

## **A Study of Consumer Ethnocentrism in the Pimpri- Chinchwad Region, Pune**

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### **Abstract:**

**Purpose-** *As a young and a developing economy India has taken her share from the this change and of course from the winds of globalization. There has been greater changes in the consumer behaviour equally. The study is made with an aim to understand the consumer ethnocentrism in the Pimpri Chinchwad region, Pune.*

**Design/Methodology/Approach-** *Data were collected by means of a pre-tested questionnaire (CET Scale) from the Pimpri-Chinchwad region of Pune. The study sample consists of 103 respondents. Further T-test and Anova were used to prove the hypothesis.*

**Findings-** *The study shows that age is the only demographic variable which shares a significant relationship with Consumer Ethnocentrism. The other demographic variables selected in the study have no significant relationship with Consumer Ethnocentrism.*

**Research Implications-** *The study would help in understanding the behaviour of the different categories of consumers.*

**Keywords-** *Consumer Ethocentrism, Demographic Variables, CET Scale, Anova, Significance.*

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### **I. Introduction**

The Globalization has presented a greater challenge to the domestic as well as for the foreign marketers. This has introduced a borderless market to the consumers. The foreign marketers in the domestic market need to keep their mind focus on the quality, price, and durability, to gain successful entry into the consumer's mind. They need to understand the Consumer Behaviour. Ethnocentrism was introduced by William G. Sumner in 1906 as a sociological concept. However, it was converted into consumer ethnocentrism (CE) in the context of consumer behaviour. Consumer ethnocentrism is defined (Shimp and Sharma, 1987,) as "the beliefs held by consumers about the appropriateness, indeed morality, of purchasing foreign-made products." Consumers who are ethnocentric believe that purchasing imported products is unpatriotic, causes loss of jobs, and hurts the domestic economy. Furthermore Kaynak and Kara, noted that CE generates intensions in consumers to buy local products as well as products from the countries that are perceived to resemble their own cultural values. According to previous researchers, highly ethnocentric consumers perceive that purchasing foreign-made products is wrong due to its damaging effects on the local economy, creation of conditions that lead to unemployment, and thus it is considered a plainly unpatriotic gesture towards the home country. Therefore, the primary outcome of this concept is stimulating consumer decisions to purchase domestic products as opposed to foreign products.

There are two major components of ethnocentrism: cultural and economic ethnocentrism. Cultural ethnocentrism refers to the belief that one's own cultural norms and attitudes are superior to cultures of other societies or groups. It expresses itself in symbolic manner such as clothing, religious symbols or other visible symbols. Economic ethnocentric on the other hand, is related to the perception that other groups can be seen as economic competitors and therefore should be limited in their capacity as economic factors. It is characterized by a clear preference of goods and services associated with one's own group.

The focus of the study was to reveal the relationship between different demographic variables and Ethnocentric tendency. Previous research work also revealed this relationship. There seems to be a trend of more empirical support for the idea that older people show stronger consumer ethnocentric tendencies than younger people (Sharma et al., 1995). Therefore there was a need to find out relationship between different demographic variables and Ethnocentric Tendency while buying in India. This research will help to form marketing strategies for Domestic as well as Foreign products/services.

#### **1.1 Objectives of the Study**

- ✓ **To study the concept of consumer ethnocentrism through related literatures.**
- ✓ **To study the relationship between demographic characteristics of consumers and consumer ethnocentric tendency.**

## II. Literature Review

### 2.1 Consumer Ethnocentrism

Consumer ethnocentrism is defined (Shimp and Sharma, 1987, p. 280) as “the beliefs held by consumers about the appropriateness, indeed morality, of purchasing foreign-made products.” Consumers who are ethnocentric believe that purchasing imported products is unpatriotic, causes loss of jobs, and hurts the domestic economy.

