

CONSUMER ETHNOCENTRISM AND ATTITUDES TOWARD DOMESTIC AND FOREIGN PRODUCTS

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Abstract

Explores the connection between consumer ethnocentrism and consumer attitudes toward foreign products. It was hypothesized that individuals with high levels of consumer ethnocentrism would have more favourable attitudes toward products from culturally similar countries in contrast with items from culturally dissimilar countries. The purpose of this study is to illustrate to at what extent consumer ethnocentrism influences the evaluation of products produced in one's home country, contrary to products manufactured internationally. In order to investigate ethnocentrism Quantitative data collection method was applied on Indian consumers, with a sample consisting of 154 respondents, living in Varanasi, answering a tested self-administered questionnaire based on the CETSCALE (Shimp & Sharma 1987). Factor analysis was used to identify factors contributing to the observed degree of ethnocentrism in brand choices. Results suggest a strong impact of country-of-origin as well as low level of ethnocentrism among Indians.

Keywords: Country of origin, Ethnocentrism, Consumer, Foreign Products.

Introduction

The term ethnocentrism portrays the phenomenon for a preference of nationally produced goods over internationally manufactured products (Shimp & Sharma 1987, Shimp, Sharma & Shin 1995). Ethnocentrism is assumed to be socialized during childhood, like other behavioural habits, consuming with pride own country products and opposing imports which are considered unpatriotic, causing loss to the domestic economy and creating jobless (Cumberland, Stubbe Solgaard & Nikodemaska-Wolowik 2010, Evanschitzky et al. 2008, Shimp and Sharma 1987). And negative biases against foreign products lead to a purchase unwillingness of even those products (Shimp, Sharma & Shin 1995). Therefore, it is anticipated that ethnocentric consumers will be biased towards domestic products. In line, imports are viewed as potential threats for the home country (Papadopoulos, Heslop & Bamossy 1991). An ethnocentric individual obviously pictures one's own gathering as positively in-gathering and in this way, opposite toward every single other person that are viewed as unfavorably out group

(Shimp & Sharma 1987). Consumer ethnocentrism has as its main source patriotic feelings of those who wish to support their country and its economy by not using other nation products. Ethnocentric consumers have a higher tendency towards buying domestic products, they are more patriotic, less culturally open, and collectively-minded and express a conservative way of living (Balabanis et al., 2001; Sharma et al., 1995) Groups of ethnocentric consumers are not homogenous, on the basis of variables like age and gender. Female and old age people are more ethnocentric in comparison to teenage male (Jossiassen, 2011)

Riefler and Diamantopoulos (2007) shows a new dimension from the perspective of foreign product purchase preference stating that, while ethnocentric consumers are not willing to buy items from any outside nation, consumers who have animosity feelings refuse to buy and use products originating from the country towards which they have such feelings. For highly ethnocentric buyers, obtaining outside items not leads to a financial issue, as well as an ethical problem. Consumer ethnocentrism results in peoples' prejudices against foreign imported items and a preference for domestic products as one's own nation is overestimated in connection to an underestimation of other manufacturing countries (Shimp, Sharma and Shin 1995). In line with Evanschitzky et al's (2008) finding that German consumers prefer domestically produced goods over foreign products and therefore showing strong levels of ethnocentrism within the German population (Papadopolous, Heslop and Bamossy 1990). Their study also reveals that domestic products are rated positively by investigated participant groups, only Germans and French people rate their products as 'best'. Ethnocentric consumers prefer domestic goods not only because of economic or moral beliefs, but also because they believe that their own country produces the best product that is why they consume it (Klein et al. 1998: 92)

Objectives and methodology

The main objective of this study was to investigate the level of consumer ethnocentrism. Consumer ethnocentrism is a psychological construct which represents how consumers view products made in their own country markets versus those from other country markets, as objects of pride and identity. Operationally, this was measured by the consumer ethnocentrism scale, CETSCALE given by (Shimp and Sharma, 1987), which has been further used and validated in several studies (Good and Huddleston, 1995; Supphellen and Rittenburg, 2001; Watson and Wright, 2000). A survey was conducted on a sample of 250 consumers of Varanasi City, out of which 154 completed responses were obtained. Consumers were selected by systematic random sampling in the Varanasi City. Respondents were administered on a set of statements comprising a CETSCALE, to determine their extent of agreement on statements relating to the level of ethnocentrism in reference to Indian made products in general. Mean

ratings obtained for the statements were then subjected to data reduction via factor analysis with varimax rotation, to identify factors that could be considered as contributing to the degree of ethnocentrism.

Findings and Analysis

Consumers were examined for their level of ethnocentrism through an inventory of 17 attitudinal statements comprising an ethnocentrism scale with “1” (least positive) and “5” (most positive). The average rating across all 17 items was just 2.77 indicating that Indian consumers were not highly ethnocentric with regard to purchase preferences of “foreign” or “Indian” brands. The highest rating (4.38), was for item No. 4, “Indian products, first, last, and foremost”, while the lowest (1.98), and was on item No. 14, namely “It may cost me in the long-run but I prefer to support Indian products”. A factor analysis performed on the 17 statements indicated four factors, which contributed to 76.6 percent of the variance. An examination of individual item variables contributing to these factors, suggested that seven variables namely numbers 11-17 had high positive loadings on factor 1, which was labeled as the “Patriotism” factor, while variables 1, 2, 4, 7, 8 and 9 loaded heavily on the second factor, termed as “Made in India” factor. The third factor was described as “influence of promotion”, and loaded heavily on variables 5 and 6. The last factor was identified as “Availability & Access”, with a high loading on variable 10. Item details of these four factors are described in table below.

