



Covid-19 Pandemic: Technological Dependence and Consumer Ethnocentrism in Nigeria

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ABSTRACT

This study is premised on the tripod of the perpetual dependence of the Nigerian economy on foreign technological innovations; the negative reactions from a sizeable number of Nigerians towards South African firms and goods in the wake of the recent xenophobic attack on foreign nationals and businesses, especially Nigerians, in South Africa; and the technological innovation gap that became obvious during the ravaging COVID-19 pandemic. With focus on two socio-psychological antecedents of consumer ethnocentrism - consumer animosity and xenophobia, the study reviewed accessible extant literature on consumer ethnocentrism in Nigeria and other developing and/or developed economies so as to understand the choice, if any, Nigerians have in adopting consumer ethnocentrism and the current dependence perspectives of Nigeria.

Keywords: *Animosity, Dependence, Ethnocentrism, Technology, Xenophobia.*

1. Introduction

There is a thought convergence in marketing and business literature on the stifled growth of the industrial sector on the African continent, with an attendant insignificant contribution to the gross continental economy (Kibret, 2016). The general perception is that growth in the manufacturing and/or industrial sector in sub-Saharan Africa increases at a decreasing rate especially during this pandemic-induced economic crisis.

The manufacturing sector contribute less than five percent to the national economy of Sub-Saharan African countries which is reflected in the continent's insignificant contribution to global trade while other firms in developing countries outside of Africa scored a dramatic steady growth. This unpleasant scenario has been attributed to many factors, however several studies posits that the poor attitude of indigenous consumers towards products or services from the African continent contributes significantly to the slow growth of manufacturing industry in Africa, a classic case of reverse consumer ethnocentrism (Agbonifoh & Elimimian, 1999; Kibret, 2016).

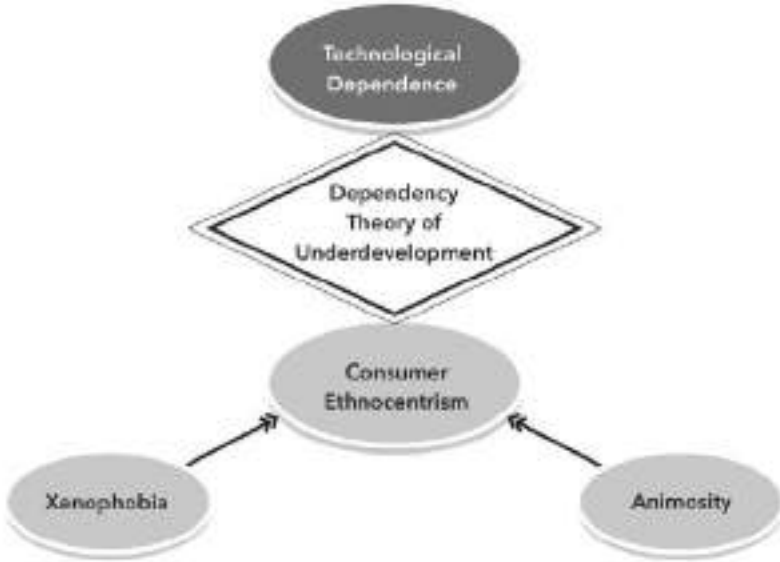
This in turn contributes to low technological innovation output which has been identified as a major cause of slow growth in the African industrial sector. Consumer ethnocentrism is a general societal tendency to unduly favour domestic businesses or manufacturers. Observably, the socio-psychological manifestation of ethnocentric tendencies of consumers may border on xenophobia and animosity (Klein, Ettenson, & Morris, 1998; Shimp & Sharma, 1987; Tantray, 2018). Critical to this study is the emerging trend of animosity in the Sino-American relationship due to the COVID-19 pandemic and the xenophobic attacks on businesses, and citizens of other African countries, especially Nigeria, in South Africa vis-a-vis the nexus between preference for and dependence on foreign goods and the slow growth rate of technological innovations in Nigeria which is evident during the ongoing COVID-19 pandemic.

There is a gap in the literature on empirical research that addresses these factors. To our knowledge, no studies to date have systematically identified technological dependence as influencing consumer ethnocentrism factors in the area of study - Nigeria. The primary objective of this study was to apply literature analysis, in understanding the state of the art in consumer ethnocentrism with respect to the concepts of xenophobia and animosity, and their implications for a technologically dependent country like Nigeria in crisis situations; using the dependency theory of underdevelopment.

