

# Consumer Ethnocentrism and Its Effects on Attitude and Behaviour of Chinese Consumers

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## Abstract

Recently, China has attracted foreign investment at growing speed, and made many foreign corporations penetrate to domestic market. Even though the competition between domestic and foreign corporations becomes more and more intense, Chinese consumers are reluctant to buy foreign products rather than domestic products. Consumer ethnocentrism (CE) is one of the reasons that people choose domestic products than foreign products. It is necessary to investigate the causes of CE and its effects on attitude and behavior among Chinese consumers. In this study, conservatism has a positive effect on CE of young consumers even though they tend to be liberalized gradually, and collectivism shows relatively strong influence on their CE. In addition, CE has strong effect on purchase intention to mobile phone and household appliances, but not to automobile. This empirical result means that CE has a different effect on purchase intention depending on product categories. This means that people cannot predict the positive effect of CE on purchase intention to all products.

Keywords: Consumer Ethnocentrism; Conservatism; Collectivism; Attitude; Subjective Norm; Purchase Intention

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## 1 Introduction

As global market becomes open, international investment activities have increased extraordinarily. Various products and services have been distributed to consumers. Consequently, domestic manufacturers have to face intensive competition in many markets field such as automobiles, mobile phones, household appliances, computers, cosmetics and some other high-tech products [1-3]. An understanding of a consumer's purchase intention towards his or her national products is a significant determinant to understand consumer behavior for local products [4,5]. Despite the sharp increase in availability of foreign products all around the world, little research focused on this interesting development. The increased consumer response to foreign products and services has stimulated the importance of studies that explore consumer ethnocentric tendencies. Even though there has been a tremendous increase in the volume of foreign products imported into China, little research has attempted to identify attitude and behavioral intentions in Chinese market. In addition, very little research has been done concerning the influence of CE, which influences the purchase of domestic products, on the determinants of Chinese consumers' behavioral intentions toward the purchase of domestic products. Therefore, there is a pronounced need for research on Chinese consumers' behavioral intentions toward the purchase of domestic products and as well as on the impact of CE on the determinants of behavioral intentions.

## 2 Literature Review

### 2.1 CONSUMER ETHNOCENTRISM

By anthropological perspective, ethnocentrism is judging another culture solely by the values and standards of one's own culture. The ethnocentric individual judges other groups relative to his or her own particular ethnic group or culture, especially with concern to language, behavior, customs, and religion. These ethnic distinctions and subdivisions serve to define each ethnicity's unique cultural identity. Ethnocentrism was originally a sociological concept. Sumner defined ethnocentrism as follows: "*the view of things in which one's own group is the center of everything, and all others are scaled and rated with reference to it... Each group nourishes its own pride and vanity, boasts itself superior, exalts its own divinities and looks with contempt on outsiders.*" Shimp and Sharma expanded this concept to consumer ethnocentrism (CE) in consumer behavior. They derived the concept of CE from the more general psychological concept of ethnocentrism and defined this as: "*the beliefs (knowledge structures and thought processes) held by consumers about the appropriateness, indeed morality, of purchasing foreign-made products in place of domestic ones.*"

Basically, ethnocentric individuals tend to view their ethnic group as superior to others. Because they view other groups from the perspective of their own, they reject those that are different and accept those that are similar. This, in turn, derives from earlier sociological theories of in-groups and out-groups. Ethnocentrism, it is consistently found, is normal for an in-group to an out-group. This concept is related to social identity which refers to the membership or association of an individual with a "primary" and other human groups, especially ethnicity. The native language

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spoken by an individual is a strongest factor to form his or her social identity. Most often, a same ethnic group shares a common language, even if dialectical differences exist in sub-groups or geographically separated units. Membership in one's ethnic group is regarded as superior to the "other" group. To measure CE, Shimp and Sharma created the CETSCALE (Consumer Ethnocentrism Tendencies Scale) in 1987.

