

**DETERMINANTS OF CONSUMER ETHOCENTRICISM ON THEIR PURCHASE
DECISIONS OVER GLOBAL PRODUCTS WITH REFERENCE TO INDIA**

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Abstract

Research on the concept of consumer ethnocentrism is increasing and it became crucial in the process of understanding consumer behavior in the global market. Consumer ethnocentrism is a result of care and affection for own country and fear of adverse consequences because of high rates of import of foreign products that could cause serious problems for local economy development. Consumer ethnocentrism is defined as “the beliefs held by consumers about the appropriateness, indeed morality of purchasing foreign-made product and the loyalty of consumers to the products manufactured in their home country.” The questionnaire method was used for data collection. The sampling method was random. A questionnaire was given to respondents for completion. Primary data were collected from respondents who belong to various age and gender groups and with different levels of income and education. The results of this research have several managerial implications. First of all, they provide managers with a detailed understanding of which groups of consumers in India are the most ethnocentric. This market-related information is essential for companies and their segmentation, targeting and positioning strategies.

Key words: consumer, ethnocentrism, products, market

Introduction

India's political past strongly promoted the 'Swadeshi movement' (support to indigenous manufacturers) spearheading the 'Be Indian, Buy Indian' nationalist motto that limited the entry of foreign products. The Indian government continued to follow a protectionist economy and did not open its retail sector to foreign direct investment (FDI) until the late 1990s. This restriction on FDI was to protect the local unorganized retail industry which constitutes a significant portion of India's retail sector. In recent times, the Indian government has gradually opened up the retail sector to foreign competition (Parikh 2006), increasing the amount of FDI inflows from less than \$2.3 billion in 1999 to \$23.7 billion in 2010 (Global FDI flows to India down 31% in 2010 (The Times of India 2011)). The government further eased restrictions in the retail sector by allowing up to 51% FDI in single-brand retail trading in 2006 (Iyer 2010). This massive influx of foreign products in the Indian market has resulted in a market with several domestic and foreign firms competing with each other.

Research on the concept of consumer ethnocentrism is increasing and it has become crucial in the process of understanding consumer behaviour in the global market. Consumer ethnocentrism is a result of care and affection for own country and fear of adverse consequences because of high rates of import of foreign products that could cause serious problems for local economy development. Baughn and Yaprak, (1996) have showed that consumers purchase intentions and decisions were perceived as a moral reward and at the same time they enjoy a psychological goal, and finally a sense of achievement of avoiding any contact with another, different culture or country.

To understand Indian consumers' attitudes toward domestic and foreign products, it is essential to critique the ethnocentric tendencies of Indian

consumers. This study aims to understand antecedents of consumer ethnocentric tendencies (CET), the impact of ethnocentrism on attitudes of Indian consumers toward domestic versus foreign products and services, and the impact of a moderator (perceived economic threat) on the relationship between ethnocentrism and attitudes.

Contemporary market operations and conditions dictated by the market require companies to carry out permanent monitoring of all variables that are of interest to their normal functioning, survival, and development. Companies are facing the task of monitoring changes taking place on the market with the most significant among them being those related to consumer behaviour. Through their behaviour (purchases), consumers verify and confirm a company's efforts so it is essential to devote close attention to their research. In the era of globalization and increasing competition, consumers around the world are provided with a large number of both domestic and imported products and services. Therefore, it is of utmost importance to be familiar with their attitudes towards imported goods and services, and imperative for all the companies to observe the level of consumer ethnocentrism.

Literature Review

The concept of consumer ethnocentrism has been derived from the general concept of ethnocentrism, which was first introduced in 1906 by sociologist William Sumner. In the early eighties, Crawford and Lamb (1981) showed that buying foreign products can cause high emotional involvement especially when it comes to national security or loss of jobs. That argument offered the concept of ethnocentrism beyond psychological and social frameworks, and was recognized in the field of marketing as one of the dynamic factors in consumer purchasing choices.

Consumer ethnocentrism is defined as “the beliefs held by consumers about the appropriateness, indeed morality of purchasing foreign-made product and the loyalty of consumers to the products manufactured in their home country.” (Shimp and Sharma, 1987, str. 280). Consumer ethnocentrism has a direct and negative impact on consumers' purchase intention towards foreign products. These imply that the high ethnocentric tendencies lead to unfavourable attitude towards lower purchase intentions for foreign products. According to Shimp and Sharma (1987), consumers refuse to buy foreign products because they consider that they are harmful to the national economy and cause unemployment.

