysfunction. The beneficiaries of internal quality are the company's management and employees

The purpose of quality is therefore to provide the client with a suitable offer with controlled processes while ensuring that this improvement does not translate into additional costs. It is possible to improve a large number of problems at a low cost. However, the closer you get to perfection, the higher the costs reach.

In the absolute, for private sector companies it is not really a question of exhaustively meeting client expectations ("zero defects") but rather of meeting them better than the competition. In the public sector, quality reveals whether or not public funds are being used expertly in providing a service that is adapted to citizens' expectations.

One of the basic principles of quality is prevention and continual improvement. This means that quality is a never-ending project whose goal is to spot dysfunction as quickly as possible after it occurs. Improving both internal and external quality allows a company to work with its beneficiaries in the best conditions, which translates into a relationship of trust and gains that are both financial (increased profits) as well as personal (clarification of roles, needs and the product/service; employee motivation) in nature.

According to Kotler et al. (2005), quality is one of the marketer's major positioning tools. Quality has a direct impact on product performance; hence, it is closely linked to customer value and satisfaction. In narrow sense quality can be defined as free from defects. But most customer-centered companies go beyond this narrow definition. Instead, they define quality in terms of customer satisfaction." Quality is when our customers come back and our products don't." this customer-focused definition suggests that quality begins with customer needs, goes beyond customer satisfaction and end with customer retention.

Total quality management (TQM) is an approach in which all company's people are involved in constantly improving the quality of products, service and business processes. When applied in context of customer satisfaction, however, total quality principles remain a requirement for success. Although many firms do not use the total quality management label any more, for most top companies, customer driven quality has

become a way of doing business. Today, most companies taking a return on quality approach, viewing quality as an investment and holding quality efforts accountable for bottom-line results.

Product quality has two dimensions- level and consistency. Quality level will support the product's position in the target market. Here, product quality stands for the ability of the product to perform its functions. It includes the product's overall durability, reliability, precision, ease of operation and repair. Beyond quality level, high quality can also mean high level of quality consistency. Here, product quality means conformance quality- free from defects and consistency in delivering a targeted level of performance.

Thus, many companies today have turned customer driven quality into a potent strategic weapon. They create customer satisfaction and value by consistently and profitably meeting customers' needs and preference for quality. In fact quality has now become a competitive necessity in twenty first century, only companies with the best quality will thrive.

According to Belay (2009), ensuring quality is the best means of winning consumer confidence and sales. Many manufacturing firms find that they must meet new and different standards criteria (national, corporate, regional, or international) to compete in the global marketplace. In the area of imports, quality standards provide a basis for assessing quality of products and services. Suppliers are provided a guide as to the quality of product to be manufactured, while buyers are provided with the confidence that the goods are safe and meet high quality standards. Identifying a quality product has the potential to increase profits. Today's consumers tend to be quality/brand name conscious and are more willing to pay a higher price for good quality products. The provision of quality service is often as important as the quality of the goods imported. Importers have often managed to offset the disadvantage in the provision of quality service through efficient use of computer technologies such as quick response, just-in-time, and warehouse management systems. Lee (2008), in his part defines quality as an objectively measurable ranking-based attribute inherent in the product. In natural terms, quality is

whether the product is thought to be good by the others. Because high quality results in the high product evaluation, accordingly, it is followed by the high purchase intentions.

Product price

According to Kotler et al. (2005), in narrow sense, price is the amount of money charged for a product or service. More broadly, price is the sum of all the values that consumers exchange for the benefits of having or using the product or service. In the past, price has been the major factor affecting buyer choice. This is still the case in poorer countries, among less affluent groups and with commodity products. Price is the only element in the marketing mix that produces revenue; all other elements represent costs. Price is also one of the most flexible elements of marketing mix. Unlike product features channel commitments, price can be changed quickly. At the same time pricing and price competition is the number one problem facing many marketers. Yet many companies do not handle pricing well. One frequent problem is that companies are too quick to cut prices in order to gain a sale rather than convincing buyers that their products or services are worth a higher price. Other common mistakes are: pricing to cost- oriented rather than customer -value oriented; pricing that are not revised often enough to reflect market changes; pricing that do not take the rest of the marketing mix into account; and prices that are not varied enough for different products, market segments and buying occasions.

In this regard, (Belay, 2009) noted that price is an important factor in determining a firm's ability to compete in world markets. For many companies, pricing policies and procedures are secret information and not easily available to outsiders. Export prices should be high enough to make a reasonable profit and yet low enough to be competitive in the market. Companies can charge high prices and manage to remain competitive if the price charged is lower than, or in alignment with, the perceived value of the product or service. In competitive markets, high prices represent an indication of the social desirability of producing the product or service. They may also be justified in export markets if the sale also involves transfers of technology or training. Pricing in world markets is often used as an instrument of accomplishing the firm's marketing objectives.

The firm could use price to achieve certain levels of market share, profits, or returns on investments, or to reach some other specific goal.

According to Bucklin *et al.* 1998, (cited in Department of Management and Marketing, 2008) price significantly influences consumer choice and incidence of purchase. He emphasized that discount pricing makes households switch brands and buy products earlier than needed. Price is described as the quantity of payment or compensation for something. It indicates price as an exchange ratio between goods that pay for each other. Price also communicates to the market the company's intended value positioning of its product or brand.

As, all above authors indicated, price is an important instrument in accomplishing the firm's marketing objectives. Particularly kotler et al. (2005) and Bucklin *et al.* (1998) mentioned as price significantly influences consumer choice and incidence of purchase especially in poorer countries. As, this study was conducted in Ethiopia; which is one of the poorer countries, price was the other focus of this study in addition, to above mentioned product attributes.

Target group

Companies today recognize that they cannot appeal to all consumers in the market place, or at least not to all buyers in the same way since consumers are too numerous, too widely scattered, and too varied in their needs and buying practices. Thus, most companies have moved away from mass marketing and toward target marketing, evaluating each market segment's attractiveness and selecting one or more of segments to enter. One of such segmentation is demographic segmentation which divides into groups based on variables such as age, gender, family size, family life cycle, income, occupation; education etc(kotler and Armstrong, 2010). Demographic factors are the most popular bases for segmenting customer group since consumer wants, preferences, and usage rates are often associated with demographic variables (kotler, 2000). Thus this study specifically focused on demographic segmentation, particularly that of age factor.

Age

Consumers needs and wants change with age. Companies' use age segmentation, offering different products or using different marketing approaches for different age groups (Kotler and Armstrong, 2010). Accordingly this study had three age categories, 10-19, 20-29, and 30 and above.

2.3. Imported products

Imported products are merchandises which are brought into a place or country from a foreign country, in the transactions of commerce. According to Yani (2010), Imports are the purchase of foreign goods or services, if the company sells its products locally, they can benefit because of lower prices and higher quality than the supply from local sources. Import are also strongly influenced by two factors namely, taxes and quotas. Import level is influenced by regulatory barriers to trade. Government imposes the tariff (tax) on imported products. Tax is usually paid directly by the importer, who then will charge to consumers in the form of higher prices of their products. Such a product might be valuable too high compared to products originating from within the country. When the government applies tariffs, the ability of foreign companies to compete in countries will be restricted. The government also can impose a quota on imported products, which limits the number of products that can be imported. Types of trade barriers like this are even more restrictive than the tariff, because the split set a limit on the amount that can be imported. Thus, imported shoes are products brought in from foreign countries for sale. Import of shoes also requires involvement of the customs authorities in both the country of import and the country of export and is often subject to import quotas, tariffs and trade agreements.

