U.S. and Chinese consumers willing to pay more for 'Made in USA' products

Driven by quality and patriotism, U.S. Shoppers will pay a 10 to 60 percent premium for the made in USA brand across a broad range of product categories, according to a Boston Consulting Group survey

CHICAGO, November 15, 2012—More than 80 percent of U.S. consumers and, perhaps more surprising, over 60 percent of Chinese consumers say that they are willing to pay more for products labeled "Made in USA" than for those labeled "Made in China," according to new research released today by The Boston Consulting Group (BCG) [1].

In September, BCG surveyed more than 5,000 consumers in the U.S., China, Germany, and France regarding their attitudes toward the value of the Made in USA brand and their actual buying behavior. The results reveal that U.S. consumers will pay a premium for the Made in USA brand across a broad range of product categories, although the premium varies significantly depending on the category. The following details are among the findings:

• About two-thirds of U.S. consumers are willing to pay a premium for ten key product categories that were tested—from baby food and appliances to electronics and apparel.

• The premium they are willing to pay varies, ranging from about 10 percent to more than 60 percent in the categories tested.

• In every one of the ten categories, at least 20 percent of U.S. consumers are willing to pay a premium of more than 10 percent.

• Nearly 60 percent of U.S. consumers had chosen Made in USA products over less expensive Chinese goods at least once in the month before the survey.

In surveying Chinese consumers, BCG found a similar willingness to pay more for U.S.-made goods. The results showed the following:

• More than 60 percent of Chinese consumers are willing to pay more for Made in USA goods.

• Nearly 50 percent of Chinese consumers prefer a product made in the U.S. to a China-made product of equivalent price and quality.

• The premium that Chinese consumers are willing to pay ranges from about 10 percent to almost 80 percent in the categories tested.

• More than half had chosen U.S.-made products over less expensive Chinese goods at least once in the month before the survey.

"These findings suggest that there's a big opportunity for manufacturers and retailers to command a price premium by promoting the Made in USA brand—not only in the U.S. but also in China," said Harold L. Sirkin [2], a BCG senior partner and coauthor of the research. "Retailers may want to adjust their strategies to capitalize on the strong consumer interest."

The findings—part of BCG's ongoing study of the changing global economics of manufacturing and its Made in America, Again [3] research series—support previous BCG analysis showing that the U.S. is becoming increasingly attractive as a location for making certain products for the U.S. market and as a base for global exports. The U.S. has improved its cost competitiveness compared with China and the advanced economies of Western Europe and Japan, leading BCG to estimate that higher U.S. exports [4]—combined with production "reshored" from China—could create 2.5 million to 5 million new U.S. jobs [5] in manufacturing and related services by the end of the decade.

"The higher brand value of U.S.-made goods is a further reason why companies should rethink their global manufacturing footprint and consider the U.S. as a manufacturing location," said Michael Zinser, a BCG partner who leads the firm's manufacturing [6]work in the Americas and is a coauthor of the Made in America, Again series.

In both the U.S. and China, respondents of all age groups and income levels expressed a concern for quality, a key driver of the consumer preference for U.S.-made products. Eighty-five percent of U.S. consumers and 82 percent of Chinese said they "agree" or "strongly agree" that they feel better about Made in USA quality. Patriotism is another strong consideration among U.S. consumers: 93 percent said that they would pay more for U.S.-made goods in order to keep jobs in the U.S., and 80 percent said that buying U.S. products demonstrates patriotism.

"Quality and patriotism are powerful factors that retailers will have to consider in their marketing communications around Made in USA products and in their sourcing strategies," said Kate Manfred, leader of BCG's Center for Consumer and Customer Insight [7] in the Americas and a coauthor of the survey.

In contrast to U.S. and Chinese consumers, European consumers strongly prefer products made in their own countries. More than 65 percent of consumers in both Germany and France said that they would be willing to pay more for products made in their home country than for those made in the U.S.

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