Nationalistic emotions influence attitudes towards products and intentions to purchase. Consumer nationalism affects the cognitive evaluation of products and therefore the intention to purchase. This entails that those individuals who have nationalistic intentions perceive the quality of domestic products as higher in comparison to foreign ones (Han, 1989).

Literature suggested that consumers' ethnocentric tendencies depend on the degree of the development of a country. The original concept of consumer ethnocentrism has emerged in developed countries where consumers generally positively evaluated the quality of domestic products (Herche, 1992; Elliot, Cameron., 1994; Ahmed et al., 2004). Recent research (Supphellen, Gronhaug, 2003; Reardon, et al., 2005; Klein, et al., 2006) have shown that the same concept is applicable in the context of developing countries. Kaynak and Kara (2002) have noted that significant population growth and increasing purchasing power of consumers in such developing countries offer market opportunities to foreign companies whose domestic markets have already reach maturity. However, several studies (Bailey, Pineres, 1997; Ger, et al., 1999; Burgess, Harris, 1999; Batra, et al., Ramaswamy et al., 2000; Balabanis, Diamantopoulos, 2004) conducted in developing countries have confirmed the existence of negative ethnocentric tendency of consumers or favouring of foreign products. However, recent research in Central and Eastern

Europe have confirmed the growth of the ethnocentric tendency as a result of low culture of openness and limited cosmopolitanism (Vida, Fairhurst, 1999; Hamin and Elliot, 2006; Vida, Reardon, 2008).

The measurement of consumer ethnocentrism was made possible with the development of the Consumer Ethnocentrism Tendency Scale (Cetscale). In study, Shimp and Sharma (1987) were the first to develop an effective instrument for measuring the ethnocentric tendencies of consumers purchase decision. Through work, they proved that consumer ethnocentrism can measure, explain and provide answers to why and to what extent consumers prefer domestic products instead of foreign. They characterized the scale as a measure of "tendencies" rather than "attitudes" because it also includes the explanation of consumer decisions to buy "the most appropriate product". It can be concluded that Cetscale is a successful predictor of consumers' beliefs, attitudes, purchase intentions and decision. This scale has been widely used to measure consumer ethnocentrism tendencies in many studies within developed and in the developing countries (Luque-Martinez, et al., 2000; Kaynak, Kara, 2002; Chrysochoidis et al., 2007; Yeong et al., 2007, Wong et al., 2008, Vassella, et al., 2011; Ranjbarian, et al., 2011; Teo, et al. Mohamad, Ramayah, 2011) Although other scales have subsequently been suggested and tested, Cetscale has become the most commonly used instrument for measuring consumer ethnocentrism (Chrysochoidis, et.al., 2007)

The results of a research conducted in India (Garg & Jain, 2016) implied that younger consumers (aged between 18 and 30) were more ethnocentric in comparison to other age groups. The student population (aged between 18 and 25) in the Republic of Serbia generally manifests a moderate level of consumer ethnocentrism, however, with a tendency of increasing in comparison to previous research (Kragulj *et al.*, 2017). On the other hand, Bannister and Saunders (1978) studied the case of consumers from Great Britain and concluded that the respondents' attitudes towards products from their own country became more favourable as the age of respondents increased. That is, older respondents were more likely to prefer products from their home country in comparison to younger respondents'

Methodology

The instrument of quantitative research was a highly structured questionnaire with five-point Likert type of scale (1 = completely disagree, 5 = strongly agree) where respondents express their degree of agreement or no agreement for the statements. The mentioned scale is theoretically considered as the best solution for questionnaires because it most accurately reflects the attitude of the individual respondents.

The questionnaire method was used for data collection. The sampling method was random. A questionnaire was given to respondents for completion. Primary data were collected from respondents who belong to various age and gender groups and with different levels of income and education. The sample characteristics are presented in Table. Convenient sampling technique employed to measure the purchase intentions of respondents and questionnaires were completed then and there itself as per the convenience of respondents.