According to data from Ethiopian revenue and customs authority: import-export department, the quantity of imported shoe is showing decreasing trend. The following table shows data of imported shoes from the year 2006 – 2010.

year	Quantity imported
2006	21344143
2007	17636969
2008	15203929
2009	12495861
2010	14730780

Source: Ethiopian revenue and customs authority

2.4. Domestic Market

According to Campbell (2004), domestic market defined as the supply and demand for a goods, service, or security in a particular country. Many companies cater to the domestic market because they know applicable laws and regulations the best. There also may be a unique demand for a certain product in the domestic market. For example, an American flag supplier will likely sell more flags in the United States than in Canada. The size of the domestic market is calculated in the gross domestic product. Domestic products are defined as goods with tangible attributes that collectively create value for a buyer or user which are made in one's own house, nation, or country. Thus, domestic shoe market is the collection of actual and potential domestic shoe buyers and sellers on local market.

Chapter 3: Methodology of the study

This part of the research deals with over all approach of the research. And it includes research design, population, sample size, and sampling techniques, source of data, data collection tools and data analysis method that the study were used.

3.1. Research design

The study was used mixed type of research design. Because mixed method helps utilization of the strength of both qualitative and quantitative and tackle of disadvantages of both designs. Also there is more insight gained from the combination than either form by itself. Their combined use provides an expanded understanding of research problems (Creswell, 2009).

3.2. Population and Sample size of the study

To conduct this study the researcher purposefully selected Addis Ketema sub-city for the following reasons.

First, Addis Ketema shoes market provides different shoe products appeal to different socio-economic individual standards; luxury to ordinary shoe. This may not be true in other sub-cities shoe markets like, Bole, Arada and so forth - they may fall to one side; satisfy only one part of the society in terms of economic standard. Second, financial and time constraints will not allow conducting broadly on Addis Ababa shoes markets. Finally, it is in this sub-city that the greater majority of shoe retailers, wholesalers as well as the biggest shoe market of the entire city are found in. As the March, 2011 report of Addis Ketema sub city shows that there are 437 shoe retailers and wholesalers currently working in this business.

As everybody is a shoe consumer, the study population for this research was leather shoe consumers in Addis Ketema sub-city shoe market. Among these available consumers at the shoe market the researcher purposefully selected 180 leather shoe consumer respondents. Since these consumers consists of diverse set of age groups (different stages

in their live), the respondents were divided into three age groups as, 10-19 adolescence, 20-29 young and 30 and above as adult. In doing so, sixty respondents were chosen from each age group as a sample size.

3.3. Sampling techniques

To carry out this study, the researcher purposely selected Addis Ketema sub-city and leather shoe consumers respondent in each age category since purposefully selected site or participant will best help the researcher understand the problem and the research question (Creswell, 2009). Moreover, a quota sampling technique was used in order to assign the specified proportion in each age category; teen, young and adult of shoes consumers available at the shoes selling and buying spots in Addis Ketema sub-city.

3.4. Sources of data and Data collection tools

The study used both primary and secondary data collecting tools. The primary data collection instrument in this research was semi-structured questionnaires, which contained a mixture of closed ended and open-ended questions. According to Boyd et al. (2004) the questionnaire method has advantages in terms of versatility of the method as well as speed and cost. However, it may have disadvantages as a result of unwillingness of respondents to provide information, inability of respondents to provide information and influence of the questioning process.

These Two sets of questionnaires were used, for individual consumers and this was conducted during the weekends over a time frame of three weeks, the researcher went personally to the targeted location and distributed questionnaires to the respondents. The information gathered from the questionnaire consisted of quantitative continuous data and qualitative data (e.g. according to a Likert-type scale). Researcher employed a five-point Likert scale ranging from 5-very good/very much, 4-good/a lot, 3-satisfactory/little, 2-poor/very little and 1-very poor/none. Besides, document reviews and internet broth were used to collect secondary data from any related materials.

3.5. Data analysis

To accomplish the task of data analysis for qualitative, the researcher was organized and prepared the data for analysis, assign codes based on topic or themes, used the coding process to generate the description of the theme for the analysis. Whereas, quantitative data organized, processed and interpreted by using tables, the total, mean, frequency and percentage, pie chart and column charts were used to better understand and interpret the data gathered through the questionnaires. In doing so, statistical package for social science software (SPSS) and micro soft excel software were used to generate the data output.

As indicated above, the aim of this study was to indicate consumers choice either imported or domestic leather shoes. particularly, to indicate how consumers evaluated both domestic and imported leather shoes interms of product quality, style and price, to examine to what extent these factors influenced the consumers' shoe choice and to look if there was difference among the age groups regarding their preference. In order to accomplish this, respondents were asked to evaluate the attributes of both imported and domestic leather shoes based on Likert-scaled items from one to five. Having done this, both imported and domestic leather shoes attributes and their influence on product choice indicated as high, moderate and low according to Kessuwan and Muenjohn (2010), the attributes found between 1.00-2.49 mean grade considered as low level of influence in which an attribute have, attributes found between 2.50-3.49 mean point considered as the attribute have moderate level of influence and attributes found between 3.50-5.00 mean score means the attributes have high level of effect on consumers' choice of product.

Chapter 4: Result analysis and discussion

In this section, the collected data results discussed and analyzed and the questionnaires initiated with demographic data and introduction to the consumption of the leather shoes. Hence, the rest of questions were designed as follows. Questions 7 and 8 encompass consumers' preference and different factors affecting consumers' preference. Questions 9-13 cover respondents' answers on the style. Specifically, they more focused on fashionability, range of variety of both imported and domestic shoes and the influence of style on respondents' shoes choice. Questions 14-18 associated with quality of shoes. Particularly, they evaluated durability, comfortability of both imported and domestic shoe and the influence of quality on respondents shoe choice. Questions 19-21 encompass price of shoes both domestic and imported shoes and the influence of price on shoe choice.

4.1. Respondents demographic data

Table 1 represents that, the respondents' age in three groups, 10-19, 20-29 and 30 and above. The three of age groups were constituted equal percentage proportion of 33.3 percent (60 respondents).

Table 1: Respondents age

Age groups	Frequency	Percent	Valid Percent	Cumulative Percent
10-19	60	33.3	33.3	33.3
20-29	60	33.3	33.3	66.7
30 and above	60	33.3	33.3	100.0
Total	180	100.0	100.0	

Table 2 illustrates that, the majority of 118 respondents were male, accounted for 65.6 percent and the rest 62 were female, accounted for 34.4 percent of the total respondents.

Table 2: Respondents sex

SEX	Frequency	Percent	Valid Percent	Cumulative Percent
Male	118	65.6	65.6	65.6
Female	62	34.4	34.4	100.0
Total	180	100.0	100.0	

With respect to the educational level of respondents, Table 3 shows that most of respondents were at diploma level with 48.3 percent (87 respondents), 33.9 percent (61 respondents) belonged to 9-12 grade. The remaining 17.8 percent (32 respondents) were at degree and above educational level.

Table 3: Respondents educational level

	Frequency	Percent	Valid Percent	Cumulative Percent
9-12	61	33.9	33.9	33.9
Diploma	87	48.3	48.3	82.2
Degree and above	32	17.8	17.8	100.0
Total	180	100.0	100.0	

Concerning respondents' occupation, as Table 4 shows, majority of 38.3 percent (69 respondents) responded as they were student on the space provided to fill their occupation, employees in the government organization followed by 30 percent (54 respondents) and employees in private organization accounted 18.3 percent (33 respondents) of the total respondents. The remaining 13.3 percent of the total respondents constituted by business men and unemployed respondents; with 10 percent and 3.3 percent respectively. Thus, data gathered from respondents in diverse set of occupational and organizational environment.