2. Literature Review

2.1 Theoretical Background and Conceptualisation

Figure 1: Mediating role of the Dependency Theory on Consumer ethnocentrism.



Source: Researchers' Conceptualisation (2021)

Dependency can be described as a situation whereby the economy of a country is conditioned by the growth and expansion of another country's economy. A dependent relationship reflects between two or more economies when dominant countries can expand and be self-sustaining, while dependent countries can only do this as a function of the expansion in the dominant country, with either a positive or a negative effect on development in the dependent country. Technological dependence is a major characteristics of the dependency theory. The dependency theory, which originated from the early writings of Latin American economists like Don Santos, Frank, Sunkel, and Fortado, alludes that the dependence of less-developed countries on developed countries is the main cause of their underdevelopment.

It is therefore important to understand the nexus between technological dependence and consumer ethnocentrism because for a country to overcome dependency, structural and institutional changes, resources-focused self-reliant growth strategy, technology transfer, market access and resource control are required as imperatives (Fabayo, 1996; Jhingan, 2016). Essentially, how will a country that is technologically dependent on other countries engage in consumer ethnocentrism, especially in crisis situations like

COVID-19? Consumer ethnocentrism can be described as a non-tariff barrier in international marketing which dilutes international competition as a form of protectionism for indigenous businesses. According to Shankarmahesh (2006), consumer ethnocentrism, a domain-specific sub-set of ethnocentrism, is the perception that one's own group is superior, and all others are measured and rated only in lesser comparison.

The country of origin of a product has a powerful effect on the attitude of highly ethnocentric customers. Generally, consumers prefer foreign products for various reasons such as quality, class, price, and symbolism. However, Karoui and Romdhane (2019) noted that firms exporting goods and services from developed, technologically-advanced country-of-origin do not fear non-tariff barriers like consumer ethnocentrism when penetrating developing countries markets. A product's country-of-origin therefore serves as a determinant of consumer's ethnocentric tendency especially when consumers are faced with products manufactured in technologically less-developed nations (Wang & Chen, 2004; Yagci, 2001). In several instances, firms from developing countries export to developed countries in order to sell in a market largely occupied by their citizens who are used to their level of innovation.

In order to provide a theoretical footing, this study adopted the dependency theory of underdevelopment. The basis for this adoption is that the dependency theory of underdevelopment exudes the essence of the study and brings together the related points raised such as the helplessness of resource-rich countries like Nigeria in translating resource wealth to growth; regulatory gaps typical of resource-dependent developing countries; unequal exchange between core and peripheral countries. Furthermore, the theory explains poor technological growth of Nigeria as an outcome of prolonged dependence on foreign technology in critical sectors of the economy.

2.2 COVID-19 Pandemic as a Leveller

Industries are established by stakeholders to undertake or offer certain services and products upon which they are expected to grow their brand overtime in a particular market and environment. Therefore, activities, crisis and events in such an environment could influence the attainment of sales, patronage, profit and other business objectives of the firm. By the tail end of 2019 and the first quarter of 2020, the world started contending with a global health crisis – the COVID-19, which started from China. Several actions have been initiated to fight the viral, however, there are gaps in the global readiness for a crisis of such magnitude and response to the COVID-19 pandemic. This may compound have serious marketing implications with lasting changes in consumer and firm behaviour.

The COVID-19 pandemic, reoccurring in waves globally, has affected all aspects of human lives including marketing. In forestalling the effects of a crisis like COVID-19, a fast spreading coronary disease that has caused far

reaching changes and transformation of economic activities, consumers and firms are evolving, shifting or changing their brands and needs; including their buying processes. The pandemic has pushed human behaviour to its limits with measures such as complete and partial lockdown of cities and countries enforced in order to prevent spread (Acee-Eke & Ogonu, 2020). By implication, there has been an observed reduction or decline in consumer's discretionary and impulsive buying or spending in terms of clothing and accessories, travel, entertainment, furniture and fittings, automobiles etc. in favour of prioritised purposeful and imperative needs or wants (Acee-Eke & Ogonu, 2020; Bhakat & Muruganatham, 2013).

