

# THE INFLUENCE OF ETHNOCENTRICITY IN PURCHASE BEHAVIOR AND ETHNOCENTRIC ATTITUDES

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*This research examines the effect of Consumer Ethnocentricity (CE) under conditions of persistent financial crisis. The conceptual underpinnings of CE imply that consumers, at least some, respond to foreign goods negatively based on the idea of preserving the domestic economy. Thus, it would logically follow that when the economy is in recession or crisis, this phenomenon might be exaggerated. Spain is one of the areas most affected by the global economic crisis, and within this country, young students have been among the hardest hit. There are four hypotheses: H1a: Ethnocentric attitudes of consumers have a positive effect on Domestic Purchase Behavior; H1b: Ethnocentric attitudes of consumers have a negative effect on Foreign Purchase Behavior; H2: National Identification has a positive effect on Ethnocentricity; H3: Cosmopolitanism has a negative effect on Ethnocentricity. Hypotheses H1a, H1b, and H2 are supported while H3 is not supported.*

**Keywords:** consumer ethnocentricity, purchase behaviour, domestic and foreign product, Spain

## Introduction

Consumer Ethnocentrism (CE) models have been used to examine a host of country of origin (COO) issues over the last two decades. However, all the models imply or presume that the resultant effects are static as to environment. Yet, both reality and theory suggest otherwise.

Consumers adapt to both the declines and increases in income. They also adjust to psychological factors related to consumption. Most recently, the global economic crisis has had a significant and persistent effect on consumers. However, there has been limited examination about the effects of this rather massive environmental factor on the psychology of consumers.

The EU has been perhaps the hardest hit by the global economic crisis. By 2008, Spain, Germany, and the UK had received more than half of all the immigrants in the EU27, that is more than 2 million (European Commission, 2008). However, given the current economic crisis in Spain, this evolution could change, and turn Spain into an emigrant country rather than an immigrant one. Spanish youth are concerned about the increasing rate of unemployment, which rose to 26 per cent in December 2012, according to Instituto Nacional de Estadística (Spain). It is in this context that consumers are adapting their consumption patterns. Given the global nature of the crisis, CE is used to examine both the domestic and foreign purchase propensity within the context of this persistent economic crisis.

Therefore, in this study, it is intended to measure whether Spanish youth have a critical attitude towards purchasing domestic or foreign products, as well as research the extent to which they have strong feelings of ethnocentrism or cosmopolitanism.

### **Literature Review: Some Global Vision**

With globalization, countries, no matter how far apart they may be, are present in the lives of people, especially thanks to mass media and the Internet, thus people have their own view and image of a country through external influences (D'Astous & Boujbel, 2007). The concept of COO started and gained relevance in the early 1960s (Lu & Heslop, 2008; Roth & Diamantopoulos, 2009), and since then more than 1000 works have been published on this topic (Papadopoulos, 2004).

Other researchers explain the effects of COO as part of a psychological process, likening it to a halo model (Han, 1989). This psychological process has an influence on consumers, especially in the case of those with no direct personal experience of having lived in or having visited a foreign country.

Consumers evaluate products based on the nation where they have been made, and this is a concept researched in depth (Singh, 2013; Nijssen & Douglas, 2004; Granzin & Olsen, 1998; Han, 1988; Shimp & Sharma, 1987). Culture, ethnicity, and nation are concepts whose identities are inside the consumer and when markets change due to economic or

political reason, these identities tend to become extremist (Herche, 1994; Vida & Dmitrović, 2001).

Although we live in the age of globalization, this does not necessarily lead to homogenizing consumer behavior (De Mooij & Hofstede, 2002). However, in an economic crisis, consumers may have more of a tendency to protect the domestic economy or likewise blame the global trade for the ills (Yeoh, 2013). This study aims to identify consumer preferences between domestic and foreign products in the Spanish market, and attempts to contrast a model of ethnocentric attitudes.