Table 4: Respondents occupation

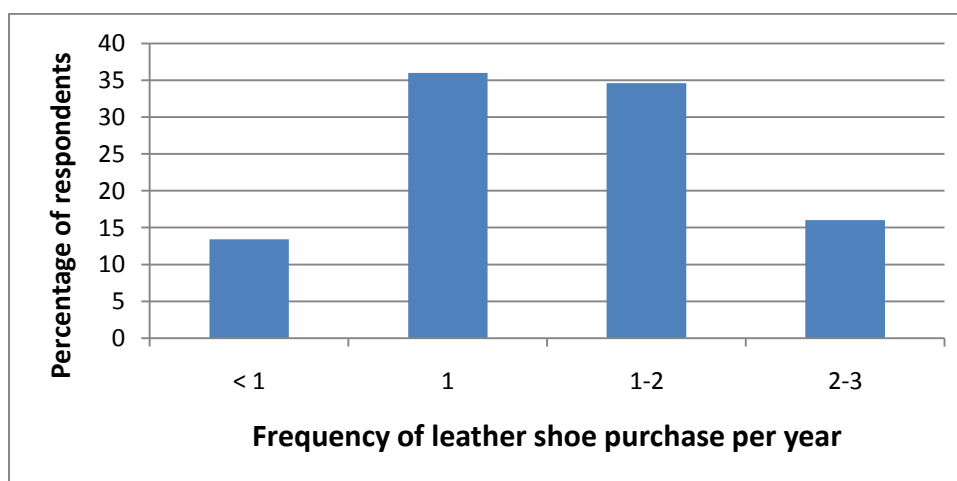
	Frequency	Percent	Valid Percent	Cumulative Percent
Employee in government organization	54	30.0	30.0	30.0
Employee in private organization	33	18.3	18.3	48.3
Business man	18	10.0	10.0	58.3
Students	69	38.3	38.3	96.7
Unemployed	6	3.3	3.3	100.0
Total	180	100.0	100.0	

4.2. Leather shoe consumption

In order to highlight respondents' consumptions of leather shoe, the questionnaire attempted to obtain whether the respondents consume leather shoes or not and the frequency of purchasing leather shoe per year if respondents consume leather shoes.

Regarding the frequency of purchase, 65 respondents opinion indicated that they purchased leather shoes once per year, 62 respondents answer implied that they purchased shoes one to two times per year. However, 29 respondents' response was that they purchased two to three times per year, whereas the remaining 24 respondents indicated that they purchased less than one time per year. Thus, from the total respondents 29 respondents made the maximum purchase, while 24 respondents made minimum purchase per year.

Figure 1: Leather shoe purchase / year

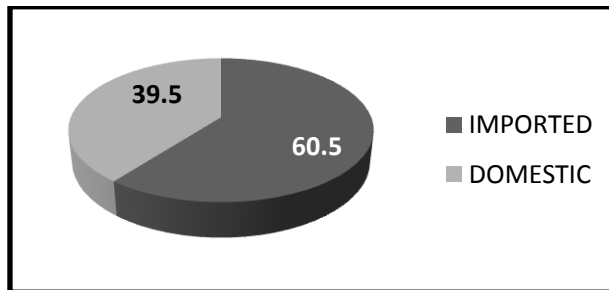


4.3. Domestic/imported leather shoe preference and reasons of preference

As indicated on the statement of the problem section, domestic shoes face strong competition from imported leather shoes on the local shoes market. Therefore, in this section, consumers' preference whether domestic or imported leather shoe and the reasons behind for their preference were discussed and analyzed.

Figure 2 shows respondents' preference about domestic or imported leather. From the total 180 respondents, 60.5 percent (109 respondents) favored imported shoes, while 39.5 percent (71 respondents) preferred domestic leather shoes. Thus, it was obvious that imported shoe clearly dominated the respondents' choice.

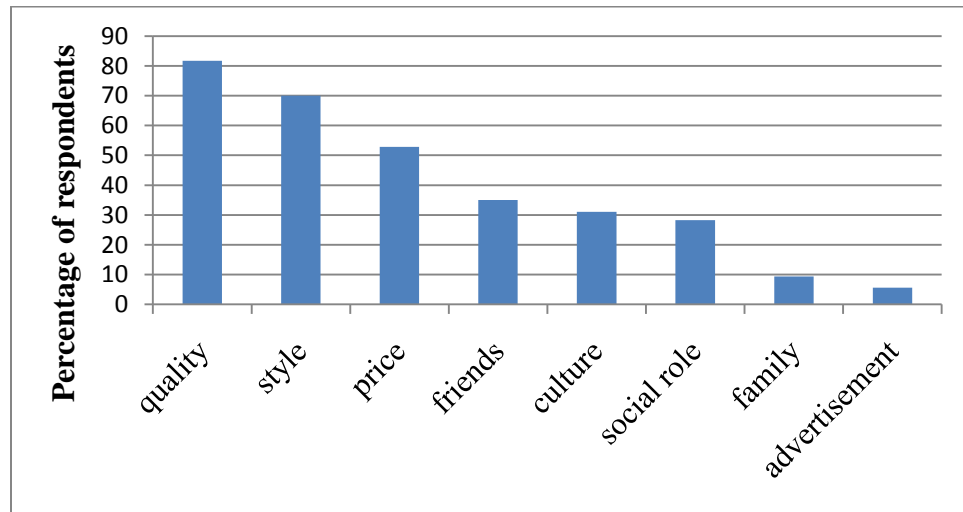
Figure 2: Choice of shoe



The Figure 3 shows the factors that affected respondents' shoes preference in Addis Ketema sub-city. There were eight different factors affecting consumers' choice of shoe. Among these factors, 81.6 percent (147 respondents) responded that their shoe choice affected by quality, 70 percent (126 respondents) answered that their preference of leather shoes considered the style of shoes, 52 percent (95 respondents) response indicated that price of leather shoes influenced their choice of shoes, where 35 percent (63 respondents) claimed their friends influence as one of the reasons for shoes they preferred, 31 percent (56 respondents) influenced by culture, 28.3 percent (51 respondents) influenced by social role, 9.5 percent (17 respondents) influenced by family and only a few; 5 percent (10 respondents) influenced by advertisement. Therefore, quality, style, price and friends influenced the majority of respondents' choice of shoes, while family and advertisement played the least role on respondents' shoe preference.

Thus, product attributes affect consumers' reaction to the product (Kotler and Armstrong, 2010). In addition, to the above eight factors affecting consumers' preference of shoes, respondents listed some other factors that affected their shoe choice decision these factors include occupation of the respondents and income level of the respondents.

Figure 3: Factors affecting the choice of shoe



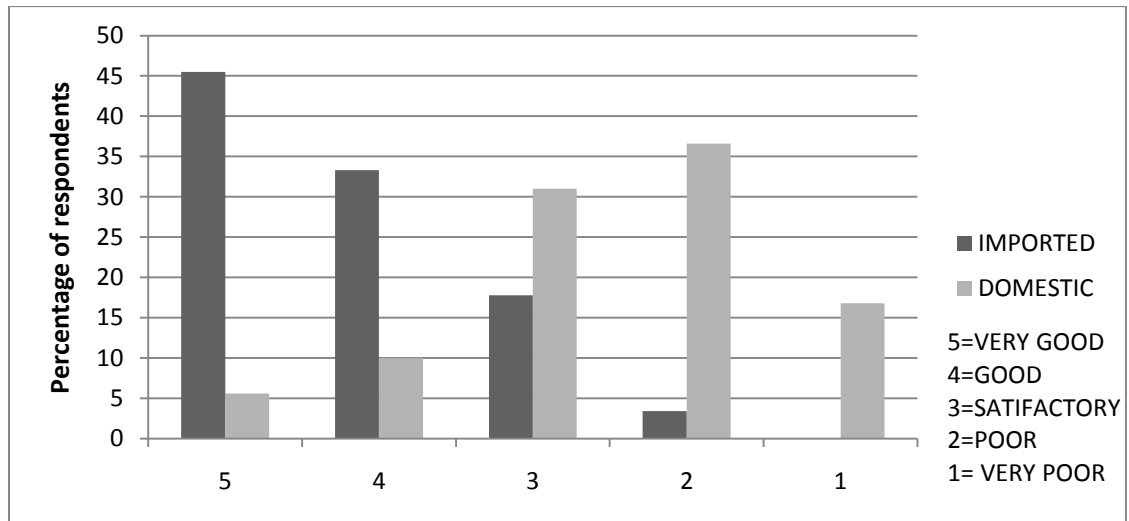
4.4. Product attributes and their influence on shoe choice

In this section, the questionnaire questions regarding to variety, fashionability, durability, comfortability and price of both domestic and imported shoes discussed and analyzed. Moreover, style, quality and price of shoes influence on respondents' shoes choice were analyzed.