Therefore, consumers appeared to have reviewed their habits and priorities in life as evident in the buying local brands and national labels in the absence of their favoured international brands. Before the emergence of the COVID-19, there has been campaigns by different governments, especially in Nigeria, aimed at encouraging patronage in indigenous firms and products. However, the COVID-19 pandemic, at the early stages, appears to have forced the hand of consumers in considering purchase of locally made goods. Furthermore, the attendant economic instability has ensured consumers, across all socio economic strata, and firms are experiencing transformations in response to the changes in market dynamics and competitiveness, the perceived vanities of life and the forced decline in capacity utilisation and employee retention.

2.3 Technology in Marketing

Hundred years ago, no one could have imagined shopping from home through internet or virtual stores. Technology is a dominant tool used in influencing and changing consumer behaviour. Proactive firms today move along with technology innovation in order to avoid being thrown out of market. It is predictable that shortly, all aspects of consumer behaviour, including consumer ethnocentrism, will be influenced by an information that is primarily processed through the internet. In today's information highway, with new technologies emerging all the time, only firms that satisfy consumer needs first will survive and win (Jose, 2017). With the aid of technological devices and platforms such as smart phones, social media, mobile applications, and mobile payments marketers can be connected to the consumer whether the consumers are online or offline. Technology makes the whole world a global village and with benefits to the firm to reach all consumers easily and quickly.

Technological innovation is the rate of change or volatility in the process of transforming input to output and the delivery of those output to the end customer. In industries characterised by rapidly changing technology, market orientation may not be as important due to technological turbulence that weakens the bond between market orientation and performance especially where performance is determined by the statistics on new product success. With today's age of digital technology, ordinary desires or wants are being

converted into daily needs due to technological innovations applications to marketing communications. This has become the game changer in all industries with no industry or sector immune from the effects of technological advancements, marketing inclusive.

2.3.1 Technological Dependence

Dependency economists align with several schools of thought such as Marxists, neo-Marxists, and structuralists. However, there are four unifying features of dependency economists such as: the identification of underdevelopment with the expansion of industrial capitalist countries; the perception that development and underdevelopment are part of a unified system; the view that underdevelopment is a reoccurring condition, not a temporary precapitalist stage and the agreement that dependence affects commerce, internal politics, society and culture. There are five main characteristics of the dependency theory. They include: Technological dependence; Dependence as an outcome of historical international process; Prevalence of foreign capital; Trade and Unequal exchange and Dualism (Jhingan, 2016). The focus of this study is on technological dependence.

Consumer perception of technological superiority and/or inferiority of a product goes a long way influencing patronage. Therefore, firms and nations across the world are striving to attain appreciable levels of technological development. The developmental role of technology makes its acquisition or import important in Africa, given the continent's inability to source it or develop it significantly at the local level. Technology is important to development because it is a resource which engenders economic growth with its capacity to satisfy human wants such as food, good education, modern housing, health care, transportation, telecommunication and increased industrial output. Modern technology plays a decisive role in enhancing the efficiency of resource utilisation, creating and expanding resources and reducing the importance of natural resource endowment in economic progress (Fabayo, 1996).

However, African countries' dependence on technology imports has not only reversed local technological development efforts, but has also contributed to the arrested development or underdevelopment of the African economy. Therefore, concerted efforts are required to develop a resilient indigenous scientific technological development capability that will guarantee self-reliance in technological matters especially through technology transfer. The role of effective technology transfers in manufacturing, finance, communication and other sectors of the Nigerian economy, including the public service, needs to be established for developmental, operational and policymaking reasons. With the advent of globalisation, technology transfer act as the operational vehicle for closing the gap in knowledge, ideas and innovations between developed and developing economies (Abu, Aun, & Oluwasanmi, 2018; Jhingan, 2016).

2.3.2 Challenges of Technology Transfer

Transfer of technology has been a subject of importance to researchers and policy makers due to the relevance of technology transfer to sustainable development. Expatriates and International/Multinational firms have requisite knowledge that they may transfer to the indigenous firms and investors in order to broaden their skills and open up investment opportunities. Technology transfer ensures that scientific and technological developments are available to a wider range of users, who may further domesticate and develop the technology into new products, processes, materials or services (Abu, et al., 2018; Jhingan, 2016; Liu, Yuan & JiaqiXue, 2009). However, the extent of technology internalisation and transfers remains uncertain as some expatriates engage in protectionism or unethical business practices that has widened the gap in technological intensities despite the comparative improvement in foreign direct investments.

