

CONSUMER ETHNOCENTRISM AND BRAND NAME EVALUATIONS

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Abstract

Ethnocentrism affects consumers' behavior and product evaluation. Having the brand names of products in a native or foreign language gives ethnocentric consumers a clue as to whether products are domestic or foreign. The aim of this study is to investigate consumer assessments towards local brand name products under the influence of ethnocentrism. This research contributes to the existing literature in examining consumer ethnocentrism and brand name effect. Consumer ethnocentrism (CE) is measured by CETSCALE. According to our research, there is a positive relation among CE and purchasing intention, affective response, attitude toward, perceived quality of brand names and loyalty.

Keywords: *Consumer ethnocentrism, CETSCALE, International Marketing.*

JEL classification: *M30*

1. Introduction

Exports integrate the national economy with the world economy, and they allow the use of economic resources in the most effective manner. When looking at developed countries, share of world trade we can understand how important export is for economic development. Exports have a favorable impact on economic performance and in emerging economies and increasing growth should be directed especially at production for world markets exports should be the main target. Consumers' behavior in the target market needs to

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be analyzed very well in order to boost exports. Also, consumer behavior should be examined in order to achieve an advantageous position against foreign competitors in the local market. Due to the prevalence of foreign brands with globalization in all countries, consumers are now faced with lots of options when purchasing. By knowing of the level of CE, which is one of the main factors affecting the outlook for domestic and international consumer products, brands can improve their marketing strategy effectively in international markets. Brand name is the main factor which is effective in determining whether a product is domestic or foreign. Though a number of studies have been carried out in both developed and developing countries to understand CE, it is unfortunate that very little research has been done on the effect of brand names. However the brand names of products give ethnocentric consumers an important clue about products being domestic or foreign. The main purpose of this study was to uncover the effect of local and foreign brand names on ethnocentric consumers' preferences. For this purpose, the influence of ethnocentrism on "purchase intentions of local brand name products", "affective response to local brand name products", "perceived quality of local and foreign brand name products", "attitudes towards local brand name products" and "loyalty to local brand name products" were examined.

2. Ethnocentrism and Consumer Ethnocentrism

The concept of ethnocentrism was defined by Sumner in sociology for the first time in 1906 as a 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 (Sumner, 1906:13). The concept of ethnocentrism today, as described by Sumner, has attracted the attention of many writers and several definitions of the concept have been demonstrated (Sumner, 1906; Lewis, 1976; Hofstede, 1984; Shimp and Sharma, 1987; Kwak; Jaju; Larsen, 2006; Lantz and Loeb, 1996; De Ruyter; Van Birgelen; Wetzels, 1998; Brown, 2000; Yu and Albaum, 2002; Gülmez and Canan, 2009; Sökmen and Tarakçioğlu, 2010).

Shimp and Sharma (1987), by extending the domain of consumer behavior concepts of ethnocentrism, contributed to the marketing literature. Shimp and Sharma (1987, 280) stated that CE includes exaggeration of the characteristics of the domestic product or underestimating the characteristics of foreign products. Ethnocentric consumers regard it as wrong to purchase imported products since they think this will damage the national economy,

cause unemployment and be unpatriotic. These factors argue that those who love and care about their country and its people should buy the best domestic products.

2. The related literature

Many past studies have proven that CE is a good estimator of consumer preferences with regard to purchasing domestic products instead of imported products. Therefore, it was claimed that CE was a determinant factor in anticipating consumer behavior. CE levels influence consumers' opinions about foreign products. Consumers define their perspectives on domestic and foreign products based on their CE levels. Researchers suggest that consumers have a tendency to think that domestic products are more appropriate when comparing domestic and foreign products. In conclusion there is a positive correlation between CE and the assessment of domestic products, while there is a negative correlation between CE and foreign products. Studies conducted in different countries prove that the CE levels of consumers increase in direct proportion with their negative opinions of foreign products. They are also less willing to purchase these products (Shimp and Sharma, 1987; Sharma; Shimp; Shin, 1995; Netemeyer; Durvasula; Lichtenstein, 1991; Kaynak and Kara, 2002; Balabanis and Diamantopoulos, 2004; Javalgi; Khare; Gross et al. 2005; Hamin and Elliott, 2006; Shah and Ibrahim, 2012). As their CE levels fall, consumers care less about the origins of products and evaluate them regarding their own interest. Thus consumers' evaluations and purchases depend on the product itself. However, Kaynak and Cavuşgil (1983) proved that consumers have a positive attitude towards goods produced in their own country, while their attitudes change in favor of foreign products when they are attractive in terms of price and quality. In other words, consumers do not prefer to buy low quality domestic products rather than higher quality foreign products.