The questionnaire consisted of two parts. The first part of the questionnaire included questions regarding the demographic and socioeconomic characteristics of respondents. These data were used for testing the research hypotheses. The Mann-Whitney U test provided an answer to the question whether men and

women differ in the level of consumer ethnocentrism. Also, this test was used to obtain an answer to the question whether there was a difference in the level of consumer ethnocentrism among the people of different age groups and levels of education. The Kruskal-Wallis test was applied to determine whether and how the level of the respondents' income influences consumer ethnocentrism.

The second part of the questionnaire was designed to measure respondents' consumer ethnocentric tendencies. The original measurement of consumer ethnocentrism (CETSCALE) which contained 17 items developed by Shimp and Sharma (1987) was adopted and adapted to determine the level of consumer ethnocentrism in Serbia. Participants were requested to rate the items on a five-point Likert scale (1 = strongly disagree and 5 = strongly agree). The structure of the questionnaire was particularly adapted from the works of Teo, Mohamad and Ramayah (2011) in Malaysia, Mangnale, Potluri and Degufu (2011) in Ethiopia and Chendo (2013) in Nigeria. The five-point Likert scale was used during the implementation of the research conducted by Garg and Jain (2016) in India, with the exception that these authors applied an adapted CETSCALE with 10 statements. Based on the above statements we formed a new dependent variable. The reliability and internal consistency of this scale were also measured using the Cronbach's alpha coefficient.

Gender	Number of respondents(168)	Percentage (%)
Women	58	34.5
Men	110	66.5
Age		
19-28 years	62	36.9
29-48 years	92	54.8
49-58 years	8	4.8
Over 58 years	6	3.6
Professional qualifications		
Secondary school	74	44.0
College education	12	7.1
University education	36	21.4
M.Sc./PhD	46	27.4
Income level		
Up to 25 000	54	32.1
Between 25 000 and 40 000	28	16.7
Between 40 000 and 60 000	50	29.8
Between 60 000 and 90 000	26	15.5
More than 95 000	10	6.0

Table 1: Sample characteristics (n=168)

From the above table it is clearly evident that majority of the respondents are males and the respondents belong to the age group of 29-48 are more. While coming to educational qualifications majority of the respondents are passed their secondary school education, the largest number of respondents in income category is 54 whose income is 25000 per month.

The scale of consumer ethnocentrism (CETSCALE) applied in this research has an internal consistency for measuring the ethnocentric tendencies of Serbian consumers. The resulting value of Cronbach's Alpha co-efficient of 0.956 can be considered a reasonably high reliability coefficient which implies that the research results are representative and that a reliable research model was applied. Based on this, it can be assumed that all 17 items used are measuring the same construct (ethnocentrism) and, therefore, a summative measure can be used to represent the ethnocentrism score of the respondents (Chendo, 2013).

Item	Cronbach's Alpha	Mean	Median
1. Indian people should always buy Indian-made products instead of imports.	0.954	3.761	4.000
2. Only those products that are unavailable in India should be imported.	0.954	4.047	5.000
3. Buy Indian-made products. Keep India working.	0.954	4.238	5.000
4. Indian products first, last and foremost.	0.953	3.559	4.000
5. Purchasing foreign-made products is un-Indian	0.954	2.654	3.000
6. It is not right to purchase foreign products, because it puts Indians out of jobs.	0.952	3.381	3.000
7. A real Indian should always buy Indian made products.	0.951	3.095	3.000
8. We should purchase products manufactured in India instead of letting other countries get rich off us.	0.953	3.654	4.000
9. It is always best to purchase Indian products.	0.953	3.357	3.500
10. There should be very little trading or purchasing of goods from other countries unless out of necessity.	0.953	3.142	3.000
11. Indians should not buy foreign products, because this hurts Indian business and causes unemployment.	0.952	3.321	3.000
12. Curbs should be put on all imports.	0.954	3.500	4.000
13. It may cost me more in the long-run, but I prefer to support Indian products.	0.953	3.381	3.000
14. Foreigners should not be allowed to put their products on our markets.	0.954	2.464	3.000
15. Foreign products should be taxed by high taxes heavily to reduce their entry in India.	0.955	3.119	3.000
16. We should buy from foreign countries only those products that we cannot obtain within our own	0.952	3.607	4.000

country.			
17. Indian consumers who purchase products made in other countries are responsible for putting their fellow Indians out of work.	0.952	2.940	3.000