SoumavaBandyopadhyay (2014) investigated the effects of consumer ethnocentrism and country-of-origin perceptions on product evaluations by consumers in the emerging Indian market. A structural equation model was developed and tested for this purpose. A field study was conducted to measure consumer ethnocentrism and perceived images of India, the United States, Japan, and South Korea as countries, and evaluations of products from these countries. The study indicates that Indian consumers who are ethnocentric tend to have positive perceptions of their own country and domestically-made products. It also revealed that the ethnocentrism, however, does not translate into any negative perceptions of the United States, Japan, and South Korea, or of products originating from these three countries.

Edi Purwanto (2014) investigated the effects of consumer ethnocentrism on perceived domestic product quality, the effects of consumer ethnocentrism on domestic product purchase intentions, and the effects of perceived domestic product quality on domestic product purchase intentions especially in Indonesia domestic market. These findings show low level consumer ethnocentrism among young people, low level of respondents’ perception on domestic product quality and low level of domestic product purchase intentions by respondents.

Ingo O Karpen (2011) found that the strength of the relationship between consumer ethnocentrism and willingness to buy is influenced by customer characteristics. Specifically, age and gender are found to be important moderators of the consumer ethnocentrism-willingness to buy relationship.

The literatures collected for the different demographic variables and Consumer ethnocentrism are shown in the table below -

**Table 2.1-Relationship between Age and Consumer ethnocentrism**

Author	Principle Findings
S. Aziz et al (2014)	The study concluded that male consumers, older, high education, low income consumers seem to have higher ethnocentric tendencies.
Charles W. Richardson Jr. (2012)	The results indicated that Age and ethnocentrism are significantly, positively related to each other. That means Older Age people tend to be more Ethnocentric than those of Younger Age.
Good and Huddleston (1995)	Regarding age, the dominant view is that the older will be more consumer ethnocentric than the younger.
Chris D Pentz, N. S Terblanche, Christo Bushoff (2014)	They concluded that there is a positive relationship between age and consumer ethnocentrism.
Yu-Hern Chang and Chien-Hang Cheng (2011).	Their study supported that younger aged Consumers tend to be less ethnocentric.

**Table 2.2- Relationship between Gender and Consumer Ethnocentrism**

Author	Principle Findings
C.W. Richardon, Jr. ( 2012)	Found that feelings of animosity towards Japan are higher for American male than American female consumers.
Bruning, (1997), Sharma et al. (1995).	Revealed that women have higher ethnocentric scores than men
Ramsaran-Fowder (2010)	Found out that Gender is positively related to Consumer ethnocentrism and the Males are more ethnocentric than females.
V.S. Mangnale, et al. (2011)	Found that there were significant differences in the level of ethnocentrism between women and men. Women were found to show CE tendencies.
Han (1988)	Found women to be more patriotic and more patriotic consumers are less likely to choose foreign products.

**Table 2.3- Relationship between Income Level and Consumer Ethnocentrism**

Author	Principle Findings
Han(1998) and Mclain and Sternquist(1991)	No relationship between income level and ethnocentrism
Wang (1978) and Wall et al. (1990)	Income level is found to be directly related to positive attitude towards foreign products
Wall and Heslop(1990)	Found that consumers were less likely to buy domestic products if they had higher incomes.
Sharma et al.(1995)	There is a positive relationship between ethnocentrism tendencies and income group
Caruana and Magri (1996)	Reported a significant and positive relationship between income and Consumer Ethnocentrism

Wright (2000)	When income level increases consumer's level of ethnocentrism decreases
Balabanis et al (2001)	Negative relationship between income and consumer ethnocentrism.