Ethnocentrism scale for Indian consumers

	Item variable	Mean Rating
1	Indian people should always buy Indian-made products instead of imports	2.57
2	Only those products that are unavailable in India should be imported	2.53
3	Buy Indian-made products. Keep Indian working	2.66
4	Indian products, first, last, and foremost	4.38
5	Purchasing foreign-made products is un-Indian	2.95
6	It is not right to purchase foreign products	2.76
7	A real Indian should buy Indian-made products	2.65
8	We should purchase products manufactured in India instead of letting other countries get rich off us	2.49
9	It is always best to purchase Indian products	2.26
10	We should buy from foreign countries only those products that we cannot obtain within our own country	2.67
11	There should be very little trading or purchasing of goods from other countries unless out of necessity	2.64
12	Indians should not buy foreign products, because this hurts Indian business and causes unemployment	2.86
13	Curbs should be put on all imports	2.47

14	It may cost me in the long-run but I prefer to support Indian products	1.98
15	Foreigners should not be allowed to put their products on our markets	3.46
16	Foreign products should be taxed heavily to reduce their entry into the India	3.52
17	Indian consumers who purchase products made in other countries are responsible for putting their fellow Indians out of work	2.24
	Average rating	2.77
Likert scale ranging from "1" (least positive) to "5" (most positive)		

Factor analysis of items constituting ethnocentrism scale

Factors	Percentage of variance
Patriotism	29.5
Made in India	26.5
Influence of promotion	12.0
Availability & Access	8.6
Variance accounted for	76.6

Rotated factor components and factor loadings of items constituting ethnocentrism scale

Variable number	Factor 1 Patriotism	Factor 2 Made in India	Factor 3 Influence of promotion	Factor 4 Availability & Access
1	-	0.854	-	-
2	-	0.819	-	-
3	0.614	-	-	-
4	-	0.847	-	-
5	-	-	0.543	-
6	-	-	0.557	-
7	-	0.702	-	-
8	-	0.617	-	-
9	-	0.773	-	-
10	-	-	-	0.733
11	0.680	-	-	-
12	0.929	-	-	-
13	0.867	-	-	-
14	0.617	-	-	-
15	0.869	-	-	-
16	0.823	-	-	-
17	0.667	-	-	-

Variables accounting	Factor Loading	
Factor 1	Patriotism	0.680
Variable 11	There should be very little trading or purchasing of goods from other countries unless out of necessity.	
Variable 12	Indians should not buy foreign products, because this hurts Indian business and causes unemployment.	0.929
Variable 13	Curbs should be put on all imports.	0.867
Variable 14	It may not be beneficial for me, but I prefer to support Indian products.	0.614
Variable 15	Foreigners should not be allowed to put their products on our markets.	0.869
Variable 16	Foreign products should be taxed heavily to reduce their entry into the India.	0.823
Variable 17	Indian consumers who purchase products made in other countries are responsible for putting their fellow Indians out of work.	0.667
Variable 3	Buy Indian-made products. Keep Indian working.	0.619
Factor 2	Made in India	0.854
Variable 1	Indian people should always buy Indian-made products instead of imports.	
Variable 2	Only those products that are unavailable in India should be imported.	0.819
Variable 4	Indian products, first, last, and foremost.	0.847
Variable 7	A real Indian should buy Indian-made products.	0.702
Variable 8	We should purchase products manufactured in India instead of letting other countries get rich off us.	0.617
Variable 9	It is always best to purchase Indian products.	0.773
Factor 3	Influence of promotion	
Variable 5	Purchasing foreign-made products is un-Indian.	0.543

Variable 6	It is not right to purchase foreign products.	0.557
Factor 4	Availability & Access	0.733
Variable 10	We should buy from foreign countries only those products that we cannot obtain within our own country.	

Conclusion

Despite of high level of “Nationalism” Indian consumers are appeared to be amenable towards purchasing foreign brands, it is been evidenced through the CETSCALE. Indian customer tend to be moderate towards banning imports from unfriendly nations .On social media people animosity could be seen, but while it comes to purchasing decision customer prefer that product only which suits their money bracket. If the product made in their own country is best in all parameters from the foreign products then they go for it , If it doesn’t meet the expectation Indian consumer prefer to purchase foreign products. It can also be inherited that if domestic product alternative is available in the market, in that case the competition level will increase and by this way consumer will get benefit of it. Consumer ethnocentrism is usually positively co-related with the age of customers. The level of ethnocentrism is higher in females and old age people in compare to younger consumer or males. It is essential to underline that the declaration of decision, which is not ending on purchasing is just a statement, it have nothing to do with final purchase. Still many other factors influence customer’s decision, and in India one of the most important factor is the price. At last it can be concluded that Indian people seem to nurture strong patriotic feelings, which, interestingly, has not clearly reflected in their purchase behaviour.

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