## **Conceptual Development**

### **Ethnocentric Attitudes**

Shimp & Sharma (1987) described consumer ethnocentrism as the way in which consumers view their products as far superior to the foreign-made products. With this attitude, consumers enhance their feelings of patriotism and truly believe that this behavior can aid development of the domestic economy and foster employment. Then Sharma, Shimp, and Shin in 1995 created a model to understand this phenomenon. They made suggestions on a number of factors with the purpose of explaining how ethnocentrism adapts itself to consumerism (for example, culture, patriotism, demography, general economic conditions, characteristic of consumer, etc.). These variables were confirmed as key factors of influence in consumer ethnocentrism (Balabanis, Diamantopoulos, Mueller & Melewar, 2001; Herche, 1994; Kaynak & Cavusgil 1983; Reardon, Miller, Vida & Kim, 2005; Shankarmahesh, 2006; Yelkur, Chakrabarty & Bandyopadhyay, 2006; Wang & Chen, 2004).

Not only does ethnocentricity have a deep impact on consumers, but also on the COO when consumers buy a product (Balabanis & Diamantopoulos, 2004). COO favors this ethnocentric attitude and this could even have a negative effect on domestic/foreign purchase behavior (Balabanis & Diamantopoulos, 2004; Suh & Kwon, 2002). However, there are some researchers who suggest that product quality is a notable aspect for less ethnocentric consumers. Therefore, COO also affects the perception of a product in consumerism. It must also be highlighted that COO has an influence on quality perception of a product (Balabanis & Diamantopoulos, 2004; Bilkey & Nes, 1982; Brodowsky, 1998; Herche, 1994) as well as on the image of the country. Consumers tend to evaluate products more favorably or less favorably, depending on that image or perception (Liu & Johnson, 2005). Thus:

*H1a: Ethnocentric attitudes of consumers have a positive effect on Domestic Purchase Behavior*

*H1b: Ethnocentric attitudes of consumers have a negative effect on Foreign Purchase Behavior*

### **Antecedents of Ethnocentric Attitudes**

The concept of ethnocentricity is related to several socio-psychological factors, such as culture, nation, and unique historical identity (Costa & Bamossy, 1995; Cui & Adams, 2002; Keillor, Hult, Erffmeyer, & Babakus, 1996; Suh & Kwon, 2002).

However, there is no consensus among the researchers about the real sources of consumer ethnocentricity. Some of them, such as Javalgi, Khare, Gross & Scherer (2005), de Ruyter, Van Birgelen & Wetzels (1998), and Sharma et al. (1995), agree that patriotism, cultural openness, individualism, and conservatism are the main sources of consumer ethnocentricity. While others, such as Balabanis et al. (2001), have reached an understanding about the insignificant effect of internationalism on patriotism and nationalism. So:

*H2: National Identification has a positive effect on Ethnocentricity*

*H3: Cosmopolitanism has a negative effect on Ethnocentricity*

### **Model**

The framework of the model (Figure 1) is based on Auruskeviciene, Vianelli & Reardon (2012), where consumer ethnocentrism is the main connector. From one side, cosmopolitan and national identity influence the consumer ethnocentrism and then this main connector impacts the buying of domestic or foreign products.

### **Sample**

The sample consisted of 564 respondents from the north of Spain. College students were chosen as subjects, based on the following factors: a) relative homogeneity of extraneous influences (Burgess & Steenkamp, 2006; Coulter, Price, Feick & Micu, 2005; Strizhakova, Coulter & Price, 2008); b) relatively higher exposure to global commerce (Gidley, 2002; Kjeldgaard & Askegaard, 2006); and c) relatively higher exposure to multiple languages/cultures (Aramendia-Muneta, Galarza-Lanz & Mañas-Larraz, 2012).