## 2.2 CAUSES OF CONSUMER ETHNOCENTRISM

It is generally understood that conservative persons show a tendency to cherish traditions and social institutions that have survived the test of time, and they introduce changes only occasionally, reluctantly, and gradually. Some conservatives seek to preserve things as they are, emphasizing stability and continuity, while others oppose modernism and seek a return to "the way things were". The extreme conservative has the following characteristics: religious fundamentalism, pro-establishment orientation, insistence on strict rules and punishments, preference for the conventional, and an antihedonic outlook. Anderson and Cunningham found conservative people tend to evaluate imports negatively and domestic products positively. Shrama, Shimp and Shin found a positive relationship between conservatism and CE in South Korea. Ruyter et al. also found a significant influence of conservatism on CE or consumers from the Netherlands and Korea. Moreover, in France, Javalgi et al found that a significant influence of conservatism on consumer ethnocentrism.

*H1:* Conservatism has positive effect on consumer ethnocentrism.

Collectivism/individualism is another socio-psychological variable used in past research as an antecedent to CE. Collectivistic persons are likely to show ethnocentric tendencies because they consider their actions in relation to their societal group. This finding was confirmed in a study conducted by Sharma et al (1995). As collectivists consider the effect of their actions on the larger group or the society, people with collectivistic goals "tend to reveal more intensive ethnocentric tendencies than those with individualistic goals". Empirical support for positive correlation between collectivism and CET can be found in studies such as Nishina and Sharma et al.

*H2:* Collectivism has positive effect on consumer ethnocentrism.

## 2.3 THE REASONED ACTION THEORY AND THE EFFECT OF ETHNOCENTRISM

### 2.3.1 The reasoned action theory

Eagly and Chaiken defined behavioral intention as a "a person's motivation in the sense of his or her continuous plan to exert effort to carry out a behavior." [7-10] Classic followers of attitude theory founded by Fishbein and Ajzen maintain that intentions to act are functions of individual and normative influences. According to them, the best predictor of a specific action is a person's behavioral intention, and personal intention to enact behavior is a function of the individual's attitude toward the behavior and subjective norms (i.e., the perceived social pressure to

perform or not perform the behavior). This theory aims to identify behavioral intention through measuring attitude and subjective norm in order to explain and predict behavior. In summary, according to the theory of reasoned action, an individual's behavioral intention is the most immediate factor influencing people's behavior and it is a function of the individual's attitude and subjective norm. The individual's attitude and subjective norm are both considered a function of the weighted sum of the appropriate beliefs. Many studies have shown the significant effect of attitude towards intention.

*H3:* Attitude has positive effect on purchase intention.

*H4:* Subjective norm has positive effect on purchase intention.

### 2.3.2 The effect of consumer ethnocentrism on attitude and purchase intention

Wu and Zhu had shown that ethnocentrism has effects on attitude toward domestic product. In the study of Shimp and Sharma using American subjects, it was demonstrated that ethnocentric consumer had predictably less favourable attitudes toward foreign-made automobiles than non-ethnocentric consumers had. Our research expects that Shimp & Sharma's findings can be applied to Chinese subjects.

*H5:* Consumer ethnocentrism has positive effect on attitude toward buying domestic products.

Human beings are rational and make systematic use of information available to them. Consistent with this, high-ethnocentric tendencies that are caused by extremely positive sources might also raise the perception of consumer's referents think they should purchase domestic products. That is, high-ethnocentric consumers might be more likely to perceive that their referents think they should purchase domestic products. Tharp & Marks' study demonstrated the degree to which high-ethnocentric consumers were susceptible to social influence (subjective norm) by using American subjects. Our study expects that Tharp & Marks' findings can be applied to Chinese subjects.

*H6:* Consumer ethnocentrism has positive effect on subjective norm relevant to buying domestic products.

One of the factors which may have an influence on a consumer's decision to purchase a domestically-produced product rather than a foreign-made product is the concept of CE. Nevertheless, it is critical to recognize that CE tendencies may change due to time, historical events, economic crises or political status. Generally, consumers become more ethnocentric towards purchasing local products during special times.