Respondents were asked to gauge the style of both imported and domestic shoes in terms fashionability from one to five scales. As Figure 4 shows, 78.5 percent (142 respondents) and 15.6 percent (28 respondents) indicated high fashionability of imported and domestic shoes respectively. While, 3.4 percent (6 respondents) rated imported and 53.4 percent (96 respondents) rated domestic shoes were low fashionable. The remaining 17.8 percent (32 respondents) and 31 percent (56 respondents) indicated acceptable level of fashionability for both shoes correspondingly. Therefore, imported shoes scored an average grade of 4.21; this point puts it at the position of high fashionability, whereas

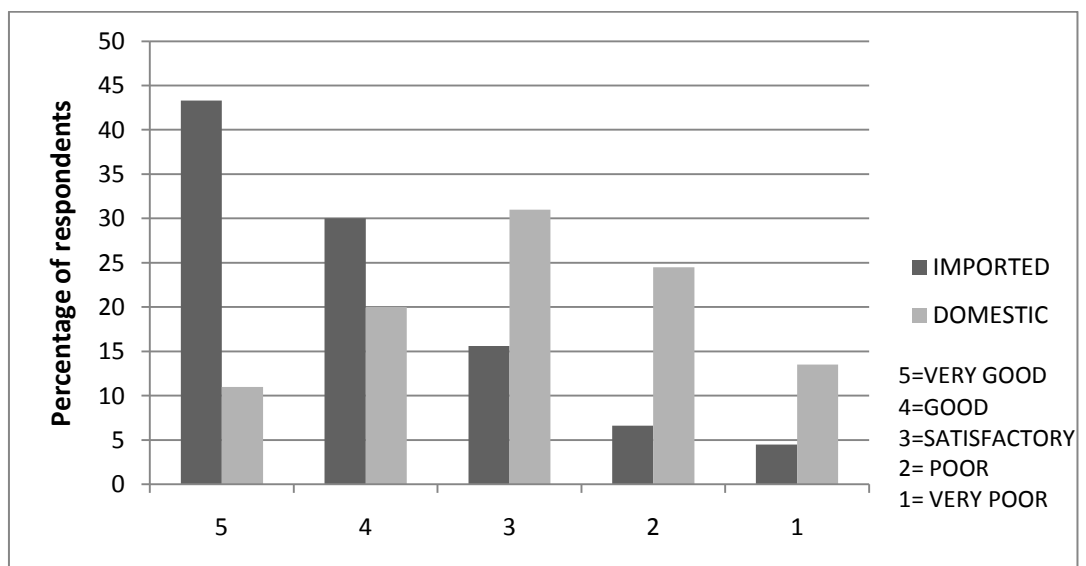
domestic shoes scored an average point of 2.5 it indicates moderate fashionability of domestic shoe.

Figure 4: Fashionability



Thus, imported shoes provided with better fashionability and attractiveness to leather shoe market in Addis Ketema sub-city than domestic shoes.

Figure 5: Range of variety

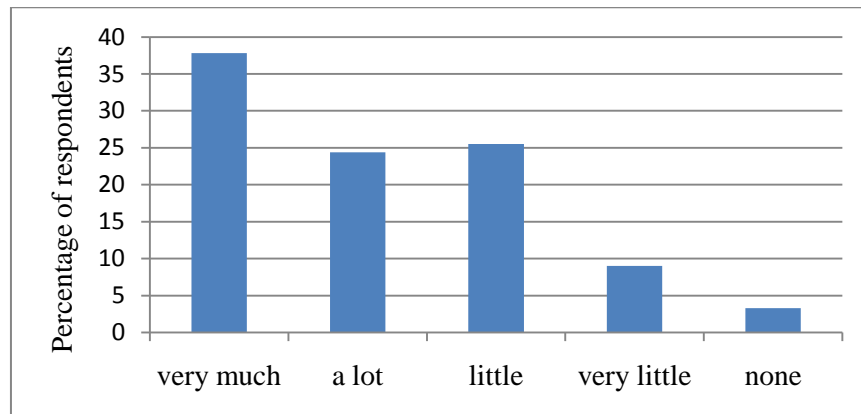


As illustrated in the above Figure 5, the respondents rated the style of both imported and domestic shoes in terms of range variety. From the total respondents' 73.3 percent (132

respondents) responded wide range variety of imported shoe by indicating “very good and good” and 31 percent (56 respondents) rated domestic shoe range of variety as “very good and good”. However, 11.1 percent (20 respondents) scaled the imported shoe range of variety and 38 percent (68 respondents) rated domestic shoe range of variety as low. The remaining 15.6 percent (28 respondents) rated imported and 31 percent (56 respondents) rated domestic shoes acceptable level of variety. The overall score of the shoes put imported shoes at position of high range of variety shoes with an average point of 4.01 while domestic placed at the moderate level of variety. Thus, imported shoe had better range of variety than domestic shoe.

Figure 6 illustrates that 62.2 percent (112 respondents) indicated style did have high influence on their choice of leather shoe. However, 34.5 percent (62 respondents) were of the opinion that style had “little” or “very little” effect on their shoes choice and 3.3 percent (6 respondents) feeling was that it had “none” influence on their shoe choice.

Figure 6: Style’s influence on leather shoe choice

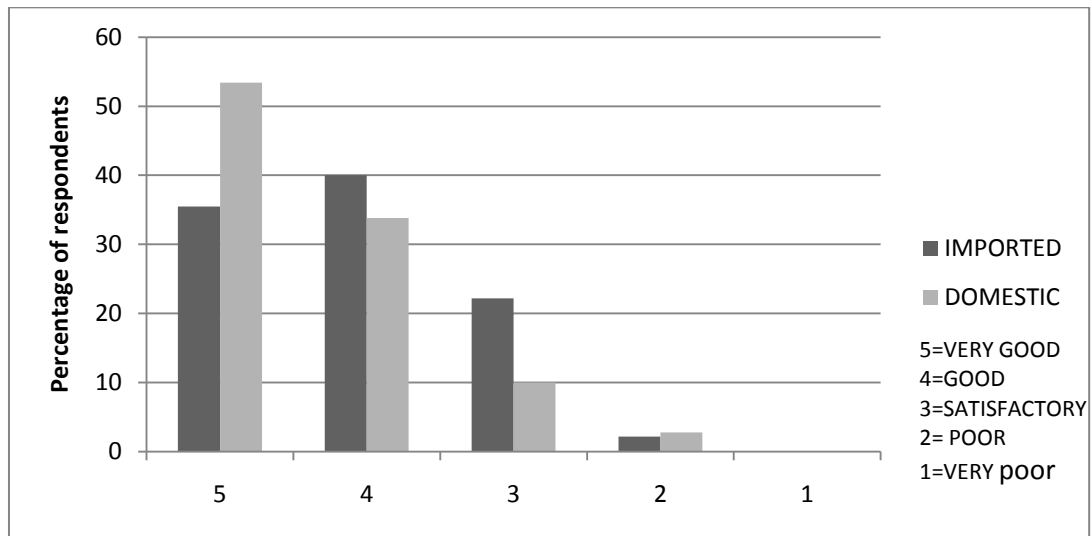


In general, style did have high level of influence on respondents shoe choice decision with a mean point of 3.84. In this regard, Kanwal (2002), mentioned that what is happening in the world of style /fashion and what are the current fashions trends is one of the factors which consumers consider when buying products and which results in their change of taste. But the consumers judgments to prefer a product depends on the consumers’ level of fashion consciousness, so judgment will be conditioned by their

opinion of what is currently fashionable (Abraham and Littrell, 1995). Thus, style is one of important tools of marketing to win the consumers shoe choice decision.