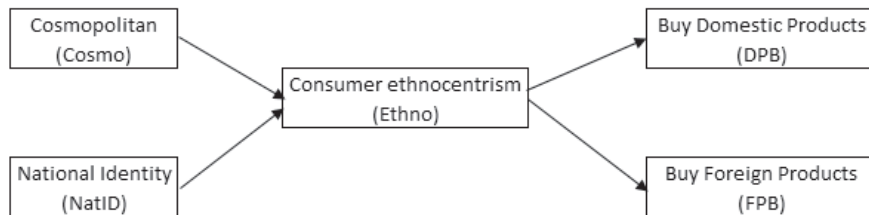


Figure 1: Ethnocentrism Model (Auruskeviciene et al., 2012)

## Methodology Issues

### Measures

Construct measures for this research were derived from existing literature (Granzin & Olsen, 1998; Keillor et al., 1996; Parameswaran & Pisharodi, 1994; Yoon, Cannon & Yaprak, 1996). All measures used have been proven psychometrically sound in cross-cultural contexts. CETSCALE, for example, has been previously used and validated in various cross-cultural contexts (for example, Lindquist, Vida, Plank & Fairhurst, 2001; and Good & Huddleston, 1995). For this study, the six-item version of the original scale was utilized to measure ethnocentrism. Seven-point Likert-type scales (1 = strongly disagree to 7 = strongly agree) were utilized for the individual scales to measure the five constructs.

In the process of translation and cross-cultural adaptation of the research stimuli and questionnaire (scale items), we followed the guidelines for conducting international consumer research by Craig & Douglas (1999) and by Douglas & Craig (2006).

Reliability of the scales was established using Cronbach's Alpha (see Table 1). All alpha values are "respectable or better", that is higher than 0.7 ( DeVellis, 2003).

**Table 1: Measures**

<b>Constructs/Items</b>	<b>Reliability(Alpha)</b>
<b>National Identification (Nat ID) (Adapted from Keillor et al., 1996)</b> 1. Being a Spanish citizen means a lot to me 2. I am proud to be a Spanish citizen 3. When a foreign person praises Spain, it feels like a personal compliment 4. I feel strong ties with Spain	0.944
<b>Cosmopolitanism (Cosmo) (Adapted from Yoon et al., 1996)</b> 1. I like immersing myself in different cultural environments 2. I like having contact with people from different cultures 3. I would enjoy travelling to foreign countries for an extended period of time 4. Getting information and news from around the world is important to me	0.836
<b>Ethnocentricity (Ethno) (Adapted from Shimp and Sharma, 1987)</b> 1. Only those products that are unavailable in Spain should be imported 2. Spanish products, first, last, and foremost 3. A real Spanish citizen should always buy Spanish-made products 4. Spanish citizens should not buy foreign products, because this hurts Spain's businesses and causes unemployment 5. It may cost me in the long-run, but I prefer to support Spanish products 6. Spanish consumers who purchase products made in other countries are responsible for putting their fellow Spanish citizens out of work	0.876
<b>Domestic Purchase Behaviour (DPB) (Adapted from Granzin and Olsen, 1998)</b> 1. I try to buy mostly domestic brands 2. I take time to look at labels in order to knowingly buy more domestic brands 3. I shop at retail stores that make a special effort to offer domestic brands	0.844
<b>Foreign Purchase Behaviour (FPB) (Adapted from Granzin and Olsen, 1998)</b> 1. I like the idea of owning foreign products 2. My quality of life would improve if more imported goods were available 3. I find imported goods more desirable than domestically produced products	0.749

### Results and Discussion

The estimation and the t-test results are shown in Figure 2 below.

As indicated below in Table 2, the overall fit of the model is acceptable. As could be expected, given the sample size, the Chi-Squared statistic was significant. The other performance measures suggest that our model describes the data well within the acceptable limits, as shown in Table 3. The RMSEA was below the 0.08 cutoff value suggested by Browne & Cudeck (1993). In addition, the CFI is above the commonly recommended 0.90 limit (Lichtenstein, Ridgway & Netemeyer, 1992).