Table 2: The adapted 17-item CETSCALE

Nonparametric techniques are specific as their hypotheses are not as strict as those of parametric techniques, and they are more suitable for smaller samples or when the collected data have been measured only on ordinal scales (Pallant, 2011). In accordance with the above reasons and given the nature of the available data, non-parametric techniques were applied in this research (Mann-Whitney Test and Kruskal Wallis Test). The Mann-Whitney test was used to obtain information on

how the gender, age, and different levels of education characteristics of the respondents affected the level of consumer ethnocentrism. The Kruskal Wallis Test was applied in order to answer the question whether there was a difference in the level of consumer ethnocentrism among people who have different income levels.

When it comes to the impact of gender characteristics the results of the MW test show that $p = 0.031 < 0.05$ we have concluded that the obtained result is statistically significant (not random) i.e., there are differences in the level of consumer ethnocentrism between men and women. Female respondents express a higher level of consumer ethnocentrism ($Md = 3.7059$, $n = 58$) compared to male respondents ($Md = 3.3529$, $n = 110$).

When it comes to the impact of age differences on the level of consumer ethnocentrism, the results of MW test show that $p = 0.883 > 0.05$, and we have concluded that the obtained results are not statistically significant, i.e., there are no differences in the level of consumer ethnocentrism between two groups of respondents that are the largest in the sample (group aged 29-48, $n = 92$ and group aged 19-28 years, $n = 62$). The results of MW test concerning the influence of education level show that the level of significance is $p = 0.012 < 0.05$, so it can be concluded that the results obtained are not random, i.e., that they are statistically significant and that there is a difference in the level of consumer ethnocentrism among respondents with different education levels. The results of the comparison of the two groups of respondents show that a lower degree of consumer ethnocentrism is shown by respondents who have completed higher education levels (university education + master/ magister/doctoral: $Md = 3.2353$, $n = 82$), and respondents with lower level of professional qualifications are more inclined to buy local products than foreign respondents (secondary school education + college education: $Md = 3.6471$, $n = 86$).

the influence of income level on consumer ethnocentric tendencies, the results of KW test show that $p = 0.036 < 0.05$, which leads to the conclusion that there is statistically significant difference among the groups, i.e., that there is a statistically significant influence of the income criterion on the level of consumer ethnocentrism of the respondents. However, the obtained results show that the highest level is reported by respondents who earn an income between 25,000 and 40,000 ($Md = 4.0882$, $n = 28$), and the least ethnocentric respondents who earn an income from 40,000 to 60,000 ($Md = 3.2353$, $n = 50$). It is interesting that respondents who earn the highest income do not exhibit the lowest level of consumer ethnocentrism. What is more, they are the second category that exhibits the highest level of consumer ethnocentrism (respondents who earn an income between 60,000 and 85,000+ respondents who earn an income of over 85,000 : $Md = 3,5882$, $n = 36$). Also, consumers with the lowest incomes (up to 25,000) are not consumer ethnocentric the most ($Md = 3529$, $n = 54$).

Limitation of the study

It is strictly confined to Vijayawada city in India. In addition, the sample size of respondents should be increased and the sample structure must be taken into account, in the sense of proportional representation of respondents from all categories. This limitation is also related to the manner of collecting the data on respondents. Using the questionnaire, we have eliminated the respondents who do not fill the questionnaires properly.

Conclusion

In general, the results indicate the importance of researching into the demographic characteristics of consumers. The key benefit of including the demographic variables lies in the fact that they are smoothly measurable and as such are easily used for marketing predictions.

The results of this research have several managerial implications. First of all, they provide managers with a detailed understanding of which groups of consumers in India are the most ethnocentric. This market-related information is essential for companies and their segmentation, targeting and positioning strategies. Marketing managers do not perform their tasks well if they do not take into account the tendency of domestic consumers to be ethnocentric. On the other hand, if they assume that all domestic consumers are ethnocentric, they will most certainly create an inappropriate strategy. In general, all results may assist in a better allocation of marketing resources. Resources can be used to emphasize or diminish the origin, depending on whether the company is domestic or not.

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