Respondents were asked to rate the quality of both imported and domestic shoes in terms of durability. In doing so, 75.6 percent (136 respondents) valued imported shoe highly durable by indicating “very good” and “good”, likewise 87.2 percent (157 respondents) rated domestic shoe highly durable (see Figure 7). On the other hand, 22.2 percent (40 respondents) and 10 percent (18 respondents) implied adequate durability of both imported and domestic shoes respectively. The remaining 2.2 percent (4 respondents) indicated imported and 2.8 percent (5 respondents) indicated domestic shoe low durability.

Figure 7: Durability

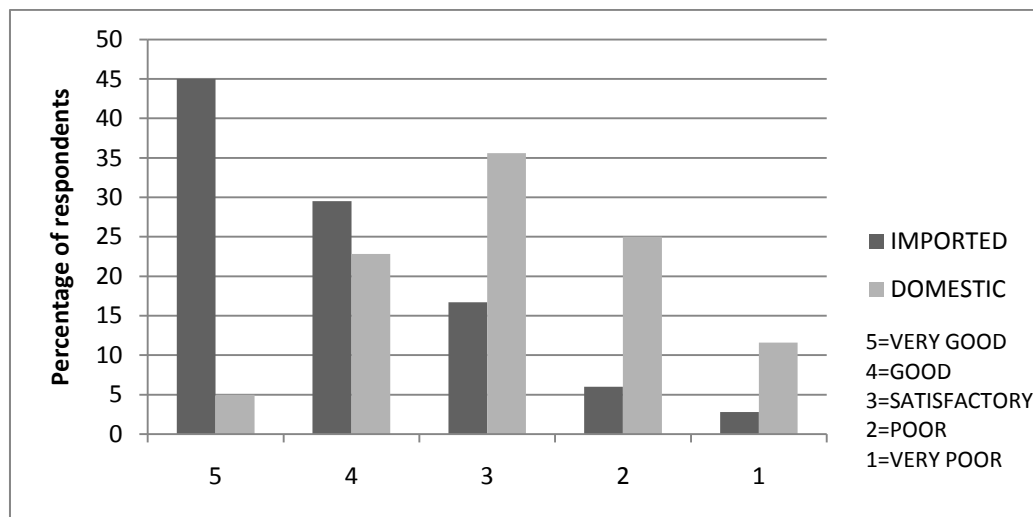


According to Kotler et al. (2005), quality has a direct impact on product performance; so, it is closely linked to customer value and satisfaction. Therefore, both shoes provided highly durable products to Addis Ketema shoe market having “very good” and “good” on average durability rate, domestic shoe perceived as better durable quality than imported ones with an average grade of 4.38, while imported shoe scored 4.09.

When analyzing the respondents’ response on comfortability of both imported and domestic shoes, 74.5 percent (134 respondents) responded imported and 27.8 percent (50

respondents) responded domestic shoes were enjoyably comfortable (see Figure 8). However, 8.8 percent (16 respondents) responded unpleasant comfortability for imported shoe and 36.6 percent (76 respondents) responded unpleasant comfortability for domestic shoe. The remaining 16.7 percent (30 respondents) responded sufficient comfortability of imported shoe and domestic shoe perceived as adequately comfortable by 35.6 percent (64 respondents).

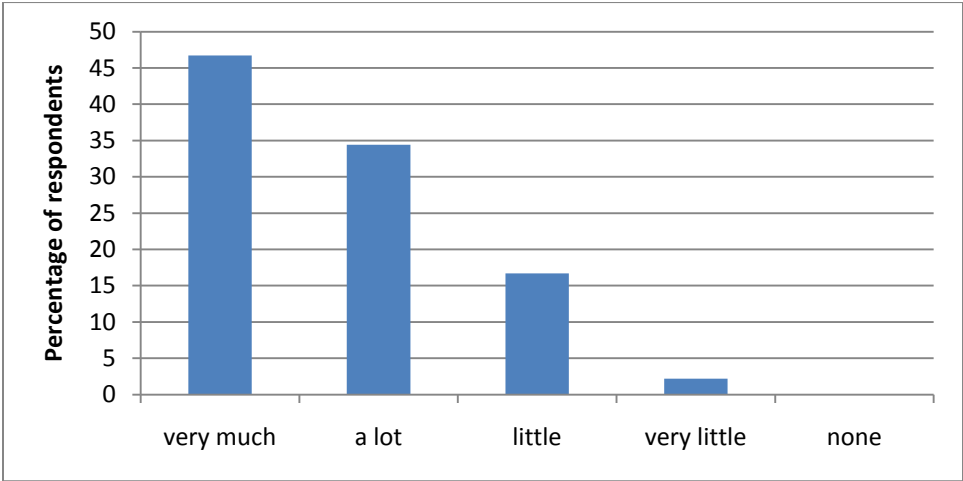
Figure 8: Comfortability



Thus, imported shoe were provided with pleasing and better comfort quality than domestic leather shoe with an average grade of 4.08, while domestic got 2.1 on Addis Ketema sub-city shoe market. For this reason, imported shoe dominated the leather shoe market consumers’ choice regarding comfortability of shoes. But still domestic shoe on leading position the leather shoe market choice concerning durability.

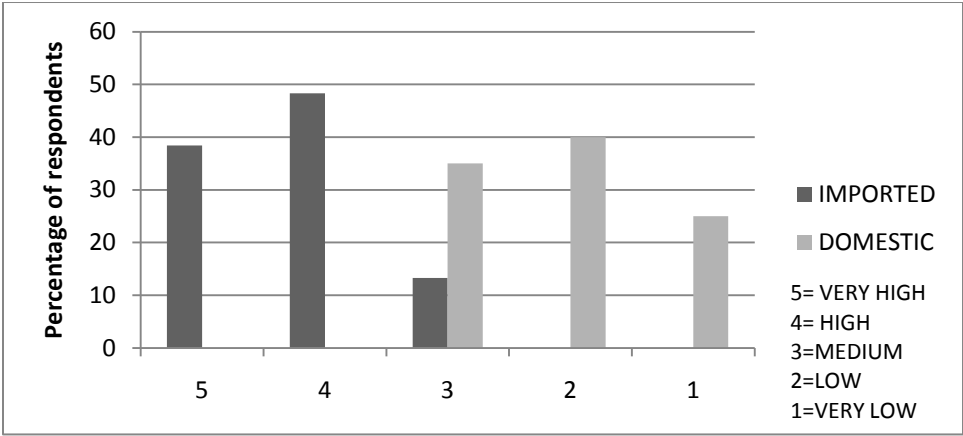
As Figure 9 illustrates below, respondents measured the amount of influence quality did has on their shoe preference. Accordingly, 81.1 percent (146 respondents) evaluation ensured that quality did have great effect on their choice of shoes. However, 18.9 percent (34 respondents) response was “little” and “very little” influence that the quality had on their shoe choice. Thus, quality had larger degree of influence on respondents shoe choice decision with a mean of 4.26 and its effect on consumer’s choice was higher than any other studied factors in this study.

Figure 9: Quality’s influence on leather shoe preference



As Figure 10 shows, respondents’ evaluated price of both imported and domestic shoes. When it was discussed, 86.7 percent (156 respondents) were found the price of imported shoe as expensive, while only 13.3 percent (24 respondents) rated the price of imported shoe neither expensive nor cheap. In contrary to this, 65 percent (117 respondents) responded that the price of domestic shoe was cheap and the remaining 35 percent (63 respondents) categorized the price charged on domestic leather shoe in the medium level.