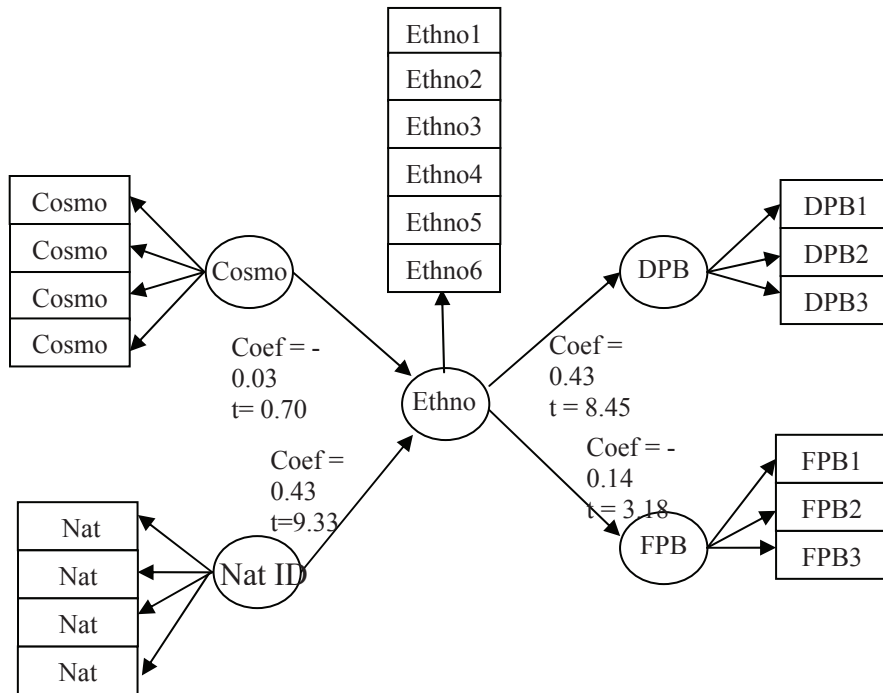


Figure 2: Estimation and T-Test Results

**Tables 2: Overall Fit of the Model**

Chi-Squared	527.13 df=165
RMSEA	0.063
CFI/IFI	0.96
NFI	0.95
RFI	0.94

The hypotheses are tested by examining the individual structural paths of the model (Table 3).

**Table 3: Hypotheses Results**

Hypotheses	Linkage	Estimate	t/p-value	Result
H1a:	Ethno → DPB (+)	0.43	8.45*	Supported
H1b:	Ethno → FPB (-)	-0.14	3.18*	Supported
H2:	Nat ID → Ethno (+)	0.43	9.33*	Supported
H3:	Cosmo → Ethno (-)	-0.03	0.70	Not Supported

\*=p < 0.05

Overall, all the hypotheses except H3 are supported. It apparently seems that Spanish youth own a sense of ethnocentricity. Actually, ethnocentric attitudes and national identification have a positive effect on domestic purchase behaviour. Living in an international atmosphere, having contact with people from different cultures, and travelling to foreign countries for a long period of time are factors that have neither a negative impact nor a positive one on ethnocentricity.

The hypothesized negative effect of ethnocentric attitudes on the foreign purchase behavior was confirmed. The influence of foreign brands and products has no effect on the purchase of domestic brands and products. Spanish youth tend to buy domestic products instead of foreign ones. The “made in Spain” label favors domestic purchase behaviour and increases local bonds and attachment.



### Limitations and Future Research

The obvious limitations are the sample (students) and single country analysis—but that really was the purpose of this research, that is to concentrate on local conditions. Furthermore, the study does not take into account variables such as the current economic situation in Spain and the high rate of unemployment among the target group (youth). The selection of this target group is consistent with an economic strategy known as Europe 2020, which emphasizes three elements that are important for the future of Europe: youth, education, and mobility (European Commission, 2010).

In the last four years, the Spanish national football team won two European championships and the World championship. As football is the first sport in Spain, those victories may have had a great impact on national identity. In fact, the national flag and the national football team shirt are quite commonly seen in the Spanish territory. Therefore, it would be worth researching the football effect on ethnocentricity and nationalism.

These results could be improved in the future by expanding the sample to other places in the Spanish territory, as well as by researching other collectives of consumers and not only youth.

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