**Table 2.4- Relationship between Education level and Consumer Ethnocentrism**

Author	Principle Findings
Good and Huddleston (1995)	For certain countries like Russia, education is the only demographic factor that has the significant relationship with CE and yet the relationship is negative.
Mucller and Melewar (2001)	Found that education is not a significant predictor of CE.
McLain and Sternquist (1991)	Found that ethnocentric tendencies were higher when the level of education was lower.
Wang (1978) Wall and Huslop(1986)	Found that the higher the level of education of consumers the higher was the tendency to rate foreign products favourably.
Han (1988)	Found that no significant relationship between consumer patriotism and education
Shin (1993)	The more educated tend to be less conservative and less likely to have proud in own country. Hence education level to be negatively related to CE

### III. Hypothesis

From the literature review following hypotheses have been derived-

- H1<sub>0</sub>: There is no significant relationship between age and consumer ethnocentrism.
- H1<sub>1</sub>: There is significant relationship between age and consumer ethnocentrism.
- H2<sub>0</sub>: There is no significant relationship between income level and consumer ethnocentrism.
- H2<sub>1</sub>: There is significant relationship between income level and consumer ethnocentrism.
- H3<sub>0</sub>: There is no significant relationship between education level and consumer ethnocentrism.
- H3<sub>1</sub>: There is significant relationship between education level and consumer ethnocentrism.
- H4<sub>0</sub>: There is no significant relationship between gender and consumer ethnocentrism
- H4<sub>1</sub>: There is significant relationship between gender and consumer ethnocentrism

### IV. Research Methodology & Analysis

#### 4.1 Instrument

Shimp and Sharma (1987) found that some consumers generally believe that buying products that are locally manufactured is morally appropriate in a normative sense. This expression of consumer ethnocentrism can serve as an essential stimulus for the decision to purchase domestic or local products. They developed Consumers Ethnocentric Tendencies Scale (CETSCALE) as a tool to measure the level of ethnocentricity. Several studies have used this scale to measure the degree of ethnocentrism among different countries.

In the research, a scale of 17 variables has been used in order to measure the purchasing behaviour of the respondents. The attempt is made to measure ethnocentricity in Pune city by using CETSCALE (Shimp and Sharma). A 'household' was considered as a sampling unit and the non-probability, convenience sampling method was adopted to select the sample items. The sample chosen consisted of 60 respondents. Survey method is used to collect primary data from the respondents. The questionnaire was sent to respondents (samples) through email and their responses are collected through the same medium. Some respondents responded through phone calls as well.

Out of 120 respondents only 113 respondents filled and returned questionnaire. Out of these 113 responses 103 are finally considered for the analysis. For statistical analysis SPSS version 20 is used..

**Table 4.1- Demographic Profile of the Respondents**

Demographic Variables	Percentage (%)
<b>Gender</b>	
Male	62%
Female	38%
<b>Age</b>	
20-24	17%
25-29	35%
30-35	29%
Above 35	18%
<b>Education</b>	
Graduate	25%
Post Graduate	69%
Doctorate	10%
<b>Income</b>	
2.5 Lakhs -5.00 Lakhs	14%
5.00 Lakhs -7.5 Lakhs	65%

7.5 Lakhs above	21%
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The demographic and socio economic characteristics of the sample of respondents who participated in this study are shown in the table above. From the above table it is found out that 69% of the population are male whereas 39% are female. In the category of age group, maximum population are in the age group of 25-29 and 30-34. Most of the respondent's i.e 69% are post graduates, which shows respondents are well qualified to understand the questions and rate them. From the above table it is also found out that 65% of the population are in the income group of 5L – 7.5L.

### V. Measurement of Consumer Ethnocentrism

In this study, consumer ethnocentrism represents the beliefs held by the Pimpri Chinchwad region consumers about the appropriateness, indeed morality, of purchasing foreign made products. Consumer ethnocentrism was measured by the CETSCALE developed by Shimp and Sharma (1987) as shown in Table below. The scale is a measure of buying intention (tendency) and is thus related to the more general notion of a disposition to act in some consistent fashion towards foreign products.