Figure 10: Price



Thus, domestic shoe price overall perceived as cheaper than that of imported shoe with an average grade of 2.1 while, imported attained 4.25. So that, domestic shoe conquered price insightful consumers’ shoes choice in Addis Ketema sub-city.

As Figure 11 illustrates, respondents were asked to rate the level of influence a price did have on their shoes choice. So that, 54.5 percent (98 respondents) responded that price did have high influence on their shoes choice, yet, 41 percent (74 respondents) response implied “little and very little” effect of price on their shoes preference. The remaining 4.5 percent (8 respondents) answered that the price did not matter their shoe choice. So that, price had high influence on consumers’ shoes preference with a mean result of 3.6. Thus, it was one of the major reasons for shoes preferred by respondents. In this regard, Bucklin et al. 1998, (cited in Department of Management and Marketing, 2008) noted that price significantly influences consumer choice and incidence of purchase.

Figure 11: Price’s influence on shoe choice



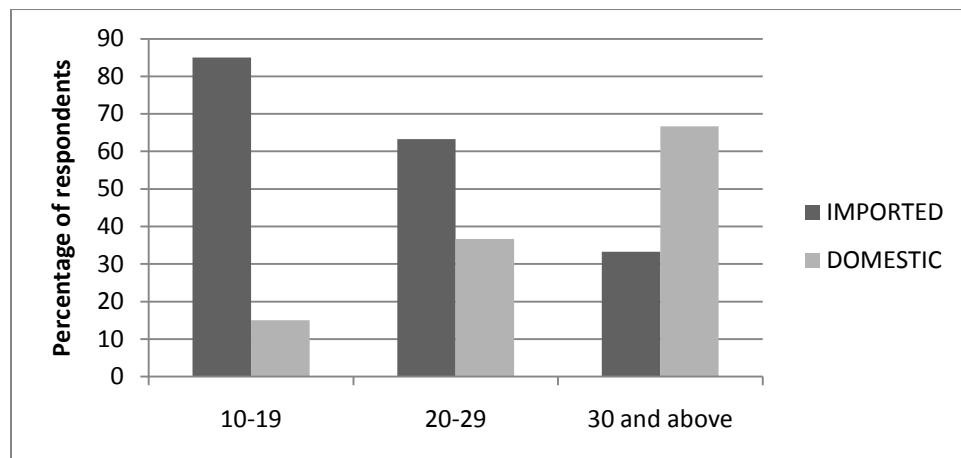
4.5. The age groups

In this section, the study examined age versus the questionnaire questions on preference in order to see whether there was difference in preference among the age groups studied. These age groups include 10-19 (teenage), 20-29 (young) and 30 and above (adult). Summarized tables of the test results are presented in Appendix 2, where those questions showed a significant difference scored 0.05 or less analyzed below.

When comparing if there was a difference on preference of domestic or imported leather shoes between the three different age groups, it was found that there was a significant deviation between the age groups. As Figure 12 shows, 85 percent of teenagers and 63.3 percent of young respondents favored imported shoe. Yet, only 33.3 percent of adult respondents favored imported shoe. One reason to why so many teenagers were

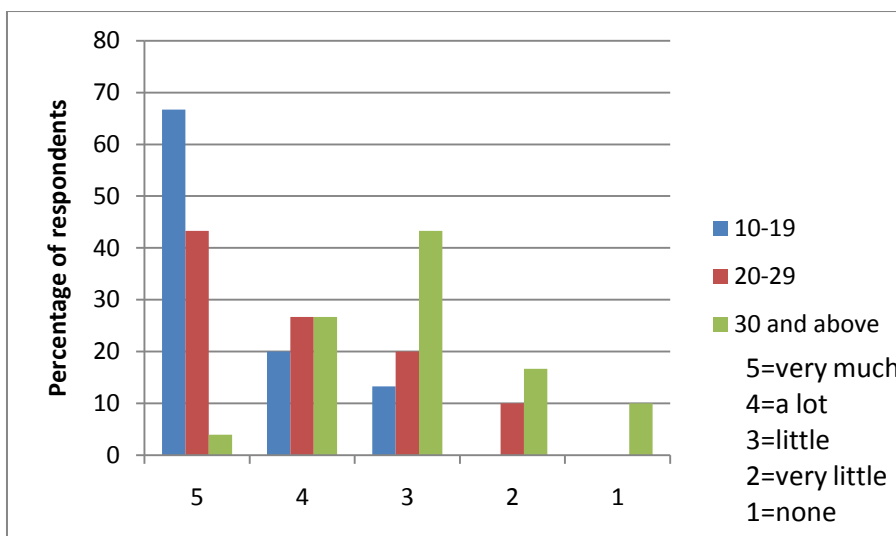
preferred imported shoe was due to the fact that their shoe choice decision highly influenced by the style of the shoes and by groups in their environment, like friends and so on. But many adult consumers preferred the domestic leather shoes because of its durable quality and less expensiveness than imported leather shoes. Thus, People change the goods and services they buy over their lifetime (kotler and Armstrong, 2010).

Figure 12: Age versus shoe preference



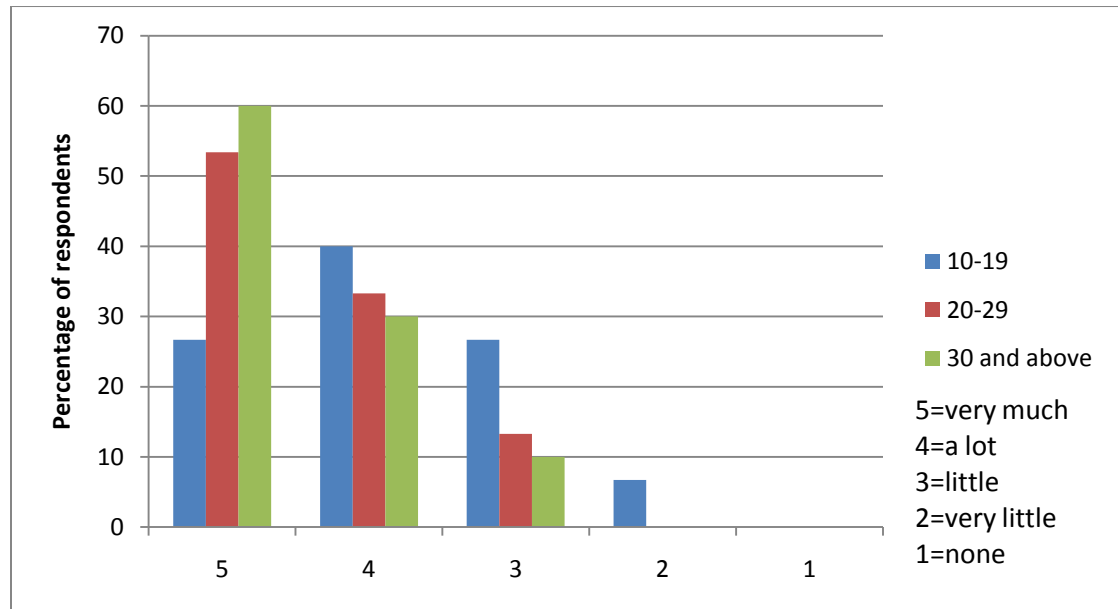
Another significant difference was perceived between the age groups was age versus influence of style on shoes choice, where 86.7 percent of teenagers implied that their shoes choice was highly affected by style of shoes (see Figure 13). However, 69.3 percent of adult respondents answered that style of shoe had “little, very little and none” effect on their shoes preference. These indicate that adult consumers pay less attention to fashionability in their shoe preference in opposite teenagers preferred shoes basically because of its fashionability. Thus, there was a difference between respondents regarding style influence on preference of shoe.