The majority of past studies show that the purchase intentions of local products is positively related and the purchase intentions of foreign products is negatively related to CE (Shimp, 1984; Shimp and Sharma, 1987; Herche, 1992; Shimp; Shin, 1995; Klein; Ettenson; Morris, 1998; Küçükemiroğlu, 1999; Watson and Wright, 2000; Kaynak and Kara, 2002; Klein, 2002; Orth and Girbasova, 2003; Wang and Chen, 2004; Balabanis and Diamantopoulos, 2004; Javalgi; Khare; Gross vd. 2005; Hamin and Elliott, 2006; Nguyen; Nguyen; Barrett, 2008; Akın; Çiçek; Gürbüz vd., 2009; Wu; Zhu; Dai, 2010 and Mutlu; Çeviker; Çirkin, 2011). However; in contrast to the results that

were obtained in some research has suggested that ethnocentrism has not a direct impact on purchase intention (O'Cass and Lim, 2002; Wong; Polonsky and Garma, 2008 and Tong and Li, 2013).

Numerous studies have been revealed that a positive relationship exists between CE and attitudes towards local products and a negative relationship exists between CE and attitudes towards foreign products (Shah and Ibrahim, 2012; Wu; Zhu; Dai, 2010; Klein, Ettenson and Krishnan 2006; Kwak, Jaju and Larsen 2006; Kinra, 2006; Liu; Murphy; Li et al. 2006; Bawa, 2004; Orth and Girbasova, 2003; Klein, 2002; Kim and Pysarchik, 2000; Küçükemiroğlu, 1999; Durvasula, Andrews, and Netemeyer 1997; Herche, 1992; Shimp and Sharma 1987). Some authors (Ancak; Lee; Phau and Roy 2013; Batra, Ramaswamy, Alden et al., 2000) found that ethnocentrism does not have a significant, negative, moderating impact on the effect of brand, of local or foreign origin, on brand attitudes.

Consumers' evaluations of the quality of domestic and foreign products influence their purchasing decisions. Relevant research has shown that CE has an impact on consumers' perceptions of the quality of domestic and foreign products. Quality is perceived differently at different levels of CE (Netemeyer; Durvasula and Lichtenstein, 1991; Huddleston; Good and Stoel, 2001; Steenkamp; Batra; Alden, 2003; Hamin and Elliott, 2006; Erdoğan and Uzkurt, 2010 and Tong and Li, 2013). Thus (ben pek thus kullanmam Therefore daha resmi, thus informal sanki) people with high levels of CE have a negative perception of foreign products and a more positive perception of domestic products. They believe that it is wrong to buy foreign products. They prefer domestic products, not only because of their economic and ethical beliefs, but also because their positive perception about the domestic products leads them to believe that they are the best.

Eroğlu and Sarı (2011) found that there was a negative and significant correlation between CE and brand loyalty. They claim that consumers' levels of CE are in inverse proportion to their loyalty to a specific brand. Similarly, Yarangümelioğlu and Büyüker İşler (2014) determined that consumers' low or high levels of CE created a significant difference in their attitudes towards propositions about brand loyalty.

Consumers' perceptions are also influenced by the language of the brand name. The product's being domestic or foreign is quite important for consumers with high CE levels. The brand name is a clue about the origin of

the product. This clue shapes consumers' buying behaviors and their thoughts about the products.

3. Research design

Data were gathered from 762 consumers in the city of Kayseri. The data collected were analyzed using the SPSS program. It was determined that the majority of the study sample consisted of individuals with high or intermediate levels of education and varied demographical features. In this study 6 different scales were used to measure the variables. The CETSCALE is the only scale that was applied with no significant changes. The others were correlated to brand names and adapted to the study in accordance with main objective. All statements in the context of research used a five point Likert-type scale (1 = Strongly Disagree-5 = Strongly Agree).

The Consumer Ethnocentric Tendencies Scale (CETSCALE) is the most commonly used scale to determine the ethnocentric tendencies of consumers; it was developed by Sharma and Shimp (1987). This study used it to measure CE. It was adapted for use in Turkey by changing certain statements such as "American society" and "American products" into "Turkish society" and "goods produced in Turkey." The items used to determine purchase intentions for products with domestic brand names were adapted from the studies of Akin, Çiçek, Gürbüz et al., (2009), Coyle and Thorson (2001) and Putrevu-Lord (1994). The items used to measure the affective responses of consumers towards products with domestic brand names were adapted from a study by Chaudhuri and Holbrook (2001). The items that evaluate consumers' attitudes towards domestic brand names were adapted from the studies of Cho, Lee and Tharp (2001) and Zhang-Schmitt (2001). The items that evaluate the perceived quality of domestic brand names were adapted from the studies of Steenkamp, Batra and Alden, (2003), Teas and Agarwal (2000), Grewal, Monroe and Krishnan (1998), Grewal, Krishnan, Baker et al. (1998) and Sweeney, Soutar and Johnson (1999), and the items that evaluate loyalty to domestic brand names were adapted from the studies of Beatty and Kahle (1988); Yoo, Donthu and Lee (2000); Ahluwalia (2000); Ahluwalia, Unnava and Burnkrant (2001); Ailawadi, Neslin and Gedenk (2001).

For each variable, the Cronbach's α was calculated for reliability. The reliability coefficients of the scales used in this study were in the range of 0.905-0.670. Only purchase intentions of local brand name products scales

reliability coefficients was 0.441. The small number of variables on the scale influenced this issue.