**Table 5.1- Consumer Ethnocentrism Means and Standard Deviation.**

Variable No.	Items	Mean	Standard Deviation
Q3.	Buy Indian-made products. Keep India working	5.23	1.873
Q 16.	We should buy from foreign countries only those products that we cannot obtain within our own country	4.96	1.927
Q8	We should purchase products manufactured in India instead of letting other countries get rich from us	4.63	1.493
Q2	Only those products that are unavailable in India should be imported	4.58	1.752
Q13	It may cost me in the long run but I prefer to support Indian products	4.45	1.408
Q4	Indian products, first, last and foremost	4.40	1.432
Q9	It is always best to purchase Indian products	3.97	1.691
Q1	Indian should always buy Indian products instead of imports	3.64	1.625
Q10	There should be very little trading or purchasing of goods from other countries unless out of necessity	3.53	1.617
Q11	Indians should not buy foreign products, because this hurts Indian business and causes unemployment	3.39	1.613
Q6	It is not right to purchase foreign products because it puts Indian people out of a job	3.08	1.687
Q15	Foreign products should be taxed heavily to reduce their entry in India.	2.86	1.621
Q7	A real Indian should always buy Indian products	2.64	1.824
Q12	Restrictions should be put on all imports	2.54	1.418
Q14	Foreigners should not be allowed to put their products on our markets	2.53	1.423
Q17	Indian consumers who purchase products made in other countries are responsible for putting fellow Indians out of work	2.46	1.496
Q5	Purchasing foreign-made products is anti-Indian	2.45	1.650
	Average Mean Score	3.60	

The ethnocentrism measure used consisted of an inventory of 17 attitudinal statements with a Likert scale where '1' represented "Strongly Disagree", '7' meant "Strongly Agree" and '4' meant "Neither Agree nor Disagree". The average mean score across all 17 items as shown in the table 5.1 is 3.60, indicating that Indians are not highly ethnocentric with regards to the purchase of "foreign" or "Indian" products. The highest rating (5.23) was for statement no. 3, "Buy Indian-made products. Keep India working", while the lowest (2.45) was on item no. 5, "Purchasing foreign-made products is anti-Indian". However, since the standard deviations of these statements were all above one, such opinions were widely shared.

### VI. Relationship between Consumer Ethnocentrism and Demographic Variables. (Hypotheses Testing)

According to the literature review, many variables influence consumer ethnocentrism which, in turn, plays a mediating role between these variables and the attitudes of consumers in buying foreign-made goods. Based on the above discussion, several hypotheses involving demographic variables and consumer ethnocentrism were thus developed and tested. A t-test was conducted to study the relationship between the Gender and Ethnocentrism. A hypothesis was formulated and tested. Analysis of variance (ANOVA) was used

to test the other hypotheses. Separate ANOVAs were computed for each demographic variable as shown in table below.

**Age-**

**H0: There is significant relationship between age and consumer ethnocentrism.**

**H1: There is significant relationship between age and consumer ethnocentrism.**

ANOVA

CETvalue

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	70.966	3	23.655	45.015	.000
Within Groups	52.025	99	.526		
Total	122.990	102			

The significance Value is less than 0.05. Thus it indicates significant relationship between age and Consumer Ethnocentrism. Hence we accept H1. That means older age people show high consumer ethnocentrism than that of younger age people.

**Income-**

**H0: There is no significant relationship between income level and consumer ethnocentrism.**

**H2: There is significant relationship between income level and consumer ethnocentrism.**

ANOVA

CETvalue

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.303	2	3.152	2.701	.072
Within Groups	116.687	100	1.167		
Total	122.990	102			

The significance Value is greater than 0.05. Thus it indicates no significant relationship between income level and Consumer Ethnocentrism. Hence we reject H2. That means income level of consumer and consumer ethnocentrism tendency are not related to each other.