*H7:* Consumer ethnocentrism has positive effect on purchase intention toward buying domestic products

As shown in Figure 1, based on literature review mentioned in the last section, the proposed conceptual model of this study consists of six constructs: conservatism; collectivism; CE; attitude; subjective norm; and purchase intention. From these six constructs, and based on the conceptual model presented recently, there are seven hypotheses should be tested.

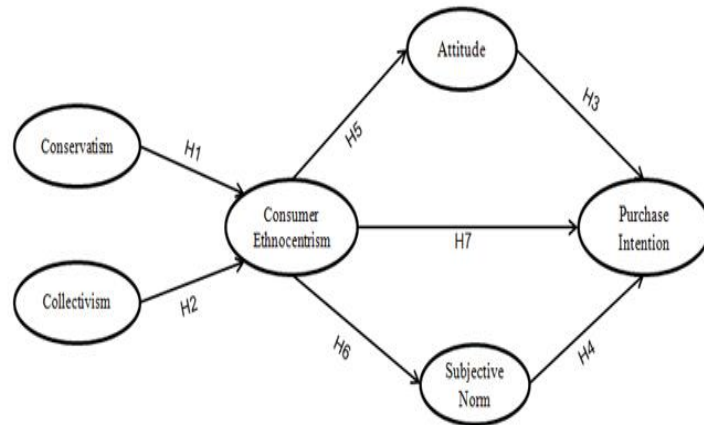


FIGURE 1 Constructs six conceptual model

3. Analysis Results

3.1 DEMOGRAPHIC ANALYSIS

The data for this study were collected in Hefei city which locates in middle area of China. As the college students (Post-80s Generation) are future leading consuming force, their consuming tendency is important in near future. The automobile, mobile phone and household appliance were selected as the representation of the domestic products. The data collection task lasted over one month, from August 2nd to September 8th, 2012. Ten universities were selected and 540 questionnaires were delivered. 511 questionnaires were collected in the classroom. Among them, 35 questionnaires were considered to be invalid for this research. Therefore, 476 questionnaires were finally analyzed.

TABLE 1 Demographic characteristic

Characteristics	Categories	Frequency	Percent (%)
Gender	Male	204	42.9%
	Female	272	57.1%
Age	18-20years old	189	39.7%
	21-23years old	199	41.8%
	24-26years old	72	15.1%
	Above 27	16	3.4%

TABLE 3 Fit measures of study

Product	Chi-square	Df	RMSEA	GFI	AGFI	CFI	NFI	P
Automobile	398.273	145	.061	.924	.900	.957	.935	.000
Phone	389.936	145	.060	.924	.900	.952	.925	.000
Appliance	388.937	145	.060	.924	.900	.953	.927	.000

In the follow section, the hypotheses of the study model with the AMOS 8.0 program were examined. Table 4, Table 5, Table 6 showed the result of regression weights of latent variable in the study model. The table displays the un-standardized estimate, its standard error (abbreviated S.E.), and the estimate divided by the standard error (abbreviated C.R. for Critical Ratio).

3.2 RELIABILITY

In this study internal consistency was used to estimate reliability of all the measurements. The Cronbach's Alpha ranged from 0.645 to 0.957, with all >0.60. The results indicated the reliability of the variables is appropriate for this study.

TABLE 2 Reliability of variables

Variables	Number of Items	Cronbach's Alpha
1. Conservatism	2	.645
2. Collectivism	3	.842
3. Consumer Ethnocentrism	4	.883
4. Attitude(automobile)	4	.911
	4	.872
	4	.957

3.3 HYPOTHESES TESTING

In this study, the goodness-of-fit (GFI), adjusted goodness-of-fit (AGFI), the normalized fit index (NFI) and comparative fit index (CFI) were selected to evaluate the model fit. The Table 3 represents the standard coefficients and the model fit statistics.