Figure 13: Age versus influence of style on shoes choice



Even though quality was one of the most important factors to prefer products for overall respondents of all age groups, the study found that there was a significant difference on the amount of influence it had on the respondents shoe preference. As a result, the age group that their choice of product was the most affected by quality was adult age group, where as much as 90 percent claimed that their shoe choice was highly affected by quality of shoes. On the other hand, the age group that claimed that their choice of shoes was the least affected by quality was teenagers (33.4 percent). As a result, the adult age group response showed that their preference was highly influenced by quality having 4.50 overall mean results, whereas teenagers graded 3.8 average points. Thus, one can understand that the older age group gave superiority to quality among other things when selecting shoes to purchase. In reverse to this, they gave inferiority to style in their choice than other age groups in the study.

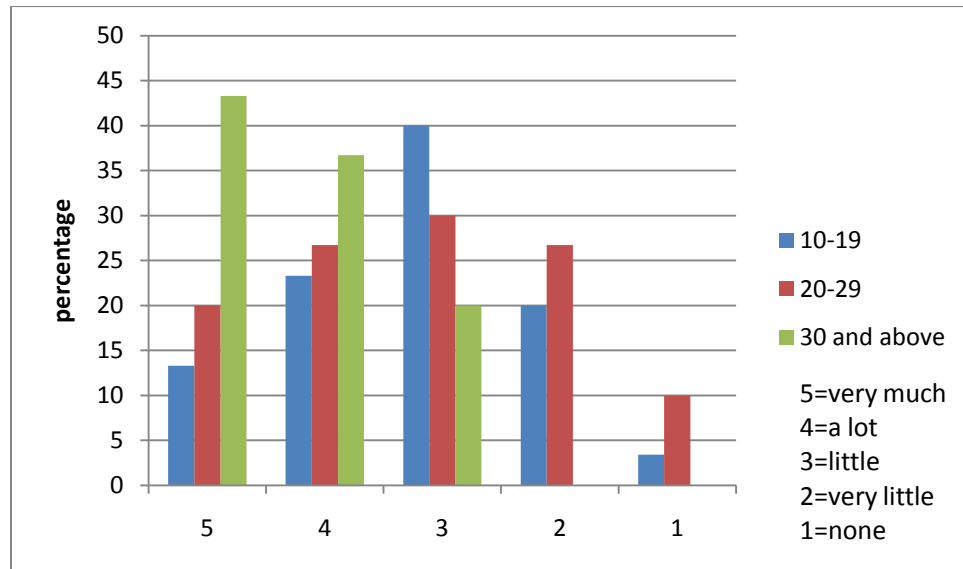
Figure 14: Age versus quality influence on shoe preference



When comparing the amount of influence that the price had on the respondents' choice of shoes, again the study found a significant difference on the effect of price on the respondents shoe choice. Accordingly, the adult age group most influenced by price because 80 percent of respondents' opinion within this group assured that price greatly influenced their preference of shoes, while 63.4 percent of respondents within 10-19 years old responded that they were least influenced by price (see Figure 15).

Thus, price most influenced the overall respondents within adult age group with a mean grade of 4.23, but it moderately influenced the teenagers with a mean score of 3.23. In general, price influenced respondents' shoes choice with the mean point of 3.6. Thus, price is one of the major factors affecting buyer choice in case of poorer countries (Kotler et al. 2005).

Figure 15: Age versus influence of price on shoe choice



In conclusion, there was difference in the age groups' responses to many of the questions. Thus, the study can assume that a reason for this difference is due to the fact that they are at different stages in their lives, and hence have different demands for products. This strengthens the consumer preferences theory that each consumer is unique and differs from one another in that of taste, preference, and wants.

Chapter 5: Summaries, Conclusions and Recommendations

The purpose of this last chapter is to present summaries of major findings and concluding remarks and forwarded possible recommendations. Thus, the first section presents the study's major findings summaries. The second section presents conclusions. The third section present discussions about recommendations. Finally, section four presents the study's significance and delimitation.

5.1. Summaries

In this section major findings of the study summarized as follows:

As, the study findings showed that most of the respondents purchased shoe one time per year and they accounted 36 percent, while 16 percent of respondents made maximum purchase between one to two times, 13.4 percent of respondents made minimum purchase less than one times per year.

The findings also indicated that from the total respondents, 60.5 percent of respondents' favored imported shoe and the remaining 39.5 percent of respondents preferred domestic shoe. Thus it was indicated that imported shoe dominated domestic consumers' preference on Addis Ketema shoe market.

As it was indicated on figure 3, more than 50 percent of respondents responded that quality, style and price as reasons for their shoes preference, however, less than 40 percent of respondents showed friends, culture, and social role, family and advertisement as factors for their shoe preference.

Concerning style of leather shoes, respondents' perceived imported shoe as highly fashionable with the mean score of 4.21, but domestic shoe moderately perceived by respondents' with an average grade of 2.5. Similarly, respondents rated range of variety for imported shoe as high with a mean point of 4.01 and domestic shoe was perceived by consumers' at moderate level of range of variety. The study also found that respondents as a whole highly influenced by style of shoe with an average grade of 3.84.

Regarding quality of leather shoes, respondents' perceived as both imported and domestic shoes were highly durable. But their response to domestic leather shoe indicated it was better durable than that of imported shoe with an average grade of 4.38. Likewise, imported shoe valued 4.09. The study also evaluated comfortability of both imported and domestic shoe. In doing so, it was found that imported shoe was highly comfortable than that of domestic leather shoes with an average 4.08 comfortability rate, whereas domestic shoe had low comfortable quality with a mean score of 2.1. In addition to this, it was found that quality influenced respondents shoe choice with average grade of 4.26.

With respect to price, the overall respondents rated price charged on imported shoe as expensive with a mean grade of 4.25 and they rated the price of domestic shoe as low (cheap) with the mean score of 2.1. It was also found that price influenced the consumers' shoes choice with an average score of 3.6 this result placed it at high level of influence that it had on consumers' shoe choice.

Regarding the respondents' age group, majority of teenagers and young respondents favored imported shoes. As figure 12 illustrates, the study found that more than 60 percent of teenagers and young respondents preferred imported leather shoe. But only 33 percent of adult respondents favored imported shoe.

Based on the influence that style had on respondents shoe choice, teenage group measured the influence that style had on their preference with a mean grade of 4.53, while adult age group rated it influenced their shoe preference moderately with an average grade of 2.96. On the other hand, quality highly influenced adult age group with a mean rate of 4.5, whereas teenage group rated the quality influence 3.8 on average. The study also found difference among respondents on price influence that it had on their shoe choice. Accordingly, adult age group shoe choice most influenced but teenagers shoe choice moderately affected by price of leather shoes. Thus, there was a difference based on the age group of respondents.

5.2. Conclusions

Based on the analysis conducted in this study the following important conclusions are drawn below.

This study found that the majority of respondents' favored imported shoe. As a result, imported leather shoe dominated the consumers' choice in Addis Ketema sub-city. In addition, it was found that majority of consumers purchased shoes once per year.

The study findings indicated that among other factors quality, style and price, were a reasons for the majority of respondents shoe choice. Thus, product quality, style and price were considerably important basis for the consumers' choice of leather shoes in Addis Ketema sub-city shoe market.

Style: Regarding the style of leather shoes, the study found that the style of domestic shoes were less attractive interms of fashionability and had less variety than imported shoes according to local shoe market perception. Thus, it was concluded that consumers who give more emphasis to style in their shoe choice, preferred imported shoes. The study also found that style of shoes as one of important factors to consumers since it highly affected the respondents shoe preference in general.