4. Data analysis and discussion

Correlation analysis was used to determine relationships among our dependent variables “purchase intentions, affective response, perceived quality, attitudes and loyalty” with the level of ethnocentrism and demographic characteristics. The analysis data obtained are shown in Table 1.

Table 1. The Results of Correlation Analysis among Dependent Variables, Consumer Ethnocentrism Levels and Demographical Variables

	CE	Income	Gender	Marital Status	Age
Purchase Intentions	.613(**)	-.044	-.016	-.086(*)	.121(**)
	.000	.254	.662	.019	.001
Affective Responses	.555(**)	-.035	-.044	-.012	.041
	.000	.369	.224	.740	.263
Attitudes	.615(**)	-.057	-.003	-.054	.075(*)
	.000	.141	.944	.137	.041
Perceived Quality	.375(**)	.115(**)	.030	-.041	.060
	.000	.003	.409	.266	.102
Loyalty	.576(**)	-.083(*)	.017	-.099 (**)	.145(**)
	.000	.032	.632	.007	.000

* Significant at the 0.05 level, ** Significant at the 0.01 level.

According to the results of correlation analysis, a statistically significant positive relationship was found among CE and all our dependent variables. This result shows that there will be a positive increase in consumers' purchase intentions, their affective

When we look at the demographic variables, a statistically significant negative relationship was found between marital status and purchase intentions. There is also a positive and statistically significant relationship between purchase intention and age. In addition, there is a positive correlation between attitudes and age. According to these results, older consumers have stronger purchase intentions and positive attitudes towards products with domestic names than young people. A negative and statistically significant correlation was found between perceived quality in products with domestic names and income level. Loyalty has a positive

correlation with marital status and income. There is also a positive and statistically significant correlation between loyalty and age.

We conducted regression analysis to determine to what extent the independent variable of CE explained the changes in the dependent variables, and which were purchase intention, affective responses, attitude towards the brand name, perceived quality and loyalty. For this purpose, the results of regression analysis are shown in Table 2.

Table 2. The Results of Regression Analysis with Dependent Variables*

Dependent Variables	CE				
	Standardized Beta	t	p	R ²	F
Purchase Intentions	.613	21.384	.000	.376	457.273
Affective Responses	.555	18.372	.000	.308	337.535
Attitudes	.615	21.489	.000	.378	461.782
Perceived Quality	.375	11.156	.000	.141	124.449
Loyalty	.576	19.423	.000	.332	377.259

*When age, gender, marital status, income level and educational status were added to the model, the increase in all dependent variables was 4 points for r² at most. For this reason, these variables were not included in the model.

According to the results in Table 2, the positive relationship among CE and all our dependent variables is statistically significant. It was determined that 37.6% of the change in purchase intentions depends on the level of CE. Likewise, 30.8% of the change in affective responses, 37.8% of the change in attitudes, 14.1% of the change in quality and 33.2% of the change in loyalty depend on CE levels. These results show that individuals' purchase intentions ($Y=a+bx$, $Y=0.79+0.71x$) for products with domestic names, affective responses ($Y=a+bx$, $Y=1.237+0.724x$), attitudes ($Y=a+bx$, $Y=1.205+0.676x$), perceived quality ($Y=a+bx$, $Y=1.633+0.383x$) and loyalty ($Y=a+bx$, $Y=1.179+0.601x$) increase in direct proportion with their CE levels.

5. Conclusions

It was found that consumers held higher opinions of domestic products as their level of CE rose. There were positive correlations among CE and all dependent variables. These results indicate that individuals' purchase intentions for products with domestic names, affective responses, attitudes, quality perceptions and loyalty increase in direct proportion with their CE levels. These results are similar to those of the relevant studies in the literature. This literature does not include any studies on the correlation between ethnocentrism and affective response, so this study contributes to the literature in this respect. It is an estimated result that CE and affective responses have this kind of a correlation between them. Ethnocentric consumers are happier when products have domestic brand names, they enjoy using them more and thus, corporations can attain true brand loyalty. Attitudes and purchase intentions are most influenced by CE out of all the variables. Perceived quality is the least influenced variable. There was a negative and statistically significant correlation among perceived quality, loyalty and income level, one of the demographical variables. This means that consumers will tend to perceive domestic products to be of low quality as their income level rises, and their loyalty to the products with domestic names will be weaker. There is a negative and statistically significant relationship among purchase intention, loyalty and marital status. Compared to single people, married consumers have a stronger intention to buy products with domestic names. They are also more loyal to these products. This may be due to the fact that married people have more concern for the future, and people usually become more conservative as they grow older. A positive correlation among purchase intention, attitudes, loyalty and age was also found. This indicates that older consumers have stronger purchase intentions and attitudes than young people. Their loyalty to these products is also stronger. This may also be the result of people becoming more conservative as they grow older.

Corporations that have a place in international markets should know that they cannot succeed in ethnocentric markets by employing traditional marketing strategies. Future research on this subject should be conducted in collaboration with consumers from a variety of cities. This will provide a

larger study sample, which will allow for generalization and greater validity. Moreover, if researchers compare foreign countries and our own, it will add an intercultural dimension to the studies. An analysis of the correlation between CE and socio-psychological variables would also be useful.

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