TABLE 4 Results for hypotheses of automobile model

Path	Estimate	S.E.	C.R.	P
CE← Conservatism	.111	.049	2.255	.024
CE← Collectivism	.895	.052	17.180	***
Attitude← CE	.159	.050	3.206	.001
Subjective Norm← CE	.161	.035	4.615	***
PI← Subjective Norm	.270	.101	2.672	.008
PI← Attitude	.121	.054	2.710	.007
PI← CE	.073	.049	1.476	.140

TABLE 5 Results for hypotheses of mobile phone model

Path	Estimate	S.E.	C.R.	P
CE← Conservatism	.113	.049	2.301	.021
CE← Collectivism	.892	.052	17.125	***
Attitude← CE	.052	.026	2.016	.044
Subjective Norm← CE	.259	.045	5.794	***
PI← Subjective Norm	.131	.056	2.350	.019
PI← Attitude	.352	.089	3.938	***
PI←CE	.170	.047	3.659	***

TABLE 6 Results for hypotheses of household appliance model

Path	Estimate	S.E.	C.R.	P
CE← Conservatism	.126	.049	2.589	.010
CE← Collectivism	.896	.052	17.216	***
Attitude← CE	.410	.044	9.398	***
Subjective Norm← CE	.263	.044	5.930	***
PI← Subjective Norm	.170	.057	2.977	.003
PI← Attitude	.371	.058	6.347	***
PI←CE	.320	.054	5.920	***

4. Qualitative Study

4.1 METHOD

According to the empirical research, consumer ethnocentrism has effect on purchase intention to mobile phone and household appliance but not to automobile product. It suggests that the effect of ethnocentrism on purchase intention depends on the type of product. That is, the positive effect of consumer ethnocentrism on purchase intention to all products cannot be predicted.

Why the effect of consumer ethnocentrism on automobiles is weak?

To investigate the real reason of not purchasing domestic automobile products by consumers with high ethnocentric tendencies, this research performed a qualitative study with two specific questions below: Why Chinese consumers with ethnocentrism do not purchase their domestic automobiles; When you purchase three kinds of products, please compare your opinion about the extent of consumer ethnocentrism in percentage.

4.2 PROCESS

This qualitative study started since the results of quantitative study been analyzed. 30 interviews of young people between 18 and 29 years were conducted. Considering the exploratory nature of the research, a composition of the sample compatible with the elicitation of the broadest range of constructs is needed. Consumers with high ethnocentric tendencies and did questionnaire in our quantitative study were interviewed so that the opinions of why the effect of consumer ethnocentrism on automobiles is weak could be concluded. Interviews were carried out with participants in China at their university, from November 2nd 17th, 2012, and on average lasted for twenty minutes. Questions evolved the reasons that they do not purchase domestic automobiles even with a high consumer ethnocentrism and the extent of consumer ethnocentrism shows when they purchase three kinds of

products respectively. All interviews were taped. Details of the sampled respondents and their responses are shown in Table 7.

TABLE 7 Summary of qualitative study

Number	Family Name	Gender	Age	Why Chinese consumers with ethnocentrism do not purchase their domestic automobiles?
1	Zhang	Female	29	After-service
2	Chen	Female	28	Security
3	Sun	Female	21	Quality
4	Du	Male	23	Function
5	Wang	Female	27	Lack of market test
6	Zhang	Male	18	Government car
7	Li	Female	22	Product life
8	Pen	Male	26	Quality and function
9	Yang	Female	22	Technology
10	Li	Female	26	Influenced by friends
11	Chu	Male	29	Influenced by family members
12	Jin	Female	23	Technology and quality
13	Zhou	Female	23	After-service and quality
14	Li	Female	25	Design
15	Sun	Female	21	Lack of market test
16	Yang	Male	22	Failure rate
17	Wu	Male	21	Quality and technology
18	Wei	Female	20	Brand image
19	Li	Female	25	Design and quality
20	Jiang	Male	23	Technology and product life

4.3 RESULTS

For the first question “Why Chinese consumers with ethnocentrism do not purchase their domestic automobiles?” the answer were categorized them into 7 aspects as follows: quality, technology, design, after-service, brand image, social influence and official vehicle.