Quality: Concerning the quality of shoes, the study found that domestic leather shoes were better durable but less comfortable than their peers; those of imported ones. So that, consumers who were subjected other than to durability preferred domestic shoes and those to comfortability favored the foreign shoes. In addition, the findings revealed that product quality played an important role in influencing consumers' shoes preference. Interestingly, the overall study respondents opinion showed that their shoe choice to a large degree influenced by the quality of the product. From this one can conclude that quality as vital factor which can greatly influence the consumers purchase choice.

Price: Concerning the price of the shoes, the study discovered that domestic leather shoes were lower priced than foreign shoes. For this reason, the domestic leather shoe highly dominated the shoe preference of most of price mattered consumers. The researcher also found that even though a few respondents' product choice was not affected by price,

majority of them indicated the price influence on their product preference. Thus, it can be concluded that price is one of important factors considerably influenced the consumers' shoe preference.

Age group: With respect to the age groups, the consumers' preference of shoes fundamentally differed among the three age groups; accordingly, teenage group preferred the imported shoes and the adult age group favored domestically produced shoes. The study also discovered that factors that affect consumers' choice of product and the value of these factors that affect consumers' choice of product varied among different age groups, more specifically; the adult age group choice of shoes essentially influenced by quality and they gave priority in their preference to it than any other factors (factors included in this study), whereas the teenage group agreed that their choice of product is to a large degree influenced by style. Thus, from these it can be concluded that person's preference for products differ based on what stage in life they are in.

5.3. Recommendations

In this section some viable recommendations are forwarded on the bases of the research findings.

For any business operation to be successful, the products acceptance by consumers is a key issue that must not be neglected as in competitive and dynamic environment. These days, in seeking, to choice among different products to satisfy their need and want, consumers see each product as a bundle of attributes with varying abilities of delivering the benefits to satisfy this need and want. Even though, the attributes of significance to buyers vary by product, style, quality and price are attributes sought in a shoe. In addition, consumers varied by demographic factor; age as to which product attributes they see as most relevant and the importance they attach to each attribute.

Therefore, it is critical to all companies in foot wear industry; to identify the stage of life their consumers' are in and what product attributes they pay the most attention can help shoe companies to successful segment the markets and design marketing programs according to the attributes that are salient to different consumers' age groups.

Particularly, the domestic shoe companies and factories found in Ethiopia better constantly come up with new styles/designs and product line extensions to bring back competitive advantage taken by imported shoes regarding fashionability, wide variety and comfortability. Thus, deeper understanding of target consumers can allow them, what new style or design and comfort of product to produce or modifying existing products style or design and how to market them. So that, the domestic companies work more on deeper consumer insight investments to take steps in influencing consumers' choice decision.

5.4. Significance of the study

This study will help all stakeholders: shoe retailers, wholesalers, manufacturers, consumers as well as the government, by indicating the current actual status of domestic shoes market in terms of consumers' preference, pointed out potential areas which need improvement and recommendations were forwarded in order to tackle the problems identified. Moreover, it will also beckon others a potential area for further study in a broader scope and wider context.

5.5. Delimitation of the study

The main purpose of this study was to identify factors affecting consumers' shoe preference either imported or domestic leather shoes. Therefore, this study was delimited in terms of customer preference for imported or domestic shoe on current local shoe market based on: product price, quality, style and age variables. Besides, to conduct this study in all domestic shoe markets is not a simple task that can be easily accomplished. So to make extensive and feasible investigations and analysis, the study limited on 180 leather shoe consumers in Addis Ketema shoe market. More over the study limited on age segmentation, and other demographic variables were not analyzed.

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Appendix 1

Addis Ababa University
College of Management, Information, and Economic Science
School of Business and Public Administration
Master of Business Administration

Dear Participant,

This questionnaire is designed to gather data on “Assessing Customers’ Preference: Domestic Vs Imported leather Shoes”. The purpose of the study is to fulfill a thesis requirement for the Masters of Business Administration (MBA) at Addis Ababa University. Your highly esteemed responses for the questions are extremely important for successful completion of my thesis. The information that you provide will be used only for the purpose of the study and will be kept strictly confidential. You do not need to write your name. Finally, I would like to thank you very much for your cooperation and sparing your valuable time for my request. Indicate your response by putting a tick (✓) in the provided box.

1. Age

10- 19 20- 29 30 and above

2. Sex

Male female

3. Educational level

1-8 9-12 diploma degree and above

4. Occupation_____ name of the organization_____

5. Do you consume leather shoes?

Yes No

6. How many times do you purchase per year_____

7. Which shoe do you prefer most?

Imported Domestic

8. If your response for question n_o 7 is imported or domestic, why do you prefer this shoe?

(You can choose more than one)

Price	<input type="checkbox"/>
Style/design*	<input type="checkbox"/>
Quality **	<input type="checkbox"/>
Advertisement	<input type="checkbox"/>
Family***	<input type="checkbox"/>
Friends****	<input type="checkbox"/>
Culture*****	<input type="checkbox"/>
Social role	<input type="checkbox"/>
Any other.....	

*Style/design implies that you prefer shoe because of fashionability and variety.

** Quality implies that you prefer shoe as comfortability and durability of shoes.

***Family indicates that you prefer shoe as a result of family consuming it.

****Friends imply that you prefer shoe because of friends consuming it.

*****Culture implies that you prefer the product as a result of nationality.

9. How do you rate the style/design of imported shoes in terms of fashionability?

Very good Good Satisfactory Poor very poor

10. How do you rate style/design of domestic shoes in terms of fashionability?

Very good Good Satisfactory poor very Poor

11. How do you rate the style/design of imported shoes in terms of range of variety?

Very good Good Satisfactory poor very Poor

12. How do you rate the design/style of domestic shoes in terms of range of variety?

Very good Good Satisfactory Poor very poor

13. How much influence does style has on your shoes choice?

Very much a lot little very little none

14. How do you rate the quality of imported shoes interms of durability?

Very good Good Satisfactory Poor very poor

15. How do you rate the quality of domestic shoes in terms of durability?

Very good Good Satisfactory Poor very poor

16. How do you rate the quality of imported shoes interms of comfortability?

Very good Good Satisfactory Poor very poor

17. How do you rate the quality of domestic shoes interms of comfortability

Very good Good Satisfactory Poor very poor

18. How much influence does quality has on your shoes preference?

Very much a lot little very little none

19. How do you rate the price of imported shoes?

Very high High Medium Low very low

20. How do you rate the price of domestic shoes?

Very high High Medium Low very low

21. How much influence does the price has on your shoe choice?

Very much a lot little very little none

22. If you have any comment/suggestion please write on the space below

Appendix 2

Table: 1

Age Groups	Shoe preference		Chi-square	Degree of freedom (df)	Significance (sig)
	Domestic	Imported			
10- 19	9	51	33.818	2	.000*
20- 29	22	38			
30 and above	40	20			

* The Chi-square statistic is significant at the 0.05 level.

Table: 2

Age Groups	style influence on shoes choice					Chi-square	df	Sig.
	None	Very little	Little	A lot	Very much			
10- 19	0	0	8	12	40	66.468	8	.000*
20- 29	0	6	12	16	26			
30 and above	6	10	26	16	2			

* The Chi-square statistic is significant at the 0.05 level.

Table: 3

Age Groups	quality influence on shoes preference					Chi-square	df	Sig.
	None	Very little	Little	A lot	Very much			
10- 19	0	4	16	24	16	22.503	6	.001*
20- 29	0	0	8	20	32			
30 and above	0	0	6	18	36			

* The Chi-square statistic is significant at the 0.05 level.

Table: 4

Age Groups	Price influence on shoe choice					Chi-square	df	Sig.
	None	Very little	Little	A lot	Very much			
10- 19	2	12	24	14	8	35.852	8	.000*
20- 29	6	8	18	16	12			
30 and above	0	0	12	22	26			

* The Chi-square statistic is significant at the 0.05 level.