**Education**

**H0: There is significant relationship between education level and consumer ethnocentrism.**

**H3: There is significant relationship between education level and consumer ethnocentrism.**

ANOVA

CETvalue

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.003	2	.502	.411	.664
Within Groups	121.987	100	1.220		
Total	122.990	102			

The significance Value is greater than 0.05. Thus it indicates no significant relationship between education level and Consumer Ethnocentrism. Hence we reject H3. That means education level of consumer and consumer ethnocentrism tendency are not related to each other

**Gender-**

**H0: There is significant relationship between gender and consumer ethnocentrism**

**H4: There is significant relationship between gender and consumer ethnocentrism**

Independent Samples Test			
		Levene's Test for Equality of Variances	t-test for Equality of Means

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
<b>CETValue</b>	<b>Equal variances assumed</b>	0.658	<b>0.419</b>	1.799	101	<b>0.075</b>	0.39704	0.22066	-.04069	0.83476
	<b>Equal variances not assumed</b>			1.843	86.61	0.069	0.39704	0.21537	-.03107	0.82514

Sig. value (2-tailed) for t-test for Equality of Means is greater than 0.05. It indicated that there is no significant relation between Gender and Consumer Ethnocentrism. Hence we reject H4.

### **VII. Findings**

- This investigation supports that elderly people show more consumer ethnocentrism than that of younger generation. Majority of past research works on ethnocentrism have supported this finding. This may be because elderly people tend to be more patriotic compared to young people. To express their patriotism elderly people may engage themselves buying (or preferring) domestic goods and services (than foreign goods and services). On the other hand young people being more open to other cultures, and having modest lifestyle make them less ethnocentrism compared to older age people.
- Income level and consumer ethnocentrism have no significant relation. Many past studies found that there is negative relationship between income level and ethnocentric tendency. However this study has found no significant relationship between income of consumer and his/her ethnocentric tendency.
- It was found that there is no significant relationship between education and consumer ethnocentrism. Finding of this research does not match with past findings. This may be because majority of the respondents were Post Graduate (68%). If people who completed just their schooling had been contacted and asked their opinions then there would have been chances of getting some significant relationship between education and Consumer Ethnocentrism.
- This study finds that there is no significant relationship exists between gender and consumer ethnocentrism. Past studies revealed that there is significant relationship between gender and consumer ethnocentrism. But it is difficult to conclude whether Females or Males are more ethnocentric as finding of these studies varies. This finding does not support past research findings. The reason for nosignificant relationship between Gender and Consumer Ethnocentrism may be a miss-proportionate sample. Demographic profile of the respondents' shows that only 38% of the respondents are females and rest respondents are males. Should it be proportionate sample, findings would have been different and it might have had shown a significant relationship.

### **VIII. Research Implications**

Findings of the study entail important strategy implications for the business firms, especially the multinational ones. Firms interested in operating in the consumer goods market in India, for instance, can divide the Indian consumers into two broad segments: one segment may comprise of older age people who are ethnocentric and other segment may be of young age people who are not averse to imported products/ services.

More detailed study of characteristics of people from these two segments may guide organisations to form their positioning and marketing mix strategies. Marketers of domestic products may find it useful to place product in the segment of ethnocentric people. So they can focus more on this segment for positioning. On the other hand marketers of foreign brands should focus primarily on less ethnocentric (young people) segment for penetration in India.

### **IX. Limitations of the study**

Although the present research work contributes to the past marketing literature, researcher wants to draw attention to certain limitation. The study is conducted in Pimpri-Chinchwad (Pune) city. People have come from different geographical parts of the country in the search of employment and settled in this city. Hence people tend to have higher incidence of cosmopolitanism and modern outlook. Thus they may not be that much ethnocentric compared to their counterparts from smaller cities. If samples from small cities would have also been used for the study then the influence of demographic variables on ethnocentrism would have been somewhat different than it is found. As such the findings may not be generalised to the country as a whole.

### **X. Scope for Future Research**

The present study has investigated only demographic antecedent variables. Economic and political factors, materialism, dogmatism, value orientation, nationalism and consumer life styles are some other factors

that have been investigated as correlates of consumer ethnocentric tendency in the past studies and these need to be examined in the Indian context as well in future studies.

The present sample comprises of urban area residents and is skewed toward young age people and high income group. Future studies should focus on including samples of rural areas elderly people, and people from all income groups equally so as to improve generalisation of results.

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