(1) Quality

a) Market test: “Foreign cars, many of which passed the market test before the introduction to domestic market, maybe they are insufficient, or even they are not better than domestic cars, however, one is which experienced the market test and got a not bad results, one is which we do not know whether it is good or bad, which one would you choose?” said by Wang, female, 27 years old; “Many of domestic cars are not having the stricter test than imported ones, and I think test is the important thing before launching a product, so I would like to choose imported cars.” said by Sun, female, 21 years old. It can be inferred that market test is an important factor in purchasing process.

b) Product life cycle: “Most working-class cannot easily bear the price of automobile, so at the time of purchasing a car, I will consider the life of the car and the durable one is the best choice.” said by Li, female, 22 years old; “Domestic cars are cheaper than foreign ones, but I think the most important think is how long you can use, so I prefer to choose a not cheap one but can use for a long times.” said by Zhao, male, 22 years old.

It can be inferred that product life cycle is an important

factor in purchasing process.

- c) Function: "I am not very satisfied with the function of domestic cars, and it is always in a bad condition." said by Du, male, 23 years old; "The key factor of choosing a car for me is the good function, I think domestic cars are not good enough at this aspect, so I would like to buy foreign one, it can satisfied me." said by Huang, male, 22 years old.

It can be inferred that function of a product is an important factor in purchasing process.

- d) Failure rate: "The failure rate of the domestic car is relative high compare to the foreign car, so I would like to choose foreign car." said by Yang, male, 22 years old; "I think the price of domestic car is reasonable and the design is also not bad, but the failure is often happen for various reasons, I cannot accept this weakness, so I would not like to buy domestic one." said by Wu, male, 24 years old.

It can be inferred that the more failure rate the less purchase intention.

- e) Security: "The poor performance of domestic car is the key factor for me not to buy it, and I worry about the security of domestic automobile." said by Chen, female, 28 years old; "I do not think domestic car is safe enough because of poor quality, on the contrary, foreign one is safer to some extent, so I would like to buy foreign one." said by Shen, male, 20 years old.

It can be inferred that security of a product is an important factor in purchasing process.

- (2) Technology: "The technology is not mature and the engines are almost imported, so it is wise to directly buy imported cars." said by Yang, female, 22 years old; "I think we should admit that technology of car industry is more advanced in countries like America, German, Korea, and Japan, so I would like to choose the foreign one." said by Zhang, male, 25 years old; It can be inferred that technology of a product is an important factor in purchasing process.

- (3) After-service: "Automobile industry in China has not formed a certain scale and I don't know clearly the sales service system of it, so I reluctant to buy domestic automobile." said by Zhang, female, 29 years old; "Many service systems of domestic cars corporation are not perfect, and the attitude of salesman shows a big difference after purchasing." said by Chen, male,

26 years old.

It can be inferred that after-service is an important factor in purchasing process.

- (4) Design: "Design of domestic automobile is outdated, I cannot attract other when drive it, on the contrary, foreign cars, such as BMW, Audi and Benz, can get more attention from others." said by Zhou, male, 22 years old; "I think foreign cars are comparative fashionable." said by Li, female, 25 years old.

It can be inferred that design of a product is an important factor in purchasing process.

- (5) Brand image: "The brand image of foreign car is better, so if I intend to buy automobile, I prefer to foreign cars." said by Wu, female, 21 years old; "I think the brand image of domestic car is not good, when compare the domestic one to foreign one, I always on the side of latter." said by Wei, female, 20 years old.

It can be inferred that brand image is an important factor in purchasing process.

- (6) Social influence: "A lot of friends of mine bought foreign car, so when I was thinking which to buy, I influenced by them to some extent." said by Li, female, 26 years old; "Family members support me to buy foreign cars, and they think the performance and quality of domestic cars cannot be trusted." said by Chu, male, 29 years old.