There are inherent differences between movement of technology and technology transfer. Movement of technologies involves export components or parts in several forms which attracts licensing and technical assistance fees, dividends on equity investments and royalties. Effective transfer of technology reflects in the ability of a host developing country to purchase or hire advanced technological means of production and the development of local mental skills in order to utilise such technologies with minimum or without supervision. Foreign firms can act as development catalysts in manufacturing through skills imparting employment, technology transfer, and backward and forward linkages through direct interaction with local firms (Chen, Sun, Ukajiofo, Xiaoyang, & Brautigam, 2016; Odunlami & Awolusi, 2015; Ugwu, 2014)

2.4 Consumer Ethnocentrism

Ethnocentrism can be described as a potential factor or disposition that can influence and forge consumer behavior in different purchasing situations. Shimp and Sharma, in their 1987 study titled; *Consumer Ethnocentrism: Construction and Validation of the CETSCALE*, introduced the ethnocentrism concept to the marketing lexicon and termed it “consumer ethnocentric tendencies” (CET). Consumer ethnocentrism can be described as the beliefs held by consumers about the appropriateness and morality of purchasing foreign-made products, especially as it borders on country allegiance and patriotism (Shimp & Sharma, 1987). Generally, consumer ethnocentrism negatively affects consumers’ purchase intention of foreign products, however, it is hinged on the belief that buying foreign products is harmful to the national economy with direct or indirect implications for unemployment.

Expectedly, ethnocentric consumers exhibit blind rejection of foreign products by preferring domestic products even when they concede the superiority of foreign products. However, not all consumers are ethnocentric. As observable in Nigeria and other parts of the global south, there are huge

markets for foreign goods so much that local production and technological innovation has been stifled. Agbonifoh and Elimimian (1999) opine that in developing countries like Nigeria, what is obtainable is reverse ethnocentrism. Reverse ethnocentrism describes a form of ethnocentrism in which the home culture is accepted as inferior to a foreign culture. In relating this to the marketplace, Karoui and Romdhane (2019), submitted that this implies the evaluation and acceptance of products from developed countries more positively than indigenous products.

In response, local producers try to improve product quality and also apply low pricing strategies in order to remain competitive locally or target only non-ethnocentric consumers when trying to export to other developing countries (Karoui & Romdhane, 2019; Yagci, 2001). However, the quality of an output product depends not only on the quality of raw materials, but also on the quality of the transformation process. The transformation process depends on the technology in use. Therefore, it would appear that technology and technological processes is at the heart of the product bundle, hence, consumer ethnocentrism in a country without requisite technology to back up such sentiments may be a patriotic exercise in futility. Rapid and internally stimulated development of the African economy will remain a mirage without technological independence because as our society undergoes rapid changes and becomes more prosperous, newer social forces make consumers expend a greater part of their income in pursuit of affluence and the cutting-edge services that technology and business can offer (Achumba, 1998; Fabayo, 1996).

2. 4.1 Xenophobia and Animosity

Tantray (2018) averred that xenophobia and animosity, amongst other antecedents, are capable of providing further insights into understanding consumer ethnocentrism. Xenophobia can be described as a socio-psychological concept that describes the negative attitude toward individuals or groups of persons that are perceived to be different from oneself or the group(s) to which one belongs. It is created in consumer's minds mainly because of inherent distrust and fear. Similarly, animosity reflects country of origin sensitivity as consumers carry out revenge on countries that may have offended or insulted their sensibilities by shunning products from those countries (Riefler & Diamantopoulos; 2007; Shankarmahesh, 2006). Both xenophobia and animosity enhances consumer's ethnocentric tendencies even though consumers' attitude is not solely determined by consumer ethnocentrism tendencies but also by quality perception, price, status consumption amongst other factors.

According to Tantray (2018), there is a strong positive empirical relationship between xenophobia and the consumer ethnocentrism. Xenophobia is formed in consumer's minds largely because of distrust and fear which enhances

their ethnocentric tendencies as evidenced in the South African debacle. The Africa challenge becomes compounded when it is obvious that consumers in developed and emerging economies are not only highly ethnocentric but also have poor perception and attitude towards products from Africa. While consumers in Africa mostly prefer products from developed economies, with significant aversion towards indigenous products.

Klein, et al (1998) suggested that animosity is different from consumer ethnocentrism because animosity is displayed against specific countries rather than all foreign countries; in this case, Nigeria against South Africa in response to the xenophobic attacks and United States against China in response to perceived negligence in the handling of the corona virus at inception. Animosity, in marketing, involves biases against foreign products from a particular country rather than against all things foreign by consumers in a given country. According to Riefler and Diamantopoulos (2007), animosity may be due to war or economic reasons. The COVID-19 pandemic has been described as an economic war allegedly started by China which has caused problems such as unemployment and loss of business. As such animosity is bound to rise. Considering the prevalence of the COVID-19 pandemic, the economic animosity arising from it took many dimensions, with countries like the United States of America and Germany asking China to pay fines and compensations.

2.4.1.1 Xenophobia: The Nigeria-South Africa Relationship

Nigeria's afro-centric foreign policy posture has been a subject of debate due to the recent xenophobic attacks in South Africa. The attacks on Nigerians and Nigerian business interests in South Africa have drawn the focus of state and non-state actors in the international system. A total of 121 Nigerians were killed in various xenophobic attacks in South Africa between February 2016 and June 2019. As a State, Nigeria's adopted a conservative and declaratory approach in responding to those attacks which makes her appear as a weak country in the realm of international politics (Fayomi, Chidozie & Ayo, 2015; Ogunnowo & Joshua, 2019). Clearly, this approach didn't go down well with a lot of Nigerians, which necessitated public actions of attacks on South African Assets and calls for boycott of South African brands such as MTN, Shop Rite and Pep. Observably, the boycotts were short-lived due to the size and need satisfying solutions offered by those brands; especially without viable indigenous alternatives.

2.4.1.2 Animosity: The Sino-American Relationship

Business and Political relationships between the United States of America and the People's Republic of China were already strained before the COVID-19 crisis due to China's aggressiveness on the international stage and other diplomatic issues. Taking advantage of its huge population, China has become the World's

factory by attracting international and multinational firms, including United States' firms, to site their factories in China. This business process takes jobs and foreign exchange earnings away from home countries to China due to increasing technological adaptation and innovations. However, COVID-19 pandemic increased the friction, especially with the inherent differences in political leanings, the alleged cover up of the pandemic by Chinese authorities and the initial mismanagement of the health crisis by both sides and the World Health Organisation. Therefore, the existing level of animosity between both countries attracted calls for sanctions and counter sanctions, imposition of tariffs and levies and outright ban of some products or firms from importing or exporting goods/services to both countries.

3. Conclusion and Recommendations

It is therefore pertinent to ask; could xenophobia be a valid response in the Nigeria-South Africa context or animosity in the Sino-American context? Can a technologically dependent economy like Nigeria benefit from consumer ethnocentrism? In contrast to the Nigerian technological experience, the Chinese are more advanced technologically; therefore, consumer ethnocentrism in the Chinese market culture may be more pronounced. Certainly, crises situations such as the COVID-19 pandemic engenders a reflection to the dangers of technological dependence. National economies are highly interdependent and connected today as a result of globalisation; therefore, when global pandemics like COVID-19 occur, it is unavoidable that there will be multiplier effects, which in turn affects individual, firm and state behaviours in giving more priority to the purchase of local products, where possible, effective and efficient. Where a country has insufficient technological strength, its economic independence is at the mercy of its technologically advanced partners.

After reviewing the maze of literature associated with technological dependence and consumer ethnocentrism, we are able to domesticate the dependency theory of underdevelopment within both concepts as an explainer to consumers reverse ethnocentrism as observable in Nigeria. Future studies may consider more socio-psychological antecedents of consumer ethnocentrism and the implications during crisis situations, like COVID-19.

The findings of this study will contribute to the literature on antecedents of consumer ethnocentrism hinging the ethnocentric tendency of a country on the level of their technological innovations. A technologically dependent economy, especially a developing country, may not have much choice in seeking for local alternatives in this technological era; especially as products from developed countries will not fear non-tariff barriers like consumer ethnocentrism when penetrating developing countries markets. Therefore, consumer animosity from such countries may not have much effect, neither will non market responses to xenophobia.

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