It can be inferred that social influence is an important factor in purchasing process.

- (7) Official vehicle: "The official vehicle of the national government is foreign imported cars, be an ordinary people, of course, I will choose to buy a foreign one, too." said by Zhang, male, 18 years old.

It can be inferred that the kind of official vehicle can influence ordinary people in purchasing process.

For the second question, the answers were concluded as follow in Table 8. It showed the extent of consumer ethnocentrism of purchasing three kinds of products (automobile; mobile phone; household appliance), all of the respondents show high ethnocentric tendencies in buying household appliance and with a less on mobile phone product, and when they buying automobile product the extent of consumer ethnocentrism is very low, that is, the extent of consumer ethnocentrism in buying domestic automobile is not that high compare to mobile phone and household appliance.

TABLE 8 The extent of CE in buying domestic products

Number	Family Name	Automobile	Mobile Phone	Household Appliance
1	Zhang	30%	40%	60%
2	Chen	10%	30%	70%
3	Sun	10%	30%	50%
4	Du	20%	40%	50%
5	Wang	20%	40%	60%
6	Zhang	10%	40%	50%
7	Li	30%	50%	70%
8	Pen	20%	50%	80%
9	Yang	20%	40%	60%
10	Li	20%	30%	50%
11	Chu	25%	35%	65%
12	Jin	20%	40%	70%
13	Zhou	20%	30%	60%



14	Li	20%	40%	60%
15	Sun	25%	40%	55%
16	Yang	20%	50%	60%
17	Wu	20%	30%	60%
18	Wei	20%	30%	60%
19	Li	20%	30%	60%
20	Jiang	10%	40%	50%

## 5 General Discussion

This study examines the relationship between Chinese ethnocentrism and purchase intention through an empirical study of university students focusing on the consumption of three product categories: automobile, mobile phone and household appliances. The importance of this research is to extend the existing theory by including the concept of consumer ethnocentrism to the reasoned action theory. By accepting the psychometric properties of the CETSCALE in prior research, conservatism and collectivism were accepted as causes of CE. Through this empirical research, meaningful results concerning the relationship between CE and attitude research were derived: 1) conservatism and collectivism have a positive effect on CE; 2) attitude and subjective norm have a positive effect on purchase intention; 3) CE has a positive effect on both attitude and subjective norm; 4) CE has a positive effect on purchase intention to mobile phone and household appliance, but not to automobile.

This study showed that both conservatism and collectivism affected CE and conservatism has relatively weaker influence than collectivism. It suggested that even though the conservatism has a positive effect on ethnocentrism of Chinese consumers, they tend to be liberalized gradually. However, collectivism still becomes strong in China and has a positive effect on ethnocentrism. It is no doubt that Chinese consumers are deeply affected by collectivistic culture. According to the empirical

research, CE has a positive effect on purchase intention to mobile phone and household appliances, but not to automobile. It suggested that CE has an effect on purchase intention depending on the categories of products. These empirical results are meaningful to foreign companies which penetrate into Chinese market. That is, foreign companies could make different strategies to automobile compare to mobile phone and household appliances. This empirical result could be applied to communication strategies for domestic companies. It is necessary for Chinese companies to add some patriotic elements to advertising of mobile phone and household appliances and not to add some patriotic elements to automobile advertising.

The limitations of this study are shown as follows: First, the study is only based on three kinds of products. It would be better to extend this research towards other products such as cosmetic and computer. Second, the data collection of this study is from university student only, it does not investigate the generation differences of Chinese consumers. At last, the study do not examine why consumers with CE are willing to choose domestic mobile phone and household appliances, but not domestic automobile. So, it is necessary to do future research to examine the relationship between CE and purchase intention towards other products in Chinese market and the difference of purchase intention according to different age group. In addition, the comparison of Korean and Chinese consumers would be worthy for further research.

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